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Velma A. Redmond
Vice President, General Counsel
and Secretary

September 3, 2009

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

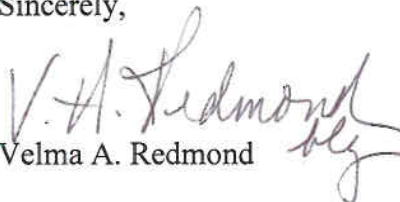
Re: Application of Pennsylvania-American Water Company for approval of the right to offer, render, furnish or supply wastewater service to the public in a portion of South Coatesville Borough, Chester County, Pennsylvania

Dear Mr. McNulty:

On behalf of Pennsylvania-American Water Company, enclosed for filing with you is an original copy of the above-referenced Application, together with payment in the amount of \$350 for the Commission's filing fee.

I will file the obligatory paper copy within three (3) days of this filing.

Sincerely,


Velma A. Redmond

Enclosures

cc: Office of Consumer Advocate
Office of Small Business Advocate
Office of Trial Staff
Department of Environmental Protection

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company for approval of the right to offer, render, furnish or supply wastewater service to the public in a portion of South Coatesville Borough, Chester County, Pennsylvania.

Application No. _____

To Pennsylvania Public Utility Commission:

I. INTRODUCTION

1. Pennsylvania-American Water Company ("Pennsylvania-American" or "Applicant") hereby requests that the Pennsylvania Public Utility Commission ("Commission") issue a certificate of public convenience evidencing its approval under Section 1102(a) of the Public Utility Code, 66 Pa.C.S. § 1102(a), of the Applicant's offering, rendering, furnishing or supplying of wastewater service in a portion of South Coatesville Borough, Chester County, Pennsylvania.

2. This Application is being filed to extend wastewater service to the public in the proposed service territory in a portion of South Coatesville Borough, Chester County, Pennsylvania.

3. The name and address of Applicant is:

Pennsylvania-American Water Company
("Pennsylvania-American")
800 West Hersheypark Drive
Hershey, PA 17033

4. The names and address of the Applicant's attorneys are:

Velma A. Redmond, Esquire
Susan Simms Marsh, Esquire
Seth A. Mendelsohn, Esquire
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

II. DESCRIPTION OF THE APPLICANT

5. Pennsylvania-American is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and is a wholly owned subsidiary of the American Water Works Company, Inc. ("AWW"). Pennsylvania-American furnishes water service in a certificated service territory encompassing portions of 35 counties across the Commonwealth. As of July 31, 2009, Pennsylvania-American provided water service to approximately 633,140 customers in the following classifications:

Residential:	583,627
Commercial:	43,079
Industrial:	745
Municipal, Resale and Other:	2,540
Fire Protection:	3,149

In addition, Pennsylvania-American furnishes wastewater service to approximately 17,407 customers.

6. Attached hereto as Exhibit A is pertinent information with respect to the corporate history, authority, and service territory of Pennsylvania-American.

III. THE PROPOSED ADDITIONAL SERVICE TERRITORY

7. As indicated at paragraph 2 above, the proposed additional service territory is located in a portion of South Coatesville Borough, Chester County, Pennsylvania. Attached hereto as Exhibit B-1 is a description of the area to be served, and attached hereto as Exhibit B-2 is a map showing the boundaries of the area to be served. The applied-for-territory includes one (1) residential customer, located at 1303 West Chester Road, South Coatesville Borough, Chester County. Pennsylvania-American is certificated to serve in portions of South Coatesville Borough under Docket A-230073F002 and will use that service to connect the South Coatesville Borough line.

8. No additional capital will be required by the Applicant for the purpose of financing the matters and things involved in this Application. All pipeline extensions will be completed under Applicant's tariff rules regarding main extensions.

9. The facilities to be installed within this application territory for the one (1) residential customer will consist of approximately 15 feet of 1 1/4" force main PVC lateral which will tie into the 4" force main which fronts the customer's property on the north side of the property at 1303 West Chester Road along with a 4x1 1/4" saddle, a 1 1/4 corp, 1 1/4" curb stop and a cast iron curb box. The cost of the wastewater lateral is approximately Five Thousand (\$5,000) Dollars which will be assumed by Pennsylvania-American.

