

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

K. Other Data

OD2. Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.

A. Please see attached.

AQUA PENNSYLVANIA, INC.
(a wholly-owned subsidiary of Aqua America, Inc.)

Consolidated Financial Statements
As of and for the years ended
December 31, 2010 and 2009



Report of Independent Auditors

To the Board of Directors and Stockholder of
Aqua Pennsylvania, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows, of capitalization and of stockholder's equity present fairly, in all material respects, the financial position of Aqua Pennsylvania, Inc. (a wholly-owned subsidiary of Aqua America, Inc.) and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

April 21, 2011

AQUA PENNSYLVANIA, INC.
Consolidated Statements of Income
(In thousands of dollars)
Years ended December 31, 2010 and 2009

	2010	2009
Operating revenues	\$ 378,881	\$ 347,015
Operating expenses:		
Operating, maintenance and administrative expenses	113,577	107,241
Depreciation	61,224	56,756
Amortization	49	239
Taxes other than income taxes	11,131	10,210
Gain on sale of other assets	(221)	(214)
	185,760	174,232
Total operating expenses		
Operating income	193,121	172,783
Other (income) deductions:		
Interest on long-term debt	45,788	42,277
Other interest expense, net	665	750
Allowance for funds used during construction	(3,496)	(1,919)
Amortization of debt issuance costs	924	800
Other income, net	(1,777)	(2,017)
	42,104	39,891
Total other (income) deductions		
Income before income taxes	151,017	132,892
Provision for income taxes	60,208	52,559
	90,809	80,333
Net income	\$ 90,809	\$ 80,333

See accompanying notes to consolidated financial statements.

AQUA PENNSYLVANIA, INC.
Consolidated Statements of Cash Flows
(In thousands of dollars)
Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	\$ 90,809	\$ 80,333
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	62,197	57,795
Deferred income taxes and income tax credits	51,023	30,738
Provision for doubtful accounts	2,021	2,614
Stock based compensation	813	865
Gain on sale of other assets	(221)	(214)
Changes in current assets and current liabilities		
Receivables, unbilled revenue, materials and supplies and prepayments	(32,250)	(1,394)
Affiliate receivable/payable	(23,685)	(8,939)
Payables, accrued taxes and other accrued liabilities	(16,446)	(12,008)
Accrued interest	346	301
Other	1,799	(1,233)
Net cash provided by operating activities	136,406	148,858
Cash flows used in investing activities:		
Construction expenditures	(234,660)	(197,654)
Allowance for funds used during construction	(3,496)	(1,919)
Addition to funds restricted for construction activity	(143,365)	(128,419)
Release of funds previously restricted for construction activity	86,798	94,928
Acquisitions of water and wastewater systems	(60)	(1,159)
Net proceeds on sale of other assets	309	142
Other	(124)	(1,072)
Net cash used in investing activities	(294,598)	(235,153)
Cash flows from financing activities:		
Customers' advances and contributions in aid of construction	3,168	264
Repayments of customers' advances	(5,660)	(337)
Net borrowings (repayments) of loans payable	48,277	(45,734)
Proceeds from long-term debt	146,416	132,492
Debt issuance costs paid	(2,376)	(2,942)
Repayments of long-term debt	(69,121)	(5,086)
Change in cash overdraft position	567	(486)
Capital contribution from Aqua America, Inc.	69,000	30,000
Dividends paid - common stock	(42,500)	(11,273)
Net cash provided by financing activities	147,771	96,898
Net change in cash and cash equivalents	(10,421)	10,603
Cash and cash equivalents at beginning of year	11,651	1,048
Cash and cash equivalents at end of year	\$ 1,230	\$ 11,651

Cash paid for interest on all borrowings, net of amounts capitalized, was \$41,946 and \$40,057 in 2010 and 2009, respectively.

Cash paid for income taxes was \$39,392 and \$16,074 in 2010 and 2009, respectively.

See Note 1 - Summary of Significant Accounting Policies-Customers' Advances for Construction, Note 10 - Employee Stock and Incentive Plan and Note 12 - Affiliated Company Transactions for description of non-cash activities.

See accompanying notes to consolidated financial statements.

AQUA PENNSYLVANIA, INC.
Consolidated Statements of Capitalization
(In thousands of dollars)
December 31, 2010 and 2009

	2010	2009
Aqua Pennsylvania's stockholder's equity:		
Common stock at \$100 par value, authorized 1,000,000 shares, 1,000 shares issued and outstanding	\$ 100	\$ 100
Capital in excess of par value	299,965	245,395
Retained earnings	523,822	475,513
Total Aqua Pennsylvania's stockholder's equity	823,887	721,008
Noncontrolling interest	236	225
Total equity	824,123	721,233
Long-term debt:		
Long-term debt of subsidiaries (substantially secured by utility plant):		
Interest Rate Range	Maturity Date Range	
1.00% to 1.99%	2011 to 2035	21,028
2.00% to 2.99%	2024 to 2029	9,862
3.00% to 3.99%	2016 to 2025	26,118
4.00% to 4.99%	2020 to 2043	321,569
5.00% to 5.99%	2012 to 2043	320,092
6.00% to 6.99%	2011 to 2030	68,861
7.00% to 7.99%	2025 to 2025	15,000
8.00% to 8.99%	2022 to 2025	9,000
9.00% to 9.99%	2011 to 2026	35,000
		826,530
		749,137
Unsecured notes payable:		
Notes ranging from 5.50% to 5.95%, due 2014 through 2034	102,132	102,132
Installment note payable, 9.0% due in equal annual payments through 2013	494	628
	929,156	851,897
Current portion of long-term debt	25,683	25,279
Long-term debt, excluding current portion	903,473	826,618
Total capitalization	\$ 1,727,596	\$ 1,547,851

See accompanying notes to consolidated financial statements.

AQUA PENNSYLVANIA, INC.
 Statements of Stockholder's Equity
 (In thousands of dollars)
 Years ended December 31, 2010 and 2009

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Total Stockholder's Equity
Balance at December 31, 2008	\$ 100	\$ 230,868	\$ 406,453	\$ 637,421
Net Income	-	-	80,333	80,333
Common Stock Dividends	-	-	(11,273)	(11,273)
Stock based compensation	-	1,007	-	1,007
Capital Contribution from Aqua America, Inc.	-	30,000	-	30,000
Return of Capital Contribution to Aqua America, Inc.	-	(16,480)	-	(16,480)
Balance at December 31, 2009	100	245,395	475,513	721,008
Net Income	-	-	90,809	90,809
Common Stock Dividends	-	-	(42,500)	(42,500)
Stock based compensation	-	1,075	-	1,075
Capital Contribution from Aqua America, Inc.	-	69,000	-	69,000
Return of Capital Contribution to Aqua America, Inc.	-	(15,505)	-	(15,505)
Balance at December 31, 2010	\$ 100	\$ 299,965	\$ 523,822	\$ 823,887

See accompanying notes to consolidated financial statements.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies

Nature of Operations

Aqua Pennsylvania, Inc. (“the Company”) is a regulated public utility which supplies water to residential, commercial and industrial customers. The Company’s customers are principally located in the suburban areas north and west of the City of Philadelphia and in 25 other counties in Pennsylvania. No single customer accounted for more than one percent of the Company’s operating revenues in 2010 or 2009. The Company is a wholly-owned subsidiary of Aqua America, Inc. (“the Parent”). The Company has wholly-owned subsidiaries that are regulated public utilities which provide water and wastewater services to customers in Pennsylvania.

The consolidated financial statements include the accounts of the Company and its subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Company’s financial statements are presented in accordance with U.S. generally accepted accounting principles.

The Company has evaluated the period from December 31, 2010, the date of the financial statements, through April 21, 2011, the date the financial statements were available for issuance, for subsequent events and determined that no material subsequent events occurred that would affect the information presented in these financial statements or require additional disclosure.

Use of Estimates in Preparation of Consolidated Financial Statement

The preparation of consolidated financial statements in conformity with accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Recognition of Revenues

Operating revenues include amounts billed to customers on a cycle basis and unbilled amounts based on estimated usage from the latest billing to the end of the accounting period.

Regulation

As a regulated public water utility, the Company is subject to regulation by the Pennsylvania Public Utility Commission ("PAPUC"), which has jurisdiction with respect to rates, service, accounting procedures, acquisitions and other matters. The Company defers certain costs and credits as regulatory assets and liabilities when it is probable that such amounts will be recognized in the rate making process in a period different from the period in which they would have been reflected in income by an unregulated company.

Utility Plant and Depreciation

Utility plant is stated at cost which includes contracted cost, direct labor and fringe benefits, materials, overheads, and for certain utility plant, an allowance for the cost of funds used during construction. Water systems acquired are recorded at estimated original cost when first devoted to utility service and the applicable depreciation is recorded in accumulated depreciation. Utility plant acquisition adjustment represents the difference between the estimated original cost, less applicable depreciation and the purchase price of utility plant assets acquired through business acquisitions. Acquisition adjustments are amortized over 20 years if recoverable in rate base.

Expenditures for maintenance and repairs, including major maintenance projects and minor renewals and betterments, are charged to operating expenses when incurred in accordance with the Uniform System of Accounts prescribed by the PAPUC. The cost of new units of property and betterments are capitalized. Utility expenditures for water main cleaning and relining of pipes are deferred and recorded in net property, plant and equipment. As of December 31, 2010, \$6,493 of costs have been incurred since the last rate proceeding and the Company expects to recover these costs in future rates.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Utility Plant and Depreciation (Continued)

The cost of software upgrades and enhancements are capitalized if they result in added functionality which enable the software to perform tasks it was previously incapable of performing. Certain information technology costs associated with major system installations, conversions and improvements, such as software training, data conversion and business process re-engineering costs, are deferred as a regulatory asset if the Company expects to recover these costs in future rates. If these costs are not deferred, then these costs are charged to operating expenses when incurred. As of December 31, 2010, \$2,643 of costs have been incurred and deferred, since the last rate proceedings, as a regulatory asset, and the deferral is reported as a component of net property, plant and equipment.

When units of property are replaced, retired or abandoned, the recorded value thereof is credited to utility plant and such value, together with the net cost of removal, is charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates.

The straight-line remaining life method is used to compute depreciation on utility plant. The straight-line method is used with respect to transportation and mechanical equipment, office equipment and laboratory equipment. Depreciation is recorded over the estimated useful lives of the assets which range from 14 to 97 years for utility plant and 5 to 78 years for both transportation and mechanical equipment and all non-utility plant, office equipment and laboratory equipment.

Long-lived assets of the Company, which consist primarily of utility plant in service and regulatory assets, are reviewed for impairment when changes in circumstances or events occur. There has been no change in circumstances or events that have occurred that require adjustments to the carrying values of these assets.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Allowance for Funds Used During Construction

The allowance for funds used during construction (“AFUDC”) is a non-cash credit to income which represents the estimated cost of funds used to finance the construction of utility plant. AFUDC is applied to construction projects requiring more than one month to complete. No AFUDC is applied to projects funded by customer advances for construction or contributions in aid of construction. AFUDC includes the new cost of borrowed funds and a rate of return on other funds when used, and is recovered through water rates as the utility plant is depreciated. There was no AFUDC related to equity funds in 2010 and 2009.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less, which are not restricted for construction activity, to be cash equivalents.

The Company had a book overdraft of its disbursement cash accounts of \$567 and \$0 at December 31, 2010 and 2009, respectively. The balance of the book overdraft is reported as accounts payable and the change in the book overdraft balance is reported as cash flows from financing activities.

Accounts Receivable

Accounts receivable are recorded on the invoiced amounts. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in our existing accounts receivable, and is determined based on historical write-off experience and the aging of account balances. The Company reviews the allowance for doubtful accounts quarterly. Account balances are written off against the allowance when it is probable the receivable will not be recovered. When utility customers request extended payment terms, credit is extended based on regulatory guidelines and collateral is not required.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Deferred Charges

Deferred charges consist of debt issuance expenses, preliminary survey costs, retirement work in progress expenses and other expenses.

Deferred debt issuance expenses are amortized over the life of the related issues.

Call premiums related to the early redemption of long-term debt, along with the unamortized balance of the related issuance expense, are deferred and included in issuance expense amortized over the life of the long-term debt used to fund the redemption.

Other expenses, for which the Company has received or expects to receive prospective rate recovery, are deferred and amortized over the period of rate recovery.

Funds Restricted for Construction Activity

The proceeds received from certain financings for construction and capital improvement of utility facilities are held in escrow until the designated expenditures are incurred. These amounts are reported as funds restricted for construction activity and are expected to be released over time as the capital projects are funded.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill represents the excess cost over the fair value of net tangible and identifiable assets acquired through acquisitions. Goodwill is not amortized but is tested for impairment annually, or more often if circumstances indicate a possible impairment may exist. The Company tested its goodwill for impairment as of July 31, 2010 in conjunction with the timing of the Company's annual strategic business plan. Based on a comparison of the estimated fair value of the Company to its respective carrying amount, the impairment test concluded that the estimated fair value of the Company was substantially in excess of its respective carrying amount, indicating that the Company's goodwill was not impaired. The following table summarizes the changes in the Company's goodwill:

Balance at December 31, 2008	\$	1,522
Goodwill acquired during year		1,110
Balance at December 31, 2009		2,632
Reclassification to utility plant acquisition adjustment		(1,522)
Balance at December 31, 2010	\$	1,110

The reclassification of goodwill to utility plant acquisition adjustment results from a mechanism approved by the PAPUC. The mechanism provides for the transfer over time, and the recovery through customer rates, of goodwill associated with certain acquisitions upon achieving certain objectives.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company accounts for certain income and expense items in different time periods for financial reporting than for tax reporting purposes. Deferred income taxes are provided on the temporary differences between the tax basis of the assets and liabilities and the amounts at which they are carried in the consolidated financial statements. The income tax effect of temporary differences not reflected currently in rates is recorded as deferred taxes with an offsetting regulatory asset or liability. These deferred income taxes are based on the enacted tax rates expected to be in effect when such temporary differences are projected to reverse. Investment tax credits are deferred and amortized over the estimated useful lives of the related properties.

