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SALARY AND WAGES

Pennsylvania American Water Company
 Coatesville 2467
 Test Year: 12/31/09

Job Title	TEST YEAR HOURLY RATE	TEST YEAR WAGES		TEST YEAR WAGES		REGULAR HOURS		1.5x HOURS		2X HOURS		Total HOURS
		CAP	O&M	CAP	O&M	CAP	O&M	CAP	O&M	CAP	O&M	
Plant Operator	22.34	\$ 536.16	\$ 50,321.35	24.00	2095.50	37.50	40.00	2197.00				
Laboratory Technician	20.63	\$ 328.08	\$ 41,818.54	16.00	2064.00	2.00		2082.00				
Plant Operator	22.31	\$ 937.05	\$ 49,969.58	15.00	2098.00	9	30.00	2218.50				
Plant Operator	22.22	\$ 133.32	\$ 46,419.71	6.00	2074.00	19.25		2099.25				
Plant Operator	22.29	\$ 746.72	\$ 47,666.46	20.00	2068.00	9	28.00	2147.00				
Collection Syst Spec Assist	20.95	\$ 293.30	\$ 45,412.50	14.00	2067.00	52.75	19.00	2152.75				
Collection Syst Spec Assist	18.95	\$ 151.60	\$ 40,921.45	8.00	2072.75	63.75	24.00	2168.50				
Collection System Specialist	21.37	\$ 41.30	\$ 49,956.72	2.00	2078.00	99.25	63.00	2242.25				
Collection Syst Spec Assist	21.20	\$ 400.96	\$ 45,198.37	16.00	2063.00	2	15.00	2135.50				
Collection Syst Spec Assist	21.15	\$ 222.08	\$ 46,397.29		2080.00	7	36.00	2160.75				
Admin Support Spec	20.39	\$	\$ 21,061.80		1040.00			1040.00				
		\$ 3,790.57	\$ 485,143.77	121.00	21,800.25	27.00	255.00	22,643.50				
Supvr Production	31.80	\$ 17,946.16	\$ 47,756.50	568.00	1512.00			2080.00				
Supvr Field Operations	29.54	\$ 2,757.87	\$ 58,034.43	96.00	1976.00			2072.00				
Supt. Field Operations	50.22	\$	\$ 1,205.20		24.00							
Mgr Field Operations	70.12	\$	\$ 12,551.29		179.00							
		\$ 20,704.03	\$ 119,547.42	664.00	3691.00	0.00	0.00	4152.00				
Total		\$ 629,185.79										
O & M		\$ 604,691.19										
Per Books		\$ 620,095.00										
Accruals		\$ 15,403.81										

Exempt

Pennsylvania American Water Company
 Coatesville 2467
 Proforma: 03/31/11

Job Title	PROFORMA HOURLY RATE	PROFORMA WAGES		PROFORMA WAGES		REGULAR HOURS		1.5x HOURS		2X HOURS		Total HOURS
		CAP	O&M	CAP	O&M	CAP	O&M	CAP	O&M	CAP	O&M	
Plant Operator	23.54	\$ 564.96	\$ 51,793.89	24.00	2084.00	37.50	40.00	2165.50				
Laboratory Technician	22.51	\$ 360.16	\$ 46,708.25	16.00	2072.00	2.00		2090.00				
Plant Operator	23.54	\$ 670.89	\$ 52,558.84	15.00	2073.00	9	30.00	2193.50				
Plant Operator	23.54	\$ 141.24	\$ 49,690.00	6.00	2082.00	19.25		2107.25				
Plant Operator	23.54	\$ 788.59	\$ 50,775.78	20.00	2088.00	9	28.00	2147.00				
Collection Syst Spec Assist	22.24	\$ 311.36	\$ 48,730.62	14.00	2074.00	52.75	19.00	2159.75				
Collection Syst Spec Assist	20.69	\$ 165.52	\$ 46,006.80	8.00	2080.00	63.75	24.00	2175.75				
Collection System Specialist	22.24	\$ 44.48	\$ 52,505.86	2.00	2086.00	99.25	63.00	2250.25				
Collection Syst Spec Assist	22.24	\$ 422.56	\$ 48,066.20	16.00	2072.00	2	15.00	2144.50				
Collection Syst Spec Assist	22.24	\$ 233.52	\$ 49,297.74		2088.00	7	36.00	2188.75				
Maintenance/Relief	22.75	\$ -	\$ 47,502.00		2088.00			2088.00				
		\$ 3,703.28	\$ 543,636.08	121.00	20,759.00	27.00	255.00	23,690.25				

Exempt

Supvr Production	33.48	\$ 19,007.95	\$ 50,866.34	568.00	1520.00			2088.00				
Supvr Field Operations	31.16	\$ 2,991.12	\$ 62,065.74	96.00	1982.00			2088.00				
		\$ 21,999.07	\$ 112,932.08	664.00	3512.00	0.00	0.00	4176.00				

Total
 Capitalization % 3.77%

Pennsylvania American Water Company
 Test Year and Proposed Wages Coatesville 2467
 Actual Year: December 31, 2009

B/U	Hourly	Hire Date	Job Title	Location	12/31/2009 Test Year Rate	Annual Salary	Rate 3/23/2010	Annual 2010	Rate 3/23/2011	Annual 2011	DCP %
	246708	05/09/88	Plant Operator	COATWW - Treatment	22.34	46,645.92	22.85	47,710.80	23.54	49,151.52	5.25
	246708	06/04/07	Laboratory Technician	COATWW - Treatment	20.63	43,075.44	21.85	45,622.80	22.51	47,000.88	5.25
	246708	01/21/77	Plant Operator	COATWW - Treatment	22.31	46,583.28	22.85	47,710.80	23.54	49,151.52	5.25
	246708	06/21/71	Plant Operator	COATWW - Treatment	22.22	46,395.36	22.85	47,710.80	23.54	49,151.52	5.25
	246708	09/20/99	Plant Operator	COATWW - Treatment	22.29	46,541.52	22.85	47,710.80	23.54	49,151.52	5.25
	246708	By 12/31/10	Maintenance Person	COATWW - Treatment	-	-	22.09	46,123.92	22.75	47,502.00	5.25
	246709	11/10/03	Collection Syst Spec Assist	COATWW - Field Service	20.95	43,743.60	21.59	45,079.92	22.24	46,437.12	5.25
	246709	07/21/08	Collection Syst Spec Assist	COATWW - Field Service	18.95	39,567.60	20.09	41,947.92	20.69	43,200.72	5.25
	246709	05/30/95	Collection System Specialist	COATWW - Field Service	21.37	44,620.56	21.59	45,079.92	22.24	46,437.12	5.25
	246709	10/25/93	Collection Syst Spec Assist	COATWW - Field Service	21.20	44,265.60	21.59	45,079.92	22.24	46,437.12	5.25
	246709	09/09/96	Collection Syst Spec Assist	COATWW - Field Service	21.15	44,161.20	21.59	45,079.92	22.24	46,437.12	5.25
Salary					12/31/2009 Test Year Rate	Annual Salary	Rate 1/1/2010	Annual 2010	Rate 1/1/2011	Annual 2011	% Increase
	246708	3/6/2000	Supvr Production	COATWW - Treatment	31.80	66,398.40	32.49	67,839.12	33.46	69,864.48	3%
	246709	10/16/1995	Supvr Field Operations	COATWW - Field Service	29.54	61,679.52	30.25	63,162.00	31.16	65,062.08	3%

NOTE: The Current Labor Agreement with the Company's Union Represented Employees expires on 03/22/2011. Therefore the Union Hourly Rates for 03/23/11 were calculated by increasing the actual 03/23/2010 rates by 3%. Exempt Salary Rates were also calculated by increasing the actual 01/01/2010 rates by 3%.

PENNSYLVANIA-AMERICAN WATER COMPANY

AND

**EMPLOYEES LOCAL 1821 A OF
AMERICAN FEDERATION OF STATE, COUNTY & MUNICIPAL EMPLOYEES
DISTRICT COUNCIL 88 AFL-CIO**

Coatesville

AGREEMENT

MARCH 23, 2006 THROUGH MARCH 22, 2011

PENNSYLVANIA-AMERICAN WATER COMPANY

AND

**EMPLOYEES LOCAL 1821 A OF
AMERICAN FEDERATION OF STATE, COUNTY & MUNICIPAL EMPLOYEES
DISTRICT COUNCIL 88 AFL-CIO**

AGREEMENT

RECOGNITION

Whereas, the Employees Local 1821 A of District Council 88 of the American Federation of State, County and Municipal Employees, AFL-CIO (hereinafter "Union") have engaged in collective bargaining sessions;

Whereas, the negotiations have resulted in agreement with respect to wages and other conditions of employment; and

Whereas, the terms of said agreement provided that the parties hereto would enter into a consolidated agreement containing all the terms of employment of the employees of who are represented by the Union:

Now, therefore, the parties hereto set forth the following terms which constitute their consolidated agreement:

ARTICLE I. MANAGEMENT RIGHTS

Except to the extent expressly abridged by a specific provision of this Agreement, PAWC reserves and retains solely and exclusively, all of its rights to manage its business.

The sole and exclusive rights of PAWC which are not abridged by this Agreement shall include, but are not limited to, its right to establish or continue policies, practices and procedures for the conduct of its business and from time to time to change or abolish such policies, practices or procedures; to determine and from time to time re-determine the number, location and types of its operations, and the methods and processes to be employed; to discontinue processes or operations in whole or in part; to transfer, sell or otherwise dispose of its business in whole or part; to determine and from time to time re-determine the number of hours per day or per week operations shall be carried on; to select and to determine and from time to time re-determine the number and classifications of employees required; to determine and from time to time re-determine the work to be assigned to such employees; to subcontract work to establish and change work schedules and assignments; to transfer, promote, or demote employees, or to lay off, terminate, or otherwise relieve employees from duty for lack of work or other legitimate reasons; to make and enforce reasonable rules for the maintenance of discipline and protection of life and property; to suspend, discharge or otherwise discipline employees for just cause; and otherwise to take such measures as PAWC may determine to be necessary for the orderly and economical operations of its business.

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ARTICLE II. PURPOSE

It is recognized by the parties hereto that PAWC is engaged in furnishing an essential public service which vitally affects the health, safety, comfort and general well being of a large number of people in communities furnished with water and/or sewer service by PAWC. The responsibility of uninterrupted service to the public is a mutual responsibility of employees and management, which requires that any disputes arising between employees and management be settled in an orderly way without interruption of water and/or sewer service, and both parties to this Agreement hereby recognize this mutual responsibility.

ARTICLE III. CONTRACT TERM

The term of this Contract shall be for five (5) years, effective March 23, 2006, and ending March 22, 2011.

ARTICLE IV. WAGES

Section 4.1. Effective March 23, 2006, the base rate of pay all employees in the bargaining are as indicated in the following table.

Position	Current Hourly Rate as of 3/22/06	3/23/06	3/23/07	3/23/08	3/23/09	3/23/10
Distribution Crew Member	\$15.73	\$17.73	\$18.45	\$19.17	\$19.89	\$20.58
Distribution Crew Member	\$17.35	\$18.00	\$18.65	\$19.30	\$19.94	\$20.58
Distribution Crew Member	\$17.54	\$18.15	\$18.76	\$19.37	\$19.98	\$20.58
Distribution Crew Member	\$18.41	\$18.82	\$19.25	\$19.68	\$20.12	\$20.58
Laborer	\$16.73	\$17.11	\$17.49	\$17.89	\$18.29	\$18.70
Water Treatment Operator	\$19.98	\$20.90	\$21.81	\$22.72	\$23.63	\$24.54
Water Treatment Operator	\$20.44	\$21.34	\$22.23	\$23.12	\$24.00	\$24.54
Water Treatment Operator	\$21.72	\$22.30	\$22.88	\$23.44	\$24.00	\$24.54
Water Treatment Operator	\$21.91	\$22.44	\$22.95	\$23.48	\$24.00	\$24.54
Water Treatment Operator	\$21.96	\$22.45	\$22.96	\$23.48	\$24.00	\$24.54
Maintenance/Relief Opr.	New Position	\$22.50	\$23.01	\$23.52	\$24.05	\$24.59
Waste Water Operator	\$18.73	\$19.72	\$20.59	\$21.44	\$22.29	\$22.85
Waste Water Operator	\$19.67	\$20.31	\$20.95	\$21.59	\$22.22	\$22.85
Waste Water Operator	\$19.99	\$20.57	\$21.15	\$21.73	\$22.31	\$22.85
Waste Water Operator	\$20.44	\$20.90	\$21.37	\$21.85	\$22.34	\$22.85
Laboratory Technician	\$18.93	\$19.73	\$20.53	\$21.33	\$22.13	\$22.85
Meter Reader	\$15.73	\$16.08	\$16.44	\$16.81	\$18.28	\$18.69
Collections Syst Specialist	\$19.32	\$19.75	\$20.20	\$20.65	\$21.12	\$21.59
Collection Syst. Assistant	\$18.27	\$18.94	\$19.61	\$20.28	\$20.95	\$21.59
Collection Syst. Assistant	\$18.13	\$18.83	\$19.52	\$20.21	\$20.90	\$21.59

Section 4.2. Reduced Hire Rate Effective March 23, 2006, the following wage progression will be in effect.

- 4.2.a. During the first year of service, pay will be \$2.50 less than full rate.
- 4.2.b. During the second year of service, pay will be \$2.00 less than full rate.
- 4.2.c. During the third year of service, pay will be \$1.50 less than full rate.
- 4.2.d. During the fourth year of service, pay will be \$1.00 less than full rate.
- 4.2.e. At the fifth year of service pay will be the full rate.

Section 4.3 – Pay for Operator Certification
Effective March 23, 2006 any employee who obtains and maintains a State Certification that is applicable to their current job classification will be paid an additional twenty-five cents (\$0.25) per hour or until full rate has been achieved.

ARTICLE V. VACATIONS

Section 5.1. Earning of Vacation. Employees shall earn vacation according to their seniority determined as of the date of an employee's employment (date of most recent hire). Those employees leaving before the end of the year shall receive vacation pay prorated from the date of the most recent hire. Preference for scheduled vacation will be given according to seniority within the department. The maximum number of employees on vacation at any one time shall be at the sole discretion of PAWC. Each week of eligible vacation pay shall be computed on the basis of the applicable employee's normal workweek. Employees who have earned two (2) weeks of vacation are eligible to use one (1) week in full day increments. Employees who have earned three (3) or more weeks of vacation are eligible to use two (2) of those weeks in full day increments. Requests for more than three (3) days vacation shall be submitted to PAWC at least two (2) weeks in advance of the date the vacation is planned to begin.

Section 5.2 - Vacation Year
The vacation year shall, in all cases, be the calendar year beginning January 1 and ending December 31. No vacation may be taken until earned.

Section 5.3 – One Week Vacation
Each employee with one (1) year but less than two (2) years of continuous service in any vacation year shall be entitled to one (1) week's vacation with pay each vacation year.

Section 5.4 – Two Weeks Vacation
Each employee who, within any calendar year, will have completed two (2) or more continuous years in the service of the Company shall be entitled to a vacation of two (2) weeks.

Section 5.5 – Three Weeks Vacation
Each employee who, within any calendar year, will have completed five (5) or more continuous years in the service of the Company shall be entitled to a vacation of three (3) weeks.

Section 5.6 – Four Weeks Vacation
Each employee who, within any calendar year, will have completed ten (10) or more continuous years in the service of the Company shall be entitled to a vacation of four (4) weeks.

Section 5.7 – Five Weeks Vacation
Each employee who, within any calendar year, will have completed fifteen (15) or more continuous years in the service of the Company shall be entitled to a vacation of five (5) weeks.

Section 5.8 – Vacation Pay

For each full week of vacation to which an employee is entitled, he/she shall be paid an amount equal to forty (40) times his/her hourly rate in effect at the time he/she goes on vacation.

Section 5.9 – Vacation Pay of less than one (1) week

For vacations of less than one (1) week, the employee shall be paid for each day of such vacation an amount equal to eight (8) times his/her hourly rate in effect at the time he/she goes on vacation.

Section 5.10 – Vacation Scheduling

Promptly by April 30th after January 1 of each calendar year, each eligible employee shall be requested to specify the full week vacation period the employee desires. Vacations will, so far as possible, be granted at times most desired by employees (Seniority will be given preference as to Choice), but the final right to allot vacation periods, and the right to change such allotments, is exclusively reserved to the Company in order to insure the orderly operation of the business.

Section 5.11 – Vacation Carry Over

Beginning 2007, one week of vacation may be carried over subject to approval by supervisor, and must be used no later than April 30th of the following year.

Section 5.12. Payment of Vacation Upon Separation of Employment. Upon separation from employment, the employee will be paid any pro rata share of vacation that he/she has earned and has not taken. This value will be calculated from the original date of employment and the entitlement will be calculated by subtracting the vacation used by the employee from the total amount of vacation earned (including reimbursement as provided in this section).

ARTICLE VI. SICK LEAVE

Section 6.1. Sick Leave Defined. Each PAWC employee is eligible for fourteen (14) working days of sick leave with pay for each calendar year. Sick leave unused during the previous twelve (12) months shall be added to the employee's accumulated unused sick leave. Sick days shall be prorated at the rate of 1.166 day per month during the first and final year of employment.

Section 6.2. Doctor's Excuse Required. After an absence of three (3) consecutive days, an employee shall be required, upon request from PAWC, to present a doctor's excuse for the sick leave taken. A doctor's excuse shall contain a return to work date. If an employee has shown a pattern of taking a sick day immediately before or immediately after a holiday the employee will be given prior notice that PAWC will require a doctor's excuse. If in the future the employee continues with this pattern a doctor's excuse will be required in order to be paid for the holiday. Also, if an employee has established a pattern of abusing sick time, the employee may be required to furnish a doctor's excuse after one day's absence for sick leave. The employee shall be notified in advance that an excuse shall be required for all sick leave used for the next four (4) months.

Section 6.3. Accumulation of Sick Leave. Unused sick leave may be accumulated up to a maximum of eighty (80) days.

ARTICLE VII. SENIORITY

Section 7.1. Seniority Defined. Seniority shall be understood as length of uninterrupted service with PAWC from the date of most recent hire. Seniority will be based on Original Hire Date for the purposes of governing the scheduling of vacations, upgrades (if employees are equal

in all other respects), choice of shifts (other than normal rotation), availability of voluntary overtime and layoffs Uninterrupted service shall mean periods of service outside of PAWC's employment for no more than thirty (30) days.

