SUPPLEMENT NO. 10
TARIFF WATER-PA P.U.C. NO. 4

AQUA PENNSYLVANIA, INC.
(hereinafter referred to as the “Company”)

RATES, RULES, AND REGULATIONS

GOVERNING THE DISTRIBUTION AND SALE OF

WATER SERVICE

IN PORTIONS OF

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

IN THE COMMONWEALTH OF PENNSYLVANIA

ISSUED: September 21, 2026
By:
Marc Lucca, President
Aqua Pennsylvania, Inc.
762 Lancaster Avenue
Bryn Mawr, Pennsylvania 19010

EFFECTIVE: October 1, 2026

NOTICE

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

LIST OF CHANGES MADE BY THIS TARIFF

Changes: Supplement No. 10 to Tariff Water-PA P.U.C. No. 4 increases the Distribution System Improvement Charge (DSIC) on page 24 (Fifth Revised) of the Company's tariff to 1.80% effective on October 1, 2026, as approved by the Pennsylvania Public Utility Commission at Docket No. P-00961036 on August 26,1996.

TABLE OF CONTENTS

	Page Number		
Rates, Rules, and Regulations	1	Tenth Revised	(C)
List of Changes Made by This Tariff	2	Tenth Revised	(C)
Table of Contents	3	Tenth Revised	(C)
Table of Contents (cont'd)	4	Fourth Revised	
Table of Contents (cont'd)	5	Original Page	
Table of Contents (cont'd)	6	Original Page	
Description of Territory Served	7	Original Page	
Description of Territory Served (cont'd)	8	Original Page	
Description of Territory Served (cont'd)	9	Original Page	
Description of Territory Served (cont'd)	10	First Revised	
Description of Territory Served (cont'd)	11	Original Page	
SCHEDULE OF RATES:			
Metered and Unmetered Service Charge	12.1	Original Page	
Consumption Charge	12.2	Original Page	
Consumption Charge (cont'd)	12.3	Original Page	
Consumption Charge (cont'd)	12.4	Original Page	
Consumption Charge (cont'd)	12.5	Original Page	
Metered and Unmetered Private Fire Service	12.6	Original Page	
Metered and Unmetered Private Fire Service (cont'd)	12.7	Original Page	
Public Fire Service	12.8	Original Page	
Greenville Division	12.9	Original Page	
Greenville Division (cont'd)	12.10	Original Page	
Industrial Standby Rate	13	Original Page	
Industrial Standby Rate (cont'd)	14	Original Page	
Industrial Standby Rate (cont'd)	15	Original Page	
Resale and Electric Generation Standby Rate	16	Original Page	
Resale and Electric Generation Standby Rate (cont'd)	17	Original Page	
Resale and Electric Generation Standby Rate (cont'd)	18	Original Page	
Rider DIS - Demand Based Industrial Service	19	Original Page	
Rider DRS - Demand Based Resale Service	20	Original Page	
Rider EGS - Electric Generation Service	21	Original Page	
Rider OPI - Off Peak/Interruptible Rate Service	22	Original Page	
Rider OPI - Off Peak/Interruptible Rate Service (cont'd)	23	Original Page	
Distribution System Improvement Charge (DSIC)	24	Fifth Revised	(C)
DSIC (cont'd)	25	Original Page	
DSIC (cont'd)	26	Original Page	
DSIC (cont'd)	27	Original Page	

TABLE OF CONTENTS

SCHEDULE OF RATES (cont'd):	Page Number		
State Tax Adjustment Surcharge (STAS)	28	First Revised	
Page Held For Future Use	29	Original Page	
Page Held For Future Use	30	Original Page	
Page Held For Future Use	31	Original Page	
Customer Assistance Program (CAP) Rider	32	Original Page	
Customer Assistance Program (CAP) Rider (cont'd)	33	First Revised	
Page Held For Future Use	34	Original Page	
Page Held For Future Use	35	Original Page	
Page Held For Future Use	36	Original Page	
Page Held For Future Use	37	Original Page	
Page Held For Future Use	38	Original Page	
RULES AND REGULATIONS:			
Introduction	39	Original Page	
Introduction (cont'd)	40	Original Page	
Definitions	41	Original Page	
Definitions (cont'd)	42	Original Page	
Definitions (cont'd)	43	Original Page	
Application for Service	44	Original Page	
Deposits and Credit Standards	45	Original Page	
Billing and Payment	46	Original Page	
Billing and Payment (cont'd)	47	Original Page	
Service Connections	48	Original Page	
Service Connections (cont'd)	49	First Revised	
Service Connections (cont'd)	49.1	Original Page	(C)
Service Connections (cont'd)	50	First Revised	
Service Connections (cont'd)	51	First Revised	
Service Connections (cont'd)	52	First Revised	
Service Connections (cont'd)	53	Original Page	
Meters and Meter Locations	54	Original Page	
Meters and Meter Locations (cont'd)	55	Original Page	
Meters and Meter Locations (cont'd)	56	Original Page	
Construction Service	57	Original Page	
Metered Fire Service	58	Original Page	
Unmetered Fire Service/Hydrants	59	Original Page	
Unmetered Fire Service/Hydrants (cont'd)	60	Original Page	