The Company's earnings are included with those of the Parent and affiliated companies for purposes of filing a consolidated Federal income tax return. The allocation of the Federal income tax to the Company is computed on a stand-alone basis. The liability for Federal income taxes is remitted to the Parent. The receivable for Federal income taxes will be remitted to the Company from the Parent.

Judgment is required in evaluating the Company's federal and state tax positions. Despite management's belief that the Company's tax return positions are fully supportable, the Company may establish reserves when it believes that certain tax positions are likely to be challenged and it may not fully prevail in these challenges. The Company's provision for income taxes includes interest, penalties and reserves for uncertain tax positions.

Customers' Advances for Construction

Water mains or, in some instances, cash advances to reimburse the Company its costs to construct water mains, are contributed to the Company by customers, real estate developers and builders in order to extend water service to their properties. The value of these contributions is recorded as Customers' Advances for Construction. The Company makes refunds on these advances over a specific period of time based on operating revenues related to the main or as new customers are connected to and take service from the main. After all refunds are made, any remaining balance is transferred to Contributions in Aid of

AQUA PENNSYLVANIA, INC
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

1. Summary of Significant Accounting Policies (Continued)

Customers' Advances for Construction (Continued)

Construction. Non-cash property, in the form of water mains, has been received, generally from developers as advances or contributions of \$1,289 in 2010 and \$3,548 in 2009.

Contributions in Aid of Construction

Contributions in aid of construction include direct non-refundable contributions and the portion of customers' advances for construction that have become non-refundable. Utility plant funded by contributions is excluded from rate base and is not depreciated. Non-cash property, in the form of water mains, has been received, generally from developers as contributions of \$1,856 in 2010 and \$239 in 2009.

Materials and Supplies

Materials and supplies are stated at cost under the first-in, first-out method.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

2. Utility Plant

Gross Utility Plant is composed of the following:

	December 31,		Approximate range of remaining lives
	2010	2009	
Utility plant			
Mains and accessories	\$ 1,299,730	\$ 1,157,199	40 to 97 years
Services, hydrants, treatment plants and reservoirs	575,564	524,355	14 to 85 years
Operations structures and water tanks	92,192	76,477	13 to 49 years
Miscellaneous pumping and purification equipment	231,216	221,648	14 to 78 years
Meters, data processing, transportation and operating equipment	254,801	233,357	5 to 78 years
Land and other non-depreciable assets	37,709	36,452	-
Utility Plant	<u>2,491,212</u>	<u>2,249,488</u>	
Utility construction work-in-progress	26,998	30,346	-
Net utility plant acquisition adjustment	(1,737)	(3,774)	2 to 20 years
Total Utility Plant	<u>2,516,473</u>	<u>2,276,060</u>	
Accumulated Depreciation	(476,208)	(430,332)	
Utility Plant, net of accumulated depreciation	<u>\$ 2,040,265</u>	<u>\$ 1,845,728</u>	

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

3. Acquisitions

During 2010, the Company acquired one wastewater and one water system. The acquisitions were recorded under the purchase method of accounting. The total purchase price for the systems acquired was \$60 in cash and \$327 by Parent. Operating revenues included in the consolidated financial statements during the period owned by the Company were \$69.

During 2009, the Company acquired two wastewater and seven water systems. The acquisitions were recorded under the purchase method of accounting. The total purchase price for the systems acquired was \$1,159 in cash. Operating revenues included in the consolidated financial statements related to the systems acquired were \$637 in 2010 and \$360 in 2009.

4. Income Taxes

The provision for income taxes is composed of the following:

	Years ended December 31,	
	2010	2009
Current:		
Federal	\$ (1,455)	\$ 13,819
State	10,640	8,002
	9,185	21,821
Deferred:		
Federal	49,957	28,982
State	1,066	1,756
	51,023	30,738
Total tax expense	\$ 60,208	\$ 52,559

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

4. Income Taxes (Continued)

The statutory Federal tax rate is 35% and the Pennsylvania Corporate Net Income tax rate is 9.99% for both years presented.

The reasons for the differences between amounts computed by applying the statutory Federal income tax rate to income before income tax expense and the actual income tax expense are as follows:

	Years ended December 31,	
	2010	2009
Computed Federal income tax expense at statutory rate	\$ 52,855	\$ 46,512
Increase in tax expense for depreciation expense to be recovered in future rates	181	199
Amortization of investment tax credits	(194)	(128)
Domestic production credit	-	(450)
Stock-based compensation	17	157
State income taxes, net of federal tax benefit	7,609	6,351
Other, net	(260)	(82)
Actual income tax expense	\$ 60,208	\$ 52,559

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

4. Income Taxes (Continued)

The tax effects of temporary differences between book and tax accounting that give rise to the deferred tax assets and deferred tax liabilities are as follows:

	December 31,	
	2010	2009
Deferred tax assets:		
Customers' advances for construction	\$ 9,542	\$ 9,090
Costs expensed for book not deducted for tax, principally accrued expenses	1,882	1,089
Tax loss carryforward	4,553	-
Stock options	395	-
Total deferred tax assets	16,372	10,179
Deferred tax liabilities:		
Utility plant, principally due to depreciation and differences in the basis of fixed assets due to variation in tax and book accounting	355,731	299,011
Deferred taxes associated with the gross-up of revenues necessary to recover, in rates, the effect of temporary differences	30,732	28,753
Investment tax credits	4,906	4,899
Total deferred tax liabilities	391,369	332,663
Net deferred tax liability	\$ 374,997	\$ 322,484

At December 31, 2010, the Company recorded a Federal net operating loss ("NOL") carryforward of \$13,008. The Company believes the Federal NOL carryforward is more likely than not to be recovered and requires no valuation allowance. The NOL will be utilized on the consolidated Federal income tax return of the Parent. The NOL will expire in year 2030.

As of December 31, 2010, the Parent's Federal income tax returns for all years through 2006 have been closed. Tax years 2007 and 2008 have been examined by the Internal Revenue Service. There were no significant adjustments for the Company. For Federal income tax purposes, tax years 2009 and 2010 remain open for examination. For state income tax purposes, tax years 2007 through 2010 remain open for examination.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

5. Regulatory Assets and Liabilities

Regulatory assets represent costs that are expected to be fully recovered from customers in future rates while regulatory liabilities represent amounts that are expected to be refunded to customers in future rates. Except for income taxes and the competitive transition charge payment, regulatory assets and regulatory liabilities are excluded from the Company's rate base and do not earn a return. The components of regulatory assets and (liabilities) are as follows:

	December 31,	
	2010	2009
Income taxes, net	\$ 74,760	\$ 73,285
Competitive Transition Charge payment	-	1,147
Postretirement benefits -Pension	(17,066)	(12,777)
Postretirement benefits-OPEB	585	(258)
Utility plant retirement costs	27,720	33,403
Capital stock taxes	75	175
Rate case filing expenses	804	759
	\$ 86,878	\$ 95,734

Items giving rise to deferred state income taxes, as well as a portion of deferred Federal income taxes related to certain differences between tax and book depreciation expense, are recognized in the rate setting process on a cash or flow-through basis and will be recovered as they reverse.

The regulatory asset associated with the Competitive Transition Charge ("CTC") payment represents the full pay off in 2001, net of amortization, of the Company's allocable share of CTC as negotiated by the Company from the electric distribution company, PECO Energy Company. The Pennsylvania Electricity Generation Customer Choice and Competition Act permitted electric distribution utilities to recover their stranded costs from its customers in the form of CTC. Rate recovery of the \$11,465 CTC payment began in 2000 and concluded in 2010.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

5. Regulatory Assets and Liabilities (Continued)

Postretirement benefits include pension and other postretirement benefits. The regulatory liability for postretirement benefits represents amounts recovered through rates and before the costs are incurred. The regulatory asset for postretirement benefits includes deferred net pension expense in excess of amounts funded, which the Company believes will be recoverable in future years as pension funding is required. In addition, regulatory assets related to postretirement benefits other than pensions represents costs that were deferred between the time that the accrual method of accounting for these benefits was adopted in 1993 and the recognition of the accrual method in the Company's rates as prescribed in subsequent rate filings. Amortization of the amount deferred for postretirement benefits other than pensions began in 1994 and is currently being recovered in rates. Amortization will continue through December 2012.

The regulatory asset for utility plant retirement costs, representing cost of removal, represents costs already incurred that are expected to be recovered in future rates over a five year recovery period.

The regulatory asset related to capital stock taxes represents additional capital stock taxes incurred by the Company which it expects to receive rate recovery over a twelve month period.

The regulatory asset related to rate case filing expenses represents the costs associated with filing for rate increases that are deferred and amortized over periods that range from one to three years.

6. Commitments and Contingencies

The Company maintains agreements with other water purveyors for the purchase of water to supplement its water supply, particularly during periods of peak demands. The agreements stipulate purchases of minimum quantities of water or charge a monthly commitment fee through the year 2026. The Company is committed to a total of \$84,082 in water purchase payments:

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

6. Commitments and Contingencies (Continued)

\$13,114 in 2011, \$8,672 in 2012, \$8,163 in 2013, \$8,041 in 2014 and \$7,897 in 2015 and \$38,195 thereafter. The Company purchased approximately \$11,806 and \$11,724 of water under these agreements during the years ended December 31, 2010 and 2009, respectively.

The Company leases motor vehicles, buildings, and other equipment under operating leases that are noncancelable. During the next five years, \$1,137 of future minimum rental payments are due: \$439 in 2011, \$278 in 2012, \$187 in 2013, \$181 in 2014 and \$52 in 2015 and \$0 thereafter. The Company leases parcels of land on which treatment plants and other facilities are situated and adjacent parcels that are used for watershed protection. The two operating leases are noncancelable, expire in 2045 and 2052 and contain certain renewal provisions. The leases are subject to an adjustment every five years based on changes in the Consumer Price Index. During each of the next five years, subject to the aforesaid adjustment, \$476 of rental payments for land are due and the aggregate of the years remaining approximates \$16,937 thereafter. Rent expense was \$917 and \$1,090 for the years ended December 31, 2010 and 2009, respectively.

The Company is routinely involved in condemnation procedures and legal matters during the ordinary course of business. Although the results of legal proceedings cannot be predicted with certainty, there are no other pending legal proceedings to which the Company is a party or to which any of its properties is the subject that are material or are expected to have a material effect on the Company's financial position, results of operations or cash flows.

7. Long-term Debt and Loans Payable

The consolidated Statements of Capitalization provide a summary of long-term debt as of December 31, 2010 and 2009. The supplemental indentures with respect to certain issues of the First Mortgage Bonds restrict the ability of the Company to declare dividends, in cash or property, or repurchase or otherwise acquire the Company's stock. Approximately \$503,822 and \$456,000 of the Company's retained earnings were free of these restrictions as of December 31, 2010 and 2009, respectively. Certain supplemental indentures also prohibit the Company from making loans to, or purchasing the stock of the Parent.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

7. Long-term Debt and Loans Payable (Continued)

Sinking fund payments are required for certain issues of long-term debt. The future sinking fund payments and debt maturities of the Company's long-term debt are as follows:

Interest Rate Range	2011	2012	2013	2014	2015	Thereafter
1.00% To 1.99%	\$ 2,097	\$ 1,852	\$ 1,824	\$ 1,632	\$ 1,542	\$ 12,081
2.00% To 2.99%	653	587	600	624	643	6,755
3.00% To 3.99%	1,839	1,905	1,972	2,042	2,114	16,246
4.00% To 4.99%	147	153	159	166	172	320,772
5.00% To 5.99%	-	25,000	-	44,584	20,000	332,639
6.00% To 6.99%	15,000	-	-	-	12,000	41,862
7.00% To 7.99%	-	-	-	-	-	15,000
8.00% To 8.99%	-	-	-	-	-	9,000
9.00% To 9.99%	5,947	960	5,987	800	800	21,000
Total	<u>\$ 25,683</u>	<u>\$ 30,457</u>	<u>\$ 10,542</u>	<u>\$ 49,848</u>	<u>\$ 37,271</u>	<u>\$ 775,355</u>

In November 2010, the Company issued \$141,385 of tax-exempt bonds secured by a supplement to its first mortgage indenture at the following terms: \$25,910 at 5.00% due 2033, \$19,270 at 5.05% due 2034, \$15,000 at 4.75% due 2042 and \$81,205 at 4.60% due 2043. The proceeds will be used to help finance part of the Company's capital projects and refinance existing debt. At various times during 2010, the Company issued other notes payable aggregating \$3,193 at a weighted average interest rate of 1.30% due at various times ranging from 2024 to 2030.

In July 2009, the Company issued \$58,000 of tax-exempt bonds secured by a supplement to its first mortgage indenture at the following terms: \$58,000 at 5.23% due 2039. In November 2009, the Company issued an additional \$74,685 of tax-exempt bonds secured by a supplement to its first mortgage indenture at the following terms: \$62,165 at 4.88% due 2040 and \$12,520 at 4.90% due 2040. The proceeds are restricted to funding certain capital projects during the period 2009 through 2012. At various times during 2009, the Company issued other notes payable aggregating \$1,515 at a weighted average interest rate of 1.40% due at various times ranging from 2028 to 2030.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

7. Long-term Debt and Loans Payable (Continued)

As of December 31, 2010, the Trustees for two issues held \$134,077 pending construction of the projects to be financed with the issues and are reported in the consolidated balance sheet as funds restricted for construction activity.

The Company has a \$100,000 364-day revolving credit facility with three banks. Funds borrowed under this agreement are classified as loans payable and are used to provide working capital. As of December 31, 2010 and 2009, funds borrowed under the Company's revolving credit agreements were \$58,277 and \$15,000, respectively. Interest under this facility is based, at the borrower's option, on the prime rate, an adjusted federal funds rate, an adjusted London Interbank Offered Rate corresponding to the interest period selected, an adjusted Euro-Rate corresponding to the interest period selected or at rates offered by the banks. This agreement restricts short-term borrowings of the Company. A renewal fee of 25 basis points was charged on the total commitment amount of the revolving credit agreement. The average cost of borrowing under this facility was 1.44% and 1.20%, and the average borrowing was \$37,539 and \$56,389 during 2010 and 2009, respectively. The maximum amount outstanding at the end of any one month was \$65,676 in 2010 and \$67,639 in 2009.

