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File #: 3297/144460

December 1, 2010

**VIA HAND DELIVERY**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**RE: Pennsylvania Public Utility Commission v. Superior Water Company, Inc.  
Docket No. R-2010-2191376 et al.**

**JOINT PETITION FOR APPROVAL OF SETTLEMENT OF SUPERIOR  
WATER COMPANY'S BASE RATE CASE, JOINT STIPULATION FOR  
ADMISSION OF EVIDENCE, AND COPIES OF STATEMENTS AND EXHIBITS**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Superior Water Company, Inc. ("Superior"), the Office of Consumer Advocate ("OCA"), and the Office of Trial Staff ("OTS") in the above-referenced docket are an original and one copy of each of the following documents:

1. Joint Petition for Approval of Settlement of Superior's Base Rate Case Between Superior, OCA, and OTS and Appendices (including Statements in Support) ("Settlement Petition");
2. Joint Stipulation for Admission of Evidence Between Superior, OCA and OTS ("Evidence Stipulation"); and,
3. Superior Statement Nos. 1, 2, 1 (Supp.), and 2 (Supp.) and accompanying Exhibits for admission into the official record upon approval of the Evidence Stipulation. Supporting verifications are also enclosed.

Per the attached Certificate of Service, copies of the Settlement Petition and Evidence Stipulation have been served upon the presiding Administrative Law Judge and all parties. Copies of Superior's Statements and Exhibits have been previously provided to the

Rosemary Chiavetta, Secretary  
December 1, 2010  
Page 2

Administrative Law Judge and active parties. Copies of the Statements and Exhibits will be provided to inactive parties only upon request.

If you have any questions regarding this filing, please do not hesitate to contact me. Please date-stamp the extra copies and return them with our messenger. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "David P. Zambito", with a long horizontal flourish extending to the right.

David P. Zambito  
Counsel for *Superior Water Company, Inc.*

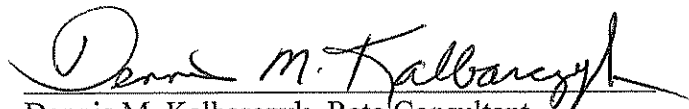
DPZ/kmg  
Enclosures  
cc: Per Certificate of Service

**VERIFICATION**

I, Dennis M. Kalbarczyk of Utility Rate Resources, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date:

12/1/10

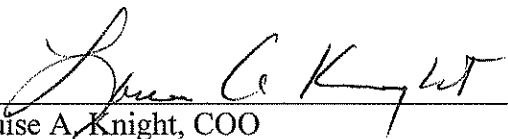


Dennis M. Kalbarczyk, Rate Consultant  
Utility Rate Resources

**VERIFICATION**

I, Louise A. Knight, COO of Superior Water Company, Inc., hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 12/1/10

  
\_\_\_\_\_  
Louise A. Knight, COO  
Superior Water Company, Inc.

**CERTIFICATE OF SERVICE**  
**Docket No. R-2010-2191376**

I hereby certify that I have this day served a true copy of the foregoing Joint Petition for Approval of Settlement of Superior Water Company's Base Rate Case and related Joint Stipulation for Admission of Evidence upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**VIA ELECTRONIC AND FIRST CLASS MAIL**

Honorable Christopher P. Pell  
Pennsylvania Public Utility Commission  
Administrative Law Judge  
801 Market Street  
Suite 4063  
Philadelphia, PA 19107  
[cpell@state.pa.us](mailto:cpell@state.pa.us)

Charles Daniel Shields, Esquire  
Office of Trial Staff  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street – 2 West  
PO Box 3265  
Harrisburg, PA 17105-3265  
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Christine Maloni Hoover, Esquire  
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Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
[choover@paoca.org](mailto:choover@paoca.org)

**VIA FIRST CLASS MAIL**

Thomas B. Rutter  
240 Clubhouse circle  
Gilbertsville, PA 19525

Joseph J. Boyer  
2874 Homestead Court  
Gilbertsville, PA 19525

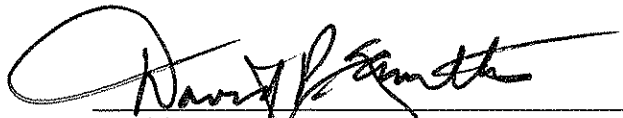
The Dewees Group, Inc.  
c/o Richard C. Dewees  
48 Glocker Way  
Pottstown, Pa 19465

James P. Herron  
258 Center Point Lane  
Lansdale, PA 19446

Andrea Mowery  
142 Birdsong Way  
Pottstown, PA 19464

John J. Gallagher, Esquire  
711 Forrest Road  
Harrisburg, PA 17112  
Counsel for *Center Point Farm*  
*Homeowners Association*

Henry N. Capaldo  
2866 Homestead Court  
Gilbertsville, PA 19525



David P. Zambito  
Counsel for *Superior Water Company, Inc.*

DATED: December 1, 2010

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i> ,	:	
	:	
Complainants	:	
	:	
	:	Docket Nos. R-2010-2191376
	:	C-2010-2194647
	:	C-2010-2196300
v.	:	C-2010-2197693
	:	C-2010-2198878
	:	C-2010-2201640
	:	C-2010-2204106
	:	C-2010-2204434
	:	C-2010-2208891
	:	
Superior Water Company, Inc.,	:	
	:	
Respondent	:	

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT  
OF SUPERIOR WATER COMPANY’S BASE RATE CASE**

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**TO ADMINISTRATIVE LAW JUDGE CHRISTOPHER P. PELL:**

Superior Water Company, Inc. d/b/a Superior Water Company (“Superior” or “Company”), the Office of Trial Staff (“OTS”) of the Pennsylvania Public Utility Commission (“Commission”), and the Office of Consumer Advocate (“OCA”) (collectively the “Parties”) submit this Joint Petition for Approval of Settlement of Superior’s Base Rate Case (“Joint Petition”) and the compliance supplements to Superior’s Tariff Water – Pa. P.U.C. No. 4, attached hereto as **Appendices A and B**. The Parties respectfully request that Administrative Law Judge (“ALJ”) Christopher P. Pell recommend approval of, and that the Commission

approve, the terms and conditions set forth in this Joint Petition.<sup>1</sup> The Parties also submit their respective Statements in Support of the Settlement attached as **Appendices D** through **F**.

## **PROCEDURAL HISTORY**

1. Superior is a duly-certificated Pennsylvania public utility engaged in the business of providing potable water service to the public in portions of Montgomery, Chester, and Berks County, pursuant to certificates of public convenience at Docket No. A-212955F0001 *et seq.*

2. On July 29, 2010, Superior filed Supplement No. 3 to its Tariff Water – Pa. P.U.C. No. 4 (“Supplement No. 3”) with the Commission seeking authority to increase its annual operating revenues by \$404,190 to become effective on September 28, 2010.<sup>2</sup> Under the Company’s tariff proposal, the monthly customer charge for three quarter inch (¾”) meter service would have increased by about twenty percent (20%) for all customer classes while one inch (1”) and greater meter service would have increased by twenty-five percent (25%). The volumetric rate for all classes would have increased by nineteen and a half percent (19.5%). The Company proposed no change in rates for monthly fire protection rates for public hydrant and one inch (1”) private residential sprinkler services; private hydrant charges and sprinkler service greater than one inch (1”) were proposed to increase by twenty five percent (25%). Supplement No. 3 included some proposed administrative changes, as well as proposed rules addressing the requirements for sprinklers included in the International Residential Code adopted in Pennsylvania at the end of 2009 and a new dual meter rate for residential service that will allow

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<sup>1</sup> The settlement terms and conditions are embodied in this instant Joint Petition. The Parties’ signatures affixed to this Joint Petition represent agreement to the terms and conditions contained herein.

<sup>2</sup> As alleged by Superior in the original filing, the provided documentation supports an annual revenue increase of \$754,632, or 35.12%. Superior also represented that the revenue increase requested was mitigated by the Company’s management to avoid rate shock. Superior’s Supplemental Direct Testimony introduced additional claims which allegedly would have supported a total annual revenue increase of \$864,949, or 40%.

homes to have adequate water for both domestic and fire protection purposes through two (2) three quarter inch ( $\frac{3}{4}$ "") meters.

3. The Office of Consumer Advocate ("OCA") filed a formal complaint and public statement on August 19, 2010. The complaint was docketed at Docket No. C-2010-2194647.

4. Thomas B. Rutter filed a formal complaint on August 23, 2010. The complaint was docketed at C-2010-2196300.

5. The Dewees Group, Inc. c/o Richard Dewees filed a formal complaint on September 2, 2010. The complaint was docketed at C-2010-2197693.

6. Andrea Mowery filed a formal complaint on September 13, 2010. The complaint was docketed at C-2010-2198878.

7. Henry N. Capaldo filed a formal complaint on September 21, 2010. The complaint was docketed at C-2010-2201640.

8. Joseph H. Boyer filed a formal complaint on September 27, 2010. The complaint was docketed at C-2010-2204106.

9. James Herron filed a formal complaint on October 1, 2010. The complaint was docketed at C-2010-2204434.

10. The Center Point Farm Homeowners' Association ("CPFHOA") filed a formal complaint on October 27, 2010. The complaint was docketed at C-2010-2208891. A Notice of Appearance was also filed on the same date by CPFHOA's counsel, John J. Gallagher.

11. By Order entered September 23, 2010, the Commission instituted an investigation into the lawfulness, justness and reasonableness of Superior's proposed rate increase and suspended the effectiveness of Supplement No. 3 until April 28, 2011 (unless permitted by Commission Order to become effective at an earlier date). The Order also required that the investigation include consideration of the lawfulness, justness and reasonableness of Superior's existing rates. The matter was assigned to the Commission's Office of Administrative Law Judge for hearings and a Recommended Decision.

12. In compliance with the Commission's September 23, 2010 Order, Superior, on September 23, 2010, filed Supplement No. 4 to Tariff Water – Pa. P.U.C. No. 4 suspending until April 28, 2011 the effectiveness of Supplement No. 3 (unless permitted by Commission Order to become effective at an earlier date).

13. OTS entered its Notice of Appearance on September 24, 2010.

14. On August 19, 2010, Superior submitted the prepared direct testimony of the following witnesses:

- (a) Louise A. Knight, Chief Operating Officer of Superior, addressing the scope of Superior's operations, capital projects, administrative matters, including staffing levels, and quality of service (Superior Statement No. 1); and,
- (b) Dennis M. Kalbarczyk, Consultant, Utility Rate Resources, addressing the financial revenue requirement rate study analysis that culminated in Superior's request for \$404,190 in additional annual revenues and the recommended rate structure (Superior Statement No. 2).

15. On October 4, 2010, a Prehearing Conference was convened with ALJ Pell presiding. Superior was represented by David P. Zambito, Esquire; OTS was represented by Senior Prosecutor Charles Daniel Shields, and OCA was represented by Christine Maloni Hoover, Esquire.

16. On October 4, 2010, Superior submitted the Supplemental Direct Testimony of Louise A. Knight (Superior Statement No. 1 (Supp.)) and Dennis M. Kalbarczyk (Superior Statement No. 2 (Supp.)), which testimony and accompanying exhibits further supported certain claims and updated the values of those claims.

17. On October 14, 2010, ALJ Pell issued Prehearing Order No. 2 that set forth the procedural schedule for the case and directed that any Complainants who did not participate in the prehearing conference would be listed on the "Limited Service List" unless they requested full participation in the proceeding.

18. A public input hearing was conducted by ALJ Pell on the evening of November 10, 2010 in Gilbertsville, Pennsylvania. Several customers testified regarding their concerns about the proposed rate increase and Superior's water service.

