



Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

www.aquaamerica.com

March 20, 2015

VIA FEDERAL EXPRESS

Rosemary Chiavatta, Secretary
Pennsylvania Public Utility Commission
Two North Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Aqua Pennsylvania Wastewater, Inc. - Second Quarter 2015 Distribution System
Improvement Charge (DSIC) (Docket No. P-2013-2366873)

Dear Secretary Chiavatta:

Enclosed is one copy of Aqua Pennsylvania's Wastewater's supporting DSIC work papers for the above-mentioned time period as well as Tariff Supplement No. 94 for the above-mentioned time period. The Company is also serving these documents electronically to the Office of Consumer Advocate and the PUC Bureau of Audits.

If you have any questions regarding this filing, please contact me at (610) 645-1136.

Sincerely,

William C. Packer
Controller Aqua Pennsylvania, Inc.

WCP/
Certificate of Service

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MAR 20 2015

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

AQUA PENNSYLVANIA WASTEWATER, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	Sept 2013 - Nov 2013 Actual	Dec 2013 - May 2014 Actual	June - Nov 2014 Actual	Dec 2014 Actual	Jan 2015 Actual	Feb 2015 Actual	Three Months To Date	Total To Date
355000	Power Generation Equipment - Lift Station	2,179	11,059	0	0	0	15,359	15,359	28,597
360000	Collection Sewers-Force	16,869	43,492	65,592	0	0	11,314	11,314	137,267
361000	Collection Sewers-Gravity	145,793	389,367	442,664	1,664	632	727,460	729,756	1,707,580
362000	Special Collecting Structures	0	0	0	0	0	0	0	0
363000	Services to Customers	0	166,888	(166,888)	0	0	0	0	0
364000	Flow Measuring Devices	0	6,696	(6,696)	0	0	0	0	0
365000	Flow Measuring Installations	0	0	0	0	0	0	0	0
371000	Pumping Equipment - Lift Station	145,996	158,286	329,446	0	0	78,749	78,749	713,477
389200	Other Plant & Miscellaneous Equipment - Collections	0	0	0	0	0	0	0	0
396000	Communication Equipment - Lift Station	11,745	28,257	(24,135)	0	0	0	0	15,867
397000	Miscellaneous Equipment - Lift Station	3,345	0	0	0	0	0	0	3,345
TOTAL ADDITIONS		326,927	804,045	639,984	1,664	632	832,883	835,179	2,606,134

AQUA PENNSYLVANIA WASTEWATER, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	Accumulated Depreciation Bal.	Quarterly Depr. On Prior Assets (1)	Quarterly Depr. on Dec 2014-Feb 2015 Assets (2)	Accumulated Depreciation Bal. at 2/28/2015	Depr Rate	Quarterly Depreciation
355000	Power Generation Equipment - Lift Station	257	91	53	401	2.74%	196
360000	Collection Sewers-Force	841	368	17	1,226	1.17%	402
361000	Collection Sewers-Gravity	6,667	2,860	1,067	10,594	1.17%	4,995
362000	Special Collecting Structures	0	0	0	0	1.28%	0
363000	Services to Customers	726	0	0	726	1.74%	0
364000	Flow Measuring Devices	116	0	0	116	6.91%	0
365000	Flow Measuring Installations	0	0	0	0	6.91%	0
371000	Pumping Equipment - Lift Station	25,771	10,965	680	37,416	6.91%	12,325
389200	Other Plant & Miscellaneous Equipment - Collections	0	0	0	0	5.55%	0
396000	Communication Equipment - Lift Station	1,458	265	0	1,723	6.69%	265
397000	Miscellaneous Equipment - Lift Station	252	56	0	308	6.69%	56
TOTAL		36,088	14,605	1,817	52,510		18,239

(1) One Full Quarter's Depreciation.

(2) One Half Quarter Depreciation.