At December 31, 2010 and 2009, the Company had a discretionary line of credit of \$10,000. Funds borrowed under this line are classified as loans payable and are used to provide working capital. As of December 31, 2010 and 2009, funds borrowed under the short-term lines of credit were \$5,000 and \$0, respectively. The average borrowing under the line was \$4,791 and \$4,750 during 2010 and 2009, respectively and the maximum amount outstanding at the end of any one month was \$10,000 in 2010 and \$10,000 in 2009. Interest under the line is based, at the borrower's option, on the prime rate, an adjusted federal funds rate, an adjusted London Interbank Offered Rate corresponding to the interest period selected, an adjusted Euro-Rate corresponding to the interest period

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

7. Long-term Debt and Loans Payable (Continued)

selected or at rates offered by the bank. The average cost of borrowings under this line during 2010 and 2009 was 1.46% and 1.57%, respectively.

8. Fair Value of Financial Instruments

The carrying amount of current assets and liabilities that are considered financial instruments approximates their fair values as of the dates presented. The carrying amount of the Company's long-term debt as of December 31, 2010 and 2009 is \$929,156 and \$851,897, respectively. The estimated fair value of the Company's long-term debt as of December 31, 2010 and 2009 is \$883,468 and \$767,531, respectively. The fair value of long-term debt has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration.

The Company's customers' advances for construction and related tax deposits have carrying values of \$38,585 and \$48,145 at December 31, 2010 and 2009, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases. Portions of these non-interest bearing instruments are payable annually through 2025, and amounts not paid by the contract expiration dates become non-refundable. The fair value of these amounts would, however, be less than their carrying value due to the non-interest bearing feature.

9. Pension Plans and Other Postretirement Benefits

The Company participates in a noncontributory defined benefit pension plan sponsored by the Parent covering non-union employees hired prior to April 1, 2003 and select union employees. The eligibility of union employees is determined by the collective bargaining agreements covering those employees. Benefits under the plan are based on the participant's years of service and the annual average of the applicable compensation during the five consecutive computation periods of the final 10 computation periods as an active participant yielding the highest such average. Pension cost of the Company is based on amounts contributed to the pension plan as approved by the Parent and incorporated in rates approved by the PAPUC. Information regarding

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

9. Pension Plans and Other Postretirement Benefits (Continued)

accumulated and projected benefit obligations is not prepared at the subsidiary level.

The funding amount for the Pension Plan for Aqua America, Inc. Retirement Income Plan will be determined each year based on the recommendation of management and subject to approval by the Parent's Pension Committee. The funding amount will be an amount greater than or equal to the minimum required contribution and less than or equal to the maximum tax deductible contribution. The Company recorded pension amounts of \$9,200 and \$8,200 in 2010 and 2009, respectively.

The Company participates in two postretirement benefit plans sponsored by the Parent that provide certain life insurance benefits for retired employees and certain health care benefits for retired employees and their dependents. Employees may become eligible for these benefits if they have completed at least fifteen years of service and retire from the Company after reaching age 55 while still working for the Company. Retirees and their dependents under age 65 are covered by a point-of-service managed care plan that requires co-payments or an HMO. Employees hired after April 1, 2003 are not eligible for benefits.

Employees who elect to retire prior to attaining age 65 are generally required to make contributions towards their medical coverage until attaining age 65. Retirees and their dependents age 65 and over are required to purchase their own medical and drug coverage. The cost of this coverage is offset by Company contributions deposited in the plan's Premium Reimbursement Account. Costs of the Company are based on amounts contributed to the plans and incorporated in rates approved by the PAPUC.

The Company recorded costs for postretirement benefits other than pensions of \$1,448 and \$1,146 in 2010 and 2009, respectively. Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

9. Pension Plans and Other Postretirement Benefits (Continued)

The Company has a 401(k) savings plan that covers substantially all employees. The Company makes matching contributions that are invested in Aqua America, Inc. common stock based on a percentage of the employee's contribution, subject to certain limitations. The Company made matching contributions, recorded as compensation expense, of \$747 and \$747 for 2010 and 2009, respectively.

10. Employee Stock and Incentive Plan

The Company's employees participate in an Equity Compensation Plan sponsored by the Parent. Under the Aqua America, Inc. 2009 Omnibus Equity Compensation Plan, as approved by the Parent's shareholders to replace the 2004 Equity Compensation Plan, stock options, stock units, stock awards, stock appreciation rights, dividend equivalents, and other stock-based awards may be granted to the Company's employees and consultants and advisors equal to the market price of the stock on the day of the grant. The stock options are based upon the common stock of the Parent. Options are exercisable in installments of 33% annually, starting one year from the date of the grant and expire 10 years from the date of the grant. The Parent accounts for stock-based compensation using fair value.

The fair value of each option is amortized into compensation expense on a straight-line basis over their respective 36 month vesting period, net of estimated forfeitures. Compensation expense recognized by the Parent is allocated to its subsidiaries based on actual employee costs. Since the company is not obligated to reimburse the Parent for stock-based compensation costs incurred, the Company records these liabilities resulting from compensation costs to paid-in capital.

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

10. Employee Stock and Incentive Plan (Continued)

For the year ended December 31, 2010, the Company recognized share-based compensation as follows: operations and maintenance expense of \$637; capitalized compensation costs within property, plant and equipment of \$0, and lowered income tax expense by \$206. For the year ended December 31, 2009, the Company recognized share-based compensation as follows: operations and maintenance expense of \$799; capitalized compensation costs within property, plant and equipment of \$29 and lowered income tax expense by \$122.

Restricted stock awards provide the grantee with the rights of a shareholder, including the right to receive dividends and to vote such shares, but not the right to sell or otherwise transfer the shares during the restriction period. Restricted stock awards result in compensation expense which is equal to the fair market value of the stock on the date of the grant and is amortized ratably over the restriction period. During the years ended December 31, 2010 and 2009, the Company recorded stock-based compensation related to restricted stock awards as operations and maintenance expense in the amounts of \$175 and \$66, respectively.

11. Water Rates

On June 17, 2010, the PAPUC granted the Company a water rate increase designed to increase total operating revenues by \$23,600 on an annualized basis. The rates in effect at the time of the filing included \$24,256 in Distribution System Improvement Charges ("DSIC") or 7.5% above the prior base rates. Consequently, the total base rates increased by \$47,856 on an annualized basis and the DSIC was reset to zero.

The DSIC enables water utilities in Pennsylvania to add a surcharge to customer bills to offset the additional depreciation and capital costs related to infrastructure system replacement and rehabilitation projects completed and placed into service between base rate filings. The Company is permitted to request adjustments to the DSIC quarterly to reflect subsequent capital expenditures and it is reset to zero when new base rates that reflect the costs of those additions become effective or when the Company's earnings exceed a

AQUA PENNSYLVANIA, INC.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(In thousands of dollars)

11. Water Rates (Continued)

PAPUC benchmark. The maximum DSIC that can be in effect at any time is 7.5%. The DSIC provided revenues in 2010 and 2009 of \$12,237 and \$15,168, respectively.

In addition to its base rates and the DSIC, the Company has utilized a surcharge or credit on its bills to reflect certain changes in Pennsylvania State Taxes until such time as the tax changes are incorporated into base rates. A rate surcharge increased operating revenues in 2010 and 2009 by \$99 and \$0, respectively.

12. Affiliated Company Transactions

The Company has service agreements with certain affiliates. The types of services rendered between these entities relate to general supervision and administrative functions, long-range planning, tax, accounting, financing, engineering, legal, data processing services and other specialized support.

Services provided by these certain affiliates amounted to approximately \$22,030 and \$18,417 for 2010 and 2009, respectively.

The Company also provides various management, advisory, and other services for certain affiliates and is reimbursed by these affiliates. The amounts billed out amounted to approximately \$1,030 and \$1,675 in 2010 and 2009, respectively.

The Company returned noncash equity contributions to the Parent of \$15,330 and \$16,414 in 2010 and 2009, respectively and is reported on the Statement of Stockholder's Equity as return of capital contributions. In 2010 and 2009, the return of these noncash equity contributions relate to the settlement of certain net intercompany receivables due from the Parent.

The Company received cash equity contributions from the Parent of \$69,000 in 2010 and \$30,000 in 2009 and is reported on the Statement of Stockholder's Equity as capital contribution. In 2010 and 2009, the cash equity contributions were used to reduce the Company's short-term borrowings.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

K. Other Data

OD3. Provide all monthly and/or quarterly budget variance reports to management and/or the Board of Directors submitted during the past year. Please provide the most recent detailed budget variance report which the Company compiled, and update as additional reports are issued.

A. Please see attached.

VIS15-PSWQ
08/02/11
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** Consolidated Level Range **
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	QUARTER TO DATE		VARIANCE		VARIANCE		
	ACTUAL 2011	BUDGET 2011	ACTUAL 2010	CURRENT AMOUNT	BUDGET PERCENT	CURRENT AMOUNT	PRIOR YEAR PERCENT
REVENUE	96,071,859.18	97,711,861.45	90,808,839.15	(1,640,002.27)	(1.68)%	5,263,020.03	5.80 %
Utility Revenue-Water	1,003,912.72	927,169.49	1,030,550.74	76,743.23	8.28 %	(26,638.02)	(2.59)%
Utility Revenue-Waste Water	97,075,771.90	98,639,030.94	91,839,389.89	(1,563,259.04)	(1.59)%	5,236,382.01	5.70 %
Non-Utility Revenue							
TOTAL REVENUE	6,591,031.87	6,842,357.58	6,452,289.78	251,325.71	3.67 %	(138,742.09)	(2.15)%
OPERATIONS AND MAINTENANCE	3,242,880.93	3,407,853.02	2,018,184.09	164,972.09	4.84	(1,224,696.84)	(60.68)
Labor	3,502,210.47	3,315,750.61	2,869,967.02	(186,459.86)	(5.62)	(632,243.45)	(22.03)
Employee Benefits							
Purchased Water	2,883,084.40	3,183,349.77	2,618,632.38	300,265.37	9.43	(264,452.02)	(10.10)
Purchased MW Treatment	927,283.58	1,117,896.25	884,748.74	190,612.67	17.05	(42,534.84)	(4.81)
Sludge	3,843,912.61	3,922,594.00	3,372,882.73	78,681.39	2.01	(471,029.88)	(13.97)
Power	3,295.92	750.00	745.70	(2,545.92)	(339.46)	(2,550.22)	(341.99)
Chemicals	1,201,885.00	1,270,506.00	1,207,187.98	68,621.00	5.40	5,312.98	0.44
Management Fees - Corp	999,835.03	1,057,856.51	1,019,856.51	58,017.97	5.49	20,021.48	1.96
Management Fees - States		4,280.00	4,280.00		100.00		
Management Fees - Region	24,703.17	24,610.00	40,760.20	(93.17)	(0.38)	16,057.03	39.39
Management Fees - Other	139,665.00	139,665.00	136,378.34	3,286.66	(2.41)	(3,286.66)	(2.41)
Outside Services - Engineering	53,965.17	118,799.00	241,964.81	64,833.83	54.57	187,999.64	77.70
Outside Services - Accounting	68,432.64	26,854.00	25,753.00	(41,578.64)	(154.83)	(42,679.64)	(165.73)
Outside Services - Legal	7,041.79	52,685.00	68,008.65	45,643.21	86.63	60,966.86	89.65
Outside Services - IT	336,352.20	489,083.99	410,969.33	152,711.79	31.23	74,617.13	18.16
Outside Services - Operations	1,010,682.38	810,067.50	930,338.18	(200,614.88)	(24.77)	(80,344.20)	(8.64)
Outside Services - Maintenance	370,948.00	433,478.00	405,130.21	62,530.00	14.43	34,182.21	8.44
Outside Services - Other	137,952.11	140,549.00	126,005.35	2,596.89	1.85	(11,946.76)	(9.48)
Leases	245,978.03	642,185.92	655,937.59	396,207.89	61.70	409,959.56	62.50
Supplies	346,696.23	338,110.49	297,717.92	(8,585.74)	(2.54)	(48,978.31)	(16.45)
Transportation	1,362,872.28	908,072.00	1,025,987.90	(454,800.28)	(50.08)	(336,884.38)	(32.84)
Insurance	549,168.69	597,831.00	375,120.39	48,662.31	8.14	(174,048.30)	(46.40)
Bad Debt Expense	761,220.62	892,294.45	1,709,574.29	131,073.83	14.69	948,353.67	55.47
Other Expense	507,034.39	574,922.28	458,542.25	67,887.89	11.81	(48,492.14)	(10.58)
Other Non-Util Oper Exp							
Total Operations & Maintenance	29,118,132.51	30,312,377.86	27,352,693.34	1,194,245.35	3.94 %	(1,765,439.17)	(6.45)%
Amortization	266,897.65	325,440.00	248,864.39	58,542.35	17.99 %	(18,033.26)	(7.25)%
Depreciation	15,310,329.02	16,425,373.30	14,873,604.40	1,115,044.28	6.79 %	(436,724.62)	(2.94)%
Federal Taxes	2,610,707.14	2,685,343.00	2,615,989.60	74,635.86	2.78 %	5,282.46	0.20 %
Taxes Other	14,242,699.00	11,655,967.36	11,497,405.69	(2,866,731.64)	(22.19)	(2,745,293.31)	(23.88)
State Taxes	(1,730,114.00)	3,700,246.94	3,299,017.00	5,430,360.94	146.76	5,029,131.00	152.44
Operating Income	37,257,120.58	33,534,282.48	31,951,815.47	3,722,838.10	11.10 %	5,305,305.11	16.60 %
Gain on Sale of Assets	(13,462.79)		(33,592.80)	13,462.79	(9.50)%	(20,130.01)	59.92 %
Minority Interest of Subs	5,475.10	5,000.00	1,237.15	(475.10)	(43.46)	(4,237.95)	(342.56)%
AFUDC	(1,601,463.45)	(1,116,285.99)	(1,062,075.16)	485,177.46	(43.46)	539,388.29	(50.79)
Income Before Debt Interest	38,866,571.72	34,645,568.47	33,046,246.28	4,221,003.25	12.18 %	5,820,325.44	17.61 %
Debt Interest-Associated COS							
Debt Interest-Short Term Debt	216,703.67	264,506.00	251,910.45	47,802.33	18.07	35,206.78	13.98
Debt Interest-Long Term Debt	12,406,154.85	12,745,481.00	11,336,597.72	339,326.15	2.66	(1,069,557.13)	(9.44)
Debt Interest-Customer Deposit			19.23			19.23	100.00
Interest Income	(50,465.57)	(40,350.00)	(50,701.11)	10,115.57	(25.07)	(235.54)	0.47