19. The Parties engaged in extensive formal and informal discovery, beginning shortly after the filing of the base rate increase request and concluding after the submission of Superior's Supplemental Prepared Direct Testimony. Superior responded to over 160 interrogatories propounded by OTS and OCA, many of which contained multiple subparts, and provided numerous supporting documents as part of those responses to discovery questions.

20. The Parties engaged in serious and informed settlement negotiations and following the conduct of the public input hearing, reached a complete settlement of all issues.

#### **TERMS OF SETTLEMENT**

21. The Parties agree to settle and resolve the issues set forth in the complaints and prehearing memoranda and raised at the public input hearing as follows:

- (a) Upon approval of the settlement Petition by the Commission, on one day's notice, Superior will receive a stipulated initial increase in annual revenues of \$380,000 without specific identification of adjustments, in lieu of Superior's original base rate increase request for \$404,190 ("Step One Rates").<sup>3</sup> The compliance tariff attached to this Joint Petition as **Appendix A** contains tariff pages that reflect an annual revenue increase in the amount of \$380,000;
- (b) On July 1, 2011, Superior will receive a stipulated additional increase in annual revenues of \$24,190 above the annual revenues projected to be generated under Step One Rates ("Step Two Rates"). The compliance tariff attached to this Settlement Agreement as **Appendix B** contains tariff pages that reflect an annual revenue increase in the amount of \$24,190;
- (c) Both revenue requirement increases will be allocated to rate classes as set forth on schedules attached as **Appendix C**;

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<sup>3</sup> As indicated above, Superior maintains that the original filing actually supports an annual revenue increase of \$754,632, or 35.12%. Superior also maintains that its Supplemental Direct Testimony reflected claims that would have supported a total annual revenue increase of \$864,949, or 40%.

- (d) Except as otherwise provided herein, the proposed tariff changes originally submitted in Supplement No. 3 to Superior Tariff Water – Pa. P.U.C. No. 4 will be approved as submitted without further modification;
- (e) Superior agrees that it will not file another general base rate case until April 28, 2012 or later. Notwithstanding the foregoing, nothing contained herein shall preclude Superior from seeking emergency rate relief under circumstances that warrant such relief, including changes in the law or regulations that are financially material to the operation of Superior.

#### **SUPPORT OF SETTLEMENT**

22. The Parties respectfully note that the Commission's policy is to promote settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve precious administrative hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water and Sewer Assoc.*, 74 PA PUC 767 (1991). The instant settlement is in the public interest for the following reasons:

- (a) Approval of the Settlement will lessen the time and expenses that the Parties, and the Commission, must expend on the proceedings;

- (b) The stipulated revenue requirement is based on the OTS' and OCA's thorough review of the filing, the testimony, and responses to discovery. The Parties' recognize that Superior moderated its requested increase in its filing;
- (c) The settlement increase will be phased-in in two steps, with the bulk of the increase effective upon Commission approval of the overall settlement and the remaining increase in the second step becoming effective later next year on July 1, 2011;
- (d) As an important component of this settlement proposal, Superior will not be permitted to file another base rate case until at least April 28, 2012. This stay-out provision provides rate stability for Superior's customers that would not otherwise exist if the case was fully litigated.

**CONDITIONS OF SETTLEMENT**

- 23. The Settlement is subject to the following conditions:
  - (a) The Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement as to revenue requirement, then any Party may elect to withdraw from this Settlement and may proceed with litigation as to revenue requirement and, in such event, this entire Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Parties within

five (5) business days after the entry of an Order modifying the Settlement. If the Commission modifies the rate structure set forth in the Settlement Agreement, then the Settlement Agreement is immediately voided as to the rate structure issue, but is binding in all other respects.

- (b) The Parties acknowledge that this Settlement reflects a compromise and does not necessarily reflect any Party's position with respect to any issues raised in this proceeding. The Parties agree that this Settlement shall not constitute or be cited as precedent in any other proceeding, except to the extent required to implement this Settlement.
- (c) If the ALJ adopts this Settlement without modification in his Recommended Decision, the Parties waive their rights to file exceptions.

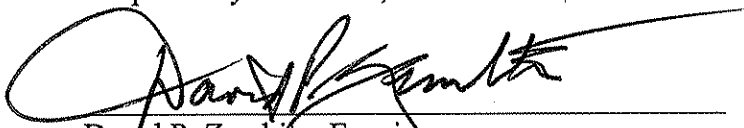
## **CONCLUSION**

WHEREFORE, the Parties, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judge Christopher P. Pell and the Commission approve this Settlement, including all the terms and conditions thereof, without modification;
2. That the Commission's proceedings at PUC Docket Nos. R-2010-2191376 and all associated complaints be marked closed;
3. That the Commission enter an Order consistent with this Settlement, terminating the proceedings, approving (a) the Step One rates described

herein to become effective upon the submission the compliance tariff supplement attached as **Appendix A**, on one day's notice following entry of the Commission's Order approving the Settlement and (b) the Step Two rates to become effective upon the submission of the compliance tariff supplement attached as **Appendix B**, on July 1, 2011.

Respectfully submitted,



David P. Zambito, Esquire  
PA Attorney I.D. No. 80017  
Christopher T. Wright, Esquire  
Attorney I.D. No. 203412  
Post & Schell, P.C.  
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12<sup>th</sup> Floor  
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E-mail: cwright@postschell.com  
*Counsel for Superior Water Company, Inc.*

Date: 12/1/10



Charles Daniel Shields, Senior Prosecutor  
PA Attorney ID No. 29363  
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PO Box 3265  
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*Counsel for Office of Trial Staff*

Date: 12/1/10

*Christine Maloni Hoover*

Date: 12/1/10

Christine Maloni Hoover, Esquire  
PA Attorney I.D. No. 50026  
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Harrisburg, PA 17101-1923  
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Facsimile: (717) 783-7152  
E-mail: CHoover@paoca.org  
*Counsel for Office of Consumer Advocate*

## **APPENDIX A**

SUPERIOR WATER COMPANY, INC.  
d/b/a SUPERIOR WATER COMPANY  
RATES, RULES AND REGULATIONS GOVERNING  
THE PROVISION OF WATER SERVICE  
TO THE PUBLIC IN PORTIONS OF  
DOUGLASS, NEW HANOVER, LOWER POTTS GROVE,  
UPPER FREDERICK, UPPER POTTS GROVE, AND WORCESTER TOWNSHIPS,  
MONTGOMERY COUNTY  
\_\_\_\_\_  
NORTH COVENTRY TOWNSHIP, CHESTER COUNTY  
\_\_\_\_\_  
WASHINGTON TOWNSHIP, BERKS COUNTY

By: Michael Gambone, President  
Superior Water Company, Inc.  
d/b/a Superior Water Company  
1885 Swamp Pike, Suite 109  
Gilbertsville, PA 19525

SUPERIOR WATER COMPANY

Supplement No. \_\_\_\_ to  
Tariff Water – Pa. P.U.C. No. 4  
\_\_\_\_ Revised Page No. 1  
\_\_\_\_ Revised Page No. 1

Cancelling and Superseding \_\_\_\_\_

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LIST OF CHANGES

Supplement No. \_\_\_\_ to Tariff – Pa. P.U.C. No. 4 is filed in compliance with the Pennsylvania Public Utility Commission Order, entered \_\_\_\_\_, at Docket No. R-2010-2191376. The Order permits the changes reflected in Supplement No. 3 to Tariff Pa. P.U.C. No. 4, issued on July 29, 2010, and the revised rates reflected in Part III of this Supplement No. \_\_\_\_ to become effective upon one day's notice.

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

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**PART I: DEFINITIONS**

Unless the context clearly indicates otherwise, the following words and phrases shall have the meanings assigned below whenever they are used throughout this tariff:

1. Applicant: a person who applies to become a customer of the Company in accordance with Part II, Section A and H of this tariff. For residential customers, this definition also includes any natural adult occupant of a premise to be served whose name appears on the mortgage, deed, or lease of the property for which the residential service is sought.
2. Company: Superior Water Company, Inc. d/b/a Superior Water Company.
3. Company service line: the connection from the distribution facilities or pipeline extensions of the Company which connects any main with the inlet connection of the customer service line at the hypothetical or actual curb line or the actual property line, including the control valve and valve box. The control valve and box determine the terminal point for the Company’s responsibility for the street service connection.
4. Construction costs: All direct and indirect costs attributable to the engineering, material and installation of a subject main extension, the service line and appurtenances, and/or removal of existing Company facilities (including the net book value of property replaced or retired) incurred by the Company. Construction costs also include (a) the costs of obtaining a certificate of public convenience, if the Company must extend its existing service territory to accommodate the request for service, as well as any other permitting costs; and (b) any costs associated with the analysis or review of domestic or commercial sprinkler certifications.
5. Cross-connection: A cross-connection is any pipe, valve, other physical connection, or other arrangement or device connecting the pipelines or facilities of admitted or drawn into the distribution system of the Company from lines other than the Company’s lines.

(C)

- Pressure reducing valve -- a device designed to reduce the water pressure within the Customer's building below that which exists on the Company's distribution system.
- Pressure relief valve -- a device designed to relieve pressure on the internal plumbing system of the Customer's property.

26. Special purpose dual meter service: service where residential customer service line splits into two with two similar size meters for combined domestic and fire sprinkler protection service. (C)

27. Tariff: the tariff issued by the Company, and any supplements or revisions subsequently issued by the Company and approved by the Pennsylvania Public Utility Commission. (C)

**PART II: RULES AND REGULATIONS**

**Section A – Applications for Service**

1. General Rule: All applications for service must be in the form provided by the Company and signed by the owner or owners of the property to which water service can or will be provided; except that, where a lessee of property occupies or uses the property under a lease having a fixed term of more than six (6) months, a lessee may make an application for service in his, her, or its name. The Company may also, at its sole discretion, require that a separate contract for service be signed by the applicant.

Application may request both a telephone number(s) and an e-mail address from the Applicant for purposes of public notification in accordance with the Commission’s or DEP’s regulations. At any time after the Applicant completes or should have completed the Application, that Applicant/Customer has a duty to keep all information on the Application current and the Company has no responsibility to do so.

(C)

The Company may require a separate application for private or public sprinkler system.

2. Change in ownership or tenancy: A new application must be made to the Company upon any change in ownership where the owner of the property is the customer, or upon any change in the identity of a lessee where a lessee of the property is the customer. The Company shall have the right to discontinue water service, upon three (3) days’ notice, of a new application has not been made and approved for the new customer.
3. Acceptance of application: An application for service shall be considered accepted by the Company only upon oral or written approval by the Company. The Company may provide service to the applicant pending review and acceptance of the application.
4. Application Forms: Application forms can be obtained at the Company’s office, presently at 1885 Swamp Pike, Suite 109, Gilbertsville, PA 19525.

- 5. Water used for construction purposes: A builder or developer shall apply for water required for construction purposes. Once construction water service is provided, construction water rates shall apply until such time as a meter is set in the premise. (C)
- 6. Temporary service: In the case of temporary service for short-term use, a public utility may require the customer to pay all costs of making the service connection and removing the material after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. However, if the material is removed, the customer shall be credited with the reasonable salvage which the public utility will receive on discontinuance of service.