10. Presently, the Applicant's existing waste system is a cesspool located on the Applicant's property and is not functioning properly or up to its full capability. Therefore, Applicant would like to disconnect from his present on-site septic system and tie into Pennsylvania-American's wastewater line installed along West Chester Road, South Coatesville Borough. The Applicant's water supply is through Pennsylvania-American's water service to that community.

11. To the best of the knowledge of the Applicant, no corporation, partnership, or individual is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by Applicant in the Application Territory, and no competitive condition will be created.

IV. FINANCIAL AND OTHER RELEVANT INFORMATION

12. There is attached hereto, as Exhibit C, a balance sheet of Pennsylvania-American as of July 31, 2009.

13. There is attached hereto, as Exhibit D, a statement of income and retained earnings of Pennsylvania-American for the 12 months ended July 31, 2009 .

14. Pennsylvania-American will charge its then existing rates for service in the Application Territory as set forth in Pennsylvania-American's Coatesville Wastewater Tariff. Current rates are shown on Exhibit E, and may be changed from time to time.

15. Furnishing of service in the proposed additional service territory will have no adverse effect upon the service furnished or the rates charged to other customers.

16. The estimated annual revenues and expenses of Pennsylvania-American in the additional territory are set forth in Exhibit F attached hereto.

IV. PUBLIC INTEREST

17. It is in the public interest for Pennsylvania-American to provide wastewater service in the proposed service territory because it is financially and technically capable of providing service and because there is a need to make wastewater service available for one (1) residential customer.

18. A letter from the Borough Manager of South Coatesville Borough indicating his concurrence with the Applicant's request and of Pennsylvania-American's application is attached as Exhibit G .

19. A letter from the residential customer requesting service is attached as Exhibit H.

20. The residential customer has also received approval for this connection from the Pennsylvania Department of Environmental Protection as evidenced in Exhibit I.

21. A letter from the Environmental Health Specialist of Chester County is attached as Exhibit J, evidencing the customer's need for public wastewater service.

V. RELIEF REQUESTED

22. Together with its Order approving this Application, Pennsylvania-American requests that the Commission issue a Certificate of Public Convenience pursuant to Section 1102(a) of the Public Utility Code, 66 Pa.C.S. §1102(a), authorizing Pennsylvania-American to furnish wastewater service in a portion of South Coatesville Borough described in Exhibit B-1 and depicted in Exhibit B-2 hereto.

WHEREFORE, Pennsylvania-American respectfully requests that the Pennsylvania Public Utility Commission approve this Application and grant the relief requested in Paragraph 22, above.

PENNSYLVANIA-AMERICAN WATER COMPANY

By: 

Velma A. Redmond, Esquire
Susan Simms Marsh, Esquire
Seth A. Mendelsohn, Esquire
Counsel for
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
717-533-5000

Dated: *September 3, 2009*

PENNSYLVANIA-AMERICAN WATER COMPANY

Pennsylvania-American Water Company, an investor-owned water company, with corporate offices at 800 West Hershey Park Drive, Hershey, is a subsidiary of American Water Works Company, Inc. On February 1, 1989, the then-existing Pennsylvania-American Water Company (the result of the January 1, 1987 merger of Riverton Consolidated Water Company with and into Keystone Water Company) was merged with and into Western Pennsylvania Water Company, and the name of the surviving corporation was changed to Pennsylvania-American Water Company. A brief summary of each of the three predecessor companies follows.

Riverton Consolidated Water Company was formed by the merger and consolidation of six operating water companies in 1904. It subsequently acquired seven additional systems, and at the time of its merger with Keystone, supplied water to 12 municipalities on the Harrisburg west shore, Cumberland County, and Fairview Township in York County.

Keystone Water Company resulted from the 1973 merger of 14 companies with and into White Deer Mountain Water Company. The Company later acquired four systems. It provided water service in 14 eastern Pennsylvania counties through the following distribution systems: Abington, Bangor, Berwick, Frackville, Hallstead, Hershey/Palmyra, Montrose, Moshannon Valley, Norristown, Northumberland, Susquehanna, Thompson, White Deer (Milton), and Yardley.

Western Pennsylvania Water Company was the product of the merger of 16 water companies with and into South Pittsburgh Water Company at various times from 1970 to 1973. WPW added seven water distribution systems, extending its service territory into portions of 12 western Pennsylvania counties. The company operated through the following district offices: Butler, Clarion, Connellsville, Ellwood, Indiana, Kane, Kittanning, McDonald, Mon Valley, New Castle, Pittsburgh, Punxsutawney, Uniontown, Warren, and Washington.