TABLE OF CONTENTS

RULES AND REGULATIONS (cont'd):	Page Number	
Responsibility for Service	61	Original Page
System Inspection and Integrity	62	Original Page
Termination of Service	63	Original Page
Termination of Service (cont'd)	64	Original Page
Water Conservation and Drought Emergency	65	Original Page
Water Conservation and Drought Emergency (cont'd)	66	Original Page
Main Extensions	67	Original Page
Main Extensions For Bona Fide Service Applicants	68	Original Page
Main Extensions For Bona Fide Service Applicants (cont'd)	69	Original Page
Main Extensions For Bona Fide Service Applicants (cont'd)	70	Original Page
Main Extensions For Bona Fide Service Applicants (cont'd)	71	Original Page
Main Extensions For Bona Fide Service Applicants (cont'd)	72	Original Page
Main Extensions For Bona Fide Service Applicants (cont'd)	73	Original Page
Pro-ration of Base Rates on Customer Bills	74	Original Page
Waivers	74	Original Page
Amendment of Commission Regulations	74	Original Page
Privilege to Investigate/Right to Access	74	Original Page
Page Held For Future Use	75	Original Page

ATTACHMENTS

Attachment A - Terms and Conditions for Termination of Water for Non-payment of Sewer

TABLE OF CONTENTS

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DESCRIPTION OF TERRITORIES SERVED

RATE ZONE 1 – MAIN DIVISION – All territories subject to Rate Zone 1 rates unless otherwise noted

Adams County
The Townships of Mount Joy and Cumberland

Berks County
The Townships of Bern, Centre, Cumru (portion), Marion, Robeson, and Union

Bradford County
The Boroughs of Athens, Sayre, and South Waverly and the Township of Athens

Bucks County
The Borough of Bristol and the Townships of Bensalem, Bristol, Chalfont, Lower Southampton, New Britain, Solebury, and Upper Southampton

Carbon County
The Township of Kidder

Chester County
The Boroughs of Malvern and West Chester and the Townships of Birmingham, Caln, Charlestown, East Bradford, East Brandywine, East Caln, East Fallowfield, East Goshen, East Marlborough, East Nantmeal, East Whiteland, Easttown, Franklin, Honey Brook, Newlin, Pennsbury, Pocopson, Schuylkill, Thornbury, Tredyffrin, Upper Uwchlan, Uwchlan, Wallace, West Bradford, West Brandywine, West Goshen, West Pikeland, West Vincent, West Whiteland, Westtown, and Willistown

Clarion County
The Township of Richland

Columbia County
The Borough of Centralia and the Township of Mifflin

Cumberland County
The Townships of Monroe and South Middleton

Delaware County
The Boroughs of Aldan, Chester Heights, Clifton Heights, Collingdale, Colwyn, Darby, East Lansdowne, Eddystone, Folcroft, Glenolden, Landowne, Media, Middletown, Millbourne, Morton, Norwood, Prospect Park, Ridley Park, Rose Valley, Rutledge, Sharon Hill, Swarthmore, and Yeadon and the Townships of Aston, Darby, Edgemont, Haverford, Marple, Nether Providence, Newtown, Radnor, Ridley, Springfield, Thornbury, Tinicum, Upper Darby, and Upper Providence

Forest County
The Township of Jenks

Juniata County
The Township of Delaware

DESCRIPTION OF TERRITORIES SERVED

RATE ZONE 1 – MAIN DIVISION (cont'd) – All territories subject to Rate Zone 1 rates unless otherwise noted

Lackawanna County
The Borough of Moscow and the Townships of Covington, Glenburn, Jefferson, Lehigh, Madison, North Abington, Roaring Brook, South Abington, and Thornhurst

Lawrence County
The Townships of Mahoning, Pulaski, and Wilmington

Lehigh County
The Townships of Lower Macungie, South Whitehall, and Salisbury

Luzerne County
The Borough of Harveys Lake, Penn Lake, and White Haven and the Townships of Bear Creek, Butler, Conyngham (Portion), Dallas, Dennison, Exeter, Jackson, Kingston, Lake, Lehman, Rice, and Union

McKean County
The Borough of Mount Jewett and the Township of Hamlin

Mercer County
The Cities of Ferrell, Hermitage, and Sharon, the Boroughs of Mercer, and West Middlesex and the Townships of Coolspring, East Lackawannok, Findley, Jefferson, Lackawanna, Shenango, and Wilmington