**Section B – Construction and Maintenance of Facilities**

- 1. Customer service line; meter box/vault: The Company reserves the right to determine the size, kind, and depth of customer service lines. The customer service line shall be furnished, installed, maintained, and/or replaced, when necessary, by and at the customer’s sole expense. Likewise, the Customer who has a meter box/vault is responsible for installing, maintaining and replacing, when necessary, the meter box/vault and lid at the Customer’s sole expense.
- 2. Separate trench: The customer service line shall not be laid in the same trench with drain or sewer pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a public utility service, or within three (3) feet of any open excavation or walk, unless a written exception is granted by the Company.
- 3. Customer’s responsibilities: All service lines, connections, fixtures, and domestic fire protection systems furnished by the customer shall be maintained by the customer in good working order. The customer shall provide suitable space for all valves, meters and appliances furnished by the Company required to be on the customer’s premise at the customer’s sole expense; the customer shall protect the Company's property in the customer’s premise. All leaks in the customer service line or any pipe or fixture, in or upon the property supplied, must be repaired immediately by the customer. (C)
- 4. Right to Reject. The Company may refuse to connect with any piping system or furnish water through a service already connected if such system/service is not properly installed.

**Section D - Meters**

1. Generally: All service provided by the Company shall be metered, except for public and private fire protection.
2. Location of meters: The meter will be set within the structure to be served, at a location approved by the Company, after the Customer has had the plumbing arranged (including the installation of special devices if required by the Company) to receive the meter at a convenient point inspected and approved by the Company so as to control the entire supply of water to the property. In cases where it is not practical to place the meter within a building or where other good reason exists, a concrete vault, with a suitable iron cover, or other approved meter box, shall be located inside the property line by the Customer. The size and dimensions of the vault or box shall be approved by the Company, give adequate access to the meter, and permit its installation or removal. When a concrete vault is used, a 10 foot wide (min.) paved surface from the road to the vault, including curb depression, must be provided and maintained for vehicle access. A meter vault will also be required in all cases determined by the Company, including where:
  - (a) the Customer's service line crosses a stream, swale, retention basin or similar structure;
  - (b) the Customer's service line is over 100 feet in length;
  - (c) the Customer's service line is not or cannot be installed at a right angle to the curb within the building limits of the structure to be served, or is not or cannot be installed within a specified area along the side wall (that is, a wall adjacent to a front wall) of the building to be served up to the point-of-entry of the service line into the side of the building, said area being specified as an area no closer than 5 feet and no further than 10 feet from the sidewalk; unless other approved by the Company;
  - (d) the Customer's structure does not contain a basement or is not a permanently fixed structure, unless otherwise approved by the Company; or
  - (e) there is no suitable location to protect the meter from freezing or other damage, or to provide access for reading.
3. Access for automated meter reading devices: The customer shall permit Superior access and space for the purpose of installing and utilizing an automated meter reading device upon reasonable notice to the customer. The customer must provide the Company with

(C)

3. **Main Extension Agreements**

A. **General Rule**

The COMPANY shall enter into a refundable or non-refundable water system extension agreement in accordance with Section G, subsection 2.c., above. The COMPANY shall determine whether the main extension agreement is refundable or non-refundable, based on the following factors:

- (a) risk to the COMPANY and its existing customers;
- (b) extent of investment required;
- (c) existing financial posture of the COMPANY and access to capital; and
- (d) nature of facilities required.

B. **Form For Water System Extension Agreement (Non-Refundable) To Apply To Other Than Bona Fide Applicants**

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Superior Water Company (“COMPANY”) and \_\_\_\_\_ (“CONTRIBUTOR”).

WHEREAS, the CONTRIBUTOR desires expansion of waterworks facilities of the COMPANY, as described below, and has given the COMPANY written notice thereof; and (C)

WHEREAS, potential revenues from such extension are such as to make it neither economical nor feasible for the COMPANY and its ratepayers to assume the cost of such extension; and

WHEREAS, the CONTRIBUTOR is willing and desires to assist and provide for the installation of such extension by providing a non-refundable contribution according to the terms specified in the manner hereinafter set forth below.

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ISSUED: \_\_\_\_\_ EFFECTIVE: \_\_\_\_\_

NOW, THEREFORE, in consideration of the promises and obligations set forth in this Agreement, CONTRIBUTOR and COMPANY (“Parties”), each intending to be legally bound hereby, mutually promise, covenant, and agree as follows:

1. **Location and Description of Extension Facilities.** The COMPANY agrees to lay water main(s) and to construct other on-site and off-site facilities, if any, as shown in red on the diagram attached to and made a part of this Agreement as **Appendix “A,”** showing the property or development described and located as follows:

(General Description of Property or Development)

A legal description (metes and bounds) of the property or development also shall be included in **Appendix “A.”** A list or description of the mains or facilities which will be installed under this Agreement is attached and made a part of the Agreement as **Appendix “B.”** In the event additional mains and/or other facilities are required, in the COMPANY’S judgment, to render adequate service, or if costs vary said additions and the costs of those additions shall be listed and accounted for in the Final Memorandum referred to in this Agreement, if not reconciled prior to the Final Memorandum.

(C)

2. **Offer; Terms.** This Agreement, until fully executed, constitutes an offer which shall remain in effect for one hundred twenty (120) days. After one hundred twenty (120) days, the COMPANY may revoke the offer.

This Agreement shall remain in effect for a period of one hundred and twenty (120) days after the latest date of execution. If at the end of one hundred twenty (120) days, the COMPANY has not purchased substantial construction materials and commenced construction pursuant to the CONTRIBUTOR’S authorization or the CONTRIBUTOR has not authorized construction to begin, either Party may terminate this Agreement by giving written notice to the other Party. If the CONTRIBUTOR terminates under this Section, he shall be responsible for all direct and indirect costs incurred by the COMPANY. This right to terminate by the DEVELOPER may not be invoked if the COMPANY has received substantial pipe and construction material deliveries.

(C)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

3. **Performance Conditions.** The COMPANY shall have the exclusive right to determine the type and size of mains to be installed and other facilities (if any) required to render adequate service.

(C)

The CONTRIBUTOR shall have the obligation to inform the COMPANY in writing should there be a deadline for installation of facilities; otherwise, the COMPANY shall use reasonable efforts to install the extension in a timely manner, considering time required to obtain consents, governmental orders, permits and/or approvals, if any. The COMPANY may reject a request if the deadline for installation is unreasonable.

(C)

4. **Non-refundable Contribution; Preliminary and Final Memorandum.** The CONTRIBUTOR agrees to contribute to and deposit with the COMPANY, upon notice from the COMPANY that it is prepared and able to go forward with the work specified in Paragraph 1 above, an amount in cash or its equivalent equal to the total estimated construction costs of the extension, including the estimated cost of said mains and the estimated cost of any other facilities which the COMPANY shall have decided are required to render adequate service, COMPANY service lines, direct COMPANY labor costs, and administration overhauls. After the issuance, of the Preliminary Memorandum, but before the completion of the extension of facilities requested by the CONTRIBUTOR, the COMPANY may require additional contributions based upon changes in scope or cost estimate, which additional contributions the CONTRIBUTOR must pay within fifteen (15) days of such request. The estimated cost of the extension shall also include all tax incurred or to be incurred by the COMPANY due to the contribution deposit.

(C)

Upon written notice, a Preliminary Memorandum, in the form attached to this Agreement as **Appendix “C,”** shall be prepared and signed along with this Agreement by both Parties showing the contribution deposit required in accordance with this paragraph. This Preliminary Memorandum shall become part of this Agreement. Upon completion of the installation of the extension, a Final Memorandum in the form attached to and made a part of this Agreement as **Appendix “D”** shall be prepared and signed by both parties showing the contribution deposit required based on the actual cost (including taxes) of the extension. This Final Memorandum shall be part of this Agreement. If the deposit shown to be due on the Final

(C)

Memorandum differs from that shown on the Preliminary Memorandum (and including any additional requests for funds), the CONTRIBUTOR shall deposit with the COMPANY any additional amount shown to be due; or the COMPANY shall refund to the CONTRIBUTOR any excess amount shown to have been deposited, it being the intent of this Agreement that the final and adjusted amount required shall be based on actual installation costs. Any such additional amount due or refunded shall not require payment of interest thereon, as long as all payments are made within thirty (30) days of notice thereof.

The CONTRIBUTOR shall be obligated to advance funds to the COMPANY for company service lines (in addition to all of the contributions). However, when a bona fide applicant becomes a customer of the COMPANY and upon notice to the COMPANY by the CONTRIBUTOR, CONTRIBUTOR shall be entitled to a refund of \$\_\_\_\_\_. Payment of (C)  
refunds for COMPANY service lines shall be paid quarterly (January 31, April 30, July 31, and October 31).

In view of the requirement under the Pennsylvania Uniform Construction Code that townhouses and single family dwellings be sprinklered as of January 1, 2010 and January 1, 2011 respectively (or any other subsequent date), if COMPANY service lines have been installed prior to those dates and the sprinkler system proposed by the developer requires larger service lines, the cost of replacing those lines shall be the responsibility of the developer. Also for any request for a “service line to accommodate a residential sprinkler system, the COMPANY shall be responsible only for the cost of a ¾” service line; CONTRIBUTOR will be responsible for incremental cost difference. (C)

5. **Ownership of Extension.** The ownership of the water mains and/or other facilities provided for or constructed hereunder shall at all times be solely in the COMPANY, its successors and assigns. The COMPANY also shall have the right, by virtue of its ownership of said extension, to make any additions to said extension in its sole and absolute discretion, and no such use shall confer any right or claim upon CONTRIBUTOR. (C)

6. **Winter Construction.** The Parties agree that the COMPANY shall have no duty or obligation to perform any work or installation in connection with the mains and/or facility construction described above during the months of December, January, February, and March in (C)

any year, the COMPANY, however, at its own option and without further authorization from CONTRIBUTOR, may perform any work or installation during the four (4) months mentioned in this paragraph if, in the COMPANY'S sole opinion, conditions are suitable. If, in the COMPANY'S sole opinion, conditions are unsuitable during this period, the COMPANY will perform work or installation upon written request of CONTRIBUTOR provided CONTRIBUTOR agrees in such written request to pay any additional costs applicable thereto and to hold the COMPANY harmless for any consequences that may result.

7. **Easements.** The CONTRIBUTOR shall grant to the COMPANY an exclusive and irrevocable easement, at no cost to the COMPANY, for the installation, maintenance, operation, repair, and replacement of said main extension and/or other facilities, within the limits of any existing or proposed street, avenue, roadway, or route of construction, together with the right of ingress and egress, in a form satisfactory to the COMPANY and duly executed and acknowledged in proper form for recording in the appropriate deed office of the county where the property or development is located. (C)

8. **Regulatory Approvals.** The COMPANY will obtain all necessary consents, governmental orders, permits and/or approvals to perform under this Agreement; the CONTRIBUTOR shall reimburse all costs incurred by the COMPANY in obtaining the approvals necessary in the COMPANY'S judgment for the undertakings which are the subject of this Agreement. In the event that COMPANY, after prompt application and diligent effort, is unable to obtain any necessary consent, order, permit, or approval, or in the event that the COMPANY is enjoined or prevented by action of such public officer or official body from constructing the said extension and related facilities, if any, the COMPANY'S sole obligation under this Agreement will be to repay to CONTRIBUTOR, without interest, the difference between the amount deposited and the costs, including but not limited to any income taxes, which are or will be incurred by the COMPANY in conjunction with its performance or preparation for performance under this Agreement. (C)

9. **Installation Route.** The CONTRIBUTOR agrees that, before the commencement of work by the COMPANY, it will indicate clearly upon the ground, by means of stakes or some other equally positive manner, the exact lines and grades to which the street, highway, or land on (C)

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

which said water mains are to be laid and are to be finally built, and that CONTRIBUTOR will grade the said street, highway, or land so that it will be at all points within less than one (1) foot of the above finished grade before the COMPANY commences the work of installing said water main and/or other facilities. The COMPANY, however, shall not be required to lay its pipes according to lines of grade which do not conform with acceptable waterworks construction requirements. The COMPANY shall have no obligation to perform work of installation until the CONTRIBUTOR certifies, in writing, that the area of the proposed water main extension has been graded either to sub-grade or finished grade in the installation of all other utilities proposed to be installed at a greater depth than the water mains have been installed. It is further agreed that, at any time prior to the dedication and acceptance as a public street or highway by the governing body of any street or highway under which water mains are laid in conformity with this Agreement, it shall become necessary to change or move said mains and/or other facilities by reason of any change or alteration in the line or grades of this street, highway, or land in which they are laid, then the expense of such change(s) and any other expenses incidental thereto shall be borne solely by CONTRIBUTOR.

