

**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, ALLEGHENY COUNTY, BEAVER COUNTY, BERKS COUNTY,
CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY, LACKAWANNA COUNTY,
MCKEAN COUNTY, MONROE COUNTY, NORTHUMBERLAND COUNTY, PIKE COUNTY, (C)

WASHINGTON COUNTY AND YORK COUNTY

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued: April 29, 2020

Effective: June 28, 2020

Issued by:
F. Michael Doran, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

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

NOTICE

**This tariff proposes increases in rates and changes in rules and regulations of service.
(Refer to pages 1, 2, 4, 5, 6, 8, 9, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.10, 11.11,
15, 16, 18.1, 19, 19.1, 19.2, 33, 35 and 52.)**

LIST OF CHANGES

Increases/Decreases

This tariff provides for uniform rates by customer class for Rate Zone 1, Rate Zone 2 (New Cumberland), Rate Zone 3 (Scranton), Rate Zone 4 (Kane), and Rate Zone 6 (McKeesport) wastewater sales customers.

Miscellaneous Fees and Charges – Fees under Section E, Wastewater Plant, Residential Septage and Commercial Waste Disposal have been increased.

This tariff provides for an increase in the low-income customer discount.

The Distribution System Improvement Charge will be reduced to zero.

The Company is eliminating the Tax Cuts and Jobs Act Voluntary Surcharge.

The Company is adding a Regionalization and Consolidation Surcharge which will be initially set to 0.00%. Please refer to pages 19 through 19.2.

Changes

Title Page – Added McKean County for the acquisition of Kane Borough Authority.

Pages 8 and 9 – Territories Served are updated for the Kane and Delaware future acquisitions and for changes in Rate Zones.

Pages 11.3 – Rate Zone 2 rate structure is modified.

Page 11.5 – Rate Zone 4 (Koppel) has been rolled into Rate Zone 1 and repurposed as Rate Zone 4 (Kane).

Page 11.6 – Rate Zone 5 (Franklin) has been rolled into Rate Zone 1 and Page 11.6 is held for future use.

Page 11.7 and 11.8 – Rate Zone 6 (McKeesport) is now only on Page 11.7. All rates have been consolidated under a modified rate structure. Page 11.8 is held for future use.

Page 11.9 – Rate Zone 7 (Sadsbury) has been rolled into Rate Zone 1. Page 11.9 is being held for future use.

Page 11.10 – Rate Zone 8 (Turbotville) has been rolled into Rate Zone 1. Page 11.10 is being held for future use.

Page 11.11 – Rate Zone 9 (Exeter) has been rolled into Rate Zone 1. Page 11.11 is being held for future use.

Page 15 – Applicability of Wastewater Plant, Residential Septage and Commercial Waste Disposal Fee is modified.

Page 18.1 – Rate Zones and Districts to which the DSIC is applied are changed consistent with the proposed changes in rate zones.

Page 33 – The Company is adding Section G.5, Landlord Assumption of Responsibility.

Page 35 – The Company is modifying Section I and eliminating Section I.2, Liability for Damages.

Page 52 – The Company is modifying the language of Section Q, Liability of the Company.

PENNSYLVANIA-AMERICAN WATER COMPANY

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(I) means Increase, (C) means Change and (D) means Decrease

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(C) means Change

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(C) means Change

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

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

(C)

McEwensville District

Northumberland County. McEwensville Borough.

New Cumberland District – Rate Zone 2

Cumberland County. The Borough of New Cumberland.

Turbotville District

Northumberland County. Portions of The Borough of Turbotville.

(C)

Northeastern Pennsylvania

Northeast District – Lehman Pike, Blue Mountain Lakes, Clean Treatment and Delaware

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

Pike County. Portions of Delaware and Lehman Townships.

(C)

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.

(C)

Exeter Sewer District

Berks County. Portions of the Townships of Exeter, Alsace and Lower Alsace (and related points of bulk service interconnection).

(C)

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

TERRITORIES SERVED (CONT'D)

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

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.

Kane District – Rate Zone 4

McKean County. Kane Borough.

(C)

Koppel District

Beaver County. Koppel Borough.