AQUA PENNSYLVANIA WASTEWATER, INC.
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Applicable Additions
 Less Accumulated Depreciation @ Bal. at 2/28/2015
 Net Rate Base includable in DSIC Calculation

Annual Revenue Requirement Rate
 Quarterly Revenue Requirement Rate

Quarterly Capital Cost Recovery
 Quarterly Depreciation Expense
 Total Quarterly DSIC Revenue Requirement

Current Cost Recovery Rate

2014 True-Up [\$23,291 under collection]

E Factor Rate

Applicable Base Rate Revenue

DSIC RATE

Annual	DSIC EFFECTIVE	
	4/1/2015 Quarterly	Monthly
	2,606,134	
	(52,510)	
	<u>2,553,624</u>	
11.75%	2.94%	
	75,013	25,004
	18,239	6,080
	<u>93,252</u>	<u>31,084</u>
		3.20%
	5,823	1,941
	<u>5,823</u>	<u>1,941</u>
		0.20%
	2,914,165	971,388
		<u>3.40%</u>

AQUA PENNSYLVANIA WASTEWATER, INC.
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

WEIGHTED COST OF CAPITAL AT 2/28/2015:

	Proforma Per Books	Capital Structure	Cost Rate	Weighted Avg Cost Rate	Tax Multiplier	Rev Req
Debt	1,004,544,102	44.24%	5.00%	2.21%		2.21%
Preferred	0	0.00%	0.00%	0.00%	1.709211797	0.00%
Equity	1,266,117,701	55.76%	10.00%	5.58%	1.709211797	9.54%
	<u>2,270,661,803</u>	<u>100.0%</u>		<u>7.79%</u>		<u>11.75%</u>

Note: The cost rate of debt and preferred stock are Aqua Pennsylvania including Little Washington Wastewater Company's actual cost rates. The equity cost rate is the equity return rate calculated by the Commission staff and presented in the latest Quarterly Report on the Earnings of Jurisdictional Utilities. The tax multiplier is calculated as follows: $1 / [(1 - Pa \text{ Tax Rate}) \times (1 - Fed \text{ Tax Rate})]$, where the Pa tax rate is 9.99% and Fed tax rate is 35%.

PA TAX	9.99%
FED TAX	35.00%
	$1 / [(1 - PA TAX) \times (1 - FED TAX)]$
	$1 / [(1 - 9.99\%) \times (1 - 35\%)]$
	<u>1.709211797</u>

PROOF	1.709211797
PA TAX	0.170750259
	1.538461538
FED TAX	0.538461538

Aqua Pennsylvania Wastewater, Inc.
 DSIC-Eligible Plant Closings By Month

	Activity #	Description	2014	2015	2015
			December	January	February
35500-Power Generation Equipment	15075029271	Lift Station Repairs to Generators			4,117
	15089308503	Red Sail LS Generator Installation			11,242
35500-Power Generation Equipment Total					15,359
360200-Collection Sewers-Force	15089130422	Repairs to low pressure sewer mains			3,757
	15089230424	Lake Harmony Sewer Point Repairs			5,020
	15089239519	Refurbish Low Pressure Sewer			2,537
360200-Collection Sewers-Force Total					11,314
361200-Collection Sewers-Gravity	15025029822	Gravity Main Repairs			2,447
	15062028132	Gravity Sewer Repairs			15,116
	15063039493	Refurbish Manholes			958
	15063039922	Gravity Main Repairs			5,638
	15073028125	Collection System GIS Mapping			15,871
	15075011441	Media Gravity Sewer Repairs Phase 1	942	632	
	15075030383	Media Gravity Sewer Repairs			547,459
	15078030534	White Haven Gravity Main Repairs			8,872
	15083011767	Eagle Rock I&I Metering Study			3,027
	15084030423	Thornhurst Gravity Main Point Repair			5,401
	15088028101	Mast Hope Sewer Rehab Engineering			8,968
	15088039492	Mast Hope - Refurbish Gravity Mains			4,555
	15089229661	Lake Harmony Sewer Rehab Project			2,417
	15089230529	Repairs to Gravity Mains			1,947
	15089314908	Repairs to collection system mains	722		
	15089329642	Treasure Lake Sewer Rehab Project			104,985
361200-Collection Sewers-Gravity Total			1,664	632	727,460
371000-Pumping Equipment	15063028482	Rehabilitate Lift Stations_Cove			4,614
	15065027246	VFPS Repairs and Improvements			3,314
	15072039494	Refurbish Lift Stations			25,537
	15074028144	Repairs to pumping station			1,695
	15078029623	White Haven Lift Station Repairs			14,268
	15081039902	Refurbish Pump Stations			2,034
	15083029621	Eagle Rock Pump Station Repairs			15,322
	15083039489	Improvements to Pump Stations			5,666
	15088029624	Refurbish Lift Stations @ Mast Hope			1,720
	15089339888	Repairs to Birnini Pump Station			4,581
371000-Pumping Equipment Total					78,749
Grand Total			1,664	632	832,883

