

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

A. Statement of Income

SI1. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major (greater than 15%) variances between the historic test year and preceding year by detailed account number. Limit the explanation to differences of \$10,000 or greater.

A. Please see the attached schedule and explanations below for expenses that meet the variance criteria listed above:

Revenues

- *Revenues increased due to a rate increase effective June 17, 2010 Docket No. R-2009-2132019*

Labor and Management Fees

- *Labor and management fee increased due to annual salary increases effective April 1 2010 for non union employees and December 1 2009 and 2010 for union employees. Furthermore, IT Computer Service are being accounted through the Mgmt Fee line as of 6/30/2011, whereas, previously accounted for in the Contractor Service line A&G (636.8)*

Contractor services

- *An increase in contractor services is offset by an decrease in-house labor in the transmission and distribution category.*

Employee Benefits

- *Employee benefits increased because of higher health insurance premiums, and a higher required funding of the pension plan.*

Other Insurance

- *Other insurance increased because of higher insurance premiums.*

AQUA PENNSYLVANIA, INC.
REVENUE AND EXPENSE BY DETAILED ACCOUNTS
JUNE 30, 2011 & 2010

NUMBER	ACCOUNT TITLE	Current Year 12 Months 6/30/2011	Prior Year 12 Months 6/30/2010	Variance	%
WATER OPERATING REVENUE-					
SALES OF WATER:					
METERED SALES TO GENERAL CUSTOMERS					
4611	RESIDENTIAL	(248,767,427)	(216,069,255)	(32,698,172)	15.1%
4612	COMMERCIAL	(85,123,174)	(71,532,289)	(13,590,885)	19.0%
4613	INDUSTRIAL	(16,335,524)	(14,519,606)	(1,815,917)	12.5%
4614	PUBLIC AUTHORITY	(7,432,955)	(6,535,607)	(897,348)	13.7%
4620	PRIVATE FIRE PROTECTION	(10,051,176)	(9,766,103)	(285,073)	2.9%
4630	ABATEMENT	392,608	247,694	144,914	58.5%
4660	SALES TO OTHER UTILITIES	(3,234,963)	(2,669,750)	(565,213)	21.2%
	TOTAL	(370,552,611)	(320,844,917)	(49,707,695)	15.5%
UNMETERED SALES TO GENERAL CUSTOMERS:					
4607	AVAILABILITY CHARGES	263	454	(191)	-42.1%
4621	PUBLIC FIRE PROTECTION	(5,342,856)	(5,379,593)	36,737	-0.7%
4622	PRIVATE FIRE PROTECTION	(963,923)	(924,965)	(38,957)	4.2%
	TOTAL SALES OF WATER	(376,859,127)	(327,149,021)	(49,710,106)	15.2%
OTHER WATER REVENUES:					
4710	MISC SERVICE REVENUES	(1,885,303)	(1,913,617)	28,314	-1.5%
4712	STATE TAX SURCHARGE	(15,999)	(99,371)	83,372	-83.9%
4711	DSIC CHARGE	(6,279,622)	(20,825,020)	14,545,398	-69.8%