Monroe County
The Townships of Barret, Chestnuthill, Hamilton, Polk, and Ross

Montgomery County
The Boroughs of Bryn Athyn, Conshohocken, Hatboro, Jenkintown, Narberth, Rockledge, and West Conshohocken and the Townships of Abington, Cheltenham, Horsham, Lower Merion, Lower Moreland, Perkiomen, Plymouth, Springfield, Upper Dublin, Upper Merion, Upper Moreland, Upper Providence, and Whitemarsh

Northampton County
The Township of Moore

Northumberland County
The City of Shamokin, the Boroughs of Kulpmont, Marion Heights, and Mount Carmel and the Townships of Coal, East Cameron, Mount Carmel, Ralpho, Shamokin, and Zerbe

Pike County
The Townships of Blooming Grove, Lackawaxen, and Palmyra

Schuylkill County
The Boroughs of Ashland, Deer Lake, Girardville, Gordon, and Shenandoah and the Townships of Barry, Butler, Conyngham, East Union, Mahanoy, Mount Carmel, North Union, West Brunswick, and West Mahanoy

DESCRIPTION OF TERRITORIES SERVED

RATE ZONE 1 – MAIN DIVISION (cont'd) – All territories subject to Rate Zone 1 rates unless otherwise noted

Snyder County
The Townships of Jackson, Monroe, and Penn

Susquehanna County
The Borough of Hop Bottom and the Township of Brooklyn

Venango County
The Borough of Emlenton and the Township of Richland

Warren County
The Borough of Clarendon and the Township of Mead

Wayne County
The Boroughs of Hawley, Honesdale, and Waymart and the Townships of Canaan (portion), Lake, Lehigh, Palmyra, Paupack, and Texas

Wyoming County
The Borough of Factoryville and the Townships of Tunkhannock and Washington

Consumption Charge Exceptions, Private Fire Service Charge Exceptions, and Public Fire Service Charge Exceptions apply for customers in the divisions formerly known as:

Beech Mountain Lake: The Townships of Butler and Dennison in Luzerne County

Belle Aire Acres: The Township of Jefferson in Lackawanna County

Bensalem Township: The Township of Bensalem in Bucks County

Bristol Township: The Townships of Bristol and Bensalem in Bucks County

Honesdale: The Borough of Honesdale and the Township of Texas in Wayne County

Mifflin Township: The Township of Mifflin in Columbia County

Mount Jewett: The Township of Hamlin in McKean County

Sand Springs: The Township of Butler in Luzerne County

Shenandoah: The Boroughs of Shenandoah and Girardville, and the Townships of West Mahanoy, Mahanoy, and Butler in Schuylkill County

Sun Valley: The Township of Chestnuthill in Monroe County

DESCRIPTION OF TERRITORIES SERVED

RATE ZONE 2 – All territories subject to Rate Zone 2 rates unless otherwise noted

Chalfont Division
The Township of New Britain in Bucks County

Concord Park Division
The Township of Bensalem in Bucks County

Superior Division
The Townships of Washington in Berks County, North Coventry in Chester County, and Douglass, New Hanover, Lower Pottsgrove, Upper Frederick, Upper Pottsgrove, and Worcester in Montgomery County

Treasure Lake Division
The Township of Sandy in Clearfield County

RATE ZONE 3 – All territories subject to Rate Zone 3 rates unless otherwise noted

Oakland Beach Division
The Townships of Sadsbury and Summit in Crawford County

CS Water (Masthope) Division
The Township of Lackawaxen in Pike County

Eagle Rock Division
The Townships of Black Creek and Hazle in Luzerne County, Tobyhanna in Monroe County, and East Union and North Union in Schuylkill County

BUNKER HILL DIVISION
The Township of Clinton in Wyoming County

PHOENIXVILLE DIVISION
A portion of Upper Providence Township in Montgomery County and portions of East Pikeland and Schuylkill Townships in Chester County

GREENVILLE DIVISION
The Borough of Greenville and portions of the Townships of Hempfield, West Salem, and Sugar Grove in Mercer County **(C)**

DESCRIPTION OF TERRITORIES SERVED

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SCHEDULE OF RATES

METERED AND UNMETERED SERVICE CHARGE

The rates under this schedule apply to all customer classes in the territories served subject to the Rate Zones as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE CHARGE

Customer Charge ($)	Rate Zone 1 & 2	Rate Zone 3	Bunker Hill Division	Phoenixville Division
Fixed (per Customer)				
Meter Size:				
5/8 inch	$ 22.40	$ 32.40	$ 17.70	$ 7.35
3/4 inch	38.40	32.40		7.40
1 inch	65.30	65.30		14.90
1-1/2 inch	125.80	125.80		26.00
2 inch	179.10	179.10		55.50
3 inch	359.00	359.00		92.60
4 inch	585.00	585.00		185.00
6 inch	1,207.00	1,207.00		296.00
8 inch	2,112.00	2,112.00		629.00
10 inch	3,121.00	3,121.00		
12 inch	3,780.00	3,780.00		
Unmetered Charge	$ 90.86	$ 90.86		
Special Unmetered Charges				
Belle Aire Acres Division	$ 70.65			

SCHEDULE OF RATES

CONSUMPTION CHARGE - RESIDENTIAL

The rates under this schedule apply to all metered customers for water consumed per 1,000 gallons unless otherwise specifically identified below.