AQUA PENNSYLVANIA WASTEWATER, INC.
RATES AND RULES
GOVERNING THE COLLECTION
OF
WASTE WATER
IN PORTIONS OF
ADAMS, BUCKS, CARBON, CHESTER, CLEARFIELD, DELAWARE, LACKAWANNA, LUZERNE, MONROE,
MONTGOMERY, PIKE, SCHUYLKILL AND WYOMING COUNTY

ISSUED: March 20, 2014
by
NICHOLAS DeBENEDICTIS, Chairman
762 Lancaster Avenue
Bryn Mawr, Pennsylvania

EFFECTIVE: April 1, 2015

NOTICE

THIS TARIFF INCREASES THE DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

Aqua Pennsylvania Wastewater, Inc.

SUPPLEMENT NO. 94
TO
SEWER-PA, P.U.C. NO. 1
FIFTY-SEVENTH REVISED PAGE NO. 1A
CANCELING FIFTY-SIXTH REVISED PAGE NO. 1A

LIST OF CHANGES MADE BY THIS TARIFF

Changes: This tariff increases the Distribution System Improvement Charge (DSIC) on page 10DSIC (Eighth Revised) of the Company's tariff effective April 1, 2015, as approved by the Pennsylvania Public Utility Commission at Docket No. P-2013-2366873.

Aqua Pennsylvania Wastewater, Inc.

FIFTY-FOURTH REVISED PAGE NO. 2
CANCELING FIFTY-THIRD REVISED PAGE NO. 2

I N D E X

	<u>Page</u>
Rates And Rules	1 Supplement No.94 (C)
List Of Changes Made By This Tariff	1A Fifty-Seventh Revised (C)
Index	2 Fifty-Fourth Revised (C)
Description Of Territory Served	3 Eighteenth Revised
SCHEDULE OF RATES:	
Meter Service-Pinecrest Division	4 Seventh Revised
Meter Service-Willistown Woods Division	4A Seventh Revised
Meter Service-Links at Gettysburg Division	5 Tenth Revised
Meter Service-East Bradford Division	6 Ninth Revised
Meter Service-Twin Hills Division	7 Fourth Revised
Meter Service-Plumsock Division	8 Sixth Revised
Meter Service-Media Division	9 Fifth Revised
Unmetered Service-White Haven Division	10 Third Revised
Meter Service-Bridlewood Division	10A Sixth Revised
Unmetered Service – Eagle Rock Division	10B Third Revised
Unmetered Service – Thornhurst Division	10C Third Revised
Metered Service – Rivercrest	10D Third Revised
Metered Service – Little Washington Division	10E Ninth Revised
Unmetered Service – Laurel Lakes Division	10F Third Revised
Metered Service – Deerfield Knoll Division	10G Sixth Revised
Unmetered Service – C S Sewer Division	10H Third Revised
Metered Service – Peddlers View Division	10I Fifth Revised
Metered Service – The Green at Penn Oaks Division	10J Third Revised
Metered Service – Newlin Green Division	10K Third Revised
Unmetered Service – Woodloch Springs Division	10L Second Revised
Unmetered Service – Stony Creek Division	10M First Revised
Unmetered Service – New Daleville Division	10N Third Revised
Metered Service – Village at Valley Forge Division	10O First Revised
Unmetered Service – Beech Mountain Lakes Division	10P First Revised
Unmetered Service – Lake Harmony Division	10Q First Revised
Unmetered Service – Lake Harmony Division	10R First Revised
Metered, Unmetered and Availability Service – Treasure Lake Division	10S First Revised
Rules and Regulations – Treasure Lake Division	10T First Revised
Distribution System Improvement Charge (DSIC)	10DSIC Eighth Revised (C)
Distribution System Improvement Charge (DSIC)	10DSIC1 First Revised
Distribution System Improvement Charge (DSIC)	10DSIC2 Second Revised
Distribution System Improvement Charge (DSIC)	10DSIC3 First Revised
Definitions	11 Third Revised
Contract for Service	12 Third Revised
Service Lines	12 Third Revised
Use of Service	13 Third Revised
Bills and Notices	13 Third Revised
Customer Deposits	14 Third Revised
Discontinuance of Service	15 Third Revised
Main Extensions	17 Third Revised