After the merger of Riverton and Keystone in 1987, the former Pennsylvania-American Water Company purchased five systems: Red Land Water Company in York County, Campbelltown Water Company in Lebanon County, and three systems in the Moshannon Valley area, Clearfield County - Woodland-Bigler Area Authority, Allport Water Authority, and Graham Water Association.

Since the merger of the former Pennsylvania-American Water Company (Riverton and Keystone) into Western Pennsylvania Water Company on February 1, 1989, the Company has acquired the following water and wastewater systems: Smith Township Municipal Authority system (Washington County, February 27, 1989); Abington Township system (Lackawanna County, August 5, 1989); Summit Township Municipal Authority system (Butler County, August 31, 1993); Skyline Water Company (Dauphin County, December 2, 1993); Gregg Township Municipal Authority system (Union County, April 25, 1994); P-F Area Water Association system (Washington County, October 1, 1994); Country Place Water Company, Inc. and Country Place Waste Treatment Company, Inc. (Monroe County, June 30, 1995); Hickory Water Company, Pocono Farms East Water Company, Inc., and Silver Water Company (Monroe and Pike Counties, December 21, 1995); the water utility assets of Pennsylvania Gas and Water Company (Lackawanna, Luzerne, Susquehanna and Wayne Counties, February 16, 1996); the Municipal Authority of the Township of Morris system (Clearfield County, April 24, 1996); Westford Water Company (Dauphin County, August 2, 1996); Clarion Township General Authority (Clarion County, January 28, 1998); Fairview Water Company, National Utilities, Inc.-Pocono Division, and Pocono Mountains Industrial Park Authority (Monroe County, May 7, 1998); Coolbaugh Township-Fire System (Monroe County, July 28, 1998); Greene Valley Water Company (Lackawanna County, August 28, 1998); Franklin Manor Utilities, Ltd. (Washington County, September 22, 1998); Taylor Township (Lawrence

Exhibit A

County, December 21, 1998); Evansburg Water Company (Montgomery County, December 30, 1998); Applewold Borough (Armstrong County, March 26, 1999); Cedar Grove Water Association (Washington County, July 8, 1999); Independence Township Municipal Authority (Washington County, July 8, 1999); Koppel Borough (Beaver County, November 5, 1999); Center Township (Butler County, December 30, 1999); Strattanville Borough (Clarion County, April 6, 2000); Franklin Township Municipal Authority (Beaver County, August 30, 2000); Elk Forest Estates (Wayne County, November 18, 2000); T.O.W. Associates (Butler County, February 13, 2001); City of Coatesville Authority (Chester and Lancaster Counties, March 22, 2001); Fox Knoll Water Company (Chester County, April 26, 2001); Butler Township Area Water and Sewer Authority (Butler County, April 27, 2001); Citizens Utilities Water Company of Pennsylvania (Adams, Berks, Chester, Monroe, Montgomery and Northampton Counties, January 15, 2002); LP Water & Sewer Company (Monroe and Pike Counties, April 3, 2002); Mid-Monroe Water Company (Monroe County, August 23, 2002); West Decatur Authority (Clearfield County, March 31, 2003); Rustic Acres Water Association (Pike County, September 30, 2003); Sandy Ridge Water Authority (Center County, October 14, 2003); Connoquenessing Borough Authority (Butler County, October 23, 2003); Skytop Water Company (Luzerne County, December 3, 2003); Sligo Borough Authority (Clarion County, August 31, 2004); Snowshoe at Mt. Pocono Condominiums, Inc. (Monroe County, February 24, 2005); Shippenville Municipal Authority (Clarion County, March 31, 2005); Blue Mountain Lake Associates, L.P. (Monroe County, October 31, 2005); East Fallowfield Township (Chester County, December 22, 2005); Stillwater Lakes Water Corporation (Monroe County, January 17, 2006); Winona Lakes Utilities, Inc. (Monroe and Pike Counties, January 26, 2006); Saville Rustin Water Company, Inc./Pine Ridge Community Association, Inc. (Pike County, March 29, 2006); Lexington Woods Corporation (Monroe County, July 24, 2006); Community Association of Pocono Farms, Incorporated (Monroe County, July 31, 2006); Redstone Water Company (Fayette and Washington Counties, March 20, 2007); Mountain Top Estates Property Owners Association (Monroe County, May 30, 2008); Claysville-Donnegal Joint Municipal Authority (Washington County, July 31, 2008); Three Lane Utilities, Inc. (Pike County, September 10, 2008) and Clarion Area Authority (Clarion County, October 30, 2008). On July 2, 1990, Brownsville Water Company (Fayette County) and California Water Company (Washington County) were acquired and merged into the Company. On June 16, 1992, the former Forge Road Acres water system (Cumberland County) was sold to South Middleton Township. On March 24, 2003, Salisbury Water Supply Company (State of Massachusetts) was acquired and merged into the Company.

