AUDUBON WATER COMPANY
AUDUBON, PENNSYLVANIA

RATES, RULES AND REGULATIONS GOVERNING THE DISTRIBUTION OF WATER IN PORTIONS OF LOWER PROVIDENCE TOWNSHIP AND ADJACENT AREAS MONTGOMERY COUNTY, PENNSYLVANIA

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NOTICE
THIS TARIFF INCREASES EXISTING RATES

This Tariff Water – Pa. PUC No. 4 is filed in accordance with the September 13, 2012 Order entered by the Pennsylvania Public Utility Commission at Docket No. R-2012-2286118

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Increases:

Supplement No. 2 to Tariff Water – Pa. PUC No. 4 increases rates for all customers in two (2) phases.

1. Phase One Rates will produce an annual increase in Company revenue of $302,000. Rates for residential customers are increased by 15.04%. Rates for commercial metered customers are increased by 15.03%. Rates for multi-family customers are increased by 14.99%. Rates for public customers are increased by 14.93%. Public fire protection rates are increased by 17.30%. Private fire protection rates are increased by 17.20%.

2. Phase Two Rates will produce an additional increase in annual Company revenue of $40,500. Phase Two Rates for residential customers will be increased by 1.73% over Phase One Rates. Phase Two Rates for commercial metered customers will be increased by 1.75%. Phase Two Rates for multi-family customers are increased by 1.76%. Phase Two Rates for public customers will be increased by 1.79%. Phase Two Rates for public and private fire protection customers will be increased by 1.36%.

Changes:

The following changes have been incorporated into Tariff Water – Pa. PUC No. 4:

1. The rate chart previously contained in Part I, Section E, Paragraph 2 (Metered Fire Protection Service for Residential Structures) was removed because it was a duplication of the rates set forth in Part I, Section D, Paragraph 2 (Private Fire Protection Rates).

2. A Fire Flow Testing Charge has been added as Part I, Section L (Page No. 9).

3. A definition for "Premises or Property" has been added to the Definitions set forth in Part II, Paragraph 18 (Page No. 12).

5. Subparagraph 4(b) has been added to Part III, Section C (Discontinuance, Termination and Restoration of Service: Payment to Restore Service) (Page No. 23).

6. The second paragraph of Part III, Section H, Paragraph 4 (Fire Protection Service: Use of Fire Hydrants) has been removed (Page No. 35).

7. A Backflow Prevention Program has been added as Part VI, Pages 45-51.

8. Language, numbering and pagination changes were made to make the Tariff internally consistent, to conform with the sample tariff developed by the Commission and set forth on its website, and to reflect changes made to the Commission's rules and regulations.

9. A notice has been placed at the bottom of each page to indicate that Tariff Water - Pa. PUC No. 4 cancels and replaces Audubon Water Company's Tariff Water - Pa. P.U.C. No. 3.

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PART I: SCHEDULE OF RATES AND CHARGES

Section A: Rates for Metered Service

1. Application: To all metered customers.

2. Consumption Charges: All water used in any billing period will be charged at the following rates:

All Residential Volumes	Phase 1	Phase 2	
Rate Per 1,000 Gallons	$6.4159	$6.5280	(I)

All Remaining Customers – Gallons Per Month	Phase 1	Phase 2	
First 100,000 Gallons/Month	$6.4159	$6.5280	(I)
Over 100,000 Gallons/Month	$4.2462	$4.3346	(I)

(I) Indicates Increase

3. Customer Charge: In addition to the consumption charge, each customer will be assessed a customer service charge based upon the size of the customer's meter as follows:

Meter Size	Phase 1 Per Month	Phase 1 Per Quarter	Phase 2 Per Month	Phase 2 Per Quarter	
5/8 inch	$ 12.52	$ 37.56	$ 12.73	$ 38.19	(I)
3/4 inch	$ 12.52	$ 37.56	$ 12.73	$ 38.19	(I)
1 inch	$ 31.86	$ 95.58	$ 32.42	$ 97.26	(I)
1 1/2 inch	$ 54.25		$ 55.20		(I)
2 inch	$ 86.68		$ 88.19		(I)
3 inch	$ 162.76		$ 165.60		(I)
4 inch	$ 270.88		$ 275.62		(I)
6 inch	$ 541.77		$ 551.23		(I)
8 inch	$ 866.90		$ 882.05		(I)
10 inch	$1,050.09		$1,068.43		(I)
12 inch	$1,641.79		$1,670.48		(I)

(I) Indicates Increase

Section B: Temporary Rates/Water for Building Purposes

The following rates are for the use of water for building purposes and construction in connection therewith, and the water shall not be used for any other purpose.

	Phase 1	Phase 2	
Single Family Dwelling	$127.26 per month.	$129.46 per month.	(I)

All other construction shall receive building water through metered service connection, and payment shall be made in accordance with the schedule of rates for metered service.

Section C: Public Fire Protection Rates

1. Application: To Lower Providence Township.

2. Rate:

	Phase 1	Phase 2	
Annual charge per hydrant.	$230.32	$233.46	(I)
Or a monthly charge per hydrant.	$ 19.19	$ 19.46	(I)

(I) Indicates Increase

Section D: Private Fire Protection Rates

1. Application: To all private fire protection service.

2. Rate: A customer charge for private fire protection service will be assessed as follows:

Size of Connection With Main	Phase 1 Per Month	Phase 1 Per Annum	Phase 2 Per Month	Phase 2 Per Annum	
1 inch	$ 23.04	$ 276.39	$ 23.35	$ 280.15	(I)
2 inch	$ 36.47	$ 437.61	$ 36.97	$ 443.57	(I)
3 inch	$ 42.23	$ 506.71	$ 42.81	$ 513.61	(I)
4 inch	$ 51.83	$ 621.87	$ 52.53	$ 630.34	(I)
6 inch	$ 76.78	$ 921.29	$ 77.82	$ 933.84	(I)
8 inch	$124.76	$1,497.09	$126.46	$1,517.49	(I)
10 inch	$170.83	$2,049.86	$173.15	$2,077.79	(I)
Hydrants	$ 76.78	$ 921.29	$ 77.82	$ 933.54	(I)

In the event of fire or testing, consumption charges shall be billed in accordance with the rates for water consumption.

(I) Indicates Increase

Section E: Metered Fire Protection Service for Residential Structures

1. Application: 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 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 rate schedule set forth below.

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.

2. Rate: A customer charge for metered fire protection service for residential structures will be assessed at the rates set for in Section D, Paragraph 2 of this Part.

Section F: State Tax Surcharge Applicable to All Rates

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% will apply to all service rendered.

The above surcharge will be recomputed, using the elements prescribed by the Commission:

1. Whenever any of the tax rates used in calculation of the surcharge are changed; or

2. Whenever the Company makes effective increases or decreases in rates.

The above recalculations will be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasioned such recomputations. If the recomputed surcharge is less than the one in effect, the Company will, and if the recomputed surcharge is more than the one in effect the Company may, submit with such recomputation a Tariff or Supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

Section G: Returned Check Charge

A charge of $35.00 will be assessed any time a check which has been presented to the Company for payment of a customer's account is returned by the payer's bank for any reason.