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 08/02/11
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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 VARIANCE INCOME STATEMENT PSW
 June 30, 2011

	QUARTER TO DATE		ACTUAL 2010	VARIANCE CURRENT ACTUAL vs BUDGET		VARIANCE CURRENT ACTUAL vs PRIOR YEAR	
	ACTUAL 2011	BUDGET 2011		CURRENT ACTUAL AMOUNT	PERCENT	CURRENT ACTUAL AMOUNT	PERCENT
Other Interest Expense	(46,166.05)	(15,510.00)	(15,510.00)	30,656.05	(197.65)%	30,656.05	(197.65)%
Debt Expense	12,526,226.90	12,954,127.00	11,522,316.29	427,900.10	3.30%	(1,003,910.61)	(8.71)%
Dividends							
Net Income	26,340,344.82	21,691,441.47	21,523,929.99	4,648,903.35	21.43%	4,816,414.83	22.38%
Preferred Dividends							
Net Income Avail for Common	26,340,344.82	21,691,441.47	21,523,929.99	4,648,903.35	21.43%	4,816,414.83	22.38%

VIS16-HAW1Q
 08/02/11
 15:24
 AQUA PENNSYLVANIA INC.
 Variance Income Stmt - SEC Hawley
 June 30, 2011
 ** Consolidated Level Range **
 †CO

	QUARTER TO DATE		VARIANCE		VARIANCE	
	ACTUAL 2011	BUDGET 2011	ACTUAL 2010	CURRENT AMOUNT	CURRENT AMOUNT	PRIOR YEAR PERCENT
REVENUE						
Utility Revenue-Water	113,788.44	118,523.99	108,346.64	(4,735.55)	5,441.80	5.02 %
Utility Revenue-Waste Water						
Non-Utility Revenue						
TOTAL REVENUE	113,788.44	118,523.99	108,346.64	(4,735.55)	5,441.80	5.02 %
OPERATIONS AND MAINTENANCE						
Labor	9,817.37	9,246.00	10,318.23	(571.37)	500.86	4.85 %
Employee Benefits	8,138.42		6,190.94	(8,138.42)	(1,947.48)	(31.46)
Purchased Water						
Purchased WW Treatment Sludge	9,566.77	9,999.00	10,233.18	432.23	666.41	6.51
Power	824.75	1,260.00	1,388.00	435.25	563.25	40.58
Chemicals						
Management Fees - Corp						
Management Fees - Region						
Management Fees - States						
Cust Operations-ACO alloc						
Cust Operations-Direct	958.59		968.71	(958.59)	10.12	1.05
Cust Operations-Non ACO						
Outside Services - Engineering						
Outside Services - Accounting						
Outside Services - Legal						
Outside Services - Labtest						
Outside Services - IT						
Outside Services - Operations	257.50	1,749.00	635.00	1,491.50	377.50	59.45
Outside Services - Maintenance						
Outside Services - Other						
Leases						
Supplies			470.38		470.38	100.00
Transportation						
Insurance	769.08		460.14	(769.08)	(308.94)	(67.14)
Bad Debt Expense	3,212.00	1,368.00	126.34	(1,844.00)	(3,085.66)	(2,442.35)
Other Expense						
Other Non-Util Oper Exp						
Total Operations & Maintenance	33,544.48	23,622.00	30,790.92	(9,922.48)	(2,753.56)	(8.94) %
Amortization						
Depreciation	21,933.05		19,884.00	(21,933.05)	(2,049.05)	(10.31) %
Taxes Other	1,021.77		41,000.00	(1,021.77)	39,978.23	97.51 %
Federal Taxes	9,976.00	29,380.48	4,686.00	19,404.48	(5,290.00)	(112.89)
State Taxes	3,163.00	9,316.77	1,486.00	6,153.77	(1,677.00)	(112.85)
Operating Income	44,150.14	56,204.74	10,499.72	(12,054.60)	33,650.42	320.49 %
Gain on Sale of Assets						
Minority Interest of Subs	(6,675.36)			6,675.36		
AFUDC						
Income Before Debt Interest	50,825.50	56,204.74	10,499.72	(5,379.24)	40,325.78	384.07 %
Debt Interest-Associated COS						
Debt Interest-Short Term Debt						
Debt Interest-Long Term Debt	1,640.97	1,641.00	1,793.84	0.03	152.87	8.52
Debt Interest-Customer Deposit						
Interest Income						

VIS16-HAWLQ AQUA PENNSYLVANIA INC.
 08/02/11 Variance Income Stmt - SEC Hawley
 15:24 June 30, 2011
 ** Consolidated Level Range **
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	QUARTER TO DATE		ACTUAL 2010	VARIANCE CURRENT ACTUAL vs BUDGET		VARIANCE CURRENT ACTUAL vs PRIOR YEAR	
	ACTUAL 2011	BUDGET 2011		AMOUNT	PERCENT	AMOUNT	PERCENT
Other Interest Expense	30,656.05			(30,656.05)		(30,656.05)	
Debt Expense	32,297.02	1,641.00	1,793.84	(30,656.02)	(1,868.13)%	(30,503.18)	(1,700.44)%
Dividends							
Net Income	18,528.48	54,563.74	8,705.88	(36,035.26)	(66.04)%	9,822.60	112.83%
Preferred Dividends							
Net Income Avail for Common	18,528.48	54,563.74	8,705.88	(36,035.26)	(66.04)%	9,822.60	112.83%

	QUARTER TO DATE		VARIANCE		VARIANCE	
	ACTUAL 2011	BUDGET 2011	ACTUAL 2010	CURRENT AMOUNT	CURRENT AMOUNT	PRIOR YEAR PERCENT
REVENUE						
Utility Revenue-Water	286,069.31	273,611.41	236,128.19	12,457.90	49,941.12	21.15 %
Utility Revenue-Waste Water						
Non-Utility Revenue	286,069.31	273,611.41	236,128.19	12,457.90	49,941.12	21.15 %
TOTAL REVENUE						
OPERATIONS AND MAINTENANCE						
Labor	17,110.33	22,914.47	14,354.64	5,804.14	(2,755.69)	(19.20)%
Employee Benefits	11,022.08		18,688.85	(11,022.08)	7,666.77	41.02
Purchased Water						
Purchased WW Treatment	39,397.89	33,000.00	39,939.72	(6,397.89)	541.83	1.36
Sludge	4,277.25	4,998.00	1,449.00	720.75	(2,828.25)	(195.19)
Power						
Chemicals						
Management Fees - Corp						
Management Fees - Region						
Management Fees - States						
Cust Operations-ACO alloc	2,683.41		2,776.59	(2,683.41)	93.18	3.36
Cust Operations-Direct						
Cust Operations-Non ACO						
Outside Services - Engineering	976.98			(976.98)		
Outside Services - Accounting						
Outside Services - Legal						
Outside Services - Labtest						
Outside Services - IT						
Outside Services - Operations	4,336.80	2,499.00		(1,837.80)	(4,336.80)	(27.69)
Outside Services - Maintenance	2,675.00	4,749.00	2,095.00	2,074.00	(580.00)	
Outside Services - Other						
Leases						
Supplies	11.11	498.00		486.89	(11.11)	
Transportation						
Insurance						
Bad Debt Expense						
Other Expense	1,372.05	2,358.00	3,240.94	985.95	1,868.89	57.67
Other Non-Util Oper Exp						
Total Operations & Maintenance	83,862.90	71,016.47	82,544.74	(12,846.43)	(1,318.16)	(1.60) %
Amortization	19,024.09		46,073.22	(19,024.09)	(19,024.09)	(37.49) %
Depreciation	63,343.71		400.00	(63,343.71)	(17,270.49)	(786.08) %
Taxes Other	3,544.33		39,327.00	(3,544.33)	(2,027.00)	(5.15)
Federal Taxes	41,354.00	62,748.02	12,470.00	6,784.87	(643.00)	(5.16)
State Taxes	13,113.00	19,897.87				
Operating Income	61,827.28	119,949.05	55,313.23	(58,121.77)	6,514.05	11.78 %
Gain on Sale of Assets			(17,000.00)		(17,000.00)	100.00 %
Minority Interest of Subs						
AFUDC	(16,548.86)			16,548.86		
Income Before Debt Interest	78,376.14	119,949.05	72,313.23	(41,572.91)	6,062.91	8.38 %
Debt Interest-Associated COS						
Debt Interest-Short Term Debt						
Debt Interest-Long Term Debt	3,003.76	4,167.00	3,558.19	1,163.24	554.43	15.58
Debt Interest-Customer Deposit	(1,424.98)	(750.00)	(4,307.15)	674.98	(2,882.17)	66.92
Interest Income						

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 08/02/11
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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 VARIANCE INCOME STATEMENT HONESDALE
 June 30, 2011

	QUARTER TO DATE		ACTUAL 2010	VARIANCE		VARIANCE	
	ACTUAL 2011	BUDGET 2011		CURRENT AMOUNT	PERCENT	CURRENT AMOUNT	PERCENT
Other Interest Expense			23.00		23.00	100.00 %	
Debt Expense	1,578.78	3,417.00	(725.96)	53.80 %	(2,304.74)	317.48 %	
Dividends							
Net Income	76,797.36	116,532.05	73,039.19	(34.10) %	3,758.17	5.15 %	
Preferred Dividends							
Net Income Avail for Common	76,797.36	116,532.05	73,039.19	(34.10) %	3,758.17	5.15 %	

VIS15-PSWQ
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15:13
** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
VARIANCE INCOME STATEMENT PSW
March 31, 2011

	ACTUAL		QUARTER TO DATE		ACTUAL		VARIANCE		VARIANCE	
	2011	2010	BUDGET	2011	2010	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
REVENUE										
Utility Revenue-Water	89,727,126.90	82,557,420.12	89,429,777.22	82,557,420.12	82,557,420.12	0.33 %	7,169,706.78	8.69 %		
Utility Revenue-Waste Water	1,142,543.79	933,853.39	1,114,365.26	933,853.39	933,853.39	2.53 %	208,690.40	22.35 %		
Non-Utility Revenue	90,869,670.69	83,491,273.51	90,544,142.48	83,491,273.51	83,491,273.51	0.36 %	7,378,397.18	8.84 %		
TOTAL REVENUE										
OPERATIONS AND MAINTENANCE										
Labor	6,870,996.54	6,420,230.97	6,716,493.28	6,420,230.97	6,420,230.97	(2.30) %	(450,765.57)	(7.02) %		
Employee Benefits	3,471,351.72	2,361,454.92	3,386,309.38	2,361,454.92	2,361,454.92	(2.51) %	(1,109,896.80)	(47.00) %		
Purchased Water	3,364,186.57	2,793,865.74	2,915,290.96	2,793,865.74	2,793,865.74	(15.40) %	(570,320.83)	(20.41) %		
Purchased WW Treatment										
Sludge										
Power	3,037,568.09	2,819,090.22	3,338,858.43	2,819,090.22	2,819,090.22	9.02 %	(218,477.87)	(7.75) %		
Chemicals	871,621.52	836,282.48	906,522.91	836,282.48	836,282.48	3.85 %	(35,339.04)	(4.23) %		
Management Fees - Corp	3,608,837.80	3,246,033.49	3,711,901.00	3,246,033.49	3,246,033.49	2.78 %	(362,804.31)	(11.18) %		
Management Fees - Region										
Management Fees - States	5,065.90	765.71	750.00	765.71	765.71	(575.45) %	(4,300.19)	(561.60) %		
Cust Operations-ACO alloc	1,196,518.33	1,246,462.54	1,284,833.00	1,246,462.54	1,246,462.54	6.87 %	49,944.21	4.01 %		
Cust Operations-Direct	968,433.16	1,029,793.26	1,057,852.00	1,029,793.26	1,029,793.26	8.45 %	61,360.10	5.96 %		
Cust Operations-Non ACO										
Outside Services - Engineering	7,055.38	18,610.00	4,280.00	18,610.00	18,610.00	100.00 %				
Outside Services - Accounting	134,837.00	137,433.00	139,665.00	137,433.00	137,433.00	3.46 %	2,596.00	1.89 %		
Outside Services - Legal	92,284.23	116,354.15	118,749.00	116,354.15	116,354.15	22.29 %	24,069.92	20.69 %		
Outside Services - Labtest	23,404.69	19,125.12	26,858.00	19,125.12	19,125.12	12.86 %	(4,279.57)	(22.38) %		
Outside Services - IT	61,350.20	195,751.00	67,396.00	195,751.00	195,751.00	8.97 %	134,400.80	68.66 %		
Outside Services - Operations	172,940.32	206,253.85	419,265.99	206,253.85	206,253.85	58.75 %	33,313.53	16.15 %		
Outside Services - Maintenance	756,532.42	607,979.73	751,451.50	607,979.73	607,979.73	32.56 %	(148,552.69)	(24.43) %		
Outside Services - Other	270,884.14	401,638.00	401,638.00	401,638.00	401,638.00	32.56 %	103,977.63	27.74 %		
Leases	146,704.50	143,075.54	146,704.50	143,075.54	143,075.54	(4.38) %	(3,628.96)	(2.54) %		
Supplies	820,266.14	693,991.09	736,206.01	693,991.09	693,991.09	11.42 %	(84,060.13)	(11.82) %		
Transportation	341,087.38	347,419.33	317,375.92	347,419.33	347,419.33	(7.47) %	6,331.95	1.82 %		
Insurance	1,038,015.22	908,072.00	908,072.00	908,072.00	908,072.00	(14.31) %	(1,949.84)	(0.19) %		
Bad Debt Expense	411,452.70	547,561.00	547,561.00	547,561.00	547,561.00	24.86 %	112,284.15	21.44 %		
Other Expense	887,805.21	999,085.99	999,085.99	999,085.99	999,085.99	11.14 %	(55,778.69)	(6.70) %		
Other Non-Util Oper Exp	399,174.18	363,991.97	520,530.98	363,991.97	363,991.97	23.31 %	(35,182.21)	(9.67) %		
Total Operations & Maintenance	28,958,373.34	26,354,689.23	29,436,109.35	26,354,689.23	26,354,689.23	1.62 %	(2,603,684.11)	(9.88) %		
Amortization	270,786.46	261,576.31	318,204.00	261,576.31	261,576.31	14.90 %	(9,210.15)	(3.52) %		
Depreciation	15,544,020.53	14,656,676.70	16,167,647.50	14,656,676.70	14,656,676.70	3.86 %	(887,343.83)	(6.05) %		
Taxes Other	2,917,136.57	2,792,615.45	2,835,593.00	2,792,615.45	2,792,615.45	(2.88) %	(124,521.12)	(4.46) %		
Federal Taxes	12,505,898.70	9,380,981.45	9,380,981.45	9,380,981.45	9,380,981.45	(37.91) %	(3,124,917.25)	(33.31) %		
State Taxes	(3,625,831.00)	2,641,776.00	3,034,820.02	2,641,776.00	2,641,776.00	219.47 %	6,267,607.00	237.25 %		
Operating Income	34,299,286.09	27,402,958.37	29,683,777.64	27,402,958.37	27,402,958.37	15.55 %	6,896,327.72	25.17 %		
Gain on Sale of Assets	(51,955.36)	(19,307.69)	5,000.00	(19,307.69)	(19,307.69)	(18.15) %	(8,641.87)	(316.02) %		
Minority Interest of Subs	5,907.24	(2,734.63)	(1,210,742.01)	(2,734.63)	(2,734.63)	(38.26) %	628,441.49	(60.11) %		
AFUDC	(1,673,979.55)	(1,045,538.06)	(1,210,742.01)	(1,045,538.06)	(1,045,538.06)					
Income Before Debt Interest	36,019,313.76	28,470,538.75	30,889,519.65	28,470,538.75	28,470,538.75	16.61 %	7,548,775.01	26.51 %		
Debt Interest-Associated COS										
Debt Interest-Short Term Debt	179,491.35	117,563.75	123,442.00	117,563.75	117,563.75	(45.41) %	(61,927.60)	(52.68) %		
Debt Interest-Long Term Debt	12,411,917.38	11,405,315.51	12,586,206.00	11,405,315.51	11,405,315.51	0.91 %	(1,006,601.87)	(8.83) %		
Debt Interest-Customer Deposit	29.34	(29.34)	(46,860.00)	(29.34)	(29.34)	(47.76) %	14,365.96	(26.18) %		
Interest Income	(69,239.10)	(54,873.14)	(46,860.00)	(54,873.14)	(54,873.14)					