Section 7.2.1. Extension of Work Day. PAWC may require any employee to extend his working day by up to eight (8) hours of overtime.

Section 7.2.2. Prior Notice of Overtime. If PAWC has at least eight (8) hours notice that a replacement is required for a full shift, for which coverage is desired, PAWC shall call first upon employees from a rotating list of those qualified and available on a voluntary basis

Section 7.2.3. Intent of Section. The intent of this section is to assure PAWC of qualified and available workers at all times with preference for those qualified and available and to distribute such overtime on a rotating voluntary basis subject to qualifications and availability and providing for mandatory overtime by the lowest in seniority when required.

Section 7.3. Layoffs by Seniority. In the event layoffs shall become necessary, such layoffs, including temporary layoffs, shall be made on the basis of seniority among employees of a certain department. However, a laid off employee shall be permitted to exercise his seniority rights to bump within the employee's existing department. If unable to bump within the existing department, the employees may bump into former departments served in reverse chronological order of service. Incomplete probationary time shall not count toward seniority in a department. The bumping employee has a thirty (30) day trial period to perform the job satisfactorily.

Section 7.4. Recall from Layoff by Seniority. Employees shall be recalled from layoff according to their seniority as long as they possess the required skills, ability and certification for the recalled position. No new employees shall be hired until all employees on layoff status desiring to return to work and possessing the required skills, ability and certification to perform the job have been recalled. Employees shall be on recall list for a period of eighteen (18) months, or the length of the contract, whichever is longer.

ARTICLE VIII. PERSONAL DAYS

Each employee shall receive five (5) personal days to be used at the discretion of the employee, provided said employee provides PAWC with at least twenty-four (24) hours advance notice. For purposes of this provision, notice to the employee's supervisor shall be sufficient notice. Personal days shall be prorated during the first and final year of employment.

ARTICLE IX. WORK WEEK, OVERTIME AND HOLIDAY PREMIUM PAY/ SHIFT DIFFERENTIAL

Section 9.1. Scheduling Work Hours. PAWC retains the right to schedule hours of work. However, with the exception of employees engaged in continuous operations or regularly working at least part of the work week, more than eight (8) hours per day or more than five (5) work days of each seven (7) day calendar week. Days off shall consist of at least two (2) consecutive days in the work week.

Section 9.2. Work Day Defined. The work day shall consist of any 24 hours in a pre-established work schedule beginning with the scheduled reporting time from the employee's shift.

Section 9.3. Work Shift Defined. The work shift shall consist of eight (8) work hours within a pre-established work schedule or other pre-established schedules that may now exit.

Section 9.4. Regular Work Hours. The regular hours of work for any shift shall be consecutive except that they may be interrupted by a meal period.

Section 9.5. Posting of Work Schedules. Work schedules showing the employees' shifts, workdays, and hours shall be posted and made available to employees. Absent emergency situations, schedules shall be posted fourteen (14) days in advance.

Section 9.6. Changes of Time. Except for emergency situations, changes of starting or finishing time or other schedule changes shall not be implemented without first discussing changes with the Union.

Section 9.7. Leaving Assigned Job. Notwithstanding the above, no employee will leave his assigned job unless properly relieved by qualified personnel. In addition, no employee will be required to work more than a double shift in any one (1) day, except under emergency conditions. Under such circumstances the employee will be entitled, where capable, of completing his regular scheduled workweek. In the event that his situation arises, PAWC shall attempt to replace the employee with another employee. If PAWC cannot find an employee who will volunteer to work, the employer will require the least senior qualified employee to work

Section 9.8. Unpaid Lunch Period. Any employee who normally receives an unpaid lunch period under the above provision and who is required to stay on duty during the normal daily shift and perform the job, shall be paid for this time at the appropriate rate.

Section 9.9. Paid Meal Period Beyond Normal Shift. In the event that any employee is required to work an additional three and one-half (3-1/2) hours beyond his normal shift, the employee, when operational needs permit, shall receive a one-half hour paid meal period between his regular shift and the additional hours.

Section 9.10. Time and One-Half. All hours over eight (8) hours a day shall be at time and one-half.

Section 9.11. Hours Over Forty. All hours over forty (40) hours in any one week shall be at time and one half.

Section 9.12. Work Day Defined. Any work performed by an employee on their first regularly scheduled day off shall be paid at time and a half and work performed on the employee's second regularly scheduled day off shall be paid at double time unless there has been a change in schedule at the request of the employee.

Section 9.13. Holiday Pay. Any work performed by an employee on holidays shall be at the triple time, unless there has been a change in schedule at the request of the employee.

Section 9.14. No Duplication or Pyramiding of Overtime. Overtime payment shall not be duplicated or pyramided for the same hours worked, and to the extent that hours are compensated for by overtime rates under one provision of the Agreement, they shall not be counted as hours worked in determining overtime payments under the same or any other provision of the Agreement. Only one premium pay shall be paid for any period of overtime. In cases where two (2) premium pays may be applicable, the highest premium pay shall be the only premium pay paid for that day or those hours worked.

Section 9.15. Shift Assignments by Seniority. Shift assignments shall be by seniority.

Section 9.16. Minimum Call Out Time. A minimum of ^{three} ~~two~~ (3) hours shall be paid at the appropriate rate of pay if called out for overtime while off duty; but no minimum shall apply if the overtime is an extension of a regular tour of duty. For purposes of this provision, once an employee has punched the time clock to end the work duty for the day, any call back of that

three WF

employee for extended duty shall result in a minimum of ~~two~~ (3) hours pay. However, previously scheduled overtime within two (2) hours of the employee's regular shift start time, that is arranged prior to the end of the previous day's shift, shall not be considered "call out," but will be paid at the regular 1-1/2 overtime rate. Management agrees not to abuse previously scheduled overtime.

Section 9.17. Voluntary Overtime. Voluntary overtime shall be offered on a continuously rotating basis beginning with the most senior personnel at the top of the list.

9.17.a In the event there are insufficient volunteers, overtime shall be assigned by seniority. All employees, including those who do not desire voluntary overtime, are expected to be available for mandatory or unscheduled overtime associated with general overtime call-outs. An employee will be considered available if the Employer has been notified of the employee's whereabouts. (i.e, a telephone number where the employee can be reached.

9.17.b. While it is understood that employees are required to be available for mandatory or unscheduled overtime associated with general overtime call-outs, an employee who is unavailable for such call-outs will not be disciplined in a manner that is Arbitrary or Capricious.

9.17.c It's recognized the Network and Collections department needs a reliable list of candidates for call-out overtime that may or may not occur. The Employer shall seek volunteers for the performance of the overtime work on a weekly basis by seniority starting on the first working day of the week. In the event no one volunteers to take call for the week, the employer shall have the right to assign such work on a non-volunteer basis, starting with the least senior employee. Each time thereafter, using the same seniority process, if no one volunteers to take call, the next least senior person will be assigned and continue on an inverse rotating manner. This process is to enable supervisors to assign mandatory overtime to all employees in these departments

Section 9.18. Shift Differential There shall be a Shift differential of \$0.15 for 2nd and 3rd Shifts.

ARTICLE X. SYMPATHY LEAVE

In the event of the death of a spouse, child, step-child, grandchild, parent, step-parent, mother-in-law or father-in-law, grandparent, brother or sister, step-sibling of a full-time employee, such employee shall be granted a leave of absence not to exceed three (3) days, with full pay. In order to be granted sympathy leave, the employee shall not otherwise be scheduled off. In the event an employee is already scheduled off for another reason, sympathy leave shall not be granted.

ARTICLE XI. PAY PERIOD

The pay period will begin on Monday and end on Sunday.

ARTICLE XII. LIFE INSURANCE

Group Life Insurance will be provided by Pennsylvania-American Water Company in accordance with the American Water System policy.

ARTICLE XIII. HEALTH BENEFITS

Section 13.1. Group health, medical, hospitalization, dental and prescription benefits will be provided by Pennsylvania-American Water Company in accordance with the agreement between American Water Works Company, Inc. and all participating unions and shall apply to all eligible employees.

Section 13.2. Disability Insurance. (a) Short Term Disability: PAWC shall provide a short term disability benefit of 2/3 of the employee's pay to a maximum of \$500 per week for 26 weeks in accordance with the terms set forth by the plan administrator of the policy. While on Short Term Disability, the employee shall not collect both disability pay and accumulated sick leave pay in accordance with the Short Term Disability policy. Short Term Disability shall become effective on the 15th calendar day of an absence, due to illness or accident.

(b) This benefit is offered in lieu of the American Water Works Company, Inc., Short Term Disability Plan.

ARTICLE XIV. HOLIDAYS

All employees covered by this Agreement shall be entitled to eight (8) paid holidays per year as follows: New Year's Day, Rev. Martin Luther King Jr.'s Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving and Christmas Day.

All Shift employees will observe Holidays as they fall within the Calendar Year.

ARTICLE XV. PENSION BENEFITS

Pension benefits will be provided by American Water Works Inc., for all eligible employees in accordance with the agreement between American Water Works Company, Inc. and all participating unions.

ARTICLE XVI. 401(k) SAVINGS PLAN

The American System 401(k) Savings Plan will be provided by Pennsylvania-American Water Company in accordance with the agreement between American Water Works Company, Inc. and all participating unions.

ARTICLE XVII. JOB SAFETY

PAWC agrees to assure the health and safety of all employees in accordance with local, state, and federal laws applicable to local municipalities. A safety committee composed of PAWC's safety coordinator, the supervisor of the applicable department and the shop steward of the applicable area or department shall be established to make a semiannual safety survey and make recommendations with respect to any problems which may arise.

ARTICLE XVIII. UNION ACTIVITY

Section 18.1. Union Recognition. PAWC recognizes the Union as the exclusive collective bargaining agency for all employees of PAWC covered by this agreement. The Union shop steward for the affected operations area may interview individual members during working hours for the purpose of investigating grievances provided that such activities do not interfere with operations. Permission shall be obtained from the PAWC supervisor of the operations facility or department in question when access to that facility or department is requested or leaving work from that facility. Permission shall not be unreasonably denied by PAWC.

Section 18.2. Dues. PAWC agrees to deduct the Union membership dues, fees and assessments once a month from the pay of those employees who individually request in writing that such deductions be made. The amount to be deducted shall be certified to PAWC by the Union and the aggregate deductions of all affected employees shall be remitted together with an itemized statement to the Union by the fifteenth (15th) day of the succeeding month after such deductions are made.

This authorization shall be irrevocable during the term of this Agreement unless the employee exercises the right to withdraw Union membership during the last fifteen (15) days prior to the expiration date of this Agreement. The employee's authorization shall be on a Union dues deduction card.

Section 18.3. Union Security. Any employee who, on the effective date of this Agreement, is a member of the Union and each employee who becomes a member after that date, must remain a member for the duration of this Agreement with the provision that any such employee may resign from the Union during a period of fifteen (15) days prior to the expiration date of this Agreement. The payment of dues and assessments while a member shall be the only requisite employment condition.

Section 18.4. Bulletin Boards. The Union shall have full access to a bulletin board at permanent work locations for the purpose of posting useful information for people within the Union.

Section 18.5. Access to Employer's Premises. Full time Union representatives shall be granted access to the facilities of PAWC to investigate, discuss or process grievances and for the purpose of bargaining. The Manager shall be informed whenever such representatives intend to present. No Union business shall be conducted on PAWC time or PAWC property.

Section 18.6. Union Membership. PAWC has agreed not to interfere with the rights of employees to become members of the Union, and there shall be no discrimination, interference, restraint or coercion by PAWC or any PAWC representative against any employee because of Union membership or because of any employee activity in an official capacity on behalf of the Union or for any other cause related to Union activity.

Section 18.7. Strikes Lockouts. The Union agrees that during the term of this Agreement, neither the Union nor its agents, nor its members will authorize, instigate, aid, condone or engage in a work stoppage or strike. PAWC agrees that during the same period there shall be no lockouts.

Section 18.8. Fair Share Fee. After a fourteen (14) day written notice from the Union, PAWC agrees to deduct a fair share fee from all employees in the bargaining unit who are not members of the Union. Authorization from non-members to deduct fair share fees shall not be required. The amounts to be deducted shall be certified to PAWC by the Union, and the

aggregate deductions of all employees shall be remitted together with an itemized statement to the Union by the fifteenth (15th) day of the succeeding month after such deductions are made.

Upon request, PAWC shall provide the Union a list of all bargaining unit employees. This list shall contain the employee's name, social security number, address and whether the employee is a member or non-member of the Union.

The Union shall indemnify PAWC and hold PAWC harmless against any and all claims, suits, orders or judgments arising from this provision or, brought or issued against PAWC as a result of actions under the provisions of this Article.

ARTICLE XIX. WORKERS COMPENSATION

An employee who is temporarily disabled as a result of injury by an accident in the course of his employment, as defined in the Pennsylvania Workers' Compensation Act shall receive full pay for the first month of his disability, without charge against annual sick leave, less the amount of any Workers' Compensation payments payable during such period. After the first month of work related illness or injury, the disabled employee will receive only what the Workers' Compensation Carrier provides equivalent to 2/3 regular wages.

ARTICLE XX. JOB ASSIGNMENTS

Section 20.1. Posting of Job Vacancies. All job vacancies shall be posted for fifteen (15) calendar days to afford the employees an opportunity to apply for vacant positions that are posted.

Section 20.2. Consideration of Employees for Vacancies. Before any employees are hired for vacancies, employees of PAWC shall be considered for such vacancies, on the basis of skill, ability and seniority. Where skill and ability are equal, then seniority will govern. Notice for job vacancies shall be posted on all Union bulletin boards for fifteen (15) calendar days. Within that time, interested employees shall apply to their supervisors for each vacancy. PAWC may grant a trial period to any such employee which trial period shall not exceed ninety (90) calendar days. The employee shall be paid at the rate for the new job during the trial period. An employee who does not perform satisfactorily, or is not satisfied with the position, and returns to his or her former job, shall be paid at the rate of his or her former job. Any employee who returns to his or her former job either because of dissatisfaction with the new position or unsatisfactory performance may not post for another job for six (6) months after returning to the original position. PAWC shall be the sole judge of what constitutes satisfactory performance in the new job under this Agreement.

Section 20.3. Temporary Employees. PAWC may hire temporary employees and use volunteers and other special programs as long as there are no layoffs or reduction of hours in a workweek or harmful effect on the bargaining unit as a direct result thereof, and, provided further, that such temporary employees would not come within the provisions of this Collective Bargaining Agreement. Supervisors will be responsible for the supervision of such temporary employees. Prior to implementing any special program utilizing volunteers, PAWC shall meet and discuss with the Union.

ARTICLE XXI. EMPLOYMENT SECURITY

PAWC agrees that no regular employee shall be laid off or a vacancy in a regular job classification allowed to exist as a result of maintenance and operation work, coming under the jurisdiction of this Agreement, being done by outside contractors. Provided, however, that his

Section shall be inoperative if, in any emergency, PAWC makes a bona fide effort to call its employees to work and cannot reach them. The information contained herein shall not prevent CCA from:

- A. Engaging outside contractors to perform such work in the event of emergency;
- B. Engaging outside contractors to perform such work when PAWC's employees are not available to do it; or cannot complete it within PAWC's time requirements;
- C. Engaging outside contractors to perform any work which, in judgment of PAWC, PAWC has no employees qualified to perform.

ARTICLE XXII. GRIEVANCE AND ARBITRATION PROCEDURE

Section 22.1. Definition. A grievance is a dispute raised by an employee, employees or employer, and filed by the employee, employees, or employer, involving the interpretation or application of the express terms of this Agreement and conditions of employment. The parties shall make every reasonable effort to resolve grievances at each step of the process outlined in this Article. There shall be no suspension of work on account of any grievance by an employee, and no employee shall leave work to discuss a grievance matter without notifying his immediate supervisor. The employee and the Union shop steward shall have reasonable time to investigate and present grievances during working hours.

Section 22.2. Sequence. Not later than ten (10) days after the incident or occurrence prompting the grievance, the employee having the grievance shall discuss the matter verbally at a meeting with the employee's supervisor, and where the shop steward or local Union official shall be in attendance unless the employee determines at that time that the presence of the shop steward or local Union official is not necessary. If the grievance is not resolved within ten (10) days of this initial discussion then the written grievance must be submitted in the following sequence:

- (a) To the department supervisor
- (b) To the Manager
- (c) To the Arbitrator

Section 22.3. Form of Appeal and Representation. A grievance must be presented in writing and dated at each step. The grievance shall be explained clearly and it must cite the contract provision allegedly violated, the relief sought and other pertinent details. The grievance shall be signed by the employee or a local Union official. The employee shall be entitled to representation of his/her choosing in processing a grievance. The employer shall have no legal obligation to pay for the employee's lawyer or other professional representation.

Section 22.4. Decisions and Time Limits. Informal hearings shall be held at Steps (a) and (b); these hearings shall be scheduled within five (5) days. A decision shall be made within five (5) days of the hearing at Step (a) and within fifteen (15) days at Step (b). Failure to receive a decision within these time limits shall entitle the employee to appeal to the next step. If a grievance is not appealed to the next step within fifteen (15) days of a decision, it shall be considered settled on the basis of PAWC's last answer. The time limit in each step may be extended in writing by mutual consent of the parties involved at any step. As used herein, "days" shall mean workdays of Monday through Friday, exclusive of holidays.

Section 22.5. Right to Mediation. After a grievance has been filed, prior to involving the arbitration procedure, either the employer or the Union shall have the right to utilize the PA Bureau of Mediation to attempt grievance resolution without prejudice to either party's right to arbitrate.

Section 22.6. Arbitration. If the grievance is not settled in accordance with the foregoing procedure, the employee may refer the grievance to arbitration within fifteen (15) working days after receipt of the answer to Step (b).

The arbitrator shall be a person mutually agreed upon of, if such a person cannot be agreed upon with twenty (20) days after submission of the request for arbitration, then the employee and Union and PAWC shall jointly request the American Arbitration Association to submit a list of seven (7) Arbitrators (who are members of the American Arbitration Association) to the parties. Each party shall alternatively strike a name until (1) name remains and that person shall be the Arbitrator. The employee (Union) shall strike the first name.

Section 22.7. Submission to Arbitrator. Only a grievance which has been prosecuted through the grievance procedure set forth in this Article may be submitted to an Arbitrator.

