

AQUA
Pennsylvania.

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

www.aquapennsylvania.com

VIA FEDERAL EXPRESS

f.00961036

March 19, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Two North Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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MAR 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

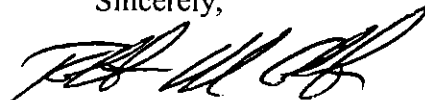
Re: Quarterly Distribution System Improvement Charge (DSIC)

Dear Secretary McNulty:

Enclosed are four copies of Aqua Pennsylvania's Supplement No. 76 to Water-PA P.U.C. No. 1 and the supporting DSIC workpapers for the second quarter of 2007. As noted in the PUC Order, these documents are also being served to the Office of Consumer Advocate, the Office of Trial Staff and the Office of Small Business Advocate. Aqua Pennsylvania is also serving these documents to the PUC Bureau of Audits.

If you have any questions regarding this filing, please contact me at (610) 645-1130.

Sincerely,



Robert M. Griffin
Senior Manager of Regulatory Accounting

**DOCUMENT
FOLDER**

RMG/
Certificate of Service

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

108

AQUA PENNSYLVANIA, INC.
CERTIFICATE OF SERVICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Aqua Pennsylvania, Inc.

Distribution :
Improvement Charge (DSIC)
Filing

CERTIFICATE OF SERVICE

I hereby certify that I have this day filed Aqua Pennsylvania's Supplement No. 76 to Water-PA P.U.C. No. 1 and supporting DSIC workpapers for the second quarter of 2007 with the PA Public Utility Commission and upon the person(s) and in the manner indicated below:

VIA FEDERAL EXPRESS

Irwin A. Popowsky, Esq.
Office of Consumer Advocate
555 Walnut Avenue, Fifth Floor
Forum Place
Harrisburg, PA 17101-1921
(email to ddusman@paoca.org)

William R. Lloyd, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 N. Second Street
Harrisburg, PA 17101-1921

John Sims, Director
Office of Trial Staff
Two West Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102

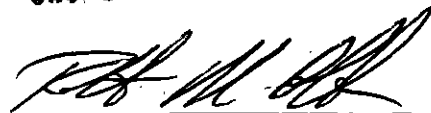
Larry Treaster
Bureau of Audits
Three East Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102
(email to riwallace@state.pa.us &
latreaster@state.pa.us)

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MAR 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dated: March 19, 2007



Robert M. Griffin
Senior Manager of Regulatory Accounting

AQUA PENNSYLVANIA, INC.
RATES AND RULES
GOVERNING THE DISTRIBUTION
OF
WATER
IN PORTIONS OF

P-00961036

ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, COLUMBIA, CRAWFORD,
CUMBERLAND, DELAWARE, FOREST, JUNIATA, LACKAWANNA, LAWRENCE, LEHIGH,
LUZERNE, MERCER, MONTGOMERY, MONROE, NORTHHAMPTON, NORTHUMBERLAND, PIKE,
SCHUYLKILL, SUSQUEHANNA, SNYDER, WAYNE AND WYOMING COUNTIES

DOCUMENT
FOLDER

ISSUED: March 20, 2007
by
NICHOLAS DeBENEDICTIS, Chairman
762 Lancaster Avenue
Bryn Mawr, Pennsylvania

Effective: April 1, 2007
Issued in accordance with Section
1307(g) of the PA Public Utility
Code and Docket No. P-00961036
entered August 26, 1996.

NOTICE

**THIS TARIFF INCREASES THE DISTRIBUTION SYSTEM IMPROVEMENT
CHARGE FOR ALL METERED AND UNMETERED CUSTOMERS WITH THE
EXCEPTION OF PUBLIC FIRE HYDRANT CUSTOMERS AND CUSTOMERS WITH
SPECIAL CONTRACTS.**

DOCKETED
MAR 26 2007

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MAR 19 2007
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Aqua Pennsylvania, Inc.

Supplement No. 76
To
Water-PA.P.U.C. No. 1
Seventy Second Revised Page No. 1A
Canceling Seventy First Revised Page No. 1A

LIST OF CHANGES MADE BY THIS TARIFF

Increase: This tariff increases the Distribution System Improvement Charge (DSIC) on page 20 (Twentieth Revised) of the Company's tariff effective April 1, 2007, as approved by the Pennsylvania Public Utility Commission at Docket No. P-00961036 on August 26, 1996.

Aqua Pennsylvania, Inc.

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Fire Service-Main Division	4B	Fifth Revised
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Aqua Pennsylvania, Inc.

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RIDER
STATE TAX SURCHARGE APPLICABLE TO ALL RATES

In addition to the net charges provided for in this Tariff, a surcharge of 1.39% will apply to all bills issued on and after December 5, 2006.

The above surcharge will be recomputed using the elements prescribed by the Commission in its policy at 52 PA Code section 69.51 et seq.:

- On or before March 31 of each year; and/or
- Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to a change in the applicable tax rates, or in the basis of calculating such tax rates, or due to changes in the state tax liability arising under the law.

The recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation or as prescribed in the Commission's regulations or orders. If the recomputed surcharge is less than the one in effect, the utility will, or if the recomputed surcharge is more than the one in effect, the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be 10 days after filing or as prescribed in the Commission's regulations or orders. In the event that the Company files an increased surcharge subsequent to 10 days after the occurrence of an event which occasions a recomputation, the effective date of such tariff or supplement shall be 60 days after filing in accordance with section 1308(a) of the Public Utility Code, 66 C.S. section 1308(a)(regarding voluntary changes in rates) unless otherwise directed by the Commission.

The surcharge shall be rolled into base rates when increased or decreased base rates are made effective.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (I)

In addition to the net charges provided for in this Tariff, a surcharge of 2.67% will apply to all bills issued, excluding public fire hydrants, on or after April 1, 2007.

I. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be 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 its aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. Company projects receiving PENNVEST funding are not DSIC - eligible property.

Eligible Property: The DSIC-eligible property will consist of the following:

services (account 3330), meters (account 3340) and hydrants (account 3350) installed as in-kind replacements for customers;

mains and valves (account 3310) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52;

main extensions (account 3310) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company;

(I) Indicates Increase

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	June-Aug-06 Actual	Sept-Nov-06 Actual	December-06 Actual	January-07 Actual	February-07 Actual	Three Months To Date	Total To Date	
322000	Main Cleaning & Relining	1,714,074	4,144,335	236,364	3,361	3,767	243,492	6,101,901	
322000	Major Main Replacements	13,194,519	15,320,118	658,563	801,325	6,674,712	8,134,600	36,649,237	
322000	Minor Changes in Mains	0	0	0	0	0	0	0	
322000	Minor Main Replacements	702,538	913,164	302,666	210,970	417,591	931,227	2,546,929	
322000	Tie in Dead End Mains	355,411	2,009,467	744,759	957,299	812,474	2,514,532	4,879,410	
322000	Unreimbursed Imprvmts due to highway relocations	173,201	0	0	58,227	45,202	103,429	276,630	
322000	Valve Replacement Program	112,178	167,027	59,152	56,793	48,905	164,850	444,055	
323000	Repl Services	298,495	325,863	106,892	101,293	167,846	376,031	1,069,389	
323000	Repl Services due to Main Rehabilitation	2,156,874	1,731,514	(13,126)	274,702	633,419	894,995	4,777,383	
324000	Replacement Meters	391,970	512,326	129,249	99,345	100,356	328,950	1,233,246	
325000	Replacement Fire Hydrants	234,347	286,574	113,731	114,441	133,878	362,050	882,971	
TOTAL ADDITIONS		0	19,333,607	25,410,388	2,338,250	2,677,756	9,038,150	14,054,156	58,798,151

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	Accumulated Depreciation Bal. 11/31/06	Quarterly Depr. On Prior Assets (1)	Quarterly Depr. on - 2/07 Assets (2)	Accumulated Depreciation Bal. 2/28/07	Depr Rate	Quarterly Depreciation
322000	Main Cleaning & Relining	24,725	31,196	648	56,569	2.13%	32,493
322000	Major Main Replacements	73,434	76,277	10,880	160,591	1.07%	98,037
322000	Minor Changes in Mains	0	0	0	0	1.07%	0
322000	Minor Main Replacements	4,040	4,322	1,246	9,608	1.07%	6,813
322000	Tie in Dead End Mains	4,114	6,326	3,363	13,803	1.07%	12,952
322000	Unreimbursed Imprvmts due to highway relocations	695	463	138	1,296	1.07%	0
322000	Valve Replacement Program	1,158	1,284	379	2,821	1.84%	2,043
323000	Repl Services	2,611	2,669	804	6,084	1.71%	4,277
323000	Repl Services due to Main Rehabilitation	17,532	16,623	1,913	36,068	1.71%	20,449
324000	Replacement Meters	17,474	18,719	3,405	39,598	8.28%	25,528
325000	Replacement Fire Hydrants	2,041	2,149	747	4,937	1.65%	3,642
TOTAL		147,824	160,028	23,523	331,375		207,074

(1) One Full Quarter's Depreciation.

(2) One Half Quarter Depreciation.

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

	DSIC EFFECTIVE	
	4/1/2007	
	Quarterly	Monthly
Applicable Additions	58,798,151	
Less Accumulated Depreciation @ February 28, 2007	(331,375)	
Net Rate Base Includable in DSIC Calculation	<u>58,466,776</u>	
Annual Revenue Requirement Rate	11.79%	
Quarterly Revenue Requirement Rate		2.95%
Quarterly Capital Cost Recovery	<u>1,723,308</u>	57,025
Quarterly Depreciation Expense	207,074	69,025
Total Quarterly DSIC Revenue Requirement	<u>1,930,382</u>	643,461
Current Cost Recovery Rate		2.66%
2006 DSIC True-up [\$30,669 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]	7,667	2,556
2005 e-Factor [\$707 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]	177	59
	<u>7,844</u>	2,615
E Factor Rate		0.01%
Applicable Base Rate Revenue	72,638,404	24,212,801
DSIC RATE		2.67%

WEIGHTED COST OF CAPITAL AT 2/28/07:

	Proforma Per Books	Capital Structure	Cost Rate	Weighted Avg. Cost Rate	Tax Multiplier	Rev Req
Debt	646,431,864	52.10%	5.96%	3.11%		3.11%
Preferred	0	0.00%	4.78%	0.00%	1.709211797	0.00%
Equity	594,233,507	47.90%	10.60%	5.08%	1.709211797	8.68%
	<u>1,240,665,371</u>	100.0%		8.19%		11.79%

Note: The cost rate of debt and preferred stock are the 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: $1 / [(1 - \text{Pa. Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$ where the Pa. tax rate is 9.99% and Fed. tax rate is 35%.

