



PENNSYLVANIA
AMERICAN WATER

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December 16, 2010

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg PA 17105-3265

Dear Secretary Chiavetta,

Attached are eight (8) copies of Supplement No. 5 to Tariff Wastewater-Pa P.U.C. No. 8 for Pennsylvania American Water, which bear the issue of December 16, 2010, filed in accordance with the Pennsylvania Public Utility Commission Order at R-2010-2166212, and adopted December 16, 2010.

Sincerely,

Rod Nevirauskas
Director of Rates and Regulations

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cc. Office of Consumer Advocate
Office of Trial Staff
Office of Small Business Advocate
Elaine McDonald
Kenneth R. Myers, Esquire (MSG Group)
Gilbert L. Hamberg, Esquire (City / Borough Alliance (CBA))

Pennsylvania-American Water Company
City of Coatesville Division
(Hereinafter referred to as the "Company")

D/B/A

Pennsylvania American Water

RATES, RULES AND REGULATIONS
GOVERNING THE FURNISHINGS OF
WASTEWATER COLLECTION AND DISPOSAL SERVICE
IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED
IN CHESTER COUNTY.

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

This tariff makes increases, decreases and changes to existing rates.

Filed in compliance with the Commission Order at R-2010-2166212,
Adopted December 16, 2010.

Issued: December 16, 2010

Effective: January 1, 2011

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By: Kathy Pape, President
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

LIST OF CHANGES

Increases/Decreases

This tariff supplement provides rates for the Company's Coatesville Wastewater Operations.

All metered and unmetered charges have been increased for an overall increase of 145%. Service charges and volumetric charges for each bill class are increased. The total rate increase will be phased in over a six year period, beginning January 1, 2011. Subsequent rates will be increased January 1, 2012, 2013, and 2014. The rates in effect on January 1, 2014, will remain in effect through the years 2014, 2015, and 2016. On January 1, 2017, the rates will be reduced to those in effect on January 1, 2013.

The rate for Rider VR has been removed. The Company has complied with the terms of the Joint Petition for Settlement at Docket No. R-2008-2032689, which established the rate to be used until the terms of the settlement were met.

The Parkesburg bond payment has been satisfied. The customers of the Parkesburg Area Wastewater Service District no longer pay a debt service charge and there are no additional conveyance fees. As such, Section F on page 4F has been removed.

The Company is reducing the fee paid by private contractors to the Company to dispose of private residential septage and commercial waste at the Company's wastewater treatment plant.

Capacity Reservation Fees have been increased to \$4,000 per pages 4A to 4C.

The Company is providing a discount of 15% on a customer's total wastewater bill for qualifying low income customers. This is shown on page 4F.

The Company is implementing a Customer Growth Credit Adjustment, refer to pages 5A through 5D.

The Company is implementing a Capacity Reservation Fee Credit Adjustment, refer to pages 5A, 5E and 5F.

(I) Indicates Increase, (D) Indicates Decrease, (C) Indicates Change

Issued: December 16, 2010

Effective: January 1, 2011

TABLE OF CONTENTS

	<u>Page Number</u>
Title Page	1
List of Changes	2 3rd Revised
Table of Contents	3 3rd Revised 3A 2nd Revised
Territories Served	3B
Part I - Rates	
Metered and Unmetered Charges	4 2nd Revised
Metered and Unmetered Charges	4.1-4.4
Schedule of Miscellaneous Fees and Charges	4A 1st Revised
Schedule of Miscellaneous Fees and Charges	4B 1st Revised
Schedule of Miscellaneous Fees and Charges	4C 1st Revised
Schedule of Miscellaneous Fees and Charges	4D
Schedule of Miscellaneous Fees and Charges	4E 2nd Revised
Low Income Tariff	4F 2nd Revised
State Tax Adjustment Surcharge	5
Customer Growth and Capacity Reservation Fee Credit Adjustment	5A-5F
Part II - Definitions	6-6C
Part III - Rules and Regulations	
Section A - Applications for Service	7
Section B - Construction and Maintenance of Facilities	8 9
Section C - Discontinuance, Termination and Restoration of Service	10 11
Section D - Billing and Collection	12
Section E - Deposits	13 14

TABLE OF CONTENTS

	<u>Page Number</u>
Section F - Wastewater Control Regulations	15
	16
	17
	18
	19
Section G - Line Extensions	20
Section H - Service Continuity	21
Section I - Waivers	22
Section J - Amendment of Commission Regulations	22
Section K - Industrial/Commercial Service Limitations	22
	23
	24
Section L - Privilege to Investigate/Rights of Access	25

PART I: RATES - The rates as set forth below will be in effect from
January 1, 2011 through December 31, 2011.