Section H: Service Termination or Resumption Rates

The fee for shut-off or turn-on of service at the curb stop shall be $50.00.

Section I: Meter Test Rates

Consistent with Commission regulation at 52 Pa. Code §65.8(h), the fee schedule for testing of meters shall be as follows:

1 inch or less	$10.00
1 1/4 inch - 2 inch	$20.00

These amounts may vary without revision of this Tariff so as to be consistent with Commission regulations.

Fees for testing meters over 2 inches, or for testing meters so located that testing costs are disproportionate to the stated fees, shall be as established by the Company based upon the actual cost of the test.

Section J: New Service Application Charge

A charge of $35.00 will be assessed for all applications for new service.

Section K: Water Certification Letter Charge

A charge of $10.00 will be assessed for water certification letters.

Section L: Fire Flow Testing Charge (C)

A charge of $300.00 will be assessed for conducting a fire flow test. This charge includes scheduling and labor associated with the flow testing.

(C) Indicates Change

PART II: DEFINITIIONS

The following words and phrases, when used in this Tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. Annual Line Extension Costs (For Line Extension Purposes): The sum of the Company's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operation and maintenance of the line extension.

2. Annual Revenue (For Line Extension Purposes): The Company's expected additional annual revenue from the line extension based on 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.

3. Applicant: A person or entity who applies to become a customer of the Company in accordance with the provisions of this Tariff. The applicant must be the owner of the premises to which water service is requested.

4. Bona Fide Service Applicant (For Line Extension Purposes): A person or entity applying for water service to an existing or proposed structure within the Company's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed a bona fide service applicant if:

   (a) The applicant is requesting water service to a building lot, subdivision or a secondary residence;

   (b) The request for service is part of a plan for the development of a residential dwelling or subdivision; or

   (c) The applicant is requesting special utility service.

5. Commission: The Pennsylvania Public Utility Commission.

6. Company: Audubon Water Company, Valley Forge Corporate Center, 2650 Eisenhower Avenue, P.O. Box 7337, Audubon, PA 19407.

7. Company Service Line: The water line from the distribution facilities of the Company which connects to the customer service line at the hypothetical or actual property line, including the control valve and valve box. The control valve and valve box determine the terminal point for the Company's responsibility for the street service connection.

8. Cross-Connection: Any pipe, valve, hose or other arrangement or device connecting the pipelines or facilities of the Company, to and with other pipes or fixtures by which any contamination might be admitted or drawn into the distribution system of the Company from lines other than the Company's. All business customers shall install backflow protection devices in accordance with the Company's Backflow Prevention Program set forth in Part VI of this Tariff. All new customers or customers whose residential structure(s) are undergoing construction or reconstruction shall include a backflow protection device that is in compliance with the Backflow Prevention Program. The Company may require existing residential structures to comply with the Backflow Prevention Program to prevent any leakage into the Company's distribution system if, in the Company's sole discretion, such protection is required for protection of the Company's distribution system.

9. Customer: A person or entity who is the owner of the premises to which water service is requested.

10. Customer Service Line: The water line extending from the curb, property line or utility connection to a point of consumption.

11. Debt Costs (For Line Extension Purposes): The Company's additional annual cost of debt associated with financing the line extension investment based on the current debt ratio and weighted long-term debt cost rate for the Company or that of a comparable jurisdictional water utility.

12. Depreciation Charges (For Line Extension Purposes): The Company's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates for the Company or that of a comparable jurisdictional water utility.

13. Line Extension (For Line Extension Purposes): An addition to the Company's main line which is necessary to serve the premises of a customer.

14. Main: The pipe of a public utility system, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting water.

15. Meter: Any device supplied by the Company, except as approved by the Commission, for the purpose of measuring water consumption. Where both a domestic and a fire protection line serve the same premises, each line shall be separately metered.

16. Nonresidential Service: Water service supplied to a commercial or industrial facility, including a hotel or motel, or to a master-metered mobile home park or multi-tenant apartment building, or to any customer who purchases water from the Company for the purpose of resale.

17. Operating and Maintenance Costs (For Line Extension Purposes): The Company's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

(C)

18. Premises or Property: The residential or commercial structure or structures to which water service is provided.

19. Private Fire Protection Service: Water service provided exclusively for the purpose of fire protection that is available to the customer only and not for use by the general public, and that is provided through automatic sprinkler systems, fire hydrants or similar mechanisms. Where a premises is provided both domestic and private fire protection service, a separate service line shall be installed for each service.

(C) Indicates Change

20. Public Fire Protection Service: Water service provided exclusively to a municipal or governmental entity through outdoor hydrants for the purpose of fire protection for the general public.

21. Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

22. Residential Service: Water service supplied to an individual single-family residential dwelling unit (including a mobile home), or supplied to a commercial establishment if concurrent service is provided to a residential dwelling attached thereto. Utility service provided to a hotel or motel is not considered residential service.

23. Short-Term Supply Shortage: An emergency which causes the total water supply of the Company to be inadequate to meet maximum system demand.

24. Special Utility Service: Residential or commercial service which exceeds that required for ordinary residential or commercial purposes. See additional clarification in Part III, Section G, Paragraph 2(d) of this Tariff.

25. Tariff: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document

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PART III: RULES AND REGULATIONS

Section A: Applications for Service

1. Service Application Required: The Company may, at its sole discretion, require applications for service to be completed in writing on a form provided by the Company and signed by the owner of the property to which water service is requested. The application for service shall, in general, clearly outline the class, scope and type of use to be made of the service, as well as the purpose for which the service will be used. The application and the provisions of this Tariff shall constitute the contract between the customer and the Company, and each customer, by the taking of water, agrees to be bound thereby.

2. Change in Ownership or Tenancy: A new application must be made to and approved by the Company upon any change in the (a) ownership of the property to which water service is provided; (b) identity of a lessee where the lessee is the recipient of the water service provided by the Company; and (c) type of service to be received at the premises. The Company shall have the right to discontinue or otherwise interrupt water service upon three (3) days' notice if a new application has not been made and accepted by the Company.

3. Acceptance of Application: An application for service shall be considered accepted by the Company only upon oral or written approval by the Company. The Company may, in its sole discretion, provide service to the applicant pending formal review and acceptance of the application.

4. Use of Service in Accordance with Application: The use of water service by a customer shall, in general, be in accordance with the class, scope and type of use, and the purpose stated in the customer's application for service. A customer shall not use, or allow use by others, of water service through the customer's facilities except as stated in such application.

5. Application Forms: Application forms can be obtained at the Company's local business office, presently located at Valley Forge Corporate Center, 2650 Eisenhower Avenue, P.O. Box 7337, Audubon, PA 19407

6. Application Fee: A charge shall apply to all applications for new service.

7. Water Used for Construction Purposes: Where water is required for construction purposes, the applicant shall so indicate. At the Company's discretion, unmetered service may be provided for construction purposes.

8. Temporary Service/Water for Building Purposes/Special Application: A supply of water for building or other special purposes, except on a lot or premise already supplied with water by a meter, must be specially applied for. All applications for water for building purposes, when water is not supplied through a meter at metered rates, must be signed by the owner or his duly authorized agent, and shall be interpreted to mean that the water shall not be used to provide residential or commercial service.