Aqua Pennsylvania, inc.
 Eligible Plant Closings By Month

Activity #	Description	Closed Dec-06	Closed Jan-07	Closed Feb-07
110 Main Replacement				
15714039681	Whitemans Dam, Cungham Twp	256	58,766	2,028
15724001732	Stevenson/Desmond Main Replacement	-	6,643	79,915
15724022305	Olive St. Main Replacement	-	145	20,542
15724004746	Penna. Ave. Blue Spruce Trailer	-	-	13,364
15734003034	Thornhurst Main Replacement	-	-	137,207
15734006878	Oak Lane, Floral Estates - Waymart	-	-	96,299
15734007066	Tanglewood Lakes MR - Waymart	-	-	168,756
15734035597	Galvanized & PVC Main Repl-Waymart	-	-	499
15734036998	11,000'-8" Tanglewood, Paupack	-	45,061	-
15744000586	Chinchilla Main Replacement	442	-	1,067
15744006438	Brick Church & Lilly St., Hamilton	65,363	640	11,866
15744006677	Crest St., Hex Acres	44,747	-	-
15744006734	Replace pipe Shickshinny Lake	-	19,201	-
15784002535	Crawford & stateline	375	-	-
15784004005	C-MR Shenango, Church to Alley	-	-	2,165
15784035483	Dakota, Stambaugh to Indi	1,221	-	-
15784035486	State, Androla to Keeler	36	-	-
15784035490	Chestnut St., Morton St. to end, Shenango	544	-	-
15784035498	Selina to Haywood, Shenango	-	1,057	1,113
15784035510	E Birch, Existing 4" to	1,900	-	-
15784035513	W. Birch, Forest to Hemlock	2,202	-	-
15900100085	Sproul Rd. Main Replacement	110,081	378,402	9,629
15900100369	Manor Avenue, Upper Darby	3,663	-	-
15900101252	Brookside Rd., Springfield	30	-	-
15900104488	South Orange Avenue, Upper Prov	-	-	617,328
15900104496	Oak Lane, Darby, Collingdale	-	-	365,352
15900104506	LaGrange Avenue, Tinicum	-	-	34,532
15900104734	Morton Ave., Morton	51,998	19,157	747
15900104768	Plush Mill Rd., Nether Prov.	6,110	18,597	932
15900104776	Maplewood Avenue, Upper Darby	-	-	63,451
15900106087	2nd Street Base plan design, C	-	-	231,294
15900106448	Bond Ave., Upper Darby	-	4,173	-
15900106589	Howard Ave. Haverford	33,860	9,563	-
15900106759	Hinkson Boulevard, Ridley Park	-	-	291,318
15900106733	Girard Ave., Ridley	11,013	-	-
15900106786	East Langhorne Avenue, Haverford	-	-	36,380
15900107084	Sutton Avenue, Ridley	-	-	20,680
15900135791	Furness Lane, Nether Providence	-	-	50,825
15900135861	Union Ave., Upper Darby	9,377	-	1,820
15900135885	Woodland Ave., Springfield	872	2,026	-
15900136940	13900'-12" Chester Pike, Ridley Park	314	5,807	3,057
15900202538	Brentwood Ave., Haverdord	-	(69,762)	12,339
15900204422	Woodland Ave., Malvern	34,738	-	34,874
15900204446	Polo Rd., Haverford	7,985	30,466	-
15900204427	Village Way, East Whiteland	-	-	118,206
15900204452	Millbrook La., Haverford	52	36,289	-
15900204453	Ithan Avenue, Lower Merion	-	-	129,498
15900204469	Garrett Avenue, Radnor	-	-	81,257
15900222615	5100'-16" Montgomery Ave., Lower Merion	52,218	-	-
15900235820	Montgomery Avenue, Lower Merio	-	-	3,903
15900239506	400'-8" Exeter Rd., Easttown	-	7,791	-
15900283010	MR.6000'-16 River Wes 6954W	-	11,544	-

Aqua Pennsylvania, inc.
C-eligible Plant Closings By Month

Activity #	Description	Closed Dec-06	Closed Jan-07	Closed Feb-07
15900302768	Woodbrook La., Plymouth	61,955	10,700	-
15900303917	Lycoming Ave., Abington	-	(75,763)	-
15900303938	Sierra Rd., Plymouth	890	15,768	134
15900303940	Rockwell Ave., Abington	564	52	-
15900304412	Auburn Avenue, Springfield	-	120,743	9,025
15900304424	Elm Avenue, Cheltenham	-	-	86,254
15900304430	Jefferson Avenue, Cheltenham	-	-	103,127
15900304432	Maple Avenue, Bristol Township	-	-	259,429
15900304435	Miller Avenue, Bristol Townshi	-	-	27,802
15900304438	Nyslor Avenue, Abington	-	46,480	4,943
15900304447	Rices Mill Road, Ph 1, Cheltenham	-	-	478,245
15900304454	Waverly Road, Cheltenham	-	-	613,073
15900305181	Yellowstone Rd., Plymouth	3,555	-	-
15900305189	Corinthian ave., abington	433	61,246	-
15900306743	Mountain Avenue, Cheltenham	-	-	826,527
15900306965	Cedar Grove Road, Whitemarsh	-	14,901	345,386
15900321905	MR,600'-6",JEFFERSON & RYERS,CHELT	-	-	95
15900321958	7500'-12" Mt. Carmel Ave., Abington	-	2,382	-
15900330974	MR,2500'-8",Jarrett Rd,Rockledge, 6375E	-	-	148
15900331523	4750'-8" Walton Rd., Plymouth	-	-	239,835
15900333084	MR,1830'-8",Borbeck Ave,Rockledge,6390E	-	-	34
15900335802	Joshua Rd., Whitemarsh	112,774	17,131	395,631
15900336995	Old York Rd., Abington	38,994	-	1,448
15900340994	Terry's Trailer Park, Bristol	-	2,118	-
15900404465	Goodwin Lane, Westtown	-	-	88,581
15900404470	Market Street (West), West Chester	-	-	552,326
15900439719	MR,200'-8",Wollerton Alley, West Chester	-	-	425
		658,563	801,325	6,674,712

116 Tie in Dead End Mains

15714006488	Across Drive Transmission Loop	1,976	85,006	1,018
15714010172	TM,Tie-in Dead End Mns, Roaring Creek	-	187	-
15714029141	Transmission Reinforcement	135,022	107,225	1,018
15734037257	Mast Hope interconnect	1,339	-	-
15784004873	C-MN STATE LINE INDUSTRIAL PARK	-	-	143,236
15784035520	Lynwood, Llodia to Freedl	302	-	-
15900406598	Strasburg Road, Phase II, E&W	-	-	368,766
15900304423	Edge Hill Road (2006 start)	437,148	6,567	40,353
15900304426	Fleming Avenue, Abington	-	81,134	30,448
15900404460	Biddle Road, Uwchlan	-	1,326	23,972
15900404475	Morstein Rd., E. Goshen	961	48,649	-
15900405170	Brooke Rd., Uwchlan	1,625	33,439	235
15900434453	TM,RT100,Fellowship,Upper Uwchlan 2388G	-	-	1,032
15900335752	Davisville Rd., Upper Moreland	-	52	107,085
		578,374	363,585	717,162

120 Main Cleaning & Lining

15900122408	MC,10000'-6",Parkview,Upper Darby	-	2,125	-
15900136240	Bond Ave., Upper Darby	5,753	177	-
15900236243	Ott Rd., Lower Merion	24,116	-	-
15900335919	10th Ave., Conshohocken	81,337	224	3,767
15900335920	Glen Rd., Abington	125,158	834	-
		236,364	3,361	3,767

Aqua Pennsylvania, inc.
Eligible Plant Closings By Month

Activity #	Description	Closed Dec-06	Closed Jan-07	Closed Feb-07
125	Capitalized Main Breaks	302,666	210,970	417,591
132	Highway Relocations			
	15784001000 HIGHWAY RELOCATION SR 18	-	-	13,690
	15900236749 Relocate main at turnpike serv	0	2,467	4,672
	15900302666 Warminster Road Grade Crossing	-	-	13,655
	15900302668 Old York Road Grade Crossing	-	-	11,337
	15900407798 Shiloh Road conflict with sewer	-	-	1,848
	15900322523 300'-16" Willow Grove Ave.	-	55,760	-
		0	58,227	45,202
135	Valve Replacements	59,152	56,793	48,905
198	Other Main Work			
	15900235956 Anthony Wayne & Walker Regular	36,875	130	-
	15900235957 Crossfield Relief Valve	31,574	-	-
	15900235958 Woodbine & Marywatersford Pit	26,220	3,528	-
	15900335949 Township Line & York, Abington	-	76,395	11,438
	15900335950 Cedar Grove & Joshua, Whitemarsh	-	59,957	-
	15900335952 Huntingdon Pike & Moredon	-	128,679	3,464
	15900335953 Edgehill & Easton Regulator	46,019	-	63
	15900412261 Ingrams Mill to Marshallton	25,698	325,024	1,063
	15900435959 Brandywine Green Well PRVs	-	-	11,731
	15000435961 Long View & Rock Creek, W. Goshen	-	-	32,680
	15900435962 Copeland School & Frank, East	-	-	34,873
		166,385	593,714	95,312
205	Eligible Meters	129,249	99,345	100,356
310	Renewal Services	106,892	101,293	167,846
315	Renewal Services-Main Rehab	(13,126)	274,702	633,419
410	Replaced/Relocated Fire Hydrants	87,919	64,187	75,933
415	Eliminate No Drain Fire Hydrants	18,212	46,210	55,706
420	Change 2 W to 3 W Fire Hydrants	6,396	823	262
435	Replace Private Fire Hydrants	1,204	3,221	1,977
		<u>2,338,250</u>	<u>2,677,756</u>	<u>9,038,149</u>



ORIGINAL

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

www.aquapennsylvania.com

June 19, 2007

VIA FEDERAL EXPRESS

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Two North Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

P-00961036 RECEIVED
JUN 19 2007
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Quarterly Distribution System Improvement Charge (DSIC)

Dear Secretary McNulty:

Enclosed are four copies of Aqua Pennsylvania's Supplement No. 78 to Water-PA P.U.C. No. 1 and the supporting DSIC workpapers for the third quarter of 2007. As noted in the PUC Order, these documents are also being served to the Office of Consumer Advocate, the Office of Trial Staff and the Office of Small Business Advocate. Aqua Pennsylvania is also serving these documents to the PUC Bureau of Audits.

If you have any questions regarding this filing, please contact me at (610) 645-1130.

Sincerely,

Robert M. Griffin
Senior Manager of Regulatory Accounting

DOCUMENT
FOLDER

RMG/
Certificate of Service

36

AQUA PENNSYLVANIA, INC.
CERTIFICATE OF SERVICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Aqua Pennsylvania, Inc.

Distribution :
Improvement Charge (DSIC)
Filing

CERTIFICATE OF SERVICE

I hereby certify that I have this day filed Aqua Pennsylvania's Supplement No. 78 to Water-PA P.U.C. No. 1 and supporting DSIC workpapers for the third quarter of 2007 with the PA Public Utility Commission and upon the person(s) and in the manner indicated below:

VIA FEDERAL EXPRESS

Irwin A. Popowsky, Esq.
Office of Consumer Advocate
555 Walnut Avenue, Fifth Floor
Forum Place
Harrisburg, PA 17101-1921
(email to ddusman@paoca.org)

William R. Lloyd, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 N. Second Street
Harrisburg, PA 17101-1921

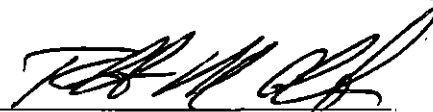
John Sims, Director
Office of Trial Staff
Two West Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102

Larry Treaster
Bureau of Audits
Three East Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102
(email to riwallace@state.pa.us &
latreaster@state.pa.us)

RECEIVED

JUN 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Robert M. Griffin

Senior Manager of Regulatory Accounting

Dated: June 19, 2007

ORIGINAL

Supplement No. 78
To
Water-PA.P.U.C. No. 1

AQUA PENNSYLVANIA, INC.
RATES AND RULES
GOVERNING THE DISTRIBUTION
OF
WATER
IN PORTIONS OF

P-00961036

ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, COLUMBIA, CRAWFORD,
CUMBERLAND, DELAWARE, FOREST, JUNIATA, LACKAWANNA, LAWRENCE, LEHIGH,
LUZERNE, MERCER, MONTGOMERY, MONROE, NORTHAMPTON, NORTHUMBERLAND, PIKE,
SCHUYLKILL, SUSQUEHANNA, SNYDER, WAYNE AND WYOMING COUNTIES

ISSUED: June 20, 2007
by
NICHOLAS DeBENEDICTIS, Chairman
762 Lancaster Avenue
Bryn Mawr, Pennsylvania

DOCUMENT
FOLDER

Effective: July 1, 2007
Issued in accordance with Section
1307(g) of the PA Public Utility
Code and Docket No. P-00961036
entered August 26, 1996.

