

PENNSYLVANIA AMERICAN WATER COMPANY

D/B/A

PENNSYLVANIA-AMERICAN WATER

RATES, RULES AND REGULATIONS
GOVERNING THE FURNISHING OF
WASTEWATER COLLECTION AND DISPOSAL SERVICE
IN A PORTION OF
COOLBAUGH TOWNSHIP,
MONROE COUNTY, PENNSYLVANIA

Filed in compliance with Pennsylvania Public Utility Commission Order
R-00027982, entered November 7, 2003, and C-20042816, entered
September 19, 2006.

Issued: September 27, 2006

Effective: September 28, 2006

BY: D. W. Warnock, President
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

LIST OF CHANGES

List of Changes:

This tariff supplement eliminates the Collection System Improvement Charge (CSIC), as set forth on Pages 6A through 6D of the Company's tariff. The Company has made a provision for refunding to customers the amount of the CSIC paid by them during the period from April 1, 2004 through March 31, 2006, when the CSIC was in effect. The CSIC was set at zero effective April 1, 2006. The CSIC is being eliminated from the Company's tariff and refunds are being made for the amounts billed under the CSIC because the Commonwealth Court of Pennsylvania issued an Opinion and Order on March 14, 2005 at No. 2497 C.D. 2003 reversing the Commission's Order entered November 7, 2003 at Docket No. R-00027982 *et al* that authorized the Company to establish the CSIC and, by Order entered March 7, 2006 at Nos. 315 and 316 Allocator Docket 2005, the Pennsylvania Supreme Court denied Petitions for Allowance of Appeal filed by the Commission and the Company, respectively, seeking further review of the Commonwealth Court's Order. The Company's plan to refund amounts billed under the CSIC was approved by the Commission's Order entered September 19, 2006, which approved the Joint Petition for Settlement of Remand Proceeding and Approval of Refund Plan executed by all active parties at Docket Nos. R-00027982 *et al* and C-20042816.

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SCHEDULE OF RATES

GRAVITY AND PRESSURE SYSTEMS

Application

This schedule is available to all customers.

Charges:

<u>Type:</u>	<u>Per Month</u>	
Residential Usage	\$51.00	(I)
Commercial Usage	\$92.50	(I)
Property Owners Association Usage	\$77.75	(I)
Availability	\$13.75	(I)

Definition:

The term usage shall be deemed to mean any building connected to the sewage collection system and containing any one or more of the following fixtures: wash stand, flush toilet, bathtub, shower, or kitchen.

The term availability shall be deemed to mean a lot upon which no structure has been erected, or upon which a currently unoccupied structure has been erected.

Terms of Payment:

Charges for customers will be billed and payable monthly, in arrears.

Supplement No. 19 to Tariff

Wastewater PA P.U.C. No. 2

Fifteenth Rev. Page 5

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STATE TAX SURCHARGE APPLICABLE TO ALL RATES (C)

In addition to the net charges provided for in this Tariff, a surcharge of 0% will apply to all service rendered.

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

- (a) Whenever any of the tax rates used in calculation of the surcharge are changed;
- (b) Whenever the Company makes effective increased or decreased rates;

The above recalculations will be submitted to the Commission within 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 10 days after filing.

PENNVEST SURCHARGE

1. In addition to the charges in this tariff, and pursuant to the automatic adjustment provisions of Section 1307(a) of the Public Utility Code and the Commission's Statement of Policy at 52 Pa.Code § 69.361 et seq., a 0% surcharge will be applied to all customers for service rendered on or after February 1, 2000.
2. Approximately ninety (90) days prior to the first anticipated principal and interest payment on the PENNVEST loan, PAWC will file a tariff supplement with the Commission proposing an adjustment in the surcharge rate. This proposed adjustment will be a percentage calculated using the principle and interest amounts payable pursuant to the final PENNVEST amortization schedule. Specifically, the percentage will be determined as follows:

total PENNVEST principle and interest amounts payable during year
total yearly revenues

3. Beginning approximately sixty (60) days prior to the first anticipated principle and interest payment on the PENNVEST loan, PAWC will notify customers of the requested increase in surcharge rates via a bill insert.
4. Subject to Commission approval, adjustments to the surcharge will be effective the first billing cycle immediately following the first principle and interest payment on the PENNVEST loan. The surcharge is solely designed to begin timely recovery of PENNVEST principle and interest obligations.
5. The surcharge will be reflected as a separate line item on each customer's bill and will be subject to reconciliation and refund.
6. The Company will segregate all revenues that are dedicated for PENNVEST repayment so long as the surcharge remains in effect.
7. The PENNVEST surcharge shall remain in effect if and until included in the general base rates of the Company.