In the case of temporary service for short-term use, the Company may require the customer to pay, in advance, all costs of making the service connection and for its removal after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. The Company also may require advance payment of charges for use of water. If the service connection is physically removed, the customer shall receive a credit for reasonable salvage value.

Section B: Construction and Maintenance of Facilities

1. Company Facilities: The Company will make all connections to its mains, furnish, install and maintain all service lines from the main to, and including, the curb and box, which shall be placed from one to two feet inside the curb line, all of which service line will be the property of the Company and will be accessible to and under its control, with the exception of public fire hydrants, which may be installed and maintained at the expense of either party, as may be agreed upon.

2. Customer Service Line: The customer service line shall be furnished, installed, maintained and/or replaced, when necessary, by and at the sole expense of the customer. All customer service lines shall be of pipe approved by the Company and shall be kept in good repair at the expense of the customer. The Company reserves the right to determine the size, kind and depth of customer service lines.

3. Separate Trench: The customer service line shall not be laid in the same trench with drain or wastewater pipe, gas pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a public utility service, or within three (3) feet of any open excavation, unless a written exception is granted by the Company.

4. Customer's Responsibilities: All service lines, connections and fixtures furnished by the customer shall be maintained by the customer in good working order. All valves, meters and appliances furnished by the Company and on property owned or leased by the customer shall be protected properly by the customer. All leaks in the customer service line, or any pipe or fixtures in or upon the customer's premises, must be repaired immediately by the customer. On failure of the customer to make such repairs with reasonable dispatch, the Company may turn off the water supplied to the affected premises, and such service shall not be again turned on until all repairs are made and until all proper and necessary expenses incurred in shutting off, and turning on, the water are paid in full.

The Company shall not be responsible for the maintenance of, or for damage done by water escaping from, the customer service line or from any other pipe or fixture on the outlet side of the curb stop. The customer shall, at all times, comply with state and municipal regulations in reference to any pipe or fixture on the outlet side of the curb stop and shall make any changes thereon required on account of change of grade, relocation of mains, or otherwise.

5. Prohibition on Waste of Water: All waste of water is prohibited. A customer shall keep all faucets, valves, hydrants, service lines and hoses in good order and condition at the customer's own expense. Sprinkling of any kind must be done with ordinary spraying nozzles generally in use and acceptable to the Company.

6. Right to Reject: The Company may refuse to connect with any piping system or furnish water through a service already connected if such system or service is not properly installed or maintained. The Company also may refuse to connect if lead based materials, as defined in the Safe Drinking Water Act, have been used in any plumbing beyond the Company's curb control valve. It shall be the customer's responsibility to provide the Company with any such certification which may be required to verify the absence or removal of such materials.

7. Water Use Standards for Certain Plumbing Fixtures: This rule establishes maximum water use criteria for certain plumbing fixtures installed in all new construction or renovation. Such standards have been implemented to achieve maximum efficiency of water use which the Commission has determined is technologically feasible and economically justified.

(a) Maximum permitted water usage levels shall be as follows:

Plumbing Fixture	Maximum Water Use
Showerheads	2.5 gallons/minute @ 80-psi
Faucets	2.2 gallons/minute @ 60-psi
Water Closets	1.6 gallons/flush
Urinals	1.0 gallons/flush

(b) The Company may exempt particular customers, or classes of customers, when it is determined that the water use standards for plumbing fixtures listed above are unreasonable, cannot be accommodated by existing technology or are otherwise inappropriate.

8. Stop and Waste Valves and Check Valves: The Company requires the installation of stop and waste valves and check valves on all new or reconstructed customer service lines. The responsibility for the proper installation and maintenance of such valves shall be the customer's and at the customer's sole expense. The stop and waste valves and check valves shall be located in the service line so as to drain all of the pipes in the building, as well as the meter, and shall be easily accessible to the occupants, for their protection in enabling them to turn off the water in case of leaks, and to drain the pipes to prevent freezing.

9. Backflow Prevention Device: In order to protect the integrity of the Company's water system, each customer shall install a backflow prevention device in accordance with the Company's Backflow Prevention Program, a copy of which can be obtained at the Company's business office. The backflow prevention device shall be of the type approved by the Company and shall be installed, owned and maintained by the customer at the customers' expense The location of the backflow prevention device shall be approved by the Company. The Company recommends the installation of approved double check valves for service lines providing service to residential units.

10. Pressure: Generally, the Company will maintain service pressures from 25 p.s.i.g. (pounds per square inch gauge) to 125 p.s.i.g. at the main. During periods of peak demand, pressures at the main may range from 20 to 150 p.s.i.g. The Company may furnish service at other pressures where necessary to supply adequate service.

If a customer needs the pressure reduced or increased due to specific needs at the customer's premises or because of specific customer uses of the water service provided, the customer must install and maintain, at the customer's expense, a pressure regulator or valve. The pressure regulator will be installed on the inlet side of the meter.

11. Cross-Connections: No cross-connection shall be installed or continued except upon terms and conditions established in writing by the Company. A cross-connection may be considered to be eliminated if a method of backflow prevention is approved by the Company in writing and implemented by the customer, at the customer's own expense.

12. Individual Service Lines: Except as otherwise expressly authorized by the Company in writing, each individual customer shall be served only through a separate service line connected directly to the Company's distribution main, and that service line shall not serve any other customer or premise. No additional attachment may be made to any customer's service line for any purpose without the express written approval of the Company. A separate service line shall be required for domestic and fire protection service provided to the same premises.

13. Connection to Company Mains: No connection shall be made to the Company's main, nor detachment from it, except under the direction and control of the Company. All such connections shall be the property of the Company and shall be accessible to it and under its control. The Company will furnish, install and maintain all service lines from the main to and including the curb stop and box.

14. Turn-on of Service: Water shall not be turned on at any Company facility by any person who is not an employee or agent of the Company. No customer, unless specifically authorized by the Company in writing to do so, shall open or close any of the Company's stop valves in any public or private line.

15. Company Access: An authorized agent of the Company shall have the right of access, at all reasonable hours, to the premises supplied with water, for the purpose of reading meters, examining pipes and fixtures, observing the manner of water usage and for any other purpose which is proper and necessary in the conduct of the water company business. Such agents shall have credentials denoting their employment by the Company.

16. Winter Construction: The Company shall have no duty or obligation to perform any work or installation in connection with mains and/or facility construction during the months of December, January, February and March in any year. The Company may perform any work or installation during the four (4) months mentioned if, in the Company's sole opinion, conditions are suitable. If, in the Company's sole opinion, conditions are unsuitable, the Company may perform work or installation upon written request from the applicant provided that the person or entity making the request agrees in such written request to pay any additional costs applicable thereto and to hold the Company harmless for any consequences that may result.

Section C: Discontinuance, Termination and Restoration of Service

1. Discontinuance by Customer: Where a customer requests the Company to discontinue service, the following rules shall apply:

(a) A customer who wishes to have service discontinued shall give at least seven (7) days' notice to the Company, specifying the date on which service is to be discontinued. In the absence of proper notice, the customer shall be responsible for all service rendered until the time that the Company shall have actual or constructive notice of the customer's intent to discontinue service. The customer shall not turn water on or off at any curb stop, or disconnect or remove the meter, or permit its disconnection or removal, without the prior written consent of the Company. A customer discontinuing service remains a customer for a period of nine (9) months for purposes of paying turn-on fees pursuant to the provisions of this Tariff.