NOTICE

**THIS TARIFF INCREASES THE DISTRIBUTION SYSTEM IMPROVEMENT
CHARGE FOR ALL METERED AND UNMETERED CUSTOMERS WITH THE
EXCEPTION OF PUBLIC FIRE HYDRANT CUSTOMERS AND CUSTOMERS WITH
SPECIAL CONTRACTS.**

DOCKETED

JUN 26 2007

RECEIVED

JUN 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Aqua Pennsylvania, Inc.

Supplement No. 78
To
Water-PA.P.U.C. No. 1
Seventy Fourth Revised Page No. 1A
Canceling Seventy Third Revised Page No. 1A

LIST OF CHANGES MADE BY THIS TARIFF

Decrease: This tariff increases the Distribution System Improvement Charge (DSIC) on page 20 (Twenty second Revised) of the Company's tariff effective July 1, 2007, as approved by the Pennsylvania Public Utility Commission at Docket No. P-00961036 on August 26, 1996.

Aqua Pennsylvania, Inc.

I N D E X

	<u>Page</u>	
RATES AND RULES	1	Supplement No. 78
LIST OF CHANGES MADE BY THIS TARIFF	1A	Seventy Fourth Revised
INDEX	2	Seventy Fourth Revised
INDEX	2A	Nineteenth Revised
DESCRIPTION OF TERRITORY SERVED	3	Eighth Revised
DESCRIPTION OF TERRITORY SERVED	3A	Third Revised
DESCRIPTION OF TERRITORY SERVED	3B	Fourteenth Revised
DESCRIPTION OF TERRITORY SERVED	3C	Twenty Second Revised
Meter Service-PSW Main Division	4	Fifth Revised
Rates for Water Consumed-Main Division	4	Fifth Revised
Rates for Water Consumed-Main Division	4A	Sixth Revised
Fire Service-Main Division	4B	Fifth Revised
Fire Service-Main Division	5	Sixth Revised
Rates for Water Consumed-Hedgerow Division	5A	Fifth Revised
Meter Service-Fawn Lake, Tanglewood Woodledge Village & Western Division	7	Fifth Revised
Rates for Water Consumed-Fawn Lake, Tanglewood, Woodledge Village & Western Division	7	Fifth Revised
Rates for Water Consumed-Fawn Lake, Tanglewood, Woodledge Village & Western Division	7A	Sixth Revised
Fire Service-Fawn Lake, Tanglewood, Woodledge Village & Western Division	7B	Fifth Revised
Meter Service-Bensalem Division	7C	Fifth Revised
Rates for Water Consumed-Bensalem Division	7C	Fifth Revised
Fire Service-Bensalem Division	7D	Fifth Revised
Meter Service - Bristol Division	11	Fifth Revised
Rates for Water Consumed - Bristol Division	11	Fifth Revised
Rates for Water Consumed - Bristol Division	11A	Fifth Revised
Fire Service - Bristol Division	11B	Fifth Revised
Meter Service - Consumers Roaring Creek Division	15	Fifth Revised
Rates for Water Consumed - Consumers Roaring Creek Division	15	Fifth Revised
Rates for Water Consumed - Consumers Roaring Creek Division	15A	Fifth Revised
Fire Service - Consumers Roaring Creek Division	15B	Fifth Revised
Meter Service - Chalfont Division	17C	Sixth Revised
Rates for Water Consumed - Chalfont Division	17C	Sixth Revised
Rates for Water Consumed - Chalfont Division	17D	Sixth Revised
Fire Service - Chalfont Division	17E	Sixth Revised
Meter & Unmetered Service - Paupack Year-round Division	17G	Seventh Revised
Meter Service - Wapwallopen Division	17H	Sixth Revised
Metered and Unmetered Service - White Haven Division	17I	Sixth Revised
Metered and Unmetered Service - NUI Division I	17K	Fifth Revised
Metered and Unmetered Service - NUI Division II	17L	Fifth Revised
Metered and Unmetered Service - NUI Division III, Jefferson & Oneida	17M	Fifth Revised
Unmetered Service - Brooklyn Division of NUI	17N	Fifth Revised
Unmetered Service - Pinecrest Division	17V	Original
Metered Service - Applewood and Marienville Divisions	17Y	Original
Metered & Unmetered Service - Eagle Rock Division	17AC	Second Revised
Unmetered Service - Thornhurst Division	17AF	Original
Metered Service - Pennsview Division	17AH	Second Revised
Metered Rates - Stanton Division	17AI	Second Revised
Metered Rates - Midway Manor Collective	17AJ	Second Revised
Metered Service - Garbush	17AK	Original
Metered Service - Oakland Beach	17AL	Original
Metered Service - CS Water	17AM	Original

Aqua Pennsylvania, Inc.

Industrial Standby Rate	18	Second Revised
Industrial Standby Rate	18A	Fifth Revised
Industrial Standby Rate	18B	Second Revised
Resale and Electric Generation Standby Rate	18C	Second Revised
Resale and Electric Generation Standby Rate	18D	Fourth Revised
Resale and Electric Generation Standby Rate	18E	Second Revised
Rider DIS - Demand Based Industrial Service	19	Third Revised
Rider DRS - Demand Based Resale Service	19A	Second Revised
Rider EGS - Electric Generation Service	19B	Second Revised
Rider OPI - Off Peak/Interruptible Service	19C	Second Revised
Rider OPI - Off Peak/Interruptible Service	19D	Second Revised
State Tax Surcharge Applicable to All Rates	20	Twenty Second Revised
Distribution System Improvement Charge	20A	Third Revised
Distribution System Improvement Charge	20B	Second Revised
Distribution System Improvement Charge	20C	Second Revised
Introduction	21	Fifth Revised
Classes of General Metered Service & Definitions	22	Fifth Revised
Application of Service	25	Second Revised
Deposits & Bill Payments	26	Fourth Revised
Service Connections	28	Fourth Revised
Meters & Meter Locations	31	Third Revised
Building Construction Service; Metered Fire Service	34	Fifth Revised
Unmetered Fire Service	35	Third Revised
Responsibility for Service; System Inspection and Integrity	37	Fifth Revised
Cross-Connection Control	38	Fifth Revised
Termination of Service	39	Fifth Revised
Water Conservation and Drought Emergency	40	Third Revised
Main Extensions	41	Fifth Revised
Main Extensions For Bona Fide Applicants	42	Fifth Revised
Main Extensions and Services by Builder	46	Fifth Revised

RIDER
STATE TAX SURCHARGE APPLICABLE TO ALL RATES

In addition to the net charges provided for in this Tariff, a surcharge of (0.04)% will apply to all bills issued on and after April 1, 2007.

The above surcharge will be recomputed using the elements prescribed by the Commission in its policy at 52 PA Code section 69.51 et seq.:

- On or before March 31 of each year; and/or
- Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to a change in the applicable tax rates, or in the basis of calculating such tax rates, or due to changes in the state tax liability arising under the law.

The recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation or as prescribed in the Commission's regulations or orders. If the recomputed surcharge is less than the one in effect, the utility will, or if the recomputed surcharge is more than the one in effect, the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be 10 days after filing or as prescribed in the Commission's regulations or orders. In the event that the Company files an increased surcharge subsequent to 10 days after the occurrence of an event which occasions a recomputation, the effective date of such tariff or supplement shall be 60 days after filing in accordance with section 1308(a) of the Public Utility Code, 66 C.S. section 1308(a)(regarding voluntary changes in rates) unless otherwise directed by the Commission.

The surcharge shall be rolled into base rates when increased or decreased base rates are made effective.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (I)

In addition to the net charges provided for in this Tariff, a surcharge of 3.39% will apply to all bills issued, excluding public fire hydrants, on or after July 1, 2007.

I. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be 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 its aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. Company projects receiving PENNVEST funding are not DSIC - eligible property.

Eligible Property: The DSIC-eligible property will consist of the following:

services (account 3330), meters (account 3340) and hydrants (account 3350) installed as in-kind replacements for customers;

mains and valves (account 3310) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52;

main extensions (account 3310) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company;

(I) Indicates Increase

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	June-Aug '06 Actual	Sept-Nov-06 Actual	Dec-Jan-Feb Actual	March-07 Actual	April-07 Actual	May-07 Actual	Three Months To Date	Total To Date
322000	Main Cleaning & Relining	1,714,074	4,144,335	243,492	36,080	119	955,425	991,623	7,093,524
322000	Major Main Replacements	13,194,519	15,320,118	8,134,600	692,529	2,652,118	11,696,033	15,040,679	51,689,916
322000	Minor Changes in Mains	0	0	0	0	0	0	0	0
322000	Minor Main Replacements	702,538	913,164	931,227	352,262	199,204	228,645	780,111	3,327,040
322000	Tie in Dead End Mains	355,411	2,009,467	2,514,532	163,792	137,723	762,753	1,064,268	5,943,678
322000	Unreimbursed Imprvmts due to highway relocations	173,201	0	103,429	673	533,566	66,095	600,333	876,963
322000	Valve Replacement Program	112,178	167,027	164,850	49,543	78,057	162,284	289,884	733,939
323000	Repl Services	298,495	325,863	376,031	100,003	110,080	128,379	338,462	1,338,243
323000	Repl Services due to Main Rehabilitation	2,156,874	1,731,514	894,995	302,432	280,944	1,028,019	1,611,395	6,395,178
324000	Replacement Meters	391,970	512,326	328,950	77,337	116,634	155,200	349,171	1,582,417
325000	Replacement Fire Hydrants	234,347	286,574	362,050	169,375	146,623	151,304	467,302	1,350,273
TOTAL ADDITIONS		19,333,607	25,410,388	14,054,156	1,944,025	4,255,067	15,334,138	21,533,230	80,331,381

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	Accumulated Depreciation Bal. 2/28/07	Quarterly Depr. On Prior Assets (1)	Quarterly Depr. on - 2/07 Assets (2)	Accumulated Depreciation Bal. 5/31/07	Depr Rate	Quarterly Depreciation
322000	Main Cleaning & Relining	56,569	32,493	2,640	91,702	2.13%	37,773
322000	Major Main Replacements	160,591	98,037	20,117	278,745	1.07%	138,271
322000	Minor Changes in Mains	0	0	0	0	1.07%	0
322000	Minor Main Replacements	9,608	6,813	1,043	17,464	1.07%	8,900
322000	Tie in Dead End Mains	13,803	13,052	1,423	28,278	1.07%	15,199
322000	Unreimbursed Imprvmts due to highway relocations	1,296	740	803	2,839	1.07%	2,016
322000	Válve Replacement Program	2,821	2,043	667	5,531	1.84%	3,376
323000	Repl Services	6,084	4,277	723	11,084	1.71%	5,724
323000	Repl Services due to Main Rehabilitation	36,068	20,449	3,444	59,961	1.71%	27,338
324000	Replacement Meters	39,598	25,528	3,614	68,740	8.28%	32,756
325000	Replacement Fire Hydrants	4,937	3,642	964	9,543	1.65%	5,570
TOTAL		331,375	207,074	35,438	573,887		277,953

(1) One Full Quarter's Depreciation.