RULES AND REGULATIONS - WASTE TREATMENT

These rules and regulations are part of the contract with every customer and every such customer agrees to be bound thereby.

1. DEFINITIONS (C)

"Company" as used herein shall mean Pennsylvania-American Water Company, acting through its properly authorized officers, agents or employees, each acting within the scope of the duties entrusted to him or her.

"Customer" as used herein shall mean the person owning a lot which is located within the Development, or the party contracting for service to a property containing any of the following:

- (A) A building under one roof and occupied by one family or business, or
- (B) A combination of buildings in one common enclosure, occupied by one family or business, or
- (C) The one side of a double house occupied by one family or business having a solid vertical partition wall, or
- (D) One side or part of a house occupied by one family or business, even though the closet and /or other fixtures be used in common, or
- (E) Each apartment in a building having more than one apartment, or
- (F) Each apartment, office, or business in a building having a number of apartments and/or office and/or business.

"Development" as used herein shall mean the recreational residential development known as "Pocono Country Place" and located within Coolbaugh Township, Monroe County.

2. APPLICATION FOR SERVICE CONNECTION AND SERVICE

Any property owner desiring the introduction of a service connection from the Company's main to his or her premises must first make written application on a form furnished by the Company. The application must be signed by the property owner or his duly authorized attorney.

Any person desiring sewage facilities must first make written application on a form furnished by the Company, which must be approved by the Company before facilities are utilized. Where the person desiring sewage facilities is not the owner of the premises, the application must also be signed by the owner. The party or parties making the applications will be considered the customer under this contract and will be responsible for all sewage bills and proper observance of the Rules and Regulations.

No owner or tenant of any premises connected with the wastewater lines of this Company will be allowed to permit another person or premises to use or connect with his service line, not stipulated by his or her application or otherwise, except upon written permission from the Company.

Any violation of the Rules and Regulations of the Company shall render the Contract between the Customer and the Company void, and service may be discontinued after compliance with presently effective PUC rules and regulations, and applicable law, until such time as the Company is satisfied that the customer will observe the rules and regulations.

Issued: April 4, 1997

Effective: November 11, 1997

3. SERVICE CONNECTIONS (C)

A. Specifications and Procedures

The Company will make all connections to its street wastewater and will furnish, install, and maintain all laterals from the wastewater to a point immediately inside the portion of the customer's property which abuts the street or road or lateral, all of which service line shall be and remain the property of the Company and shall be accessible to and under its control except that all trenching, excavation, digging and backfilling from a point immediately inside the portion of the customer's property to the main central wastewater line which includes the lateral which connects to the main central Wastewater line, and the customer's house waste line shall be done by the customer at the customer's sole expense. Backfilling with appropriate materials shall be done by customer in such manner so as to restore the ditch, trench, and road or street to its original grade, level and condition.

Service lines from the premises to the property line shall be laid by the customer at the customers expense on hard bottom, or in concrete, if in rock or soft bottom. Any accessible trap and vent shall be constructed on each service line within the confines of the premises served. All service lines shall be kept in good repair by the customer at his expense.

In areas of the service area where the Company has installed a pressure sewage collection system, the customer shall install a grinder pump and holding tank as specified by the Company prior to connection and shall keep and maintain such facilities in good order and repair.

Before any pipe is laid in a dry trench, the trench shall be evenly graded, the minimum grade being one quarter (1/4") inch fall to the running foot. After the pipe is laid, then loose earth shall be carefully tamped about the pipe and, to a depth of six (6) inches above top of pipe at which point courser materials may be backfilled.

Every terra cotta joint, after being made, shall be scraped on inside before the next pipe is placed to insure perfect flow.

Where ground has been filled in, or in wet places, medium weight iron soil pipe shall be used with lead joints properly caulked.

All mains shall not be less than six (6) inches in diameter, unless otherwise approved by a representative of the Company, and shall be of first class vitrified pipe for dry trenches and cast iron soil pipe for wet trenches or for trenches which have been refilled to support pipe.

All building plumbing shall be in accordance with the American Standard National Plumbing Code (ASA A 40.8) or local code adopted.

Connections with wastewater where same are run through private property shall in all respects be governed by these Rules and Regulations.

B. Disclaimer of Liability

The Company shall in no event be responsible for maintenance of, or for damage done by water escaping from or blockage of, the lateral or by other pipe or fixture of the customer. The customer at all times shall comply with state and municipal regulations in reference thereto and shall make any changes thereon which may be required because of change of grade, relocations of mains or otherwise.

C. Company Approvals; Inspections

No Wastewater connections disconnection, repair, alteration, or addition shall be made except under the supervision, control and approval of the Company's authorized representative. All Wastewater lines must be approved by the Company's representative with respect to size and type of pipe. No service may be concealed, covered, or placed in service unless and until it has been inspected by a representative of the Company.