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 ** Consolidated Level Range **
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	ACTUAL		QUARTER TO DATE		ACTUAL		VARIANCE		VARIANCE	
	2011	(15,510.00)	BUDGET	2011	2010	AMOUNT	PERCENT	AMOUNT	PERCENT	
Other Interest Expense	(15,510.00)	(15,510.00)	(10,340.00)			5,170.00	(50.00)%			
Debt Expense	12,506,688.97	12,587,278.00	11,457,666.12			(1,049,022.85)	(9.16)%			
Dividends										
Net Income	23,512,624.79	18,302,241.65	17,012,872.63			5,210,383.14	28.47%	6,499,752.16	38.21%	
Preferred Dividends										
Net Income Avail for Common	23,512,624.79	18,302,241.65	17,012,872.63			5,210,383.14	28.47%	6,499,752.16	38.21%	

VIS16-HAWLQ
 08/02/11
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 *** Consolidated Level Range **
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	ACTUAL		QUARTER TO DATE		ACTUAL 2010	VARIANCE		VARIANCE	
	2011	2011	BUDGET 2011	TO DATE		CURRENT AMOUNT	vs BUDGET PERCENT	CURRENT AMOUNT	vs PRIOR YEAR PERCENT
Other Interest Expense									
Debt Expense	1,690.53	1,680.00	1,680.00	597.95	(10.53)	(0.63)%	(1,092.58)	(182.72)%	
Dividends									
Net Income	40,086.46	50,567.79	20,494.40	(10,481.33)	(20.73)%	19,592.06	95.60%		
Preferred Dividends									
Net Income Avail for Common	40,086.46	50,567.79	20,494.40	(10,481.33)	(20.73)%	19,592.06	95.60%		

VIS15-HWCQ
 08/02/11
 15:13
 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 VARIANCE INCOME STATEMENT HONESDALE
 March 31, 2011

	ACTUAL 2011	QUARTER TO DATE BUDGET 2011	ACTUAL 2010	CURRENT ACTUAL vs BUDGET AMOUNT	VARIANCE PERCENT	CURRENT ACTUAL vs PRIOR YEAR AMOUNT	VARIANCE PERCENT
REVENUE	276,191.53	251,600.63	225,428.57	24,590.90	9.77 %	50,762.96	22.52 %
Utility Revenue-Water							
Utility Revenue-Waste Water							
Non-Utility Revenue	276,191.53	251,600.63	225,428.57	24,590.90	9.77 %	50,762.96	22.52 %
TOTAL REVENUE	276,191.53	251,600.63	225,428.57	24,590.90	9.77 %	50,762.96	22.52 %
OPERATIONS AND MAINTENANCE							
Labor	20,839.16	16,249.72	27,093.24	(4,589.44)	(28.24) %	6,254.08	23.08 %
Employee Benefits	13,123.55		22,096.08	(13,123.55)		8,972.53	40.61
Purchased Water							
Purchased WW Treatment							
Sludge	31,666.18	33,000.00	21,740.05	1,333.82	4.04	(9,226.13)	(45.66)
Power	1,206.00	5,006.00	8,331.60	3,800.00	75.91	7,125.60	85.53
Chemicals							
Management Fees - Corp							
Management Fees - Region							
Management Fees - States							
Cust Operations-ACO alloc							
Cust Operations-Direct	2,690.76		987.74	(2,690.76)		(1,703.02)	(172.42)
Cust Operations-Non ACO							
Outside Services - Engineering	211.92			(211.92)			
Outside Services - Accounting							
Outside Services - Legal							
Outside Services - Labtest							
Outside Services - IT							
Outside Services - Operations	7,702.52	2,503.00	7,500.00	2,503.00	100.00	7,500.00	100.00
Outside Services - Maintenance		4,753.00	5,796.74	(2,949.52)	(62.06)	(1,905.78)	(32.88)
Outside Services - Other							
Leases		506.00	273.97	506.00	100.00	273.97	100.00
Supplies							
Transportation							
Insurance							
Bad Debt Expense							
Other Expense	1,412.07	2,546.00	463.43	1,133.93	44.54	(948.64)	(204.70)
Other Non-Util Oper Exp							
Total Operations & Maintenance	78,852.16	64,563.72	94,282.85	(14,288.44)	(22.13) %	15,430.69	16.37 %
Amortization	19,024.09			(19,024.09)		(19,024.09)	
Depreciation	58,532.07		45,378.19	(58,532.07)		(13,153.88)	(28.99) %
Taxes Other	400.00		400.00	(400.00)			
Federal Taxes	41,105.00		26,577.00	17,489.28	29.85	(14,528.00)	(54.66)
State Taxes	13,035.00	18,580.69	8,428.00	5,545.69	29.85	(4,607.00)	(54.66)
Operating Income	65,243.21	109,861.94	50,362.53	(44,618.73)	(40.61) %	14,880.68	29.55 %
Gain on Sale of Assets							
Minority Interest of Subs							
AFUDC	(13,136.83)			13,136.83		13,136.83	
Income Before Debt Interest	78,380.04	109,861.94	50,362.53	(31,481.90)	(28.66) %	28,017.51	55.63 %
Debt Interest-Associated COS							
Debt Interest-Short Term Debt							
Debt Interest-Long Term Debt	3,142.90	1,794.00	1,003.21	(1,348.90)	(75.19)	(2,139.69)	(213.28)
Debt Interest-Customer Deposit							
Interest Income	(1,102.50)	(750.00)		352.50	(47.00)	1,102.50	

VIS15-HWCQ
 08/02/11
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 ** Consolidated Level Range **
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	ACTUAL		QUARTER TO DATE		ACTUAL		VARIANCE		VARIANCE	
	2011	2011	BUDGET	2011	2010	2010	CURRENT	PERCENT	CURRENT	PERCENT
Other Interest Expense										
Debt Expense	2,040.40	1,044.00	1,044.00	1,003.21	(996.40)	(95.44)%	(1,037.19)	(103.39)%		
Dividends										
Net Income	76,339.64	108,817.94	108,817.94	49,359.32	(32,478.30)	(29.85)%	26,980.32	54.66%		
Preferred Dividends										
Net Income Avail for Common	76,339.64	108,817.94	108,817.94	49,359.32	(32,478.30)	(29.85)%	26,980.32	54.66%		

VIS15-PSWQ
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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 VARIANCE INCOME STATEMENT PSW
 December 31, 2010

	ACTUAL		BUDGET		ACTUAL		CURRENT ACTUAL vs BUDGET		CURRENT ACTUAL vs PRIOR YEAR	
	2010	2010	2010	2009	AMOUNT	PERCENT	AMOUNT	PERCENT		
Other Interest Expense	(15,358.42)			873.00	15,358.42		16,231.42	1,859.27 %		
Debt Expense	11,994,093.83	11,650,803.00	11,416,204.33		(343,290.83)	(2.95) %	(577,889.50)	(5.06) %		
Dividends										
Net Income	22,021,060.29	22,502,900.45	20,647,172.78		(481,840.16)	(2.14) %	1,373,887.51	6.65 %		
Preferred Dividends										
Net Income Avail for Common	22,021,060.29	22,502,900.45	20,647,172.78		(481,840.16)	(2.14) %	1,373,887.51	6.65 %		

VIS16-HAWLQ
 08/02/11
 15:11
 ** Consolidated Level Range **
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	ACTUAL		QUARTER TO DATE		ACTUAL		CURRENT ACTUAL vs BUDGET		CURRENT ACTUAL vs PRIOR YEAR	
	2010	2010	BUDGET	2010	2009	AMOUNT	PERCENT	AMOUNT	PERCENT	
REVENUE	112,321.23	124,502.53	104,752.15	(12,181.30)	(9.78)%	7,569.08	7.23 %			
Utility Revenue-Water										
Utility Revenue-Waste Water										
Non-Utility Revenue										
TOTAL REVENUE	112,321.23	124,502.53	104,752.15	(12,181.30)	(9.78)%	7,569.08	7.23 %			
OPERATIONS AND MAINTENANCE										
Labor	7,414.98	8,741.04	9,531.78	1,326.06	15.17 %	2,116.80	22.21 %			
Employee Benefits	5,079.01		5,719.06	(5,079.01)		640.05	11.19			
Purchased Water										
Purchased WW Treatment Sludge										
Power	5,702.05	10,398.00	4,149.24	4,695.95	45.16	(1,552.81)	(37.42)			
Chemicals	792.00	600.00		(192.00)	(32.00)	(792.00)				
Management Fees - Corp										
Management Fees - Region										
Management Fees - States										
Cust Operations-ACO alloc										
Cust Operations-Direct	966.27		959.46	(966.27)	(6.81)		(0.71)			
Cust Operations-Non ACO										
Outside Services - Engineering										
Outside Services - Accounting										
Outside Services - Legal										
Outside Services - Labtest										
Outside Services - IT										
Outside Services - Operations										
Outside Services - Maintenance	1,195.00	600.00		(595.00)	(99.17)	(1,195.00)				
Outside Services - Other										
Leases										
Supplies										
Transportation										
Insurance										
Bad Debt Expense	2,428.79		1,982.32	(2,428.79)	(446.47)	(446.47)	(22.52)			
Other Expense	(20,000.00)		1,622.42	20,000.00		21,622.42	1,332.73			
Other Non-Util Oper Exp										
Total Operations & Maintenance	3,578.10	20,339.04	23,964.28	16,760.94	82.41 %	20,386.18	85.07 %			
Amortization										
Depreciation	20,530.53		64,890.78	(20,530.53)		44,360.25	68.36 %			
Taxes Other	2,355.00		1,504.78	(2,355.00)		(850.22)	(56.50) %			
Federal Taxes	26,507.00		(5,452.00)	12,711.76	32.41	(31,959.00)	586.19			
State Taxes	8,407.00		(1,732.00)	4,042.00	32.47	(10,139.00)	585.39			
Operating Income	50,943.60	52,495.73	21,576.31	(1,552.13)	(2.96) %	29,367.29	136.11 %			
Gain on Sale of Assets										
Minority Interest of Subs										
AFUDC										
Income Before Debt Interest	50,943.60	52,495.73	21,576.31	(1,552.13)	(2.96) %	29,367.29	136.11 %			
Debt Interest-Associated COS										
Debt Interest-Short Term Debt										
Debt Interest-Long Term Debt										
Debt Interest-Customer Deposit										
Interest Income	1,717.62		7,754.61	(1,717.62)		6,036.99	77.85			

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 08/02/11
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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 Variance Income Stmt - SEC Hawley
 December 31, 2010

	ACTUAL		QUARTER TO DATE		ACTUAL 2009	VARIANCE		VARIANCE	
	2010	2010	BUDGET 2010	TO DATE		CURRENT AMOUNT	vs BUDGET PERCENT	CURRENT AMOUNT	vs PRIOR YEAR PERCENT
Other Interest Expense	1,717.62	7,754.61							
Debt Expense					(1,717.62)		6,036.99		77.85 %
Dividends									
Net Income	49,225.98	13,821.70	52,495.73		(3,269.75)	(6.23) %	35,404.28		256.15 %
Preferred Dividends									
Net Income Avail for Common	49,225.98	13,821.70	52,495.73		(3,269.75)	(6.23) %	35,404.28		256.15 %

VIS15-HWCQ
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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 VARIANCE INCOME STATEMENT HONESDALE
 December 31, 2010