(2) One Half Quarter Depreciation.

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

	DSIC EFFECTIVE	
	7/1/2007	
	Quarterly	Monthly
Applicable Additions	80,331,381	
Less Accumulated Depreciation @ May 31, 2007	(573,887)	
Net Rate Base Includable in DSIC Calculation	<u>79,757,494</u>	
Annual Revenue Requirement Rate	11.84%	
Quarterly Revenue Requirement Rate		2.96%
Quarterly Capital Cost Recovery	<u>2,360,822</u>	786,274
Quarterly Depreciation Expense	<u>277,953</u>	92,651
Total Quarterly DSIC Revenue Requirement	2,638,775	879,592
Current Cost Recovery Rate		3.40%
2006 DSIC True-up [\$30,669 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]	7,667	2,556
2005 e-Factor [\$707 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]	177	59
2005 DSIC Audit Finding #1 [(\$57,792) Overstatement + (\$10,000) Interest = July '07 thru June '08]	<u>(16,948)</u>	<u>(5,649)</u>
	(9,104)	(3,035)
E Factor Rate		-0.01%
Applicable Base Rate Revenue	77,663,581	25,887,860
DSIC RATE		3.39%

WEIGHTED COST OF CAPITAL AT 5/31/07:

	Proforma Per Books	Capital Structure	Cost Rate	Weighted Avg. Cost Rate	Tax Multiplier	Rev Req
Debt	628,689,714	51.58%	5.96%	3.07%		3.07%
Preferred	0	0.00%	4.78%	0.00%	1.709211797	0.00%
Equity	590,243,102	48.42%	10.60%	5.13%	1.709211797	8.77%
	<u>1,218,932,816</u>	100.0%		8.20%		11.84%

Note: The cost rate of debt and preferred stock are the 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: $1/[(1 - \text{Pa. Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$ where the Pa. tax rate is 9.99% and Fed. tax rate is 35%.

Aqua Pennsylvania, inc.
DSIC-eligible Plan Closings By Month

Description	Closed Mar-07	Closed Apr-07	Closed May-07
Penna. Ave. Blue Spruce Trailer	-	1,695	3,314
Chemung & Seneca St. MR	-	-	8,972
Olive St. Main Replacement	-	1,382	188
Chestnut St., Hawley	-	-	2,973
Thornhurst Main Replacement	17,013	7,281	2,114
Grandview & surrounding area	-	-	3,532
Oak Lane, Floral Estates - Waymart	24,325	6,635	314
Tanglewood Lakes MR - Waymart	1,960	(21,078)	-
5100'-8" Moscow	-	3,918	-
Tanglewood North Main Replacement	-	-	103
Tanglewood North	-	3,544	-
Brick Church & Lilly St., Hamilton	-	43,435	-
Crawford & stateline	490	-	-
C-MR Walnut, Mill to Sharon Rd	-	-	106,770
C-MR North St Mill to End	-	-	79,136
C-MR Shenango, Church to Alley	1,524	-	-
C-MR Mary, Division to Rombold	-	-	68,211
C-MR State Street Bridge Cross	-	-	35,888
C-MR Marienville Main Repl	-	-	325,635
C-MR West Butler Pitt to Sass	-	-	124,092
C-SR E Birch, Forest to Chestnut	-	-	2,439
Selina to Haywood, Shenango	6,467	46,242	(1)
E Birch, Existing 4" to	147	-	1,575
W. Birch, Forest to Hemlock	-	-	1,575
Sproul Rd. Main Replacement	0	-	370,843
West Avenue, Springfield	1,375	-	-
South Orange Avenue, Upper Prov	99,515	39,793	22,839
Oak Lane, Darby, Collingdale	49,969	33,203	19,521
Milmont Ave, Ridley Twp	-	-	718,358
Hawthorne Road, Marple	-	-	143,593
LaGrange Avenue, Tincum	614	-	9,263
Plush Mill Rd., Nether Prov.	-	-	43,048
Maplewood Avenue, Upper Darby	588	-	35,587
Clifton Ave. Main Repl	-	-	925,162
2nd Street Base plan design, C	4,350	20,718	97,939
Howard Ave. Haverford	1,758	-	-
Hinkson Boulevard, Ridley Park	1,539	-	125,434
East Langhorne Avenue, Haverford	1,232	8,149	20,100
Rogers Lane, Nether Providence	-	-	516,500
Custer Avenue, Glenolden	-	69,421	273
Oak Lane 2, Collingdale, Folcroft	-	246,430	151,545
Sutton Avenue, Ridley	221	-	2,373
Lincoln Avenue, Yeadon	-	84,370	28,148
Carre Avenue, Tincum	-	175,564	12,382
Mason Avenue, Upper Darby	-	-	7,830
Furness Lane, Nether Providence	500	-	43,422
Lincoln Street, U. Providence	270	-	-
Darby Paoli Rd., Radnor	-	6,632	27,013
Brentwood Ave., Haverford	-	-	99,696
Woodland Ave., Malvern	557	-	-
Village Way, East Whiteland	900	391	-
Spring Mill Road, Lower Merion	-	437,989	203,362

Aqua Pennsylvania, inc.
DSIC-eligible Plan Closings By Month

Description	Closed Mar-07	Closed Apr-07	Closed May-07
Roberts Road #2, Radnor	-	-	421,317
Righters Ferry Road, Lower Merion	-	704,548	314,878
Park Terrace, Lower Merion	-	-	24,224
Ithan Avenue, Lower Merion	18,221	63,700	47,786
Holland Avenue, Lower Merion	-	-	296,167
Greenfield Terrace, Lower Merion	-	-	25,382
Garrett Avenue, Radnor	76,300	-	510
West Avenue, Radnor	-	-	92,958
Eagle Road Main Repl	-	-	584,135
Roberts Road #2, Lower Merion	-	-	293,020
City Line Avenue, Schuylkill	-	-	40,646
Greenhill Lane, Lower Merion	-	-	81,061
Righters Mill Rd., Lower Merion	936	-	-
Grove Place, Narberth	-	-	293,975
1240'-24" County Line Rd.	-	733	3,240
Old Welch Rd., Abington	-	-	1,024
Woodbrook La., Plymouth	-	-	178,827
Ashbourne Road #2, Cheltenham	-	-	164,896
Bath Road, Bristol Township	-	468,634	338,408
Elm Avenue, Cheltenham	4,911	3,878	34,134
Jefferson Avenue, Cheltenham	821	-	37,695
Maple Avenue, Bristol Township	3,216	151,484	-
Miller Avenue, Bristol Townshi	13,485	-	8,722
Nyslor Avenue, Abington	-	-	18,574
Stratford Avenue (Old York), C	-	-	1,031,616
Rices Mill Road, Ph 1, Cheltenham	63,886	-	195,434
Waverly Road, Cheltenham	30,264	5,356	221,849
Mountain Avenue, Cheltenham	44,143	-	430,668
Cedar Grove Road, Whitemarsh	186,822	-	70,652
Park Avenue, Cheltenham	-	-	344,349
Mather Road, Jenkintown	-	-	165,625
Cedar Street, Jenkintown	-	-	140,157
3200'-12" Easton Rd., Abington	-	28,293	-
Joshua Rd., Whitemarsh	-	-	88,721
Old York Rd., Hatboro	-	-	1,020,261
Goodwin Lane, Westtown	1,254	-	40,141
Market Street (West), West Chester	29,818	9,779	1,791
Miner Street, West Chester	-	-	232,352
Gypsy Hill Road spur, Franklin	-	-	19,780
Adams St., West Chester	900	-	-
Kingsway Rd., W. Goshen	1,406	-	-
AC & Transit Main, King Road	832	-	-
	692,529	2,652,118	11,696,033
Transmission Reinforcement	36,991	-	-
C-MN STATE LINE INDUSTRIAL PARK	1,633	-	-
Ravenwood Drive, Folcroft	-	22,384	2,084
TI, Wynnewood Rd @ Bryn Mawr Ave.	-	-	27,470
TI, Wynnewood Rd @ Chestnut	-	-	30,775
TI, Wynnewood Rd @ Avon	-	-	35,967
TI, Wynnewood Rd between Olcott &	-	-	10,682
TI, Wynnewood Rd @ Belmont	-	-	9,917

Aqua Pennsylvania, inc.
DSIC-eligible Plant Closings By Month

Description	Closed Mar-07	Closed Apr-07	Closed May-07
TI, Wynnewood Rd @ Kenilworth	-	-	12,196
TI, Old Lancaster @ Mondella	-	-	18,678
TI, Old Lancaster @ Prospect	-	-	1,901
TI, Old Lancaster @ Warner	-	-	38,929
Edge Hill Road (2006 start)	620	1,803	170,529
Patane Avenue, Abington	-	-	137,162
Pine Road, Lower Moreland	-	-	12,910
Biddle Road, Uwchlan	110,370	113,535	1,064
Strasburg Road, Phase II, E&W	12,684	-	215,946
	<u>162,298</u>	<u>137,723</u>	<u>726,210</u>
Clearbrook Road C/L - 2007 Pre	-	-	366,882
Bond Ave., Upper Darby	13,634	24	-
Valley View C/L, Haverford	-	-	292,606
Ott Rd., Lower Merion	-	95	-
Lukens Lane C/L, Upper Merion	-	-	295,936
10th Ave., Conshohocken	22,446	-	-
	<u>36,080</u>	<u>119</u>	<u>955,425</u>
	352,262	199,204	228,645
HIGHWAY RELOCATION SR 18	147	-	-
North Gulph Road, Rodgers Road	-	533,566	65,871
Relocate main at turnpike serv	249	-	-
Warminster Road Grade Crossing	147	-	-
Old York Road Grade Crossing	122	-	224
2614'-12", Limekiln, Cheltenham, 6350E	8	-	-
	<u>673</u>	<u>533,566</u>	<u>66,095</u>
	49,543	78,057	162,284
Long View & Rock Creek, W. Goshen	531	-	-
Township Line & York, Abington	-	-	12,102
Cedar Grove & Joshua, Whitemarsh	-	-	7,311
Huntingdon Pike & Moredon	215	-	17,130
Brandywine Green Well PRVs	126	-	-
Copeland School & Frank, East	622	-	-
	<u>1,495</u>	<u>-</u>	<u>36,543</u>
	77,337	116,634	155,200
	100,003	110,080	128,379
hab	302,432	280,944	1,028,019
ydnants	84,839	76,534	106,920
trants	81,935	45,069	23,346
rdnants	-	24,592	15,701

Aqua Pennsylvania, inc.
 DSIC-eligible Plan Closings By Month

Description	Closed Mar-07	Closed Apr-07	Closed May-07
nts	2,601	428	5,338
	<u>1,944,026</u>	<u>4,255,067</u>	<u>15,334,138</u>

ORIGINAL

AQUA
Pennsylvania.