10. **Indemnification.** CONTRIBUTOR covenants and agrees that CONTRIBUTOR (C) will indemnify the COMPANY against any and all loss or damage for which the COMPANY may suffer as a result of any damaging of its water mains and/or other facilities by the CONTRIBUTOR, CONTRIBUTOR’S employees, agents, servants, workmen, or any contractors or subcontractors employed by CONTRIBUTOR:

- (a) In the development of and the construction upon the lots or properties abutting upon the streets or rights-of-way in which water mains are to be constructed pursuant to this Agreement; or
- (b) In the construction and/or surfacing of any of the streets in which water mains are to be installed pursuant to this Agreement.

11. **Execution by COMPANY.** This Agreement shall be valid and binding on the COMPANY only when executed by its President or its authorized agent or representative. (C)

12. **Execution by CONTRIBUTOR.** CONTRIBUTOR warrants that the person executing this Agreement is authorized to bind the CONTRIBUTOR. The Agreement is not binding and valid until it is duty executed. (C)

13. **Assignment.** This Agreement shall be binding upon the heirs, executors, officers, administrators, successors, and assigns of the COMPANY and CONTRIBUTOR. (C)

14. **Manner of Notice.** Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to the COMPANY at: (C)

And to the CONTRIBUTOR at:

The Parties may notify the other in the manner set forth above of any change in address to which notices and/or correspondence should be sent.

15. **Effect of Wavier.** Inaction by either the COMPANY or CONTRIBUTOR to enforce any provision or right herein contained shall in no event be construed to be a waiver of the right to require compliance with any provision or right thereafter. (C)

16. **Severability.** The provisions hereof shall be deemed independent and severable. The invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof unless such deletion shall frustrate the COMPANY’S plan to install the water mains and facilities, and the ability of the COMPANY to install the water mains and/or other facilities that this Agreement addresses. (C)

17. **Deadline for Execution.** It is agreed between Parties hereto that CONTRIBUTOR shall execute and return this Agreement before \_\_\_\_\_. Upon the failure of the CONTRIBUTOR to execute within the time mentioned, the Company may revoke this offer. (C)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

IN WITNESS WHEREOF, the COMPANY upon proper authority of its authorized corporate officer has hereunder caused this Agreement to be executed on its behalf, and the CONTRIBUTOR upon proper authority of CONTRIBUTOR'S \_\_\_\_\_ has caused this Agreement to be executed on CONTRIBUTOR'S behalf, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

WITNESS

SUPERIOR WATER COMPANY, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Officer

WITNESS:

\_\_\_\_\_

CONTRIBUTOR:

\_\_\_\_\_

(C)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

APPENDIX "C"

**NONREFUNDABLE CONTRIBUTION AGREEMENT  
PRELIMINARY MEMORANDUM**

This Preliminary Memorandum is executed by the Parties hereto under and pursuant to the provisions of Paragraphs 3 and 4 of an Agreement in writing between the Parties entered into on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, for the installation by the COMPANY of certain water mains (and other facilities) described in that Agreement. It is, therefore, agreed and stipulated:

- (a) Estimated Costs Mains \$ \_\_\_\_\_
- (b) Estimated Costs of Other Facilities \$ \_\_\_\_\_
- (c) Total \$ \_\_\_\_\_

This Preliminary Memorandum shall be attached to the original Agreement in accordance with the provisions of Paragraphs 3 and 4 thereof.

Dated: \_\_\_\_\_

WITNESS::

SUPERIOR WATER COMPANY, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Officer

WITNESS:

CONTRIBUTOR:

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

(C)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

APPENDIX "D"

**NONREFUNDABLE CONTRIBUTION AGREEMENT  
FINAL MEMORANDUM**

This Final Memorandum is executed by the Parties hereto under and pursuant to the provisions of Paragraphs 3 and 4 of an Agreement in writing between the Parties entered into on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, for the installation by the COMPANY of certain water mains (and other facilities) described in that Agreement. It is, therefore, agreed and stipulated:

- (a) Costs Mains \$ \_\_\_\_\_
- (b) Costs of Other Facilities \$ \_\_\_\_\_
- (c) Total \$ \_\_\_\_\_

This Final Memorandum shall be attached to the original Agreement in accordance with the provisions of Paragraph 3 and 4 thereof.

Dated: \_\_\_\_\_

WITNESS:

SUPERIOR WATER COMPANY, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

WITNESS:

CONTRIBUTOR:

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

(C)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

C. **Form For Water System Extension Agreement (Refundable) To Apply To Other Than Bona Fide Applicants**

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Superior Water Company (“COMPANY”) and \_\_\_\_\_ (“CONTRIBUTOR”).

WHEREAS, the CONTRIBUTOR desires expansion of waterworks facilities of the COMPANY, as described below, and has given COMPANY written notice thereof; and (C)

WHEREAS, potential revenues from such extension are such as to make it neither economical nor feasible for the COMPANY and its ratepayers to assume the cost of such extension; and

WHEREAS, the CONTRIBUTOR is willing and desires to assist and provide for the installation of such extension by providing a non-refundable contribution according to the terms specified in the manner hereinafter set forth below.

NOW, THEREFORE, in consideration of the promises and obligations set forth in this Agreement, CONTRIBUTOR and COMPANY (“Parties”), each intending to be legally bound hereby, mutually promise, covenant, and agree as follows:

1. **Location and Description of Extension Facilities.** The COMPANY agrees to lay water main(s) and to construct other on-site and off-site facilities, if any, as shown in red on the diagram attached to and made a part of this Agreement as **Appendix “A,”** showing the property or development described and located as follows:

(General Description of Property or Development)

A legal description (metes and bounds) of the property or development also shall be included in **Appendix “A.”** A list or description of the mains or facilities which will be installed under this Agreement is attached and made a part of the Agreement as **Appendix “B.”** In the event

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

additional mains and/or other facilities are required, in the COMPANY’S judgment, to render adequate service, or if costs vary said additions and the costs of those additions shall be listed and accounted for in the Final Memorandum referred to in this Agreement, if not reconciled prior to the Final Memorandum.

(C)

2. **Offer; Terms.** This Agreement, until fully executed, constitutes an offer which shall remain in effect for one hundred twenty (120) days. After one hundred twenty (120) days, the COMPANY may revoke the offer.

(C)

This Agreement shall remain in effect for a period of one hundred and twenty (120) days after the latest date of execution. If at the end of one hundred twenty (120) days, the COMPANY has not purchased substantial construction materials and commenced construction pursuant to the CONTRIBUTOR’S authorization or the CONTRIBUTOR has not authorized construction to begin, either Party may terminate this Agreement by giving written notice to the other Party. If the CONTRIBUTOR terminates under this Section, he shall be responsible for all direct and indirect costs incurred by the COMPANY. This right to terminate by the DEVELOPER may not be invoked if the COMPANY has received substantial pipe and construction material deliveries.

(C)

3. **Performance Conditions.** The COMPANY shall have the exclusive right to determine the type and size of mains to be installed and other facilities (if any) required to render adequate service.

The CONTRIBUTOR shall have the obligation to inform the COMPANY in writing should there be a deadline for installation of facilities; otherwise, the COMPANY shall use reasonable efforts to install the extension in a timely manner, considering time required to obtain consents, governmental orders, permits and/or approvals, if any. The COMPANY may reject a request if the deadline for installation is unreasonable.

(C)

4. **Refundable Contribution; Refunds; Preliminary and Final Memorandum.**

The CONTRIBUTOR agrees to contribute to and deposit with the COMPANY, upon notice from the COMPANY that it is prepared and able to go forward with the work specified in Paragraph 1 above, an amount in cash or its equivalent equal to the total estimated construction costs of the extension, including the estimated cost of said mains and the estimated cost of any other facilities which the COMPANY shall have decided are required to render adequate service, COMPANY service lines, direct COMPANY labor costs, and administration overhauls. After the issuance, of the Preliminary Memorandum but before the completion of the extension of facilities requested by the CONTRIBUTOR, the COMPANY may require additional contributions based upon changes in scope or cost estimate, additional contributions which the CONTRIBUTOR must pay within fifteen (15) days of such request. The estimated cost of the extension shall also include all tax incurred or to be incurred by the COMPANY due to the contribution deposit.

(C)

5. **Refunds; Preliminary and Final Memorandum.** The COMPANY shall refund to CONTRIBUTOR [to be determined based on nature and type of development and facilities required.]

(C)

Upon written notice, a Preliminary Memorandum, in the form attached to this Agreement as **Appendix “C,”** shall be prepared and signed along with this Agreement by both Parties showing the contribution deposit required in accordance with this paragraph. This Preliminary Memorandum shall become part of this Agreement. Upon completion of the installation of the extension, a Final Memorandum in the form attached to and made a part of this Agreement as **Appendix “D”** shall be prepared and signed by both parties showing the contribution deposit required based on the actual cost (including taxes) of the extension. This Final Memorandum shall be part of this Agreement. If the deposit shown to be due on the Final Memorandum differs from that shown on the Preliminary Memorandum (and including any additional requests for funds), the CONTRIBUTOR shall deposit with the COMPANY any additional amount shown to be due; or the COMPANY shall refund to the CONTRIBUTOR any excess amount shown to

(C)

have been deposited, it being the intent of this Agreement that the final and adjusted amount required shall be based on actual installation costs. Any such additional amount due or refunded shall not require payment of interest thereon, as long as all payments are made within thirty (30) days of notice thereof.

The CONTRIBUTOR shall be obligated to advance funds to the COMPANY for company service lines (in addition to all of the contributions). However, when a bona fide applicant becomes a customer of the COMPANY and upon notice to the COMPANY by the CONTRIBUTOR, CONTRIBUTOR shall be entitled to a refund of \$\_\_\_\_\_. Payment of refunds for COMPANY service lines shall be paid quarterly (January 31, April 30, July 31, and October 31). (C)

In view of the requirement under the Pennsylvania Uniform Construction Code that townhouses and single family dwellings be sprinklered as of January 1, 2010 and January 1, 2011 respectively (or any other subsequent date), if COMPANY service lines have been installed prior to those dates and the sprinkler system proposed by the developer requires larger service lines, the cost of replacing those lines shall be the responsibility of the developer. Also for any request for a 1” service line to accommodate a residential sprinkler system, the COMPANY shall be responsible only for the cost of a ¾” service line; CONTRIBUTOR will be responsible for incremental cost difference. (C)

6. **Ownership of Extension.** The ownership of the water mains and/or other facilities provided for or constructed hereunder shall at all times be solely in the COMPANY, its successors and assigns. The COMPANY also shall have the right, by virtue of its ownership of said extension, to make any additions to said extension in its sole and absolute discretion, and no such use shall confer any right or claim upon CONTRIBUTOR. (C)

7. **Winter Construction.** The Parties agree that the COMPANY shall have no duty or obligation to perform any work or installation in connection with the mains and/or facility (C)

construction described above during the months of December, January, February, and March in any year, the COMPANY, however, at its own option and without further authorization from CONTRIBUTOR, may perform any work or installation during the four (4) months mentioned in this paragraph if, in the COMPANY'S sole opinion, conditions are suitable. If, in the COMPANY'S sole opinion, conditions are unsuitable during this period, the COMPANY will perform work or installation upon written request of CONTRIBUTOR provided CONTRIBUTOR agrees in such written request to pay any additional costs applicable thereto and to hold the COMPANY harmless for any consequences that may result.