	QUARTER TO DATE		ACTUAL 2009	VARIANCE CURRENT ACTUAL vs BUDGET PERCENT		VARIANCE CURRENT ACTUAL vs PRIOR YEAR PERCENT	
	ACTUAL 2010	BUDGET 2010		CURRENT AMOUNT	PERCENT	CURRENT AMOUNT	PERCENT
REVENUE	277,620.87	291,053.50	222,984.96	(13,432.63)	(4.62)%	54,635.91	24.50 %
Utility Revenue-Water							
Utility Revenue-Waste Water							
Non-Utility Revenue							
TOTAL REVENUE	277,620.87	291,053.50	222,984.96	(13,432.63)	(4.62)%	54,635.91	24.50 %
OPERATIONS AND MAINTENANCE							
Labor	16,555.88	36,343.20	22,443.48	19,787.32	54.45 %	5,887.60	26.23 %
Employee Benefits	21,520.96		16,648.33	(21,520.96)		(4,872.63)	(29.27)
Purchased Water							
Purchased WW Treatment							
Sludge							
Power	26,463.60	32,499.00	14,806.54	6,035.40	18.57	(11,657.06)	(78.73)
Chemicals	2,079.00	2,374.98		295.98	12.46	(2,079.00)	
Management Fees - Corp							
Management Fees - Region							
Management Fees - States							
Cust Operations-ACO alloc							
Cust Operations-Direct	2,695.97		1,009.87	(2,695.97)		(1,686.10)	(166.96)
Cust Operations-Non ACO							
Outside Services - Engineering			10,768.01			10,768.01	100.00
Outside Services - Accounting							
Outside Services - Legal							
Outside Services - Labtest							
Outside Services - IT							
Outside Services - Operations							
Outside Services - Maintenance	2,305.00	4,499.00		2,194.00	48.77	(2,305.00)	
Outside Services - Other							
Leases							
Supplies	24.17	1,746.00	21.71	1,721.83	98.62	(2.46)	(11.33)
Transportation							
Insurance							
Bad Debt Expense			(556.47)			(556.47)	100.00
Other Expense	(66.07)		(25.33)	66.07		40.74	(160.84)
Other Non-Util Oper Exp							
Total Operations & Maintenance	71,578.51	77,462.18	65,116.14	5,883.67	7.60 %	(6,462.37)	(9.92)%
Amortization	19,024.08			(19,024.08)		(19,024.08)	
Depreciation	56,593.23		50,024.94	(56,593.23)		(6,568.29)	(13.13)%
Taxes Other	4,846.00		8,516.92	(4,846.00)		3,670.92	43.10 %
Federal Taxes	44,462.00	66,248.49	35,188.00	21,786.49	32.89	(9,274.00)	(26.36)
State Taxes	(2,165.00)	21,028.93	(10,890.00)	23,193.93	110.30	(8,725.00)	80.12
Operating Income	83,282.05	126,313.90	75,028.96	(43,031.85)	(34.07)%	8,253.09	11.00 %
Gain on Sale of Assets							
Minority Interest of Subs							
AFUDC							
Income Before Debt Interest	83,282.05	126,313.90	75,028.96	(43,031.85)	(34.07)%	8,253.09	11.00 %
Debt Interest-Associated COS							
Debt Interest-Short Term Debt							
Debt Interest-Long Term Debt	3,281.68	3,281.00	5,187.23	(0.68)	(0.02)	1,905.55	36.74
Debt Interest-Customer Deposit							
Interest Income	(1,925.08)		(4,486.76)	1,925.08		(2,561.68)	57.09

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 08/02/11
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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA INC.
 VARIANCE INCOME STATEMENT HONESDALE
 December 31, 2010

	ACTUAL		QUARTER TO DATE		ACTUAL 2009	VARIANCE CURRENT ACTUAL vs BUDGET AMOUNT PERCENT		VARIANCE CURRENT ACTUAL vs PRIOR YEAR AMOUNT PERCENT	
	2010	2010	BUDGET 2010	2009		AMOUNT	PERCENT	AMOUNT	PERCENT
Other Interest Expense	1,356.60	3,281.00	(21,223.00)	1,924.40	58.65 %	(21,223.00)	100.00 %		
Debt Expense	81,925.45	123,032.90	95,551.49	(41,107.45)	(33.41) %	(13,626.04)	(14.26) %		
Dividends	81,925.45	123,032.90	95,551.49	(41,107.45)	(33.41) %	(13,626.04)	(14.26) %		
Net Income	81,925.45	123,032.90	95,551.49	(41,107.45)	(33.41) %	(13,626.04)	(14.26) %		
Preferred Dividends									
Net Income Avail for Common									

VIS15-PSWQ
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 ** Consolidated Level Range **
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	QUARTER TO DATE		ACTUAL 2009	VARIANCE		CURRENT AMOUNT	VARIANCE	
	ACTUAL 2010	BUDGET 2010		CURRENT AMOUNT	PERCENT		PERCENT	AMOUNT
REVENUE	105,925,399.62	103,139,537.63	89,045,000.32	2,785,861.99	2.70 %	16,880,399.30	18.96 %	
Utility Revenue-Water								
Utility Revenue-Waste Water								
Non-Utility Revenue	1,118,581.81	870,683.82	953,688.73	247,897.99	28.47 %	164,893.08	17.29 %	
TOTAL REVENUE	107,043,981.43	104,010,221.45	89,998,689.05	3,033,759.98	2.92 %	17,045,292.38	18.94 %	
OPERATIONS AND MAINTENANCE								
Labor	6,577,004.19	6,808,136.35	6,514,376.56	231,132.16	3.40 %	(62,627.63)	(0.96) %	
Employee Benefits	3,064,467.42	3,153,936.14	1,980,189.38	89,468.72	2.84	(1,084,278.04)	(54.76)	
Purchased Water	3,175,719.87	3,275,079.81	3,105,475.78	99,359.94	3.03	(70,244.09)	(2.26)	
Purchased WW Treatment Sludge								
Power	2,951,745.22	3,070,360.88	2,608,645.77	118,615.66	3.86	(343,099.45)	(13.15)	
Chemicals	1,208,321.37	1,224,679.77	1,460,648.75	16,358.40	1.34	252,327.38	17.28	
Management Fees - Corp	3,228,583.72	3,350,184.00	2,710,078.77	161,600.28	4.77	(518,504.95)	(19.13)	
Management Fees - Region								
Management Fees - States	672.55	900.00	1,903.60	227.45	25.27	1,231.05	64.67	
Cust Operations-ACO alloc	1,214,286.77	1,301,979.00	1,187,730.75	87,692.23	6.74	(26,556.02)	(2.24)	
Cust Operations-Direct	1,010,651.21	1,059,757.53	977,417.72	49,106.32	4.63	(33,233.49)	(3.40)	
Cust Operations-Non ACO		249.00	249.00		100.00			
Outside Services - Engineering	19,448.42	16,570.00	28,677.54	(2,878.42)	(17.37)	9,229.12	32.18	
Outside Services - Accounting	137,433.00	137,433.00	77,550.63			(59,882.37)	(77.22)	
Outside Services - Legal	(8,341.87)	100,050.00	127,529.33	108,391.87	108.34	135,871.20	106.54	
Outside Services - Labtest	19,479.20	30,085.00	30,677.70	10,605.80	35.25	11,198.50	36.50	
Outside Services - IT	4,616.57	85,007.99	262,981.67	80,391.42	94.57	258,365.10	98.25	
Outside Services - Operations	324,470.93	466,015.00	365,581.96	141,544.07	30.37	41,111.03	11.25	
Outside Services - Maintenance	803,179.75	825,847.00	862,026.23	22,667.25	2.75	58,846.48	6.83	
Outside Services - Other	385,992.61	480,036.00	241,943.39	94,943.39	19.78	(143,630.76)	(59.48)	
Leases	128,937.43	135,200.00	126,173.11	6,262.57	4.63	(2,764.32)	(2.19)	
Supplies	559,362.11	585,446.99	540,449.64	26,084.88	4.46	(18,912.47)	(3.50)	
Transportation	264,203.54	303,160.55	289,634.32	38,957.01	12.85	25,430.78	8.78	
Insurance	1,152,150.07	1,093,682.00	917,362.95	(58,468.07)	(5.35)	(334,787.12)	(25.59)	
Bad Debt Expense	587,448.86	568,999.32	531,153.73	(18,449.54)	(3.24)	(56,295.13)	(10.60)	
Other Expense	985,778.33	769,067.96	449,849.09	(216,710.37)	(28.18)	(535,929.24)	(119.14)	
Other Non-Util Oper Exp	864,035.41	430,263.84	398,253.56	(433,771.57)	(100.82)	(465,781.85)	(116.96)	
Total Operations & Maintenance	28,658,746.68	29,312,127.13	25,795,830.39	653,380.45	2.23 %	(2,862,916.29)	(11.10) %	
Amortization	261,715.21	287,269.58	257,345.87	25,554.37	8.90 %	(4,369.34)	(1.70) %	
Depreciation	15,099,890.89	15,415,296.96	13,893,688.51	315,406.07	2.05 %	(1,206,202.38)	(8.68) %	
Taxes Other	2,957,575.19	2,584,622.00	2,323,622.74	(373,183.19)	(14.44) %	(633,952.45)	(27.28) %	
Federal Taxes	15,912,923.60	14,444,377.55	12,141,268.58	(1,468,546.05)	(10.17)	(3,771,655.02)	(31.07)	
State Taxes	3,978,501.00	4,583,862.32	2,868,937.00	605,361.32	13.21	(1,109,564.00)	(38.68)	
Operating Income	40,174,628.86	37,382,895.91	32,717,995.96	2,791,732.95	7.47 %	7,456,632.90	22.79 %	
Gain on Sale of Assets	(47,822.90)		(101,794.22)	47,822.90		(53,971.32)	53.02 %	
Minority Interest of Subs	5,911.73	8,000.00	8,379.53	2,088.27	26.10 %	2,467.80	29.45 %	
AFUDC	(691,520.01)	(919,678.00)	(549,138.80)	(227,157.99)	24.73	142,381.21	(25.93)	
Income Before Debt Interest	40,908,060.04	38,293,573.91	33,360,549.45	2,614,486.13	6.83 %	7,547,510.59	22.62 %	
Debt Interest-Associated COS								
Debt Interest-Short Term Debt	108,826.36	199,500.00	178,010.54	90,673.64	45.45	69,184.18	38.87	
Debt Interest-Long Term Debt	11,328,479.81	11,326,078.00	10,741,343.53	(2,401.81)	(0.02)	(587,136.28)	(5.47)	
Debt Interest-Customer Deposit	(2.26)	(46,967.00)	134.12	2.26		136.38	101.69	
Interest Income	(41,870.56)		(30,576.98)	(5,096.44)	10.85	11,293.58	(36.94)	

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 ** Consolidated Level Range **
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AQUA PENNSYLVANIA, INC.
 VARIANCE INCOME STATEMENT PSW
 September 30, 2010

	ACTUAL		QUARTER TO DATE		ACTUAL 2009	VARIANCE CURRENT ACTUAL vs BUDGET		VARIANCE CURRENT ACTUAL vs PRIOR YEAR	
	2010	(15,510.00)	BUDGET 2010	2010		AMOUNT	PERCENT	AMOUNT	PERCENT
Other Interest Expense	11,379,923.35		11,478,611.00	10,888,911.21	98,687.65	0.86 %	(491,012.14)	(4.51) %	
Debt Expense									
Dividends									
Net Income	29,528,136.69		26,814,962.91	22,471,638.24	2,713,173.78	10.12 %	7,056,498.45	31.40 %	
Preferred Dividends									
Net Income Avail for Common	29,528,136.69		26,814,962.91	22,471,638.24	2,713,173.78	10.12 %	7,056,498.45	31.40 %	

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 08/02/11
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 ** Consolidated Level Range **
 AQUA PENNSYLVANIA INC.
 Variance Income Stmt - SEC Hawley
 September 30, 2010

	QUARTER TO DATE		ACTUAL 2009	VARIANCE		CURRENT AMOUNT	VARIANCE	
	ACTUAL 2010	BUDGET 2010		CURRENT AMOUNT	PERCENT		CURRENT AMOUNT	PERCENT
REVENUE	119,974.43	133,219.47	114,369.18	(13,245.04)	5,605.25	4.90 %		
Utility Revenue-Water								
Utility Revenue-Waste Water								
Non-Utility Revenue								
TOTAL REVENUE	119,974.43	133,219.47	114,369.18	(13,245.04)	5,605.25	4.90 %		
OPERATIONS AND MAINTENANCE								
Labor	7,568.54	8,741.04	10,156.02	1,172.50	2,587.48	25.48 %		
Employee Benefits	5,452.30		6,093.61	(5,452.30)	641.31	10.52		
Purchased Water								
Purchased MW Treatment								
Sludge	5,780.73	10,398.00	6,515.14	-4,617.27	734.41	11.27		
Power	1,384.00	600.00		(784.00)	(1,384.00)			
Chemicals								
Management Fees - Corp								
Management Fees - Region								
Management Fees - States								
Management Fees - States								
Cust Operations-ACO alloc								
Cust Operations-Direct	970.19		963.61	(970.19)	(6.58)	(0.68)		
Cust Operations-Non ACO								
Outside Services - Engineering								
Outside Services - Accounting								
Outside Services - Accounting								
Outside Services - Legal								
Outside Services - Labtest								
Outside Services - IT								
Outside Services - Operations								
Outside Services - Maintenance	1,255.00	600.00		(655.00)	(1,255.00)			
Outside Services - Other								
Leases								
Supplies			76.62		76.62	100.00		
Transportation								
Insurance								
Bad Debt Expense	500.80		6,882.96	(500.80)	6,382.16	92.72		
Other Expense	1,007.85		190.00	(1,007.85)	(1,007.85)	100.00		
Other Non-Util Oper Exp					190.00	100.00		
Total Operations & Maintenance	23,919.41	20,339.04	30,877.96	(3,580.37)	6,958.55	22.54 %		
Amortization								
Depreciation	19,777.38			(19,777.38)	(19,777.38)			
Taxes Other	3,416.75		500.00	(3,416.75)	(2,916.75)	(583.35) %		
Federal Taxes	22,401.00	41,964.62	19,863.00	19,563.62	(2,538.00)	(12.78)		
State Taxes	7,103.00	13,320.60	6,299.00	6,217.60	(804.00)	(12.76)		
Operating Income	43,356.89	57,595.21	56,829.22	(14,238.32)	(13,472.33)	(23.71) %		
Gain on Sale of Assets			(4,000.00)		(4,000.00)	100.00 %		
Minority Interest of Subs								
AFUDC								
Income Before Debt Interest	43,356.89	57,595.21	60,829.22	(14,238.32)	(17,472.33)	(28.72) %		
Debt Interest-Associated COS								
Debt Interest-Short Term Debt								
Debt Interest-Long Term Debt								
Debt Interest-Customer Deposit								
Interest Income	1,755.78			(1,755.78)	(1,755.78)			