As a result of the various mergers and acquisitions, the Company furnishes water service to about 631,649 customers in the following municipalities:

All, or portions of, the Townships of Mount Joy, Mount Pleasant and Straban in Adams County;

All, or portions of, the Cities of Clairton and Pittsburgh (16th, 18th, 19th, 20th, 23rd, 29th, 30th, 31st and 32nd Wards), the Boroughs of Baldwin, Bethel Park, Brentwood, Bridgeville, Carnegie, Castle Shannon, Crafton, Dormont, Dravosburg, Elizabeth, Glassport, Greentree, Heidelberg, Homestead, Ingram, Jefferson, Liberty, Lincoln, Mt. Oliver, Munhall, Pleasant Hills, Rosslyn Farms, Thornburg, West Elizabeth, West Homestead, West Mifflin, Whitaker and Whitehall and the Townships of Baldwin, Collier, Elizabeth, Forward, Mt. Lebanon, North Fayette, Robinson, Scott, South Fayette, South Park and Upper St. Clair in Allegheny County;

All, or portions of, the Boroughs of Applewold and Kittanning and the Townships of Manor and

Exhibit A

Rayburn in Armstrong County;

All, or portions of, the Boroughs of Big Beaver, Ellwood City, Frankfort Springs and Koppel and the Townships of Franklin, Hanover and North Sewickly in Beaver County;

All, or portions of, the Boroughs of Sinking Spring, St. Lawrence, West Lawn² and Wyomissing¹ and the Townships of Amity, Cumru, Earl, Exeter, Lower Heidelberg, Ruscombmanor, South Heidelberg and Spring in Berks County;

All, or portions of, the Borough of Yardley and the Townships of Falls and Lower Makefield in Bucks County;

All, or portions of, the City of Butler, the Boroughs of Connoquenessing and East Butler and the Townships of Butler, Center, Connoquenessing, Forward, Franklin, Jackson, Lancaster, Oakland, Penn and Summit in Butler County;

All, or portions of, the Boroughs of Philipsburg and South Philipsburg and the Township of Rush in Centre County;

All, or portions of, the City of Coatesville, the Boroughs of Atglen, Parkesburg, South Coatesville and Spring City and the Townships of Caln, East Coventry, East Fallowfield, East Pikeland, East Vincent, Highland, Sadsbury, Schuylkill, Valley, West Caln, West Sadsbury and West Vincent in Chester County;

All, or portions of, the Boroughs of Clarion, Shippenville, Sligo and Strattanville and the Townships of Clarion, Elk, Farmington, Knox, Limestone, Monroe, Paint and Piney in Clarion County;

All, or portions of, the Boroughs of Chester Hill, Osceola Mills and Wallaceeton and the Townships of Boggs, Bradford, Decatur, Graham and Morris in Clearfield County;
All, or portions of, the Boroughs of Berwick and Briar Creek and the Township of Briar Creek in Columbia County;

All, or portions of, the Boroughs of Camp Hill, Lemoyne, New Cumberland, Shiremanstown, West Fairview and Wormleysburg and the Townships of East Pennsboro, Hampden, Lower Allen, Silver Spring and Upper Allen in Cumberland County;

All, or portions of, the Townships of Conewago, Derry, Londonderry, South Hanover and West Hanover in Dauphin County;

All, or portions of, the Cities of Connellsville and Uniontown, the Boroughs of Brownsville and South Connellsville and the Townships of Brownsville, Bullskin, Connellsville, Dunbar, Jefferson, Luzerne, Menallen, North Union, Redstone and South Union in Fayette County;

All, or portions of, the Borough of Indiana and the Township of White in Indiana County;

All, or portions of, the Boroughs of Big Run and Punxsutawney and the Townships of Bell, Gaskill, Henderson, McCalmont and Young in Jefferson County;