Section 22.8. Jurisdiction and Authority of Arbitrator. The jurisdiction of the Arbitrator shall be limited to determination of the facts and the interpretation and application of specific provisions of this Agreement at issue. The decision of the Arbitrator shall be based solely on his/her interpretation of the meaning or application of the express terms of this Agreement to the facts of the grievance presented. The Arbitrator shall be bound by the provisions of this Agreement and shall have authority to suggest amendments, modifications, additions to or subtractions from the provisions of the Agreement, or to rule upon wage increases as set forth in the Agreement, or management prerogative. The Arbitrator shall consider and reach a decision only in the specific issue or issues submitted to him/her in writing by the parties, and shall have no authority to make his/her decision on any other issue not so submitted.

The Arbitrator shall submit his/her decision in writing within thirty (30) days following the close of the hearing or submission of briefs, whichever is later, unless the parties agree to an extension. The decision of the Arbitrator shall be binding upon both parties. All fees and expenses of the Arbitrator shall be divided equally between the parties except where one of the parties of this agreement requests a postponement of a previously scheduled arbitration meeting which results in a postponement charge. The postponing party shall pay such charge unless such postponement results in a settlement of the grievance in which event the postponement charge will be divided equally between the parties. A postponement charge resulting from a joint postponement request shall be shared equally by the parties. Each party shall bear the costs of preparing and presenting its own case. Either party desiring a record of the proceedings shall pay for the record and make a copy available, without charge, to the arbitrator.

Section 22.9. Exclusive Remedy. The grievance and Arbitration procedure set forth in this Article shall be the exclusive remedy for the disposition of any claim, dispute or grievance relating to this Agreement or terms and conditions of employment against PAWC.

If the employee or the Union fails to initially present the grievance within the ten (10) working days of the occurrence, or to appeal in the foregoing steps of this grievance procedure to any further step, or to give notice of its intent to present the grievance to an Arbitrator and notify the American Arbitration Association with the time limits set forth above, the grievance shall be deemed closed and not subject to further discussion or appeal. However, the time limits may be extended to a date certain, but only if the parties mutually agree in writing.

ARTICLE XXIII. JURY DUTY

Employees required to perform jury duty or subpoenaed to attend court in an action to which they are not an interested party shall be granted leaves while attending court. Evidence of such duty in the form of subpoena or other written notification shall be presented to the employee's immediate supervisor as far in advance as practicable. The employee shall receive

the difference between the salary he/she would have received had he worked a normal week less what he receives for such jury duty or court appearance.

ARTICLE XXIV. NONDISCRIMINATION

There shall not be any discrimination against anyone covered by this Agreement because of race, color, creed, sex, religion, national origin, age, membership or non-membership in the Union.

ARTICLE XXV. SEPARATION

In addition to voluntary retirement, an employee may be separated from the service of PAWC by any of the following methods:

Section 25.1. Resignation. To resign in good standing any employee must give his division head or department head at least fourteen (14) calendar days prior notice.

Section 25.2. Quitting. An employee who fails to report to work for five (5) consecutive work days without authorized leave shall be separated from the payroll and reported as "quit."

Section 25.3. Separation After Disability. An employee has the right to return to the position held prior to the injury or disability provided the employee is capable of performing duties required for that position, and further, provided the employee returns to work within a period one year from the date of the injury or disability.

Section 25.3.1. Recurring Disability. If an employee returns to the position within one year from the date of injury or disability, but has a recurrence of the same injury or disability within six (6) months from the date of return to the position, for the purposes of determining the one year period, the date of disability will be that date of the original injury or disability.

Section 25.3.2. Right to Fill Vacancy. If an employee is terminated after one year due to injury or disability, the employee has the right to return to the position held before the injury or disability if a vacancy in that position occurs within two (2) years from the date of termination, and, further, provide the employee is capable of performing duties required for that position.

Section 25.4. Unpaid Leave of Absence. Leaves of absence for a period not to exceed six (6) months within one calendar year may be granted for any reasonable purpose, and such leaves may be extended or renewed. Any unpaid leave exceeding two (2) weeks shall not accrue seniority, paid leave or employee benefits. PAWC shall be the sole judge of what constitutes reasonable purpose under this section.

Section 25.4.1. Eligibility Requirements. Regular full-time employees shall be eligible for a Leave of Absence without pay after one (1) year of service with PAWC.

Section 25.4.2. Application of Leave. Any request for a Leave of Absence shall be submitted in writing by the employee to the Manager with a copy to the immediate supervisor. The request shall state the reason the Leave of Absence is being requested and length of time off the employee desires.

Section 25.4.3. Authorization. Authorization for a Leave of Absence shall be furnished in writing to the employee with a copy to his immediate supervisor and it shall be in writing.

Section 25.4.4. Return to Work. The decision as to whether an employee shall be returned to the position held at the time the Leave of Absence was requested shall be made after a meet and discuss between management and labor is held.

ARTICLE XXVI. DISCIPLINARY ACTIONS

Section 26.1. Dismissals. Dismissals are discharges or separations made for delinquency, misconduct, inefficiency, inability to perform the work of the position satisfactorily, or other reasons as provided in this Article XXV. To resign in good standing any employee must give his division head or department head at least fourteen (14) calendar days prior notice.

Section 26.2. Suspension. A supervisor may, for disciplinary purposes recommend suspensions without pay of an employee in his department for such length of time he considers appropriate. A written statement specifically setting forth reasons for such suspension shall be furnished to the affected employee by his/her department supervisor and a copy filed with the Manager who shall make all decisions on suspensions. An employee may be suspended by the Manager for a longer period, depending on the investigation or outcome of a hearing on the charges against the employee.

Section 26.3. Reasons for Disciplinary Action. PAWC has the right to establish and enforce rules to maintain discipline, order and productivity and to protect employees and property generally. PAWC has the right to enact reasonable work rules. PAWC has the right to maintain discipline and efficiency and may discharge, suspend or otherwise discipline any employee for proper cause.

Section 26.4. Grievance on Discipline or Dismissal. An employee shall have the right to file a grievance alleging that he has not be disciplined or discharged for proper cause. If the grievance is not filed within ten (10) calendar days from the date of discharge for the imposition of discipline, then said discharge or discipline shall not be arbitrable. An employee grievance concerning discipline must be processed according to the terms of the grievance procedure set forth in this contract.

Section 26.5. Forms of Discipline. Disciplinary action or measures with just and proper causes shall include but are not limited to:

- Verbal Reprimand (with written notification of verbal reprimand to be given to employee and Union, with a copy in the employee file)
- Written Reprimand
- Suspension
- Discharge

The above forms of discipline are a list of the types of discipline and shall not be construed as a set procedure of progressive discipline which must be followed in every disciplinary action.

Written notice of all disciplinary actions shall include both the reason for the discipline and the date and shall be filed with the Union and District Council 88.

Section 26.6. Purging of Employee Records. After two (2) years of good conduct, an employee's record shall be purged of any disciplinary entries other than two years.

ARTICLE XXVII. MISCELLANEOUS PROVISIONS

Section 27.1. Military Leave. PAWC agrees to follow all applicable federal or state laws with respect to compensations of employees on military leave with the PA National Guard or the military reserve.

Section 27.2. Training. PAWC shall pay for tuition and mileage upon successful completion of any course of instruction mandated or authorized by PAWC subject to the prior approval of the course by the Executive Director. In the event that more employees desire to attend a course than PAWC shall authorize, PAWC supervisors shall authorize the employees who shall attend such courses according to who signed up first unless there is a need to have an employee in a particular job classification attend such course. Correspondence courses are generally reimbursed under this provision if they are approved in advance by the supervisor and deemed by management to be directed related to employee's job. PAWC will reimburse the employee for such courses when the employee provides proof of payment and successful completion of course.

Section 27.3 PAWC Training Election. PAWC may elect to enroll an employee in a seminar or training program when Management deems it of value to PAWC or it is a state or federal requirement. Under these circumstances PAWC will pay the full cost of registration, materials, books, travel, lodging and meals. PAWC will pay the employee no more than eight (8) hours and at his/her regular base rate while attending seminars and training programs occurring during normal work hours. Enrollment will not interfere with previously scheduled vacation time or regular days off without appropriate compensation.

Section 27.4. Equipment. All employees shall be furnished basic equipment consisting of knee high work boots, apparel, rain suit and hat, work glove, safety glasses, safety hat and liner, uniforms and jackets. Equipment will be replaced as needed, with the employee's supervisor determining need, and upon return of worn or damaged items.

Section 27.5. Required Uniforms. All operations employees, in positions provided under the Collective Bargaining Agreement shall wear PAWC issued uniforms and ANSI approved boots at all times during work hours. Operations employees shall be in uniform at the start of his/her workday and shall remain in full uniform until he/she has clocked out at the end of the his/her work shift.

Section 27.6. Benefits Pro-rated. Vacation time and personal time accrued since January 1st of the year in which death or termination occurs shall be paid on a prorated basis upon separation.

Section 27.7. Labor Management Committee. PAWC agrees that regular meetings between labor representatives and management conducted in a non-confrontational setting may be beneficial to PAWC. In that regard, a labor management committee shall be established to meet when necessary to discuss matters of mutual importance to PAWC and labor, or problems that arise in PAWC operations. Union input will be invited on issues that re discussed at the meetings. Special meetings may be called and agreed upon by both PAWC and the Union.

ARTICLE XXVIII. PROBATIONARY PERIODS

Section 28.1. Upgrade Probationary Return Period. An employee who is upgraded shall be able to return to his or her previous position within 90 calendar days of the upgrade. It is understood that a lock step downward transfer of employees may occur as a result and that a newly hired employee might have to be released. The Union agrees that such an occurrence shall not constitute a grievance.

Section 28.2. Probationary Period for New Employees. PAWC shall be entitled to a probation period of ninety (90) calendar days for all new employees. During such periods PAWC, in its sole discretion, may terminate such employees without recourse to the grievance and arbitration procedure. By written agreement between PAWC and the local Union or District Council 88 of AFSCME, the probationary period may be extended up to ninety (90) calendar days for a total of one hundred and eighty (180) calendar days.

ARTICLE XXIX. WORK RULES

Section 29.1. Notice of Work Rules. While PAWC retains unimpaired its right to adopt all reasonable work rules, notice of modification to existing rules and/or new rules which because of their nature, do not require immediate implementation will be provided to the Union prior to their becoming effective.

Section 29.2. Posting of Work Rules. Absent a need for immediate implementation, PAWC shall post the modification of existing work rules and/or new work rules pertaining to a department or job prior to the time when such rules shall become effective.

Section 29.3. Providing Work Rules to Employees. As existing work rules are reduced to writing pursuant to the first section of this Article, all employees shall receive a copy for work rules pertaining to his or her job. PAWC shall endeavor to inform all new employees of existing work rules which are not self-evident and have not yet been reduced to writing and new employees shall receive a copy of existing work rules pertaining to his or her job that have been reduced to writing.

Section 29.4. Compliance with Work Rules. All employees shall comply with all existing, modified or new work rules. Failure to comply with said rules shall be deemed grounds for discipline, suspension or discharge. Any employee who feels has been wrongfully discharged for failing to comply with any work rules shall have the right to file a grievance concerning the matter pursuant to the procedure set forth in this Agreement.

ARTICLE XXX. SUCCESSORS

If, during the term of this Agreement, PAWC should sell its business, acquire another business, or merge its business with another employer, under such circumstances that such new owner and operator of PAWC's business or the surviving business would be a legal successor to PAWC under the National Labor Relations Act, then in such event it is agreed that such successor employer shall assume the terms and conditions of this Agreement for the balance of its remaining term. PAWC shall, following sale, merger or discontinuance of its present business operation covered by the terms of this Agreement have no further responsibility or obligations arising out of or as a result of this Agreement except if it is the surviving operating entity.

ARTICLE XXXI. TRANSFERS WITHIN COATESVILLE DISTRICT

Coatesville District includes the following operational departments: Network (including water distribution and sewer collection) and Production (including the water plant and the wastewater plant). The Company reserves the right to temporarily transfer employees between operational departments. The transfers will last no longer than 30 days. If the transfer required additional time beyond 30 days due to an empty position, the company will post the vacant position.

ARTICLE XXXII. PAST PRACTICE

It is mutually understood by PAWC and the Union that no other past practices or prior understandings, other than those set forth in this Agreement, shall be the basis of any claim by the Union or an employee against PAWC.

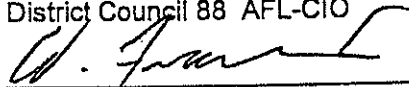
ARTICLE XXXIII. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties. Union Job Descriptions and includes all terms and conditions of employment including those existing prior to his contract, as amended by previous agreements and/or this Agreement.

ARTICLE XXXIV. FORMER AGREEMENTS

This Agreement represents the entire Agreement between the parties and there are no other Agreements except as set forth herein. This Agreement shall supersede all previous Agreements between the parties. No additional negotiations on this Agreement will be conducted on any item, whether contained herein or not, during the term of this Agreement. This provision does not exclude any item from negotiations for a subsequent contract.

American Federation of State,
County & Municipal Employees.
District Council 88 AFL-CIO



Walter Francis, Council Representative

Pennsylvania-American Water Co.


Jeff L. Chamberlain, Production Superintendent
Douglas J. DeArment, Network Superintendent
Susan L. Caruso, Manager Human Resources

Date

4-13-06

Date

4-26-06

ANNUAL INCENTIVE PLAN

Pennsylvania American Water Company
 AIP Payouts - Coatesville WW 2467
 Proforma - 12/31/10

Job Title	2010	2009	2008	Average AIP Payout
Supvr Production	8,976	5,577	5,890	6,814.33
Supvr Field Operations	7,839	5,246	5,437	6,174.00
			Total	12,988

NOTE: Please see Filing Requirement III.22 for additional information regarding the Annual Incentive Plan.

GROUP INSURANCE

**HORIZON BLUECROSS/BLUESHIELD
GROUP INSURANCE PREMIUM STATEMENT
(Rates effective January 1, 2010)**

COMPANY: Pennsylvania American Water Co.
MONTH OF: January 2010

Insurance/Employees:		Rate	Premium
ACTIVE EMPLOYEES			
LIVES LIFE INSURANCE:			
453	37,647,000	1 Life - Basic (Non Bargaining)	\$0.153 per \$1,000 \$5,759.89
654	37,835,600	2 Life - Basic (Bargaining)	\$0.153 per \$1,000 5,788.85
654	6,540,000	3 A. D. & D. (\$10,000 cov. per employee)	\$0.020 per \$1,000 130.80
453	37,647,000	4 A. D. & D. (Non Bargaining)	\$0.020 per \$1,000 752.94
29	2,449,010	5 Life - Voluntary Under 30	\$0.063 per \$1,000 154.25
32	3,418,236	6 Life - Voluntary 30-34	\$0.084 per \$1,000 287.13
47	5,914,587	7 Life - Voluntary 35-39	\$0.105 per \$1,000 621.03
58	7,123,616	8 Life - Voluntary 40-44	\$0.126 per \$1,000 897.58
80	9,902,519	9 Life - Voluntary 45-49	\$0.200 per \$1,000 1,980.50
73	9,180,273	10 Life - Voluntary 50-54	\$0.336 per \$1,000 3,084.57
43	5,363,480	11 Life - Voluntary 55-59	\$0.620 per \$1,000 3,325.36
17	1,254,311	12 Life - Voluntary 60-64	\$0.788 per \$1,000 996.28
1	115,000	13 Life - Voluntary 65-69	\$1.439 per \$1,000 165.49
0	0	14 Life - Voluntary 70 and over	\$2.321 per \$1,000 0.00
302	604,000	15 Life - Dependent Spouse	\$5.000 per Spouse 1,510.00
224	395,000	16 Life - Dependent Children	\$1.200 per Family 266.80
0	0	17 Life - Supplemental	\$0.298 per \$1,000 0.00
34	998,000	18 Life - Optional	\$0.298 per \$1,000 297.40
DISABILITY:			
2533862.97	1,107	19 Long Term Disability (non union only)	\$0.400 per \$100 10,135.45
0	0	20 Short-term Managed Disability	\$2.88 per EMPLOYEE 2,944.62
0	0	21 A. & S. Coverage for New Jersey only	\$0.302 per \$10 0.00
MEDICAL, DENTAL & PRESCRIPTION COVERAGE:			
171		22 Employees w/Single Coverage(Union)	\$419.00 71,649.00
		23 Employee and Spouse Coverage(Union)	\$0.00 0.00
		24 Employee and Children(Union)	\$0.00 0.00
449		25 Employee and Family(Union)	\$1,198.00 \$37,902.00
3		26 Employees with Single Dental coverage only(Union)	\$23.00 69.00
		27 Employee and Spouse Coverage Dental(Union)	\$0.00 0.00
		28 Employee and Children - Dental(Union)	\$0.00 0.00
4		29 Employee and Family Dental(Union)	\$70.00 280.00
99		30 Employees w/Single Coverage(Non-Union)	\$419.00 41,481.00
107		31 Employee and Spouse Coverage(Non-Union)	\$960.00 102,720.00
26		32 Employee and Children(Non-Union)	\$888.00 23,088.00
181		33 Employee and Family(Non-Union)	\$1,433.00 259,373.00
0		34 Employees with Single Dental Coverage only(Non-Union)	\$21.00 0.00
1		35 Employee and Spouse Coverage Dental(Non-Union)	\$45.00 45.00
0		36 Employee and Children - Dental(Non-Union)	\$55.00 0.00
1		37 Employee and Family Dental(Non-Union)	\$87.00 87.00

Actives' subtotal: **\$1,075,795.08**

CONTINUATION OF COVERAGE

MEDICAL, DENTAL, & PRESCRIPTION COVERAGE:			
2		42 Single-Union	\$419.00 838.00
0		43 Family (2 or more individuals)-Union	\$1,198.00 0.00
		28 Under age 65 dependent (1) of a deceased retiree	\$0.00 0.00
		29 Under age 65 dependents (>1) of a deceased retiree	\$0.00 0.00
		30 *Medicare supplement, in Comprehensive Plan	\$0.00 0.00
2		44 Single Dental coverage only-Union	\$23.00 46.00
0		45 Family with Dependent Dental coverage only-Union	\$70.00 0.00
2		46 Employee-Non-Union	\$419.00 838.00
0		47 Employee/Spouse (2 or more individuals)-Non-Union	\$960.00 0.00
0		48 Employee/Children-Non-Union	\$888.00 0.00
0		49 Employee/Family-Non-Union	\$1,433.00 0.00
1		50 Employee-Non-Union(Dental Only)	\$21.00 21.00
0		51 Employee/Spouse Non-Union(Dental Only)	\$45.00 0.00
0		52 Employee/Children-Non-Union (Dental Only)	\$55.00 0.00
0		53 Employee/Family-Non-Union(Dental Only)	\$87.00 0.00

Continuation of Coverage Subtotal: **\$1,743.00**

Total Premiums for Current Month: **\$1,077,538.08**

Total Employees Covered	1,107
Monthly Cost per Employee	\$ 973.39
Number of Employees Coatesville Wastewater Operations	13
GI Cost Coatesville Operations	\$ 12,654.02
Less Employee Contribution	\$ 1,677.05
Monthly Cost Coatesville Wastewater Operations	\$ 10,976.97
Annualized Cost	\$ 131,723.64
Less 3.77% not Charged to Operating Income	\$ 4,965.98
Pro Forma Expense	<u>\$ 126,757.66</u>

Pennsylvania American Water Company
 Coatesville WW Operations
 Proforma Employee Contributions

<u>Employee</u>	<u>Plan</u>	<u>Coverage</u>	<u>Employee Contribution Per Paycheck (26)</u>	<u>Annualized Employee Contribution</u>	<u>Per Month Employee Contribution</u>
1	EPO	EMPLOYEE ONLY/BW	38.31	\$ 996.06	83.01
2	EPO	EMPLOYEE ONLY/BW	38.31	\$ 996.06	83.01
3	EPO	EMPLOYEE ONLY/BW	38.31	\$ 996.06	83.01
4	Premium PPO	EMPLOYEE ONLY/BW	35.54	\$ 924.04	77.00
5	Premium PPO	EMPLOYEE ONLY/BW	35.54	\$ 924.04	77.00
6	Prem PPO/NU	BW EMP&FAMILY	82.15	\$ 2,135.90	177.99
7	EPO	FAMILY COVERAGE/BW	77.54	\$ 2,016.04	168.00
8	Premium PPO	FAMILY COVERAGE/BW	73.85	\$ 1,920.10	160.01
9	Premium PPO	FAMILY COVERAGE/BW	73.85	\$ 1,920.10	160.01
10	Premium PPO	FAMILY COVERAGE/BW	73.85	\$ 1,920.10	160.01
11	Premium PPO	FAMILY COVERAGE/BW	73.85	\$ 1,920.10	160.01
12	Prem PPO/NU	BW EMP&SPOUSE	73.38	\$ 1,907.88	158.99
13	Prem PPO		59.54	\$ 1,548.04	129.00
				<u>\$ 20,124.52</u>	<u>\$ 1,677.05</u>

Note: Employee number 13 is a new position that will be filled in 2010. The employee contribution per paycheck for employee number 13 was calculated by averaging the per paycheck contributions of the 12 other Coatesville wastewater employees.