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

www.aquapennsylvania.com

September 19, 2007

VIA FEDERAL EXPRESS

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Two North Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

P 00961036

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SEP 19 2007

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

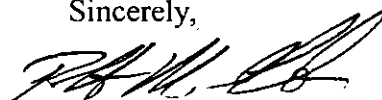
Re: Quarterly Distribution System Improvement Charge (DSIC)

Dear Secretary McNulty:

Enclosed are four copies of Aqua Pennsylvania's Supplement No. 81 to Water-PA P.U.C. No. 1 and the supporting DSIC workpapers for the fourth quarter of 2007. As noted in the PUC Order, these documents are also being served to the Office of Consumer Advocate, the Office of Trial Staff and the Office of Small Business Advocate. Aqua Pennsylvania is also serving these documents to the PUC Bureau of Audits.

If you have any questions regarding this filing, please contact me at (610) 645-1130.

Sincerely,



Robert M. Griffin
Senior Manager of Regulatory Accounting

RMG/
Certificate of Service

**DOCUMENT
FOLDER**

65

ORIGINAL

AQUA PENNSYLVANIA, INC.
CERTIFICATE OF SERVICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Aqua Pennsylvania, Inc.

Distribution :
Improvement Charge (DSIC)
Filing

CERTIFICATE OF SERVICE

I hereby certify that I have this day filed Aqua Pennsylvania's Supplement No. 81 to Water-PA P.U.C. No. 1 and supporting DSIC workpapers for the fourth quarter of 2007 with the PA Public Utility Commission and upon the person(s) and in the manner indicated below:

VIA FEDERAL EXPRESS

Irwin A. Popowsky, Esq.
Office of Consumer Advocate
555 Walnut Avenue, Fifth Floor
Forum Place
Harrisburg, PA 17101-1921
(email to ddusman@paoca.org)

William R. Lloyd, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 N. Second Street
Harrisburg, PA 17101-1921

John Sims, Director
Office of Trial Staff
Two West Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102

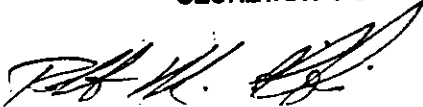
Larry Treaster
Bureau of Audits
Three East Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102
(email to riwallace@state.pa.us &
latreaster@state.pa.us)

RECEIVED

SEP 19 2007

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

Dated: September 19, 2007


Robert M. Griffin
Senior Manager of Regulatory Accounting

AQUA PENNSYLVANIA, INC.
RATES AND RULES
GOVERNING THE DISTRIBUTION
OF
WATER
IN PORTIONS OF

P-00961036

ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, COLUMBIA, CRAWFORD,
CUMBERLAND, DELAWARE, FOREST, JUNIATA, LACKAWANNA, LAWRENCE, LEHIGH,
LUZERNE, MERCER, MONTGOMERY, MONROE, NORTHHAMPTON, NORTHUMBERLAND, PIKE,
SCHUYLKILL, SUSQUEHANNA, SNYDER, WAYNE AND WYOMING COUNTIES

DOCUMENT
FOLDER

ISSUED: September 20, 2007
by
NICHOLAS DeBENEDICTIS, Chairman
762 Lancaster Avenue
Bryn Mawr, Pennsylvania

Effective: October 1, 2007
Issued in accordance with Section
1307(g) of the PA Public Utility
Code and Docket No. P-00961036
entered August 26, 1996.

NOTICE

**THIS TARIFF INCREASES THE DISTRIBUTION SYSTEM IMPROVEMENT
CHARGE FOR ALL METERED AND UNMETERED CUSTOMERS WITH THE
EXCEPTION OF PUBLIC FIRE HYDRANT CUSTOMERS AND CUSTOMERS WITH
SPECIAL CONTRACTS.**

DOCKETED

SEP 25 2007

RECEIVED

SEP 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Aqua Pennsylvania, Inc.

Supplement No. 81
To
Water-PA.P.U.C. No. 1
Seventy Seventh Revised Page No. 1A
Canceling Seventy Sixth Revised Page No. 1A

LIST OF CHANGES MADE BY THIS TARIFF

Decrease: This tariff increases the Distribution System Improvement Charge (DSIC) on page 20 (Twenty Fourth Revised) of the Company's tariff effective October 1, 2007, as approved by the Pennsylvania Public Utility Commission at Docket No. P-00961036 on August 26, 1996.

Aqua Pennsylvania, Inc.

I.N.D.E.X

	<u>Page</u>	
RATES AND RULES	1	Supplement No. 81
LIST OF CHANGES MADE BY THIS TARIFF	1A	Seventy Seventh Revised
INDEX	2	Seventy Seventh Revised
INDEX	2A	Twenty Second Revised
DESCRIPTION OF TERRITORY SERVED	3	Eighth Revised
DESCRIPTION OF TERRITORY SERVED	3A	Third Revised
DESCRIPTION OF TERRITORY SERVED	3B	Fourteenth Revised
DESCRIPTION OF TERRITORY SERVED	3C	Twenty Second Revised
Meter Service-PSW Main Division	4	Fifth Revised
Rates for Water Consumed-Main Division	4	Fifth Revised
Rates for Water Consumed-Main Division	4A	Sixth Revised
Fire Service-Main Division	4B	Fifth Revised
Fire Service-Main Division	5	Sixth Revised
Rates for Water Consumed-Hedgerow Division	5A	Fifth Revised
Meter Service-Fawn Lake, Tanglewood Woodledge Village & Western Division	7	Fifth Revised
Rates for Water Consumed-Fawn Lake, Tanglewood, Woodledge Village & Western Division	7	Fifth Revised
Rates for Water Consumed-Fawn Lake, Tanglewood, Woodledge Village & Western Division	7A	Sixth Revised
Fire Service-Fawn Lake, Tanglewood, Woodledge Village & Western Division	7B	Fifth Revised
Meter Service-Bensalem Division	7C	Fifth Revised
Rates for Water Consumed-Bensalem Division	7C	Fifth Revised
Fire Service-Bensalem Division	7D	Fifth Revised
Meter Service - Bristol Division	11	Fifth Revised
Rates for Water Consumed - Bristol Division	11	Fifth Revised
Rates for Water Consumed - Bristol Division	11A	Fifth Revised
Fire Service - Bristol Division	11B	Fifth Revised
Meter Service - Consumers Roaring Creek Division	15	Fifth Revised
Rates for Water Consumed - Consumers Roaring Creek Division	15	Fifth Revised
Rates for Water Consumed - Consumers Roaring Creek Division	15A	Fifth Revised
Fire Service - Consumers Roaring Creek Division	15B	Fifth Revised
Meter Service - Chalfont Division	17C	Sixth Revised
Rates for Water Consumed - Chalfont Division	17C	Sixth Revised
Rates for Water Consumed - Chalfont Division	17D	Sixth Revised
Fire Service - Chalfont Division	17E	Sixth Revised
Meter & Unmetered Service - Paupack Year-round Division	17G	Seventh Revised
Meter Service - Wapwallopen Division	17H	Sixth Revised
Metered and Unmetered Service - White Haven Division	17I	Sixth Revised
Metered and Unmetered Service - NUI Division I	17K	Fifth Revised
Metered and Unmetered Service - NUI Division II	17L	Fifth Revised
Metered and Unmetered Service - NUI Division III, Jefferson & Oneida	17M	Fifth Revised
Unmetered Service - Brooklyn Division of NUI	17N	Fifth Revised
Unmetered Service - Pinecrest Division	17V	Original
Metered Service - Applewood and Marienville Divisions	17Y	Original
Metered & Unmetered Service - Eagle Rock Division	17AC	Second Revised
Unmetered Service - Thornhurst Division	17AF	Original
Metered Service - Pennsview Division	17AH	Second Revised
Metered Rates - Stanton Division	17AI	Second Revised
Metered Rates - Midway Manor Collective	17AJ	Second Revised
Metered Service - Garbush	17AK	Original
Metered Service - Oakland Beach	17AL	Original
Metered Service - CS Water	17AM	Original
Metered Service - Country Club Gardens	17AN	Original
Unmetered Service-Floral Estates	17AO	Original
Metered & Unmetered Service - Estate of Brenda Davis	17AP	Original

Aqua Pennsylvania, Inc.

Industrial Standby Rate	18	Second Revised
Industrial Standby Rate	18A	Fifth Revised
Industrial Standby Rate	18B	Second Revised
Resale and Electric Generation Standby Rate	18C	Second Revised
Resale and Electric Generation Standby Rate	18D	Fourth Revised
Resale and Electric Generation Standby Rate	18E	Second Revised
Rider DIS - Demand Based Industrial Service	19	Third Revised
Rider DRS - Demand Based Resale Service	19A	Second Revised
Rider EGS - Electric Generation Service	19B	Second Revised
Rider OPI - Off Peak/Interruptible Service	19C	Second Revised
Rider OPI - Off Peak/Interruptible Service	19D	Second Revised
State Tax Surcharge Applicable to All Rates	20	Twenty Fourth Revised
Distribution System Improvement Charge	20A	Third Revised
Distribution System Improvement Charge	20B	Second Revised
Distribution System Improvement Charge	20C	Second Revised
Introduction	21	Fifth Revised
Classes of General Metered Service & Definitions	22	Fifth Revised
Application of Service	25	Second Revised
Deposits & Bill Payments	26	Fourth Revised
Service Connections	28	Fourth Revised
Meters & Meter Locations	31	Third Revised
Building Construction Service; Metered Fire Service	34	Fifth Revised
Unmetered Fire Service	35	Third Revised
Responsibility for Service; System Inspection and Integrity	37	Fifth Revised
Cross-Connection Control	38	Fifth Revised
Termination of Service	39	Fifth Revised
Water Conservation and Drought Emergency	40	Third Revised
Main Extensions	41	Fifth Revised
Main Extensions For Bona Fide Applicants	42	Fifth Revised
Main Extensions and Services by Builder	46	Fifth Revised

RIDER
STATE TAX SURCHARGE APPLICABLE TO ALL RATES

In addition to the net charges provided for in this Tariff, a surcharge of 0.85% will apply to all bills issued on and after August 26, 2007.

The above surcharge will be recomputed using the elements prescribed by the Commission in its policy at 52 PA Code section 69.51 et seq.:

- On or before March 31 of each year; and/or
- Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to a change in the applicable tax rates, or in the basis of calculating such tax rates, or due to changes in the state tax liability arising under the law.

The recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation or as prescribed in the Commission's regulations or orders. If the recomputed surcharge is less than the one in effect, the utility will, or if the recomputed surcharge is more than the one in effect, the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be 10 days after filing or as prescribed in the Commission's regulations or orders. In the event that the Company files an increased surcharge subsequent to 10 days after the occurrence of an event which occasions a recomputation, the effective date of such tariff or supplement shall be 60 days after filing in accordance with section 1308(a) of the Public Utility Code, 66 C.S. section 1308(a)(regarding voluntary changes in rates) unless otherwise directed by the Commission.

The surcharge shall be rolled into base rates when increased or decreased base rates are made effective.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (I)

In addition to the net charges provided for in this Tariff, a surcharge of 4.98% will apply to all bills issued, excluding public fire hydrants, on or after October 1, 2007.

I. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be 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 its aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. Company projects receiving PENNVEST funding are not DSIC - eligible property.