	TOTAL OTHER WATER REVENUES	(8,180,924)	(22,838,008)	14,657,085	-64.2%
	TOTAL WATER OPERATING REVENUES	(385,040,051)	(349,987,029)	(35,053,022)	10.0%
WATER OPERATING EXPENSES-					
SOURCE OF SUPPLY EXPENSES					
OPERATION:					
6011	OPERATING LABOR	305,376	341,577	(36,201)	-10.6%
6201	OPERATION MATERIALS & SUPPLIES	146,390	241,263	(94,873)	-39.3%
6311	OPERATION CONTRACTOR SERVICES - ENG	2,000	-	2,000	#DIV/0!
6361	OPERATION CONTRACTOR SERVICES - OTHER	33,511	61,759	(28,249)	-45.7%
6411	OPERATION BUILDING RENTAL	399,969	380,923	19,046	5.0%
6421	OPERATION EQUIPMENT RENTAL	-	53	(53)	-100.0%
6501	OPERATION TRANSPORTATION	-	-	-	#DIV/0!
6751	OPERATION MISCELLANEOUS	8,225	8,010	215	2.7%
	TOTAL OPERATION	895,472	1,033,586	(138,114)	-13.4%
MAINTENANCE:					
6012	MAINTENANCE LABOR	527,082	506,365	20,717	4.1%
6202	MAINTENANCE MATERIALS & SUPPLIES	4,644	6,492	(1,849)	-28.5%
6312	MAINT. CONTRACTOR SERVICES - ENG	1,923	-	1,923	#DIV/0!
6362	MAINTENANCE CONTRACTOR SERVICES - OTHER	83,804	68,823	14,981	21.8%
6422	MAINT. EQUIPMENT RENTAL	-	-	-	#DIV/0!
6502	MAINTENANCE TRANSPORTATION	410	3,931	(3,522)	-89.6%
6752	MAINTENANCE MISCELLANEOUS	1,931	308	1,622	526.3%
	TOTAL MAINTENANCE	619,792	585,921	33,872	5.8%
6101	WATER PURCHASED FOR RESALE	13,008,949	11,644,566	1,364,383	11.7%
6151	POWER PURCHASED	11,909,655	10,684,985	1,224,670	11.5%
	TOTAL SOURCE OF SUPPLY EXPENSES	26,433,869	23,949,058	2,484,811	10.4%
WATER TREATMENT EXPENSES					
OPERATION:					
6013	OPERATING LABOR	8,686,797	7,290,182	1,396,614	19.2%
6183	CHEMICALS	3,974,146	4,346,111	(371,965)	-8.6%
6203	OPERATION MATERIALS & SUPPLIES	388,855	383,445	5,410	1.4%
6313	OPERATING CONTRACTOR SERVICES - ENG	2,591	10,545	(7,954)	-75.4%
6353	OPERATING CONTRACTOR SERVICES - TESTING	134,271	108,074	26,197	24.2%
6363	OPERATING CONTRACTOR SERVICES - OTHER	680,406	986,149	(305,743)	-31.0%
6423	OPERATING EQUIPMENT RENTAL	2,769	2,044	725	35.5%
6503	OPERATING TRANSPORTATION	-	-	-	#DIV/0!
6753	OPERATING MISCELLANEOUS	37,074	7,666	29,409	383.6%
	TOTAL OPERATION	13,906,910	13,134,216	772,694	5.9%
MAINTENANCE:					
6014	MAINT. LABOR	1,201,891	2,024,871	(822,980)	-40.6%
6204	MAINT. MATERIALS & SUPPLIES	27,532	31,739	(4,207)	-13.3%
6314	MAINT. CONTRACTOR SERVICES - ENG	1,505	2,160	(655)	-30.3%
6364	MAINT. CONTRACTOR SERVICES - OTHER	509,624	618,538	(108,914)	-17.6%
6424	MAINT. EQUIPMENT RENTAL	-	110	(110)	-100.0%
6504	MAINT. TRANSPORTATION	-	-	-	#DIV/0!
6754	MAINTENANCE MISCELLANEOUS	1,374	1,518	(143)	-9.5%
	TOTAL MAINTENANCE	1,741,926	2,678,937	(937,010)	-35.0%
	TOTAL WATER TREATMENT EXPENSES	15,648,836	15,813,153	(164,317)	-1.0%