401K & DEFINED CONTRIBUTION PLAN

Defined Contribution Plan

Job Title	Rate	Proforma		Proforma		Proforma Base Wages	H/S	Defined Contribution Plan		Proforma DCP Expense
		Hours	Scheduled OT 1.5x Hours	Scheduled OT Hours	Scheduled OT 2x Hours			%		
Plant Operator	23.54	2088			32	50,658.08	H	5.25%		\$ 2,659.55
Laboratory Technician	22.51	2088				47,000.88	H	5.25%		\$ 2,467.55
Plant Operator	23.54	2088			24	50,281.44	H	5.25%		\$ 2,639.78
Plant Operator	23.54	2088				49,151.52	H	5.25%		\$ 2,580.45
Plant Operator	23.54	2088			16	49,904.80	H	5.25%		\$ 2,620.00
Maintenance Person	22.75	2088	15			48,013.88	H	5.25%		\$ 2,520.73
Collection Syst Spec Assist	22.24	2088				46,437.12	H	5.25%		\$ 2,437.95
Collection Syst Spec Assist	20.69	2088				43,200.72	H	5.25%		\$ 2,268.04
Collection System Specialist	22.24	2088		3		46,537.20	H	5.25%		\$ 2,443.20
Collection Syst Spec Assist	22.24	2088		7		46,670.64	H	5.25%		\$ 2,450.21
Collection Syst Spec Assist	22.24	2088				46,437.12	H	5.25%		\$ 2,437.95
Supvr Production	33.46	2088				69,874.29	S	0.00%		\$ -
Supvr Field Operations	31.16	2088				65,056.86	S	0.00%		\$ -
Proforma Cost										\$ 27,525.41
Less: 3.77% Capitalized										\$ 1,041.71
Adjusted Proforma Cost										\$ 26,483.70
Per Books										\$ 23,191.00
Adjustment										\$ 3,293

401K

Job Title	Proforma Wages - Incid OT	Rate	401K		Company 401K			Proforma 401K Expense
			Employee Contribution %	Company 401K Match First 5%	Match % First 3%	Company 401K Match Next 2%		
Plant Operator	\$ 52,348.84	23.54	0%					
Laboratory Technician	\$ 47,059.00	22.51	0%					
Plant Operator	\$ 53,219.65	23.54	0%					
Plant Operator	\$ 49,821.71	23.54	0%					
Plant Operator	\$ 51,554.51	23.54	0%					
Maintenance Person	\$ 50,172.55	22.75	0%					
Collection Syst Spec Assist	\$ 49,626.21	22.24	0%					
Collection Syst Spec Assist	\$ 48,894.26	20.69	0%					
Collection System Specialist	\$ 48,483.75	22.24	5%		100%	50%	\$ 1,939.35	
Collection Syst Spec Assist	\$ 49,526.14	22.24	0%					
Collection Syst Spec Assist	\$ 46,432.32	22.24	3%		100%	50%	\$ 1,392.97	
Supvr Production	\$ 76,688.63	33.46	1%	50%			\$ 383.44	
Supvr Field Operations	\$ 71,230.86	31.16	7%	50%			\$ 1,780.77	
Proforma Cost								\$ 5,496.53
Less: 3.77 % Capitalized								\$ 210.22
Adjusted Proforma Cost								\$ 5,286.31
Per Books								\$ 4,068.00
Adjustment								\$ 1,218
Combined Adjusted Proforma								\$ 33,021.94
Less: 3.77 % Capitalized								\$ 1,251.93
Subtotal								\$ 31,770.01
Combined Per Book								\$ 27,259.00
Adjustment								\$ 4,511.01

CHEMICALS

PA American - Coatesville WW
Pro Forma Adjustment
Chemical

Usage	Chemical	Warehouse	Item #	Historic Test Year Usage												Contract Price	2010	2010
				Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09			
Alum Sulfate - Liquid 50%-Bulk		246708	140A-BULK	64,262	37,565	102,578	95,110	120,441	59,017	91,270	102,291	29,248	84,325	14,124	834,221	170,990	\$0.0600	\$ 10,259
Hydrated Lime, 72% CaO-50LB		246708	280A-50LB	\$ 5,577.84	\$ 3,526.41	\$ 9,149.96	\$ 7,866.09	\$ 9,779.61	\$ 7,252.53	\$ 7,073.43	\$ 7,666.64	\$ 2,255.02	\$ 5,194.32	\$ 863.76	\$ 66,455.91	2,400	0.1720	\$ 413
Polymer, Sludge, Clarific C6		246708	430A-55GA	48.90	38.66	44.70	57.98	101.47	86.64	4.83	38.66	24.16	6.04	18.12	477.16			
Polymer, Sludge, Zetag 7557 100%		246708	430C-55LB	\$ 1,691.03	\$ 589.04	\$ 565.11	\$ 505	\$ 485	\$ 130	\$ 420	\$ 485	\$ 29.82	\$ 58.64	\$ 29.82	\$ 2,279.67		\$ 3.1887	\$ -
Soda Ash, 100%-50LB		246708	470A-50LB	1,350	1,250	1,434.70	1,332.13	1,256.95	385.07	1,276.38	1,000	-	-	977.63	7,457.92		0.2800	\$ -
Sodium Hypo, 13%-55GA		246708	570A-55GA	\$ 351.00	\$ 325.00	\$ 447.20	\$ 533.20	\$ 491.54	\$ 491.54	\$ 371.88	\$ 30.99	-	-	635.30	3,677.65	3,060	0.1900	\$ 585
Quick Lime		246708	15136996	\$ 27.41	\$ 18.27	\$ 18.27	\$ 146.15	\$ 19.88	\$ 65.60	\$ 178.92	-	\$ 29.82	\$ 58.64	\$ 29.82	\$ 49,430	668,160	0.0768	\$ 51,315
ZETAG 8848 FS		246708	15136522										\$ 3,651.16	\$ 880				
POLLUTREAT CL-489		246708	15138690										\$ 1,552.32	\$ 4,580				
POLLUTREAT CL-888		246708	15137763										\$ 6,549.40	\$ 6,549.40	40,460	1.4300	\$ 57,858	
Sodium Hypo, 13%-Bulk		246708	570A-BULK	\$ -	\$ -	\$ -	\$ 3,224	\$ 18,826	\$ 12,570	\$ 18,348	\$ 40,124	\$ (10,762)	\$ 8,270	\$ 5,720	\$ 1,420.00	96,300	0.19	\$ 18,297
Total				\$ 7,693.28	\$ 5,052.29	\$ 11,094.83	\$ 10,479.15	\$ 14,874.54	\$ 10,483.31	\$ 12,026.43	\$ 14,777.37	\$ 476.06	\$ 6,665.90	\$ 8,700.51	\$ 8,161.79		Profoma	\$ 136,727
																	Per Book	\$ 110,496
																	Adjustment	\$ 28,231

PENNSYLVANIA AMERICAN
CHEMICAL PRICING

Supplier Number	Supplier Name	Business Unit/Location	Part Description	Part Number	Shipment Quantity	Shipment Units	Product Code	Product Code Descrip	2010 Price	Blanket PO #
28018482	General	246708-COATWW-Wastewater Plant	Alum Sulfate, Liquid, 50%-Bulk	140A-BULK	46,000 lbs	bulk	BC42	Aluminum Sulfate - Liquid	\$ 0.0500	15134673
18632807	Univar	246708-COATWW-Wastewater Plant	Hydrated Lime, 72% CaO-50LB	280A-50LB	2500 lbs	50 lb Bags	BC85	Hydrated Lime	\$ 0.1720	
18667793	Coyne	246708-COATWW-Wastewater Plant	Polymer, Sludge, Zetag 7557, 100%	430C-55LB	1100 lbs	55 lb Bags	BC49	Polymer	\$ 3.1887	
50123580	Buckmans	246708-COATWW-Wastewater Plant	Soda Ash, 100%-50LB	470A-50LB	2500 lbs	50 lb bags	BC87	Soda Ash	\$ 0.2800	
50123580	Buckmans	246708-COATWW-Wastewater Plant	Sodium Hypo, 13%-55GA	570A-55GA	1650 lbs	55 gal drum	BC79	Sodium Hypochlorite	\$ 0.1900	
50123580	Buckmans	246709-COATWW-Coil Sys Brinton Station	Sodium Hypo, 13%-Bulk	570A-BULK	150 Gals	Bulk	BC79	Sodium Hypochlorite	\$ 0.1900	15139103
50123580	Buckmans	246709-COATWW-Coil Sys Parkesburg Pump	Sodium Hypo, 13%-Bulk	570A-BULK	230 Gals	Bulk	BC79	Sodium Hypochlorite	\$ 0.1900	15139104
50123580	Buckmans	246709-COATWW-Coil Sys Cove	Sodium Hypo, 13%-Bulk	570A-BULK	230 Gals	Bulk	BC79	Sodium Hypochlorite	\$ 0.1900	15139105
50123580	Buckmans	246709-COATWW-Coil Sys Commons	Sodium Hypo, 13%-Bulk	570A-BULK	230 Gals	Bulk	BC79	Sodium Hypochlorite	\$ 0.1900	15139106
50123580	Buckmans	246709-COATWW-Coil Sys Sandy Hill	Sodium Hypo, 13%-Bulk	570A-BULK	230 Gals	Bulk	BC79	Sodium Hypochlorite	\$ 0.1900	15139107

RECEIVED

FEB 22 2010

Page: 1

Date: 02/11/2010

GRAYMONT

SSC-MAILROOM

ISSUED BY: Graymont (PA) Inc. 965 E. College Avenue Pleasant Gap PA 16823		INVOICE: 184851 RI
TELEPHONE: (814) 355-4761	FAX: (814) 359-2175	
SOLD TO: Pennsylvania-American Water Co c/o American Water Shared Services P.O. Box 5606 Cherry Hill NJ 08034	156967 24018310 NSX	SHIP TO: 555530 PA American Water 100 Cheshire Ct, Ste 104 Coatesville PA 19320
TELEPHONE: (866) 777-8426	FAX: 856 672-2876	TEL: FAX:
F.O.B.: Freight Prepaid Delivered CARRIER: Davidson Brothers Inc.		SHIP: 4" hose fitting INST:
REQUIRED ON: 02/11/2010		TAX EXEMPTION CERTIFICATE:
PAY TERMS: Net 37 Days		

***** PLEASE NOTE REMITTANCE INFORMATION BELOW *****

Item/	Quantity Shipped	Price	Total Price Tax
Req. Date Description	Un Invoiced		
Order Number: 232744 SO 00005	Customer P.O: 15136986		
1.000 Ground Lime (1/8 X 0), Bulk	1024 TN 24.470	153.6000	3,758.59 Y
02/12/2010 High Calcium Quicklime	Branch/Plant: 219	Per TN	
Shipment Number 24623798	Waybill/Shipper#: 2266453 Veh#: 300		

10290236 OV

Please Remit To: GRAYMONT CAPITAL INC. Box 200700 Pittsburgh PA 15251-0700 TEL: 604 276-9331 FAX: 604 276-9337	ORDER TOTAL: USD 3,758.59
---	----------------------------------



Jeff L
Chamberlain/PAWC/AWWSC
03/26/2010 04:32 PM

To Michelle M Witman/PAWC/AWWSC@AWW
cc
bcc
Subject Fw: Coatesville Polymer

pollutec Quotes

Jeff Chamberlain
Production Superintendent - SE PA
Pennsylvania American Water
1145 Edgewood Road
Yardley, PA 19067

215 493 3346 x 11 Office
215 321 9669 Fax
610 636 1599 Cell

jeff.chamberlain@amwater.com

----- Forwarded by Jeff L Chamberlain/PAWC/AWWSC on 03/26/2010 04:31 PM -----



pollutec@aol.com
12/18/2009 10:02 AM

To Jeff.Chamberlain@amwater.com
cc Richard.Lutz@amwater.com
Subject Re: Coatesville Polymer

* Confirming our phone conversation, pricing for POLLU-TREAT CL-888 and POLLU-TREAT CL-489 in totes will be \$1.43/pound, 2290-pounds/tote or \$3274.50/tote, delivered regardless of phone call or not. We will also wave any charges for a hydraulic lift gate if that is more convenient.

In a message dated 12/16/2009 8:43:08 A.M. Eastern Standard Time, Jeff.Chamberlain@amwater.com writes:

Please provide pricing on 250 gallon totes. No lift gate required. Please always quote price per pound including all charges. We would probably order two totes at a time once everything settles in.

Jeff Chamberlain
Production Superintendent - SE PA
Pennsylvania American Water
1145 Edgewood Road
Yardley, PA 19067

215 493 3346 x 11 Office
215 321 9669 Fax
610 636 1599 Cell

jeff.chamberlain@amwater.com

pollutec@aol.com

12/15/2009 07:03

To

PURCHASED POWER

Pennsylvania-American Coatesville Wastewater Power/Gas Expense
 Test Year - Jan 2008 to Dec 2009

<u>Base Year Costs:</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
PECO Energy	\$41,891	\$43,616	\$41,773	\$40,217	\$37,702	\$37,074	\$36,854	\$35,371	\$33,195	\$34,198	\$31,381	\$34,958	\$448,229
PPL	\$265	\$260	\$304	\$288	\$252	\$246	\$252	\$244	\$224	\$236	\$247	\$282	\$3,039
Total Base Year Costs	42,156	43,877	42,077	40,504	37,953	37,320	37,107	35,615	33,419	34,433	31,628	35,240	451,328
<u>Proforma Adjustments to Base Year:</u>	0												
Adjusted Base Year Costs	42,156	43,877	42,077	40,504	37,953	37,320	37,107	35,615	33,419	34,433	31,628	35,240	451,328
<u>Pro Forma Test Year Adjustments:</u>													
PECO Rate increase effective February 2010	838	872	835	804	754	741	737	707	664	684	628	699	8,963
PECO Rate increase effective January 2011 (Avg)	1,550	1,614	1,546	1,488	1,395	1,372	1,364	1,309	1,228	1,265	1,161	1,293	16,585
Proforma Power/Gas Expense	\$44,544	\$46,363	\$44,458	\$42,796	\$40,102	\$39,433	\$39,208	\$37,631	\$35,311	\$36,382	\$33,417	\$37,232	\$476,876
Base Year Power/Gas Expense per books													\$399,298
Proforma Adjustment													<u>\$77,578</u>

