



PENNSYLVANIA
AMERICAN WATER

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

Re: General Base Rate Filing for Coatesville Wastewater Operations
Docket No. R-2010-2166212

Dear Secretary McNulty:

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

1. Eight copies of Supplement No. 2 to Tariff Wastewater Pa P.U.C. No. 8, bearing a proposed effective date of June 22, 2010.
2. Eight copies of a news release regarding this filing that will be published in newspapers of general circulation in each of the Company's service areas.
3. Eight copies of the supporting information required by the Commission's proposed regulations, including pre-filed direct testimony, supporting exhibits and filing requirements of the Pa. Code Section 53.52.
4. Eight copies of the notice that was direct mailed to all customers on April 22, 2010 informing them of the afore-mentioned tariff filing.

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

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

Sincerely

Rod Nevirauskas

Director - Rates and Regulations



**PENNSYLVANIA
AMERICAN WATER**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania American Water: Docket No. R-2010-2166212
CERTIFICATE OF SERVICE

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

VIA HAND DELIVERY

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

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

John Simms, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

Robert Wilson
Bureau Fixed Utility Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

VIA US MAIL

Kenneth R. Myers, Esquire
HighSwartz, L.L.P
40 East Airy Street
P.O Box 671
Norristown, PA 19404

Rod Nevirauskas
Director – Rates and Regulations
Pennsylvania American Water
800 West Hershey Park Drive
Hershey, PA 17033
(717) 531-3340

Dated: April 23, 2010



NOTICE OF PROPOSED WASTEWATER RATE CHANGES

Dear Customer:

On April 23, 2010, Pennsylvania American Water filed a request with the Pennsylvania Public Utility Commission (PUC) to increase your wastewater rates as of June 22, 2010. A full investigation of this request could delay the change until January 22, 2011. This notice describes our request, the PUC's role, and what actions you can take.

RATE REQUEST

Pennsylvania American Water is requesting an overall rate increase of \$8,156,652 per year. Here is an example of the proposed change for a typical customer's monthly bill.

Customer Type	Current Monthly Bill	Proposed Monthly Bill
Residential	\$27.43	\$90.26
Commercial	\$83.54	\$243.18

To find out how the request might change your wastewater bill, or to address any other questions you might have, please contact Pennsylvania American Water's customer service center at 1-800-565-7292. You can also find the rates requested by Pennsylvania American Water in Wastewater Tariff PA P.U.C. No. 8, filed with the PUC and on our Web site at www.pennsylvaniaamwater.com. You can also review the material filed with the PUC at our office at 800 West Hersheypark Drive, Hershey, PA 17033. In addition, you can request that we mail you a copy of Pennsylvania American Water's Statement of Reasons, which is a plain language summary of why we need to raise rates.

BACKGROUND

The proposed increase is needed to begin to recover approximately \$57.7 million that Pennsylvania American Water will have invested to improve wastewater service and reliability for your community since the company's last rate decision. This capital investment equates to spending approximately \$9,500 per customer.

Specifically, the company recently completed a major upgrade and expansion of your wastewater treatment plant at a cost of approximately \$55 million, replacing an outdated facility dating back to 1932. The upgrades were required to resolve environmental issues that the Pennsylvania Department of Environmental Protection had identified in a Consent Order dated November 30, 2005, pertaining to a projected hydraulic overload at the wastewater plant. The new state-of-the-art facility ensures that the system complies with all environmental regulations, while providing enhanced odor control and beneficial reuse of wastewater residuals. In addition, Pennsylvania American Water invested in improvements to the sewer collection system.

PUC ROLE

The state agency that approves rates for public utilities is the PUC. The PUC will review and investigate the requested rate increase. Pennsylvania American Water must prove that the requested rates are reasonable. After examining the evidence, the PUC might grant all, some or none of the request, or it might reduce existing rates. As a result, the final effect on your bill might be different than the company's request.

ACTIONS YOU CAN TAKE

You can challenge Pennsylvania American Water's request by:

- 1) Sending a letter to the PUC – You can tell the PUC why you object to the requested rate increase in your letter. You can also tell the PUC about any other concerns you have about the company. This information can be helpful when the PUC investigates the rate request. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2) Attending or presenting testimony at PUC public input hearings – You can attend or be a witness at a PUC public hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania American Water's rate increase request and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the rate case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.
- 3) Becoming a party by filing a formal complaint – If you want to be a party to the case, you must file a formal complaint. You then have an opportunity to take part in all the hearings about the rate increase request. You can receive copies of all materials distributed by the other parties. Formal complaints should be filed with the PUC before June 22, 2010. If no one files a formal complaint, the Commission may grant all, some or none of the request without holding a hearing before a PUC judge. You can request a formal complaint form by writing to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265, or by going to its Web site at www.puc.state.pa.us.

Pennsylvania American Water
Coatesville Wastewater District