MONTHLY CONSUMPTION CHARGE

	Rate Zones 1 & 2	Rate Zone 3	Other
Residential			
Up to 2,000 Gallons	$ 16.246		
Over 2,000 Gallons	19.233		
Up to 4,000 Gallons		$ 15.105	
Over 4,000 Gallons		19.233	

Consumption Charge Exceptions:

Rate per 1,000 gallons:

Beech Mountain Lake	$ 10.379		
Bristol Township	14.454		
Concord Park	16.246		
Sun Valley	8.900		
Treasure Lake	15.513		
Belle Aire			
Up to 2,000 Gallons	11.500		
Over 2,000 Gallons	13.500		
Shenandoah			
Up to 2,000 Gallons	12.452		
Over 2,000 Gallons	14.743		
Bunker Hill			$ 9.990
Phoenixville			
Up to 333,300 Gallons			$ 6.660
Next 1,333,400 Gallons			$ 5.439
Over 1,666,700 Gallons			$ 4.440

SCHEDULE OF RATES

CONSUMPTION CHARGE – COMMERCIAL

The rates under this schedule apply to all metered customers for water consumed per 1,000 gallons unless otherwise specifically identified below.

MONTHLY CONSUMPTION CHARGE

	Rate Zones 1, 2 & 3	Other
Commercial		
Up to 10,000 Gallons	$ 16.900	
Next 23,300 Gallons	14.848	
Next 300,000 Gallons	12.318	
Over 333,300 Gallons	11.276	
Commercial Consumption Charge Exceptions - Rate per 1,000 gallons:		
Beech Mountain Lake	$ 10.379	
Bristol Township	16.900	
Country Club Gardens and Sand Springs	17.449	
Concord Park	16.246	
Treasure Lake	15.513	
Shenandoah		
Up to 10,000 Gallons	11.514	
Next 23,300 Gallons	10.116	
Next 300,000 Gallons	4.780	
Over 333,300 Gallons	4.373	
Phoenixville		
Up to 333,300 Gallons		$ 6.660
Next 1,333,400 Gallons		5.439
Over 1,666,700 Gallons		4.440

SCHEDULE OF RATES

CONSUMPTION CHARGE – PUBLIC

The rates under this schedule apply to all metered customers for water consumed per 1,000 gallons unless otherwise specifically identified below.

MONTHLY CONSUMPTION CHARGE

	Rate Zones 1, 2 & 3	Other
Public		
Up to 10,000 Gallons	$ 16.900	
Next 23,300 Gallons	14.848	
Next 300,000 Gallons	12.652	
Over 333,300 Gallons	11.579	
Public Consumption Charge Exceptions - Rate per 1,000 gallons:		
Beech Mountain Lake	$ 7.666	
Bristol Township	17.449	
Country Club Gardens and Sand Springs	17.449	
Concord Park	16.900	
Treasure Lake	14.848	
Shenandoah		
Up to 10,000 Gallons	11.514	
Next 23,300 Gallons	10.116	
Next 300,000 Gallons	4.907	
Over 333,300 Gallons	4.490	
Phoenixville		
Up to 333,300 Gallons		$ 6.660
Next 1,333,400 Gallons		5.439
Over 1,666,700 Gallons		4.440

SCHEDULE OF RATES

CONSUMPTION CHARGE – INDUSTRIAL AND OTHER WATER UTILITIES

The rates under this schedule apply to all metered customers for water consumed per 1,000 gallons unless otherwise specifically identified below.

MONTHLY CONSUMPTION CHARGE

	Rate Zones 1, 2 & 3	Other
Industrial		
Up to 10,000 Gallons	$ 16.900	
Next 23,300 Gallons	14.848	
Next 300,000 Gallons	12.318	
Next 3,000,000 Gallons	11.277	
Next 6,666,700 Gallons	10.979	
Over 10,000,000 Gallons	9.066	
Consumption Charge Exceptions - Rate per 1,000 gallons:		
Shenandoah		
Up to 10,000 Gallons	$ 11.514	
Next 23,300 Gallons	10.116	
Next 300,000 Gallons	4.780	
Next 9,666,700 Gallons	4.373	
Over 10,000,000 Gallons	3.516	
Phoenixville		
Up to 333,300 Gallons		$ 6.660
Next 1,333,400 Gallons		5.439
Over 1,666,700 Gallons		4.440
Sales to Other Utilities: Rate per 1,000 gallons	$ 16.900	
Tank Sales: Rate per 1,000 gallons	$ 16.900	