Metered Charges

A. Residential *** (Based on Water Usage)

Service Charge per month: \$ 7.50 (I)

Usage Charge \$.8194 per 100 gallons (I)

B. Commercial (Based on Water Usage)

Service Charge per month:

5/8" meter \$ 7.50 (I)

3/4" - 1 1/2" meter \$10.00 (I)

2" meter and up \$20.00 (I)

Usage Charge \$.6543 per 100 gallons (I)

C. Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$20.00 (I)

Usage Charge \$.6543 per 100 gallons (I)

D. Special Rate Charges

1. Bulk Metered Usage

Cain Township, Sadsbury Township, Valley Township, V.A. Hospital
and West Brandywine Township - One Monthly Service Charge Per
Customer of \$250.00 in addition to \$.5399 per 100 gallons of
metered water usage. (I)

Mittal Steel - Monthly Service Charge of \$250.00 in addition to
\$.5000 per 100 gallons of metered water usage. (I)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water
consumption.

Residential *** \$42.35 per month, per EDU (I)

Commercial \$42.35 per month, per EDU (I)

*** As set forth in Page 4F, Residential Rates are subject to a
15% discount for qualifying low income customers.

Pennsylvania-American Water Company

PART I: RATES - The rates as set forth below will be in effect from
January 1, 2012 through December 31, 2012.

Metered Charges

E. Residential *** (Based on Water Usage)

Service Charge per month: \$ 7.50

Usage Charge \$1.1672 per 100 gallons (I)

F. Commercial (Based on Water Usage)

Service Charge per month:

5/8" meter \$ 7.50

3/4" - 1 1/2" meter \$10.00

2" meter and up \$20.00

Usage Charge \$.8869 per 100 gallons (I)

G. Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$20.00

Usage Charge \$.8869 per 100 gallons (I)

H. Special Rate Charges

1. Bulk Metered Usage

Caln Township, Sadsbury Township, Valley Township, V.A. Hospital
and West Brandywine Township - One Monthly Service Charge Per
Customer of \$250.00 in addition to \$.7032 per 100 gallons of
metered water usage. (I)

Mittal Steel - Monthly Service Charge of \$250.00 in addition to
\$.6765 per 100 gallons of metered water usage. (I)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water
consumption.

Residential *** \$57.14 per month, per EDU (I)

Commercial \$57.14 per month, per EDU (I)

*** As set forth in Page 4F, Residential Rates are subject to a
15% discount for qualifying low income customers.

Pennsylvania-American Water Company

PART I: RATES - The rates as set forth below will be in effect from
January 1, 2013 through December 31, 2013.

Metered Charges

I. Residential *** (Based on Water Usage)

Service Charge per month: \$ 7.50
Usage Charge \$1.5151 per 100 gallons (I)

J. Commercial (Based on Water Usage)

Service Charge per month:
5/8" meter \$ 7.50
3/4" - 1 1/2" meter \$10.00
2" meter and up \$20.00
Usage Charge \$1.1194 per 100 gallons (I)

K. Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$20.00
Usage Charge \$1.1194 per 100 gallons (I)

L. Special Rate Charges

1. Bulk Metered Usage

Caln Township, Sadsbury Township, Valley Township, V.A. Hospital
and West Brandywine Township - One Monthly Service Charge Per
Customer of \$250.00 in addition to \$.8664 per 100 gallons of
metered water usage. (I)

Mittal Steel - Monthly Service Charge of \$250.00 in addition to
\$.8528 per 100 gallons of metered water usage. (I)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water
consumption.