D. Unauthorized and Improper Connections: Enforcement Provisions

No roof, storm, surface or ground water of any nature shall be allowed to enter the Wastewater system. No connection will be allowed with an cesspool, privy vault, cistern or other depository. No standpipe or pipes will be permitted to be connected with the Company's Wastewater. No ground water from foundation drains, or basement drains shall be connected to the Wastewater system. The Company may inspect any premises being served by it to assure that no improper connections exist.

If any unauthorized, uninspected, or improper connection (as specified above) is found to exist, the Company may require disconnection of that connection within ten (10) days. The Company may require a plumber's sworn statement or certificate as evidence that the unauthorized or improper connection has been disconnected. In the case of an uninspected connection, repair, or addition, the Company may require that the connection, repair or addition be made available and accessible for inspection. In the event that no adequate evidence is supplied to the Company within the specified period of time of (1) the disconnection of an unauthorized or improper connection or (2) the unavailability for inspection of uninspected pipes or connections, the Company may at its discretion:

- (i) Physically disconnect the improper connection at any unauthorized, uninspected, or point between the Company's service lateral and the point of origination, i.e., the premises. All costs associated with disconnection and estimated costs of reconnection may be imposed upon the

customer violating these rules and may be required to be paid for the reconnection of service. If estimated payments for reconnection exceed actual costs of reconnection, then the customer shall be entitled to a refund of those excess payments.

- (ii) Terminate water service to that premise. Such termination would occur in accordance with 52 Pa. Code §56.81(4) and (8).

3.1 SERVICE CONNECTIONS - PRESSURE SEWERS

In Sections J, K, K Extended and L of the Development and in such other areas of the Development designated, from time to time, by the Company for service by pressure Wastewater lines, the Customer in connection with construction of his service line will install a grinder pump and related facilities as specified by the Company at the Customer's expense. Maintenance and repair of the grinder pump shall be provided by the Company to the extent herein provided. The Company shall provide, or shall cause an independent service agency (the "Service Agency") to provide, 24-hour year-round service to any grinder pump upon request of the Customer. Service requests shall be made to the Company or to the Service Agency, as designated by the Company. Notice of the name, address and telephone number of the Service Agency, if any, shall be given by the Company to the Customer. A charge of \$45 shall be made by the Company to the Customer for each service call. The cost of repair or replacement of the Customer's grinder pump, including materials and non-Company labor, shall be billed to the Customer at the actual cost thereof to the Company. Bills for such cost may also be rendered directly to the Customer by the Service Agency. The terms with respect to payment of bills for grinder pump service shall be the same as the terms for payment of bills for wastewater service as provided herein.

If the Customer desires to provide service of his grinder pump and related facilities by means other than provided herein, the Customer may do so at his own cost.

The Company shall maintain, or shall cause the Service Agency to maintain, a sufficient inventory of replacement grinder pumps to limit any delay in continuance of service to the Customer by reason of a malfunctioning grinder pump.

4. PAYMENT TERMS (C)**4.1 Billing Period**

All bills shall generally be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers and fifteen (15) days after the date the bill is mailed for commercial and industrial Customers. Payment received by the Company more than five (5) days after the due date will be charged a penalty of 1.50%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.

4.2 Service Termination

If a bill is not paid on or before its due date, service will be terminated. All federal, state and local government accounts are entitled to a thirty (30) day period from the due date of any bill within which it may pay for water service.

4.3 Wastewater not Combined

The charge of wastewater by the same Customer in different premises or localities will not be combined, and each installation shall stand by itself.

4.4 Disputed Bills

In the event of a dispute between the Customer and the Company respecting any bill, the Company will forthwith make such investigation as may be required by the particular case and report the result thereof to the Customer. When the Company has made such 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, it will issue a corrected bill with a new due date for payment. Any amounts received by the Company in excess of the amount disclosed to be due by the Company's investigation of the dispute shall be returned to the Customer if the error arose from any cause other than the incorrect estimating of a Customer's bill for the period in dispute.

4.5 Return Check Charges

The customer will pay a charge of \$20.00 per incident where a check or automatic transfer of funds, which has been presented to the Water Company or its agent 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, postdated, stale date, no account, drawn against uncollected funds, and unauthorized signature. This charge is in addition to any and all charges assessed by the bank.

5. DISCONTINUANCE OF SERVICE (C)

Whenever the customer desires to have his service contract terminated or his sewage service discontinued, he shall notify the Company to that effect in writing. The customer will be responsible for the payment of all service rendered by the Company prior to receipt of such written notice and during a reasonable time thereafter to enable the Company to discontinue service. Following the discontinuance of service the customer will be responsible for the payment of availability charges for the premises until such times as service is restored.