PA - Coatesville Wastewater 2009 Adjusted Test Year Power/Gas Bills

Facility	Provider	Account Number	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
PAAWC - Branford Blvd Lift Station No. 1	PECO ENERGY	1411601109	8.83	8.70	8.70	8.70	8.70	8.70	8.70	8.82	8.82	8.03	8.82	8.54	\$ 104
PAAWC - Branford Blvd Lift Station No. 1	PECO ENERGY	4504801703	808.59	645.14	698.87	698.87	563.43	532.85	525.30	495.72	554.92	580.22	554.70	678.07	\$ 7,339
PAAWC - Branford Blvd Lift Station No. 2	PECO ENERGY	5433300309	480.04	441.02	524.63	524.63	435.58	290.82	259.90	186.51	201.00	203.16	202.90	260.01	\$ 3,964
PAAWC - Britton Lift Station #1	PECO ENERGY	9142400604	321.96	358.96	340.02	340.02	290.26	219.55	234.63	186.66	285.96	204.27	182.54	242.09	\$ 3,266
PAAWC - Britton Lift Station #2	PECO ENERGY	8833201708	39.89	42.25	40.24	36.75	41.68	47.73	32.99	29.17	29.17	27.86	26.80	28.64	\$ 423
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	1123086118	28,927.90	28,927.90	28,927.90	28,927.90	28,927.90	28,927.90	28,927.90	28,927.90	28,334.13	29,734.71	27,474.17	30,168.58	\$ 347,135
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	9134001409	11.56	11.56	11.56	11.56	12.64	13.42	12.64	13.03	13.03	8.54	9.60	9.60	\$ 139
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	9139557000	6.00	425.51	380.09	357.59	287.51	220.85	151.90	101.20	101.38	121.38	132.63	165.04	\$ 2,451
PAAWC - Derry Lane Sewer Lift Station	PECO ENERGY	3873088042	310.99	321.05	303.47	328.41	266.43	214.81	166.42	174.25	181.38	174.13	189.14	252.85	\$ 2,893
PAAWC - Millview Lift Station	PECO ENERGY	9453100207	279.66	317.35	229.48	227.05	186.26	59.25	65.06	61.76	56.94	67.66	110.81	160.82	\$ 1,822
PAAWC - Northwoods Pump Station	PECO ENERGY	2067053045	1,604.35	1,515.69	1,761.67	1,307.92	1,416.29	1,149.80	1,529.93	1,031.99	1,442.80	1,805.09	1,196.44	1,304.25	\$ 17,066
PAAWC - Parkersburg Pump / Lift Station	PECO ENERGY	0788300908	349.42	394.32	336.72	295.41	231.46	163.23	270.59	285.98	189.73	146.64	133.70	188.40	\$ 2,986
PAAWC - Providence Hill Lift Station	PECO ENERGY	3580158017	264.77	260.32	303.94	287.95	251.72	245.53	252.48	244.49	224.02	235.50	246.62	282.04	\$ 3,099
PAAWC - Sadsbury Commons Pump Station PPL	PECO ENERGY	5811463014	252.31	219.24	234.15	219.37	201.73	246.40	335.99	209.53	184.56	213.23	217.62	301.34	\$ 2,833
PAAWC - Sadsbury Commons Pump Station	PECO ENERGY	1720936006	481.08	497.48	467.11	476.37	321.31	258.21	245.81	231.55	224.31	229.19	255.11	492.22	\$ 4,180
PAAWC - Sandy Hill Lift Station	PECO ENERGY	9454400104	36.85	37.79	36.83	39.76	42.34	41.57	38.92	39.79	39.16	41.82	37.98	39.19	\$ 473
PAAWC - Strasburg Hunt Pump / Lift Station #	PECO ENERGY	1096501608	16.08	16.08	16.27	16.27	16.27	16.27	16.27	16.39	16.39	16.39	16.39	16.39	\$ 195
PAAWC - Strasburg Hunt Pump / Lift Station #	PECO ENERGY	3880601407	31.27	36.09	38.53	148.89	33.10	33.10	35.57	33.46	33.46	39.22	32.29	33.46	\$ 526
PAAWC - Providence Hill Lift Station	PECO ENERGY	3580158017	664.92	696.67	686.49	612.74	558.61	391.72	539.09	416.08	429.57	425.51	424.43	436.47	\$ 6,276
PAAWC - Robin Cove #1 Pump Station	PECO ENERGY	6672001704	402.35	389.54	373.24	412.70	373.99	162.72	177.93	103.56	154.27	123.98	128.65	145.52	\$ 2,948
PAAWC - Robin Cove #2 Lift Station	PECO ENERGY	7280700708	6,957.17	8,189.44	6,475.49	5,225.60	3,486.19	4,075.13	3,287.85	2,817.19	713.61	26.53	26.53	26.53	\$ 41,207
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	4202301200	\$ 42,156	\$ 43,877	\$ 42,077	\$ 40,504	\$ 37,953	\$ 37,320	\$ 37,107	\$ 35,615	\$ 33,419	\$ 34,433	\$ 31,628	\$ 35,240	\$ 451,328
Total															

PA - Coatesville Wastewater 2009 Actual Power/Gas Bills
from Sourcenet Iron System

Facility	Provider	Account Number	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
PAAWC - Branford Blvd Lift Station No. 1	PECO ENERGY	1411601109	8.83	8.83	8.70	8.70	8.70	8.70	8.70	8.82	8.82	8.03	8.82	8.54	\$ 104
PAAWC - Branford Blvd Lift Station No. 1	PECO ENERGY	4504801703	808.59	701.55	645.14	698.87	563.43	532.85	525.30	495.72	554.92	580.22	554.70	678.07	\$ 7,339
PAAWC - Branford Blvd Lift Station No. 2	PECO ENERGY	5433300309	480.04	478.61	441.02	524.63	435.58	290.82	259.90	186.51	201.00	203.16	202.90	260.01	\$ 3,964
PAAWC - Brinton Lift Station #1	PECO ENERGY	9142400604	321.96	389.49	358.96	340.02	290.26	219.55	234.63	186.66	285.96	204.27	192.54	242.09	\$ 3,266
PAAWC - Brinton Lift Station #2	PECO ENERGY	8833201708	39.89	42.25	40.24	36.75	41.68	47.73	32.99	29.17	29.17	27.86	26.80	28.64	\$ 423
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	1123086118	16,468.73	17,181.94	21,140.22	14,755.53	16,182.96	16,580.59	11,233.24	25,200.15	28,334.13	29,734.71	27,474.17	30,168.58	\$155,057
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	9134001409			21,140.22	14,755.53	16,182.96	16,580.59	15,362.35	12,724.34	1,854.76	(4,118.90)			\$128,133
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	9139557000			380.09	357.59	287.51	220.85	151.90	101.20	101.38	121.38	132.63	165.04	\$ 2,451
PAAWC - Derry Lane Sewer Lift Station	PECO ENERGY	3873088042	6.00	425.51	303.47	328.41	266.43	214.81	166.42	174.25	181.38	174.13	199.14	252.85	\$ 2,893
PAAWC - Millview Lift Station	PECO ENERGY	9453100207	310.99	321.05	303.47	328.41	266.43	214.81	166.42	174.25	181.38	174.13	199.14	252.85	\$ 2,893
PAAWC - Northwoods Pump Station	PECO ENERGY	2067053045	279.66	317.35	229.48	227.05	186.26	59.25	65.06	61.76	56.94	67.66	110.81	160.82	\$ 1,822
PAAWC - Parkersburg Pump / Lift Station	PECO ENERGY	0788300908	1,604.35	1,515.69	1,761.67	1,307.92	1,416.29	1,149.80	1,528.93	1,031.99	1,442.80	1,805.09	1,196.44	1,304.25	\$ 17,066
PAAWC - Providence Hill Lift Station	PECO ENERGY	3580158017	349.42	594.32	336.72	295.41	231.46	163.23	270.59	285.98	188.73	146.64	133.70	188.40	\$ 2,986
PAAWC - Providence Hill Lift Station	PECO ENERGY	5811463014	264.77	260.32	303.94	287.95	251.72	245.53	252.48	244.49	224.02	235.50	246.62	282.04	\$ 3,099
PAAWC - Sadsbury Commons Pump Station	PECO ENERGY	1720936006	252.31	219.24	234.15	219.37	201.73	246.40	333.99	209.53	184.56	213.23	217.62	301.34	\$ 2,833
PAAWC - Sandy Hill Lift Station	PECO ENERGY	9454400104	481.08	497.48	467.11	476.37	321.31	258.21	245.81	231.55	224.31	229.19	255.11	492.22	\$ 4,180
PAAWC - Strasburg Hunt Pump / Lift Station # PECO ENERGY	PECO ENERGY	1096501608	36.85	37.79	36.83	39.76	42.94	41.57	39.92	39.79	39.16	41.82	37.98	39.19	\$ 473
PAAWC - Strasburg Hunt Pump / Lift Station # PECO ENERGY	PECO ENERGY	3880601407	16.08	16.08	16.27	16.27	16.27	16.27	16.27	16.39	16.39	16.39	16.39	16.39	\$ 195
PAAWC - Providence Hill Lift Station	PECO ENERGY	3580158017	31.27	36.09	38.33	148.89	33.10	33.10	33.57	33.46	33.46	39.22	32.29	33.46	\$ 526
PAAWC - Robin Cove #1 Pump Station	PECO ENERGY	6672001704	684.92	696.67	686.49	612.74	558.61	391.72	533.09	416.08	429.57	425.51	424.43	436.47	\$ 6,276
PAAWC - Robin Cove #2 Lift Station	PECO ENERGY	7290700708	462.35	389.54	373.24	412.70	373.99	162.72	177.93	103.56	154.27	123.98	128.65	145.52	\$ 2,948
PAAWC - Coatesville Wastewater Treatment	PECO ENERGY	4202301200	6,857.17	8,189.44	6,475.49	5,225.60	3,486.19	4,075.13	3,287.85	2,817.19	713.61	26.53	26.53	26.53	\$ 41,207
Total			\$ 29,685	\$ 32,119	\$ 34,278	\$ 26,327	\$ 25,834	\$ 27,258	\$ 34,775	\$ 44,612	\$ 35,273	\$ 30,314	\$ 31,628	\$ 35,240	\$ 387,343

2011 Increase - Avg

Type	Rate	
Electric	GS	9.38
Electric	GS	660.54
Electric	GS	356.78
Electric	GS	293.98
Electric	GS	38.08
Electric	HT	10,066.91
Electric	GS	-
Electric	GS	12.49
Electric	GS	220.60
Electric	GS	260.40
Electric	GS	163.99
Electric	GS	1,535.96
Electric	GS	268.70
Electric	GS	278.94
Electric	GS	255.01
Electric	GS	375.18
Electric	GS	42.57
Electric	GS	17.59
Gas	GS	18.42
Gas	GS	219.67
Gas	GS	103.20
Gas	GS	1,442.25
		16,641.64
		3.7%



Jeff L
Chamberlain/PAWC/AWWSC
01/26/2010 10:21 AM

Subject: PECO Increase

Jeff Chamberlain
Production Superintendent - SE PA
Pennsylvania American Water
1145 Edgewood Road
Yardley, PA 19067

215 493 3346 x 11 Office
215 321 9669 Fax
610 636 1599 Cell
jeff.chamberlain@amwater.com
--- Forwarded by Jeff L Chamberlain/PAWC/



<Pete.Kirlin@exeloncorp.com
>
01/26/2010 09:06 AM

Subject: January 25.doc

Attached is a letter informing you of an increase to your bill starting in February.
Feel free to reach out with any questions



An Exelon Company

January 26, 2010

Dear Valued Customer,

At PECO we understand how your electric service impacts your business, and we

are committed to providing you with the information you need to manage the many changes in our state's energy market. This letter contains important information about a change to your electric bill.

In 2008 the Pennsylvania legislature required utilities state-wide to develop programs to help customers reduce energy use by 1 percent by May 31, 2011 and 3 percent by May 31, 2013. Utilities also must reduce energy demand during the 100 highest use hours of the year by 4.5 percent by May 31, 2013.

As part of this effort, the Pennsylvania Public Utility Commission recently approved customer charges to reimburse program costs for utilities. This charge * will result in about a 2 percent increase to business customer bills. The charge is listed as a separate item on your bill beginning in February 2010.

Commercial customers on rate GS will be charged 0.27 cent per kilowatt hour (kWh). Large commercial customers on rates HT, PD, and EP will be charged 0.91 cent per kilowatt of Peak Load Contribution or PLC.

PLC is determined and adjusted annually based on your highest average peak energy use during June through September of the previous year. Large commercial customers can view their PLC by visiting www.peco.com/MyUsage.

These charges cover the cost of nearly 20 new programs to help customers save money by using energy more efficiently. You can reduce, or potentially offset this increase, by taking advantage of PECO's energy efficiency and conservation programs.

PECO's suite of energy saving products, including equipment rebates and discounts on energy saving improvements, will be available beginning in March 2010.

For money saving ideas now visit www.peco.com/SAVE.

From these programs, to the expiration of rate caps, to new technology like Smart Meters, there will be many changes this year as we complete the transition to a competitive electric market in Pennsylvania. We are here to help you through every step of the process and will continue to be in touch regularly throughout the year. As always, please feel free to call me at 215-841-3515 if you have any questions.

Sincerely,

Pete Kirlin
Account Manager

***** This e-mail and any of its attachments may contain Exelon Corporation proprietary information, which is privileged, confidential, or subject to copyright belonging to the Exelon Corporation family of Companies. This e-mail is intended solely for the use of the individual or entity to which it is addressed. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution, copying, or action taken in relation to the contents of and attachments to this e-mail is strictly prohibited and may be unlawful. If you have received this e-mail in error, please notify the sender immediately and permanently delete the original and any copy of this e-mail and any printout. Thank You. *****[attachment "image001.jpg" deleted by Jeff L Chamberlain/PAWC/AWWSC]

April 1, 2010

Dear Mr. Bower

PECO is committed to helping you understand the upcoming changes in Pennsylvania's electric market and providing the information and resources you need to make the best possible energy choices for your business. This is the fourth in a series of updates. This letter contains important information about the expiration of electric rate caps and other changes that will affect the price you pay for your electricity and/or natural gas.

Beginning January 1, 2011, the prices PECO and our customers pay for electricity will be based on electric market pricing. At the same time costs to operate our electric and natural gas systems have been increasing. Because of this, on March 31, PECO filed a request with the Pennsylvania Public Utility Commission to increase electric delivery and natural gas delivery rates beginning January 1, 2011.

This is the first electric delivery rate request and only the second natural gas delivery rate request in about 20 years. The increases will ensure PECO is able to continue to meet customer demand and ensure the safe and reliable delivery of electricity and natural gas.

The change in electric delivery charges, if approved, is expected to increase:

- Electric costs for our High Tension (HT) customers by about 2.9 percent
- Electric costs for our Primary Distribution (PD) customers by about 1.1 percent
- Electric costs for our General Service (GS) customers by about 9 percent

The change in gas delivery charges, if approved, is expected to increase:

- Gas costs for our Gas General Service (GC) customers by about 3.5 percent
- Gas costs to our Transportation Services Firm (TSF) and Transportation Services Interruptible (TSI) customers by about 11 percent

These figures do not include commodity price changes due to the transition to market-based rates. In total, the electricity and natural gas used by customers – or the commodity charges – make up about two thirds of a total bill. These charges are passed along directly to customers at exactly the price that PECO pays.

You can offset much of this increase by finding ways to use less energy. Using less energy will save you money. And, we can help. PECO Smart Ideas, our full suite of energy efficiency programs for homes and businesses, provides rebates and incentives for energy efficient improvements. To learn more, contact your account manager, attend one of our upcoming seminars, visit peco.com/SmartIdeas or call 888-5-PECO-SAVE.

As part of Pennsylvania Electric Choice, you also can shop for electricity from an electric generation supplier. We are committed to helping our customers understand how they can shop for electricity and potentially save money by choosing the right energy supplier for their needs and circumstances. And remember, whether you are purchasing your electricity from an electric generation supplier or from PECO, PECO will continue to safely deliver electricity, provide billing and customer support, and respond to outages and other emergencies for ALL customers.

As we work through these changing times together, I can assure you that all of our more than 2,000 PECO employees are committed to serving you. For more information visit pecoanswers.com or contact me directly at XXX-XXX-XXXX.

Sincerely,

Pete Kirlin
Senior Account Executive
Peco Energy

LEASED VEHICLES

Present Rates @ 12/31/10			
Unit	Monthly Lease Amount	Lease	Annualized Amount
1	\$2,468		\$29,616
1	395		3,792
1	454		4,903
1	484		5,808
1	422		5,064
1	350		4,200
1	327		3,924
1	\$404		4,848
8			\$62,155

Present Rates @ 12/31/09			
Unit	Monthly Lease Amount	Lease	Annualized Amount
1	\$2,468		\$29,616
1	395		3,792
1	454		4,903
1	484		5,808
1	422		5,064
1	350		4,200
1	327		3,924
1	\$404		4,848
8			\$62,155

District	Vehicle Number	Model Year	Make	Model	VIN	% Wastewater	Unit Count	Monthly Lease Amount	Lease	Annualized Amount
Coatesville	040429	2005	Sterling	LT7500	2FZAATDC05AN60980	100%	1	\$2,468		\$29,616
Coatesville	060448	2006	Chevrolet	Equinox	2CNDL23F866108804	80%	1	395		3,792
Coatesville	060452	2006	Chevrolet	2500 4x4 Reg Cab	1GCHK24U06E202662	90%	1	454		4,903
Coatesville	060453	2006	Chevrolet	2500 4x4 Reg Cab	1GCHK24U46E202373	100%	1	484		5,808
Coatesville	060454	2006	Chevrolet	Express Van	1GCFH15T861186949	100%	1	422		5,064
Coatesville	070131	2007	Chevrolet	Colorado	1GCDT19E778120516	100%	1	350		4,200
Coatesville	070134	2007	Chevrolet	1500 4x4 Reg Cab	1GCEK14X77Z156782	100%	1	327		3,924
Coatesville	090028	2009	Chevrolet	2500 4x4 Reg Cab	1GCHC44K09E109765	100%	1	\$404		4,848
							8			\$62,155

RATE CASE EXPENSE

Pennsylvania American Water Company
Rate Case Expense - Estimate

	Gannett Fleming			Moul & Associates		Morgan Lewis *		Total	2 yr Normalization	Per Book	Adjustment
	Depreciation	Cost of Servic. Allocation	Rate Design	Post - Filing Services	Cost of Equity	Post - Filing Services	Legal				
Coatesville	6,750	25,000	3,000	17,669	3,500	3,500	330,000	13,737	201,578	176,990	24,588
Northeast	6,750		2,000	4,449	3,500	3,500	120,000	12,769	76,484	0	76,484
Claysville	6,750		1,000	3,941	3,500	3,500	40,000	6,362	32,527	0	32,527
Clarion	6,750		1,000	3,941	3,500	3,500	60,000	7,277	42,984	0	42,984
	27,000	25,000	7,000	30,000	14,000	14,000	550,000	40,145	353,573	176,990	176,583

The Company developed its claim for legal fees based on the cost of previous wastewater filings and conferring with outside legal counsel.