SCHEDULE OF RATES

METERED AND UNMETERED PRIVATE FIRE SERVICE

The rates under this schedule apply throughout the territories served subject to the Rate Zones as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY PRIVATE FIRE SERVICE CHARGE

Customer Charge ($)	Rate Zones 1, 2 & 3
Meter Size:	
1 inch	$ 7.59
1-1/2 inch	17.43
2 inch	42.99
3 inch	69.83
4 inch	118.17
6 inch	260.28
8 inch	453.95
10 inch	691.35
12 inch	1,915.02

Consumption Charge: Rate per 1,000 gallons	
	$ 16.264

Charge Exceptions:

Shenandoah

Customer Charge ($)	
Meter Size:	
1 inch	$ 569.00
Automatic Sprinkler System Flat Rate	$ 86.13
Automatic Sprinkler System Additional Charge per square foot	$ 0.00724

SCHEDULE OF RATES

METERED AND UNMETERED PRIVATE FIRE SERVICE

The rates under this schedule apply throughout the territories served subject to the Rate Zones as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY PRIVATE FIRE SERVICE CHARGE

Residential Multiple Meter Fire Service Customer Charge ($)

Domestic Meter Size:	Fire Meter Size:		
5/8 inch	3/4 inch	$	24.61
5/8 inch	1 inch		24.96
5/8 inch	1-1/2 inch		28.29
5/8 inch	2 inch		30.40
3/4 inch	1 inch		40.96
3/4 inch	1-1/2 inch		44.29
3/4 inch	2 inch		46.40
1 inch	1 inch		67.86
1 inch	1-1/2 inch		71.19
1 inch	2 inch		73.30
1-1/2 inch	1 inch		110.56
1-1/2 inch	1-1/2 inch		113.89
1-1/2 inch	2 inch		116.00
2 inch	1-1/2 inch		149.39
2 inch	2 inch		151.50

Consumption Charges will be billed at the appropriate residential metered water rates.

Private Hydrants	$	51.10

Private Fire Hydrant Service Exceptions:		
Peddlers View	$	42.60
Eagle Rock		40.50
Honesdale		42.60
Sand Springs		42.60
Shenandoah		51.10
Phoenixville		40.30

Qualified Private Fire Hydrant	$	42.60

SCHEDULE OF RATES

PUBLIC FIRE SERVICE

The rates under this schedule apply throughout the territories served subject to the Rate Zones as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE CHARGE FOR EACH PUBLIC FIRE HYDRANT

Public Fire Hydrant	$	32.38

Public Fire Service Exceptions:

Bensalem Township	$	28.60
Bristol Township		27.50
Chalfont		31.10
Concord Park		24.60
Media Service Area = > 6" connection		34.00
Mifflin Township		25.90
Mount Jewett		22.30
Phoenixville		32.38
Shenandoah		5.04

SCHEDULE OF RATES

The rates under this schedule apply to all customer classes in the territories served subject to the Greenville Division as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE CHARGE

Customer Charge ($)	Greenville Division
Fixed (per Unit)	
Meter Size:	
5/8 inch	$ 22.59
3/4 inch	37.64
1 inch	60.23
1-1/2 inch	127.03
2 inch	201.37
3 inch	403.65
4 inch	586.59
6 inch	1,540.48

Customers assigned more than one unit will be billed multiple service fees as determined by the Greenville Water Authority at the time of acquisition. Units to be charged to new customers will be determined by the Company.

MONTHLY CONSUMPTION CHARGE : Rate Per 1,000 Gallons

	Greenville Division	
All Classes		
1,000 Gallons or less	$ 6.710	per 1,000 gallons
2,000 - 5,000 Gallons	$ 9.620	per 1,000 gallons
6,000 - 199,000 Gallons	$ 10.070	per 1,000 gallons
200,000 Gallons or more	$ 7.830	per 1,000 gallons

Consumption will be billed at the volumetric rate based on the customer's total consumption within the bands shown above. Consumption will be truncated and billed based on the last full 1000 gallons used. Any gallons used between increments of 1000 gallons that are not billed on the current bill will be recognized and accounted for in the following billing period.

SCHEDULE OF RATES

The rates under this schedule apply to all customer classes in the territories served subject to the Greenville Division as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

	Greenville Division
MONTHLY PRIVATE FIRE	
Customer Charge ($)	
Meter Size:	
2 inch	$ 11.18
4 inch	47.00
6 inch	61.84
8 inch	106.46
Consumption Charge: Rate per 1,000 gallons	$ 0.00

Multiple Meter Fire Service Customer Charge ($)

Domestic Meter Size:	Fire Meter Size:	
5/8 inch	3/4 inch	$ 22.59

Consumption Charges will be billed at the appropriate metered water rates.