8. **Easements.** The CONTRIBUTOR shall grant to the COMPANY an exclusive and irrevocable easement, at no cost to the COMPANY, for the installation, maintenance, operation, repair, and replacement of said main extension and/or other facilities, within the limits of any existing or proposed street, avenue, roadway, or route of construction, together with the right of ingress and egress, in a form satisfactory to the COMPANY and duly executed and acknowledged in proper form for recording in the appropriate deed office of the county where the property or development is located. (C)

9. **Regulatory Approvals.** The COMPANY will obtain all necessary consents, governmental orders, permits and/or approvals to perform under this Agreement; the CONTRIBUTOR shall reimburse all costs incurred by the COMPANY in obtaining the approvals necessary in the COMPANY'S judgment for the undertakings which are the subject of this Agreement. In the event that COMPANY, after prompt application and diligent effort, is unable to obtain any necessary consent, order, permit, or approval, or in the event that the COMPANY is enjoined or prevented by action of such public officer or official body from constructing the said extension and related facilities, if any, the COMPANY'S sole obligation under this Agreement will be to repay to CONTRIBUTOR, without interest, the difference between the amount. (C)

deposited and the costs, including but not limited to any income taxes, which are or will be incurred by the COMPANY in conjunction with its performance or preparation for performance under this Agreement.

10. **Installation Route.** The CONTRIBUTOR agrees that, before the commencement (C) of work by the COMPANY, it will indicate clearly upon the ground, by means of stakes or some other equally positive manner, the exact lines and grades to which the street, highway, or land on which said water mains are to be laid and are to be finally built, and that CONTRIBUTOR will grade the said street, highway, or land so that it will be at all points within less than one (1) foot of the above finished grade before the COMPANY commences the work of installing said water main and/or other facilities. The COMPANY, however, shall not be required to lay its pipes according to lines of grade which do not conform with acceptable waterworks construction requirements. The COMPANY shall have no obligation to perform work of installation until the CONTRIBUTOR certifies, in writing, that the area of the proposed water main extension has been graded either to sub-grade or finished grade in the installation of all other utilities proposed to be installed at a greater depth than the water mains have been installed. It is further agreed that, at any time prior to the dedication and acceptance as a public street or highway by the governing body of any street or highway under which water mains are laid in conformity with this Agreement, it shall become necessary to change or move said mains and/or other facilities by reason of any change or alteration in the line or grades of this street, highway, or land in which they are laid, then the expense of such change(s) and any other expenses incidental thereto shall be borne solely by CONTRIBUTOR.

11. **Indemnification.** CONTRIBUTOR covenants and agrees that CONTRIBUTOR (C) will indemnify the COMPANY against any and all loss or damage for which the COMPANY may suffer as a result of any damaging of its water mains and/or other facilities by the CONTRIBUTOR, CONTRIBUTOR'S employees, agents, servants, workmen, or any contractors or subcontractors employed by CONTRIBUTOR:

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

- (a) In the development of and the construction upon the lots or properties abutting upon the streets or rights-of-way in which water mains are to be constructed pursuant to this Agreement; or
- (b) In the construction and/or surfacing of any of the streets in which water mains are to be installed pursuant to this Agreement.

12. **Execution by COMPANY.** This Agreement shall be valid and binding on the COMPANY only when executed by its President or its authorized agent or representative. (C)

13. **Execution by CONTRIBUTOR.** CONTRIBUTOR warrants that the person executing this Agreement is authorized to bind the CONTRIBUTOR. The Agreement is not binding and valid until it is duty executed. (C)

14. **Assignment.** This Agreement shall be binding upon the heirs, executors, officers, administrators, successors, and assigns of the COMPANY and CONTRIBUTOR. (C)

15. **Manner of Notice.** Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to the COMPANY at: (C)

And to the CONTRIBUTOR at:

The Parties may notify the other in the manner set forth above of any change in address to which notices and/or correspondence should be sent.

16. **Effect of Wavier.** Inaction by either the COMPANY or CONTRIBUTOR to enforce any provision or right herein contained shall in no event be construed to be a waiver of the right to require compliance with any provision or right thereafter. (C)

17. **Severability.** The provisions hereof shall be deemed independent and severable. The invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof unless such (C)

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

deletion shall frustrate the COMPANY'S plan to install the water mains and facilities, and the ability of the COMPANY to install the water mains and/or other facilities that this Agreement addresses.

18. **Deadline for Execution.** It is agreed between Parties hereto that CONTRIBUTOR shall execute and return this Agreement before \_\_\_\_\_. Upon the failure of the CONTRIBUTOR to execute within the time mentioned, the Company may revoke this offer.

|  
(C)  
|

IN WITNESS WHEREOF, the COMPANY upon proper authority of its authorized corporate officer has hereunder caused this Agreement to be executed on its behalf, and the CONTRIBUTOR upon proper authority of CONTRIBUTOR'S \_\_\_\_\_ has caused this Agreement to be executed on CONTRIBUTOR'S behalf, this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

WITNESS

SUPERIOR WATER COMPANY, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Officer

WITNESS:

\_\_\_\_\_

CONTRIBUTOR:

\_\_\_\_\_

|  
(C)  
|

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

APPENDIX "C"

**NONREFUNDABLE CONTRIBUTION AGREEMENT  
PRELIMINARY MEMORANDUM**

(C)

This Preliminary Memorandum is executed by the Parties hereto under and pursuant to the provisions of Paragraphs 3 and 4 of an Agreement in writing between the Parties entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, for the installation by the COMPANY of certain water mains (and other facilities) described in that Agreement. It is, therefore, agreed and stipulated:

- (a) Estimated Costs Mains \$ \_\_\_\_\_
- (b) Estimated Costs of Other Facilities \$ \_\_\_\_\_
- (c) Total \$ \_\_\_\_\_

This Preliminary Memorandum shall be attached to the original Agreement in accordance with the provisions of Paragraphs 3 and 4 thereof.

Dated: \_\_\_\_\_

WITNESS::

SUPERIOR WATER COMPANY, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
Officer

WITNESS:

CONTRIBUTOR:

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

(C)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

APPENDIX "D"

**NONREFUNDABLE CONTRIBUTION AGREEMENT  
FINAL MEMORANDUM**

(C)

This Final Memorandum is executed by the Parties hereto under and pursuant to the provisions of Paragraphs 3 and 4 of an Agreement in writing between the Parties entered into on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, for the installation by the COMPANY of certain water mains (and other facilities) described in that Agreement. It is, therefore, agreed and stipulated:

- (a) Costs Mains \$ \_\_\_\_\_
- (b) Costs of Other Facilities \$ \_\_\_\_\_
- (c) Total \$ \_\_\_\_\_

This Final Memorandum shall be attached to the original Agreement in accordance with the provisions of Paragraph 3 and 4 thereof.

Dated: \_\_\_\_\_

WITNESS:

SUPERIOR WATER COMPANY, INC.

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

(C)

WITNESS:

CONTRIBUTOR:

\_\_\_\_\_

By: \_\_\_\_\_  
(Title)

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

**Section K – Liability for Damages**

1. The COMPANY’S liability for any loss or damage from any excess or deficiency in the pressure, volume, or supply of water, due to any cause other than willful misconduct by the COMPANY, its agents, or employees, shall be limited to an amount equivalent to the customer charge for the period in question. Liability to third parties shall likewise be limited to the customer charge for the quarter in question. The COMPANY will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service, but it cannot and does not guarantee that such will not occur. See Section J, Paragraph 1, above. Likewise, the COMPANY has limited liability for a service termination performed at the request of a municipality or municipality authority conducted pursuant to the Water Services Act or any agreement executed thereunder; all such requests shall be deemed reasonable and proper by the COMPANY without further inquiry. If Superior is found liable for any damages caused by terminating service pursuant to an agreement executed under the Water Services Act, liability shall be limited to the customer charge for the period in question.

(C)

In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of a public utility are in conformity with the regulations and Orders of the Commission, the public utility may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory judgment with the Commission. Furthermore, the COMPANY shall not be liable in any action where the loss or damage involves an act of God or does not involve a duty of the COMPANY, including breaks or leaks on facilities that are not owned by the COMPANY, such as breaks, leaks, defects or conditions in the Customer’s own service line, meter vault, pressure reducing valve, back flow preventor, check valve , pressure relief valve, or

any other control valve, internal plumbing or fixture, or due to the materials out of which those facilities are made. For example, with respect to private sprinkler systems, the COMPANY is not responsible for the design of such systems nor for any verification of the efficacy of the design of such systems. Therefore, in addition to any other limitation of liability, it shall not be held responsible should the fire protection system be deficient in design or operation. In the case of a stand-alone or multi-purpose domestic sprinkler system, should water service be properly terminated by the COMPANY or discontinued by the customer, the COMPANY shall not be liable for the cessation of fire protection service. Further, the COMPANY shall not be liable in any action where the loss or damage does not involve a breach of a duty of the COMPANY, including where the COMPANY does not receive actual notice, either written or oral, that a COMPANY facility (located within the public right-of-way, in a sidewalk or on a Customer's property) is in need of repair, such as the condition or elevation of a curb box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or the person or event.

2. The COMPANY shall in no event be liable for any loss or damage caused by reason of any break, leak or other defect in a customer's own service pipe, line, fixtures or other installations.
3. The COMPANY shall not be required to assume ownership, control, or maintenance responsibility for any mains or other pipes which were not installed by it and/or which are not built to the standards set forth in 52 Pa. Code §§65.18 and 65.27, unless it has acted to approve the installation of the facilities for the use and benefit of the utility.

**PART III - RATES**

**A. Metered Residential/Non-Residential Rate – Applicable to all residential/non-residential water service (excluding fire protection service)**

	<u>Meter Size</u>	<u>Monthly Rate</u>	
1. Customer Charge:	5/8" and 3/4"	\$ 16.63	
	1"	\$ 25.99	
	2"	\$ 34.65	(I)
	3"	\$ 43.32	
	4"	\$103.96	
	6"	\$155.95	
	8"	\$398.53	
	3/4" Dual Meter	\$ 22.75	(C)
2. Commodity Charge: (per 1,000 gallons)		\$9.4336	(I)

**B. Fire Protection Service**

<u>Public</u>			
Hydrant	\$23.75		
<u>Private</u>			
Hydrants	\$79.21		(I)
Sprinklers			
1"	\$15.25		
4"	\$57.24		
6"	\$79.21		(I)
8"	\$79.21		(I)

**C. Rate During Construction**

The following rate is for the use of water for building purposes and construction in connection therewith, and the water shall not be used for any other purpose.