Pennsylvania American Water Company
Rate Case Expense - Estimate

Misc	Total	Coatesville	Northeast	Claysville	Clarion
Printing / Mailing	\$ 7,145	3,237	2,269	362	1,277
Service Company	\$ 15,000	5,500	5,500	2,000	2,000
Transcripts	\$ 10,000	3,000	3,000	2,000	2,000
Miscellaneous	\$ 8,000	2,000	2,000	2,000	2,000
Total	\$ 40,145	\$ 13,737	\$ 12,769	\$ 6,362	\$ 7,277

Estimated Postage Per Piece \$ 0.36

Printing				Print Amount	Postage Amount	Total
				\$	\$	\$
	Coatesville	6,250	45%	\$ 987	\$ 2,250	\$ 3,237
	Northeast					
	Lehman Pike	3,300	24%	527		
	Winona	150	1%	22		
	Blue Mt	900	7%	154	703	1,566
	Claysville	700	5%	110	252	362
	Clarion	2,450	18%	395	882	1,277
		<u>13,750</u>	<u>100%</u>	<u>\$ 2,195</u>	<u>\$ 4,950</u>	<u>\$ 7,145</u>



GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
Office: (717) 763-7211
Fax: (717) 763-4590
www.gannettfleming.com

January 12, 2010

Via E-MAIL AND 1ST CLASS MAIL

Mr. John Cox
Manager, Rates and Regulations
Pennsylvania American Water Company
800 West Hersheypark Drive
Hershey, PA 17033-2400

Dear John:

Pennsylvania American 2010 Wastewater Rate Case

Thank you for the opportunity to conduct depreciation, cost of service allocation and rate design studies for Pennsylvania American Water Company's 2010 Wastewater Rate Case. The studies will be based on the pro forma financial and operating data for the future test year ending December 31, 2010.

The estimated cost to prepare each study and direct testimony, up to the time of the April 2010 filing, is provided below. We propose to conduct a combined depreciation study with accrual rates applicable to each division. A cost of service study will be conducted only for Coatesville. Rate design will consider cost of service results as well as discussions with Company management. Work performed subsequent to the filing date will be invoiced based on hourly billings rates for our personnel in effect at the time the work is performed. A copy of our billing rates currently in effect is attached. We understand that the Company will provide bill analysis data for our use in designing proposed rates.

	<u>Depreciation</u>	<u>Cost of Service Allocation</u>	<u>Rate Design</u>	<u>Estimated Post-Filing Services</u>
1. Coatesville	\$ -	\$25,000	\$3,000	\$ -
2. Northeast	-	-	2,000	-
3. Claysville	-	-	1,000	-
4. Clarion	-	-	1,000	-
Total	\$27,000	\$25,000	\$7,000	\$30,000

Mr. John Cox
Hershey, PA 17033-2400

- 2 -

January 12, 2010.

Please advise me via email at pherbert@gfnet.com if you accept the foregoing proposal. Your response will serve as our notice to proceed with the assignment.

Thank you again for this opportunity to provide these professional services. If you have any questions, please contact me.

Very truly yours,



PAUL R. HERBERT
President
Valuation and Rate Division

PRH/krm

Attachment

GANNETT FLEMING, INC.
VALUATION AND RATE DIVISION

BILLING RATES

EFFECTIVE JANUARY 2, 2010

<u>Personnel</u>	<u>Hourly Rate</u>
SUPERVISORY STAFF	
P. R. Herbert, President	\$210.00
J. J. Spanos, Vice President	195.00
C. R. Clarke, Director, Western U.S. Services	195.00
L. E. Kennedy, Director, Canadian Services	195.00
H. Walker, III, Manager, Financial Studies	185.00
J. F. Wiedmayer, Jr., Project Manager, Depreciation	150.00
STAFF	
Analysts and Engineers	130.00
Associate Analysts and Engineers	115.00
Assistant Analysts and Engineers	105.00
Senior Technicians	90.00
Technicians	85.00
Support Staff	80.00

P. Moul & Associates
251 Hopkins Road
Haddonfield, NJ 08033
Telephone: 856-428-7515 • Facsimile: 856-428-0026

March 12, 2010

Mr. John Cox
Assistant Manager of Rates & Regulations
Pennsylvania-American Water Company
800 W. Hershey Park Drive
Hershey, PA 17033

Dear Mr. Cox:

In response to your request, I am pleased to submit this proposal to provide you with cost of equity testimony for your Pennsylvania-American Water Company – Coatesville Wastewater Division and the combined wastewater operations in Clayville, Clarion, Lehman Pike, Winona Lakes, and Blue Mountain. My cost of equity testimony will employ a variety of approaches which will include the Discounted Cash Flow (“DCF”) model, the Risk Premium approach, the Capital Asset Pricing Model (“CAPM”), and the Comparable Earnings method. For the DCF and CAPM methods, I will include the adjustment that is necessary to account for the divergence of the market value capitalization and the book value capitalization.

The fee for my direct testimony will be \$14,000 on a cost not to exceed basis. I have excluded from this quote the time and expense associated with meetings outside my office which may be necessary during the preparation of my testimony. While my fee quote represents the maximum amount for my direct testimony in ready to file form, the billings will be based upon hours actually logged to the case if they are less than estimated.

As you know, a considerable amount of your rate case expense usually occurs after the filing of the direct testimony. Time is usually required for responding to interrogatories, analyzing the testimony of the opposing parties, preparation of rebuttal testimony, attending hearings for cross-examination, and assisting your rate case counsel. It is difficult to quantify precisely the amount of time necessary for specific activities following the submission of the direct testimony. As such, these post-filing activities will be billed at the following hourly rates:

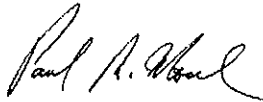
	<u>Hourly rate</u>
Paul Moul	\$245
Clerical	64

Mr. John Cox
Pennsylvania-American Water Company
Page 2 of 2
March 12, 2010

Out-of-pocket expenses (telephone, duplication, delivery, and travel costs) will be billed separately. Based upon my prior experience, I find that the additional time required after a rate case is filed usually equals the cost for the preparation of the direct testimony. Here, a ball-park estimate would be \$14,000. Therefore, for rate case planning purposes, you could use \$28,000 for the cost for the full litigation of the rate of return issue in your case.

I trust that this proposal will be acceptable to you. If you have any questions concerning the scope of my testimony or my fee, please call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul R. Moul".

Paul R. Moul

/mt
Enclosure

Date: 3-30-10

Quotation For: Pennsylvania American Water - SSC
Shared Services Center
Cherry Hill NJ 08034
Attn: Joi Corrado

Phone: 717-691-2116
Fax: 717-531-3223

Project Name: Legal Sized letters - self mailing

Part 1: Letters - 6 different
Paper: 70# Accent Opaq Tx
Ink: Digital Black **Coverage:** Medium **Bleeds:** None
Flat Size: 8.5 x 14 **Final Size:** 3.5 x 8.5
Bindery: trim - fold half and half again
Quantity 1: 13750

Part 3: Fulfillment - Coatesville
Paper:
Ink: / Coverage: Bleeds:
Flat Size: Final Size:
Bindery: Process Data & inkjet mailer - will drop York Post Office - Postage is additional, see approximate postage below
Quantity 1: 6250

Part 4: Fulfillment - Lehman Pike
Paper:
Ink: / Coverage: Bleeds:
Flat Size: Final Size:
Bindery: Process Data & inkjet mailer - will drop York Post Office - Postage is additional, see approximate postage below
Quantity 1: 3300

Part 5: Fulfillment - Winona
Paper:
Ink: / Coverage: Bleeds:
Flat Size: Final Size:
Bindery: Process Data & inkjet mailer - will drop York Post Office - Postage is additional, see approximate postage below
Quantity 1: 150

Part 6: Fulfillment - Blue Mountain
Paper:
Ink: / Coverage: Bleeds:
Flat Size: Final Size:
Bindery: Process Data & inkjet mailer - will drop York Post Office - Postage is additional, see approximate postage below
Quantity 1: 900

Part 7: Fulfillment - Claysville
Paper:
Ink: / Coverage: Bleeds:
Flat Size: Final Size:
Bindery: Process Data & inkjet mailer - will drop York Post Office - Postage is additional, see approximate postage below
Quantity 1: 700

Date: 3-30-10

Quotation For: Pennsylvania American Water - SSC
 Shared Services Center
 Cherry Hill NJ 08034
 Attn: Joi Corrado

Phone: 717-691-2116
 Fax: 717-531-3223

Project Name: Legal Sized letters - self mailing

Part 8: Fulfillment - Clarion
 Paper:
 Ink: / Coverage: Bleeds:
 Flat Size: Final Size:
 Bindery: Process Data & inkjet mailer - will drop York Post Office - Postage is additional, see approximate postage below
 Quantity 1: 2450

Composition & Art: PREP: Electronic files supplied,
 PROOFS: PDF Proof to: joi.corrado@amwater.com,

Proofs:

Shipping Packaging: Shipping via to York Post Office - Caskey truck included balance if any ships additional is

Notes: Approximate postage is \$.36/piece

Pricing	Print	Mail	Print & Mail
Quantity 1	\$ 1,130	\$ 1,065	\$ 2,195
Quantity 2			
Quantity 3			

Submitted By
 Tony Rife

This quote is valid for 30 Days.
 Thanks for your inquiry.

Total Quantity 13,750
 Postage per piece \$.36
 Est. Price of postage \$4950

INFLATION

PENNSYLVANIA-AMERICAN WATER COMPANY - COATESVILLE WW

INFLATION CALCULATION 2010

TOTAL PER BOOK EXPENSES 2,587,243

LESS: ADJUSTED EXPENSES

LABOR	620,096	
GROUP INSURANCE	119,846	
40K & DEFINED CONTRIBUTION	27,259	
CHEMICALS	110,496	
POWER	399,298	
WATSE DISPOSAL	177,694	
LEASED VEHICLES	66,685	
RATE CASE EXPENSE	176,990	
UNCOLLECTABLES	70,211	
ELIMINATED ITEMS	205,215	
		1,973,790

613,453

FORECASTED GDP 1.50%

PRO FORMA AJUSTMENT 9,202

GDP Price Index (Blue Chip Financial Forecasts)

First Quarter 2010 1.50%

Second Quarter 2010 1.40%

Third Quarter 2010 1.50%

Fourth Quarter 2010 1.60%

Total 2010 6.00%

Four Quarter Divisor 4

Average 2010 1.50%

ASPEN PUBLISHERS

BLUE CHIP FINANCIAL FORECASTS

Top Analysts Forecasts Of
U.S. And Foreign Interest Rates,
Currency Values And The
Factors That Influence Them.

Vol. 29, No. 1
January 1, 2010

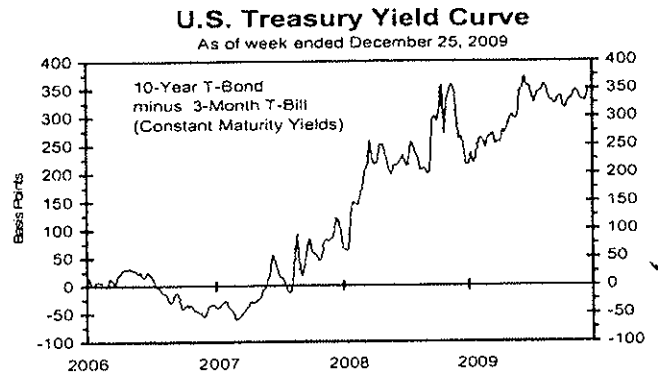
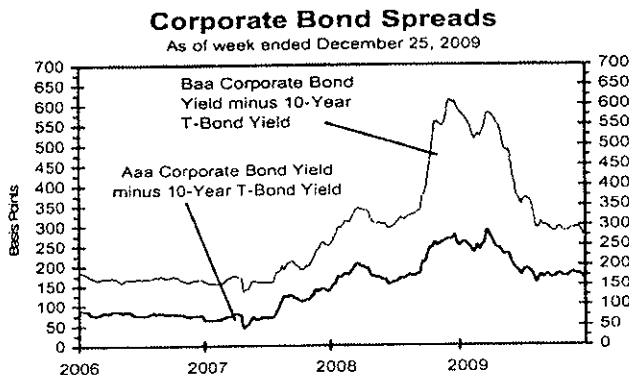
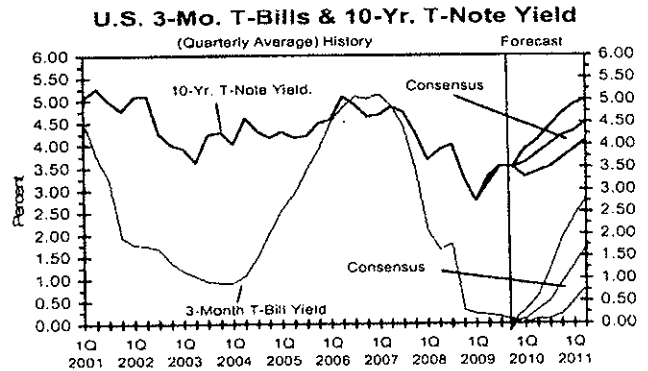
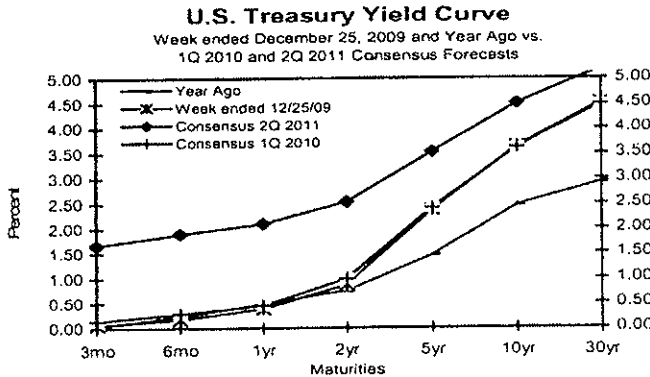
 Wolters Kluwer
Law & Business

Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

Interest Rates	History								Consensus Forecasts-Quarterly Avg.						
	Average For Week End				Average For Month				Latest Q*	1Q	2Q	3Q	4Q	1Q	2Q
	Dec.25	Dec.18	Dec.11	Dec.4	Nov.	Oct.	Sep.	4Q 2009	2010	2010	2010	2010	2011	2011	
Federal Funds Rate	0.12	0.12	0.12	0.12	0.12	0.12	0.15	0.12	0.2	0.2	0.4	0.8	1.3	1.6	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.2	3.3	3.5	3.9	4.3	4.7	
LIBOR, 3-mo.	0.25	0.25	0.26	0.26	0.27	0.28	0.30	0.27	0.4	0.5	0.7	1.1	1.5	1.9	
Commercial Paper, 1-mo.	0.12	0.13	0.14	0.13	0.13	0.12	0.14	0.13	0.2	0.3	0.6	1.0	1.5	1.8	
Treasury bill, 3-mo.	0.06	0.04	0.03	0.06	0.05	0.07	0.12	0.06	0.1	0.3	0.5	0.9	1.3	1.7	
Treasury bill, 6-mo.	0.17	0.16	0.15	0.16	0.15	0.16	0.21	0.16	0.3	0.4	0.7	1.1	1.6	1.9	
Treasury bill, 1 yr.	0.38	0.37	0.32	0.29	0.31	0.37	0.40	0.34	0.4	0.6	1.0	1.4	1.8	2.1	
Treasury note, 2 yr.	0.86	0.84	0.78	0.73	0.80	0.95	0.96	0.85	1.0	1.2	1.5	1.9	2.3	2.5	
Treasury note, 5 yr.	2.37	2.31	2.18	2.10	2.23	2.33	2.37	2.27	2.4	2.6	2.9	3.1	3.4	3.5	
Treasury note, 10 yr.	3.63	3.56	3.47	3.34	3.40	3.39	3.40	3.43	3.6	3.8	4.0	4.2	4.3	4.5	
Treasury note, 30 yr.	4.51	4.48	4.44	4.29	4.31	4.19	4.19	4.31	4.5	4.6	4.8	4.9	5.1	5.2	
Corporate Aaa bond	5.25	5.26	5.25	5.11	5.19	5.15	5.13	5.19	5.3	5.4	5.5	5.7	5.8	5.9	
Corporate Baa bond	6.33	6.33	6.37	6.29	6.32	6.29	6.31	6.31	6.5	6.6	6.7	6.8	6.9	7.0	
State & Local bonds	4.17	4.18	4.19	4.24	4.37	4.20	4.24	4.26	4.5	4.6	4.7	4.8	4.9	5.1	
Home mortgage rate	4.98	4.94	4.81	4.71	4.88	4.95	5.06	4.90	5.1	5.3	5.5	5.7	5.8	6.0	

Key Assumptions	History								Consensus Forecasts-Quarterly					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q*	1Q	2Q	3Q	4Q	1Q	2Q
	2008	2008	2008	2008	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011
Major Currency Index	72.0	70.9	73.5	81.3	82.7	79.4	75.4	73.4	74.1	73.9	74.1	74.3	74.9	75.1
Real GDP	-0.7	1.5	-2.7	-5.4	-6.4	-0.7	2.2	3.5	2.9	2.9	3.0	3.0	3.0	3.0
GDP Price Index	1.9	1.8	4.0	0.1	1.9	0.0	0.4	1.5	1.5	1.4	1.5	1.6	1.8	1.8
Consumer Price Index	4.5	4.5	6.2	-8.3	-2.4	1.3	3.6	2.9	1.8	1.6	2.0	1.9	2.0	2.1

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are the same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). ¹Interest rate data for 4Q 2009 based on historical data through the week ended December 25th. ²Data for 4Q 2009 Major Currency Index also is based on data through week ended December 25th. Figures for 4Q 2009 Real GDP, GDP Chained Price Index and Consumer Price Index are consensus forecasts based on a special question asked of the panelists this month (see page 14)



WASTE DISPOSAL

Pennsylvania American Water Company
Waste Disposal
Coatesville

Test Year	Dec												Total	Proforma Quantity	Proforma Cost	Proforma \$ Amount	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec					
	1	3	2	2	2	2	1					1	1	15	24	\$ 1.30	\$ 31
	\$ 1.30	\$ 3.90	\$ 2.60	\$ 2.60	\$ 2.60	\$ 2.60	\$ 1.30					\$ 1.30	\$ 1.30	\$ 1.90	\$ 1.30	\$ 1.30	\$ 31
	6	18	12	13	13	16	9	4				1	1	93	156	\$ 199.00	\$ 31,044
	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.64	\$ 199.00	\$ 199.00	\$ 18,596	\$ 10	\$ 100.00	\$ 1,000
	\$ 1,197.84	\$ 3,593.52	\$ 2,395.68	\$ 2,595.32	\$ 2,595.32	\$ 3,194.24	\$ 1,796.76	\$ 798.56				\$ 230.00	\$ 199.00	\$ 18,596	\$ 10	\$ 100.00	\$ 1,000
	\$ 219.84	\$ 553.98	\$ 337.32	\$ 359.36	\$ 400.65	\$ 527.47	\$ 279.20	\$ 97.44				\$ 424.32	\$ 335.5	\$ 2,919	\$ 424	\$ 424	\$ 4,797
	\$ 1,418.98	\$ 4,151.40	\$ 2,735.60	\$ 2,957.28	\$ 3,308.57	\$ 4,324.31	\$ 2,277.26	\$ 896.00				\$ 730	\$ 233.86	\$ 23,077			\$ 37,407