All, or portions of, the Cities of Carbondale and Scranton, the Boroughs of Archbald, Blakely, Clarks Green, Clarks Summit, Dalton, Dickson City, Dunmore, Jermyn, Jessup, Mayfield, Moosic, Old Forge, Olyphant, Taylor, Throop and Vandling and the Townships of Abington, Carbondale, Fell, Glenburn, North Abington, Scott and South Abington in Lackawanna County;

All, or portions of, the Borough of Quarryville and the Townships of Bart, Colerain, Eden and Sadsbury in Lancaster County;

All, or portions of, the City of New Castle; the Boroughs of Ellport, Ellwood City, New Beaver and South New Castle and the Townships of Hickory, Mahoning, Neshannock, North Beaver, Perry, Shenango, Taylor, Union and Wayne in Lawrence County;

All, or portions of, the Borough of Palmyra and the Townships of Annville, North Annville, North Londonderry, South Annville and South Londonderry in Lebanon County;

All, or portions of, the Cities of Nanticoke, Pittston and Wilkes-Barre, the Boroughs of Ashley, Avoca, Courtdale, Dallas, Dupont, Duryea, Edwardsville, Exeter, Forty Fort, Hughestown, Kingston, Laflin, Larksville, Laurel Run, Luzerne, Nescopeck, Plymouth, Pringle, Shickshinny, Sugar Notch, Swoyersville, Warrior Run, West Pittston, West Wyoming, Wyoming and Yatesville and the Townships of Conyngham, Fairview, Hanover, Hunlock, Jackson, Jenkins, Kingston, Newport, Pittston, Plains, Plymouth, Rice, Salem, Union, Wilkes-Barre and Wright in Luzerne County;

All, or portions of, the Borough of Kane and the Township of Wetmore in McKean County;

All, or portions of, the Borough of Mount Pocono and the Townships of Coolbaugh, Hamilton, Middle Smithfield, Ross, Smithfield and Stroud in Monroe County;

All, or portions of, the Boroughs of Bridgeport, Norristown and Royersford and the Townships of East Norriton, Limerick, Lower Pottsgrove, Lower Providence, Perkiomen, Plymouth, Skippack, Upper Merion, Upper Providence, West Norriton, Whitmarsh, Whitpain and Worcester in Montgomery County;

All, or portions of, the Boroughs of Bangor, Belfast, Nazareth, Pen Argyl, Roseto, Stockertown, Tatamy and Wind Gap and the Townships of Bushkill, Forks, Lower Nazareth, Palmer, Plainfield, Upper Mt. Bethel, Upper Nazareth and Washington in Northampton County;

All, or portions of, the Boroughs of Milton, Northumberland and Watsontown and the Townships of Delaware, East Chillisquaque, Point, Turbot, Upper Augusta and West Chillisquaque in Northumberland County;

Portions of the Townships of Delaware, Lehman and Westfall in Pike County;

All, or portions of, the Borough of Frackville and the Townships of Butler, Mahanoy, New Castle and West Mahanoy in Schuylkill County;

All, or portions of, the Boroughs of Forest City, Great Bend, Hallstead, Lanesboro, Montrose, Susquehanna and Thompson and the Townships of Bridgewater, Great Bend, Harmony and Oakland in Susquehanna County;

All, or portions of, the Borough of Lewisburg and the Townships of Buffalo, East Buffalo, Gregg, Kelly and White Deer in Union County;

All, or portions of, the City of Warren and the Townships of Conewango, Glade, Meade, and Pleasant in Warren County;

All, or portions of, the Cities of Monongahela and Washington and the Boroughs of Burgettstown, California, Canonsburg, Claysville, Coal Center, East Washington, Finleyville, Houston, McDonald, Midway, New Eagle, West Brownsville and West Middletown and the Townships of Amwell, Buffalo, Canton, Carroll, Cecil, Chartiers, Cross Creek, Donegal, East Finley, Fallowfield, Hanover, Hopewell, Independence, Jefferson, Mt. Pleasant, North Franklin, North Strabane, Nottingham, Peters, Robinson, Smith, Somerset, South Franklin, South Strabane, Union and West Pike Run in Washington County;

Portion of the Township of Clinton in Wayne County; and

All, or portions of, the Townships of Fairview and Newberry in York County.