Single Family Dwelling	\$70.00
------------------------	---------

All other construction shall receive building water through metered service connections, and payment shall be made in accordance with the schedule of rates for metered service.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

## **APPENDIX B**

SUPERIOR WATER COMPANY, INC.  
d/b/a SUPERIOR WATER COMPANY  
RATES, RULES AND REGULATIONS GOVERNING  
THE PROVISION OF WATER SERVICE  
TO THE PUBLIC IN PORTIONS OF  
DOUGLASS, NEW HANOVER, LOWER POTTS GROVE,  
UPPER FREDERICK, UPPER POTTS GROVE, AND WORCESTER TOWNSHIPS,  
MONTGOMERY COUNTY  
  
\_\_\_\_\_  
NORTH COVENTRY TOWNSHIP, CHESTER COUNTY  
  
\_\_\_\_\_  
WASHINGTON TOWNSHIP, BERKS COUNTY

By: Michael Gambone, President  
Superior Water Company, Inc.  
d/b/a Superior Water Company  
1885 Swamp Pike, Suite 109  
Gilbertsville, PA 19525

SUPERIOR WATER COMPANY

Supplement No. \_\_\_\_ to  
Tariff Water – Pa. P.U.C. No. 4  
\_\_\_\_ Revised Page No. 1  
\_\_\_\_ Revised Page No. 1

Cancelling and Superseding \_\_\_\_\_

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LIST OF CHANGES

Supplement No. \_\_\_\_ to Tariff – Pa. P.U.C. No. 4 is filed in compliance with the Pennsylvania Public Utility Commission Order, entered \_\_\_\_\_, at Docket No. R-2010-2191376, which permits the revised rates reflected in Part III of this Supplement No. \_\_\_\_ to become effective on or after July 1, 2011.

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ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

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**PART III - RATES**

**A. Metered Residential/Non-Residential Rate – Applicable to all residential/non-residential water service (excluding fire protection service)**

	<u>Meter Size</u>	<u>Monthly Rate</u>	
1. Customer Charge:	5/8" and 3/4"	\$ 16.80	
	1"	\$ 26.25	
	2"	\$ 35.00	(1)
	3"	\$ 43.75	
	4"	\$105.00	
	6"	\$157.50	
	8"	\$402.50	
	3/4" Dual Meter	\$ 22.98	
2. Commodity Charge: (per 1,000 gallons)		\$9.5276	(1)

**B. Fire Protection Service**

<u>Public</u>			
Hydrant	\$23.75		
<u>Private</u>			
Hydrants	\$80.00		(1)
Sprinklers			
1"	\$15.25		
4"	\$57.81		
6"	\$80.00		(1)
8"	\$80.00		(1)

**C. Rate During Construction**

The following rate is for the use of water for building purposes and construction in connection therewith, and the water shall not be used for any other purpose.

Single Family Dwelling	\$70.00
------------------------	---------

All other construction shall receive building water through metered service connections, and payment shall be made in accordance with the schedule of rates for metered service.

ISSUED: \_\_\_\_\_

EFFECTIVE: \_\_\_\_\_

## **APPENDIX C**

**SUPERIOR WATER COMPANY**  
 Proof of Revenue Moderated Revenue Requirement Rates and Settlement Rates  
 For the Pro Forma Twelve Months Ended March 31, 2011 At Proposed Moderated Rates and Settlement Rates

	Cust./Units		Existing Rates		Proposed		Proposed Increase		Settlement Rates							
			Rates	Revenues	Rates	Revenues	Revenues	%	Step 1		Step 1 Increase		Step 2		Step 2 Increase	
	3/31/11	Annual							Rates	Revenues	Revenues	%	Rates	Revenues	Revenues	%
<b>Water Sales</b>																
Residential																
3/4" meter size	3,100	37,200	\$ 14.00	\$ 520,800.00	\$ 16.80	\$ 624,960.00	\$ 104,160.00	20.00%	\$ 16.63	\$ 618,636.00	\$ 97,836.00	18.79%	\$ 16.80	\$ 624,960.00	\$ 6,324.00	1.02%
Volumes		179,960.80	\$ 7.9729	1,434,809.49	\$ 9.5276	1,714,594.55	279,785.06	19.50%	\$ 9.4336	1,697,678.24	262,868.75	18.32%	\$ 9.5276	1,714,594.55	16,916.32	1.00%
Pro Forma Residential Revenues	Avg. Mth	4,838		\$ 1,955,609.49		\$ 2,339,554.55	\$ 383,945.06	19.63%		\$ 2,316,314.24	\$ 360,704.75	18.44%		\$ 2,339,554.55	\$ 23,240.32	1.00%
Commercial																
3/4" Meters	45	540	\$ 14.00	\$ 7,560.00	\$ 16.80	\$ 9,072.00	\$ 1,512.00	20.00%	\$ 16.63	\$ 8,980.20	\$ 1,420.20	18.79%	\$ 16.80	\$ 9,072.00	\$ 91.80	1.02%
1" Meters	11	132	\$ 21.00	2,772.00	\$ 26.25	3,465.00	693.00	25.00%	\$ 25.99	3,430.68	658.68	23.76%	\$ 26.25	3,465.00	34.32	1.00%
2" Meters	4	48	\$ 28.00	1,344.00	\$ 35.00	1,680.00	336.00	25.00%	\$ 34.65	1,663.20	319.20	23.75%	\$ 35.00	1,680.00	16.80	1.01%
3" Meters	1	12	\$ 35.00	420.00	\$ 43.75	525.00	105.00	25.00%	\$ 43.32	519.84	99.84	23.77%	\$ 43.75	525.00	5.16	0.99%
4" Meters	1	12	\$ 84.00	1,008.00	\$ 105.00	1,260.00	252.00	25.00%	\$ 103.96	1,247.52	239.52	23.76%	\$ 105.00	1,260.00	12.48	1.00%
Annual Customer Charge Revenues	62	744		\$ 13,104.00		\$ 16,002.00	\$ 2,898.00	22.12%		\$ 15,841.44	\$ 2,737.44	20.89%		\$ 16,002.00	\$ 160.56	1.01%
Annual Usage Revenue		6,053	\$ 7.9729	48,261.00	\$ 9.5276	57,671.80	9,410.80	19.50%	\$ 9.4336	57,102.81	8,841.81	18.32%	\$ 9.5276	57,671.80	568.99	1.00%
Pro Forma Commercial Revenues	Avg. Mth	8,136		\$ 61,365.00		\$ 73,673.80	\$ 12,308.80	20.06%		\$ 72,944.25	\$ 11,579.25	18.87%		\$ 73,673.80	\$ 729.55	1.00%
Rate During Construction Residential and Commercial Revenues				\$ 2,016,974.49		\$ 2,413,228.35	\$ 396,253.86	19.65%		\$ 2,389,258.48	\$ 372,283.99	18.46%		\$ 2,413,228.35	\$ 23,969.87	1.00%
<b>Fire Service - Private Sprinklers</b>																
Residential 1"	198	2,376	\$ 15.25	\$ 36,234.00	\$ 15.25	\$ 36,234.00	\$ -	0.00%	\$ 15.25	\$ 36,234.00	\$ -	0.00%	\$ 15.25	\$ 36,234.00	\$ -	0.00%
Commercial 4"	6	72	\$ 46.25	3,330.00	\$ 57.81	4,162.32	832.32	24.99%	\$ 57.24	4,121.28	791.28	23.76%	\$ 57.81	4,162.32	41.04	1.00%
Commercial 6"	11	132	\$ 64.00	8,448.00	\$ 80.00	10,560.00	2,112.00	25.00%	\$ 79.21	10,455.72	2,007.72	23.77%	\$ 80.00	10,560.00	104.28	1.00%
Commercial 8"	3	36	\$ 64.00	2,304.00	\$ 80.00	2,880.00	576.00	25.00%	\$ 79.21	2,851.56	547.56	23.77%	\$ 80.00	2,880.00	28.44	1.00%
Total Units and Pro Forma Revenues	218	2,616		\$ 50,316.00		\$ 53,836.32	\$ 3,520.32	7.00%		\$ 53,662.56	\$ 3,346.56	6.65%		\$ 53,836.32	\$ 173.76	0.32%
<b>Public Fire Hydrant</b>																
Douglass Township	58	696	\$ 23.75	\$ 16,530.00	\$ 23.75	\$ 16,530.00	\$ -	0.00%	\$ 23.75	\$ 16,530.00	\$ -	0.00%	\$ 23.75	\$ 16,530.00	\$ -	0.00%
New Hanover Township	113	1,356	\$ 23.75	32,205.00	\$ 23.75	32,205.00	-	0.00%	\$ 23.75	32,205.00	-	0.00%	\$ 23.75	32,205.00	-	0.00%
Upper Pottsgrove Township	52	624	\$ 23.75	14,820.00	\$ 23.75	14,820.00	-	0.00%	\$ 23.75	14,820.00	-	0.00%	\$ 23.75	14,820.00	-	0.00%
Total Units and Pro Forma Revenues	223	2,676		\$ 63,555.00		\$ 63,555.00	\$ -	0.00%		\$ 63,555.00	\$ -	0.00%		\$ 63,555.00	\$ -	0.00%
<b>Private Fire Hydrant</b>																
Private Fire Hydrant	23	276	\$ 64.00	\$ 17,664.00	\$ 80.00	\$ 22,080.00	\$ 4,416.00	25.00%	\$ 79.21	\$ 21,861.96	\$ 4,197.96	23.77%	\$ 80.00	\$ 22,080.00	\$ 218.04	1.00%
Total Revenues				\$ 2,148,509.49		\$ 2,552,699.67	\$ 404,190.18	18.81%		\$ 2,528,338.00	\$ 379,828.51	17.68%		\$ 2,552,699.67	\$ 24,361.67	0.96%
Current Revenues Under Existing Rates				\$ 2,148,509.49										\$ 2,148,509.49		
Total Increase In revenues after implementation of Step 2 Rates														\$ 404,190.18		

Typical Rates Under Proposed and Settlement Rate Increase Request For Each Customer Class																
Residential																
3/4" meter size	1	\$ 14.00	\$ 14.00	\$ 16.80	\$ 16.80	\$ 2.80	20.00%	\$ 16.63	\$ 16.63	\$ 2.63	18.79%	\$ 16.80	\$ 16.80	\$ 0.17	1.02%	
Volumes	4,838	\$ 7.9729	38.57	\$ 9.5276	46.09	7.52	19.50%	\$ 9.4336	45.64	7.07	18.32%	\$ 9.5276	46.09	0.45	1.00%	
Typical Monthly Residential			\$ 52.57		\$ 62.89	\$ 10.32	19.63%		\$ 62.27	\$ 9.70	18.44%		\$ 62.89	\$ 0.62	1.00%	
Commercial																
3/4" Meters	1	\$ 14.00	\$ 14.00	\$ 16.80	\$ 16.80	\$ 2.80	20.00%	\$ 16.63	\$ 16.63	\$ 2.63	18.79%	\$ 16.80	\$ 16.80	\$ 0.17	1.02%	
Volumes	8,136	\$ 7.9729	64.87	\$ 9.5276	77.52	12.65	19.50%	\$ 9.4336	76.75	11.88	18.32%	\$ 9.5276	77.52	0.76	1.00%	
Typical Monthly Commercial			\$ 78.87		\$ 94.32	\$ 15.45	19.59%		\$ 93.38	\$ 14.51	18.40%		\$ 94.32	\$ 0.93	1.00%	
1" Sprinkler	1	\$ 15.25	\$ 15.25	\$ 15.25	\$ 15.25	\$ -	0.00%	\$ 15.25	\$ 15.25	\$ -	0.00%	\$ 15.25	\$ 15.25	\$ -	0.00%	
4" Sprinkler	1	\$ 46.25	\$ 46.25	\$ 57.81	\$ 57.81	\$ 11.56	24.99%	\$ 57.24	\$ 57.24	\$ 10.99	23.76%	\$ 57.81	\$ 57.81	\$ 0.57	1.00%	
6" Sprinkler	1	\$ 64.00	\$ 64.00	\$ 80.00	\$ 80.00	\$ 16.00	25.00%	\$ 79.21	\$ 79.21	\$ 15.21	23.77%	\$ 80.00	\$ 80.00	\$ 0.79	1.00%	
8" Sprinkler	1	\$ 64.00	\$ 64.00	\$ 80.00	\$ 80.00	\$ 16.00	25.00%	\$ 79.21	\$ 79.21	\$ 15.21	23.77%	\$ 80.00	\$ 80.00	\$ 0.79	1.00%	
Public Hydrant	1	\$ 23.75	\$ 23.75	\$ 23.75	\$ 23.75	\$ -	0.00%	\$ 23.75	\$ 23.75	\$ -	0.00%	\$ 23.75	\$ 23.75	\$ -	0.00%	
Private Hydrant	1	\$ 64.00	\$ 64.00	\$ 80.00	\$ 80.00	\$ 16.00	25.00%	\$ 79.21	\$ 79.21	\$ 15.21	23.77%	\$ 80.00	\$ 80.00	\$ 0.79	1.00%	