Residential *** \$71.94 per month, per EDU (I)

Commercial \$71.94 per month, per EDU (I)

*** As set forth in Page 4F, Residential Rates are subject to a
15% discount for qualifying low income customers.

Pennsylvania-American Water Company

PART I: RATES - The rates as set forth below will be in effect from
January 1, 2014 through December 31, 2016.

Metered Charges

M. Residential *** (Based on Water Usage)

Service Charge per month: \$ 7.50
Usage Charge \$1.8629 per 100 gallons (I)

N. Commercial (Based on Water Usage)

Service Charge per month:
5/8" meter \$ 7.50
3/4" - 1 1/2" meter \$10.00
2" meter and up \$20.00
Usage Charge \$1.3519 per 100 gallons (I)

O. Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$20.00
Usage Charge \$1.3519 per 100 gallons (I)

P. Special Rate Charges

1. Bulk Metered Usage

Caln Township, Sadsbury Township, Valley Township, V.A. Hospital
and West Brandywine Township - One Monthly Service Charge Per
Customer of \$250.00 in addition to \$1.0298 per 100 gallons of
metered water usage. (I)

Mittal Steel - Monthly Service Charge of \$250.00 in addition to
\$1.0291 per 100 gallons of metered water usage. (I)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water
consumption.

Residential *** \$86.73 per month, per EDU (I)

Commercial \$86.73 per month, per EDU (I)

*** As set forth in Page 4F, Residential Rates are subject to a
15% discount for qualifying low income customers.

PART I: RATES - The rates as set forth below will be in effect beginning January 1, 2017.

Metered Charges

Q. Residential *** (Based on Water Usage)

Service Charge per month: \$ 7.50
Usage Charge \$1.5151 per 100 gallons (D)

R. Commercial (Based on Water Usage)

Service Charge per month:
5/8" meter \$ 7.50
3/4" - 1 1/2" meter \$10.00
2" meter and up \$20.00
Usage Charge \$1.1194 per 100 gallons (D)

S. Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$20.00
Usage Charge \$1.1194 per 100 gallons (D)

T. Special Rate Charges

1. Bulk Metered Usage

Caln Township, Sadsbury Township, Valley Township, V.A. Hospital and West Brandywine Township - One Monthly Service Charge Per Customer of \$250.00 in addition to \$.8664 per 100 gallons of metered water usage. (D)

Mittal Steel - Monthly Service Charge of \$250.00 in addition to \$.8528 per 100 gallons of metered water usage. (D)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water consumption.

Residential *** \$71.94 per month, per EDU (D)

Commercial \$71.94 per month, per EDU (D)

*** As set forth in Page 4F, Residential Rates are subject to a 15% discount for qualifying low income customers.

Schedule of Miscellaneous Fees and Charges

A. Capacity Reservation Fee: A fee per EDU charged by the Company for the allocation of treatment, pumping, and transmission, trunk and interceptor main capacity.

1. Shared Service Lines: Each residential unit will be treated separately for purposes of determining an applicable capacity reservation fee -- whether such residential unit is served by a single service line or shares a common service line with one or more other residential units.

The following defines the application of the capacity reservation fee within the Company's service territory:

1. Within the Company's service territory, no capacity reservation fee will be charged for any applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 (excluding clause (iii) of that definition) if "wastewater" were substituted for "water".

2. For development under previously signed Planning Modules that were allocated capacity prior to the expansion of the Company's wastewater treatment plant, a capacity reservation fee of \$525 per EDU will be charged and payable at the time of connection if the connection is made prior to January 1, 2012. If a connection is made on or after January 1, 2012, a capacity reservation fee of \$4,000 per EDU will be charged. (I) (C)

3. For development under previously signed Planning Modules that were allocated capacity available after expansion of the Company's wastewater treatment plant, a capacity reservation fee of \$4,000 per EDU will be charged and payable at the time of connection. (I)

4. For all Planning Modules signed after January 1, 2011, a capacity reservation fee of \$4,000 per EDU will be due and payable at the time the Planning Module is fully executed by the Company, the relevant municipality, and the Pennsylvania Department of Environmental Protection. (I) (C)

5. For commercial and industrial customers, the EDUs per customer will be those set forth in the Planning Module that includes such customer, as approved by the Company, the relevant municipality and the Pennsylvania Department of Environmental Protection. If, after a commercial or industrial customer's EDUs are established, in the manner previously described, and the associated capacity reservation fees are paid, changes in the customer's facilities or mode of operation result in an increase in the number of EDUs or an increase in the customer's estimated wastewater flow above the levels set forth in the Planning Module previously used to determine the customer's EDUs, the customer must update the applicable Planning Module and submit it for approval by the Company, the relevant municipality and the Pennsylvania Department of Environmental Protection, and the customer will be required to pay any additional capacity reservation fees that are due based upon the calculation of capacity reservation fees using the EDUs reflected in the revised, approved Planning Module.