(C)

McKeesport District – Rate Zone 6

Allegheny County. The City of McKeesport, the City of Duquesne, Port Vue Borough, the Borough of Dravosburg, and a portion of West Mifflin Borough (and related points of bulk service interconnection).

Paint-Elk District

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

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

Canceling Second Revised Page 11.1

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).

	<u>2021</u>		<u>2022</u>	
A. <u>Residential</u>				
Service Charge per month:	\$11.00	(I)	\$12.00	(I)
Usage Charge per 100 gallons:	\$1.7631	(I)	\$1.8754	(I)
B. <u>Commercial</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.3000	(I)	\$1.4000	(I)
C. <u>Industrial</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.3000	(I)	\$1.4000	(I)
D. <u>Municipal</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.3000	(I)	\$1.4000	(I)
E. <u>Special Rate Charges</u>				
Bulk Metered Usage – Caln Twp., Valley Twp., V.A. Hospital and West Brandywine Twp.				
Service Charge per month:	\$275.00	(I)	\$300.00	(I)
Usage Charge per 100 gallons:	\$0.9639	(I)	\$1.0000	(I)
Mittal Steel and Victory Brewing Company				
Service Charge per month:	\$275.00	(I)	\$300.00	(I)
Usage Charge per 100 gallons:	\$0.9300	(I)	\$1.0200	(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.

	<u>2021</u>		<u>2022</u>	
A. <u>Residential</u>				
Flat rate per month, per EDU:	\$71.97	(I)	\$76.85	(I)
B. <u>Commercial</u>				
Flat rate per month, per EDU:	\$71.97	(I)	\$76.85	(I)
C. <u>Special Rate Charges</u>				
Knouss Foods, flat rate per month:	\$5,219.33	(I)	\$5,595.37	(I)
Strattanville Borough, flat rate per month:	\$3,884.64	(I)	\$4,164.52	(I)
Penn State Special Metals, flat rate per month:	\$1,805.06	(I)	\$2,006.44	(I)
PSC Metals, flat rate per month:	\$698.84	(I)	\$776.80	(I)
Koppel Steel, flat rate per month:	\$10,843.95	(I)	\$12,053.72	(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.

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). (C)

	<u>2021</u>		<u>2022</u>	
A. <u>Residential</u>				
Service Charge per month:	\$11.00	(I)	\$12.00	(I)
Usage Charge per 100 gallons:	\$1.2300	(I)	\$1.4760	(I)
B. <u>Commercial</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.0400	(I)	\$1.2480	(I)
C. <u>Municipal</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.0400	(I)	\$1.2480	(I)

(I) means Increase and (C) means Change

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).

	<u>2021</u>		<u>2022</u>	
<u>A. Residential</u>				
Service Charge per month:	\$19.50	(I)	\$19.50	(I)
Usage Charge per 100 gallons:	\$0.7212	(I)	\$0.7336	(I)
Flat Rate	\$41.91		\$41.91	
<u>B. Commercial – Apartments and Non-Residential</u>				
<u>Customers billed under the residential rate by Scranton</u>				
<u>Sewer Authority</u>				
Service Charge per month:	\$19.50	(I)	\$19.50	(I)
Usage Charge per 100 gallons:	\$0.7212	(I)	\$0.7336	(I)
<u>C. Commercial (Other than Customers in subsection (B) above), Industrial and Municipal</u>				
Service Charge per month:	\$19.50	(I)	\$19.50	(I)
Usage Charge per 100 gallons:				
First 5,000 gallons per month	\$0.7212	(I)	\$0.7336	(I)
All Over 5,000 gallons per month	\$1.0365	(I)	\$1.0542	(I)

(I) means Increase

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED

(C)

APPLICABILITY

The rates as set forth below will apply in the Kane service territory (former territory served by the Borough of Kane Authority) 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.

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.