(b) Where a customer requests turn-on of service within six (6) months of disconnection, the customer shall be subject to monthly minimum billing for the period of disconnection. A written request from the customer for turn-on of service shall be mailed to the Company at the address listed in this Tariff. A new application for service shall be required if (a) the request for turn-on of service occurs more than six (6) months after the customer's disconnection, or (b) the new service is at a different service location or of a different class of service.

2. Termination by the Company:

(a) The water may be shut off by the Company, after due notice, to any customer failing to comply with the provisions of this Tariff. Service terminated for non-compliance with this Tariff will not again be turned on until satisfactory assurance is given that these rules and regulations will be complied with, and that all proper and necessary expenses incurred in shutting off, and turning on, the water are paid in full by the customer.

(b) If a bill tendered by the Company is not paid in accordance with the provisions of this Tariff, water service may be terminated by the Company only after compliance with presently effective regulations of the Commission.

(c) The Company will notify a customer and terminate service after giving notice as required, for any of the following actions by the customer:

(i) Non-payment of an undisputed delinquent account;

(ii) Failure to comply with the material terms of a payment agreement;

(iii) Failure to complete payment of a deposit, provide a guarantee of payment or establish credit;

(iv) Failure to permit access to the property served for purposes of installing, inspecting, reading, maintaining or removing meters or other facilities or equipment owned by the Company that is used to provide water service;

(v) Willful or negligent waste of water through improper or imperfect pipes or fixtures, or for failure to repair leaks in pipes or fixtures;

(vi) Installing or maintaining cross-connections or any unauthorized connection;

(vii) Receipt by the Company of an order or notice from the Department of Environmental Protection, a health agency, local plumbing inspector or other similar authority, to terminate service to the property served on the grounds of violation of any law or ordinance, or upon notice to the Company from any such authority that it has ordered an existing violation on the property to be corrected and that such order has not been complied with;

(viii) Making an application for service that contains material misrepresentations;

(ix) Tampering with any service line, valve, curb stop, meter or meter setting or other Company owned facilities or equipment used to provide service;

(x) Theft of service, which may include taking service without having made a proper application for service as required by this Tariff; or

(xi) Material violation of any provisions of this Tariff.

(d) Notice of Termination of Service: Prior to terminating service under subsection (c):

(i) The Company will provide written notice of the termination to the customer at least ten (10) days prior to the date of the proposed termination. The termination notice will remain effective for sixty (60) days.

(ii) The Company will attempt to contact the customer or a responsible adult at the premises, either in person or by telephone, to provide notice of the proposed termination at least three (3) days prior to the scheduled termination. Telephone contact will include attempted calls made to the residence at various times of the day on two (2) separate days between the hours of 7 a.m. and 9 p.m.

(iii) During the months of December through March, unless personal contact has been made with the customer or responsible adult by visiting the residence, the Company will, within forty-eight (48) hours of the scheduled date of termination, post a notice of the proposed termination at the service location.

(iv) The Company will attempt to make personal contact with the customer or responsible adult at the time service is terminated. Termination of service will not be delayed for failure to make personal contact.

(e) Grounds for Immediate Termination:

(i) The Company may immediately terminate service for any of the following actions by the customer:

(A) Unauthorized use of the service delivered on or about the affected dwelling;
(B) Theft of service, which shall include taking service without having made a proper application for service, or through activation of a bypass device that allows water to be used without being metered;
(C) Fraud or material misrepresentation of the customer's identity for the purpose of obtaining service;
(D) Tampering with meters or other public utility equipment; or
(E) Violating tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the public utility's delivery system.

(ii) Upon termination, the Company will make a good faith attempt to provide a post-termination notice to the customer or a responsible person at the affected premises. In the case of a single meter, multi-unit dwelling, the Company will conspicuously post the notice at the dwelling, including in the common areas when possible.

(f) Timing of Termination: The Company may terminate service for the reasons set forth in this Tariff or in the Commission's regulations from Monday through Thursday. The Company will not terminate service on a Friday, Saturday, Sunday or holiday, unless necessary due to an emergency or to prevent a danger to a person or the integrity of the Company's facilities.

(g) Medical Certification: The Company will not terminate service to a premises when a licensed physician or nurse practitioner has certified that the customer or a member of the customer's household is seriously ill or afflicted with a medical condition that will be aggravated by cessation of service. The customer must provide the Company with a letter from a licensed physician verifying the medical condition. The medical certification procedure will be implemented in accordance with Commission regulations.

(h) Dishonorable Tender of Payment After Receiving Termination Notice: After the Company has provided the required written and telephone contact, service may be terminated without additional notice if a customer:

(i) Tenders payment that is subsequently dishonored; or
(ii) Tenders payment with an access device that is unauthorized, revoked or canceled.

4. Payment to Restore Service:

(a) The Company may require a customer whose service was shut off for nonpayment of outstanding bills to pay the full amount owed before water service will be restored to the customer's premises. The Company also may require the customer to pay a reconnect fee and/or a deposit in addition to the amount of the outstanding charges.

(b) Whenever service is discontinued or terminated pursuant to the provisions of this Tariff, service shall be turned on by the Company only upon the payment by the customer of a turn-on charge and the resolution of the problem that gave rise to the termination of service. (C)

(C) Indicates Change

Section D: Meters

1. Meters Owned by the Company: All meters shall be owned, installed and maintained by the Company and shall be accessible to and subject to its control.

2. Requirement for Metered Service: All service provided by the Company shall be metered, except as authorized by this Tariff.

3. Location of Meters: Meters shall be placed in a structure provided with a suitable cover and lock and key, which structure shall be located at the hypothetical or actual property line, control valve or valve box of the premises to which water service is provided. The meter will be set after the customer has had the plumbing arranged to receive the meter. All meter locations shall be approved by the Company before installed so as to measure all water being supplied to the customer's premise. Protection for the meter shall be provided by the customer, at the customer's expense.

In cases where it is not practical to place the meter at the location described above, the Company may approve another suitable location for placement of the customer meter. Relocation of meters for the customer's convenience shall be approved in the Company's sole discretion and shall be made at the customer's expense.

4. Meters for Private Fire Protection Service: Meters for fire service will be furnished and maintained by the Company; however, the cost of the meter will be the responsibility of the customer. For automatic sprinklers or other automatic fire service devices located inside a nonresidential structure, a separate service line will be required to be used exclusively for the fire service. Each customer service line shall be metered separately and shall be subject to the charges shown in the rate schedules contained in Part I of this Tariff.

The 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. The customer shall not use the fire line for domestic service and shall not allow a cross-connection between the domestic and fire services. The Company shall have the right to require special devices as deemed necessary on customer fire service lines. Meters will be located as specified by the Company on the property of the customer. Pits or vaults are required and they shall be constructed and maintained at the expense of the customer in accordance with the Company's specifications.

5. Meters for Use With Steam or Hot Water Under Pressure: In all cases where steam or hot water under pressure is used, a swing check valve must be placed, at the expense of the customer, directly ahead of the meter and before any outlets from the customer service line, to prevent injury to the meter.