The following defines the application of the capacity reservation fee for the Company's bulk customers who are members of the Municipal Sewer Group (MSG):

1. Within the service area of an MSG member, no capacity reservation fee will be charged for an applicant for wastewater service that meets the criteria of a Bona Fide Service Applicant, as defined in 52 Pa. Code Section 65.1 (excluding clause (iii) of that definition) if "wastewater" were substituted for "water" and "bulk customer's service area" were substituted for "the utility's certificated service territory" in the definition of a Bona Fide Applicant.

2. A capacity reservation fee of \$525 per EDU will be used for determining the payments for capacity available prior to the expansion of the Company's wastewater treatment plant under existing agreements between the Company and its bulk customers.

3. A capacity reservation fee of \$4,000 per EDU will be used for determining payments for capacity available after the expansion of the Company's wastewater treatment plant under existing agreements except as follows: (I)

a. Valley Township will be charged \$525 per EDU for up to 100 EDUs of the 0.4 million gallons per day of post-expansion capacity under its existing agreement with the Company for which it has not yet paid.

b. Sadsbury Township will be charged \$525 per EDU for not more than 100 EDUs of post-expansion capacity under any future agreement it may enter into with PAWC for additional post-expansion capacity.

c. West Brandywine Township will be charged \$525 per EDU for 188,100 gallons per day of capacity under the Second Addendum dated December 11, 2008, to its sewage treatment agreement with the Company. (C)

4. A capacity reservation fee of \$4,000 per EDU will be used for all new agreements (including amendments to existing agreements) with bulk customers. The capacity reservation fees will be paid at the time Planning Modules are fully executed by the Company, the relevant municipality, and the Pennsylvania Department of Environmental Protection, although a bulk customer will have the option to pay earlier, if it so chooses.

Schedule of Miscellaneous Fees and Charges

E. Wastewater Plant, Residential Septage and Commercial Waste Disposal Fee.

The Fee to be paid by private contractors to the Company to dispose of private residential septage and commercial Wastes at the Company's wastewater treatment plant.

The following rates shall be charged to haulers of residential septic waste who deliver waste: (C) (D)

<u>%Solids</u>	<u>% Solids</u>	<u>Cost Per Gallon</u>
	< = 1%	\$.0250
> 1%	< = 2%	.0300
> 2%	< = 3%	.0345
> 3%	< = 4%	.0395
> 4%	< = 5%	.0445
> 5%	< = 6%	.0495
> 6%	< = 7%	.0545
> 7%	< = 8%	.0590

1. The Company reserves the right to limit the total amount of residential septage received in a day and /or the total numbers of loads received from a single hauler on a per day basis based on maintaining proper operation of the Company's wastewater treatment plant.

2. At the discretion of the Company, the Company reserves the right to accept or reject commercially generated waste based on the amount and constituents in the waste. The cost, as determined by the Company, for testing and disposal will be a multiple of the residential septage fee based on the type and strength of the waste.

Schedule of Rates Applicable to All Rate Zones
For Qualifying Low-Income Customers

Tariff Qualifications

In order to qualify to be billed under this tariff, a customer must meet the low-income criteria of 150% based on the Federal Poverty Level. After qualifying to be billed under this tariff, customers must continually make an effort to make timely payments on the discounted bills.

Rates for Service

Customers will receive a 15% discount off their total wastewater bill. (C)

CUSTOMER GROWTH AND CAPACITY RESERVATION FEE CREDIT ADJUSTMENTS (C)

In addition to the net charges provided for in this Tariff, a 0.00% credit adjustment will be uniformly applied to all classes of customers for bills rendered on and after the effective date of the tariff supplement subject to annual recalculation in the manner set forth in the Customer Growth Credit Adjustment and Capacity Reservation Fee Credit Adjustment, at pages 5B-5F.