	<u>2021</u>		<u>2022</u>	
A. <u>5/8" Meter Size</u>				
Service Charge per month:	\$50.15	(I)	\$60.00	(I)
Usage Charge per 100 gallons:				
First 2,000 gallons per month	Service Charge		Service Charge	
Next 8,000 gallons per month	\$0.8052	(I)	\$0.9634	(I)
Next 20,000 gallons per month	\$0.8943	(I)	\$1.0700	(I)
All over 30,000 gallons per month	\$0.9760	(I)	\$1.1678	(I)
B. <u>Other Meter Sizes</u>				
Service Charge per month:	\$100.31	(I)	\$120.02	(I)
Usage Charge per 100 gallons:				
First 2,000 gallons per month	Service Charge		Service Charge	
Next 8,000 gallons per month	\$0.8052	(I)	\$0.9634	(I)
Next 20,000 gallons per month	\$0.8943	(I)	\$1.0700	(I)
All over 30,000 gallons per month	\$0.9760	(I)	\$1.1678	(I)

UNMETERED CHARGES

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

	<u>2021</u>		<u>2022</u>	
All Unmetered Customers	\$61.89	(D)	\$74.05	(I)

(I) means Increase, (C) means Change and (D) means Decrease

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

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(C)

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE 6 – METERED AND UNMETERED

APPLICABILITY

The rates as set forth below will be in effect for all former customers of the Municipal Authority of the City of McKeesport.

AVAILABILITY

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

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

All metered customers shall be subject to a monthly or quarterly service charge.

	<u>2021</u>		<u>2022</u>	
A. <u>Residential</u>				
Service Charge per month:	\$11.00	(I)	\$12.00	(I)
Usage Charge per 100 gallons:	\$1.7631	(I)	\$1.8754	(I)
B. <u>Commercial</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.3000	(I)	\$1.4000	(I)
C. <u>Industrial</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.3000	(I)	\$1.4000	(I)
D. <u>Municipal</u>				
Service Charge per month:	\$27.50	(I)	\$30.00	(I)
Usage Charge per 100 gallons:	\$1.3000	(I)	\$1.4000	(I)
E. <u>Special Rate Charges</u>				
Bulk Customers – Versailles, Elizabeth, Liberty, Glassport, Lincoln, North Versailles, White Oak and East McKeesport				
Usage Charge per 100 gallons:	\$0.9830	(I)	\$1.0520	(I)
Flat Rate Account				
Per month, based on 6,000 gallons per month:	\$59.00	(I)	\$63.10	(I)
Per quarter, based on 18,000 gallons per quarter:	\$176.90	(I)	\$189.30	(I)

Provided sewage flow meters are installed, on or after January 1, 2018, during any billing period in which the gross volume of sewage from the municipality exceeds 350% of the aggregate quantity of water used by the municipality's water users, the municipality shall pay PAWC's prevailing rates for handling the excess, in addition to the sewage charges set forth above.

[Deleted separate rate schedules for Duquesne, Dravosburg and West Mifflin – All Customers
 and for Port Vue – All Customers]

(C)

(I) means Increase and (C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

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(C)

(C) means Change

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:

All Rate Zones (excluding McKeesport and Exeter Township)

(C)

<u>%Solids</u>	<u>% Solids</u>	<u>Cost Per Gallon</u>
	< = 0.5%	\$0.0450 (I)
	< = 1%	\$0.0450 (I)
> 1%	< = 2%	\$0.0450 (I)
> 2%	< = 3%	\$0.0450 (I)
> 3%	< = 4%	\$0.0550 (I)
> 4%	< = 5%	\$0.0600 (I)
> 5%	< = 6%	\$0.0650 (I)
> 6%	< = 7%	\$0.0710 (I)
> 7%	< = 8%	\$0.1000 (I)

Rate Zone 6 (McKeesport Area)

<u>%Solids</u>	<u>Cost Per Gallon</u>
< = 4%	\$0.040
> 4%	\$0.010 per % Solids

Rate Zone 1 (Exeter Township)

(C)

Holding Tanks waste delivered and discharged (including sampling and lab work), per gallon	\$0.022
Septage waste delivered and discharged (including sampling and lab work), per gallon	\$0.032
Wash waters - coolant or rinse, per gallon	\$0.020
Leachate delivered and discharged (including sampling and lab work), per gallon	\$0.018
Extra Strength Leachate, per gallon	\$0.022
Industrial Wastewater- per gallon To be determined by characteristics of the waste stream	\$0.022 minimal
Portable Toilets, per gallon	\$0.032

(I) means Increase and **(C)** means Change

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 **30%** discount off their total wastewater bill. (D)

(D) means Decrease

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 (D) on or after the Effective Date shown on the bottom of this page.