**SUPEROR WATER COMPANY**

Current Tariff Rates vs. Proposed Tariff Rates and Settlement Rates

	<u>Current</u> <u>Monthly</u>	<u>Proposed</u> <u>Monthly</u>	<u>Settlement Rates</u>	
			<u>Step 1</u> <u>Monthly</u>	<u>Step 2</u> <u>Monthly</u>
<b><u>Customer Charge Based on Meter Size</u></b>				
5/8" & 3/4" Meter	\$ 14.00	\$ 16.80	\$ 16.63	\$ 16.80
1" Meter	\$ 21.00	\$ 26.25	\$ 25.99	\$ 26.25
2" Meter	\$ 28.00	\$ 35.00	\$ 34.65	\$ 35.00
3" Meter	\$ 35.00	\$ 43.75	\$ 43.32	\$ 43.75
4" Meter	\$ 84.00	\$ 105.00	\$ 103.96	\$ 105.00
6" Meter	\$ 126.00	\$ 157.50	\$ 155.95	\$ 157.50
8" Meter	\$ 322.00	\$ 402.50	\$ 398.53	\$ 402.50
10" Meter				
12" Meter				
3/4" Dual-Meter, Residential Domestic & Fire Prot.	n/a	\$ 22.98	\$ 22.75	\$ 22.98
<b><u>Usage Rate</u></b>				
Volumetric Rates per 1,000 gallons - all volumes	\$ 7.9729	\$ 9.5276	\$ 9.4336	\$ 9.5276
<b><u>Rate During Construction</u></b>				
Single Family Dwelling	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00
<b><u>Public Fire Protection</u></b>				
Hydrants	\$ 23.75	\$ 23.75	\$ 23.75	\$ 23.75
<b><u>Private Fire Protection</u></b>				
1" Sprinkler	\$ 15.25	\$ 15.25	\$ 15.25	\$ 15.25
2" Sprinkler				
3" Sprinkler				
4" Sprinkler	\$ 46.25	\$ 57.81	\$ 57.24	\$ 57.81
6" Sprinkler	\$ 64.00	\$ 80.00	\$ 79.21	\$ 80.00
8" Sprinkler	\$ 64.00	\$ 80.00	\$ 79.21	\$ 80.00
Hydrants	\$ 64.00	\$ 80.00	\$ 79.21	\$ 80.00

## **APPENDIX D**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Administrative Law Judge  
Christopher P. Pell

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Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
Complainants	:	
	:	
	:	Docket Nos. R-2010-2191376
	:	C-2010-2194647
	:	C-2010-2196300
v.	:	C-2010-2197693
	:	C-2010-2198878
	:	C-2010-2201640
	:	C-2010-2204106
	:	C-2010-2204434
	:	C-2010-2208891
	:	
Superior Water Company, Inc.,	:	
	:	
Respondent	:	

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**STATEMENT OF SUPERIOR WATER COMPANY  
IN SUPPORT OF JOINT PETITION FOR APPROVAL OF SETTLEMENT OF  
SUPERIOR WATER COMPANY’S BASE RATE CASE BETWEEN AND AMONG  
SUPERIOR WATER COMPANY, OFFICE OF TRIAL STAFF, AND OFFICE OF  
CONSUMER ADVOCATE**

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Superior Water Company (“Superior” or “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement of Its Base Rate Case and Related Complaint of the Office of Consumer Advocate (“Settlement”) filed in the above-captioned consolidated proceedings. The Commission’s Office of Trial Staff (“OTS”) also entered a Notice of

Appearance in this matter and joins in the Settlement. Superior, OTS and OCA are referred to collectively herein as the “Parties.” Superior believes that the Settlement resolves all issues in the proceedings and is in the best interests of Superior and its customers and, therefore, is in the public interest. The Settlement reflects a carefully balanced compromise of the interests of the Parties to this proceeding and should be approved without modification and in its entirety.

## **PROCEDURAL HISTORY**

On July 29, 2010, Superior filed Supplement No. 3 to its Tariff Water – Pa. P.U.C. No. 4 (“Supplement No. 3”) with the Commission seeking authority to increase its annual operating revenues by \$404,190 to become effective on September 28, 2010. Under the Company’s tariff proposal, the monthly customer charge for ¾” meter service would have increased by about 20% for all customer classes while 1” and greater meter service would have increased by 25%. The volumetric rate for all classes would have increased by 19.5%. The Company proposed no change in rates for monthly fire protection rates for public hydrant and 1” private residential sprinkler services; private hydrant charges and sprinkler service greater than 1” were proposed to increase by 25%. Supplement No. 3 included some administrative changes, as well as proposed rules addressing the requirements for sprinklers included in the International Residential Code adopted in Pennsylvania at the end of 2009 and a new dual meter rate for residential service that will allow homes to have adequate water for both domestic and fire protection purposes through two ¾” meters. The remainder of the procedural background of the case is set forth in the Joint Settlement Petition and is incorporated herein by reference.

## REASONS FOR APPROVAL OF SETTLEMENT

The most compelling reason in support of the settlement is that the Company's filing and supplemental testimony support a rate increase of more than double the rate relief requested in the Company's filing – the requested relief being \$404,190. Specifically, Superior asserts that its filing actually supports an annual revenue increase of \$754,632, or 35.12% more than present revenues. Superior's Supplemental Direct Testimony introduced additional claims which would have supported a total annual revenue increase of \$864,949, or 40% more than current revenues. Thus, it is clear that, had the Company filed for the entire amount that it could have supported and had the public advocates made adjustments to such a filing, the rate relief realized would be more than the requested \$404,190.

Superior voluntarily elected to moderate significantly its rate relief request primarily to mitigate the rate impact upon its customers. This is only the second rate increase filed by Superior since 1999 and, therefore, when it has filed for rate relief, the percentage increases have appeared high.<sup>1</sup> Regardless of the actual dollar values, Superior wanted to minimize the rate shock to its customers in the instant filing, even if it meant asking for less than that to which it was entitled. Superior is now on track to file for rate increases at a more regular interval, which should result in more modest rate requests in the future.

Second, Superior recognizes that its customers are suffering through the same economic woes that are gripping the country. It assumes that some of its customers are confronted with difficulties in keeping their houses and their jobs. Accordingly, Superior tried to strike a balance between the interests of its customers along with its own need to maintain financial health.

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<sup>1</sup> In its 2008 rate filing (Superior's first rate request since 1999), the monthly residential and commercial customer charge rates would have increased by 50% and the volumetric rate would have increased by 30.86%.

The filing makes clear that over the past 18 months, Superior has invested in needed assets such as a major transmission line, a Supervisory Control and Data Acquisition (“SCADA”) system that will yield system and manpower efficiencies, and chlorine analyzers and well probes that are required by the Pennsylvania Department of Environmental Protection. System improvements of this nature come with significant costs. Superior believes that approval of the instant settlement rates will enable Superior to remain economically viable and to continue to furnish and maintain “adequate, efficient, safe, and reasonable service and facilities.” *See* 66 Pa. C.S. § 1501.

The Settlement combats ongoing erosion of Superior’s net income by raising existing normalized revenue levels to recover operating expenses and by making a contribution to return on equity. The Settlement provides sufficient revenue to address known changes in rate base as well as escalations both in labor costs (due to implemented or planned pay increases) and other expenses.

The Settlement also provides for a substantial stay-out. Under the stay-out provision, Superior will not be allowed to file another general rate increase until April 28, 2012. Thus, assuming the next case is fully litigated, Superior’s customers will not experience another rate increase until early 2013. This stay-out balances the benefit of a guaranteed period of rate stability against the rate relief in the settlement. Further, the settlement implicitly will require Superior to exert stringent control over its expenses.

Section K of Supplement No. 3 to Tariff Water – Pa. P.U.C. No. 4 contains noteworthy additions in the area of limiting Superior’s exposure to risk caused by the new domestic sprinkler regulations approved by the Independent Regulatory Review Commission in December 2009. The adoption of the 2009 International Residential Code (“IRC”) mandates installation of

domestic sprinkler systems in townshouses in 2010 and in single- and dual-family houses in January 2011. Under the IRC, developers may install systems that are an integral part of the domestic water system, in lieu of a separate system. This new configuration creates new issues with respect to terminations. Further, there are other issues involved with the utility's duty to provide service that must be balanced against the requirement of the IRC, in terms of service interruptions and pressure fluctuations. Changes of various rules in Superior's tariff address these issues, as discussed on pages 12-13 of Ms. Knight's Direct Testimony (Superior Statement No. 1).

In analyzing the Settlement, the Commission should note that all active Parties have either agreed or concurred in the level of annual revenue increase. All other complainants have been inactive throughout the proceeding, with the exception of Messrs. DeWeese, Rutter, and Capaldo – all of whom testified at the public input hearing held on November 10, 2010.

With regard to issues raised at the public input hearing, Superior notes that most of the testimony expressed a general opposition to the rate increase. However, the witnesses were generally unable to offer specific reasons why adjustments should be made to Superior's claim. As explained above, Superior is sensitive to the economic situation of its customers and, as such, requested a much lower increase than that to which Superior believes it is entitled under the Pennsylvania Public Utility Code. Moreover, the customers who expressed concerns regarding pressure and water quality generally acknowledged that the problems have been corrected or mitigated and that Superior offered to come to their homes to inspect the problems. For instance, Mr. Rutter acknowledged that his water no longer smells like "rotten eggs" and that his pressure problems were corrected with a pressure regulator.<sup>2</sup> Mr. Markofski acknowledged that a regulator resolved his pressure problems and that Superior has offered to look into his claims of

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<sup>2</sup> It should be noted that pressure regulators are internal plumbing and therefore not the duty of the utility.

unpalatable water but he has declined the offer of assistance. Finally, it should be noted that representatives of Superior remained after the conclusion of the public input hearing to meet with customers in order to address their concerns.

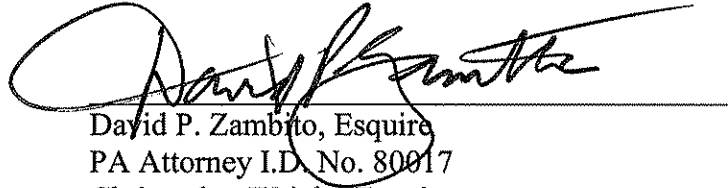
Indeed, as explained by Ms. Knight in her Direct Testimony, Superior has undertaken numerous projects intended to enhance the quality of service to its customers. *See* Superior St. No. 1, pp. 7-10. These projects include a new 12” main on Gilbertsville Road in Upper Pottsgrove Township, a new SCADA System, chlorine analyzers, variable frequency drives to allow pumps to speed up and slow down, a new pump at the Maugers Mill booster station, and arsenic remediation equipment. These investments are necessary and proper for Superior to continue to deliver safe, adequate, and reliable service to its customers, and therefore rate recovery should be permitted.