CUSTOMER GROWTH CREDIT ADJUSTMENT (C)

1. General Description

The purpose of the Customer Growth Credit (CGC) Adjustment is to adjust all customers' bills to reflect annual revenue, calculated in the manner provided herein, associated with the growth in (1) the number of customers served directly by the Company (Direct Customers); and (2) the number of customers served by Bulk customers of the Company (Indirect Customers) (collectively, Direct and Indirect Customers) from and after the January 1, 2011 effective date of base rates established in the proceeding at Docket No. R-2010 - 2166212 through January 1, 2017. In the event the Company does not file for a general increase in base rates on March 31, 2016, which is the earliest that it can do so (subject to certain exceptions for extraordinary events) under the terms of the Joint Petition for Settlement at Docket No. R-2010-2166212, then the CGC in effect on January 1, 2017 will remain in effect until the effective date of new base rates established in the Company's next base rate case for the Coatesville Wastewater Operations.

2. Computation Of The CGC

The initial CGC will be calculated on the basis of Direct and Indirect Customers added from and after January 1, 2011 through October 31, 2011. Thereafter, the CGC will be calculated annually based on Direct and Indirect Customers added from and after January 1, 2011 through October 31 of the year in which the computation is made. The calculation and supporting information will be filed with the Commission and served on the active parties to the proceeding at Docket No. R-2010 - 2166212 by December 1 of each year and will become effective on, a bills rendered basis, one month later (January 1). Each such adjustment will reflect annual revenue, calculated as provided below, associated with the Direct and Indirect Customers added from and after January 1, 2011 through October 31 of the computation year.

The CGC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer under the Company's otherwise applicable rates and charges for wastewater service. The CGC percentage may be added to the Capacity Reservation Fee Credit Adjustment percentage and the resulting composite percentage applied to customers' bills as a single line item.

The formula for calculating the CGC is as follows:

$$\text{CGC} = \frac{\text{Additional Net Revenue From Customer Growth}}{\text{Revenue Under Settlement Rates} + \text{Additional Revenue From Customer Growth}}$$

Where:

Additional Net Revenue From Customer Growth = Annual Net Revenue from Direct and Indirect Customers that are added from and after January 1, 2011 through October 31 of the year the computation is performed.

Annual Net Revenue from Direct Customers = The applicable customer charge, per customer, plus the Annual Usage, per customer, multiplied by the applicable Direct Customer Annual Usage Rate, less Incremental Treatment Cost.

Annual Net Revenue from Indirect Customers = The Annual Usage, per customer, multiplied by applicable Indirect Customer Annual Usage Rate, less Incremental Treatment Cost.

Additional Revenue From Customer Growth = Annual Revenue from Direct and Indirect Customers that are added from and after January 1, 2011 through October 31 of the year the computation is performed, which shall be calculated in the same manner as Annual Net Revenue from Direct and Indirect Customers (above) except that Incremental Treatment Cost is not deducted.

Annual Usage = For Residential Direct and Indirect Customers:
Average annual usage per customer of 51,036 gallons.
For Commercial Direct and Indirect Customers:
Average annual usage of 210,000 gallons.
For Municipal and Industrial Direct and Indirect Customers: Actual usage by each such customer (1) during the period from when they became a Direct or Indirect Customer to October 31 of the first computation year that includes such customer, annualized to a full year's usage; and, thereafter (2) during the 12 months preceding October 31 of the computation year.

Direct Customer Annual Usage Rate = The usage rate for the class to which the customer belongs for the year the calculated CGC will be applied to customers' bills. For example, if the calculation were done as of December 1, 2011, the applicable Direct Customer Annual Usage Rate would be the usage rate that would be charged commencing January 1, 2012.

Indirect Customer Annual Usage Rate = The Bulk usage rate for the year the calculated CGC will be applied to customers' bills. For example, if the calculation were done as of December 1, 2011, the applicable Direct Customer Annual Usage Rate would be the usage rate that would be charged commencing January 1, 2012.