As a result of acquisitions, the Company furnishes wastewater service to about 17,309 customers in the following municipalities:

All, or portions of, the City of Coatesville, the Borough of Parkesburg and the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury in Chester County;

All, or portions of, the Borough of Clarion and the Townships of Clarion and Monroe in Clarion County;

Portions of the Townships of Coolbaugh, Middle Smithfield, Smithfield and Stroud in Monroe County;

Portion of the Township of Lehman in Pike County; and

All, or portions of, the Borough of Claysville and the Township of Donegal in Washington County.

¹ West Fairview Borough was merged into East Pennsboro Township in 1998.

² Wyomissing Hills was merged into Wyomissing Borough in 2002.

³ West Lawn was merged into Spring Township in 2006.

[382 municipalities in 35 counties. Note: Ellwood City Borough is located in Beaver and Lawrence Counties; Hanover Township is located in Beaver and Washington Counties]

12/31/08

Description of Property to be Served

This service is intended solely for the lot owned by Moses B.

Kargbo, located at 1303 West Chester Road, South Coatesville Borough,

Chester County, Pennsylvania.

Tax Parcel No.: 9-1-11

		Actuals
Assets		
Utility Plant	1	2,908,419
Construction Work in Progress	2	39,894
Accumulated Depreciation	3	(666,848)
Utility Plant Acquisition Adjustments	4	19,007
Other Utility Plant Adjustments	5	0
Total Utility Plant		2,300,472
Non-utility Property	6	334
Total property, plant and equipment		2,300,806
Cash and Cash Equivalents	7	883
Restricted funds	8	10,900
Utility customer accounts receivable	9	37,846
Allowance for uncollectible accounts	10	(6,430)
Accrued utility revenues	11	25,914
Other receivables, net	12	2,407
Taxes receivable, including federal income	13	0
Materials and supplies	14	5,660
Receivable from affiliated companies	15	53
Other Current Assets	16	6,860
Current Assets		84,094
Regulatory assets - income tax recovery	17	108,075
Debt and preferred stock expense	18	12,992
Deferred pension expense	19	12,374
Deferred postretirement benefit expense	20	0
Deferred security costs	21	7,488
Deferred business services project expenses	22	2,541
Deferred integration costs	23	0
Deferred tank painting costs	24	0
Deferred rate case	25	1,021
Asset premium recoverable thru rates	26	0
Environmental remediation recoverable thru rate	27	0
Other Regulatory Assets	28	0
Regulatory assets		27,581
Other investments	29	172,073
Long term receivable from affiliate	30	1,095
Funds restricted for construction	31	0
Goodwill	32	37,894
Intangible assets	33	40,201
Other Long Term Assets	34	0
Total Regulatory & Other L/T Assets		10
		251,273
Total Assets		2,636,173
Capital & Liabilities		
Common Stock	35	
Paid in Capital	36	21,507
Retained Earnings	37	554,030
Accumulated other comprehensive income	38	311,678
Unearned compensation	39	0
Treasury stock	40	0
Common stockholder's equity		0
Preferred Stock without mandatory redemption r	41	887,215
Long term debt	42	1,720
Redeemable preferred stock at redemption value	43	991,126
Total Capitalization		12,452
		1,892,513
Short Term Debt	44	
Current Portion of Long-term Debt	45	88,716
Current portion of redeemable stock at redempti	46	6,602
Accounts Payable	47	0
Taxes Accrued	48	25,382
Interest Accrued	49	3,083
Total Other Current Liabilities	50	16,253
Total Current Liabilities		26,338
		166,375
Customer Advances for Construction	51	
Deferred Income Taxes	52	83,007
Deferred Investment tax credits	53	363,811
Regulatory liability	54	6,871
Accrued pension expense	55	2,263
Accrued postretirement benefit expense	56	12,933
Other Deferred Credits	57	4,699
Regulatory & Other Long Term Liabilities		256
		473,840
Contributions in aid of construction	58	
		103,445
Total capital and liabilities		2636173



Income Statement - Year To Date
 Pennsylvania American Water
 Jul YTD 2009
 (\$ In Thousands)