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 ** Consolidated Level Range **
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	QUARTER TO DATE		ACTUAL 2009	VARIANCE		VARIANCE	
	ACTUAL 2010	BUDGET 2010		CURRENT ACTUAL vs BUDGET AMOUNT	PERCENT	CURRENT ACTUAL vs PRIOR YEAR AMOUNT	PERCENT
Other Interest Expense							
Debt Expense	1,755.78			(1,755.78)	(1,755.78)		
Dividends							
Net Income	41,601.11	57,595.21	60,829.22	(15,994.10)	(19,228.11)	(27.77)%	(31.61)%
Preferred Dividends							
Net Income Avail for Common	41,601.11	57,595.21	60,829.22	(15,994.10)	(19,228.11)	(27.77)%	(31.61)%

	QUARTER TO DATE		ACTUAL 2009	VARIANCE CURRENT ACTUAL vs BUDGET		VARIANCE CURRENT ACTUAL vs PRIOR YEAR	
	ACTUAL 2010	BUDGET 2010		AMOUNT	PERCENT	AMOUNT	PERCENT
REVENUE							
Utility Revenue-Water	295,901.78	307,656.19	220,561.21	(11,754.41)	(3.82)%	75,340.57	34.16%
Utility Revenue-Waste Water							
Non-Utility Revenue	295,901.78	307,656.19	220,561.21	(11,754.41)	(3.82)%	75,340.57	34.16%
TOTAL REVENUE							
OPERATIONS AND MAINTENANCE							
Labor	19,525.95	38,700.93	31,014.67	19,174.98	49.55%	11,488.72	37.04%
Employee Benefits	25,645.40		21,663.50	(25,645.40)		(3,981.90)	(18.38)
Purchased Water							
Purchased WW Treatment							
Sludge							
Chemicals	27,146.18	32,499.00	23,043.35	5,352.82	16.47	(4,102.83)	(17.81)
Power	10,607.18	2,374.98		(8,232.20)	(346.62)	(10,607.18)	
Management Fees - Corp							
Management Fees - Region							
Management Fees - States							
Cust Operations-ACO alloc							
Cust Operations-Direct	2,706.50		1,096.95	(2,706.50)		(1,609.55)	(146.73)
Cust Operations-Non ACO							
Outside Services - Engineering							
Outside Services - Accounting							
Outside Services - Legal							
Outside Services - Labtest							
Outside Services - IT							
Outside Services - Operations	3,738.00			(3,738.00)		(3,738.00)	
Outside Services - Maintenance	24,476.00	3,999.00		(20,477.00)	(512.05)	(24,476.00)	
Outside Services - Other							
Leases							
Supplies	105.25	1,746.00		1,640.75	93.97	(105.25)	
Transportation							
Insurance							
Bad Debt Expense							
Other Expense	2,522.93		516.17	(2,522.93)		(2,006.76)	(388.78)
Other Non-Util Oper Exp							
Total Operations & Maintenance	116,473.39	79,319.91	77,334.64	(37,153.48)	(46.84)%	(39,138.75)	(50.61)%
Amortization	19,024.08			(19,024.08)		(19,024.08)	
Depreciation	51,803.59		49,188.45	(51,803.59)		(2,615.14)	(5.32)%
Taxes Other	46,765.81		53,978.70	(46,765.81)		7,212.89	13.36%
Federal Taxes	22,314.00		13,045.00	48,535.42	68.51	(9,269.00)	(71.05)
State Taxes	7,076.00		4,136.00	15,413.37	68.54	(2,940.00)	(71.08)
Operating Income	32,444.91	134,997.49	22,878.42	(102,552.58)	(75.97)%	9,566.49	41.81%
Gain on Sale of Assets							
Minority Interest of Subs	(9,385.00)			9,385.00		9,385.00	
AFUDC							
Income Before Debt Interest	41,829.91	134,997.49	22,878.42	(93,167.58)	(69.01)%	18,951.49	82.84%
Debt Interest-Associated COS							
Debt Interest-Short Term Debt							
Debt Interest-Long Term Debt	3,420.13	3,420.00	2,253.05	(0.13)		(1,167.08)	(51.80)
Debt Interest-Customer Deposit							
Interest Income	(3,027.18)		(1,130.15)	3,027.18		1,897.03	(167.86)

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 ** Consolidated Level Range **
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	ACTUAL		BUDGET		ACTUAL		BUDGET		VARIANCE		VARIANCE	
	2010	2010	2010	2010	2009	2009	2009	2009	AMOUNT	PERCENT	AMOUNT	PERCENT
Other Interest Expense					21,223.00				21,223.00		100.00	
Debt Expense	392.95		3,420.00		22,345.90			3,027.05		88.51		98.24
Dividends												
Net Income	41,436.96		131,577.49		532.52			(90,140.53)		(68.51)	40,904.44	7,681.30
Preferred Dividends												
Net Income Avail for Common	41,436.96		131,577.49		532.52			(90,140.53)		(68.51)	40,904.44	7,681.30

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

K. Other Data

- OD4. Provide a copy of the Company's most recent operating and capital budgets.
- A. See attachment for operating budget and refer to RR26 for capital budget.

Income Statement Budget by Qtr - Summary

PA Water

	Budget Q1	Budget Q2	Budget Q3	Budget Q4	Budget YearTotal
	Final	Final	Final	Final	Final
Operating Revenue Water	89,790,239	98,103,997	113,398,948	99,861,952	401,155,136
Operating Revenue Sewer	0	0	0	0	0
Non Operating Revenue	1,117,365	927,169	942,867	947,565	3,934,967
Revenue	90,907,604	99,031,166	114,341,815	100,809,517	405,090,103
Operating Expenses	29,524,423	30,407,016	31,006,702	29,666,849	120,604,991
Depreciation (Net)	16,167,648	16,425,373	17,034,611	17,696,007	67,323,639
Amortization (Net)	318,204	325,440	312,274	305,691	1,261,609
Taxes Other than Income	2,835,593	2,685,343	2,679,021	2,656,269	10,856,226
Utility Costs & Expenses	48,845,868	49,843,173	51,032,608	50,324,816	200,046,465
Operating Income	42,061,737	49,187,994	63,309,207	50,484,701	205,043,638
Interest on Long Term Debt	12,529,680	12,751,289	12,732,146	12,477,571	50,490,686
Interest on Short Term Debt	123,442	264,506	114,268	394,857	897,073
Interest - Associated COS	0	0	0	0	0
Interest-Customer Deposits	0	0	0	0	0
Other Interest (Income)/Expense	(63,120)	(56,610)	(49,110)	(41,610)	(210,450)
Interest Chrg to Construction	(1,210,742)	(1,116,286)	(981,112)	(874,436)	(4,182,576)
Interest Expense	11,379,260	11,842,899	11,816,192	11,956,382	46,994,733
Minority Interest	5,000	5,000	5,000	5,000	20,000
PFD Dividends of Subs	0	0	0	0	0
Minority Interest Subtotal	5,000	5,000	5,000	5,000	20,000
UnDist Net Earnings	0	0	0	0	0
Dividends	0	0	0	0	0
Net (Gain) / Loss from Property Sales	0	0	0	0	0
Other Net (Income) Expense	0	0	0	0	0
Other (Income) Expense	11,384,260	11,847,899	11,821,192	11,961,382	47,014,733
Income Before Taxes	30,677,477	37,340,095	51,488,015	38,523,319	158,028,905
Income Taxes - Federal	9,153,814	11,748,096	16,209,511	12,110,137	49,221,558
Income Taxes - State	3,062,035	3,729,462	5,144,231	3,844,287	15,780,015
Total Income Taxes	12,215,849	15,477,557	21,353,742	15,954,424	65,001,573
Net Income	18,461,627	21,862,537	30,134,273	22,568,895	93,027,333
Preferred Dividends	0	0	0	0	0
Net Income Available to Common	18,461,627	21,862,537	30,134,273	22,568,895	93,027,333

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

K. Other Data

OD5. Provide a schedule that shows the percentage of unaccounted for water for the test year and two prior years. Describe how this amount was determined and explain any steps taken to reduce unaccounted for water.

A. Aqua PA utilizes the metered ratio method for determining unaccounted-for water (non-revenue water). This is the most conservative method in that there is no estimate for flushing, company use or water used for fires. The metered ratio calculation for 2008, 2009 and historic test year and its concomitant unaccounted-for water factor are listed below.

	<u>2008</u>	<u>2009</u>	<u>7/2010-6/2011</u>
Metered Sales	33,089,629	31,194,184	31,897,030
Send-Out	41,343,868	38,807,222	40,330,161
Metered Ratio	80.04%	80.38%	79.09%
Unaccounted-for Water Ratio	19.96%	19.62%	20.91%

Unaccounted For Water. Aqua PA has a dedicated Water Conservation Group which operates three vans that are fully equipped with state-of-the-art sonic leak detection equipment. There are three field operators dedicated to the controlling of unaccounted for water. They perform yearly valve by valve surveys on stream crossings, limestone areas, and transmission mains and assist maintenance crews on main breaks to mitigate water loss. Send-out accuracy is controlled by the quarterly calibrating of send-out master meters at treatment plants. These devices are also used to observe any abnormal flows during off peak hours. In addition, the company's SCADA system facilitates the identification of potential problem areas.

AQUA PENNSYLVANIA, INC.
2011 RATE CASE
FILING REQUIREMENTS

K. Other Data

OD6. Provide a corporate history (include the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other governmental subdivisions to which service is provided (including service areas outside the state), and the total population in the area served.

A. The corporate history is attached. The counties and cities to which service is provided are set forth on pages 3, 3A, 3B, 3C of the Company's tariff filed in this proceeding. The total population in the area served is more than 1,400,000.

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Rydal Water Company	1/27/1905	Montgomery County	Original
Springfield Consolidated Water Co.	7/27/1908	Montgomery County	Name Changed
Philadelphia Suburban Water Co.	5/11/1925	Montgomery County	Name Changed
The Jenkintown Water Company	1/7/1889	Montgomery County	Original
Philadelphia Suburban Water Co.	9/25/1928	Montgomery County	Merged with
The West Conshohocken Water Co.	9/28/1897	Montgomery County	Original
Philadelphia Suburban Water Co.	9/25/1928	Montgomery County	Merged with
The Eddystone Water Company	12/22/1892	Delaware County	Original
Springfield Consolidated Water Co.	10/2/1923	Delaware County	Merged with
North Springfield Water Company	06/20/1898	Montgomery County	Original
Springfield Consolidated Water Co.	10/2/1923	Philadelphia County	Merged with
The Lansdowne Water Company	07/11/1890	Delaware County	Original
Springfield Water Company	06/08/1899	Delaware County	Merged with
The Bryn Mawr Water Company	4/6/1892	Montgomery County	Original
Springfield Water Company	08/26/1896	Montgomery County	Merged with
The Ridley Park Cold Spring Water Co.	06/20/1899	Delaware County	Original
Springfield Water Company	06/23/1892	Delaware County	Merged with
Consumer's Water Company of Upper Darby	03/07/1892	Delaware County	Original
Springfield Water Company	06/14/1892	Delaware County	Merged with
The Penn Water Company of Sharon Hill	03/07/1892	Delaware County	Original
Springfield Water Company	06/15/1892	Delaware County	Merged with
The Citizens Water Company of Darby Borough	03/07/1892	Delaware County	Original
Springfield Water Company	06/15/1892	Delaware County	Merged with
The Highland Water Company	03/07/1892	Delaware County	Original
Springfield Water Company	06/15/1892	Delaware County	Merged with
The People's Water Company	03/07/1892	Delaware County	Original
Springfield Water Company	06/15/1892	Delaware County	Merged with
The Tincum Water Company	03/07/1892	Delaware County	Original
Springfield Water Company	06/15/1892	Delaware County	Merged with
The Clifton Heights Water Company	03/24/1886	Delaware County	Original
Springfield Water Company	08/05/1896	Delaware County	Merged with
The Collingdale Water Company	12/22/1892	Delaware County	Original
Springfield Water Company	10/18/1900	Delaware County	Merged with
Consumers Water Company	8/26/1901	Delaware County	Original
Springfield Water Company	10/31/1901	Delaware County	Merged with
Citizens Water Company of Haverford	8/26/1901	Delaware County	Original
Springfield Water Company	10/31/1901	Delaware County	Merged with