Incremental Treatment Cost = \$0.000896 per gallon of usage, which represents the average cost of electric power, chemicals and waste disposal for wastewater treatment for the twelve months ending December 31, 2010.

Revenue Under Settlement Rates = The annual revenues to be produced by the Settlement Rates (as hereafter defined) for each year of the phase-in period, as set forth by year in the Proof of Revenues attached as Appendix B to the Joint Petition For Settlement of Rate Investigation at Docket No. R-2010-2166212. The Settlement Rates are the rates set forth in such Proof of Revenues and are the same rates set forth at pages 4 and 4.1 through 4.4 of this Tariff.

3. Reporting Of Indirect Customers Added

Each of the Company's Bulk customers will provide to the Company, on or before November 15 of each year, a tabulation of the Indirect Customers, by class (Residential, Commercial, Municipal and Industrial), that were added during the preceding twelve months, except that the tabulation to be provided as of November 15, 2011 shall be for the ten months ended October 31, 2011. Upon request, a Bulk customer will provide to the Company, within seven days of such request, copies of a validly issued Occupancy Permit as verification for each of the Indirect Customers listed in its tabulation of Indirect Customers added.

CAPACITY RESERVATION FEE CREDIT ADJUSTMENT (C)

1. General Description

The purpose of the Capacity Reservation Fee Credit (CRFC) Adjustment is to adjust all customers' bills to reflect the revenue requirement impact, calculated in the manner provided herein, of Capacity Reservation Fees that the Company receives from and after the January 1, 2011 effective date of base rates established in the proceeding at Docket No. R-2010 - 2166212 through January 1, 2017. In the event the Company does not file for a general increase in base rates on March 31, 2016, which is the earliest that it can do so (subject to certain exceptions for extraordinary events) under the terms of the Joint Petition for Settlement at Docket No. R-2010-2166212, then the CGC in effect on January 1, 2017 will remain in effect until the effective date of new base rates established in the Company's next base rate case for the Coatesville Wastewater Operations.

2. Computation Of The CRFC

The initial CRFC will be calculated on the basis of Capacity Reservation Fees that the Company receives from and after January 1, 2011 through October 31, 2011. Thereafter, the CRFC will be calculated annually based on Capacity Reservation Fees received by the Company from and after January 1, 2011 through October 31 of the year in which the computation is made. The calculation and supporting information will be filed with the Commission and served on the active parties to the proceeding at Docket No. R-2010 - 2166212 by December 1 of each year and will become effective, on a bills rendered basis, one month later (January 1). Each such adjustment will reflect the revenue requirement impact, calculated in the manner provided below, associated with the Capacity Reservation Fees received by the Company from and after January 1, 2011 through October 31 of the computation year.

The CRFC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer under the Company's otherwise applicable rates and charges for wastewater service. The CRFC percentage may be added to the CGC percentage and the resulting composite percentage applied to customers' bills as a single line item.

The formula for calculating the CRFC is as follows:

CRFC = Capacity Reservation Fee Revenue Requirement / Total Base Rate Revenue

Where:

Capacity Reservation Fee Revenue Requirement = Capacity Reservation Fees received by the Company from and after January 1, 2011 through October 31 of the year in which the computation is made multiplied by the sum of (1) the applicable depreciation rate (1.94%) and (2) the pre-tax overall rate of return (8.36%).

Total Base Rate Revenue = Revenue under Settlement Rates + Additional Revenue From Customer Growth.

Revenue Under Settlement Rates = Shall have the same definition as under the CGC Adjustment.

Additional Revenue From Customer Growth = Shall have the same definition as in the CGC Adjustment.

Contributions in aid of construction or grants or funds in the nature of contributions in aid of construction with respect to the Coatesville Wastewater Treatment Plant that are furnished to the Company by, or through the efforts of, one or more of its Bulk customers will be treated the same as Capacity Reservation Fees for purposes of applying the Capacity Reservation Fee Credit Adjustment except that, as to such amounts, the Capacity Reservation Fee Revenue Requirement will be calculated using the applicable depreciation rate of 2.09% and the cost rate for the Pennsylvania Economic Development Financing Authority loan that was issued to finance the Coatesville Wastewater Treatment Plant.