6. TERMINATION OF SERVICE

Service to any customer may be discontinued for violation of any of these Rules and Regulations after compliance with presently effective P.U.C. Rules and Regulations. However, before service may be discontinued for any violation, the Company shall give written notice to the customer, stating the rule violated, the manner of the violation and a reasonable date after which service will be discontinued if the violation continues. After service is thus discontinued for violation of the Rules and Regulations service will not be resumed until reasonable assurance is given that the customer will comply with the Rules and Regulations and until all rentals due and reconnection and disconnection charges based on actual costs of reconnections and disconnections have been paid to the Company for restoral of service. (C)

7. LEAKS STOPPAGES AND/OR DEFECTIVE PLUMBING

The Company shall not be liable for any damage or expense resulting from leaks, stoppages or defective plumbing or from any other cause occurring to any premises, or within any house or building; and it is expressly stipulated by and between the Company and the Customer that no claims shall be made against the said Company on account of the breaking, stoppage or any damage or expense to any service lines on said property, when the cause thereof is found to be in that part of the service line lying on said property.

The Company will not be liable for any claim or damage arising from a deficiency of service or discontinuance of service, the breaking of machinery or other facilities, or for any other cause. The Company reserves the right to rescind service whenever the public welfare may require it.

As necessity may arise in case of break, emergency or other unavoidable cause, the Company shall have the right temporarily to discontinue service in order to make necessary repairs, connection, etc. The Company shall use all reasonable and practicable measures to notify the Customer, in advance, of such discontinuance of service. The Company shall not be liable for any damage or service for any cause.

8. PROHIBITED WASTE

The Company Wastewater System is meant to provide sanitary collection and final disposal of domestic sewage and certain types wastes amenable to disposal in the Company's facilities. The Company reserves the right of approval of all wastes to be discharged to its system in specific conditions contained in Permits issued to the Company by the Pennsylvania Department of Environmental Protection.

A wastewater system connection shall not be made to any customer's premises by any person who is not an agent of the Company, except temporarily by a plumber, with Company approval to enable him to test his work, provided it shall be severed immediately after the test is made.

The authorized agents of the Company shall have the right of access, at all reasonable hours, to the premises supplied with wastewater service for the purpose of examining pipes and fixtures, observing manner of using the system, and for any other purpose which is proper and necessary in the conduct of the Company's business. Such agents shall carry proper credentials evidencing their employment by the Company.

Issued: April 4, 1997

Effective: November 11, 1997

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9. CHANGING RULES AND RATES

The Company reserves the right to change or amend, from time to time, these Rules, Regulations and Rates, in accordance with law.



10. MAIN EXTENSIONS FOR APPLICANTS OTHER THAN
BONA FIDE SERVICE APPLICANTS (C)

10.1 General Provisions

- (A) (1) The Company will extend existing wastewater collection mains for an applicant other than a Bona Fide Service Applicant making application for wastewater service, under, and pursuant to, these Rules and Regulations.
- (2) Applicants, other than a Bona Fide Service Applicant, may install the necessary facilities subject to the Company's installation policies and final inspection. Upon successful completion of that inspection, the Company will assume ownership and maintenance of the facilities, and all obligations of customer service to those receiving water service from those facilities.
- (B) The Company shall have exclusive right to determine the type and size of mains to be installed and the other facilities required to render adequate service. If an applicant qualifying for extension of service under this rule, desires any facilities other than those facilities determined by the Company to be required to render adequate service, those other facilities will be installed by , owned by, maintained by, and will become the sole responsibility of the applicant.
- (C) In determining the length of and necessity for any extension required pursuant hereto, the terminal point of such extension shall, in all cases, be at the point in the curb line which is equidistant from the side property lines of the last lot for which wastewater service is requested, except as provided in Paragraph B above wherein it may be necessary to extend beyond the last lot and connect to an existing main to provide adequate and reliable wastewater service. A street service connection will be provided only when Customer service lines from the curb to the premises to be served are laid in a straight line at right angles to the curb line.
- (D) For the purposes of this rule:
- (1) "Bona Fide Service Applicant" shall mean a person or entity applying for wastewater service to an existing structure for which a valid occupancy permit has been issued if such structure is within the Company's certificated service territory and is either: (1) a primary residence of the Applicant; or (2) a place of business. An Applicant shall not be deemed a Bona Fide Service Applicant if such Applicant is requesting wastewater service to: (1) a building lot or subdivision; or
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(2) a primary residence if such primary residence was constructed, or the request for wastewater service was made, as part of a plan for the development of a residential subdivision; or (3) wastewater service for temporary, or seasonal services. If the Company shall be delayed or prevented from installing the Street Service Connection for a period of one (1) year or more from the date of application, the Applicant shall have the right to withdraw the application for Service.