(C) Indicates Change

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a surcharge of 3.40% shall apply to all bills issued on or after April 1, 2015, with the exception of those for Woodloch Pines.

I. General Description

Purpose: To recover the reasonable and prudent costs incurred to repair, improve or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems. The costs of extending facilities to serve new customers are not recoverable through the DSIC. Utility projects receiving PENNVEST funding or using PENNVEST surcharges are not DSIC-eligible property.

Eligible Property:

- Collection sewers, collecting mains and service laterals, including sewer taps, curb stops and lateral cleanouts installed as in-kind replacements for customers. Accounts (360 & 361).
- Collection mains and valves for gravity and pressure systems and related facilities such as manholes, grinder pumps, air and vacuum release chambers, cleanouts, main line flow meters, valve vaults, and lift stations installed as replacements or upgrades for existing facilities that have worn out, are in deteriorated condition or are required to be upgraded by law, regulation or order. Accounts (360;361;362;363;364; & 365)
- Collection main extensions installed to implement solutions to wastewater problems that present a significant health and safety concern for customers currently receiving service from the wastewater utility. Accounts (360 & 361)
- Collection Main rehabilitation including inflow and infiltration projects. (Account 361)
- Unreimbursed cost related to highway relocation projects where a wastewater utility must relocate its facilities. Account (360;361;362;363;364; & 365).
- Other related capitalized costs. Account (389.2)

II. Computation of the DSIC

Calculation: The initial charge, effective October 1, 2013, will be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service between June 1, 2013 and August 31, 2013. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

<u>Effective Date Of Change</u>	<u>Date To Which DSIC Eligible Plant Additions Reflected</u>
April 1	December 1 to February 28/29
July 1	March 1 to May 31
October 1	June 1 to August 31
January 1	September 1 to November 30

The fixed costs of eligible distribution system improvement projects will consist of depreciation and pre-tax return, calculated as follows:

Verification

I, Gordon Miller, hereby state that the personnel performing DSIC-eligible work are qualified and that any DSIC-eligible work that is performed by independent contractors is properly inspected by utility employees, in compliance with 66 Pa.C.S. Section 1359. The facts set forth above are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Gordon H Miller

Gordon Miller, Assistant Manager of Wastewater Operations

3/19/2015

Date

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MAR 20 2015

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

AQUA PENNSYLVANIA WASTEWATER, INC.
CERTIFICATE OF SERVICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Aqua Pennsylvania Wastewater, Inc.

Distribution System
Improvement Charge (DSIC)
Filing

CERTIFICATE OF SERVICE

I hereby certify that I have this day filed supporting DSIC work papers with the PA Public Utility Commission and upon the person(s) and in the manner indicated below:

VIA FEDERAL EXPRESS

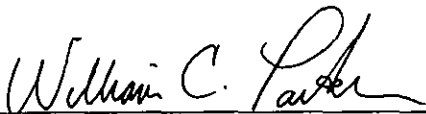
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kraffenspc@pa.gov; bshuey@pa.gov; &
kmather@pa.gov)

Dated: March 20, 2014



William C. Packer
Controller Aqua Pennsylvania, Inc.

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MAR 20 2015

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU