



PENNSYLVANIA
AMERICAN WATER

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December 7, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg PA 17105-3265

Dear Secretary Chiavetta,

Attached please find Supplement No. 2 to Tariff Wastewater-Pa P.U.C. No. 16 for Pennsylvania American Water, which bears the issue of December 7, 2017, filed in accordance with the Pennsylvania Utility Commission Order R-2017-2595853 adopted December 7, 2017.

Sincerely,

John Cox
Director of Rates and Regulations

cc. Office of Consumer Advocate
Bureau of Investigation and Enforcement
Office of Small Business Advocate
Marie Intrieri
Audit Bureau (DSIC Filings Only)
Bureau of Technical Utility Services (Acquisitions Only)

PENNSYLVANIA-AMERICAN WATER COMPANY
Wastewater Division
(hereinafter referred to as the “Company”)
D/B/A
Pennsylvania American Water

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHINGS OF

WASTEWATER COLLECTION AND DISPOSAL SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED IN:

ADAMS COUNTY, BEAVER COUNTY, CHESTER COUNTY, CLARION COUNTY,
CUMBERLAND COUNTY, LACKAWANNA COUNTY, MONROE COUNTY, NORTHUMBERLAND
COUNTY, PIKE COUNTY, WASHINGTON COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued: December 7, 2017

Effective Date: January 1, 2018

Issued by:
Jeff McIntyre, President
Pennsylvania American Water
800 West Hersheypark Drive
Hershey, PA 17033

<https://www.amwater.com/paaw/>

NOTICE

The Tariff makes Increases, Decreases and Changes to Existing Rates, Rules and Regulations.

PENNSYLVANIA-AMERICAN WATER COMPANY

LIST OF CHANGES

This Tariff makes increases, decreases and changes to existing rates, rules and regulations as approved at Docket No. R-2017-2595853.

PENNSYLVANIA-AMERICAN WATER COMPANY

LIST OF CHANGES

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PENNSYLVANIA-AMERICAN WATER COMPANY

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PENNSYLVANIA-AMERICAN WATER COMPANY

TERRITORIES SERVED

**(By State Region and Company Wastewater System District)
(All territories are subject to Rate Zone 1 unless otherwise noted)**

Central Pennsylvania

Fairview District

York County. Portions of Fairview Township.

Franklin District – Rate Zone 5

Adams County. Portions of the Townships of Franklin, Hamiltonban and Highland.

McEwensville District

Northumberland County. McEwensville Borough.

New Cumberland District – Rate Zone 2

Cumberland County. The Borough of New Cumberland.

Northeastern Pennsylvania

Northeast District – Lehman Pike and Blue Mountain Lakes

Monroe County. Portions of the Townships of Middle Smithfield, Smithfield and Stroud.
Pike County. Portions of Lehman Township.

Pocono District

Monroe County. A portion of Coolbaugh Township.

Scranton Sewer District – Rate Zone 3

Lackawanna County. The City of Scranton and the Borough of Dunmore.

Southeastern Pennsylvania

Coatesville District

Chester County. The City of Coatesville, the Borough of Parkesburg and portions of the Borough of South Coatesville and portions of the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury.

Western Pennsylvania

Clarion District

Clarion County. Clarion Borough and portions of the Townships of Clarion and Monroe.

Claysville District

Washington County. Claysville Borough and portions of the Townships of Donegal.

Koppel District – Rate Zone 4

Beaver County. Koppel Borough.

Paint-Elk District

Clarion County. Shippenville Borough and portions of the Townships of Elk and Paint.

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THIS PAGE RESERVED FOR FUTURE USE

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1 – METERED AND UNMETERED

APPLICABILITY

The rates under this schedule apply throughout the territories served under this tariff, unless otherwise noted on the territories served page, for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial, Municipal and Industrial classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC’s discretion)

All metered customers shall be subject to a monthly service per equivalent dwelling unit (EDU).

A. <u>Residential</u> ***		
Service Charge per month:	\$10.00	(I)
Usage Charge per 100 gallons	\$1.5132	(I)
B. <u>Commercial</u>		
Service Charge per month:	\$25.00	(I)
Usage Charge per 100 gallons	\$1.1601	(I)
C. <u>Industrial</u>		
Service Charge per month:	\$25.00	(I)
Usage Charge per 100 gallons:	\$1.1601	(I)
D. <u>Municipal</u>		
Service Charge per month:	\$25.00	(I)
Usage Charge per 100 gallons:	\$1.1601	(I)
E. <u>Special Rate Charges</u>		
Bulk Metered Usage – Caln Twp., Sadsbury Twp., Valley Twp., V.A. Hospital and West Brandywine Twp.		
Service Charge per month	\$250.00	
Usage Charge per 100 gallons	\$0.9639	(I)
Mittal Steel and Victory Brewing Company		
Service Charge per month:	\$250.00	
Usage Charge per 100 gallons:	\$0.9300	(I)

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 1 – METERED AND UNMETERED

UNMETERED CHARGES -This charge is a flat rate fee for customers not metered for water consumption.

A. Residential ***

Flat rate per month, per EDU: \$64.93 (I)

B. Commercial

Flat rate per month, per EDU: \$64.93 (I)

C. Special Rate Charges

Knouss Foods, flat rate per month: \$4,572.75 (I)

Strattanville Borough, flat rate per month \$3,403.40 (I)

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 2 – METERED

APPLICABILITY

The rates as set forth below apply in the Borough of New Cumberland service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to all customers located in the Borough of New Cumberland.

RATES

Service Charges:

All metered customers shall be subject to a monthly service charge of \$28.62. (I)

Usage Charge For All Bill Classes:

First	2,100 gallons per month	Service Charge	(I)
Next	900 gallons per month	\$1.3463 per hundred	(I)
Next	3,000 gallons per month	\$1.1457 per hundred	(I)
Next	16,300 gallons per month	\$0.9170 per hundred	(I)
Next	52,300 gallons per month	\$0.6894 per hundred	(I)
All over 74,600 gallons per month		\$0.5762 per hundred	(I)

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 3 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Scranton Sewer service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial, Industrial and Municipal classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC’s discretion)

All metered customers shall be subject to a monthly service charge per equivalent dwelling unit (EDU).

A. Residential

Service Charge per month	\$19.50
Usage Charge per 100 gallons	\$0.6173
Flat Rate	\$41.91

**B. Commercial – Apartments and Non-Residential
Customers billed under the residential rate by Scranton
Sewer Authority**

Service Charge per month	\$19.50
Usage Charge per 100 gallons	\$0.6173

**C. Commercial (Other than Customers in subsection (B)
above), Industrial and Municipal**

Service Charge per month	\$19.50
Usage Charge per 100 gallons	
First 5,000 gallons per month	\$0.6173
All Over 5,000 gallons per month	\$0.8871

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Koppel Sewer service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial and Municipal classes.

METERED CHARGES (Based on Water Usage or Sewage Flows, determined at PAWC’s discretion)

All metered customers shall be subject to a monthly service charge per equivalent dwelling unit (EDU).

A. Residential

Service Charge per month	\$30.00
Usage Charge per 100 gallons	\$0.65

B. Commercial

Service Charge per month	\$25.00
Usage Charge per 100 gallons	\$1.1601

C. Municipal

Service Charge per month	\$25.00
Usage Charge per 100 gallons	\$1.1601

UNMETERED CHARGES

This charge is a flat fee for customers not metered for water consumption. All flat rates will be billed monthly.

Penn State Special Metals	\$1,623.90
PSC Metals	\$ 628.70
Koppel Steel	\$9,755.60

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 5 – UNMETERED

APPLICABILITY

The rates as set forth below will apply in the Franklin Township Sewer service territory served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to customers in the Residential, Commercial and Municipal classes.

UNMETERED CHARGES

This charge is a flat fee for customers not metered for water consumption.

A Flat Rate of \$75.10 per month shall be billed to each unmetered customer that is not on a sand mound.

A Flat Rate of \$54.60 per month shall be billed to each unmetered customer that is on a sand mound.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

Miscellaneous Fees and Charges

The following defines the application of the capacity reservation fee within the Company's service territory:

- A. Capacity Reservation Fee: A fee per EDU charged by the Company for the allocation of treatment, pumping, and transmission, trunk and interceptor main capacity.
1. Shared Service Lines: Each residential unit will be treated separately for purposes of determining an applicable capacity reservation fee -- whether such residential unit is served by a single service line or shares a common service line with one or more other residential units.
 2. Within the Company's service territory, no capacity reservation fee will be charged for any applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 if "wastewater" were substituted for "water".
 3. Within the Company's service territory or for any future development, a capacity fee of \$4,000 per EDU will be charged, and payable at the time the Planning Module is fully executed by the Company, the relevant municipality, and the Pennsylvania Department of Environmental Protection.
 4. For commercial and industrial customers, the EDUs per customer will be those set forth in the Planning Module that includes such customer, as approved by the Company, the relevant municipality and the Pennsylvania Department of Environmental Protection. If, after a commercial or industrial customer's EDUs are established, in the manner previously described, and the associated capacity reservation fees are paid, changes in the customer's facilities or mode of operation result in an increase in the number of EDUs or an increase in the customer's estimated wastewater flow above the levels set forth in the Planning Module previously used to determine the customer's EDUs, the customer must update the applicable Planning Module and submit it for approval by the Company, the relevant municipality and the Pennsylvania Department of Environmental Protection, and the customer will be required to pay any additional capacity reservation fees that are due based upon the calculation of capacity reservation fees using the EDUs reflected in the revised, approved Planning Module. The Company may at its discretion re-calculate the number of EDUs utilized by analyzing the actual wastewater flow over a period of one year. If the EDUs are greater than previously reserved and paid for by the Capacity Reservation Fee, the customer will be required to pay any additional capacity reservation fees.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

Miscellaneous Fees and Charges (cont'd)

The following defines the application of the capacity reservation fee for the Company's bulk customers who are members of the Municipal Sewer Group (MSG) in the Company's Coatesville wastewater service territory:

1. Within the service area of an MSG member, no capacity reservation fee will be charged for an applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 if "wastewater" were substituted for "water" and "bulk customer's service area" were substituted for "the utility's certificated service territory" in the definition of a Bona Fide Applicant.

2. A capacity reservation fee of \$525 per EDU will be used for determining the payments for capacity available prior to the expansion of the Company's wastewater treatment plant under existing agreements between the Company and its bulk customers.

3. A capacity reservation fee of \$4,000 per EDU will be used for determining payments for capacity available after the expansion of the Company's wastewater treatment plant under existing agreements except as follows:

- a. Valley Township will be charged \$525 per EDU for up to 100 EDUs of the 0.4 million gallons per day of post-expansion capacity under its existing agreement with the Company for which it has not yet paid.
- b. Sadsbury Township will be charged \$525 per EDU for not more than 100 EDUs of post-expansion capacity under any future agreement it may enter into with PAWC for additional post-expansion capacity.
- c. West Brandywine Township will be charged \$525 per EDU for 188,100 gallons per day of capacity under the Second Addendum dated December 11, 2008, to its sewage treatment agreement with the Company.

4. A capacity reservation fee of \$4,000 per EDU will be used for all new agreements (including amendments to existing agreements) with bulk customers. The capacity reservation fees will be paid at the time Planning Modules are fully executed by the Company, the relevant municipality, and the Pennsylvania Department of Environmental Protection, although a bulk customer will have the option to pay earlier, if it so chooses.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

Miscellaneous Fees and Charges (cont'd)

B. Service Line Inspection Fee

Charge for the Company's time involved in the inspection of a Service Line tie-in to the Company's wastewater system.

<u>Size of Water Meter</u>	
5/8" and 3/4"	\$50.00
1"	\$50.00
1 1/2"	\$50.00
2"	\$50.00
3"	\$50.00
4"	\$50.00
6"	\$50.00
8"	\$50.00

C. Service Reconnection and Discontinuance Fee

A fee will be charged for the shut-off and turn-on of any service. The fee for service performed during regularly scheduled hours shall be \$30.00. For non-regularly-scheduled working hours, the fee is equivalent to the cost incurred by the Company. The Service Reconnection and Discontinuance Fee will apply only once if the customer is both a water and wastewater customer of the Company.

D. Return Check Fee

The customer will be responsible for the payment of a \$20.00 charge for each time a check presented to the Company for payment on that customer's utility bill is returned by the payer 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 fee is in addition to any charge which may be assessed against the Customer by the bank. The Return Check Fee will apply only once if the customer is both a water and wastewater customer of the Company.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES
Miscellaneous Fees and Charges (cont'd)

E. Wastewater Plant, Residential Septage and Commercial Waste Disposal Fee.

The Fee to be paid by private contractors to the Company to dispose of private residential septage and commercial Wastes at the Company's wastewater treatment plant.

The following rates shall be charged to haulers of residential septic waste who deliver waste:

<u>%Solids</u>	<u>% Solids</u>	<u>Cost Per Gallon</u>
	< = 0.5%	\$0.0200
	< = 1%	\$0.0250
> 1%	< = 2%	\$0.0300
> 2%	< = 3%	\$0.0345
> 3%	< = 4%	\$0.0395
> 4%	< = 5%	\$0.0445
> 5%	< = 6%	\$0.0495
> 6%	< = 7%	\$0.0545
> 7%	< = 8%	\$0.0590

1. The Company reserves the right to limit the total amount of residential septage received in a day and /or the total numbers of loads received from a single hauler on a per day basis based on maintaining proper operation of the Company's wastewater treatment plant.
2. At the discretion of the Company, the Company reserves the right to accept or reject commercially generated waste based on the amount and constituents in the waste or for other good reason as determined by the Company. The cost, as determined by the Company, for testing and disposal will be a multiple of the residential septage fee based on the type and strength of the waste.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

LOW-INCOME RIDER – ALL RATE ZONES
FOR QUALIFYING RESIDENTIAL CUSTOMERS

APPLICABILITY

This rider applies throughout the territories served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

This rider is available for a customer in the Residential Class that meets the low-income criteria of 150% based on the Federal Poverty Level. To remain eligible for this rate, such customer must continually make timely payments on the discounted bills.

RATE

Customers under this rate schedule will receive a 20% discount off their total wastewater bill. (D)

(D) means Decrease

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

STATE TAX ADJUSTMENT SURCHARGE

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% will apply to all bills rendered on and after the Effective Date shown on the bottom of this page.

The above surcharges will be recomputed; using the elements prescribed by the Commission whenever any of the tax rates used in calculation of the surcharge are changed.

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.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply to bills rendered on (D) or after the Effective Date shown on the bottom of this page.

The above charge will be recomputed quarterly using the elements prescribed by the Commission as shown on pages 18.2, 18.3 and 18.4 of this tariff.

(D) means Decrease

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

1. General Description

Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional wastewater problems. The costs of extending facilities to serve new customers are not recoverable through the DSIC. Utility projects receiving PENNVEST funding or using PENNVEST surcharges are not DSIC eligible property to the extent of the PENNVEST funding or surcharge.

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

- Collection sewers, collecting mains and service laterals, including sewer taps, curb stops and lateral cleanouts installed as in-kind replacements for customers; Accounts (360, 361 and 363)
- Collection mains and valves for gravity and pressure systems and related facilities such as manholes, grinder pumps, air and vacuum release chambers, cleanouts, main line flow meters, valve vaults and lift stations installed as replacements or upgrades for existing facilities that have worn out, are in deteriorated condition or are required to be upgraded by law, regulation or order; Accounts (360, 361, 364 and 365)
- Collection main extensions installed to implement solutions to wastewater problems that present a significant health and safety concern for customers currently receiving service from the wastewater utility; Accounts (360, 361 and 363)
- Collection main rehabilitation including inflow and infiltration projects; Accounts (360, 361 and 363)
- Unreimbursed costs related to highway relocation projects where a wastewater utility must relocate its facilities; and
- Other related capitalized costs.

Effective Date: The DSIC will become effective for bills rendered on or after January 1, 2015.

2. Computation of the DSIC

Calculation: The initial non-zero DSIC, effective April 1, 2015, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service between January 1, 2015 through February 28, 2015. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

<u>Effective Date of Change</u>	<u>Date to which DSIC-Eligible Plant Additions Reflected</u>
April 1	February 28
July 1	May 31
October 1	August 31
January 1	November 30

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

2. Computation of the DSIC (cont'd)

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

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

Pre-tax return: The pre-tax return shall be calculated using the statutory 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 for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Company's otherwise applicable rates and charges, excluding amounts billed for the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected wastewater revenue (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of revenues from the STAS.

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

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

Where:

DSI	=	Original cost of eligible distribution system improvement projects net of accrued depreciation.
PTRR	=	Pre-tax return rate applicable to DSIC-eligible property.
Dep	=	Depreciation expense related to DSIC-eligible property.
e	=	Amount calculated under the annual reconciliation feature or Commission Audit, as described below.
PQR	=	Projected quarterly revenues for wastewater service will be based on the applicable three-month period, (including all applicable clauses and riders) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, Commission's Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

3. Customer Safeguards

Cap: The DSIC is capped at 5% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.

Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307 (e), over a one year period commencing on April 1 of each year, or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on the over-collections and credits will be calculated at the residential mortgage lending 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 over-collection. The utility is not permitted to accrue interest on under collections.

New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base will be reflected in the quarterly updates of the DSIC.

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

All customer classes: The DSIC shall be applied equally to all customer classes.

Earning Reports: The DSIC will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section. The utility shall file a tariff supplement implementing the reset to zero due to overearning on one-days' notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed cost.

Residual E-Factor Recovery Upon Reset to Zero: The utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any over collection to customers and is entitled to recover any under collections as set forth in Section 3 – Audit Reconciliation. Once the utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, The Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.

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PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section A – DEFINITIONS

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

1. **Applicant:** A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company in accordance with Section C, of this tariff.
2. **B.O.D. (Biochemical Oxygen Demand):** The quantity of oxygen, expressed in milligrams per liter, utilized in the biochemical oxidation of organic matter under the standard laboratory procedure for five (5) days at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest approved edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation.
3. **Capacity Reservation fee:** A fee charged by the Company for the allocation of capacity on a per EDU basis.
4. **Combined Sewer:** A sewage collection system which conveys both sanitary sewage and storm water flow.
5. **Commission:** The Pennsylvania Public Utility Commission.
6. **Company:** Pennsylvania-American Water Company and its duly authorized officers, agents and employees, each acting within the scope of his authority and employment.
7. **Company Service Line:** Company owned wastewater service line from the sewer main of the Company which connects to the Customer Service Line at the edge of the right-of-way or actual property line.
8. **Customer:** A person or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.
9. **Customer Service Line:** Customer owned wastewater service line extending from the end of the Company Service Line or connection to and within the customer's premise.
10. **Domestic Wastewater:** The liquid waste or liquid borne waste: (1) resulting from the non-commercial preparation, cooking and handling of food; (2) consisting of human excrement; or (3) consisting of wastewater, non-commercial laundering water, domestic housekeeping wastewater, and similar types of wastes from sanitary uses, whether generated in residences or sanitary facilities in commercial or industrial facilities, but does not include any storm water or ground water introduced from facilities such as roof leaders, sump pumps, floor drains or industrial wastewater.
11. **Dwelling Unit:** A structure or dwelling intended to be occupied as a whole by one family.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

12. **Equivalent Dwelling Units (EDU):** The EDU is a measure based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP Regulation at 25 Pa Code: 73.17 divided by the typical estimated average daily wastewater flow from a current single-family unit.
13. **Garbage:** The solid wastes from domestic cooking and dispensing of food, and from the handling and storage of produce.
14. **Garbage Properly Shredded:** The term “Properly Shredded Garbage”, as used herein, shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in dimension.
15. **Grinder pump:** Any mechanical or powered device, owned by the Customer, used to grind, macerate or fluidize garbage so that it can be discharged into the Sanitary Sewer.
16. **Industrial/Commercial Wastes:** Any liquid, gaseous or water borne wastes from industrial processes or commercial establishments, as distinct from domestic wastewater.
17. **Industrial/Commercial Waste Permit:** A wastewater permit issued as required by the Company to an Industrial/Commercial user which discharges Industrial/Commercial Waste.
18. **Industrial/Commercial Waste Pretreatment Program:** A program established by the Company that requires industrial and commercial dischargers to monitor, test, treat and control as necessary pollutants in their wastewater prior to discharge into the Sanitary or Combined Sewer.
19. **Line extension (for line extension purposes):** An addition to the Company’s main line which is necessary to serve the premises of a Customer. Refer to Section H.
20. **Main:** The Company’s pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.
21. **Meter:** Any device supplied by the Company or other for the purpose of measuring water consumption or wastewater discharge.
22. **Nonresidential Service:** Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.
23. **Pretreatment:** The application of physical, chemical and/or biological processes to reduce the amount pollutants in, or alter the nature of the polluting properties of, an industrial/commercial process wastewater prior to discharging such wastewater into the Sanitary or Combined Sewer.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

24. **Public Utility:** Persons or corporations owning or operating equipment or facilities in this Commonwealth for water, electric or wastewater collection, treatment, or disposal for the public for compensation.
25. **Residential Applicant:** A natural person at least 18 years of age not currently receiving service who applies for residential service provided by the Company or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Applicant does not include a person who, within 30 days after service termination or discontinuance of service, seeks to have another service reconnected at the same location or transferred to another location within the Company's service territory.
26. **Residential Customer:** A natural person at least 18 years of age in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested. A Residential Customer includes a person who, within 30 days after service termination or discontinuance of service, seeks to have service reconnected at the same location or transferred to another location within the Company's service territory.
27. **Residential Service:** Wastewater service supplied to an individual single-family residential dwelling unit.
28. **Regulatory Agency:** Agencies, including but not limited to the Commission, the Pennsylvania Department of Environmental Protection (DEP), U.S. Environmental Protection Agency (EPA), which have authority over the operations of and/or discharges into and/or from the Company's treatment facilities
29. **Sanitary Sewer:** A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.
30. **Storm Sewer:** A sewer which carries surface, ground water, or storm water from the buildings, ground, streets, or other areas.
31. **Storm Water Flow:** Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.
32. **Suspended Solids:** Solids that either float on the surface of, or are in suspension in water, wastewater, or other liquids, and which are largely removable by filtration.
33. **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.
34. **Toxic Substances:** Any substances where gaseous, liquid or solid waste which, when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment plant, or as defined pursuant to PL 92500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section A – DEFINITIONS (cont'd)

35. **Unauthorized Use of Service:** Unreasonable interference or diversion of service, including meter tampering (any act which affects the proper registration of service through a meter), by-passing unmetered service that flows through a device connected between a main or service line and customer-owned facilities, unauthorized service restoration, unauthorized stormwater/groundwater connection to Sanitary or Combined Sewer, or the otherwise taking or receiving of wastewater service without the knowledge or approval of the Company.

36. **Wastes:** Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater but excluding storm-water.

37. **Wastewater:** The liquid and water-carried wastes from dwellings, commercial facilities, industrial facilities and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, in the Company's sewer system.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section B – The Wastewater Tariff

1. Filing and Availability

A copy of this Tariff, which is the rates, rules and regulations under which wastewater service will be supplied by the Company to its Applicants and Customers in Pennsylvania, is on file with the Pennsylvania Public Utility Commission, and is available and open for inspection at the offices of the Company.

2. Revisions

This Tariff may be revised, amended, supplemented and otherwise changed from time to time in accordance with the Pennsylvania "Public Utility Code," and such changes, when effective, shall have the same force and effect as the present Tariff.

3. Applications of Tariff

The Tariff provisions apply to any party or parties applying for or receiving service from the Company, including Unauthorized Use of Service.

RULES AND REGULATIONS

Section C - Applications for Service

1. **Service Application Required:** Any Applicant who wishes to receive wastewater service from the Company under this Tariff must contact the Company and complete an application for service. Applications for service may be made by completing a written application, by telephoning the Company, or through application via the Company's website on the Internet. All applications for service must be signed by the owner or owners of the property to which wastewater collection service will be provided; except that where a lessee of property occupies or uses the property under a lease having a fixed term of more than six (6) months, the lessee may request service as an applicant. The Company may, at its sole discretion, require that a separate contract for service be signed by the applicant.

Prior to providing utility service, the Company may require the Applicant to provide: (1) information that positively identifies him/her self; (2) the name of any adult occupant whose name appears on the mortgage, deed or lease of the property for which the residential utility service is requested; (3) the names of each adult occupant residing at the location, and proof of their identity; or (4) a cash deposit, as may be required in accordance with Section G of this Tariff.

In the case of Residential Applicants, the Company may ask for the combined gross income of all adult occupants at the time the application for service is made; however, the Residential Applicant is not required to provide the information as a condition of receiving wastewater service, unless such applicant is seeking to enroll in the Company's *Help to Others Program*.

Non residential service customers which desire to discharge Industrial/Commercial Wastes into the Sanitary Sewer or existing industrial/commercial users which desire to commence operations of a new facility or a new or different process that will affect the characteristics of the wastewater discharging into the Sanitary Sewer, shall notify the Company prior to the commencement of the new or different operations at the facility and provide such other information regarding the proposed discharge as the Company may request, including an application for an Industrial Waste Discharge Permit when deemed necessary.

2. **Change in Ownership or Tenancy:** A new application must be made to the Company upon any change in ownership where the owner of the property is the Customer, or upon any change in the identity of a lessee where the lessee of the property is the Customer. The Company shall have the right to discontinue or otherwise interrupt wastewater collection service upon three (3) days notice if a new application has not been made and approved for the new customer.

RULES AND REGULATIONS

Section C - Applications for Service (cont'd)

3. **Acceptance of Application and Right to Reject:** An application for service shall be considered accepted by the Company only upon written approval by the Company. All regulatory requirements shall be met before Company can provide approval. The Company may limit the amount or character of service it will supply, or may reject applications for service for the following reasons: requested service is not available under a standard rate; requested service may affect service to other customers; for a non-Residential Applicant's or non-Residential Customer's failure to establish Creditworthiness; for failure to address prior Company debts; for the Applicant's failure to provide identifying documentation of the Applicant and each adult occupant residing at the location; when identifying documentation cannot be verified; for the reasons set forth in Section D, paragraph 5, or for other good and sufficient reasons.
4. **Temporary Service:** In the case of temporary service for less than a 12-month period, the Company may require the Customer to pay 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. If the actual costs differ from the estimate, the Applicant will pay to the Company any excess amount due or the Company will refund to the Applicant any excess amount paid.

RULES AND REGULATIONS

Section D - Construction and Maintenance of Facilities

- 1. 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. The Company reserves the right to determine the size, type, quality, depth, and connection location of the customer service lines. Prior to connection to the Company service line, the Customer, at their sole cost, shall have the Customer service line air pressure tested and checked for alignment by a Company approved qualified person under the supervision of a Company representative.
- 2. Separate Trench:** The customer wastewater service line shall not be laid in the same trench with drain or water pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a public utility service.
- 3. 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 as determined solely by the Company. The failure of a Customer to properly install and maintain a service line, including replacement, shall constitute grounds for the Company to initiate action to terminate service to the customer and seek recovery for any damage to the Company's facilities caused by an improperly functioning service line. For Customers who also receive water service from the Company, where an undetected, non-surfacing, underground leak is found in a Customer's Water Service Pipe, the Company shall credit the Customer with a one-time bill adjustment for wastewater service equal to forty percent (40%) of that portion of one month's consumption that exceeds the average monthly usage, based on the prior twelve month period, upon proper verification that the Water Service Pipe leak has been repaired. The Company shall require documentation to establish, to the Company's satisfaction, the existence of such repaired leak at the Customer's premises. Such bill adjustment will be provided only to the extent the Customer has not received a bill adjustment for an undetected, non-surfacing, underground leak at the same premises in the past five (5) years.
- 4. Customer Grinder Pump:** In areas of the collection system where the Company has installed a pressure sewage collection system or where required as determined by the Company, the Customer, in conjunction with the construction of their service line, shall install, own, operate, and maintain and replace a grinder pump and holding tank at the Customer's expense as specified by the Company prior to connection and shall maintain such facilities in good order and repair. The pump shall meet specifications as provided by the Company. The failure of a customer to properly install and maintain a grinder pump, including replacement, shall constitute grounds for the Company to initiate action to terminate service to the customer and seek recovery for any damage to the Company's facilities caused by an improperly functioning grinder pump.
- 5. Right to Reject:** The Company may refuse to connect with any customer service line or furnish wastewater collection, treatment and/or disposal through a service already connected if such system or service is not properly installed or maintained.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section D – Construction and Maintenance of Facilities (cont'd)

6. 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:

<u>Plumbing Fixture</u>	<u>Maximum Water Use</u>
water closets	1.6 gallons/flush
urinals	1.5 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.

7. Individual Service Lines: Except as otherwise expressly authorized by the Company, each individual customer shall be served only through a separate service line connected directly to the Company Service Line, and that Customer Service Line shall not cross over the property of or serve any other customer or premise. The maximum service line length shall be two hundred and fifty (250) feet from the point of connections with clean-outs every 50 feet. The Company shall have the right to waive this maximum length requirement at its sole discretion. No additional attachment may be made to any Customer Service Line for any purpose without the express written approval of the Company.

8. 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 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 the property line or right-of-way.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section E - 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 three (3) 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 begin to use nor cease to use wastewater service without the prior consent of the Company.

2. Termination by Company: Wastewater and/or water service to the Customer may be terminated for good cause, including, but not limited to, the following:

- (a) making an application for wastewater service that contains material misrepresentations;
- (b) failure to repair leaks in sewer pipes or fixtures;
- (c) Unauthorized Use of Service, tampering with any Company Service Line, or installing or maintaining any unauthorized connection;
- (d) theft of sewer service, which shall include taking service without having made a proper application for service under Section C;
- (e) failure to pay, when due, any charges accruing under this tariff;
- (f) discharge of any prohibited substance listed in Section R into the wastewater system;
- (g) 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 has ordered an existing violation on the property to be corrected and that such order has not been complied with or
- (h) material violation of any provisions of the tariff;
- (i) failure to permit access to meters, service connection or other property of the Company for the purpose of replacements, maintenance, operation or repair of meter reading device after proper notice;
- (j) failure to properly install and maintain a grinder pump, including its replacement when improperly functioning as solely determined by the Company;

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section E - Discontinuance, Termination and Restoration of Service (cont'd)

2. Termination by Company (cont'd)

- (k) any unauthorized, un-inspected, or improper connection, as herein defined, found to exist will be required to be disconnected within ten (10) days. The Company may require a plumber's sworn statement or certificate as evidence that the connection has been discontinued;
- (l) Not abiding by the provisions of the Company's Industrial/ Commercial Waste Pretreatment Program;
- (m) Failure to remove direct connections to the Customer Service Line that allow surface, subsurface, storm water, or roof run off water into the Sanitary Sewer;
- (n) Not complying with any part of this tariff;
- (o) Supplying sewer service to other units, buildings or premises when Capacity Reservation Fees have not been paid for in accordance with tariff;
- (p) For termination of water service by Company in accordance with the Company's water tariff on file with the Commission;
- (q) For Customer's tendering payment for reconnection of service that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice; or
- (r) After receiving a written termination notice from the Company, for Customer's tendering payment which is subsequently dishonored under 13 Pa. C.S. § 3502, or, in the case of an electronic payment, that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice.

In order to terminate wastewater service, the Company can at its discretion install a shut off valve on the Company's Service Line to terminate service. The cost for the installation of the shut off valve and all the other charges accruing under this tariff shall be paid to the Company before service is restored.

3. Turn-on Charge: Whenever service is discontinued or terminated pursuant to Rule 1 or Rule 2 of this Section, service shall be permitted by the Company only upon the payment by the Customer of a turn-on fee and the curing of the problem that gave rise to the terminations if under Rule 2. Refer to Schedule of Miscellaneous Fees and Charges; section C for Service Reconnection and Discontinuance Fee.

4. Service Restoration Following Termination of Service: When wastewater service to any premise has been terminated by Company for any reason, it will be restored only after the conditions, circumstances, or practices which caused the wastewater service to be terminated are corrected and all applicable arrearages, deposits and fees paid.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section F - Billing and Collection

1. **Billing Period:** The Company shall render a bill once every billing period to every Customer in accordance with approved rate schedules. The due date for payment of a bill for Residential and Non-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. The Company may not impose a late-payment charge unless payment is received more than five (5) days after the stated due date.
2. **Late-Payment Charge:** All amounts not paid when due shall accrue a late-payment charge at the rate not to exceed one and fifty one-hundredths percent (1.50%) per billing period, not to exceed eighteen percent (18%) per year when not paid as prescribed in Rule 2 of this Section.
3. **Change in Billing Address:** Where a customer fails to notify the Company of a change in billing address, the Customer shall remain responsible to remit payment by the billing due date.
4. **Application of Payment:** Utility bills rendered by the Company shall include only the amount due for utility 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.
5. **Return Check Fee:** The customer will be responsible for return check fee as provided in the Schedule of Miscellaneous Fees and Charges section of the tariff, per incident where a check or automatic transfer of funds, which has been presented to the 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 fee is in addition to any and all charges assessed by the bank.
6. **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 amount 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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section G – Credit/Deposits

1. Customer's Liability for Charges:

The Customer who has made application for wastewater service to any premise shall be held liable for all wastewater service furnished to such premise until such time as the Customer properly notifies the Company to discontinue the service for this account.

2. Prior Company Debts:

(a) Service will not be furnished to former Customers until any indebtedness to the Company for previous service of the same or similar classification has been satisfied or a payment arrangement has been made on the debt. This rule does not apply to the disputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; and (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed.

(b) The Company may utilize means in accordance with applicable law of determining an Applicant's or Customer's liability for any indebtedness to the Company for previous service, including, but not limited to, the following: (1) use of Company records that containing confidential information previously provided to the Company for service; (2) information contained on a valid mortgage, lease or deed; (3) other information contained in the Company's records that indicate that the Applicant was an adult occupant during the time the prior debt accrued; (4) use of commercially available skip tracing software that contains records of names and addresses; and (5) use of information contained in credit reporting data utilized by the Company.

3. Residential Customers' Deposits: The Company may charge deposits to Residential Applicants and Residential Customers as permitted by Commission statutes, rules regulations, and as permitted by Federal Bankruptcy Law.

- (a) . Deposits may be required from a Residential Applicant who is unable to establish Creditworthiness to the satisfaction of the Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that falls within the range of general industry practice and specifically assess the risk of public utility bill payment.
- (b) Deposits may be required from a Residential Customer who fails to comply with the material terms or conditions of a settlement or payment arrangement or is delinquent in the payment of two consecutive bills, or three or more bills within the preceding twelve months.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section G – Credit/Deposits (cont'd)

3. Residential Customers' Deposits (cont'd):

- (c) Prior to reconnection of service, deposits may be required from a Residential Applicant or Residential Customer whose service was terminated for any of the following reasons: (a) nonpayment of an undisputed delinquent account; (b) failure to complete payment of a deposit, providing a guarantee or establish credit; (c) failure to permit access to meters, service connections or other property of Company for the purpose of replacement, maintenance, repair or meter reading; (d) Unauthorized Use of Service on or about the affected dwelling; (e) failure to comply with the material terms of a settlement or payment arrangement; (f) fraud or material misrepresentation of identity for the purposes of obtaining utility service; (g) tampering with meters, including, but not limited to, bypassing a meter or removal of an automatic meter reading device or other Company equipment; or (h) violating tariff provisions on file with the Commission so as to endanger the safety of a person or the integrity of the Company's water distribution system.
- (d) **Deposit Amount and Payment Period** - For Residential Applicants or Customers, the cash deposit required shall be in an amount equal to 1/6 of an Applicant's or Customer's estimated annual bill at the time the Company determines the deposit is required. Any Residential Applicant or Customer shall have up to 90 days to pay the deposit in full and may elect to pay the required deposit in three installments: 50% bill upon the determination that the deposit is required; 25% billed 30 days after the determination; and 25% billed 60 days after the determination. The Residential Applicant or Customer may elect to pay the deposit in full before the due date.
- (e) **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. Interest on deposits will be accrued until is returned to the Customer or upon termination or discontinuance of the service covered by the deposit. Deposits from residential customers shall bear simple interest at the rate determined by the Secretary of Revenue for interest on the underpayment of tax under section 806 of The Fiscal Code (72 P.S. § 806). The applicable interest rate for each year shall be determined as of January 1 of that year.

4. Nonresidential Customers' Deposits:

- (a) The Company may charge deposits to Non-Residential Applicants and Non-Residential Customers if they have bad credit, lack Creditworthiness, or for other reasonable grounds determined by the Company, and as permitted by Federal Bankruptcy Law.
- (b) 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 the customer pays all bills on time over a 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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section H - Line Extensions for Applicants other than Bona Fide Service Applicants

1. When an extension to serve a Customer is required or requested, such extension will be made under the terms of a "Sewer Main Extension Agreement" or a "Sewer Main Extension Deposit Agreement".
2. Customer shall contribute all facilities required for the Company to directly connect the Customer to the Sanitary Sewer. This includes pumping stations, vaults, manholes, mains or any other apparatuses where applicable. The Company shall have the right to locate the facilities as required to meet the long term system needs of the Customers.
3. Customer shall also pay a capacity reservation fee to the Company for each proposed equivalent dwelling unit.
4. **Size of Main and Other Facilities:** The Company shall have the exclusive right to determine the type and size of mains 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 Sewer Main Extension Agreement or Sewer Main 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 Sewer Main Extension Agreement or Sewer Main Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate.
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 property line or right-of-way, which is equidistant from the side property lines of the last lot for which service was requested except where the Company, in its sole opinion, determines that it is 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 for customer service lines that extend at right angles from the curb line in a straight line to the premises to be served.
6. **Offsite Development Marketing Contracts:** Where it is prudent, reasonable and in the public interest, the Company may, at its option enter into offsite development marketing contracts which depart from the standard terms of the "Sewer Main Extension Agreement" or "Sewer Main Extension Deposit Agreement". These marketing agreements shall become effective 30 days after the Company has filed a copy thereof with the Pennsylvania Public Utility Commission, or in the event that the Commission institutes an investigation, at such time as the Commission grants its approval thereof.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section I- Service Continuity

1. Regularity of Service: The Company may, at any time, shut off service in case of accident or for the purpose of making connections, alterations, repairs or changes, or for other reasons. The Company will, pursuant to Commission regulations at 52 Pa. Code '67.1 and as circumstances permit, notify customers to be affected by service interruptions.

2. Liability for Damages:

(a) **Limitation of Damages for Service Interruptions:** The Company's liability to a customer for any loss or damage from any excess or deficiency in the wastewater collection service due to any cause other than willful misconduct or negligence by the Company, its employees or agents shall be limited to an amount 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, blockage, leak or other defect in a Customer's service 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. The Company shall in no event be responsible for maintenance of, or for damage done by sewage escaping from a blockage of the customer's service line or any other pipe or fixture, or from any other cause occurring to any premise or within any house or building.

(c) When the Company incurs costs and the blockage or defect is determined to be on the customer's service line, the Company may request reimbursement and the Customer is responsible to reimburse the Company for associated costs.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section J– Waivers

The Company may, at its sole discretion, waive any of the Rules contained herein 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.

Section K– Amendment of Commission Regulations

Whenever Commission regulations in Title 52 of the Pennsylvania Code are duly amended in such a way as would produce a difference between Commission regulations 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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section L. Privilege to Investigate/Right of Access

The Company's authorized representatives shall have the right of access at all reasonable times to all parts of any premises connected with the system, including meters, service connections and other property owned by it on the premises of the Customer, for the purpose of examining and inspecting connections and fixtures, including the water and/or wastewater metering arrangement, for disconnecting service for any proper cause, or for purposes of replacement, maintenance, operation or repair thereof.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section M – MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS

General Provisions

(A)(1) The Company will extend existing sewer mains for a Bona Fide Service Applicant making application for sewer 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.

(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 sewer 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 sewer 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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section M –MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS (cont'd)

(D) For the purposes of this rule:

(1) "Bona Fide Service Applicant" shall mean a person or entity applying for General Sewer 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 sewer service to: (1) a building lot or subdivision; or (2) a primary residence if such primary residence was constructed, or the request for sewer service was made, as part of a plan for the development of a residential subdivision; or (3) sewer 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, extend the necessary customer service line to the curb line of premises, and request sewer service to begin immediately following installation of the Street Service Connection. 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 sewer 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.

(a) The Average Annual Revenue for residential customers with a 5/8" water meter shall be calculated based upon the average residential consumption for customers with a 5/8" water meter used to determine rates approved by the Pennsylvania Public Utility Commission in the Company's last approved general rate increase. Consumption for residential customers with larger water meters will be determined by selecting up to twenty (20) existing customers with similar water meter sizes, as available, which have received service for at least twelve (12) months prior to the date of application, and applying the Company's latest approved rates to the annual average consumption of those customers.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section M – MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS (cont'd)

(b) The Average Annual Revenue for Commercial, Industrial and Municipal customers shall be calculated by selecting up to twenty (20) existing, similar commercial, industrial or municipal ratepayers, as available, which have received service for at least twelve (12) months prior to the date of application, to determine the average consumption to be used in calculating the Company Contribution.

(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 Sewer Service" shall mean basic residential sewer service or sewer service for general commercial or municipal purposes but excluding, without limitation, sewer service for seasonal or temporary uses and sewer service solely for sprinkler systems or for any other fire protection use.

(4) "Special Utility Service" shall mean any residential or business service which exceeds that required for ordinary residential purposes. By way of illustration but not limitation, Special Utility Service shall include: the installation of facilities such as oversized mains, lift stations, additional plant capacity or pretreatment facilities required as necessary to adequately treat or convey flows, or service to large sewer producing commercial and industrial applicants. An otherwise Bona fide applicant requesting service which includes a special utility service component is entitled to a Bona fide applicant status, including the corresponding contribution toward the costs of the line extension which do not meet the special utility service criteria.

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

(E) (1) Street service supplying a premise shall not pass through or across any premises or property other than that to be supplied, except as provided in (E) (2). No sewer pipes or plumbing 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 to the Company's service line for the purpose of receiving sewer 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 of such property will be entitled to receive sewer 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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section M – MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS (cont'd)

(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 customer or company service line for purposes of repair and replacement, and (d) is recorded in the County Office of the Recorder of Deeds.

(F) Where substantial public need exists and the public health and safety may be compromised by the absence of a public sewer supply in a portion of the Company's authorized service territory, the Company, subject to the Commission's prior approval, may install main extensions and Special Utility Service facilities without the payment of the Customer Contribution that would otherwise be required under subparagraphs (A)(3) and (D)(2), respectively of Section M.

PENNSYLVANIA-AMERICAN WATER COMPANY

**Calculation of Company Funded Portion of Main Extensions
(For Illustrative Purposes Only)**

Average Annual Revenue	\$340
minus	
Operation and Maintenance Expenses	\$102
<u>Subtotal</u>	<u>\$238</u>
Divided by	
Depreciation Rate (Mains Only) and Weighted Debt Costs	6.08%
<u>Total</u>	<u>\$3,914</u>

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section N – EXTENSION DEPOSIT AGREEMENT FOR BONA FIDE SERVICE APPLICANT

THIS AGREEMENT entered into this _____ day of _____, 20____, 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 sewer mains of the COMPANY, as hereinafter described;

NOW, THEREFORE, this agreement WITNESSETH:

FIRST: THE COMPANY contracts and agrees to lay the sewer 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 sewer main (s) (and other facilities, if any) hereinabove 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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section N – EXTENSION DEPOSIT AGREEMENT FOR BONA FIDE SERVICE APPLICANT (cont'd)

(2) The Company Contribution shall be a credit as determined by the following formula:

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 sewer 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 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 Customer Refund Amount shall be the Company contribution divided by the number of customers connected to the initial main extension.

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.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section N – EXTENSION DEPOSIT AGREEMENT FOR BONA FIDE SERVICE APPLICANT (cont'd)

SIXTH: The ownership of the sewer 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)

Issued:

Effective:

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.

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

WITNESS:

PENNSYLVANIA-AMERICAN WATER COMPANY

BY: _____

Title: _____

WITNESS:

BONA FIDE SERVICE APPLICANT:

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section O– SPECIAL UTILITY SERVICE

THIS AGREEMENT entered into this ____ day of _____, 20____, 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 M(4) 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 hereinabove 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 Complete on.

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 hereinabove described for providing Special Utility Service.

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 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 installation of the facilities, a Final service to the APPLICANT commences.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section O- SPECIAL UTILITY SERVICE (cont'd)

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.

WITNESS:

WITNESS:

PENNSYLVANIA-AMERICAN WATER COMPANY

BY: _____

Title: _____

APPLICANT:

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section O- SPECIAL UTILITY SERVICE (cont'd)

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 _____, 20____, 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, street
service connection and meter)

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

Dated: _____
Date of Payment

WITNESS:

PENNSYLVANIA-AMERICAN WATER COMPANY

BY: _____

Title: _____

WITNESS:

APPLICANT:

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section O- SPECIAL UTILITY SERVICE (cont'd)

FINAL MEMORANDUM

This Final 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 _____, 20____, for the installation by the COMPANY of certain facilities therein described. It is, therefore, agreed and stipulated:

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

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

Dated: _____
Date of Payment on
Preliminary Memorandum

WITNESS:

PENNSYLVANIA-AMERICAN WATER COMPANY

BY: _____

Title: _____

WITNESS:

APPLICANT:

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section P - Grinder Pumps for Paint-Elk Wastewater

This section applies to those customers from the former Paint-Elk Joint Sewer Authority (PEJSA) whose service addresses are listed on updated Schedule 1.1 of the acquisition closing documents. Original Schedule 1.1 from the Purchase Agreement was included in PAWC's Application filing on 12/6/2013, which was approved by the Public Utility Commission's Order entered on July 24, 2014, at Docket Number A-2013-2395998.

1. Those customers within the Former PEJSA whose addresses do not appear on Schedule 1.1 of the Purchase Agreement own their Customer service line in its entirety, including the grinder pump on their Customer service line should one exist.
2. For those customers within the Former PEJSA whose addresses appear on Schedule 1.1 of the Purchase Agreement, PAWC shall own and maintain the grinder pump units for a period of three years from the date of Closing.
3. PAWC shall be responsible to repair/replace any malfunctioning grinder pumps during this three year period. The decision to repair/replace shall be made in PAWC's sole discretion. Any customer may indicate to PAWC that it does not wish to have this service and such services shall cease upon notification from the customer and the ownership of the grinder pump unit shall revert to the customer.
4. The customer must agree to allow PAWC the necessary access to maintain the grinder pump unit or PAWC's obligation as to that particular customer shall cease without any further obligation from PAWC.
5. Three years from the date of Closing, PAWC's obligation to operate and maintain the grinder pump units shall cease. At that time, PAWC will provide written notification to the addresses listed on Schedule 1.1 that ownership of the grinder pump units has transferred to the customer and all responsibilities related to the grinder pump unit reside with the customer.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section Q – Liability of Company (General)

1. The liability of the Company for any loss or damages due to any negligent act of omission or commission, by the Company, shall be limited to and in no event exceed an amount equivalent to 1/4 the average charge of 4 billing periods to the Customer for the period of service during which such deficiency has occurred. Such average shall be determined by reference to the billed charges to the Customer for the four billing periods immediately prior to the billing period during which the loss or damage occurred.

(C)
2. In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of the Company are in conformity with the regulation and Order of the Commission, the Company may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory judgment with the Commission.
3. Notwithstanding any provision in this tariff to the contrary, the Company shall not be liable in any action where the loss or damage involves an act of God or does not involve a duty of the Company, including breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or condition in the Customer's own service line, meter vault, pressure reducing valve, back flow prevention device, check valve, pressure relief valve, or any other control valve, internal plumbing or fixture, or due to the materials out of which those facilities are made. Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of a duty of the Company, including where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a Customer's property) is in need of repair, such as the condition or elevation of a curb box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or other person or event.

(C) means Change

RULES AND REGULATIONS

Section R- Wastewater Control Regulations

1. **Applicability:** These provisions shall apply throughout the Company's service territory. For those systems where an Industrial Pretreatment Program (IPP) is required by the United States Environmental Protection Agency (EPA), Pennsylvania Department of Environmental Protection (DEP) or by the Company, all applicable customers shall comply with such IPP regulations. For a Commercial or Industrial Customer that is also subject to the provisions of an IPP of this tariff, to the extent a conflict exists between the provisions of this Section and the provisions of the applicable IPP, the terms of the IPP shall control. .
2. **General Prohibitions:**
 - (a) No storm water from pavements, area ways, runoff basins, roof runoff water, foundation drains, subsurface drains, water from springs, cooling water, basement sump pumps, unpolluted industrial or commercial process water or other sources shall be admitted to the Company Sanitary Sewer.
 - (b) The discharge of garbage to the Sanitary or Combined Sewer is expressly prohibited. Properly shredded biodegradable garbage may be discharged into the Sanitary or Combined Sewer with no particle greater than one-half inch in dimension.
3. **Prohibited Discharges:** The Company reserves the right to refuse connection to its Sanitary or Combined Sewer and/or to compel the discontinuance of the use of any system, or to require pre-treatment of Wastes by any Customer, in order to prevent the discharge of any Wastes to the Sanitary or Combined Sewer system which may be deemed harmful to the Sanitary or Combined Sewer system, or to have an adverse effect on the sewage treatment processes. Except from the written consent of the Company, there shall be excluded from the sewage system but not limited to, any wastes having suspended solids and Wastes having any or all of the following characteristics:
 - (a) Wastes containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which by reason of their nature or quality may cause fire or explosion or be in any other way injurious to persons, the structures of the wastewater system or its operation.
 - (b) Wastes having a temperature in excess of 120 degrees F. or less than 32 degrees F that enters the Sanitary or Combined Sewer or Wastes entering the plant that increase the temperature of the Wastewater at the headworks of the plant to exceed 104 degrees F.
 - (c) Wastes having a pH lower than 6.0 or higher than 9.0, or having any corrosive property capable of causing damage or hazards to structures, equipment or personnel of the wastewater system.
 - (d) Wastes containing any noxious or malodorous gas or substance that either singly or by interaction with sewage or other wastes is likely in the opinion of the Company to create a public nuisance or hazard to life or prevent entry to sewers for their maintenance and repair.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section R- Wastewater Control Regulations (cont'd)

- (e) Wastes containing ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, hair, chemical or paint residues, greases, paunch, manure, dairy products, cotton, wool, plastic or other fibers, lime, slurry or any other solid or viscous material of such character or in such quantity as in the opinion of the Company may cause an obstruction to the flow in sewers or otherwise interfere with the proper operation of the sewer system.
- (f) Wastes containing insoluble, non-flocculent substances having a specific gravity in excess of 2.65.
- (g) Wastes containing soluble substances in such concentrations as to cause the specific gravity to be greater than 1.1.
- (h) Wastes containing any substances which may affect the effluent and may cause violation of the National Pollutant Discharge Elimination System Permit.
 - (i) Wastes containing other matter detrimental to the operation of a sewage treatment plant or Sanitary or Combined Sewers causing erosion, corrosion or deterioration in sewers, equipment and structures of a sanitary or sewage treatment plant.
 - (j) Wastes containing fats, wax, tar, grease or oil of petroleum origin, whether emulsified or not, in excess of one hundred mg/L, or petroleum oil, non biodegradable cutting oil or petroleum products of mineral oil origin in amounts that will cause interference or pass through at the wastewater treatment facilities.
 - (k) Wastes containing an average concentration of oils and greases, of the Hydrocarbon variety or any Freon extractables which are not biodegradable in excess of 10 mg/L.
 - (l) Wastes containing more than 10 mg/L of any of the following gases: hydrogen sulfide; sulfur dioxide; nitrous oxide; or any of the halogens.
 - (m) Wastes containing a toxic or poisonous substance, in a sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals or create any hazard in the sewer system operation or exceed the limitation set forth in a National Categorical Pretreatment Standard. Toxic pollutants or substances shall include but not limited to Wastewater containing cyanide, chromium, cadmium, mercury, copper, nickel, or materials listed as hazardous materials.
 - (n) Any waste containing toxic substances in quantities sufficient to interfere with the biochemical/biological processes of the sewage treatment works or that will pass through the sewage treatment works and exceed the state and/or federal requirements in respect thereof.
 - (o) Any waste containing radioactive isotopes or other radioactive materials.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section R- Wastewater Control Regulations (cont'd)

- (p) Sludges resulting from the treatment of concentrated solutions that are not acceptable for discharge to the Sanitary or Combined Sewer.
- q) Waste introduced into the Sanitary or Combined Sewer with any pollutants which cause pass through or interference; whether or not the customer is subject any other national, state, or local pretreatment standards or requirements.
- r) Waste containing any color which may not be removed in the wastewater treatment process.

Effluent limitations promulgated as categorical standards, 40 C.F.R. Chapter 1, Subchapter N and 40 C.F.R. 403.6 shall apply in any instance where they are more stringent than those in this section.

The local limits in this section may be supplemented with more stringent limitations if the Company determines that the limitations in subsection (a) through (p) above may not be sufficient to protect the operation of the sewerage system or to enable the water pollution control plant to comply with water quality standards or effluent limitations specified in the Company's NPDES permit.

- 4. **Disposal of Wastes From Septic Tanks and Cesspools:** No person shall dispose of wastes from septic tanks, cesspools, or other such sources of sanitary sewage to the Company's Sanitary or Combined Sewer, except as designated by the Company.
- 5. **Penalties:** The Company reserves the right to terminate water and/or wastewater service for violation of any provision of these regulations, subject to PUC rules and regulations.
- 6. **Damages:** In the event of any damage to the Company's wastewater system caused by a Customer, or a Customer's representative, such damage shall be immediately reported to the Company and said Customer shall reimburse the Company for the costs of such repairs, testing, consulting and all other costs associated with the damage. Any user violating any of the provisions of these Rules and Regulations shall become liable to the Company for all expenses, losses, or damages occasioned by the Company by reason of such violation, whether incidental or consequential.

RULES AND REGULATIONS

Section S – Stormwater Connections to Sanitary or Combined Sewer System:

(a) No person shall install any new connection to discharge stormwater or groundwater drainage to a Sanitary or Combined Sewer, or undertake any modification that increases the flow of stormwater or groundwater being discharged via an existing connection to the Sanitary or Combined Sewer, without applying for and obtaining a Connection Permit from the Company. Consideration and issuance of any Connection Permit is subject to the following:

(1) No new or increased discharge of stormwater or groundwater to the Sanitary or Combined Sewer will be permitted if separate stormwater system facilities or receiving streams exist in reasonable proximity to the proposed connection to the Sanitary or Combined Sewer. The person seeking a Connection Permit must demonstrate to the satisfaction of the Company that the discharge stormwater or groundwater flows to anywhere but to the Sanitary or Combined Sewer is not (i) technically or economically feasible, or (ii) permissible under applicable environmental regulations.

(2) No new or increased discharge of stormwater or groundwater will be allowed unless there is adequate capacity in the Sanitary or Combined Sewer system, and such flows can be managed in compliance with all laws and requirements applicable to the Sanitary or Combined Sewer system. When known or potential hydraulic capacity overloads may exist or may be created as the result of the proposed new or modified connection to the Sanitary or Combined Sewer, the Company reserves the right to require a detailed hydraulic study of the affected portion of the Sanitary or Combined Sewer system. The work and costs associated with such study shall be paid for by the party seeking the Connection Permit.

(3) Any new or modified connection involving the discharge of stormwater or groundwater to the Sanitary or Combined Sewer shall comply with all applicable state regulations and municipal ordinances.

(4) In the case of new or modified connections from a property that is presently contributing stormwater or groundwater drainage to a Sanitary or Combined Sewer, the peak rate of discharge must be controlled. The peak rate of discharge to the Sanitary or Combined Sewer after development or improvement shall be no greater than 75% of the peak rate of discharge to the Sanitary or Combined Sewer prior to development or improvement under storm conditions up to a 100-year rainfall event. Stormwater peak discharge and runoff shall be determined through the use of: (A) the USDA NRCS Soil Cover Complex Method as set forth in Urban Hydrology for Small Watersheds, Technical Release No. 55 (USDA, 1986), with specific attention given to antecedent moisture conditions, flood routing, time of concentration, and peak discharge specifications included therein and in Hydrology National Handbook, Section 4 (USDA, 1985); (B) the USDA NRCS Technical Release No. 20; or (C) other procedures as approved by the Company. Refer to Pennsylvania Stormwater Best Management Practices Manual (363-0300-002) dated December 30, 2006.

(5) Except where specifically approved by the Company, all new sanitary sewer laterals and mains shall be separate from stormwater laterals and mains.

(b) If a connection to the Sanitary or Combined Sewer is permitted as provided in 5(a), (1) any facilities using the connection to the Sanitary or Combined Sewer shall utilize inlet structures equipped with devices to prevent solids and floatable debris from entering the Sanitary or Combined Sewer of a design approved by the Company; and (2) the connection shall be made to an existing or new manhole or other Company approved structure that complies with design standards prescribed by the Company.

(c) No downspout gutter shall be connected to the Sanitary or Combined Sewer.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section T – Industrial Pretreatment Program (Coatesville District) (IPP-C)

This Section applies to Industrial and Commercial customers served under Rate Zone 1 and located in the Coatesville District area of the Company's service territory. All such customers shall comply with the "Coatesville District Industrial Pretreatment Program Regulations" ("IPP-C") and as may be amended by the Company or the Pennsylvania Department of Environmental Protection from time to time. The currently effective IPP-C will be made available on the Company's website.

Such customers shall be responsible for the charges and fees scheduled below related to the implementation, administration, and enforcement of the IPP-C, and for the additional costs for treatment of wastewaters from such customers who have excess loadings and characteristics. Fees under this Section are separate from and in addition to all other rates chargeable by the Company under this tariff.

The fees as set forth in Schedule IPP-C-1 below will be in effect for customers subject to the IPP-C. Terms are as defined by IPP-C.

SCHEDULE IPP-C-1

1.1 General Fees.

1.1.1 Application for Service/Waste Survey - Each new commercial or industrial customer will be assessed a charge for the review of the Waste Survey Form attached to the Company's Application for Service Form.	\$50.00
1.1.2. Industrial Wastewater Discharge Permit Application or Permit Modification Application - Each customer determined to be a Significant Industrial User will be assessed a charge for the review of the Industrial Wastewater Discharge Permit application and for site inspection.	\$1,100.00
1.1.3. Industrial Wastewater Discharge Permit - Each customer required to submit an Industrial Wastewater Discharge Permit Application will be assessed a charge for the preparation of the Industrial Wastewater Discharge Permit that is specific to that customer, which may include, but is not limited to pretreatment, waste minimization and spill control requirements, local limits and other conditions required by the Company's IPP-C.	At Cost
1.1.4. Industrial Wastewater Discharge Permit Application for Renewal or Transfer - Each customer with a discharge permit will be assessed a charge for the review of the application for renewal or transfer of the permit. If changes are required to the permit, they will be done at cost as noted in Item #3 above.	\$250.00

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section T – Industrial Pretreatment Program (Coatesville District) (IPP-C) (cont'd)

1.1 General Fees (cont'd)

- 1.1.5. Facilities for Pretreatment, Accidental Discharge, Slug Control and or Monitoring** - Customers required to provide facilities for wastewater pretreatment and/or accidental/slug discharge or monitoring will be assessed a charge for the Company to review the plans and operating procedures required by the Company's IPP-C. At Cost
- 1.1.6. Monitoring Reports** - Customers will be assessed a charge for the Company to review each of the reports submitted as required by the Company's IPP-C. \$250.00
- 1.1.7. Facility Inspections** - Customers that require inspections by the Company for permitting, monitoring and compliance/noncompliance purposes will be assessed a charge for these services per each inspection. \$250.00
- 1.1.8. Sampling and Analysis** - Customers whose discharge requires the Company to perform or to arrange for compliance monitoring will be assessed a charge for each sampling event and laboratory analysis. This charge may include sampler rental and set-up, sample pick-up or delivery and lab report charges. At Cost
- 1.1.9. Noncompliance Repair or Maintenance** - Customers causing any violations that result in needed repairs or maintenance to the Company's Sewer System will be assessed a charge to reimburse the Company for its expenses. This charge may include but is not limited to, charges from haulers, cleaning crews, contractors, plumbers, excavations and vacuum sewer services. At Cost

1.2 Specific Fees.

1.21 In the event that the Company consents to accept into the Sanitary Sewer system Industrial/Commercial Wastes containing more than 300 milligrams per liter by weight (mg/L) of suspended solids and/or 300 mg/L of 5 day biochemical oxygen demand, otherwise prohibited under this Section, there is hereby imposed for such service in addition to the sanitary sewage quantity, a surcharge for the Suspended Solids and 5-day Biochemical Oxygen Demand (BOD5) contained in said wastes in excess of 300 mg/L, in accordance with the following schedule:

(i) \$0.10 per pound of BOD5 in excess of 300 mg/L. Calculated as: $BOD5 \text{ in mg/L} - 300 \text{ mg/l} \times \text{Wastewater volume in million gallons} \times 8.34 \times \$0.10/\text{pound}$.

(ii) \$0.06 per pound of Total Suspended Solids (TSS) in excess of 300 mg/L. Calculated as: $TSS \text{ in mg/L} - 300 \text{ mg/l} \times \text{Wastewater volume in million gallons} \times 8.34 \times \$0.06/\text{pound}$.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section T – Industrial Pretreatment Program (Coatesville District) (IPP-C) (cont'd)

1.2 Specific Fees (cont'd)

1.2.2 In the event the Company elects to accept Industrial/Commercial Wastes having a pH below 6.0 S.U. the total acid equivalent of such wastes, expressed as 100% sulfuric acid shall be considered as one pound of Suspended Solids. For purposes of calculating Surcharges, the total sum computed by adding the acid equivalent so determined to the actual Suspended Solids content shall be considered to be the Suspended Solids content of the acidic wastes. The charges for treatment of such acidic wastes shall be subject to the same Surcharges as above set forth for wastes containing excessive solids.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section U– Industrial Pretreatment Program (Scranton-Area) (All Service Areas under Rate Zones 1 (Except Coatesville), 2 and 3) (IPP-S)

This Section applies to Industrial and Commercial customers served throughout the Company's service territory under Rate Zone 1 of this tariff, except for the customers subject to Section T of this tariff pursuant to the provisions thereof, and Rate Zones 2 and 3 of this tariff. All such customers shall comply with the "Industrial Pretreatment Program (Scranton-Area)" ("IPP-S") as required by and submitted to the Pennsylvania Department of Environmental Protection and as may be amended from time to time. The currently effective IPP-S will be made available on the Company's website.

Such customers shall be responsible for the charges and fees scheduled below related to the implementation, administration, and enforcement of the IPP-S, and for the additional costs for treatment of wastewaters from such customers who have loadings and characteristics that are in excess of Domestic Sewage as defined by the IPP-S. Pursuant to the IPP-S, IPP-S fees are set by this tariff. IPP-S fees are separate from and in addition to all other rates chargeable by the Company under this tariff.

The fees as set forth in Schedule IPP-S-1 below will be in effect for customers subject to the IPP-S. Terms are as defined by IPP-S.

SCHEDULE IPP-S-1

1.1. General Fees

1.1.1. IWDP Application Fee: \$1,000.00

1.1.2. IWDP Transfer/Modification/Renewal Fee: \$250.00

1.1.3. Facility Inspection Fee: \$250.00 per inspection

1.1.4. Monitoring Report Review Fee: \$250.00 per monitoring report

1.1.5. Sampling and Analysis Fee: Actual cost of sampling and laboratory analysis plus 25% to cover administrative costs.

1.1.6. Accidental Discharge, Slug Control, and/or Monitoring Fee: Actual cost of response to accidental discharges or discharges of slugs loads, including but not limited to the costs incurred for any additional treatment or other actions required to manage such discharges, monitoring and response to such discharges, correction of any resulting contamination or other impacts to the Treatment Works, including the Collection System and Treatment Plant.

1.1.7. Compliance and Enforcement Fee - Administrative and Legal: Actual cost incurred by the Company for investigation and actions to address a User's non-compliance with the terms of this IPP or any IWDP.

1.1.8. Damage Repair: Actual cost for cleaning, repair, replacement and/or correction of any damage to the Treatment Works, including the Collection System and the Treatment Plant, caused or contributed to by a User's discharge.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section U – Industrial Pretreatment Program (Scranton-Area) (All Service Areas under Rate Zones 1 (Except Coatesville), 2 and 3) (IPP-S) (cont'd)

1.2. Specific Fees

1.2.1. **Industrial Loading Fee** - applicable on a quarterly basis to discharges with loadings above typical Domestic Sewage loadings up to but not exceeding any applicable Local Limit or IWDP limit, based on sampling and analysis by the Company and sampling required to be reported by the User under an IWDP:

Quarterly Fee (\$) = $Q \times \{((\text{BOD5 Actual} - \text{BOD5 Domestic}) \times \text{BOD5 Cost Factor}) + ((\text{NH3-N Actual} - \text{NH3-N Domestic}) \times \text{NH3-N Cost Factor}) + ((\text{TSS Actual} - \text{TSS Domestic}) \times \text{TSS Cost Factor})\}$

Where:

BOD5 Actual = actual concentration of BOD5 in mg/l as measured by the Company or the Industrial User

BOD5 Cost Factor = Treatment cost for BOD5 for the system = 0.0045

BOD5 Domestic = 330 mg/l, the typical concentration in Domestic Sewage

NH3-N Actual = actual concentration of NH3-N in mg/l as measured by the Company or the Industrial User

NH3-N Cost Factor = Treatment cost for NH3-N for the system = 0.0063

NH3-N Domestic = 23 mg/l, the typical concentration in Domestic Sewage

Q = Total flow for the quarter measured in thousand gallons

TSS Actual = actual concentration of TSS in mg/l as measured by the Company or the Industrial User

TSS Cost Factor = treatment cost for TSS for the system = 0.0028

TSS Domestic = 350 mg/l, the typical concentration in Domestic Sewage

1.2.2. **Excess Loading Fee** - applicable to discharges with loadings that exceed a Local Limit or IWDP limit:

If in any monthly period, the loading of BOD5, NH3-N, or TSS exceeds a Local Limit or IWDP limit, then for the applicable parameter, in calculating the Industrial Loading Fee under §1.2.1, the BOD5 Cost Factor, , NH3-N Cost Factor and/or TSS Cost Factor, applicable to the total loading of that parameter will be 125% of the value set forth in §1.2.1 to compensate for the additional administrative, oversight and management costs associated with managing such excessive loadings.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section U – Industrial Pretreatment Program (Scranton-Area) (All Service Areas under Rate Zones 1 (Except Coatesville), 2 and 3) (IPP-S) (cont'd)

1.2 Specific Fees (cont'd)

- 1.2.3. **Special Discharge Fee** - applicable to discharges with loadings or concentrations that exceed a Local Limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damages to the facility, or require extraordinary measures:

Fee = Actual cost incurred by the Company, including but not limited to: (1) additional costs of managing impacted sludge (including costs related to use of alternative disposal facilities, additional monitoring, etc.), (2) costs of acquiring nutrient credits to meet NPDES Permit cap limits; (3) costs of repairs to and restoration of the Treatment Works, including the Collection System and Treatment Plant; or (4) costs of implementing any other measures required to control, manage and address such excessive loadings or concentrations.