6. Maintenance of Meters: Meters shall be maintained by the Company as far as ordinary wear and tear is concerned, but the customer shall be responsible to the Company for any injury to, or loss of, any meter arising out of, or caused by, the customer's negligence or carelessness, or that of his servants, employees, members of his household, or any person upon his premises under, or by, his consent or sufferance. The customer shall permit no one, except an agent of the Company, to remove, inspect or tamper with the Company's meter or other property of the Company on the customer's premises.

7. Meter Reading and Testing: The quantity of water recorded by the meter will 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 either case, the meter will be repaired by the Company and water consumption will be estimated, based upon average usage for a corresponding period.

In the case of a disputed account involving the accuracy of a meter, such meter will be tested in conformity with the regulations of the Commission. In the event the meter so tested is found to have an error in registration in excess of that permitted by the Commission's regulations, the bills will be increased or decreased, as provided by the Commission regulation at 52 Pa. Code §65.9.

8. Access for Automated Meter Reading Devices: Upon reasonable notice, the customer shall permit the Company access and space for the purpose of installing and utilizing a telemetering or other automated meter reading device. Where applicable, the customer must provide the Company with the telephone number of the line to which the equipment will be connected and immediately advise the Company of any changes in the telephone number. Where the use of the customer's facilities results in a utility charge, the Company will compensate the customer.

9. Damage to Meters: Where damage to a meter results from the negligent or willful act of the customer, or that of his servants, employees, members of his household, or any person upon his premises under, or by, his consent or sufferance, and the customer was previously notified of the obligation to protect the meter, the actual cost of removing, replacing, repairing or testing a damaged meter shall be paid by the customer.

10. Notification to Company of Non-Working or Damaged Meter: The customer shall notify the Company of a non-working or damaged meter as soon as the customer has notice of either condition.

11. Fees for Meter Tests: Fees for testing meters shall be as specified under Part I, Section I of this Tariff. Testing fees shall be refunded pursuant to Commission regulation at 52 Pa. Code § 65.8(g) where the meter is found not operating within the allowable accuracy range specified at 52 Pa. Code § 65.8(a).

Section E: Billing and Collection

1. Issuance of Bills: Bills for water service will be rendered monthly, on a cycle basis for the preceding period of consumption. Meters will normally be read during the last week of the month in which a cycle ends. The Company will bill each customer within fifteen (15) days of the last day of each billing period.

2. Billing Due Date: The due date for payment of a bill for nonresidential service shall be no less than fifteen (15) days from the date of transmittal. The due date for payment of a bill for residential service shall be no less than twenty (20) days from the date of transmittal. If the last day for payment falls on a Saturday, Sunday or bank holiday, or on any day when the offices of the Company are not open to the general public, the due date shall be extended to the next business day. Payments mailed will be deemed to have been made on the date evidenced by the United States Post Office mark. The Company may not impose a late payment charge unless payment is received more than five (5) days after the stated due date. The presentation, or non-presentation, of a bill shall not be held to be a waiver of any of the above rules.

3. Late Payment Charge: All amounts not paid when due shall accrue a late payment charge at the rate not to exceed one and one-half percent (1.50%) per billing period, not to exceed eighteen percent (18%) per year.

4. Discontinuance of Service or Change in Billing Address: When the customer desires to have his service contract terminated or his water service discontinued, or changes the billing address for service provided, the customer shall notify the Company to that effect in writing. Where a customer fails to notify the Company of a termination or discontinuance of service or of a change in billing address, the customer shall remain responsible to remit payment for services rendered by the Company by the billing due date.

5. Application of Payment: Utility bills rendered by the Company shall include only the amount due for water service. Where a customer remittance to the Company includes payment for any non-utility services, proceeds will be applied first to pay all outstanding regulated utility charges.

6. Return Check Charges: The customer will be responsible for the payment of a charge for each time a check presented to the Company for payment on that customer's bill is returned by the payer's bank for any reason including, but not limited to, insufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or unauthorized signature. This charge is in addition to any charge which may be assessed against the customer by the bank.

7. Disputed Bills: In the event of a dispute between the customer and the Company with respect to any bill, the Company will promptly make such investigation as may be required by the particular case and report the result to the customer. The customer is not obligated to pay the disputed amount during the pendency of the Company's investigation. When the Company has made a report to the customer sustaining the bill as rendered, the customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Company determines that the bill originally rendered is incorrect, the Company will issue a corrected bill with a new due date for payment. Any amounts received by the Company in excess of the amount determined to be due by the Company's investigation of the dispute shall be refunded to the customer with interest computed at one and one-half percent (1.50%) per month.

Section F: Deposits

1. Residential Customers:

(a) New Applicants: The Company will provide service without requiring a deposit unless the applicant was terminated for non-payment within the prior twelve (12) months or has an unpaid balance for prior service from the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers: If a customer has paid late on two (2) consecutive occasions or a total of three (3) times within the prior 12-month period, the Company may send a letter informing the customer that a deposit may be required if another late payment is received within the next twelve (12) months. An existing customer may be required to pay a deposit as a condition to having service restored after termination for non-payment or for failure to comply with a payment agreement. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(c) Deposit Refunds and Interest: A deposit will be refunded if service is discontinued and the final bill is paid, or if the customer has paid the bills for the prior 12-month period without having been late on more than two (2) occasions and is not currently delinquent. Deposits from residential customers shall bear simple interest at the rate of the average of one-year Treasury Bills for September, October and November of the previous year, payable annually without deductions for taxes thereon unless otherwise required by law. The applicable interest rate shall become effective on January 1 of each year.

2. Nonresidential Customers:

(a) New Applicants: A deposit may be required from any new applicant who does not have a prior satisfactory credit history with the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers: Deposit requirements for existing nonresidential customers shall be the same as those established for residential customers.

(c) Deposit Refunds and Interest: A deposit will be refunded if the customer pays all bills on time over a twelve (12) month period or if service is disconnected and the final bill has been paid. There will be no interest paid on deposits for nonresidential accounts.

Section G: Line Extensions

Whenever a developer, owner or occupant of a property within the Company's service territory requests the Company to extend service to such property, the Company will extend service under the following conditions:

1. Requests by Bona Fide Service Applicant:

(a) At the time any request is made to the Company for a main extension, the Company may request a site plan for the lot(s) to which service is to be provided. If such a request is made by the Company, the site plan must be provided within the time specified by the Company, which shall not be less than fourteen (14) days.

(b) The Company will extend existing distribution mains for each bona fide service applicant making application in accordance with the provisions of this Tariff for water service for a period of one (1) year or more. Such extensions will be made in accordance with the provisions of this Tariff.

(c) When an extension for a bona fide service applicant is required, or requested, such extension will be made consistent with the following directives:

(i) 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 Company's annual line extension costs.

(ii) If the annual revenue from the line extension will not equal or exceed the Company's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the Company's cost of construction for the line extension. The Company's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension. The customer advance amount shall be determined by subtracting the Company's investment for the line extension from the total construction costs.

