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February 26, 2009

BY EMAIL & FIRST CLASS

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

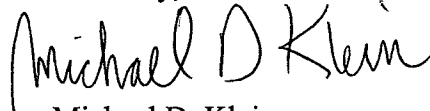
RE: Settlement Report
Docket No. P-2008-2075142
Docket No. C-2008-2076720

Dear Secretary McNulty:

Enclosed for filing in both of the above-referenced matters, pursuant to the January 26, 2009 Order of Administrative Law Judge Susan D. Colwell, please find a Settlement Report. Please do not hesitate to contact me should you have any questions or concerns.

Thank you.

Sincerely,



Michael D. Klein

Enclosure

cc: Parties on the Certificate of Service

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February 26, 2009

BY EMAIL & FIRST CLASS MAIL

Hon. Susan D. Colwell
Office of Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Settlement Report
Docket No. P-2008-2075142
Docket No. C-2008-2076720

Dear Judge Colwell:

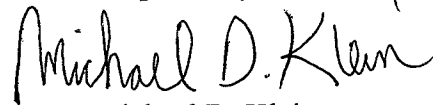
Pursuant to your Order Granting the Parties' Joint Motion for Continuance of January 26, 2009 in the above-referenced dockets, on behalf of Pennsylvania-American Water Company I am hereby submitting this Settlement Report. Pennsylvania-American Water Company and the other parties have been actively circulating a series of proposals and counter-proposals in pursuit of a settlement.

Pennsylvania-American has reached agreement in principal with both Hampden and Lower Allen Townships, subject only to final approval by the Townships' respective Boards of Supervisors. The Hampden Board will vote this evening on the Settlement; the Lower Allen Board will vote at its next meeting on March 9, 2009. Hampden Township has indicated that it may request an extension of the continuance to this Monday, March 2. Pennsylvania-American would not oppose this request.

Hon. Susan D. Colwell
February 26, 2009
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No settlement has been reached with either Camp Hill Borough or the Office of Consumer Advocate; however, negotiations among the parties continue. Pennsylvania-American does not request an extension of the continuance of the proceedings while these negotiations continue.

Respectfully submitted,



Michael D. Klein

Certificate of Service

I hereby certify that I have on this 26th day of February 2009, served a true and correct copy of the foregoing document upon the persons and in the manner indicated below:

VIA EMAIL & FIRST CLASS MAIL:

Hon. Susan D. Colwell
Office of Administrative Law Judge
Pennsylvania Public Utility Commission
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P.O. Box 3265
Harrisburg, PA 17105-3265

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