MONTHLY SERVICE CHARGE FOR EACH PRIVATE FIRE HYDRANT	
Private Hydrants	$ 61.84
MONTHLY SERVICE CHARGE FOR EACH PUBLIC FIRE HYDRANT	
Public Fire Hydrant	$ 0.00

Bulk Sales: ($25 minimum is required for all purchases)

Service Fee Per Load	$ 5.00	
Rate per 1,000 gallons		$ 9.940

The DSIC surcharge shall not be applied to bills of water customers in the Greenville Division; this will remain effective until an amended Long-Term Infrastructure Improvement Plan (LTIIP) is filed and approved which includes Greenville. Following the approval of an amended LTIIP, the DSIC surcharge shall be applicable to water customers in the Greenville Division.

SCHEDULE OF RATES

INDUSTRIAL STANDBY RATE

I. Applicability

This rate applies throughout the territory served under this tariff.

II. Availability

This rate is available to a new industrial customer that has an alternative supply source or an existing industrial customer that purchases water from the Company and develops or obtains a new source of supply. In order to obtain service under this rate, the customer must execute a Service Agreement with the Company for a period of not less than two (2) years.

An alternative source of supply for a new customer or a new source of supply for an existing customer, for purposes of this tariff, means any external or internal source of water supply other than the Company, including expansion of, or additions to, an existing source of water supply, that has capacity available to supply the customer with at least 100,000 gallons per day of water on average and, in the case of an existing customer, was added after the effective date of Supplement 21 to Tariff Water Pa. P.U.C. No. 1 (January 3, 2000).

III. Nomination of Standby Service

The Service Agreement with the Company will identify the nature and amount of the customer's requirements for Stand by Service. Standby Service will be available on a firm basis, an interruptible basis or combinations thereof.

The amounts of Standby Service to be nominated are the customer's requirements to meet Average Day Demand, Maximum Day Demand and Maximum Hour Demand. The sum of the customer's nominated firm and interruptible Maximum Day Demand shall be equal to the maximum day capacity of the new customer’s alternative supply or the existing customer's new source of supply or such other reasonable amount agreed to by the Company and the customer.

IV. Rate

Service Charge: The monthly Service Charges under this rate schedule will be the same as those set forth on the Schedule of Rates applicable to Rate Zone 1 - Main Division for the Industrial rate classification.

Demand Charges: The monthly Demand Charges under this rate schedule will be applied to the customer’s nominated firm and interruptible standby demands in hundred gallons as set forth in the Service Agreement and are as follows:

	Firm Standby Service	Interruptible Standby Service
Average Day Demand	10.8601	2.0658
Maximum Day Demand	1.3260	0.3320
Maximum Hour Demand	21.9230	2.3868

SCHEDULE OF RATES

INDUSTRIAL STANDBY RATE

IV. Rate (cont'd)

Consumption Charges: In addition to the Service Charges and the Demand Charges, Consumption Charges will be rendered for all water delivered during the standby event in accordance with the following schedule:

Up to Average Daily Deliveries by Company during the seven days preceding the beginning of the standby event multiplied by the days during the standby event	Rate Zone 1 - Main Division Industrial Rates
Next gallons – Firm Average Day Demand Nomination multiplied by the days during the standby event	0.0709 per hundred gallons
Next gallons – Interruptible Average Day Demand Nomination multiplied by the days during the standby event	0.5377 per hundred gallons
All amounts above sum of previously described amounts	Rate Zone 1 - Main Division Industrial First Block

V. Terms and Conditions

Initial Notification of Company: Each customer that develops or obtains a new source of supply and retains a connection to the Company's system becomes a Standby Service customer and shall notify the Company within ten (10) days of so doing. The notification shall include the Maximum Day capacity of the source of supply and the customer's nominations of firm and interruptible standby demand requirements. The customer shall within thirty (30) days of developing or obtaining such new source of supply enter into a Service Agreement with the Company for Standby Service.

Each customer that is taking service under a Standby Service Agreement and increases the capacity of its source of supply shall be subject to the same notification requirements with respect to the additional capacity.

Notification of Standby Event: When a customer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative designated in the Service Agreement as soon as practical. The customer shall advise the Company representative of the probable daily quantities and the expected duration of the standby event. The customer also shall provide the Company with a notarized affidavit within thirty (30) days of the beginning of the standby event that describes the cause of the interruption of the customer's alternative supply. When the customer no longer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative. The time between these two notifications shall constitute the duration of the standby event.

SCHEDULE OF RATES

INDUSTRIAL STANDBY RATE

V. Terms and Conditions (cont'd)

Use in Excess of Contractual Demands: If and when the actual amounts of Standby Service Demands exceed the nominated amounts set forth in the Service Agreement, the actual demands shall become the nominated demands for the remainder of the term of the Service Agreement. Further, the customer will be billed an additional charge equal to the difference between the actual demand and the previously nominated demand multiplied by the applicable demand charge and the number of months since the beginning of the term of the Service Agreement.

Metering Equipment: The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement Standby Service and to monitor the customer's compliance with its terms and conditions.