Commission policy promotes settlements. *See* 52 Pa. Code §5.231. Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve precious administrative hearing resources. Further, settlements eliminate the risk inherent in the adversarial process. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm’n v. C S Water and Sewer Assoc.*, 74 PA PUC 767 (1991). In addition to the above reasons, the instant Settlement is in the public interest because its approval will lessen the time and expenses that the Parties, and the Commission, must expend on the proceedings.

## CONCLUSION

A fair and reasonable settlement has been achieved in this proceeding, as is evident by the fact that an agreement has been reached between all active Parties regarding all issues. Superior fully supports the Settlement and respectfully requests that the ALJ and the Commission expeditiously review and approve the Settlement without modification and in its entirety.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David P. Zambito", is written over a horizontal line. The signature is fluid and cursive.

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*Counsel for Superior Water Company, Inc.*

Dated: December 1, 2010

## **APPENDIX E**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :

v.

Superior Water Company, Inc.

:  
:  
:  
:

Docket No. R-2010-2191376

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**OFFICE OF TRIAL STAFF  
STATEMENT IN SUPPORT OF  
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO ADMINISTRATIVE LAW JUDGE CHRISTOPHER P. PELL:**

The Office of Trial Staff ("OTS") of the Pennsylvania Public Utility Commission, ("Commission") by and through Senior Prosecutor Charles Daniel Shields and Chief Prosecutor Johnnie E. Simms hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Approval of Settlement ("Joint Petition" or "Settlement") are in the public interest and represent a fair, just, reasonable and equitable balance of the interest of Superior Water Company, Inc. ("Superior" or "Company") and its water customers.

1. All active parties to this proceeding participated in settlement discussions and as result, Superior, OTS and the Office of Consumer Advocate ("OCA") have agreed upon the terms embodied in the foregoing Joint Petition for Settlement. It is our

understanding that the Center Point Farms Homeowners' Association will be filing a letter in support of the settlement<sup>1</sup>

2. The Office of Trial Staff<sup>2</sup> is charged with the representation of the public interest in proceedings before the Commission relating to rates, rate-related services and other proceedings as directed by the Commission. Consequently, in negotiated settlements of all such proceedings, it is incumbent upon OTS to ensure that the public interest is served and to quantify to what extent amicable resolution of any such proceeding will benefit the public interest. OTS has met that responsibility here and has vigorously represented the public interest at all times during this base rate proceeding.

3. Prior to agreeing to the instant settlement, OTS legal and technical staff conducted a thorough review of the Company's filing and supporting information, discovery responses and submitted filing data, and contributed to the forthright discussions among the parties during settlement talks. The provisions of this settlement represent a revenue increase that OTS agrees is just and reasonable and in the public interest, but is not based upon any specific adjustments or ratemaking approach, unless otherwise noted in the Joint Petition and/or tariff supplements.

4. On July 29, 2010, the Company filed Supplement No. 3 to Tariff Water - Pa. P.U.C. No. 4, to become effective September 28, 2010, containing proposed changes in rates, rules, and regulations calculated to produce \$404,190 (18.81%) in additional

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1. The homeowners' association filed a formal complaint on October 27, 2010, that was docketed by the Commission at C-2010-2208891. The association's counsel John J. Gallagher also filed his notice of appearance on October 27, 2010.

annual revenues based on a historic test year ending March 31, 2010, and a future test year ending March 31, 2011.

5. By Order adopted and entered September 23, 2010, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by operation of law on September 28, 2010, until April 28, 2011, unless permitted by Commission Order to become effective at an earlier date. Said Order provided that the case be assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary and culminating in the issuance of a Recommended Decision.

6. On September 24, 2010, OTS filed a Notice of Appearance. The Office of Consumer Advocate (“OCA”) has filed a formal complaint against the proposed base rate increase. A number of other formal complaints have also been filed by various customers. Senior Prosecutor Shields and the assigned OTS technical staff experts have fully participated in the procedural and substantive matters that have resulted in the submission of the foregoing settlement proposing to resolve this base rate proceeding.

7. A Prehearing Conference was subsequently conducted on October 4, 2010, by Administrative Law Judge Christopher P. Pell (“ALJ Pell”) presiding telephonically from Philadelphia and the Harrisburg parties participating from a hearing room in the Keystone Building in Harrisburg.

8. Written and informal discovery was conducted by both OTS and OCA, and the Company provided numerous interrogatory responses during the proceeding. OTS

scrutinized the provided responses in order to develop a thorough perspective and understanding of each relevant base rate issue.

9. On November 10, 2010, ALJ Pell conducted a public input hearing in the Company's service territory in order to give customers an opportunity to provide their comments and perspectives regarding the requested rate increase and the service provided by the Company. Senior Prosecutor Shields participated on behalf of OTS at the hearing.

10. In accordance with the Commission's policy favoring settlements, located at 52 Pa. Code § 5.231, the Joint Petitioners were successful in achieving a full and complete settlement of all issues.

11. OTS considers Commission approval of the terms and conditions of the instant proposed Settlement to have the same effect as full and complete litigation and further recognizes that final resolution of this proceeding by approval of the Settlement will result in Commission-made rates.

12. OTS agrees that the terms and conditions of the Settlement are in the public interest for a number of reasons, including that the settlement:

- (a) provides for a phase-in of additional operating revenues that OTS, as one of the Joint Petitioners, agrees is reasonable and lawful, particularly given that the Company could otherwise immediately receive the full amount of the requested rate increase that was less than the Company likely could have supported in a fully litigated proceeding ;
- (b) avoids the necessity of further administrative and possible appellate court proceedings, which would have been at substantial cost to the involved parties and the Company's ratepayers and thereby conserves time and expenses for all involved. Acceptance of the foregoing settlement will negate the need for the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions and the filing of possible appeals;

- (c) provides that the Company cannot file another base rate water case under Section 1308(d) of the Public Utility Code before April 28, 2012 – a provision that provides a level of rate stability for that period that would not legally exist if the case is fully litigated;

13. The Settlement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, OTS or OCA as provided therein.

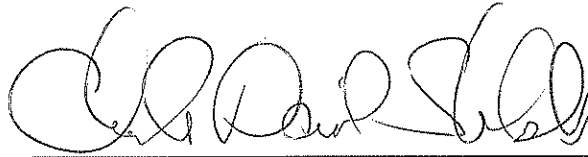
14. OTS represents that its agreement to settle this case is made without any admission or prejudice to any position that OTS might adopt during subsequent litigation in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

15. If ALJ Pell recommends that the Commission adopt the Settlement as proposed, OTS has agreed to waive the filing of Exceptions. However, OTS has not waived its rights to file Reply Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters that may be proposed by the ALJ in the Recommended Decision. OTS has also reserved the right to file Reply Exceptions to any Exceptions that may be filed by either or both of the other parties.

16. In conclusion, the Office of Trial Staff has been thoroughly involved in the instant base rate proceeding for water service provided by Superior Water Company, Inc. and respectfully asserts that the terms and conditions of the foregoing Joint Petition and the contents of the Company's filing can be relied upon as sufficient support for the granting of the instant settlement.

**WHEREFORE**, the Commission's Office of Trial Staff represents that it fully supports the instant settlement as being in the public interest and respectfully requests that presiding Administrative Law Judge Christopher P. Pell recommend, and the Commission subsequently approve without modification, the proposed settlement as set forth in the Joint Petition and approve the respective tariff supplement(s) as submitted with the settlement.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Charles Daniel Shields", written over a horizontal line.

Charles Daniel Shields  
Senior Prosecutor  
PA Attorney I.D. No. 29363

Johnnie E. Simms  
Chief Prosecutor  
PA Attorney I.D. No. 33911

Office of Trial Staff  
Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265

Dated: December 1, 2010

## **APPENDIX F**

APPENDIX F

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY	:		
COMMISSION, et al.	:		
	:		
v.	:	Docket No.	R-2010-2191376
	:		C-2010-2194647
SUPERIOR WATER COMPANY	:		

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STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT

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The Office of Consumer Advocate of the Commonwealth of Pennsylvania (OCA), one of the signatory Parties to the Joint Petition for Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the reasons discussed below. The OCA submits that the Settlement, taken as a whole, is in the public interest and satisfactorily addresses the issues raised in the OCA's complaint and analysis undertaken in this proceeding. While the Settlement does not reach all the recommendations the OCA may have proposed in its litigation position, the OCA recognizes that settlement is a product of compromise by all the Parties.

**I. INTRODUCTION**

On July 29, 2010, Superior Water Company (Superior or Company) filed a request, to become effective September 28, 2010, containing proposed changes in water rates designed to produce additional annual revenues of \$404,190, or 18.7%. The OCA filed a formal complaint

on August 19, 2010. OTS filed a notice of appearance on September 24, 2010. Formal complaints were filed by seven customers, including the Center Point Farm Homeowners' Association. By Order entered September 23, 2010 the Public Utility Commission (PUC or Commission) suspended the filing until April 28, 2011, and instituted an investigation into the reasonableness of the proposed rates. Superior filed the direct testimony of Louise Knight, Chief Operating Officer, and Dennis Kalbarczyk, consultant, on August 19, 2010. Superior filed supplemental testimony on October 4, 2010. A prehearing conference was held on October 4, 2010, at which time a litigation schedule was set. A public input hearing was held on November 10, 2010, in Gilbertsville at which time seven customers testified.

## **II. REVENUES**

The proposed Settlement provides for a two step phase in. In the first step, Superior would establish rates to collect additional annual water revenues of \$380,000 in lieu of its request of \$404,190. In the second step, to be effective on July 1, 2011, Superior would establish rates to collect additional annual water revenues of \$24,190.

In its filing, Superior indicated that it could support an increase of \$754,632, or 35.12%. In its supplemental testimony, it indicated that it could support an increase of \$864,949, or 40%. Superior had voluntarily reduced its request below the level it claims it can support.

A typical residential customer using 4,838 gallons of water per month would see an increase from \$52.57 to \$62.27 per month in the first phase and to \$62.89 in the second phase.

Based on the OCA's analysis of the Company's filing, the proposed revenues in the Settlement represent amounts which, in the OCA's view, would be within the range of the likely outcomes in the event of full litigation of the cases. Thus, along with the stay out discussed

below, the overall revenue requirement, phased in, provides benefits that would not be available to the parties if we litigated the case.

### **III. STAY OUT**

The Company has agreed that it will not file another rate case any sooner than April 28, 2012. If the Company files another rate increase request on April 28, 2012, and if that case is fully litigated, the earliest rates could change again would be January 2013. The stayout will provide some level of rate stability for the customers.

### **IV. CONCLUSION**

The terms and conditions of the proposed Settlement of this rate proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement would produce revenues within a range of anticipated litigation outcomes, and under the Settlement, ratepayers will benefit from the stay out which prevents the Company from filing another rate case until April 28, 2012. Finally, the Commission and all Parties would benefit by the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the best interests of the Company of Superior's customers.

Respectfully submitted,



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choover@paoca.org

Counsel for:  
Irwin A. Popowsky  
Consumer Advocate

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Date: December 1, 2010  
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