(2) "Street Service Connection" shall mean a pipe with appurtenances used to conduct wastewater from the curb line of the premises to a distribution main of the Company.

(E) (1) Street service supplying a premises shall not pass through or across any premises or property other than that to be supplied, except as provided in (E)(2). No wastewater pipes in any premises shall be extended therefrom to adjacent or other premises. Street service connections will not be permitted to cross intervening properties unless there is no other way in which service can be provided and appropriate easements are obtained. Only service applicant's owning property in fee which directly abuts a street wherein there is an existing main of the company will be permitted to attach a street-service connection to the company's main for the purpose of receiving wastewater service therefrom, unless appropriate easements are obtained pursuant to Subsection (2) below.

It is understood that such property owned in fee by the said service applicant(s) shall be a complete standard building lot which complies with the existing zoning laws and regulations of the municipality in which such property is located. It is further understood that if such property owned in fee by a service applicant(s) is subsequently sold, the purchaser will be entitled to receive wastewater service upon compliance with all of the provisions of this tariff, but that the seller of such property shall only be entitled to continue to receive service if such seller complies with all of the provisions of this tariff.

(2) A residential service applicant(s) may obtain a recorded easement or right-of-way that runs with the land, of at least fifteen (15) feet in width connecting the property to be served to the street wherein the Company's main is located. Such easement or right-of-way shall not cross multiple properties. The residential service applicant(s)

Issued: December 21, 2000

Effective: December 22, 2000

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shall present the Company with a certified copy of a duly recorded instrument which (a) describes the easement or right-of-way by metes and bounds, (b) gives the easement in perpetuity to the heirs, successors and assigns of said residential service applicant, (c) grants access to the service pipe for purposes of repair and replacement, and (d) is recorded in the County Office of the Recorder of Deeds.

Issued: December 21, 2000

Effective: December 22, 2000

Supplement No.6 to Tariff

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Issued: December 21, 2000

Effective: December 22, 2000

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Issued: December 21, 2000

Effective: December 22, 2000

Supplement No. 6 to Tariff
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Canceling First Rev. Page 24

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Issued: December 21, 2000

Effective: December 22, 2000

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11. MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS (C)

11.1 General Provisions

(A) (1) The Company will extend existing distribution mains for a Bona Fide Service Applicant making application for wastewater service, other than temporary or seasonal service, under, and pursuant to, these Rules and Regulations, to commence immediately upon installation of the Street Service Connection.

(2) When the costs of the main extension exceed the Company Contribution as defined in Subsection (D), then such extension will be made under and pursuant to the terms of an Extension Deposit Agreement for Bona Fide Service Applicant, as hereinafter set forth, 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.

(3) When an extension is requested or required to serve a Bona Fide Service Applicant requiring Special Utility Service, construction of the extension or of any facilities needed to provide such Special Utility Service will not commence until a Special Utility Service Agreement has been executed and all applicable terms and conditions therein have been satisfied by the Applicant including, but not limited to, paying the requisite sum of money for construction of the facilities needed to furnish Special Utility Service, in accordance with the Preliminary Memorandum to such Special Utility Service Agreement.

(B) The Company shall have exclusive right to determine the type and size mains to be installed and the other facilities required to render adequate service. If a Bona Fide Service Applicant desires any facilities other than those facilities determined by the Company to be required to render adequate service, those other facilities will be installed by, owned by, maintained by, and will become the sole responsibility of the Bona Fide Service Applicant. All estimated or actual cost figures referred to in the Extension Deposit Agreement, the Special Utility Service Agreement and the Preliminary and Final Memoranda thereto shall include a reasonable allowance for overhead costs.

(C) In determining the length of and necessity for any extension required pursuant hereto, the terminal point of such extension shall, in all cases, be at the point in the curb line which is equidistant from the side property lines of the last lot for which water service is requested, except as provided in Paragraph B above wherein it

may

Issued: April 4, 1997

Effective: November 11, 1997

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be necessary to extend beyond the last lot and connect to an existing main to provide adequate and reliable Wastewater service. A street service connection will be provided only when Customer service lines from the curb to the premises to be served are laid in a straight line at right angles to the curb line.

(D) For the purposes of this rule:

(1) "Bona Fide Service Applicant" shall mean a person or entity applying for General Wastewater Service to an existing structure for which a valid occupancy permit has been issued if such structure is within the Company's certificated service territory and is either: (1) a primary residence of the Applicant; or (2) a place of business. An Applicant shall not be deemed a Bona Fide Service Applicant if such Applicant is requesting Wastewater service to: (1) a building lot or subdivision; or (2) a primary residence if such primary residence was constructed, or the request for Wastewater service was made, as part of a plan for the development of a residential subdivision; or (3) Wastewater service for temporary or seasonal services. To become a Bona Fide Service Applicant, a person or entity must file a signed application for a new Street Service Connection to qualifying premises and extend the necessary service line to the curb line of premises. If the Company shall be delayed or prevented from installing the Street Service Connection for a period of one (1) year or more from the date of application, the Bona Fide Service Applicant shall have the right to withdraw the Application for Service.