SCHEDULE OF RATES

RESALE AND ELECTRIC GENERATION STANDBY RATE

I. Applicability

This rate applies throughout the territory served under this tariff.

II. Availability

This rate is available to a new customer that has an alternative supply source or an existing customer that purchases water from the Company and develops or obtains a new source of supply. In order to obtain service under this rate, the customer must purchase water from the Company for resale or electric generation purposes and execute a Service Agreement with the Company for a period of not less than ten (10) years.

An alternative source of supply for a new customer or a new source of supply for an existing customer, for purposes of this tariff, means any external or internal source of water supply other than the Company, including expansion of, or additions to, an existing source of water supply, that has capacity available to supply the customer with at least 100,000 gallons per day of water on average and, in the case of an existing customer, was added after the effective date of Supplement 21 to Tariff Water Pa. P.U.C. No. 1 (January 3, 2000).

III. Nomination of Standby Service

The Service Agreement with the Company will identify the nature and amount of the customer's requirements for Standby Service. Standby Service will be available on a firm basis.

The amounts of Standby Service to be nominated are the customer's requirements to meet Average Day Demand, Maximum Day Demand and Maximum Hour Demand. The customer's nominated firm Maximum Day Demand shall be equal to the maximum day capacity of the new customer's alternative supply or the existing customer's new source of supply or such other reasonable amount agreed to by the Company and the customer.

IV. Rate

Service Charge: The monthly Service Charges under this rate schedule will be the same as those set forth on the Schedule of Rates applicable to Rate Zone 1 - Main Division for the customer's rate classification.

Demand Charges: The monthly Demand Charges under this rate schedule will be applied to the customer's nominated firm standby demands in hundred gallons as set forth in the Service Agreement and are as follows:

	Firm Standby Service
Average Day Demand	10.8601
Maximum Day Demand	1.3260
Maximum Hour Demand	21.9230

SCHEDULE OF RATES

RESALE AND ELECTRIC GENERATION STANDBY RATE

IV. Rate (cont'd)

Consumption Charges: In addition to the Service Charges and the Demand Charges, Consumption Charges will be rendered for all water delivered during the standby event in accordance with the following schedule:

Up to Average Daily Deliveries by Company during the seven days preceding the beginning of the standby event multiplied by the days during the standby event	Rate Zone 1 - Main Division Rates
Next gallons – Firm Average Day Demand Nomination multiplied by the days during the standby event	0.0709 per hundred gallons
All amounts above sum of previously described amounts	Rate Zone 1 - Main Division First Block

V. Terms and Conditions

Initial Notification of Company: Each customer that develops or obtains a new source of supply and retains a connection to the Company's system becomes a Standby Service customer and shall notify the Company within ten (10) days of so doing. The notification shall include the Maximum Day capacity of the source of supply and the customer's nominations of firm standby demand requirements. The customer shall within thirty (30) days of developing or obtaining such new source of supply enter into a Service Agreement with the Company for Standby Service.

Each customer that is taking service under a Standby Service Agreement and increases the capacity of its source of supply shall be subject to the same notification requirements with respect to the additional capacity.

Notification of Standby Event: When a customer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative designated in the Service Agreement as soon as practical. The customer shall advise the Company representative of the probable daily quantities and the expected duration of the standby event. The customer also shall provide the Company with a notarized affidavit within thirty (30) days of the beginning of the standby event that describes the cause of the interruption of the customer's alternative supply. When the customer no longer requires deliveries of water pursuant to this rate schedule, the customer shall notify the Company representative. The time between these two notifications shall constitute the duration of the standby event.

SCHEDULE OF RATES

RESALE AND ELECTRIC GENERATION STANDBY RATE

V. Terms and Conditions (cont'd)

Use in Excess of Contractual Demands: If and when the actual amounts of Standby Service Demands exceed the nominated amounts set forth in the Service Agreement, the actual demands shall become the nominated demands for the remainder of the term of the Service Agreement. Further, the customer will be billed an additional charge equal to the difference between the actual demand and the previously nominated demand multiplied by the applicable demand charge and the number of months since the beginning of the term of the Service Agreement.

Metering Equipment: The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement Standby Service and to monitor the customer's compliance with its terms and conditions.

SCHEDULE OF RATES

RIDER DIS – DEMAND BASED INDUSTRIAL SERVICE

I. Applicability

This rate applies throughout the territory served under this tariff.

II. Availability

This rider is available to a customer or prospective customer that:

1. purchases or intends to purchase water from the Company for industrial purposes;

2. enters into a Service Agreement for a term of not less than 2 years;

3. during the original and any renewal terms of the Service Agreement, agrees to purchase a minimum of 10 million gallons of water per month at a daily load factor of not less than 0.60; and

4. has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the Company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

III. Rate

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

Maximum Rate: The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

Minimum Rate: The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

Filing With The Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

SCHEDULE OF RATES

RIDER DRS – DEMAND BASED RESALE SERVICE

I. Applicability

This rate applies throughout the territory served under this tariff.