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Peoples' Water Company of Delaware County Springfield Water Company	8/26/1901 1/12/2004	Delaware County Delaware County	Original Merged with
Wayne Water Works Company North Springfield Water Company	11/17/1891 1/12/1904	Delaware County Delaware County	Original Merged with
The Glenside Water Company North Springfield Water Company	07/07/1889 07/20/1899	Montgomery County Montgomery County	Original Merged with
Peoples' Water Company of Abington North Springfield Water Company	06/20/1898 06/24/1898	Montgomery County Montgomery County	Original Merged with
The Oak Lane Water Company North Springfield Water Company	06/12/1893 10/27/1899	Montgomery County Montgomery County	Original Merged with
Dewey Water Company North Springfield Water Company	06/20/1898 06/24/1898	Montgomery County Montgomery County	Original Merged with
Upper Dublin Water Company North Springfield Water Company	06/20/1898 06/24/1898	Montgomery County Montgomery County	Original Merged with
Moreland Water Company North Springfield Water Company	06/20/1898 06/24/1898	Montgomery County Montgomery County	Original Merged with
Citizens' Water Company of Whitmarsh Township North Springfield Water Company	06/20/1898 06/14/1898	Montgomery County Montgomery County	Original Merged with
Consumer's Water Company of Plymouth Township North Springfield Water Company	06/20/1898 06/24/1898	Montgomery County Montgomery County	Original Merged with
Berwyn Water Company North Springfield Water Company	07/23/1895 10/09/1899	Chester County Delaware County	Original Merged with
Schukill Township Water Company Berwyn Water Company	06/20/1898 06/24/1898	Chester County Chester County	Original Merged with
Tredyffrin Water Company Berwyn Water Company	07/23/1895 07/29/1895	Chester County Chester County	Original Merged with
Villanova Water Company Berwyn Water Company	07/23/1895 07/29/1895	Delaware County Delaware County	Original Merged with
Willistown Water Company Berwyn Water Company	07/23/1895 07/29/1895	Chester County Chester County	Original Merged with
East Whiteland Water Company Berwyn Water Company	07/23/1895 07/29/1895	Chester County Chester County	Original Merged with
Rockledge Water Company	9/1/1909	Montgomery County	Original
Newtown Water Company	5/6/1925	Delaware County	Original
Great Valley Water Company Philadelphia Suburban Water Company	6/22/1961 12/31/1985	Chester County Chester County	Original Sold most of its assets

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Pocopson Water Company	5/13/1978	Chester County	Original
Philadelphia Suburban Water Company	12/23/1986	Montgomery County	Sold most of its assets
Beverly Water Company	3/21/1977	Chester County	Original
Philadelphia Suburban Water Company	10/31/1990	Montgomery County	Sold most of its assets
Uwchlan Township Municipal Authority	12/17/1992	Chester County	Original
Philadelphia Suburban Water Company	12/30/1992	Montgomery County	Sold most of its assets
West Whiteland Township	12/22/1992	Chester County	Original
Philadelphia Suburban Water Company	12/31/1992	Montgomery County	Sold most of its assets
Malvern Borough	12/2/1993	Chester County	Original
Philadelphia Suburban Water Company	12/31/1993	Montgomery County	Sold most of its assets
Grandstaff Water Company	12/15/1994	Montgomery County	Original
Philadelphia Suburban Water Company	12/22/1994	Montgomery County	Sold most of its assets
Chestdale Water Company	12/15/1994	Montgomery County	Original
Philadelphia Suburban Water Company	12/28/1994	Montgomery County	Sold most of its assets
Media Water Company	3/30/1995	Delaware County	Original
Philadelphia Suburban Water Company	5/23/1995	Montgomery County	Sold most of its assets
Deerfield Knoll Home Owners Association	6/8/1995	Chester County	Original
Philadelphia Suburban Water Company	6/8/1995	Montgomery County	Sold all water facilities
Castle Rock Homeowner Association	9/27/1995	Delaware County	Original
Philadelphia Suburban Water Company	12/19/1995	Montgomery County	Sold all water system
Phoenixville Outside Water Company	12/15/1994	Montgomery County	Original
Philadelphia Suburban Water Company	12/21/1995	Montgomery County	Sold all water system
La Reserve Water Company	12/16/1994	Chester County	Original
Philadelphia Suburban Water Company	1/19/1996	Montgomery County	Sold all water assets
Franklin Water Company	3/15/1996	Chester County	Original
Philadelphia Suburban Water Company	4/19/1996	Chester County	Sold all water assets
Perkiomen Township Municipal Authority	5/23/1996	Montgomery County	Original
Philadelphia Suburban Water Company	5/23/1996	Montgomery County	Sold all water assets

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Hatboro Water Authority	9/20/1996	Montgomery County	Original
Philadelphia Suburban Water Company	11/1/1996	Montgomery County	Sold all water assets
Spring Run Water Company	11/4/1996	Chester County	Original
Philadelphia Suburban Water Company	11/22/1996	Montgomery County	Merged with
Bradford Glen Water Company	11/4/1996	Chester County	Merged with
Philadelphia Suburban Water Company	11/22/1996	Montgomery County	Subsidiary
Friends Water Company	11/4/1996	Chester County	Merged with
Philadelphia Suburban Water Company	11/22/1996	Montgomery County	Subsidiary
Bristol Water Authority	12/6/1996	Bucks County	Original
Philadelphia Suburban Water Company	11/1/1997	Montgomery County	Sold all water assets
Cherry Water Company	9/20/1996	Montgomery County	Original
Philadelphia Suburban Water Company	1/31/1997	Montgomery County	Sold all water assets
Perkiomen II	9/15/1999	Montgomery County	Original
Philadelphia Suburban Water Company	9/22/1997	Montgomery County	Sold all water assets
Petdler's View Water Company	9/12/1997	Bucks County	Original
Philadelphia Suburban Water Company	9/24/1997	Montgomery County	Sold all water assets
West Chester Municipal Authority	1/23/1998	Chester County	Original
Philadelphia Suburban Water Company	1/23/1998	Montgomery County	Sold all water assets
Brandywine Hospital Water Assets	3/12/1998	Chester County	Original
Philadelphia Suburban Water Company	4/29/1998	Montgomery County	Sold all water assets
Flying Hills Water Company	6/18/1998	Berks County	Original
Philadelphia Suburban Water Company	6/25/1998	Montgomery County	Merged with
Brandywine Reit Water Company	10/16/1998	Berks County	Original
Philadelphia Suburban Water Company	11/11/1998	Berks County	Sold all assets
Plumsock Homeowners Association	6/17/1999	Chester County	Sold all assets
Philadelphia Suburban Water Company	10/15/1999	Chester County	Original
East Marlborough Township	10/29/1999	Montgomery County	Sold all assets
Philadelphia Suburban Water Company	10/15/1999	Bucks County	Original
Bensalem Township	12/3/1999	Montgomery County	Sold all assets
Philadelphia Suburban Water Company	3/31/2000	Montgomery County	Original
Fulmer Heights Home Ownership Association	5/12/2000	Montgomery County	Sold all assets
Philadelphia Suburban Water Company	2/1/2000	Delaware County	Original
Whitehorse Village Inc.	8/17/2000	Montgomery County	Sold all assets
Philadelphia Suburban Water Company	8/21/2000	Chester County	Original
Chatwood Water Company	8/17/2000	Montgomery County	Sold all assets
Philadelphia Suburban Water Company			

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Orchard Ave, Elizabeth Manor & Circle Ave Philadelphia Suburban Water Company	11/28/2000	Chester County Montgomery County	Original Sold all assets
Springton Court, Trailer Park Philadelphia Suburban Water Company	10/13/1999	Chester County Montgomery County	Original Sold all assets
Waymart, Fawn Lake Forest, Northeastern, Woodlock Springs & Western Water Companies Philadelphia Suburban Water Company	12/20/2000	Pike, Mercer, & Wayne Counties	Original
Geigertown Water Company Philadelphia Suburban Water Company	12/21/2000	Montgomery County	Merged with
Philadelphians Suburban Water Company	5/25/2001	Berks County	Original
Philadelphians Suburban Water Company	6/22/2001	Montgomery County	Sold all assets
Consumers Pennsylvania Water Company	1/1/2001	Lawrence County	Provide water service to residents
Springton Court PSW	3/1/2001	Chester County	Purchased water system assets
Dresher Woods Condominium PSW	4/1/2001	Montgomery County	Acquired water system assets
Media Borough Little Washington Wastewater Company	4/1/2001	Delaware County	Purchased wastewater system
Geigertown Water Company PSW	6/1/2001	Berks County	Purchased assets
Icedale-Deer Run PSW	7/1/2001	Berks County	Purchased the water system
Pocopson Township PSW	8/1/2001	Chester County	Provide water service
Schickshiny Lake Property Owner's Association Consumers Pennsylvania Water Company	9/1/2001	Luzerne County	Operation & Management contract
Chalfont Borough Philadelphia Suburban Water Company	11/1/2001	Bucks County	Purchased water system assets
Paupack Water Company Philadelphia Suburban Water Company	11/1/2001	Pike County	Merged
PA State Correctional Institute (SCI Forest) Philadelphia Suburban Water Company	1/1/2002	Forest County	Provide water service
Citizens Water Company of Waorwallopen Philadelphia Suburban Water Company	2/2/2002	Luzerne County	Purchased assets
White Haven Municipal Authority Consumers Pennsylvania Water Company	3/1/2002	Luzerne and Carbon Counties	Purchased assets
Schickshiny Lake Property Owner's Association Consumers Pennsylvania Water Company	5/1/2002	Luzerne County	Purchased assets

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
National Utilities, Inc. Pennsylvania Suburban Water Company	6/1/2002	Lackawanna, Luzerne, Monroe, Susquehanna Wyoming Counties	Acquired
Rolling Green Water Company Pennsylvania Suburban Water Company	7/1/2002	Snyder County	Acquired
Tarbur Water Systems Consumer's Pennsylvania Water Company	7/1/2002	Luzerne County	Operations & Management contract
Meribah Water Company Consumers Pennsylvania Water Company	7/1/2002	Junata County	Operations & Management contract
Monroe Manor Water Company Pennsylvania Suburban Water Company	8/1/2002	Snyder County	Acquired
The Ariana Corporation Consumers Pennsylvania Water Company	8/1/2002	Northampton County	Purchased water system
Cedar Lane Water Association, Inc. Consumers Pennsylvania Water Company	10/1/2002	Luzerne County	Operations & Management contract
Maple Crest Water Company Consumers Pennsylvania Water Company	11/1/2002	Junata County	Operations & Management contract
White Rock Water Systems Consumers Pennsylvania Water Company	11/1/2002	Cumberland County	Acquired
Deer Lake West Brunswick (D.L.W.B.) Consumers Pennsylvania Water Company	11/1/2002	Schuylkill County	Acquired
State Correctional Institution at Waymart (SCI) Philadelphia Suburban Corporation	None listed	Wayne County	Purchased the water system
Jefferson Heights Pennsylvania Suburban Water Company	8/1/2003	Lackawanna County	Acquired
Maple Crest PSW	8/1/2003	Luzerne County	Acquired
Sunrise Estates and Windsor Farm PSW	8/1/2003	Luzerne County	Purchased the assets
Cedar Lane Water Association, Inc. PSW	10/1/2003	Luzerne County	Purchased water system assets
Pine Beach Water Supply PSW	11/1/2003	Wayne County	Purchased water system assets
Pinecrest Lake PSW	12/1/2003	Monroe County	Purchased water assets
Charlestown Meadows PSW	12/1/2003	Chester County	Approval from Commission to serve
Canal Acres Aqua Pennsylvania, Inc.	2/1/2004	Lackawanna Township	Purchase

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Tafton Water Company Aqua Pennsylvania, Inc.	3/1/2004	Pike County	Purchase of water system assets
Applewood Water Company Aqua Pennsylvania, Inc.	3/1/2004	Luzerne County	Acquired
Meribah Water Company Aqua Pennsylvania, Inc.	3/1/2004	Junata County	Acquired
Marionville Water Supply Company Aqua Pennsylvania, Inc.	3/1/2004	Forest County	Purchased
Barrett Water Company, Inc. Aqua Pennsylvania, Inc.	4/1/2004	Luzerne County	Purchased water system assets
Hex Acres Water Company Aqua Pennsylvania, Inc.	4/1/2004	Luzerne County	Purchased water system assets
Tambur Waterworks Aqua Pennsylvania, Inc.	4/1/2004	Luzerne County	Purchased water system assets
Eagle Rock Community Association, Inc. Aqua Pennsylvania, Inc.	6/1/2004	Luzerne and Schuylkill Counties	Purchased water & wastewater assets
Eagle Rock Utility Corporation Aqua Pennsylvania, Inc.	6/1/2004	Schuylkill County	Purchased water system assets
Fieldcrest Water Association, Inc. Aqua Pennsylvania, Inc.	7/1/2004	Luzerne County	Purchased assets
Thornhurst Country Club Estates Property Owners Assoc. Aqua Pennsylvania, Inc.	8/1/2004	Lackawanna County	Purchased water and wastewater assets
Christian Springs Water Company, Inc. Aqua Pennsylvania, Inc.	8/1/2004	Northampton County	Purchased water assets
Links of Gettysburg Aqua Pennsylvania, Inc.	9/1/2004	Adams County	Purchased water system assets
Pennsview Water Company Aqua Pennsylvania, Inc.	10/1/2004	Snyder County	Purchased water system assets
Slanton Water System Aqua Pennsylvania, Inc.	2/1/2005	Lackawanna County	Purchased system
Laurel Lakes Aqua Pennsylvania, Inc.	7/1/2005	Luzerne County	Acquired water and wastewater assets
Bear Creek Township Aqua Pennsylvania, Inc.	7/1/2005	Luzerne County	Acquired water system assets
Penn Lake Park Borough Aqua Pennsylvania, Inc.	7/1/2005	Luzerne County	Acquired water system assets
Saint Johns Aqua Pennsylvania, Inc.	7/1/2005	Luzerne County	Acquired water system assets
Meadowcrest Water Company	8/1/2005	Luzerne County	Acquired water system assets

Name of Acquisition	Date Acquired	County/City or other Governmental Subdivision	Description
Aqua Pennsylvania, Inc.			
Garbush Water Company Aqua Pennsylvania, Inc.	10/19/2005	Luzerne County	Acquired water system assets
Oakland Beach Water Company Aqua Pennsylvania, Inc.	12/30/2005	Crawford County	Acquired water system assets
C.S Water Company Aqua Pennsylvania, Inc.	1/21/2006	Pike County	Acquired water system assets
Greenbriar Estates Water Company Aqua Pennsylvania, Inc.	9/28/2006	Luzerne County	Acquired water system assets
Floral Estates Water Company Aqua Pennsylvania, Inc.	10/31/2006	Lackawanna County	Acquired water system assets
Country Club Gardens Water Company Aqua Pennsylvania, Inc.	11/30/2006	Lehigh County	Acquired water system assets
Garden Hills Water Company Aqua Pennsylvania, Inc.	2/28/2007	Wayne County	Acquired water system assets