(2) "Company Contribution" shall mean that portion of the main extension costs which the Company will fund based upon the following formula:

Average Annual Revenue	\$ _____
minus	
Operation and Maintenance Expenses	\$ _____
Subtotal	\$ _____
divided by	
Depreciation Rate and	
weighted cost of debt	_____ %
Company Investment	\$ _____

The Bona Fide Service Applicant will be required to pay one-third of the Customer Contribution prior to the commencement of any work by the Company. The Customer Contribution will be an amount equal to the difference between the Company Contribution and the cost of the main extension and applicable interest charges. After the initial payment any remainder will be amortized over thirty-six (36) equal monthly installments beginning with the Bona Fide Service Applicant's first bill for Wastewater service. The Company will also provide information to the applicant on financial institutions that may offer financing to the Bona Fide Service Applicant for the line extension.

Issued: April 4, 1997

Effective: November 11, 1997

Tariff Wastewater - PA P.U.C. No. 2

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(a) The Average Annual Revenue for residential customers will be the usage rates for gravity or pressure systems customers, whichever is applicable, as shown in the then effective tariff of the Company.

(b) The Average Annual Revenue for Commercial will be the usage rates for gravity or pressure systems customers, whichever is applicable, as shown in the then effective tariff of the Company.

(c) Operation and Maintenance Expenses shall be the Company's average annual operation and maintenance costs associated with serving an additional customer.

(d) The depreciation rate shall be the Company's depreciation rate for the facilities to be installed as determined in the Company's last approved general rate increase filing.

(e) The weighted cost of debt shall be the Company's long-term debt costs as determined in the Company's last approved general rate increase.

(3) "General Wastewater Service" shall mean basic residential wastewater service or wastewater service for general commercial or municipal purposes but excluding, without limitation, wastewater service for seasonal or temporary uses.

(4) "Special Utility Service" shall mean residential or business service which exceeds that required for ordinary residential purposes. The term may include installation of facilities such as oversized mains and booster pumps as necessary to provide adequate flows or meet required pressure criteria and service to large wastewater producing commercial and industrial facilities.

(5) "Street Service Connection" shall mean a pipe with appurtenances used to conduct wastewater from a dwelling to a distribution main of the Company.

(E) (1) Street service supplying a premises shall not pass through or across any premises or property other than that to be supplied, except as provided in (E) (2). No wastewater pipes or plumbing in any premises shall be extended therefrom to adjacent or the Company's main for the purpose of receiving wastewater service therefrom, unless appropriate easements are obtained pursuant to Subsection (2) below. It is understood that such property owned in fee by the said service applicant(s) shall be a complete standard building lot which complies

other premises. Street service connections shall not be permitted to cross intervening properties unless there is no other way in which service can be provided and appropriate easements are obtained. Only service applicant(s) owning property in fee which directly abuts a street wherein there is an existing main of the Company will be permitted to attach a street-service connection to with the existing zoning laws and regulations of the municipality in which such property is located. It is further understood that if such property owned in fee by a service applicant(s) is subsequently sold, the purchaser of such property will be entitled to receive Wastewater service upon compliance with all of the provisions of this tariff, but that the seller of such property shall only be entitled to continue to receive service if such seller complies with all of the provisions of this tariff.

(2) A residential service applicant(s) may obtain a recorded easement or right-of-way that runs with the land, of at least fifteen (15) feet in width connecting the property to be served to the street wherein the Company's main is located. Such easement or right-of-way shall not cross multiple properties. The residential service applicant(s) shall present the Company with a certified copy of a duly recorded instrument which (a) describes the easement or right-of-way by metes and bounds, (b) gives the easement in perpetuity to the heirs, successors and assigns of said residential service applicant(s), (c) grants access to the service pipe for purposes of repair and replacement, and (d) is recorded in the County Office of the Recorder of Deeds.

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11.2 EXTENSION DEPOSIT AGREEMENT FOR BONA FIDE SERVICE APPLICANT

THIS AGREEMENT entered into this _____ day of _____, 19____, by and between PENNSYLVANIA-AMERICAN WATER COMPANY hereinafter called the "COMPANY," and _____ hereinafter called the "BONA FIDE SERVICE APPLICANT."