(iii) The Company's investment for the line extension shall be based on the following formula, where X equals the Company's investment attributed to each bona fide applicant:

X	=	[AR - OM] divided by [I + D]
AR	=	the Company's annual revenue
OM	=	the Company's operating and maintenance costs
I	=	the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate
D	=	the Company's current depreciation accrual rate

2. Customer Advance Financing, Refunds and Facilities on Private Property:

(a) When a customer advance is required of a bona fide service applicant and an additional customer or customers attach service lines to the line extension within ten (10) years, the Company shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension, such as booster pumps, storage tanks and the like, are contributions in aid of construction and need not be refunded.

(b) The Company will refund to the original bona fide service applicant, during a period of ten (10) years from the date of the extension deposit, a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension, as distinguished from extensions or branches thereof. Provided, however, that the total amount refunded shall not exceed the original deposit, without interest, and provided that all or any part of the deposit not refunded within said ten (10) year period shall become the property of the Company and shall be treated as contributions in aid of construction for ratemaking purposes. The per customer refund amount shall equal the Company's investment attributed to each bona fide service applicant as calculated in the formula contained in Paragraph 1(c)(iii) of this Section.

(c) The Company shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

(d) "Special utility service" shall mean residential or commercial service which exceeds that required for ordinary residential purposes. Paragraph 1(c) of this Section does not apply to special utility service. 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 bona fide applicant status, including the corresponding Company contribution toward the costs of the line extension which does not meet the "special utility service" criteria.

3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the Company pursuant to the provisions of this Tariff, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement.

4. Size of Line: The Company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. However, where the Company decides to install a pipe larger than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate. The minimum pipe size for main extensions will be six (6) inches, pursuant to Commission regulation at 52 Pa. Code § 65.17(b)

5. Length of Extension: In determining the necessary length of an extension, the terminal point of such extension shall be at that point in the curb line which is equidistant from the side property lines of the last lot for which water service is requested. A Company service connection will be provided only for customer service lines (a) from the curb to the premises to be served, and (b) that extend at right angles from the curb line in a straight line to the premises to be served.

Should it be necessary, in the Company's sole opinion, to extend beyond the last lot in any street to connect to an existing main to provide more adequate and reasonable service, this additional extension shall be considered part of the total and orderly system development so long as the last lot in the street is not more than one hundred fifty (150) feet from that existing main, and may be included in the cost of the extension.

6. Cost True-up: At the conclusion of the line extension project, there shall be a reconciliation of the actual costs incurred to the amount of the extension deposit that has been paid by the applicant. If the actual cost exceeds the deposit, the applicant shall be responsible for payment to the Company of the difference. If the deposit exceeds the actual cost, the Company shall refund the difference.

7. Economic Development Main Extension Policy: 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 agreements.

Section H: Fire Protection Service

1. Private Fire Protection Service: Where private fire protection service connections are to be made to the Company's system, the Company shall have the right to approve the plans for such installation prior to approval of the application for service. The Company shall make any connection to the distribution system that is required, and the customer shall pay to the Company the actual cost for making such connection.

The Company may allow a compound-type meter for installation in the private fire line if, in the Company's sole discretion, such a meter is deemed necessary. Waiver of the requirement for installation of a separate meter at the time the connection is made shall not prohibit the Company from requiring a meter installation at a future date.

Any meter required will be supplied and installed by the Company, with the cost for the meter, together with labor and materials for installation, to be borne by the customer. Where a private fire connection is approved by the Company, no other connection for domestic, commercial or industrial use shall be made to the fire connection line.

2. Public Fire Protection: Where public fire protection is offered, service will be available when hydrants are installed and when the municipal entity for which the service will be provided makes application to the Company for that service.

3. Installation of Fire Hydrants: The Company shall approve the installation of any fire hydrants. All fire hydrants shall be located by the Company with due consideration given to local firefighting authorities and to requirements of insurance underwriters. Developers and private fire protection customers shall be responsible for all costs of purchase and installation of fire hydrants in the same manner as installation of water main extensions. The hydrants will be installed by the Company and shall be the property of the Company.

4. Use of Fire Hydrants: All persons are forbidden to open any fire hydrant or to use any water therefrom for sprinkling streets, for construction or for any purpose without permission in writing from the Company, except in case of fire and by fire companies to test hydrants. Such tests shall be made directly under the supervision of an authorized agent of the Company. Any water used for firefighting, for testing fire hydrants or for determining fire flow shall be billed in accordance with the regular schedule of metered rates, with proper allowance for water consumed.

Section I: Service Continuity

1. Regularity of Service: The Company may, at any time, shut off water in the mains in case of accident or emergencies or for the purpose of making connections, alterations, repairs or changes, or for other reasons, and may restrict the use of water by customers to reserve a sufficient supply for public fire service or other emergencies whenever the public welfare so requires. The Company will, pursuant to Commission regulation at 52 Pa. Code § 67.1 and as circumstances permit, use all reasonable and practicable measures to give advance notification to customers to be affected by service interruptions.

2. Liability for Service Interruptions:

(a) Limitation of Damages: The Company's liability to a customer for any loss or damage due to any interruption in supply, any excess or deficiency in the pressure, volume or supply of water, poor quality of water or other causes beyond its control due to any cause other than willful misconduct or negligence by the Company, its employees or agents shall be limited to an amount equal to no more than the customer charge or minimum bill for the period in question. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service, but cannot and does not guarantee that such will not occur.

(b) Responsibility for Customer Facilities: The Company shall not be liable for any loss or damage caused by reason of any break, leak or other defect in a customer's own service pipe, line, fixtures or other installations, except where the damage is a result of the negligence or willful misconduct of the Company, its employees or agents.

Section J - Waivers

The Company may, at its sole discretion, waive any of the provisions contained in this Tariff that operate for the benefit of the Company; provided, that no such waiver will be valid unless in writing and signed by an authorized representative of the Company, and provided that no waiver will be allowed where the waiver would constitute a violation of the Public Utility Code, the regulations of the Commission or of any other applicable statute, law or regulation. No agent or employee of the Company shall have the right, or authority, to bind the Company to any promise, agreement or representation, contrary to the letter, or intent, of the provisions of this Tariff.

Section K - Amendment of Commission Regulations

The Company reserves the right to alter, or amend, the provisions of this Tariff as provided by law. Whenever Commission regulations in Title 52 of the Pennsylvania Code are duly amended in such a way as would produce a difference between them and this Tariff, this Tariff is deemed to be amended so as to be consistent with the amendments to the regulations, except that if application of the amendment to Title 52 is discretionary, this Tariff will remain unchanged.

PART IV: WATER CONSERVATION CONTINGENCY PLAN

1. Restriction of Nonessential Uses: As provided in Commission regulation at 52 Pa. Code § 65.11, if the Company is experiencing or projecting a short-term supply shortage, the Company may request voluntary conservation by both residential and nonresidential customers and may impose mandatory conservation measures to reduce or eliminate nonessential uses of water. As defined at 52 Pa. Code § 65.1, nonessential uses of water include, at a minimum, the following:

(a) Watering of lawns, gardens, landscape areas, trees, shrubs or other outdoor vegetation except with a hand-held hose equipped with an automatic shut-off nozzle.

(b) Non-commercial washing of vehicles or other equipment except with a hand-held hose equipped with an automatic shut-off nozzle.