This Charge will be applicable to: All Rate Zones except the following: (C)

Rate Zone 1 – Sadsbury Operations, Exeter and Turbotville Districts

Rate Zone 4 – Kane

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.

(C) means Change and (D) means Decrease

SCHEDULE OF RATES

REGIONALIZATION AND CONSOLIDATION SURCHARGE

(C)

1. General Description

Purpose: To recover the revenue deficiency created by the acquisition of water and wastewater utilities acquired at their fair market value pursuant to 66 Pa. C.S. § 1329 in order to further the regionalization and consolidation of water and wastewater systems throughout the Commonwealth.

Effective Date: The RCS will become effective for bills rendered on and after [date].

2. Computation of the RCS

Calculation: The RCS will be updated annually to reflect eligible acquisitions closed during the twelve-month period ending three months prior to the effective date of each RCS update. Thus, changes in the RCS rate will occur as follows:

<u>Effective Date of Change</u>	<u>Date to which RCS-Eligible Acquisitions Reflected</u>
April 1	December 31

The revenue deficiency of eligible fair market value acquisitions will consist of depreciation, pre-tax return, operation and maintenance expenses, including taxes other than income, less revenues at present rates from the acquired system, calculated as follows:

Depreciation: The depreciation expense will be calculated by applying to the Commission-approved cost of RCS-eligible property the annual accrual rates employed in the Company's last base rate case for the plant accounts in which each retirement unit of RCS-eligible property is recorded, unless the Commission approves different depreciation rates.

Pre-tax return: The pre-tax return will be calculated using the state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the period ending three months prior to the effective date of the RCS 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 RCS. If more than two years shall have elapsed between the entry of such a final order and the effective date of the RCS, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission Staff in the latest Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

Operation and Maintenance Expenses: The operation and maintenance (O&M) expenses will be determined by multiplying the Company's current per-customer O&M expense by the number of customers of the acquired system. The Company's current per-customer O&M expense will be determined by dividing the Company's total O&M expenses by the Company's total number of customers, both as shown in the most recent Annual Report to the Commission.

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

REGIONALIZATION AND CONSOLIDATION SURCHARGE (CONT'D)

2. Computation of the RCS (cont'd)

RCS Amount: The RCS will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for service under the Company's otherwise applicable rates and charges, excluding amounts billed for public fire protection service, the State Tax Adjustment Surcharge (STAS), and the Distribution System Improvement Charge (DSIC). To calculate the RCS, the annual acquisition-related revenue requirement deficiency will be divided by the Company's projected revenue for sales of water and wastewater (including all applicable clauses and riders) for the annual period during which the charge will be collected, exclusive of revenues from customers acquired under 66 Pa. C.S. § 1329 since the last base rate case, public fire protection service, the STAS and the DSIC.

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

$$\text{RCS} = \frac{(\text{RMRB} * \text{PTRR}) + \text{Dep} + \text{O\&M}}{\text{PAR}} + \frac{e}{\text{PAR}}$$

Where:

RMRB = The ratemaking rate base as established in the 66 Pa. C.S. § 1329 proceeding, net of accumulated depreciation since acquisition.

PTRR = Pre-tax return rate applicable to RCS-eligible property.

Dep = Depreciation expense related to RCS-eligible property.

O&M = Operation and maintenance expenses including taxes other than income.

e = Amount calculated (+/-) under the annual reconciliation feature or Commission Audit as described below.

PAR = Projected annual revenues for service (including all applicable clauses and riders) from existing water and wastewater customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period, will be based on the applicable twelve-month period, including any revenue from acquired companies that are now being charged the rates of the acquiring company, and excluding any revenue from systems acquired pursuant to 66 Pa. C.S. §1329 since the Company's last base rate case.

Annual Updates: Supporting data for each annual update will be filed with the Commission and served upon the Bureau of Investigation and Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate at least sixty (60) days prior to the effective date of the update.