Eligible Property: The DSIC-eligible property will consist of the following:

services (account 3330), meters (account 3340) and hydrants (account 3350) installed as in-kind replacements for customers;

mains and valves (account 3310) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52;

main extensions (account 3310) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company;

(I) Indicates Increase

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	June-Nov-06 Actual	Dec-Jan-Feb Actual	Mar-Apr-May-07 Actual	June-07 Actual	July-07 Actual	August-07 Actual	Three Months To Date	Total To Date
322000	Main Cleaning & Relining	5,858,409	243,492	991,623	541,782	1,135,933	269,713	1,947,428	9,040,952
322000	Major Main Replacements	28,514,637	8,134,600	15,040,679	681,756	5,643,514	11,866,072	18,191,342	69,881,258
322000	Minor Changes in Mains	0	0	0	0	0	0	0	0
322000	Minor Main Replacements	1,615,702	931,227	780,111	255,850	393,755	279,540	929,145	4,256,185
322000	Tie in Dead End Mains	2,364,878	2,514,532	1,064,268	36,879	200,530	606,753	844,162	6,787,840
322000	Unreimbursed Imprvmts due to highway relocations	173,201	103,429	600,333	0	1,043	63,225	64,268	941,231
322000	Valve Replacement Program	279,205	164,850	289,884	75,941	21,199	68,838	165,978	899,917
323000	Repl Services	624,358	376,031	338,462	135,504	162,233	148,724	446,461	1,785,273
323000	Repl Services due to Main Rehabilitation	3,888,388	894,995	1,611,395	305,960	436,199	1,183,559	1,925,718	8,320,600
324000	Replacement Meters	904,296	328,950	349,171	251,026	131,305	100,031	482,362	2,064,779
325000	Replacement Fire Hydrants	520,921	362,050	467,302.02	157,159	163,441	122,409	443,009	1,793,282
TOTAL ADDITIONS		44,743,995	14,054,156	21,533,230	2,441,857	8,289,152	14,708,864	25,439,873	105,771,254

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	Accumulated Depreciation Bal. 5/31/07	Quarterly Depr. On Prior Assets (1)	Quarterly Depr. on - 5/07 Assets (2)	Accumulated Depreciation Bal. 8/31/07	Depr Rate	Quarterly Depreciation
322000	Main Cleaning & Relining	91,702	37,773	5,185	134,660	2.13%	48,143
322000	Major Main Replacements	278,745	138,271	24,331	441,347	1.07%	186,932
322000	Minor Changes in Mains	0	0	0	0	1.07%	0
322000	Minor Main Replacements	17,464	8,900	1,243	27,607	1.07%	11,385
322000	Tie in Dead End Mains	28,278	15,899	1,129	45,306	1.07%	18,577
322000	Unreimbursed Imprvmts due to highway relocations	2,839	2,346	86	5,271	1.07%	2,108
322000	Valve Replacement Program	5,531	3,376	382	9,289	1.84%	4,140
323000	Repl Services	11,084	5,724	954	17,762	1.71%	7,632
323000	Repl Services due to Main Rehabilitation	59,961	27,338	4,116	91,415	1.71%	35,570
324000	Replacement Meters	68,740	32,756	4,992	106,488	8.28%	42,741
325000	Replacement Fire Hydrants	9,543	5,570	914	16,027	1.65%	7,397
TOTAL		573,887	277,953	43,332	895,172		364,615

(1) One Full Quarter's Depreciation.

(2) One Half Quarter Depreciation.

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

	DSIC EFFECTIVE		
	10/1/2007		
	Annual	Quarterly	Monthly
Applicable Additions		105,771,254	
Less Accumulated Depreciation @ August 31, 2007		(895,172)	
Net Rate Base Includable in DSIC Calculation		<u>104,876,082</u>	
Annual Revenue Requirement Rate	11.93%		
Quarterly Revenue Requirement Rate		2.98%	
Quarterly Capital Cost Recovery		<u>3,127,929</u>	1,042,643
Quarterly Depreciation Expense		364,615	121,538
Total Quarterly DSIC Revenue Requirement		<u>3,492,544</u>	1,164,181
Current Cost Recovery Rate			4.99%
2006 DSIC True-up [\$30,669 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]		7,667	2,556
2005 e-Factor [\$707 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]		177	59
2005 DSIC Audit Finding #1 [(\$57,792) Overstatement + (\$10,000) Interest = July '07 thru June '08]		<u>(16,948)</u>	<u>(5,649)</u>
		(9,104)	(3,035)
E Factor Rate			-0.01%
Applicable Base Rate Revenue		69,986,114	23,328,705
DSIC RATE			4.98%

WEIGHTED COST OF CAPITAL AT 8/31/07:

	Proforma Per Books	Capital Structure	Cost Rate	Weighted Avg. Cost Rate	Tax Multiplier	Rev Req
Debt	619,794,275	50.93%	5.96%	3.04%		3.04%
Preferred	0	0.00%	4.78%	0.00%	1.709211797	0.00%
Equity	597,064,261	49.07%	10.60%	5.20%	1.709211797	8.89%
	<u>1,216,858,536</u>	100.0%		8.24%		11.93%

Note: The cost rate of debt and preferred stock are the 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. Tax Rate) x (1 - Fed. Tax Rate)] where the Pa. tax rate is 9.99% and Fed. tax rate is 35%.

Activity Group	Activity #	Description	Closed Jun-07	Closed Jul-07	Closed Aug-07
110 Main Replacement	15714004922	Spruce St. to Elysburg	-	900	-
	15714009031	Poplar St, Kulpmont, RC	-	-	61,121
	15714010209	MR,WHITEMANS DAM,CUNNINGHAM TWP,ROARI	-	414	-
	15714039681	Whitemans Dam, Cungham Twp	-	840	-
	15724004746	Penna. Ave. Blue Spruce Trailer	0	60	-
	15724022305	Olive St. Main Replacement	-	749	-
	15724022306	N. Lehigh from Cayuga to Mohaw	24,786	6,044	115,873
	15734003034	Thornhurst Main Replacement	19,286	-	2,661
	15734006878	Oak Lane, Floral Estates - Waymart	5,590	-	-
	15744006438	Brick Church & Lilly St., Hamilton	-	7,929	311
	15784003995	C-MR Walnut, Mill to Sharon Rd	589	-	-
	15784003996	C-MR North St Mill to End	376	-	211
	15784004007	C-MR Mary, Division to Rombold	224	14,477	-
	15784004010	C-MR State Street Bridge Cross	3,555	-	612
	15784007033	C-MR Marienville Main Repl	748	-	-
	15784007965	C-MR West Butler Pitt to Sass	39,940	1,335	136
	15784035483	Dakota, Stambaugh to Indi	5,046	508	-
	15784035498	Selina to Haywood, Shenango	8,098	215	4,245
	15900104488	South Orange Avenue, Upper Prov	-	-	2,062
	15900104491	South Ave, Glenolden	-	-	197,418
	15900104493	Rose Tree Rd, Middletown	-	-	150,239
	15900104494	Private Rd off Cedar Grove	-	-	58,852
	15900104496	Oak Lane, Darby, Collingdale	2,473	201,998	890
	15900104499	Milmont Ave, Ridley Twp	2,033	253,110	31,946
	15900104500	North Line Rd, Newtown	-	-	365,385
	15900104502	Laurel Rd, Darby	-	-	490,422
	15900104503	Hawthorne Road, Marple	34,562	75,613	-
	15900104511	Chester Rd, Swarthmore	-	-	503,603
	15900104776	Maplewood Avenue, Upper Darby	247	-	-
	15900105537	Clifton Ave. Main Repl	261	386,167	1,800
	15900105538	Sproul Rd, Swarthmore	-	606,455	233,005
	15900106759	Hinkson Boulevard, Ridley Park	1,849	-	-
	15900106923	Rogers Lane, Nether Providence	33,019	233,175	-
	15900106929	Custer Avenue, Glenolden	4,300	-	120
	15900107045	Oak Lane 2, Collingdale, Folcroft	742	1,012	-
	15900107080	Sharon Ave, Darby	-	-	458,308
	15900107959	Carre Avenue, Tinicum	-	255	113,661
	15900108705	Saxer Ave, Springfield	-	-	69,741
	15900108775	Mason Avenue, Upper Darby	766	7,006	834
	15900139947	MR, Knowlton Rd., Middletown	-	-	4,730
	15900204422	Woodland Ave., Malvern	-	-	31,078
	15900204433	Spring Mill Road, Lower Merion	1,244	2,306	-
	15900204437	Roberts Road #2, Radnor	6,195	188,658	319,201
	15900204442	Righters Ferry Road, Lower Merion	439	337	270
	15900204448	Park Terrace, Lower Merion	-	-	7,149
	15900204450	Overbrook Parkway, Lower Merion	-	-	679,166
	15900204461	Holland Avenue, Lower Merion	34,500	11,938	156,562
	15900204463	Harriton Road, Lower Merion	-	-	38,170
	15900204466	Greenfield Terrace, Lower Merion	-	-	5,455
	15900204469	Garrett Avenue, Radnor	-	-	45,945
	15900204471	Franklin Ave, Lower Merion	-	-	55,760
	15900206741	West Avenue, Radnor	720	17,431	-
	15900206894	Eagle Road Main Repl	2,014	-	290,680
	15900207136	Swedeland Road	-	-	856,173
	15900208082	Roberts Road #2, Lower Merion	5,499	60,297	361,918
	15900208517	City Line Avenue, Schuylkill	179	-	-
	15900208583	Greenhill Lane, Lower Merion	439	2,198	60,216
	15900208640	Bowman Avenue #1, Lower Merion	-	117,945	49,296
	15900208720	Bowman Avenue #2, Lower Merion	-	241,949	109,838
	15900208729	Elm Avenue, Lower Merion	-	105,638	19,034
	15900209116	Roberts Road #3, Lower Merion	-	-	31,427
	15900222615	5100'-16" Montgomery Ave., Lower Merion	-	270	-