	YTD Actuals	
OPERATING REVENUES		
Water Revenues	1	255,886
Sewer Revenues	2	5,001
Other Operating Revenues	3	4,669
Management Revenues	4	0
Operating Revenues		265,555
OPERATIONS & MAINTENANCE EXPENSE		
PRODUCTION EXPENSES		
Purchased Water	5	1,448
Fuel and Power	6	8,502
Chemicals	7	5,982
Waste Disposal	8	1,569
Total production costs		17,501
O&M LABOR & OVERHEAD		
Labor	9	28,744
Pensions	10	6,220
Group insurances	11	8,481
Other benefits	12	1,177
Total employee related		44,621
Management fees	13	8,333
Shared business services	14	12,363
Contracted services	15	2,371
Total contracted services		14,734
Regulatory expense	16	558
Insurance Other Than Group	17	5,462
Customer Accounting	18	7,369
Rents	19	736
General office expense	20	1,838
Miscellaneous	21	10,472
Maintenance	22	10,409
Total operations and maintenance expense		122,033
Depreciation	23	32,307
Amortization	24	541
Depreciation and amortization		32,848
General taxes	25	6,932
Impairment charges	27	0
Total operating expenses, net		161,813
Operating income		103,743
OTHER INCOME & DEDUCTIONS		
Interest Income	28	(28)
Interest on long-term debt	29	31,509
Interest on Short-Term Bank Debt	30	571
Other Interest Expense	31	/
Total interest expense		32,059
AFUDC - Equity	32	(30)
AFUDC Debt	33	212
Amortization of Debt Expense	34	1,215
Preferred dividends of subsidiaries (Consolidation only)	35	0
Gain on sale of assets	26	35
Non-Operating Rental Income	36	0
Dividend Income - Common	37	0
Dividend Income - Preferred	38	0
Miscellaneous Income	39	173
Total other income		208
Miscellaneous Amortization	40	(322)
Miscellaneous Other Deductions	41	88
Total Other Deductions		(234)
Other, net		442
Total other income (deductions)		(32,649)
Income (loss) before income taxes		71,093
State Income Taxes	42	4,305
Federal Income Taxes	43	23,189
Tax Saving Acquisition Adjustment		0
State income taxes (non-operating)	46	6
Federal income taxes (non-operating)	47	9
Provision (Benefit) for Income Taxes		27,509
Net income (loss)		43,584
Preferred Dividend Declared	48	45
Net Income To Common Stock		43,539
Common Dividend Declared		24,713
Current Year Retained Earnings		18,825

PART I: RATES

Metered Charges

A. Residential (Based on Water Usage)

Service Charge per month: \$4.50 (I)

Usage Charge \$.5392 per 100 gallons (I)

B. Commercial, Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$8.50 (I)

Usage Charge \$.4288 per 100 gallons (I)

C. Special Rate Charges

1. Bulk Metered Usage

Caln Township, Sadsbury Township, Valley Township, V.A. Hospital and West Brandywine Township - One Monthly Service Charge Per Customer of \$170.00 in addition to \$.3777 per 100 gallons of metered water usage. (I)

Mittal Steel - Monthly Service Charge of \$170.00 in addition to \$.3259 per 100 gallons of metered water usage. (I)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water consumption. The fee is \$27.96 per month, per EDU. (I)

Rider VR

Per the Joint Petition for Settlement at Docket No. R-2008-2032689, the Company will not increase the rates to the 13 customers located on the 700 block of Valley Road in the City of Coatesville until it completes the construction and places in service an air jumper to control an odor problem. If the installation of the air jumper does not remedy the odor complaints, the customers will pay the Company's wastewater rates in effect prior to November 14, 2008, as set forth below, until such time as the odor problem is resolved in accordance with the terms of the Joint Petition for Settlement.

Service Charge per month: \$1.86

Usage Charge \$.302 per 100 gallons

**Estimated Annual Revenue and Expense
in Application Territory**

Estimated Annual Revenue

1	Residential customer	@	\$ 345.17
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Estimated Annual Expenses

1	Residential customer	@	\$ 177.90
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			Net	<u>\$ 167.27</u>
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EXHIBIT F



Borough of South Coatesville

**136 Modena Road
South Coatesville PA 19320
Southcoatesvilleborough.org**

610-384-1700
Fax 610-383-5620

21 July 2009

Pennsylvania American Water Company
100 Cheshire Court, Suite 104
Coatesville, PA 19320

ATTENTION: Jim Kelly

RE: Moses Kargbo, 1303 West Chester Road,
a/k/a tax parcel # 09-01-0011

Dear Mr. Kelly:

As you are aware from our recent telephone discussion, Mr. Kargbo is currently faced with replacement of his on-site septic system. Further, your company controls a pressure sewer main adjacent to the Kargbo property at 1303 West Chester Road.