WHEREAS, the BONA FIDE SERVICE APPLICANT desires extension of the Wastewater mains of the COMPANY, as hereinafter described;

NOW, THEREFORE, this agreement WITNESSETH:

FIRST: THE COMPANY contracts and agrees to lay the Wastewater main(s) (and other facilities, if any) as shown in red on the diagram hereto attached and made a part hereof described and located as follows:

(LEAVE SPACE FOR DESCRIPTION)

SECOND: It is expressly understood and agreed that if the COMPANY shall be delayed or prevented from installing the Wastewater main (s) (and other facilities, if any) herein above described because of its failure to secure pipe or other construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than one (1) year from the date thereof, the BONA FIDE SERVICE APPLICANT shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to the COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by the BONA FIDE SERVICE APPLICANT shall not be invoked if the COMPANY has received the construction material, in which event the COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: The BONA FIDE SERVICE APPLICANT hereby agrees, upon notice from the COMPANY that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, to pay for the actual costs of extending the facilities as provided in Paragraph FIRST hereof, by depositing an amount in cash equal to (1) the Estimated Cost less (2) the Company Contribution. Items (1) and (2) are to be determined as follows:

- (1) The Estimated Cost shall be the estimated cost of the extension, including the estimated cost of said main(s) and the estimated cost of any other facilities which the COMPANY shall have determined are required to render adequate service.
- (2) The Company Contribution shall be a credit as determined by the following formula:

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Average Annual Revenue	\$ _____
minus	
Operation and Maintenance Expenses	\$ _____
Subtotal	\$ _____
divided by	
Depreciation Rate and Weighted Cost of Debt _____%	
Total	\$ _____

multiplied by the number of bona fide service applicants who will be directly served by the extension.

The BONA FIDE SERVICE APPLICANT agrees to pay at least one-third of the deposit prior to the commencement of construction of the extension, and the remainder of the deposit plus applicable interest charges in thirty-six (36) equal monthly installments beginning with BONA FIDE SERVICE APPLICANT'S first bill for Wastewater service. Interest will be charged on the unpaid portion each month, equal to the monthly portion of the embedded cost of long-term debt recognized in the Company's last approved general rate increase.

Upon such written notice, a Preliminary Memorandum in the form attached shall be prepared and signed by both parties showing the deposit required in accordance with foregoing provisions. Upon completion of the installation of the extension, a Final Memorandum in the form attached shall be prepared and signed by both parties showing the deposit required based on the same calculations as set forth above but by using the actual cost of the extension, including the actual installation costs of the mains and other facilities, for the Estimated Cost and calculating the Applicable Credit. If the deposit shown to be due on the Final Memorandum differs from that shown on the Preliminary Memorandum, the APPLICANT will deposit any additional amount shown to be due or the COMPANY will refund to the APPLICANT any excess amount shown to have been deposited. Any additional amount of required deposit must be made by the APPLICANT to the COMPANY before the granting of refunds to the APPLICANT.

FOURTH: The COMPANY hereby agrees to refund to the BONA FIDE SERVICE APPLICANT during the period of ten (10) years from actual date of deposit as shown on the Preliminary Memorandum a Per-Customer Refund Amount for each additional BONA FIDE SERVICE APPLICANT for 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 amount of the original deposit by the BONA FIDE SERVICE APPLICANT to the COMPANY as of the date of the refund, and further provided that, if there is an unpaid

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balance owed then the Per-Customer Refund Amount shall first be deducted from the unpaid balance. All or any part of the deposit not refunded within said 10-year period shall become the property of the COMPANY. The Per-Customer Refund Amount shall be an amount determined by multiplying the number of bona fide customers directly served by the facilities installed in Paragraph FIRST by the most recent average annual bill for the appropriate customer class.

FIFTH: The BONA FIDE SERVICE APPLICANT may request refunds under Paragraph FOURTH, once in each Calendar quarter, furnishing the COMPANY, at such time, a listing of additional bona fide service applicants; however, failure on the part of the BONA FIDE SERVICE APPLICANT to make such request shall not constitute a waiver of any rights hereunder or relieve the COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: The ownership of the Wastewater main(s) and other facilities installed hereunder shall at all times be with the COMPANY, its successors and assigns.

SEVENTH: This agreement shall be valid and binding on the COMPANY only when executed by its duly authorized representative.

EIGHTH: This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

NINTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to the COMPANY at

(Address of COMPANY)

and to the BONA FIDE SERVICE APPLICANT at

(Address of BONA FIDE SERVICE APPLICANT)

TENTH: This agreement is entered into pursuant to the legally established Rules and Regulations of the COMPANY, and the words, phrases, and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

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Executed in triplicate by the parties hereto on the date first above written.