(c) Washing streets, driveways, parking lots, tennis courts, commercial and residential building exteriors, sidewalks, patios or other outdoor surfaces.

(d) Ornamental water uses, including fountains, artificial waterfalls, reflecting pools and the like.

(e) Filling or topping-off of swimming or wading pools except for public or private pools serving twenty-five (25) or more dwelling units and health care facility pools used for patient care or rehabilitation.

(f) The operation of water-cooled comfort air conditioning not equipped with a cooling tower or other evaporative system.

(g) Flushing wastewater lines or manholes.

(h) Irrigation at commercial farms and nurseries other than as minimally necessary to preserve livestock, crops and plants.

(i) The use of water from fire hydrants for construction purposes or fire drills.

2. Implementation of Voluntary Restrictions: Prior to implementation of mandatory restrictions under Paragraph 3 of this Part, the Company shall first request voluntary customer conservation. Notice of voluntary conservation restrictions shall be sent to all customers or be provided by local radio, television or newspaper advertisements within the Company's service territory. Written notice of request for voluntary restrictions shall also be provided to the Commission.

3. Imposition of Mandatory Restrictions: If voluntary cooperation does not achieve satisfactory results, mandatory restrictions will be imposed upon notice to customers and the Commission as provided in Paragraph 2 of this Part. If any customer refuses to comply with such mandatory measures, the Company may either adjust the outside water valve connection in a manner which will restrict water flow by up to one-half (1/2), or otherwise restrict flow such as by the insertion of a plug device.

Prior to the imposition of any flow restriction, the Company must make a bona fide attempt to deliver notice of the proposed flow restriction to a responsible adult at the affected premises and fully explain the reason for the restriction and the means by which the customer may eliminate the grounds for such flow restriction. Less restrictive means may be imposed to secure compliance with mandatory use restrictions.

Complete service termination may be imposed by the Commission after an expedited administrative proceeding has been held to provide the affected customer with an opportunity to be heard.

4. Pennsylvania Emergency Management Agency (PEMA) Responsibilities: In addition to the provisions set forth in this Tariff, the Pennsylvania Emergency Management Agency, 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.*, may impose restrictions pursuant to a Drought Emergency Proclamation by the Governor of the Commonwealth of Pennsylvania. Where inconsistent with Company-imposed restrictions pursuant to this Tariff, PEMA restrictions shall control.

In the event of a drought emergency as defined by proclamation or executive order, the Company is authorized to collect fines set forth in its Local Water Rationing Plan as filed with and approved by PEMA.

5. Termination of Use Restrictions: Conservation measures imposed pursuant to this Tariff shall be terminated at such time as the supply shortage is eliminated, with appropriate notice provided to affected customers.

PART V: DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% will apply to all services, excluding public fire hydrants, rendered on or after May 5, 2007.

1. General Description:

(a) 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 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. The costs of extending facilities to serve new customers are not recoverable through the DSIC. Also, Company projects receiving PENNVEST funding are not DSIC-eligible property.

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

(i) Services (account 323), meters (account 324) and hydrants (account 325) installed as in-kind replacements for customers;

(ii) Mains and valves (account 322) installed as replacements for existing facilities that have worn out and/or are in a deteriorated condition;

(iii) Capitalized expenses related to repairs to existing facilities that are in a deteriorated condition or upgraded to maintain or improve distribution system reliability;

(iv) To meet Commission regulations at 52 Pa. Code Chapter 52;

(v) Main extensions (account 322) 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 an acquired water company;

(vi) Main cleaning and relining (account 322) projects; and

(vii) Unreimbursed funds related to capital projects to relocate Company facilities due to highway relocations.

(c) Effective Date: The DSIC will become effective for bills rendered on and after October 16, 2007

2. Computation of the DSIC:

(a) Calculation: The initial charge shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rate base as of the date of the initial charge filing. Thereafter, the DSIC will be updated on a semi-annual basis to include eligible plant additions placed in service during the six (6) month period ending one (1) month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date of Change	Date to Which DSIC Eligible Plant Addition Reflected
August 1	June 30
February 1	December 31

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

(b) 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.

(c) 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 six (6) month period ending one (1) month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return approved in the Company's most recent fully litigated base rate case for which a final order was entered not more than two (2) years prior to the effective date of the DSIC. If more than two (2) 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.

(d) DSIC Surcharge Amount: The charge will be expressed as a percentage carried to two (2) 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). To calculate the DSIC, one-half (1/2) of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for sales of water for the semi-annual period during which the charge will be collected, exclusive of revenues from public fire protection service and the STAS.

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

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

Where:

DSI = The original cost of eligible distribution system improvement projects net of accrued 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 semi-annual revenue including any revenue from acquired companies that are now being charged the rates of the Company.

(f) Semi-Annual Updates: Supporting data for each semi-annual update will be filed with the Commission and served upon the Bureau of Investigation and Enforcement and the Office of Consumer Advocate at least ten (10) days prior to the effective date of the update.

3. Safeguards:

(a) Cap: The DSIC will be capped at 5.00% of the amount billed to customers under otherwise applicable rates and charges.

(b) Audit/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. It will also be subject to annual reconciliation based on a reconciliation period consisting of the twelve (12) 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) of the Public Utility Code, over a one (1) 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. §§ 101 *et seq.*) and will be refunded in the same manner as an overcollection.

(c) 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, which have not previously been reflected in the Company's rate base, would be reflected in the semi-annual updates of the DSIC.

(d) Earning Reports: The charge will also be reset at zero if in any period data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings Reports shows 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 DSCI as described in the Pre-tax Return section.

(e) 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 note shall also be included on the first bill.

PART VI: BACKFLOW PREVENTION PROGRAM

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1. Purpose: The purpose of maintaining a Backflow Prevention Program is to protect the public drinking water supply by preventing any and all possible contamination originating on a customer premises or in a customer service line from entering and degrading the water supply in the Company's distribution system.

2. Cross-Connection Prohibited: It shall be the responsibility of the customer to eliminate cross-connections and to provide backflow protection devices to prevent contamination of the Company's distribution system from both back- siphonage and backpressure. A cross-connection shall be considered to be eliminated only if the method of backflow prevention is approved in writing by the Company.

3. Definitions.

(a) Alarm Check: A specially designed device to signal an alarm and/or to summon the fire department, etc. when a sprinkler head flows water. This is not an approved backflow prevention device.

(b) Closed System: Any system, supplied directly by the Company that includes only automatic sprinkler or other automatic fire service devices. A closed system does not include private fire hydrants, reservoirs, or holding tanks of any size or construction.

(c) Directional Check: A specially designed device to provide directional flow only. This is not an approved backflow prevention device.

(d) Double Check Detector Assembly (DCDA): A specially designed device to prevent backflow of polluted water from a fire protection system into the potable water supply/system; to detect unauthorized use of water; and, to provide directional flow. This is an approved backflow prevention device for Closed Systems, depending upon the fire system classification.

(e) Open System: Any system, supplied directly by the Company that includes only automatic sprinkler or other automatic fire service devices. An open system may include private fire hydrants, reservoirs or holding tanks or construction.

(C) Indicates Change

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(f) Private Metered Fire Hydrant: Any metered hydrant owned and maintained by the customer.