This letter is to make your firm aware of the fact that the Borough of South Coatesville will have no objection to your providing sewerage service to this parcel on West Chester Road.

If you have any questions or concerns, please contact me at the Borough Hall at the number listed above during normal working hours.

Very truly yours,

Denis E. Forrest,
Borough Manager

DEF/

Exhibit G

14,
July 9, 2009

Dear Mr. James Kelly,

Thanks a lot for your cooperation in this project I am about to undertake. When my wife and I purchased this property ten years ago, I was told by the inspector that the property had a cesspool. At the time, I did not know the difference between a septic tank and a cesspool. As time went by the fellow who does my lawn notice a pool of water coming from a drain on my property flowing adjacent the West Chester road. At first I thought it was from the sump pump in my basement. But it turned out to be a drain line that was connected to the cesspool. The continuing flowing of the sewer was noticed by a neighbor and subsequently the neighbor notified the Chester County Health Department. The health department in turn wrote me a certified letter informing me to ratify the problem. At first I wanted to install a septic system, but because the price was enormous, I decided to inquire in a different direction. This direction led me to you and there were we are in the moment.

Thanks once again for your assistance.

Sincerely yours,



Mr. Moses B. Kargbo



Pennsylvania Department of Environmental Protection

**2 East Main Street
Norristown, PA 19401**

August 11, 2009

Southeast Regional Office

Phone: 484-250-5970

Fax: 484-250-5971

Mr. Jim Kelly
Pennsylvania-American Water Company
100 Cheshire Court, Suite 104
Coatesville, PA 19320

Re: Application for Planning Modules
Moses B. Kargbo
DEP Code 1-15949-020-X
South Coatesville Borough
Chester County

Dear Mr. Kelly:

This letter is in reference to your application for Sewage Facilities Planning Modules for the connection of an existing single-family dwelling to public sewers. This project is located at 1303 West Chester Road in South Coatesville Borough, Chester County.

The project will be connected to the Pennsylvania American Water Company collection system and will generate 263 gallons of sewage per day to be treated at the Pennsylvania American Water Company Coatesville Wastewater Treatment Facility.

This project does not meet the definition of a subdivision under the Pennsylvania Sewage Facilities Act. Therefore, no planning modules are required to be submitted to the Regional Office of the Department of Environmental Protection.

However, although the planning requirements pursuant to the Pennsylvania Sewage Facilities Act are waived, the treatment plant intended to serve your project is hydraulically overloaded. As such, the permittee of the sewage treatment plant and the contributing municipalities are to limit connections pursuant to Chapter 94 of the Clean Streams Law, Section 94.21, Municipal Wasteload Management.

Exhibit I



Mr. Jim Kelly

- 2 -

August 11, 2009

If you have any questions, please call me at 484-250-5175.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Venezia". The signature is written in a cursive style with a large initial "J" and "V".

John M. Venezia
Sewage Planning Specialist 2
Water Management

cc: Chester County Health Department
Chester County Planning Commission
Ms. Sluma - South Coatesville Borough
Pennsylvania-American Water Company
Planning Section
Re 30 (joh09wqm)223-7



THE COUNTY OF CHESTER



COMMISSIONERS

Terence Farrell
Carol Aichele
Kathi Cozzone

CHESTER COUNTY HEALTH DEPARTMENT
Chester County Government Services Center
601 Westtown Road, Suite 290
West Chester, PA 19380-0990
610-344-6225 FAX: 610-344-6727
www.chesco.org/health

MARGARET C. RIVELLO, M.B.A.
County Health Director

July 6, 2009

Pennsylvania American-Can Water
Attn: Jim Kelly
100 Cheshire Court, Suite 104
Coatesville, PA 19320

RE: Moses Kargbo
1303 West Chester Road
Coatesville, PA 19320
Tax Parcel No.: 9-1—11
South Coatesville Borough

Dear Mr. Kelly:

The septic system at the above referenced property is not working up to its full capability. If public sewer is available the homeowner needs to be hooked up.

Should you have any questions, feel free to give me a call at (610) 344-6236.

Sincerely,

William J. Conrad III
Environmental Health Specialist

Cc: Moses Kargbo
South Coatesville Borough
File

Exhibit J

"Protecting You and Your Environment"