Activity Group	Activity #	Description	Closed Jun-07	Closed Jul-07	Closed Aug-07
	15900230770	LATCHES LANE MAIN REPLACEMENT, 10,000 FEET	-	1,232,152	279,143
	15900236249	Grove Place, Narberth	4,546	11,994	127,790
	15900283009	1240'-24" County Line Rd.	158	2,455	3,523
	15900300992	Old Welch Rd., Abington	-	-	10,838
	15900304408	Ashbourne Road #2, Cheltenham	-	30,120	90,848
	15900304412	Auburn Avenue, Springfield	8,375	-	-
	15900304414	Bath Road, Bristol Township	5,417	4,172	-
	15900304416	Central Ave, Cheltenham	-	-	332,395
	15900304424	Elm Avenue, Cheltenham	-	-	12,487
	15900304430	Jefferson Avenue, Cheltenham	-	-	12,487
	15900304440	Stratford Avenue (Old York), C	14,192	137,196	251,496
	15900304752	Fox Chase Rd, Cheltenham	-	-	1,802,038
	15900306743	Mountain Avenue, Cheltenham	-	120	1,343
	15900306767	Rices Mill Road, #2, Cheltenham	-	-	777,215
	15900306884	Ashbourne Road #1, Cheltenham	-	-	349,363
	15900307922	Park Avenue, Cheltenham	46,024	51,220	185,071
	15900308730	Harrison Street, Bristol Boro	-	95,396	36,242
	15900308731	Windsor Ave, Cheltenham	-	-	167,533
	15900308789	Mather Road, Jenkintown	11,270	-	99,113
	15900308805	Cedar Street, Jenkintown	5,130	12,911	53,330
	15900308856	Wilson Avenue, Bristol Borough	-	517,441	610,249
	15900308972	Runnymede Avenue, Jenkintown	-	698,188	95,089
	15900335838	Old York Rd., Hatboro	124,068	120,506	540,320
	15900404465	Goodwin Lane, Westtown	3,393	-	-
	15900404470	Market Street (West), West Chester	150,308	80,004	15,415
	15900404472	Miner Street, West Chester	54,752	4,872	25,655
			667,352	5,545,975	11,864,504
116 Tie in Dead End Mains					
	15714006488	Across Drive Transmission Loop	-	612	-
	15714009030	Saylor St, Atlas Dead End Loop	-	-	74,020
	15900204480	Abrahams Lane, Radnor	-	-	62,024
	15900207855	Spring Mill Road (2), Lower Me	-	179,502	111,184
	15900208699	Crum Creek Lane, Newtown	-	-	45,871
	15900309127	Pine Road, Lower Moreland	21,117	11,717	23,469
	15900404460	Biddle Road, Uwchlan	4,679	-	93,739
	15900406598	Strasburg Road, Phase II, E&W	-	-	3,226
			25,796	191,832	413,534
120 Main Cleaning & Lining					
	15900103921	Clearbrook Road C/L - 2007 Pre	229,611	78,511	2,676
	15900103922	Schuyler Road, Springfield C/L	-	688,444	63,942
	15900203925	Valley View C/L, Haverford	23,497	-	315
	15900203937	West Avenue C/L, Radnor	-	236,654	152,215
	15900335919	10th Ave., Conshohocken	287,612	123,624	871
	15900335925	Woodland Rd., Abington	1,061	-	478
			541,782	1,127,232	220,498
125 Capitalized Main Breaks			255,850	393,755	279,540
132 Highway Relocations					
	15900204405	8" Duck under ar Church Rd	-	-	6,696
	15900207096	North Gulph Road, Rodgers Road	-	1,043	-
	15900402738	Shadyside Road, Relocate 700'	-	-	56,529
			-	1,043	63,225
135 Valve Replacements			75,941	21,199	68,838
198 Other Main Work					
	15900104495	Candlewood & Sproul Rd, Marple	-	-	82,463
	15900235956	Anthony Wayne & Walker Regular	-	-	11,842
	15900304492	Moreland Tank (Altitude Valves)	-	-	55,705
			-	-	150,009

Activity Group	Activity #	Description	Closed Jun-07	Closed Jul-07	Closed Aug-07
205	Eligible Meters		251,026	131,305	100,031
310	Renewal Services		135,504	162,233	148,724
315	Renewal Services-Main Rehab		305,960	436,199	1,183,559
410	Replaced/Relocated Fire Hydrants		104,944	93,712	95,898
415	Eliminate No Drain Fire Hydrants		43,245	50,702	17,001
420	Change 2 W to 3 W Fire Hydrants		8,970	19,027	9,510
435	Replace Private Fire Hydrants		-	-	-
			2,416,369	8,174,214	14,614,870

ORIGINAL

AQUA
Pennsylvania.

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

www.aquapennsylvania.com

December 19, 2007

VIA FEDERAL EXPRESS

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Two North Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

P-00961036

DOCUMENT
FOLDER

Re: Quarterly Distribution System Improvement Charge (DSIC)

Dear Secretary McNulty:

Enclosed are four copies of Aqua Pennsylvania's Supplement No. 83 to Water-PA P.U.C. No. 1 and the supporting DSIC workpapers for the first quarter of 2008. As noted in the PUC Order, these documents are also being served to the Office of Consumer Advocate, the Office of Trial Staff and the Office of Small Business Advocate. Aqua Pennsylvania is also serving these documents to the PUC Bureau of Audits.

If you have any questions regarding this filing, please contact me at (610) 645-1130.

Sincerely,

Robert M. Griffin
Senior Manager of Regulatory Accounting

RMG/
Certificate of Service

RECEIVED

DEC 19 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BTL

An Aqua America Company

4331

~~1/2/07~~
L 12/16

AQUA PENNSYLVANIA, INC.

RATES AND RULES

GOVERNING THE DISTRIBUTION

OF

WATER

IN PORTIONS OF

ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, COLUMBIA, CRAWFORD,
CUMBERLAND, DELAWARE, FOREST, JUNIATA, LACKAWANNA, LAWRENCE, LEHIGH,
LUZERNE, MERCER, MONTGOMERY, MONROE, NORTHHAMPTON, NORTHUMBERLAND, PIKE,
SCHUYLKILL, SUSQUEHANNA, SNYDER, WAYNE AND WYOMING COUNTIES

ISSUED: December 20, 2007
by
NICHOLAS DeBENEDICTIS, Chairman
762 Lancaster Avenue
Bryn Mawr, Pennsylvania

Effective: January 1, 2008
Issued in accordance with Section
1307(g) of the PA Public Utility
Code and Docket No. P-00961036
entered August 26, 1996.

NOTICE

**THIS TARIFF INCREASES THE DISTRIBUTION SYSTEM IMPROVEMENT
CHARGE FOR ALL METERED AND UNMETERED CUSTOMERS WITH THE
EXCEPTION OF PUBLIC FIRE HYDRANT CUSTOMERS AND CUSTOMERS WITH
SPECIAL CONTRACTS.**

RECEIVED

DEC 19 2007

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

Aqua Pennsylvania, Inc.

Supplement No. 83
To
Water-PA.P.U.C. No. 1
Seventy Ninth Revised Page No. 1A
Canceling Seventy Eighth Revised Page No. 1A

LIST OF CHANGES MADE BY THIS TARIFF

Increase: This tariff increases the Distribution System Improvement Charge (DSIC) on page 20 (Twenty Sixth Revised) of the Company's tariff effective January 1, 2008, as approved by the Pennsylvania Public Utility Commission at Docket No. P-00961036 on August 26, 1996.

Aqua Pennsylvania, Inc.

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RATES AND RULES

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Rates for Water Consumed-Main Division

Fire Service-Main Division

Fire Service-Main Division

Rates for Water Consumed-Hedgerow Division

Meter Service-Fawn Lake, Tanglewood Woodledge Village & Western Division

Rates for Water Consumed-Fawn Lake, Tanglewood, Woodledge Village & Western Division

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Aqua Pennsylvania, Inc.

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Aqua Pennsylvania, Inc.

RIDER**STATE TAX SURCHARGE APPLICABLE TO ALL RATES**

In addition to the net charges provided for in this Tariff, a surcharge of 0.85% will apply to all bills issued on and after August 26, 2007.

The above surcharge will be recomputed using the elements prescribed by the Commission in its policy at 52 PA Code section 69.51 et seq.:

- On or before March 31 of each year; and/or
- Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to a change in the applicable tax rates, or in the basis of calculating such tax rates, or due to changes in the state tax liability arising under the law.

The recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation or as prescribed in the Commission's regulations or orders. If the recomputed surcharge is less than the one in effect, the utility will, or if the recomputed surcharge is more than the one in effect, the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be 10 days after filing or as prescribed in the Commission's regulations or orders. In the event that the Company files an increased surcharge subsequent to 10 days after the occurrence of an event which occasions a recomputation, the effective date of such tariff or supplement shall be 60 days after filing in accordance with section 1308(a) of the Public Utility Code, 66 C.S. section 1308(a)(regarding voluntary changes in rates) unless otherwise directed by the Commission.

The surcharge shall be rolled into base rates when increased or decreased base rates are made effective.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (I)

In addition to the net charges provided for in this Tariff, a surcharge of 5.00% will apply to all bills issued, excluding public fire hydrants, on or after January 1, 2008.

I. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be 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 its aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. Company projects receiving PENNVEST funding are not DSIC – eligible property.

Eligible Property: The DSIC-eligible property will consist of the following:

services (account 3330), meters (account 3340) and hydrants (account 3350) installed as in-kind replacements for customers;

mains and valves (account 3310) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52;

main extensions (account 3310) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company;

(I) Indicates Increase

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	June-Nov-06 Actual	Dec-Jan-Feb Actual	Mar-Aug-07 Actual	September-07 Actual	October-07 Actual	November-07 Actual	Three Months To Date	Total To Date
322000	Main Cleaning & Relining	5,858,409	243,492	2,939,051	683,850	3,252,253	2,354,913	6,291,016	15,331,968
322000	Major Main Replacements	28,514,637	8,134,600	33,232,021	676,336	1,669,625	7,323,652	9,669,613	79,550,871
322000	Minor Changes in Mains	0	0	0	0	0	0	0	0
322000	Minor Main Replacements	1,615,702	931,227	1,709,256	255,571	125,621	472,768	853,960	5,110,145
322000	Tie in Dead End Mains	2,364,878	2,514,532	1,908,430	6,921	266,132	115,558	388,611	7,176,451
322000	Unreimbursed Imprvmts due to highway relocations	173,201	103,429	664,601	259,358	56,599	100,275	416,232	1,357,463
322000	Valve Replacement Program	279,205	164,850	455,862	76,081	56,667	129,510	262,258	1,162,175
323000	Repl Services	624,358	376,031	784,923	150,704	46,790	150,654	348,148	2,133,460
323000	Repl Services due to Main Rehabilitation	3,888,388	894,995	3,537,113	292,127	365,077	588,941	1,246,145	9,566,646
324000	Replacement Meters	904,296	328,950	831,533	165,213	215,201	190,207	570,621	2,635,400
325000	Replacement Fire Hydrants	520,921	362,050	910,311	90,770	173,068	35,912	299,750	2,093,032
TOTAL ADDITIONS		44,743,995	14,054,156	46,973,103	2,656,931	6,227,033	11,462,390	20,346,354	126,117,608

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

Acct	Description	Accumulated Depreciation Bal. 8/31/07	Quarterly Depr. On Prior Assets (1)	Quarterly Depr. on - 11/07 Assets (2)	Accumulated Depreciation Bal. 11/31/07	Depr Rate	Quarterly Depreciation
322000	Main Cleaning & Relining	134,660	48,143	16,750	199,553	2.13%	81,643
322000	Major Main Replacements	441,347	186,932	12,933	641,212	1.07%	212,799
322000	Minor Changes in Mains	0	0	0	0	1.07%	0
322000	Minor Main Replacements	27,607	11,385	1,142	40,134	1.07%	13,670
322000	Tie in Dead End Mains	45,306	18,157	520	63,983	1.07%	19,197
322000	Unreimbursed Imprvmts due to highway relocations	5,271	2,518	557	8,346	1.07%	3,031
322000	Valve Replacement Program	9,289	4,140	603	14,032	1.84%	5,155
323000	Repl Services	17,762	7,632	744	26,138	1.71%	9,121
323000	Repl Services due to Main Rehabilitation	91,415	35,570	2,664	129,649	1.71%	40,897
324000	Replacement Meters	106,488	42,741	5,906	155,135	8.28%	54,553
325000	Replacement Fire Hydrants	16,027	7,397	618	24,042	1.65%	8,634
TOTAL		895,172	364,615	42,437	1,302,224		449,491

(1) One Full Quarter's Depreciation.

(2) One Half Quarter Depreciation.