Disposal
Allied Waste Services # 319
Quantity (Admin Fee)
Administrative Fee
Quantity (Basic Service)
Cost (per Basic Service)
Amount Basic Service
Container Relocation (quantity)
Cost (Container Relocation)
Amount Container Relocation
Dry Run
Disposal/Recycling
Fuel/Environmental Fee
Late Fee
Subtotal

Quantity (Items)	Cost (TPP \$)	Amount (TPP \$)	Cost (\$&L \$)	Amount (\$&L \$)	Subtotal
122.25	206.51	150.77	362.78	117.84	222.86
98.13	44.67	44.67	44.67	44.67	44.67
9,249.79	6,736.87	7,771.40	9,955.12	4,452.90	2,485.67
10.33	10.33	10.33	10.33	10.33	10.33
2,133.25	1,557.45	1,681.52	1,217.29	2,302.13	574.35
11,383.04	8,392.32	8,952.92	6,481.24	12,257.25	5,476.91
					3,058.02
					\$ 518.65
					\$ 4,261.95

Land Resource Recycling Management
Quantity (gallons)
Cost Per Load
Dollar Amount

285,700	139,200	374,900
0.101	0.101	
\$ 23,805.70	\$ 14,059.20	\$ 37,865

Jonathan Horbinski
Quantity (Loads)
Cost Per Load
Dollar Amount

76	14,440	14,440
		\$ 500
		\$ 696

Commonwealth of Pennsylvania
Taxes
Geochemical Testing

	\$ 695.72	\$ 696
		\$ 25,194

Accruals
Monthly Sludge Accrual

\$ 1,633.46	\$ (1,278.39)	\$ (1,375.52)	\$ 393.90	\$ 1,405.95	\$ (732.43)	\$ 9,358.23	\$ (7,302.67)	\$ 5,772.92	\$ 5,772.92	\$ 5,772.92
-------------	---------------	---------------	-----------	-------------	-------------	-------------	---------------	-------------	-------------	-------------

Sales Tax
Sales/Use Tax

\$ 628.72	\$ 932.06	\$ 461.03	\$ 915.24	\$ 1,453.80	\$ 2,274.19	\$ 1,402.49	\$ 292.61	\$ 31.12	\$ 125.20	\$ 8,516
										\$ 177,694
										\$ 177,694
										\$ (22,645)

Per Books
Total Proforma
Less Per Book Adj

\$ 177,694	\$ 177,694	\$ 177,694
		\$ 155,049

INVOICE TO

CUSTOMER NAME: PENNSYLVANIA American Water Co.
 ATTN: SD52606 R01 - P.O.#
 ADDRESS: P.O. Box 5606
 CITY: Cherry Hill, NJ
 STATE: NJ
 ZIP CODE: 08034-0506
 TEL. NO.:
 FAX NO.:

SITE LOCATION

SITE NAME: PENNSYLVANIA American Water Co.
 ADDRESS: 1st Avenue - Gate 4
 CITY: Coatesville, Pa
 STATE: Pa
 ZIP CODE: 19320
 TEL. NO.: (610) 384-2872
 FAX NO.:
 TITLE: Service Project Manager
 BY: Gerard DeBallo
 CONTRACT: Rich Lutz



Customer Service Agreement

AGREEMENT NUMBER: 3343

ACCOUNT NUMBER: 2379303

NO	QTY	SIZE	QTY	NET WT	SO	SPD	SPR	FR	UP	DRY	LF	AMOUNT	DEST	CL	DATE	LDL	RT	CHARGE	EXHAUST	OTHER	RATE	UNIT	PERSON
N 2	20	20.0	N	1	P	N										6/23/09	20 N	\$ 199.00					
N 3	20	20.0	N	1	P	N										6/13/09	20 N	\$ 230.00					
N 3	20	20.0	N	1	P	N										7/11/09	20 N	\$ 230.00					
O 1	20	20.0	N	1	P	N										6/23/09	20 N	\$ 199.00					

BEI WASTE SERVICES OF PENNSYLVANIA, LLC DBA ALLIED WASTE SERVICES OF BRANDYWINE

HEREINAFTER REFERRED TO AS THE "COMPANY"

BY: *Richard D. Whitt* TITLE: *States*

BY: *Sheld A DeBallo* TITLE: *Project Manager*

CUSTOMER NAME (PLEASE PRINT):
 DATE OF AGREEMENT:

TERMS AND CONDITIONS

SERVICES. Customer grants to Company the exclusive right to collect and dispose of all of Customer's non-hazardous solid waste materials (including recyclables) (collectively, "Waste Materials"), and Company agrees to furnish such services.

TERM. THE INITIAL TERM OF THIS AGREEMENT SHALL START ON THE DATE OF THIS AGREEMENT AND CONTINUE FOR 36 MONTHS THEREAFTER. THIS AGREEMENT SHALL AUTOMATICALLY RENEW FOR SUCCESSIVE 36 MONTH TERMS UNLESS EITHER PARTY GIVES WRITTEN NOTICE OF TERMINATION TO THE OTHER AT LEAST 60 DAYS BEFORE THE END OF THE THEN CURRENT TERM. ANY NOTICE OF TERMINATION UNDER THIS AGREEMENT BY CUSTOMER SHALL BE VOID UNLESS SENT VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND ACTUALLY RECEIVED BY COMPANY.

WASTE MATERIALS. The Waste Materials shall not contain any hazardous materials, wastes or substances; toxic substances; wastes or pollutants; contaminants; pollutants; infectious wastes; medical wastes; or radioactive wastes (collectively, "Excluded Waste"), each as defined by applicable federal, state or local laws or regulations (collectively, "Applicable Laws"). Customer shall indemnify, defend and hold harmless Company from and against any and all claims, damages, suits, penalties, fines, remediation costs, and liabilities (including court costs and reasonable attorneys' fees) ("collectively, "Losses") resulting from the inclusion of Excluded Waste in the Waste Materials.

TITLE. Company shall acquire title to Waste Materials when they are loaded into Company's truck. Title to and liability for any Excluded Waste shall remain with Customer and shall at no time pass to Company.

COMMENTS

Cont. Group 2 - Sludge Handling Building
 Cont. Group 3 - Headworks
 Tonnage 7/14/09 - initials on Service Agreement.
 Fuel + Environmental as old contract

Rate based on NJA lbs/yd.

FOR OFFICE USE ONLY

DOES FACILITY HAVE A HAZARDOUS WASTE GENERATOR I.D. NUMBER?
 I.D. NUMBER: YES NO

NATIONAL ACCOUNT NUMBER	CUSTOMER CATEG.	CASH TOLERANCE	SUSPEND	CREDIT ANALYST
	Comm		<input checked="" type="checkbox"/>	
SITE NUMBER	SERVICE TERM	REVIEW DATE	PURCHASE ORDER NUMBER	S.I.C.
100	6/23/09 36	6/23/2012	5052606 R01	020
TELEPHONE	SALES REPRESENTATIVE	TAX CODE	TRACK CODE	COMPUTER
7	1135768	01	36	NWS
REVENUE	M/G	CREDIT APPROVAL	CONTRACT APPROVAL	DATE

TERMS AND CONDITIONS (Continued from other side)

PAYMENT. Customer shall pay Company for the services and equipment furnished by Company at the rates provided in this Agreement. Customer shall pay all taxes, fees and other governmental charges assessed against or passed through to Company (other than income or real property taxes). Customer shall pay such fees as the Company may impose from time to time by notice to Customer (including, by way of example, only, late payment fees, administrative fees and environmental fees), with Company to determine the amounts of such fees in its discretion up to the maximum amount allowed by Applicable Law. Without limiting the foregoing, Customer shall pay Company: (a) a fee of \$50 (which Company may increase from time to time by notice to Customer) for each check submitted by Customer that is an insufficient funds check or is returned or dishonored; and (b) a fuel/environmental recovery fee in the amount shown on each of Company's invoices, which amount Company may increase or decrease from time to time by showing the amount on the invoice. Customer shall pay Company within 20 days after the date of Company's invoice. At any time after Company becomes concerned about Customer's creditworthiness or after Customer has made any late payment, Company may request, and if requested Customer shall pay, a deposit in an amount equal to one month's charges under this Agreement.

RATE ADJUSTMENTS. Company may, from time to time by notice to Customer, increase the rates provided in this Agreement to adjust for any increase in: (a) disposal costs; (b) transportation costs due to a change in location of Customer or the disposal facility used by Company; (c) the Consumer Price Index for all Urban Consumers; (d) the average weight per cubic yard of Customer's Waste Materials above the number of pounds per cubic yard upon which the rates provided in this Agreement are based as indicated on the cover page of this Agreement; or (e) Company's costs due to changes in Applicable Laws. Company may increase rates for reasons other than those set forth above with Customer's consent, which may be evidenced verbally, in writing or by the parties' actions and practices.

SERVICE CHANGES. The parties may change the type, size or amount of equipment, the type or frequency of service, and correspondingly the rates by agreement of the parties, which may be evidenced verbally, in writing or by the parties' actions and practices. This Agreement shall apply to any change of location of Customer within the area in which Company provides collection and disposal services.

RESPONSIBILITY FOR EQUIPMENT; ACCESS. Any equipment Company furnishes shall remain Company's property. Customer shall be liable for all loss or damage to such equipment (except for normal wear and tear and for loss or damage resulting from Company's handling of the equipment). Customer shall use the equipment only for its proper and intended purpose and shall not overload (by weight or volume), move or alter the equipment. Customer shall indemnify, defend and hold harmless Company from and against all Losses arising from any injury or death to persons or loss or damage to property (including the equipment) arising out of Customer's use, operation or possession of the equipment. Customer shall provide safe, unobstructed access to the equipment on the scheduled collection day. Company may charge an additional fee for any additional collection service required by Customer's failure to provide access.

DAMAGE TO PAVEMENT. Company shall not be responsible for any damages to Customer's pavement, curbing or other driving surfaces resulting from Company's providing service at Customer's location.

SUSPENSION. If any amount due from Customer is not paid within 60 days after the date of Company's invoice, Company may, without notice and without terminating this Agreement, suspend collecting and disposing of Waste Materials until Customer has paid such amount to Company. If Company suspends service, Customer shall pay Company a service interruption fee in an amount determined by Company in its discretion up to the maximum amount allowed by Applicable Law.

TERMINATION. In addition to its above suspension rights, Company may terminate this Agreement immediately by written notice to Customer if (a) any of the information contained in any credit application submitted to Company in connection with this Agreement is untrue or (b) Customer breaches this Agreement and fails to cure such breach within 10 days after Company gives Customer written notice of the breach. Company's failure to suspend service or terminate this Agreement when Customer fails to timely pay or otherwise breaches this Agreement shall not constitute a waiver of Company's right to suspend service or terminate this Agreement for any future failure to pay or other breach.

PAYMENT UPON TERMINATION. If Customer terminates this Agreement before its expiration other than as a result of a breach by Company, or if Company terminates this Agreement as a result of a breach by Customer (including nonpayment), Customer shall pay Company an amount equal to the most recent month's monthly charges multiplied by the lesser of (a) six months or (b) the number of months remaining in the term. Customer acknowledges that in the event of such a termination, actual damages to Company would be uncertain and difficult to ascertain, such amount is the best, reasonable and objective estimate of the actual damages to Company, such amount does not constitute a penalty, and such amount is reasonable under the circumstances. Any amount payable under this paragraph shall be in addition to amounts already owing under this Agreement.

ASSIGNMENT. Customer shall not assign this Agreement without Company's prior written consent, which Company shall not unreasonably withhold. Company may assign this Agreement without Customer's consent.

EXCUSSED PERFORMANCE. Except for Customer's obligation to pay amounts due to Company, any failure or delay in performance due to contingencies beyond a party's reasonable control, including strikes, riots, terrorist acts, compliance with Applicable Laws or governmental orders, fires and acts of God, shall not constitute a breach of this Agreement.

ATTORNEYS' FEES. If any litigation is commenced under this Agreement, the successful party shall be entitled to such other relief as the court may award, its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court or other costs incurred in such litigation or proceeding.

MISCELLANEOUS. This Agreement sets forth the entire agreement of the parties and supersedes all prior agreements, whether written or oral, that exist between the parties regarding the subject matter of this Agreement. Company shall have no confidentiality obligation with respect to any Waste Materials. This Agreement shall be binding upon and inure solely to the benefit of the parties and their permitted assigns. If any provision of this Agreement shall be invalid, illegal or unenforceable, it shall be modified so as to be valid, legal and enforceable but so as most nearly to retain the intent of the parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected thereby.



ALLIED WASTE SERVICES
1 Briar Lane
West Grove, PA 19390-9455

PENNSYLVANIA AMERICAN WATER CO

24019465
NEX AD

Invoice
Page 1 of 1

Account Summary

Account Number 3-0319-2379303
Invoice Date May 15, 2009
Invoice Number 0319-000327036
Previous Balance \$1705.28
Payments/Adjustments \$0.00
Unpaid Balance \$1705.28
Current Invoice Charges \$1603.29

Pay This Amount

\$3,308.57

Due By: 06/04/09

Contact Information

Customer Service (610) 869-2222

Important Information

Your next invoice may reflect a rate adjustment, if you have any questions after receiving your next invoice please contact us.

Your invoice may reflect an increase in the environmental recovery fee. For additional information please visit www.disposal.com

TIRED OF WRITING CHECKS? PLEASE CALL OUR OFFICE FOR DETAILS ON AUTOMATIC CREDIT CARD OR BANK ACCOUNT DRAFTS. 610-869-2222 OR 1-800-215-5791.

To pay on-line or sign up for convenient auto pay, go to:

www.disposal.com

Current Invoice Charges

Administrative Fee
Pennsylvania American Water Co 1st Ave - Gate 4 (L100) PO A24SUPV13
Coatesville, PA

\$1.30

1 - Rolloff (20 Yd) Scheduled Service (S1)

Date	Description	Reference	Quantity	Unit Price	Amount
05/01	Dry Run		1.0000	\$110.00	\$110.00
	Receipt Number 65298				
05/02	Container Relocation	Rich	1.0000	\$100.00	\$100.00
	Receipt Number 65484				
05/04	Basic Service		1.0000	\$199.64	\$199.64
	Receipt Number 65407				
05/04	Basic Service		1.0000	\$199.64	\$199.64
	Receipt Number 65610				
05/06	Basic Service		1.0000	\$199.64	\$199.64
	Receipt Number 65617				
05/08	Basic Service		1.0000	\$199.64	\$199.64
	Receipt Number 65869				
05/11	Basic Service		1.0000	\$199.64	\$199.64
	Receipt Number 66021				
05/13	Basic Service		1.0000	\$199.64	\$199.64
	Receipt Number 66251				
	Total Fuel/Environmental Recovery Fee				\$194.15

Current Invoice Charges

\$1603.29

RECEIVED

MAY 26 2009

SSC-MAILROOM

Past Due Balance \$1,705.28

- SA
- Visit our website, www.disposal.com to make your payment electronically or to sign up for our convenient automatic payment plan.
 - Please see reverse side for terms and conditions.



ALLIED WASTE SERVICES
1 Briar Lane
West Grove PA 19390-9455

Please Return This Portion
With Payment

TOTAL ENCLOSED

[]

Return Service Requested

004171-23-30319 S
PENNSYLVANIA AMERICAN WATER CO
PO BOX 5606
CHERRY HILL NJ 08034-0506

Pay This Amount **\$3,308.57**
Account Number 3-0319-2379303
Invoice Date May 15, 2009
Invoice Number 0319-000327036
Payment Due Date June 04, 2009

For Billing Address Changes,
Check Box and Complete Reverse.

Make Checks Payable To:

ALLIED WASTE SERVICES #319
PO BOX 9001099
LOUISVILLE KY 40290-1099

30319237930300000003270360001603290003308579

Remit To:
CHESTER COUNTY SOLID WASTE AUTHORITY
P.O. BOX 85-207290
PHILADELPHIA, PA 19178-7290

24019370
NSX
NA

Send To:
PA AMERICAN WATER SERVICES CTR
A/P DEPARTMENT, WORK BASKET A24SUPV13
PO BOX 5606
CHERRY HILL, NJ 8003

Received
DEC 28 2009
Shared Services Center

CHESTER COUNTY SOLID WASTE AUTHORITY
INVOICE

Account # 43
Name: PA AMERICAN WATER SERVICES CTR
Instructions:

Due Date: 1/21/2010
Invoice Amt: \$ 2,948.55

Account # 43	Customer Name PA AMERICAN WATER SERVICES	Inv # 21435 12/22/2009
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INVOICE

PA AMERICAN WATER SERVICES CTR

Account # 43

Ticket	Site	Truck/Trailer-Box	Date	Time	Material/ Origin	Net Wt	Tip \$	S&L \$	Total \$
1412336	100944	20255 / 21162	12/17/2009	08:38:14	39 / 00	13.68	611.09	141.31	752.40
1412490	100944	LC1010 / 21053	12/18/2009	07:34:23	39 / 00	13.09	584.73	135.22	719.95
1412512	100944	LC1010 / 21162	12/18/2009	09:33:41	39 / 00	12.84	573.56	132.64	706.20
1412885	100944	LC0963 / 21310	12/22/2009	09:58:39	39 / 00	14.00	625.38	144.62	770.00

Summary for Account:		Count	Net Wt	Tip \$	S&L \$	Total \$
		4	53.61	2,394.76	553.79	2,948.55

Net Weight	Tip \$	Tip Cost per Ton	S&L \$	S&L Cost per Ton
13.68	\$ 611.09	\$ 44.67	\$ 141.31	\$ 10.33
13.09	\$ 584.73	\$ 44.67	\$ 135.22	\$ 10.33
12.84	\$ 573.56	\$ 44.67	\$ 132.64	\$ 10.33
14.00	\$ 625.38	\$ 44.67	\$ 144.62	\$ 10.33

Account # 43	Customer Name PA AMERICAN WATER SERVICES CTR	Inv # 21435 12/22/2009
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**DEFERRED DEPRECIATION &
POST IN SERVICE AFUDC**

Coatesville WW Treatment Plant						
<u>Post In Service AFUDC</u>						
			Return	Month		
Phase 1 & Land	Pedfa	34,659,773	6.2%	179,075	12	2,148,906
	LTD	4,259,093	6.18%	21,934	12	263,212
	Equity	4,395,841	19.66%	72,004	12	864,043
		<u>43,314,706</u>		<u>273,013</u>		<u>3,276,161</u>
Phase 2	Pedfa	12,340,227	6.2%	63,758	10	637,578
	LTD	438,390	6.18%	2,258	10	22,577
	Equity	452,466	19.66%	7,411	10	74,114
		<u>13,231,083</u>		<u>73,427</u>		<u>734,269</u>
Total						4,010,430
<u>Deferred Depreciation</u>						
Phase 1		39,594,628	2.95%	97,337	12	1,168,042
Phase 2		12,629,636	2.95%	31,048	10	310,479
						<u>1,478,520</u>
Total Post Inservice AFUDC & Depreciation						\$ 5,488,950
Amortization Period						34
Annual Amortization						\$ 161,440

Pennsylvania American Water Company
 Composite Depreciation Rate

Account #	Phase 1	Phase 2	Total Phase 1 + 2	Depreciation Rate	
354.3	3,532,623	838,620	4,371,243	4.04%	176,598
354.4	21,580,440	3,841,395	25,421,835	2.51%	638,088
354.7		290,280	290,280	4.54%	13,179
365.0	7,244	5,481	12,725	4.71%	599
371.1	572,986	52,616	625,602	4.89%	30,592
380.0	7,996,489	6,657,391	14,653,880	3.37%	493,836
381.0	5,238,418	943,853	6,182,271	2.32%	143,429
390.0	89,823		89,823	5.42%	4,868
396.0	576,605		576,605	6.70%	38,633
	<u>\$39,594,628</u>	<u>\$ 12,629,636</u>	<u>\$ 52,224,264</u>		<u>\$ 1,539,822</u>
				Composite Rate	2.95%

ELIMINATED ITEMS

ELIMINATED ITEMS

COATESVILLE

			<u>AMOUNT</u>	<u>DESCRIPTION</u>
ADVERTISING			(236)	Belongs to Water 660.8
CONTRACT SERVICES OTHER			(180,000)	Conveyance Chg Accrual Valley Twn 636.5
VEHICLE MAINT	PV 42162493	31,224	(24,979)	Water Pump Replacement - Vac Trk 650.8
<u>TOTAL</u>			<u>(205,215)</u>	

UNCOLLECTABLE ACCOUNTS

**3 Year Average Calculation of Net Charge-Off Percentage
Adjusted for Availability CO & Sales**

		Net Charge-Offs Wastewater
		Coatesville
		2449
Year		650
2007		66,771.32
2008		60,168.45
2009		69,692.04
3 Year Ave	Net Charge-Offs	65,543.94

		Billed Wastewater Sales
2007		2478388.02
2008		2553744.54
2009		4093874.83
3 Year Ave	Billed Wastewater Sales	3,042,002.46

2007		0.026941431
2008		0.023560873
2009		0.017023491
3 Year Ave	Ratio	0.021546313

TAXES OTHER THAN INCOME

PAYROLL TAXES

Pennsylvania American Water Company
 Coatesville WW Operations
 CALCULATION OF PAYROLL TAXES
 PROFORMA 12/31/10

				PROFORMA
Tax Bases	FICA	Total Salary and Wages & AIP		\$ 695,258.84
		Less: Excess Social Security Wages		-
				<u>695,258.84</u>
	FUTA	\$7000 PER EMPLOYEE	11(H) 13(F)	91,000.00
	SUTA	\$8000 PER EMPLOYEE	11(H) 13(F)	104,000.00
TAX	FICA	6.20%		43,106.05
	MEDICARE	1.45%		10,081.25
	FUTA	0.80%		728.00
	SUTA	2.554%		2,656.58
SUBTOTAL				<u>56,572.00</u>
LESS:		3.77% CHARGED TO OPERATIONS		<u>2,143.76</u>
AMOUNT CHARGED TO OPERATIONS EXPENSE				54,428.24
LESS: PER BOOKS				46,310.00
ADJUSTMENT				<u><u>\$ 8,118.24</u></u>

GENERAL ASSESSMENT



Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

GENERAL ASSESSMENT INVOICE

PA-AMERICAN WATER CO-WASTEWATER SW
 800 W HERSHEY PARK DR
 HERSHEY, PA 17033

INVOICE DATE	INVOICE NUMBER
9/9/2009	09- 230073

FISCAL YEAR
JULY 1, 2009 - JUNE 30, 2010

CERTIFIED MAIL NUMBER
71879822765000418739

- Read Carefully Notice of Assessment
- Use Return Envelope Provided
- Make Check Payable to:
Commonwealth of Pennsylvania

Pennsylvania Public Utility Commission	\$ 30,191.00
Pennsylvania Office of Consumer Advocate	\$ 8,773.00
Pennsylvania Small Business Advocate	\$ 837.00
PAY THIS AMOUNT WITHIN 30 DAYS ▶	\$ 39,801.00

TO RECEIVE PROPER CREDIT FOR YOUR PAYMENT, REMOVE THE BOTTOM PART OF THIS INVOICE AT THE PERFORATION AND RETURN WITH YOUR REMITTANCE.

MAIL PAYMENT TO:
 PA PUC
 PO BOX 61380
 HARRISBURG, PA 17106-1380

FOLD AND TEAR AT PERFORATION

RETURN THIS PORTION WITH YOUR REMITTANCE

PA-AMERICAN WATER CO-WASTEWATER SW
 800 W HERSHEY PARK DR
 HERSHEY, PA 17033

INVOICE DATE	INVOICE NUMBER
9/9/2009	09- 230073
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PAY THIS AMOUNT WITHIN 30 DAYS ▶	\$ 39,801.00

09000023007311 090909100030191002000087730030000083700 000039801008

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Run Date: 8/18/2008

Allocation of Public Utility Groups for the Total Assessment of Estimated Commission Expenditures for Fiscal Year July 1, 2009 to June 30, 2010

Schedule A

<u>Group</u>	<u>Total Commission Expenditures Assessable on Each Group for Calendar Year</u>	<u>Percentage Distribution</u>	<u>Total Assessment for Fiscal Year Allocated to Each Group (Total X Percent)</u>
Electric	\$15,508,266.13	34.5125%	\$17,049,175.00
Gas	10,144,904.37	22.5767%	11,152,889.80
Pipeline	46,521.39	0.1035%	51,129.00
Steam Heat	230,512.68	0.5130%	253,422.00
Telephone	7,715,298.45	17.1698%	8,481,881.20
Water & Wastewater	3,794,552.05	8.4445%	4,171,583.00
Motor Carrier Passenger	2,176,906.62	4.8445%	2,393,183.00
Motor Carrier Property	3,543,564.96	7.8859%	3,895,634.60
Railroad	1,774,753.35	3.9496%	1,951,102.40
Totals	\$44,935,280.00	100.0000%	\$49,400,000.00

Schedule B

<u>Group</u>	<u>Estimated Total Commission Expenditures for Fiscal Year July 1, 2009 to June 30, 2010 Assessable on Each Group</u>	<u>Gross Intrastate Operating Revenues of Each Group for Calendar Year 2008</u>	<u>General Assessment Factor for Each Group (Column A Divided by Column B)</u>
	(A)	(B)	(C)
Electric	\$17,049,175.00	\$12,713,596,315	0.001341019062
Gas	11,152,889.80	\$5,176,193,219	0.002154650982
Pipeline	51,129.00	\$57,107,653	0.000895309075
Steam Heat	253,422.00	\$133,074,350	0.001904363989
Telephone	8,481,881.20	\$3,488,937,723	0.002431078418
Water & Sewage	4,171,583.00	\$873,085,015	0.004777980298 ←
Motor Carrier Passenger	2,393,183.00	\$263,786,573	0.009072421590
Motor Carrier Property	3,895,634.60	\$2,652,098,284	0.001468887719
Railroad	1,951,102.40	\$213,435,503	0.009141414491
Totals	\$49,400,000.00	\$25,571,314,635	

OFFICE OF CONSUMER ADVOCATE

Run Date: 8/18/2009

**Allocation of Public Utility Groups for the Total Assessment of Estimated Office
Expenditures for Fiscal Year July 1, 2009 to June 30, 2010**

Schedule A

Group	Total Office Expenditures of Each Group for Calendar Year 2008	Percentage Distribution	Total Assessment for Fiscal Year Allocated to Each Group. (Total X Percent)
Electric	\$1,711,197.00	35.5286%	\$1,665,090.12
Gas	\$1,370,136.00	28.4473%	\$1,333,218.75
Steam Heat	\$28,981.00	0.6017%	\$28,200.13
Telephone	\$460,343.00	9.5578%	\$447,939.41
Water & Waste Water	\$1,245,737.00	25.8645%	\$1,212,171.59
Totals	\$4,816,394.00	100.00%	\$4,686,620.00

Schedule B

Group	Estimated Total Office Expenditures for Fiscal Year July 1, 2009 to June 30, 2010 Assessable on Each Group (A)	Gross Intrastate Operating Revenues of Each Group for Calendar Year 2008 (B)	General Assessment Factor for Each Group (Column (A) Divided by Column (B)) (C)
Electric	\$1,665,090.12	\$12,713,596,315.00	0.000130969246
Gas	\$1,333,218.75	\$5,176,193,219.00	0.000257567423
Steam Heat	\$28,200.13	\$133,074,350.00	0.000211912589
Telephone	\$447,939.41	\$3,488,937,723.00	0.000128388480
Water & Waste Water	\$1,212,171.59	\$873,085,015.00	0.001388377500 ←
Totals	\$4,686,620.00	\$22,384,886,622.00	

OFFICE OF SMALL BUSINESS ADVOCATE

Run Date:8/18/2009

**Allocation of Public Utility Groups for the Total Assessment of Estimated Office
Expenditures for Fiscal Year July 1, 2009 to June 30, 2010**

Schedule A

Group	Total Office Expenditures of Each Group for Calendar Year 2008	Percentage Distribution	Total Assessment for Fiscal Year Allocated to Each Group (Total X Percent)
Electric	\$369,148.92	43.000%	\$382,700.00
Gas	\$248,960.90	29.000%	\$258,100.00
Steam Heat	\$8,584.86	1.000%	\$8,900.00
Telephone	\$120,188.02	14.000%	\$124,600.00
Water & Waste Water	\$111,603.16	13.000%	\$115,700.00
Totals	\$858,485.86	100.00000%	\$890,000.00

Schedule B

Group	Estimated Total Office Expenditures for Fiscal Year July 1, 2009 to June 30, 2010 Assessable on Each Group (A)	Gross Intrastate Operating Revenues of Each Group for Calendar Year 2008 (B)	General Assessment Factor for Each Group (column (A) Divided by Column (B)) (C)
Electric	\$382,700.00	\$12,713,596,315.00	0.000030101632
Gas	\$258,100.00	\$5,176,193,219.00	0.000049862899
Steam Heat	\$8,900.00	\$133,074,350.00	0.000066879906
Telephone	\$124,600.00	\$3,488,937,723.00	0.000035712876
Water & Waste Water	\$115,700.00	\$873,085,015.00	0.000132518596 ←
Totals	\$890,000.00	\$22,384,886,622.00	

PROPERTY TAXES

**Coatesville Wastewater Operations
Pro Forma Property Taxes**

					2009 TAXES			
Parcel Number	Land Assessment	Building Assessment	County Mills	School Mills	County	Borough	School	Total
0806 00680000	-	-	-	-	487.27	1003.2	3960.81	5,451.28
0902 00010000	194,550	904,000	0.003965	0.0275	4,268.64	8,182.00	29,605.93	42,056.57
0906 00060000	353,230	76,120	0.003965	0.0275	1,668.32	3,197.80	11,570.99	16,437.11
0906 00060200	103,500	114,460	0.003965	0.0275	846.93	1,623.37	5,874.02	8,344.32
					72,289.28			
					Pro Forma Taxes for Land Only			
Parcel Number	Land Assessment	Building Assessment	County Mills	School Mills	County	Borough	School	Total
0902 00010000	194,550	904,000	0.003965	0.0275	771.39		5,350.13	6,121.52
0906 00060000	353,230	76,120	0.003965	0.0275	1,400.56		9,713.83	11,114.38
0906 00060200	103,500	114,460	0.003965	0.0275	410.38		2,846.25	3,256.63
					20,492.53			
					Pro Forma Borough Taxes			
Parcel Number	Land Assessment	Building Assessment	County Mills	School Mills	County	Borough	School	Total
0902 00010000	194,550	904,000	0.003965	0.0275		8,182.00		8,182.00
0906 00060000	353,230	76,120	0.003965	0.0275		3,197.80		3,197.80
0906 00060200	103,500	114,460	0.003965	0.0275		1,623.37		1,623.37
					13,003.17			
					Pro Forma Parkesburg Pump Station Taxes			
Parcel Number	Land Assessment	Building Assessment	County Mills	School Mills	County	Borough	School	Total
0806 00680000	-	-	-	-	487.27	1003.2	3960.81	5,451.28
					Pro Forma Taxes based on New Plant			
Market Value	Assessment Land & Buildings	County Mills	School Mills	County	Borough	School	Total	
30,083,358	7,520,839	0.003965	0.0275	29,820.13		206,823.08	236,643.21	

Pro forma Taxes - New Plant	236,643
Add Pro forma Land Only Tax:	20,493
Add Pro forma Borough Taxes	13,003
Add Pro forma Parkesburg PS	5,451
Total Pro Forma Property Taxes	<u>275,590</u>

Remove 2009 Per Book Taxes (72,289)

Pro forma Adjusted Taxes 203,301

FUTURE TEST YEAR ADDITIONS

PENNSYLVANIA-AMERICAN WATER COMPANY - COATESVILLE WASTEWATER
 PLANT ADDITIONS AND RETIREMENTS - BY STATE ACCOUNT
 FUTURE TEST FOR YEAR ENDED DECEMBER 31, 2010

STATE ACCT NO	DESCRIPTION OF ADDITION	PROJECT NUMBER	ADDITION	COMP DATE	DESCRIPTION OF RETIREMENT	RETIREMENT	COMP DATE
354.30	Coatesville Wastewater Treatment Plant - Filler Feed Pump Station	451804	838,620	Apr-10	Included Below in Account 398		
	New Pump Station - Mendenhall Tract - Developer Funded	DV 50106523	246,900	Dec-10	None		
	PEDFA Interest During Construction - Capitalized	453785	90,579	Apr-10	None		
	Account Subtotal		\$ 1,176,099				
354.40	Coatesville Wastewater Treatment Plant - Aerobic Digesters	451804	90,177	Apr-10	Included Below in Account 398		
	Coatesville Wastewater Treatment Plant - Biosolids Storage Pad	451804	543,212	Apr-10	Included Below in Account 398		
	Coatesville Wastewater Treatment Plant - Effluent Filters	451804	1,606,919	Apr-10	Included Below in Account 398		
	Coatesville Wastewater Treatment Plant - Operations Building	451804	577,454	Apr-10	Included Below in Account 398		
	Coatesville Wastewater Treatment Plant - Sludge and Sluice Gates	451804	317,905	Apr-10	Included Below in Account 398		
	Coatesville Wastewater Treatment Plant - Sludge Handling Building	451804	705,727	Apr-10	Included Below in Account 398		
	PEDFA Interest During Construction - Capitalized	453785	404,531	Apr-10	None		
	Account Subtotal		\$ 4,245,926				
354.50	Coatesville Wastewater Treatment Plant - Site Work	451804	290,280	Apr-10	Included Below in Account 398		
	Coatesville WWTP - Flood Damage Equipment	455822	164,495	Feb-10	Included Below in Account 398		
	PEDFA Interest During Construction - Capitalized	453785	47,951	Apr-10	None		
	Account Subtotal		\$ 502,726				
355.40	PEDFA Interest During Construction - Capitalized	453785	38,741	Apr-10	None		
	Account Subtotal		\$ 38,741				
361.10	Mains - Replaced / Restored	RP-2467-B1	560,884	Dec-10	Retire Mains	56,088	Dec-10
	Mains - Unscheduled	RP-2467-C1	60,000	Dec-10	Retire Mains	6,000	Dec-10
	Mains - Relocated	RP-2467-D1	20,000	Dec-10	Retire Mains	2,000	Dec-10
	Manholes - New	RP-2467-E1	42,000	Dec-10	None		
	Hydrants, Valves, and Manholes - Replaced	RP-2467-F1	28,000	Dec-10	Retire Manholes	2,800	Dec-10
	2260' 2" or less Mariott Hotel - Developer Funded	DV-2467-1	53,835	Dec-10	None		
	1477' 8-inch Lindale Village - Developer Funded	DV-2467-1	98,736	Dec-10	None		
	1600' 8-inch Davis Tract - Developer Funded	DV-2467-1	150,000	Dec-10	None		
	Install 7,500 LF of 8" Sewer Main East Fallowfield	454575	1,855,489	Jun-10	None		
	10 - New 4" Manholes - Penn Brook Crossing - Developer Funded	DV 50020943	18,000	Mar-10	None		
	1195' of 6-inch Main - Penn Brook Crossing - Developer Funded	DV 50020943	41,837	Mar-10	None		
	1320' of 8-inch Main - Penn Brook Crossing - Developer Funded	DV 50020943	46,200	Mar-10	None		
	1608' 6- Inch Main - Mendenhall Tract - Developer Funded	DV 50085302	28,848	Mar-10	None		
	34 New Manholes - Mendenhall Tract - Developer Funded	DV 50085302	55,600	Mar-10	None		
	3435' of 4-inch Main - Mendenhall Tract - Developer Funded	DV 50106497	262,740	Mar-10	None		

390.30	PEDFA Interest During Construction - Capitalized	453785	187	Apr-10	None	
	Account Subtotal	\$	187			
396.00	Various Process Plant Facilities and Equipment	RP-2467-Q1	90,000	Dec-10	None	
	Dialer - Mendenhall Tract - Developer Funded	DV 50106542	3,000	Mar-10		
	PEDFA Interest During Construction - Capitalized	453785	6,208	Apr-10	None	
	Account Subtotal	\$	98,208			
398.00	N/A				Retirement of the Coatesville Treatment Plant	3,424,472
	Account Subtotal					\$ 3,424,472
	Grand Total	\$	18,618,393			\$ 3,496,361