3. Safeguards

Cap: The RCS will be capped at 5.00% of the amount billed to water and wastewater customers under otherwise applicable rates and charges.

SCHEDULE OF RATES
REGIONALIZATION AND CONSOLIDATION SURCHARGE (CONT'D)

3. Safeguards, cont'd

Audit/Reconciliation: The RCS will be subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with this tariff shall be credited to applicable customer accounts. It will also be subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the Company may elect to subject the RCS to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the RCS 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 April 1 of each year, or in the next quarter if permitted by the Commission. If RCS revenues exceed RCS-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 Company is not permitted to accrue interest on under collections.

New Base Rates: The RCS charge 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 theretofore been recovered under the RCS. Thereafter, only the revenue requirement deficiency of new eligible acquisitions, that have not previously been reflected in the Company's rate base, would be reflected in the annual updates of the RCS.

All Customer Classes: The RCS shall be applied equally to all customer classes exclusive of customers acquired under 66 Pa. C.S. § 1329 since the Company's last base rate proceeding.

Earning Reports: The charge will also be reset at zero if, at the time of the annual update, the 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 revenue requirement deficiency under the RCS as described in the Pre-tax return section. The Company shall file a tariff supplement implementing the reset of the RCS 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 Company has earned a rate of return that would exceed the allowable rate of return used to calculate its revenue requirement deficiency.

Customer Notice: Customers shall be notified of changes in the RCS 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.

Residual E-Factor Recovery Upon Reset to Zero: The Company shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the RCS rate has been reset to zero. The Company can collect or credit the residual over/under collection balance when the RCS 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 Company determines the specific amount of the residual over or under collection amount after the RCS rate is reset to zero, the Company 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 Commission's Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (60) days prior to the effective date of the supplement.

Public Fire Protection: The RCS will not apply to public fire protection customers.

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section G – Credit/Deposits (cont'd)

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

- (a) 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.
- (b) 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.
- (c) Deposit Refunds and Interest—A deposit will be refunded if service is discontinued and the final bill is paid or if the customer has paid the bills for the prior 12-month period without having been late on more than two (2) occasions and is not currently delinquent. 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.

1. Landlord Assumption of Responsibility

(C)

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

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section I- Service Continuity

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.

[Paragraph deleted]

(C)

(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section Q – Liability of Company

(C)

In accordance with the Public Utility Code, the Company will provide service which shall be reasonably continuous and without unreasonable interruptions or delay, but the Company does not guarantee continuous, uninterrupted, or regular service. The Company may, without liability, interrupt or limit service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system.

The Company shall not be liable to any Customer or third party for any loss or damage due to any negligent, reckless or intentional act of omission or commission, by the Company, its employees or agents:

where the loss or damage involves an act of God, accident, strike, storm, riot, fire, flood, epidemic, pandemic, or any other cause beyond the Company's control;

where the loss or damage does not involve a duty of the Company, its employees or agents, including breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or conditions in facilities of other utilities located in the same trench or in the Customer's own service line, sewer trap, grinder pump, internal plumbing or fixture, or due to the materials out of which those facilities are made;

where the loss or damage does not involve a breach of a duty of the Company, its employees or agents, 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 sewer trap or grinder pump 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; or

where the claim involves strict products liability, breach of contract, or breach of actual or implied warranties of merchantability or fitness for a particular purpose, express or implied.

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 regulations and Orders 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 order with the Commission.

The liability of the Company to any Customer or third party for any loss or damages due to any negligent, reckless or intentional act of omission or commission, by the Company, its employees or agents, shall be limited to and in no event exceed the lesser of \$1,000 or an amount equivalent to 1/4 the average charge of four billing periods to the Customer for the period of service during which such loss or damage 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. In no case shall the Company's aggregate liability for multiple claims arising from a single alleged negligent, reckless or intentional act exceed \$100,000. In no event shall the Company be liable for direct, extraordinary, special or consequential damages (including, but not limited to, lost profits) arising in any manner whatsoever.

The Customer will indemnify, defend and hold harmless the Company against all claims, demands, costs or expenses for loss, damage or injury to persons or property in any manner caused by or resulting from leaks in the Customer service line or any pipe or fixtures in or upon the customer's premises.

(C) means Change