AQUA PENNSYLVANIA, INC.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") CALCULATION

	DSIC EFFECTIVE	
	1/1/2008	
	Annual	Quarterly
		Monthly
Applicable Additions		
Less Accumulated Depreciation @ November 30, 2007		
Net Rate Base Includable in DSIC Calculation		126,117,608
		<u>(1,302,224)</u>
		<u>124,815,384</u>
Annual Revenue Requirement Rate	11.93%	
Quarterly Revenue Requirement Rate		2.98%
Quarterly Capital Cost Recovery		3,722,619
Quarterly Depreciation Expense		449,491
Total Quarterly DSIC Revenue Requirement		<u>4,172,110</u>
		1,240,873
		149
		<u>1,390,700</u>
Current Cost Recovery Rate		5.95%
2006 DSIC True-up [\$30,669 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]		7,667
2005 e-Factor [\$707 Under-collection + \$0 Interest = / 4 qtrs = Apr '07 thru Mar '08]		177
2005 DSIC Audit Finding #1 [(\$57,792) Overstatement + (\$10,000) Interest = July '07 thru June '08]		<u>(16,948)</u>
		<u>(9,104)</u>
		2,556
		59
		<u>(5,649)</u>
		<u>(3,035)</u>
E Factor Rate		-0.01%
Applicable Base Rate Revenue		70,160,555
		23,386,852
DSIC RATE		5.00%

WEIGHTED COST OF CAPITAL AT 11/30/07:

	Proforma Per Books	Capital Structure	Cost Rate	Weighted Avg. Cost Rate	Tax Multiplier	Rev Req
Debt	626,163,672	50.82%	5.96%	3.03%		3.03%
Preferred	0	0.00%	4.78%	0.00%	1.709211797	0.00%
Equity	605,883,711	49.18%	10.60%	5.21%	1.709211797	8.90%
	<u>1,232,047,383</u>	100.0%		8.24%		11.93%

Note: The cost rate of debt and preferred stock are the 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: $1 / [(1 - Pa. Tax Rate) \times (1 - Fed. Tax Rate)]$ where the Pa. tax rate is 9.99% and Fed. tax rate is 35%.

Aqua Pennsylvania, inc.
IC-eligible Plant Closings By Month

Activity Group	Activity #	Description	Closed Sep-07	Closed Oct-07	Closed Nov-07
110 Main Replacement	15724022306	N. Lehigh from Cayuga to Mohaw	11,076	222	-
	15734003034	Thornhurst Main Replacement	3,096	36,518	-
	15734008679	Butternut Lane, Tanglewood Lak	19,385	39,930	4,065
	15734009046	Mill Creek Stream Crossing- Mt	-	-	4,139
	15734010645	Price's Drive, Mountainhome	8,405	14,432	290,504
	15734021780	Mountain Home Main Replacement	-	-	70,841
	15744006438	Brick Church & Lilly St., Hamilton	3,824	7,250	3,864
	15744011343	Applewood Main Replacement	-	-	127,395
	15784003996	C-MR North St Mill to End	-	17,103	-
	15784004005	C-MR Shenango, Church to Alley	16,119	-	-
	15784004008	C-MR DIVISION, HAYWOOD TO HOEZ	-	-	226,861
	15784004009	C-MR MCCLURE, KING TO GEORGE	-	-	234,976
	15784004010	C-MR State Street Bridge Cross	1,209	13,436	468
	15784008280	C - MR 2007 Oakland Beach Proj	-	-	162,455
	15784011335	C-MR E BEAVER, OTTER TO WILSON	-	-	128,360
	15900104491	South Ave, Glenolden	-	67,309	-
	15900104493	Rose Tree Rd, Middletown	3,097	35,691	-
	15900104494	Private Rd off Cedar Grove	2,107	-	-
	15900104500	North Line Rd, Newtown	10,374	217,287	-
	15900104502	Laurel Rd, Darby	4,694	1,465	1,832
	15900104503	Hawthorne Road, Marple	-	109	-
	15900104511	Chester Rd, Swarthmore	13,536	42,534	327,484
	15900107080	Sharon Ave, Darby	704	124,329	699
	15900107453	Burmout Road, Upper Darby- main replacement	-	-	688,353
	15900109293	Westpark Lane, Upper Darby	-	-	260,912
	15900111372	East Berkley Avenue, Clifton H	-	-	104,249
	15900111373	West Wyncliffe Avenue, Clifton	-	-	115,739
	15900136842	MR,6900' OF 12",BALTIMORE AND MARTIN&BA	-	-	1,352,494
	15900204439	River Road, Upper Merion	-	-	1,183,605
	15900204443	Remington Road, Lower Merion	-	-	145,799
	15900204450	Overbrook Parkway, Lower Merion	13,785	93,616	586
	15900204461	Holland Avenue, Lower Merion	1,576	10,967	-
	15900207136	Swedeland Road	103,919	-	-
	15900208729	Elm Avenue, Lower Merion	-	2,020	30,028
	15900209116	Roberts Road #3, Lower Merion	-	3,397	96,743
	15900210940	Summit Street, Upper Merion	-	-	85,580
	15900230770	LATCHES LANE MAIN REPLACEMENT, 10,000 F	23,262	54,156	2,326
	15900283009	1240'-24" County Line Rd.	8,452	23,215	20,137
	15900304408	Ashbourne Road #2, Cheltenham	5,604	-	2,602
	15900304416	Central Ave, Cheltenham	15,352	8,718	235,212
	15900304436	North Avenue, Cheltenham	335,155	40,837	27,018
	15900304457	West Elm Road, Plymouth	-	266,808	29,490
	15900304752	Fox Chase Rd , Cheltenham	23,219	53,656	-
	15900306884	Ashbourne Road #1, Cheltenham	17,937	2,235	290,292
	15900307922	Park Avenue, Cheltenham	15,216	-	-
	15900308731	Windsor Ave, Cheltenham	-	10,069	118,858
	15900311240	School House Lane, Whitemarsh	-	-	408,561
	15900311241	Springfield Ave, Springfield (-	77,855	64,976
	15900311519	1st Street, Whitemarsh	-	114,809	68,539
	15900335838	Old York Rd., Hatboro	6,146	66,892	-
	15900404470	Market Street (West), West Chester	152	46,470	-
	15900404472	Miner Street, West Chester	8,934	176,293	285
	15900406335	Haycreek Road, Robeson	-	-	407,326
			676,336	1,669,625	7,323,652

Aqua Pennsylvania, Inc.
C-eligible Plant Closings By Month

Activity Group	Activity #	Description	Closed Sep-07	Closed Oct-07	Closed Nov-07
116 Tie in Dead End Mains					
	15734003036	Fawn Lake Transmission Main	-	126,305	15,792
	15734011253	Carbondale Rd Interconnect, Wa	6,921	125,362	355
	15784004873	C-MN STATE LINE INDUSTRIAL PARK	-	-	9,044
	15900108963	Providence Road, Media	-	-	90,367
	15900208699	Crum Creek Lane, Newtown	-	14,465	-
			6,921	266,132	115,558
120 Main Cleaning & Lining					
	15900103923	Harmil Road, Marple	-	398,215	233,236
	15900103924	Edmonds Avenue, Upper Darby	683,850	139,941	851
	15900111582	Rogers & Plush Mill Rds., N. P	-	66,949	-
	15900203933	Farwood Road C/L - Prep Work	-	1,399,836	64,291
	15900207622	Coopertown Road C/L, Haverford	-	429,036	40,182
	15900304482	Radcliffe Avenue, Abington	-	-	1,868,568
	15900304484	Argyle Road, Cheltenham	-	818,275	147,785
			683,850	3,252,253	2,354,913
125 Capitalized Main Breaks			255,571	125,621	472,768
132 Highway Relocations					
	15900107056	Turner Road Rail Crossing	-	-	23,595
	15900204074	Gulph Road Bridge at Trout Run	-	-	2,547
	15900204405	8" Duck under ar Church Rd	3,110	12,885	-
	15900207552	Balligomingo Road Relocation	-	-	5,394
	15900236778	Rt. 202 Bridge at Church road	-	-	4,929
	15900307885	Susquehanna Road tie-ins at RR	65,485	-	3,804
	15900307970	Beaver Dam Road relocation	79,846	-	-
	15900307971	Bensalem Blvd. relocation for	15,006	-	-
	15900308079	Mechanicsville/Galloway Road D	65,676	-	-
	15900309316	Washington Lane and Meadowbroo	30,234	-	-
	15900311520	Woodland Ave. W/O Arnold reloc	-	37,633	-
	15900311522	Woodkand Ave @ Arnold reloc.	-	6,082	-
	15900312036	Washington Lane Relocation at	-	-	8,687
	15900409197	Shiloh Road, Westtown 2 Reloca	-	-	51,320
			259,358	56,599	100,275
135 Valve Replacements			76,081	56,667	129,510
205 Eligible Meters			165,213	215,201	190,207
310 Renewal Services			150,704	46,790	150,654
315 Renewal Services-Main Rehab			292,127	365,077	588,941
410 Replaced/Relocated Fire Hydrants			29,165	88,585	-
415 Eliminate No Drain Fire Hydrants			55,360	73,384	25,893
420 Change 2 W to 3 W Fire Hydrants			6,245	11,099	10,019
435 Replace Private Fire Hydrants			-	-	-
			2,656,930	6,227,034	11,462,390

AQUA PENNSYLVANIA, INC.
CERTIFICATE OF SERVICE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Aqua Pennsylvania, Inc.

Distribution :
Improvement Charge (DSIC)
Filing

CERTIFICATE OF SERVICE

I hereby certify that I have this day filed Aqua Pennsylvania's Supplement No. 83 to Water-PA P.U.C. No. 1 and supporting DSIC workpapers for the first quarter of 2008 with the PA Public Utility Commission and upon the person(s) and in the manner indicated below:

VIA FEDERAL EXPRESS

Irwin A. Popowsky, Esq.
Office of Consumer Advocate
555 Walnut Avenue, Fifth Floor
Forum Place
Harrisburg, PA 17101-1921
(email to ddusman@paoca.org)

William R. Lloyd, Esq.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 N. Second Street
Harrisburg, PA 17101-1921

John Sims, Director
Office of Trial Staff
Two West Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102

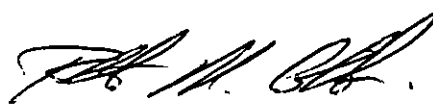
Larry Treaster
Bureau of Audits
Three East Keystone
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17102
(email to riwallace@state.pa.us &
latreaster@state.pa.us)

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dated: December 19, 2007



Robert M. Griffin
Senior Manager of Regulatory Accounting

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 Kelly Burns
 Aqua America, Inc.
 762 West Lancaster Avenue



Bryn Mawr, PA 19010

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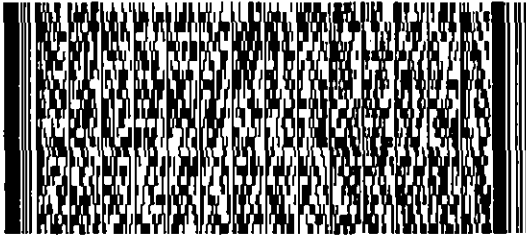


Ref # 310 675831 PSC PSW
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SHIP TO: (717)772-7777 BILL SENDER
James McNulty, Secretary
PA Public Utility Commission
400 North Street
Commonwealth Keystone Bldg.
Harrisburg, PA 17120

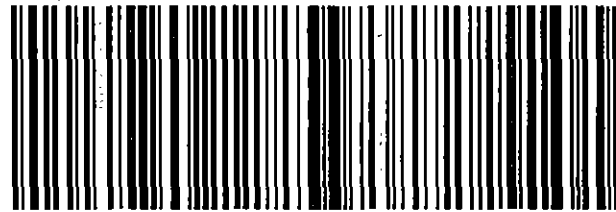
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