(g) Reduced Pressure Principal Assembly (RP): A specially designed device to prevent backflow of contaminated water from a fire protection system into a potable water supply/system and to provide directional flow. This is an approved backflow prevention device for Open Systems, depending upon the fire system classification.

(h) Reduced Pressure Principal Detector Assembly (RPDA): A specially designed device to prevent backflow of contaminated water from a fire protection system into a potable water supply system; to detect unauthorized use of water; to detect leaks into the fire protection system; and, to provide directional flow. This is an approved backflow prevention device for Closed Systems, depending upon the fire system classification.

(i) Single Detector Check: A specially designed device to detect unauthorized use of water for other than fire service; to detect leaks in fire protection systems; and, with by-pass check, to provide directional flow. This is not an approved backflow prevention device.

(j) 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, backflow prevention device, check valve, control valve and pressure reducing valve.

(k) Sprinkler System: Includes express riser pipes that convey water to the laterals that supply sprinkler heads

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4. Customer's Responsibility:

(a) The cost of installation, material, and maintenance of the backflow prevention device shall be paid for by the customer. Thereafter, it is the responsibility of the customer to have an annual test of the device performed by an inspector who is a qualified backflow prevention device tester.

(b) It is the customer's responsibility, at the customer's sole cost, to insure adequate design, installation, maintenance and operation of the premises piping system, including the backflow prevention device(s).

(c) All customer service lines must be evaluated by the Company before installation of a backflow prevention device. The device must receive final inspection and acceptance in writing from the Company prior to having the water turned on or restored.

(d) Only properly installed "Approved" backflow prevention devices with the appropriate hazard protection rating will be accepted by the Company.

5. Location:

(a) Residential Customers:

(i) Reconstructed or Renovated Premises – In the reconstruction or renovation of any structure to which the Company provides water service, the customer shall furnish, install, and maintain a Company approved backflow prevention, cross-connection control, or other special device as part of the renovation or reconstruction project. The furnishing, installation, and maintenance of the device shall be done at the customer's sole expense, in accordance with Company specifications and at a location and in the manner approved by the Company.

(C) Indicates Change

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(ii) Premises Not Reconstructed or Renovated: If the Company determines, in its sole discretion, that a cross-connection or other threat of contamination to its water system exists, the customer shall furnish, install, and maintain a Company approved backflow prevention, cross-connection control, or other special device. The furnishing, installation, and maintenance of the device shall be done at the customer's sole expense, in accordance with Company specifications and at a location and in the manner approved by the Company.

(iii) Irrigations Systems: Residential accounts having a lawn irrigation system are required to install a reduced pressure zone backflow prevention device on the line that services this part of the customer's system. Reduced pressure zone devices are to be tested annually, by the customer and at the customer's expense.

(b) Nonresidential Customers: On service pipes for nonresidential customer services, a double check valve or backflow prevention device shall be furnished, installed and maintained by the customer. The type and location of the device shall be approved by the Company.

(c) Fire Protection:

(i) Service pipes used for fire protection must be in addition to and shall have a double check valve and backflow prevention device furnished, installed and maintained by the customer, at the customer's sole cost.

(ii) Residential accounts having a fire sprinkler system will be required to install a reduced pressure zone backflow prevention device on the line which services this part of the customer's system. Reduced pressure zone devices are to be tested annually, by the customer and at the customer's expense.

(C) Indicates Change

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(iii) Nonresidential customers with private fire protection systems installed shall certify to the Company, annually and in writing that its cross-connection control and backflow prevention devices have been maintained and are in working order. This is to include a test performed by an inspector who is a qualified backflow prevention device tester.

(iv) Private and public fire service systems are subject to Company inspection at reasonable times.

(v) If the Company receives a request to use fire hydrants for purposes other than the extinguishment of fires, such use will be granted only if an approved backflow prevention device is attached to the hydrant. Said device shall be furnished by the customer. The decision to grant such a request shall be in the Company's sole discretion.

6. Fire System Classifications:

(a) Class 1: Direct connection with Company mains. No pumps, tanks or reservoirs; no physical connection from other supplies; no antifreeze or other additives of any kind; and, all sprinkler drains discharge to atmosphere, dry wells or other safe outlets.

(b) Class 2: Same as Class 1 except that a booster pump has been installed on the supply line.

(c) Class 3: Direct connection with Company mains. No pumps, tanks or reservoirs; no physical connection from other supplies; no antifreeze or other additives of any kind; all sprinkler drains discharge to atmosphere, dry wells or other safe outlets; elevated storage tanks; fire pumps taking suction from above-ground covered reservoirs or tanks; and, pressure tanks. All storage facilities shall be connected only to the Company's water system and the water in tanks shall be maintained in a potable condition, unless otherwise agreed to in writing by the Company.

(C) Indicates Change

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(d) Class 4: Direct connection with Company mains. No pumps, tanks or reservoirs; no physical connection from other supplies; no antifreeze or other additives of any kind; all sprinkler drains discharge to atmosphere, dry wells or other safe outlets; elevated storage tanks; fire pumps taking suction from above-ground covered reservoirs or tanks; and, pressure tanks. May include an auxiliary water supply dedicated to fire department use or an auxiliary water supply available to the premises located within 1,700 feet of the pumper connection. All storage facilities shall be connected only to the Company's water system and the water in tanks shall be maintained in a potable condition, unless otherwise agreed to in writing by the Company.

(e) Class 5: Direct connection with Company mains and interconnected with auxiliary supplies, such as: pumps taking suction from reservoirs exposed to contamination, or rivers or ponds, driven wells, mills or other industrial systems; or where antifreeze or other additives are used.

(f) Class 6: Direct connection with Company mains only, with or without gravity storage or pump suction tanks, and/or interconnections with industrial systems

7. Company Inspection: The Company shall have the right, upon reasonable notice and at reasonable times, to conduct surveys and inspections 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. A yearly administrative fee of $5.00 will be required per return certification.

(C) Indicates Change

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8. Right of Company to Terminate Water Service: The Company shall have the right to terminate water service to any customer, after reasonable or required notice, under any of the following circumstances:

(a) Violation by a customer or occupant of the backflow prevention and cross-connection provisions of this Tariff.

(b) Failure to have the annual test of the backflow prevention device performed.

(c) Receipt by the Company of an order from the Pennsylvania Department of Protection, local or state health authorities, plumbing inspectors or another similar agencies or individuals to discontinue service to the premises on the grounds of violation of any federal, state or local law, ordinance, rule or regulation or of this Tariff regarding cross-connections, or because of danger to health because of the existence of cross-connections, or upon notice to the Company from any federal state or local agency with proper jurisdiction that such agency has ordered a cross-connection existing on the premises to be discontinued and that such order has not been complied with.

9. Annual Testing of Fire Systems Required:

(a) All backflow prevention devices installed on private or public fire systems are required to be tested annually with the test results forwarded to the Company. Any test of a fire system must be approved by the Company.

(b) In the case of an actual flow test, Company personnel will require a description of the time and manner of the conducted test prior to the time of the testing. Company personnel must be present for all flow testing.

(c) Any test of local fire hydrants will be conducted by the Company with engineering equipment (*i.e.*, pressure gauges, flow supplies, etc.) and operated by the customer requesting the test.

(C) Indicates Change