AQUA PENNSYLVANIA, INC.
REVENUE AND EXPENSE BY DETAILED ACCOUNTS
JUNE 30, 2011 & 2010

NUMBER	ACCOUNT TITLE	Current Year 12 Months 6/30/2011	Prior Year 12 Months 6/30/2010	Variance	%
TRANSMISSION & DISTRIBUTION EXPENSES					
OPERATION:					
6015	OPERATING LABOR	4,506,339	4,720,599	(214,260)	-4.5%
6205	OPERATION MATERIALS & SUPPLIES	1,115,593	1,088,405	27,188	2.5%
6315	OPERATING CONTRACTOR SERVICES - ENG	-	-	-	#DIV/0!
6365	OPERATING CONTRACTOR SERVICES - OTHER	488,365	284,442	203,923	71.7%
6415	OPERATION BUILDING RENTAL	16,119	14,215	1,904	13.4%
6425	OPERATING EQUIPMENT RENTAL	3,186	2,044	1,142	55.9%
6505	OPERATION TRANSPORTATION	1,814,199	1,745,410	68,789	3.9%
6755	OPERATION MISCELLANEOUS	12,776	20,187	(7,411)	-36.7%
	TOTAL OPERATION	7,956,578	7,875,302	81,276	1.0%
MAINTENANCE:					
6016	MAINT. LABOR	4,532,126	4,150,206	381,920	9.2%
6206	MAINT. MATERIALS & SUPPLIES	580,546	579,108	1,437	0.2%
6316	MAINT. CONTRACTOR SERVICES - ENG	1,981	538	1,443	268.4%
6366	MAINT. CONTRACTOR SERVICES - OTHER	3,283,623	2,974,706	308,917	10.4%
6426	MAINT. EQUIPMENT RENTAL	-	349	(349)	-100.0%
6506	MAINT. TRANSPORTATION	-	-	-	#DIV/0!
6756	MAINTENANCE MISCELLANEOUS	19,452	20,156	(705)	-3.5%
	TOTAL MAINTENANCE	8,417,727	7,725,064	692,664	9.0%
	TOTAL TRANSMISSION & DISTRIBUTION EXPENSES	16,374,305	15,600,365	773,939	5.0%
CUSTOMER'S ACCOUNTING & COLLECTING EXPENSE					
6017	CUSTOMER ACCOUNTING LABOR	1,016,220	1,007,228	8,992	0.9%
6207	MATERIALS & SUPPLIES	17,028	(42,751)	59,778	-139.8%
6367	CONTRACTOR SERVICES - OTHER	8,794,204	8,859,047	(64,842)	-0.7%
6507	TRANSPORTATION	300	106	193	181.8%
6707	BAD DEBT EXPENSE	2,033,634	2,164,703	(131,069)	-6.1%
6757	CUSTOMER ACCOUNTING - MISCELLANEOUS	-	-	-	#DIV/0!
	TOTAL CUSTOMER'S ACCOUNTING & COLLECTING EXPENSE	11,861,386	11,988,333	(126,947)	-1.1%
ADMINISTRATIVE & GENERAL EXPENSES					
6018	A&G LABOR	4,935,108	4,705,296	229,812	4.9%
6038	A&G OFFICERS LABOR	1,109,822	1,030,559	79,263	7.7%
6048	EMPLOYEE BENEFITS	13,184,904	8,433,049	4,751,855	56.3%
6208	A&G MATERIALS & SUPPLIES	149,324	143,384	5,940	4.1%
6318	A&G CONTRACTOR SERVICES-ENGINEERING	130,187	72,282	57,905	80.1%
6328	A&G CONTRACTOR SERVICES-ACCOUNTING	488,241	516,686	(28,445)	-5.5%
6338	A&G CONTRACTOR SERVICES-LEGAL	132,198	533,126	(400,928)	-75.2%
6348	A&G CONTRACTOR SERVICES-MGMT FEE	14,017,619	12,051,213	1,966,406	16.3%
6358	A&G CONTRACTOR SERVICES_TESTING	-	66	(66)	-100.0%
6368	A&G CONTRACTOR SERVICES-OTHER	833,636	1,571,172	(737,537)	-46.9%
6418	A&G RENT - BUILDING RENTAL	32,406	30,606	1,800	5.9%
6428	A&G RENT - EQUIPMENT	86,833	90,700	(3,866)	-4.3%
6508	A&G TRANSPORTATION	(3,538)	(3,948)	410	-10.4%
6568	VEHICLE INSURANCE	180,282	200,010	(19,728)	-9.9%
6578	GENERAL LIABILITY INSURANCE	1,927,004	1,928,958	(1,954)	-0.1%
6588	WORKERS COMPENSATION INSURANCE	954,462	889,449	65,013	7.3%
6598	OTHER INSURANCE	1,426,514	888,976	537,538	60.5%
6608	ADVERTISING	164,617	152,011	12,606	8.3%
6668	OTHER EXPENSE AMORTIZATION	33,323	96,245	(62,922)	-65.4%
6668	CWC MERGER AMORTIZATION	-	-	-	#DIV/0!
6668	RATE CASE AMORTIZATION	427,571	445,886	(62,922)	-14.1%
6758	A&G MISCELLANEOUS	3,146,422	3,485,175	(338,752)	-9.7%
4060	UTILITY PLANT ACQ ADJ AMORT.	(312,138)	(374,922)	62,784	-16.7%
	TOTAL ADMINISTRATIVE & GENERAL EXPENSES	43,044,798	36,885,979	6,114,212	16.6%
	TOTAL OPERATIION EXPENSES	102,583,747	93,246,967	9,292,173	10.0%
	TOTAL MAINTENANCE EXPENSES	10,779,446	10,989,921	(210,475)	-1.9%
	TOTAL EXPENSES	113,363,194	104,236,888	9,081,698	8.7%

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

A. Statement of Income

SI2. Prepare a Statement of Income for the various time frames of the rate proceeding including:

- Col. 1 - Book recorded statement for the test year.
- 2 - Adjustments to book recorded income statement to annualize and normalize under present rates.
- 3 - Income statement under present rates after adjustment in Col. 2.
- 4 - Adjustments to Col. 3 for revenue increase requested.
- 5 - Income statement under proposed rates.

A. Refer to Exhibit 1-A, page 2.

AQUA PENNSYLVANIA, INC.
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FILING REQUIREMENTS

A. Statement of Income

SI3. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.

A. Not applicable.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

A. Statement of Income

- SI4. Provide Operating Income claims under:
- (a) Present rates
 - (b) Pro forma present rates (annualized & normalized)
 - (c) Proposed rates (annualized & normalized)
- A. Operating Income claims are reflected on page 2 of Exhibit 1-A.

AQUA PENNSYLVANIA, INC.
2009 RATE CASE
FILING REQUIREMENTS

A. Statement of Income

SI5.

Provide Rate of Return on Original Cost under:

- (a) Present rates
- (b) Pro forma present rates
- (c) Proposed rates

A. Rates of Return on original cost rate base are reflected on page 80 of Exhibit 1-A.