



**PENNSYLVANIA
AMERICAN WATER**

April 23, 2010
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: General Base Rate Filing for Northeast Wastewater Operations
Docket No. R-2010-2166214

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PA PUC
SECRETARY'S BUREAU

Dear Secretary McNulty:

The Northeast Wastewater Operations (the "Company") of Pennsylvania American Water is herewith filing for an increase in wastewater rates based on a future test year ending December 31, 2010. In support of that request, PAW submits the following documents:

1. Eight copies of the Original Tariff Wastewater Pa P.U.C. No. 9, bearing a proposed effective date of June 22, 2010.
2. Eight copies of a news release regarding this filing that will be published in newspapers of general circulation in each of the Company's service areas.
3. Eight copies of the supporting information required by the Commission's proposed regulations, including pre-filed direct testimony, supporting exhibits and filing requirements of the Pa. Code Section 53.52.
4. Eight copies of the notice that was direct mailed to all Customers on April 22, 2010 informing them of the afore-mentioned tariff filing.

In accordance with the Commission's regulations, we are serving concurrently four copies of this rate filing on the Office of Consumer Advocate and two copies on the Office of Small Business Advocate. By prior agreement, we are also today furnishing four copies of this filing to the Commission's Office of Trial Staff and one copy to the Bureau of FUS.

If you have any questions, please do not hesitate to call me.

Sincerely

Rod Nevirauskas

Director - Rates and Regulations

PRESS RELEASE



FOR IMMEDIATE RELEASE:

Contact: Susan Turcmanovich
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PENNSYLVANIA AMERICAN WATER FILES RATE REQUEST FOR NORTHEAST PA WASTEWATER SYSTEMS

Proposed rates driven by \$8.5 million capital investment

WILKES-BARRE, Pa. (April 23, 2010) -- Pennsylvania American Water today filed a request with the Pennsylvania Public Utility Commission (PUC) to increase sewer rates for customers of three wastewater systems in Pike and Monroe counties.

Pennsylvania American Water's rate filing applies to approximately 3,100 wastewater customers in its Lehman Pike system, nearly 700 wastewater customers in Blue Mountain Lake and approximately 100 wastewater customers in Winona Lakes. It is the company's first rate request since acquiring the wastewater systems -- Lehman Pike in April 2002, Blue Mountain Lake in October 2005, and Winona Lakes in January 2006.

Under the proposed new rates, the typical residential customer's wastewater bill in Lehman Pike would increase from \$16.90 per month to \$57.70. In Winona Lakes, the typical residential customer's wastewater bill would increase from \$27.33 per month to \$69.03, while the typical residential wastewater bill in Blue Mountain Lake would increase from \$23.05 per month to \$80.02. The company requested that the new rates become effective June 22, 2010, however the PUC typically suspends such requests for up to six-to-nine months to permit a complete investigation and analysis.

Pennsylvania American Water President Kathy L. Pape said, "The proposed increase is needed to help recover approximately \$8.5 million that our company will have invested since acquiring the three systems to address past environmental issues and to improve the quality and reliability of wastewater service. Our significant capital investment equates to spending more than \$2,100 per customer in northeast Pennsylvania."

Pennsylvania American Water's capital improvements include a \$3 million upgrade for the Saw Creek wastewater treatment facility, which serves both Winona Lakes and Lehman Pike customers. In addition, the company invested approximately \$2.3 million in Lehman Pike and \$185,000 in Winona Lakes for collection system improvements. In the Blue Mountain Lake system, Pennsylvania American Water's capital improvements include a \$2.9 million upgrade to the wastewater treatment plant.

Pape said the rate increase is also needed to recover increased operational expenses, such as electricity, treatment chemicals and labor.

In its rate case filing, Pennsylvania American Water is proposing to establish an assistance fund through the H2O (Help to Others) Program™ to help disadvantaged customers with their wastewater bills. It

PENNSYLVANIA AMERICAN WATER FILES RATE REQUEST FOR NORTHEAST PA WASTEWATER SYSTEMS

would be administered in the same manner as the existing H2O Program for water customers who qualify. Pape said the company is proposing to contribute \$10,000 to create an assistance program that provides grants and service fee discounts for those wastewater customers who qualify.

The rate case filed by Pennsylvania American Water requests an increase in annual wastewater revenues for its northeast Pennsylvania wastewater operations of approximately \$2,099,490. Customers with additional questions can contact the company's customer service center at 1-800-565-7292.

Pennsylvania American Water, a wholly owned subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.2 million people. Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 16 million people in 35 states, as well as Ontario and Manitoba, Canada. More information can be found by visiting www.amwater.com.

This release contains forward looking statements, including, among others, our plan to continue our long-term strategy of capital investment in our systems. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, changes in regulations or regulatory treatment and availability and the cost of capital. We undertake no obligation to publicly update or revise any forward-looking statement.

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania American Water: Docket No. R-2010-2166214
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing documents upon the following persons, in the manner indicated below:

VIA HAND DELIVERY

William R. Lloyd, Jr., Esquire
Office of Small Business Advocate
Suite 1102 - Commerce Building
300 North Second Street
Harrisburg, PA 17101

Dianne E. Dusman Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place Fifth Floor
Harrisburg, PA 17101-1923

John Simms, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
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Director – Rates and Regulations
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Dated: April 23, 2010