PENNSYLVANIA-AMERICAN WATER COMPANY

WITNESS:

BY: _____

Title: _____

WITNESS:

BONA FIDE SERVICE APPLICANT

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PRELIMINARY MEMORANDUM

This Preliminary Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph THIRD of a certain agreement in writing between the parties entered into on the _____ day of _____, 19____, for the installation by the COMPANY of certain Wastewater main(s) and other facilities therein described. It is, therefore, agreed and stipulated:

- (a) Estimated Cost Main(s) \$ _____
- (b) Estimated Cost of Other Facilities \$ _____
- (c) Total \$ _____
- (d) Company Contribution \$ _____
- (e) Amount of Deposit \$ _____
(c) minus (d)

This Preliminary Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph THIRD thereof.

Dated: _____ PENNSYLVANIA-AMERICAN WATER COMPANY

WITNESS:

_____ BY: _____

Title: _____

WITNESS:

BONA FIDE SERVICE APPLICANT

Issued: April 4, 1997

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11.3 SPECIAL UTILITY SERVICE

THIS AGREEMENT entered into this ____ day of _____, 19____, by and between PENNSYLVANIA-AMERICAN WATER COMPANY hereinafter called the "COMPANY," and _____ hereinafter called the "APPLICANT."

WHEREAS, the APPLICANT desires Special Utility Service, as defined in Section 11.1A (3) of the Company's tariff and as hereinafter described;

NOW, THEREFORE, this agreement WITNESSETH:

FIRST: THE COMPANY contracts and agrees to construct the facilities needed to furnish Special Utility Service shown in red on the diagram hereto attached and made a part hereof and described and located as follow:

(LEAVE SPACE FOR DESCRIPTION)

SECOND: It is expressly understood and agreed that if the COMPANY shall be delayed or prevented from installing facilities herein above described because of its failure to secure construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than one (1) year from the date thereof, the APPLICANT shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to the COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by the APPLICANT shall not be invoked if the COMPANY has received the construction material and the APPLICANT has made the deposit as hereinafter required, in which event the COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: The APPLICANT hereby agrees to pay to the COMPANY, upon notice from the COMPANY that it is prepared and able to go forward with the work provided in Paragraph First hereof, an amount in cash equal to the Estimated Cost. The Estimated Cost shall be the estimated cost including material, labor and overheads of the facilities herein above described for providing Special Utility Service, exclusive of the cost of a main and appurtenances, and a street service connection, which the COMPANY shall have determined are required to adequately render the requested service.

Issued: April 4, 1997

Effective: November 11, 1997

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Upon such written notice, a Preliminary Memorandum in the form attached shall be prepared and signed by both parties showing the payment required in accordance with foregoing provisions. Upon completion of the installation of the facilities, a Final Memorandum in the form attached shall be prepared and signed by both parties showing the payment required based on the same calculation as set forth above but by using the actual installation cost of the facilities, for the Estimated Cost. If the payment shown to be due on the Final Memorandum differs from that shown on the Preliminary Memorandum, the APPLICANT shall pay any additional amount shown to be due or the COMPANY will refund to the APPLICANT, without interest, any excess amount shown to have been paid, it being the intent of this agreement that the payment required shall be based on actual installation cost. If the actual installation cost exceeds the payment required as shown on the Preliminary Memorandum, the additional amount of required payment must be made by the APPLICANT to the COMPANY before service to the APPLICANT commences.

FOURTH: The ownership of the facilities installed hereunder shall at all times be with the COMPANY, its successors and assigns.

FIFTH: This agreement shall be valid and binding on the COMPANY only when executed by its duly authorized representative.

SIXTH: This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

SEVENTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to the COMPANY at

(Address of COMPANY)

and to the APPLICANT at _____
(Address of APPLICANT)

EIGHTH: This agreement is entered into pursuant to the legally established Rules and Regulations of the COMPANY, and the words, phrases, and terms thereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed in triplicate by the parties hereto on the date first above written.

PENNSYLVANIA-AMERICAN WATER COMPANY

WITNESS:

_____ BY: _____

Title: _____

WITNESS:

APPLICANT:

Issued: April 4, 1997

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PRELIMINARY MEMORANDUM

This Preliminary Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph THIRD of a certain agreement in writing between the parties entered into on the ____ day of _____, 19____, for the installation by the COMPANY of certain facilities therein described. It is, therefore, agreed and stipulated:

(a) Estimated Cost of Facilities \$ _____
 for Special Utility Service
 (exclusive of the cost of the
 main and appurtenances and street
 service connection)

This Preliminary Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph THIRD thereof.

Dated: _____ PENNSYLVANIA-AMERICAN WATER COMPANY
 Date of Payment

WITNESS:

BY: _____

Title: _____

WITNESS:

APPLICANT:

Issued: April 4, 1997

Effective: November 11, 1997