II. Availability

This rider is available to a customer or prospective customer that:

1. purchases or intends to purchase water from the Company for resale purposes;

2. enters into a Service Agreement for a term of not less than 10 years;

3. during the original and any renewal terms of the Service Agreement, agrees to maintain a daily load factor of not less than 0.60; and

4. has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the Company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

III. Rate

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

Maximum Rate: The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

Minimum Rate: The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

Filing With The Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

SCHEDULE OF RATES

RIDER EGS – ELECTRIC GENERATION SERVICE

I. Applicability

This rate applies throughout the territory served under this tariff.

II. Availability

This rider is available to the electric generating facilities of a customer or prospective customer that:

1. is engaged in the business of generating electric power for sale to the public or public utilities;

2. enters into a Service Agreement for a term of not less than 10 years;

3. during the original and any renewal terms of the Service Agreement, agrees to purchase a minimum of 10 million gallons of water per month; and

4. has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the Company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

III. Rate

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

Maximum Rate: The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

Minimum Rate: The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

Filing With The Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

SCHEDULE OF RATES

RIDER OPI – OFF PEAK/INTERRUPTIBLE RATE SERVICE

I. Applicability

This rate applies throughout the territory served under this tariff where the capacity exists to provide this service.

II. Availability

This rider is available to a customer or prospective customer that:

1. purchases or intends to purchase water from the Company for any purposes;
2. purchases at least 80% of its water from the Company during the off-peak hours of 10:00PM to 5:00AM;
3. purchases a minimum of six million gallons of water per year during the contracted period; and
4. enters into a Service Agreement for a term of not less than one year.

III. Rate

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; (3) may include a Minimum Charge upon the discretion of the Company, if it is anticipated that there are other customer expenses to be incurred besides the Metering Equipment; and (4) shall be subject to an Escalation Clause, as hereafter defined. If during the month, the customer purchases less than 80% of its water during the off-peak hours, the rate to be charged for consumption will be the Maximum Rate.

Maximum Rate: The Maximum Rate shall be the otherwise applicable volumetric charges specified in the Company's Rate Schedule for the Main Division.

Minimum Rate: The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water and (2) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

SCHEDULE OF RATES

RIDER OPI – OFF PEAK/INTERRUPTIBLE RATE SERVICE

I. Terms and Conditions

Interruption of Service: The Company may require the customer to interrupt its water usage to assist the Company in addressing a system emergency, including insufficiency, for any reason, of the Company's source of supply, treatment/purification, pumping, transmission, storage, or distribution capacity to serve other customers' demands. The customer will be provided not less than one hour's notice before an interruption is expected to begin. Notice may be by telephone to the customer contact identified in the Service Agreement.

Failure to Interrupt: Failure to comply with the Company's request for interruption shall result in all usage by the customer, during the billing period in which such interruption was requested, being billed at the Company's otherwise applicable Schedule of Rates for the Rate Zone 1 - Main Division plus $0.05 per hundred gallons. If the customer fails to comply with the Company's requests for interruption three times during any one year period, measured in twelve month intervals commencing on the effective date of the Service Agreement, the customer shall cease to be eligible for service under this rider and shall thereafter be billed under the otherwise applicable Schedule of Rates.

Metering Equipment: The customer shall pay the Company the cost, including installation, of all metering equipment, including meter interface units, that the Company, in its sole judgment, determines is necessary to properly implement the rate and to monitor the customer's compliance with the availability criteria and terms and conditions hereof.

Inspection: The customer shall permit Company personnel and the Company's authorized agents, representatives, consultants and experts access to the customer's facilities during regular business hours and upon not less than 24 hours' notice and shall permit inspection thereof to determine, to the Company's satisfaction, whether the customer is in compliance with the availability criteria and terms and conditions hereof.

Filing With The Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a surcharge of 1.80% shall apply to all bills issued, excluding public fire hydrants, on or after the Effective Date at the bottom of this page. **(I)**

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: 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;

- Main cleaning and relining (account 3310) projects;

- Unreimbursed funds related to capital projects to relocate Company facilities due to highway relocations (account 3310); and

- Other related capitalized costs.

Effective Date: The DSIC will become effective for bills issued on and after January 1, 1997.

II. Computation of the DSIC

Calculation: The initial charge, effective January 1, 1997, 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 September 1, 1996 and November 30, 1996. 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:

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

II. Computation of the DSIC (cont'd)

Effective Date of Change	Date to Which DSIC Eligible Plant Additions Reflected
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:

Depreciation: The depreciation expense will be calculated by applying to the original cost of DSIC-eligible property the annual accrual rates employed in the Company's last base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded.

Pre-tax Return: The pre-tax return will be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day of the three month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission staff in the latest Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

DSIC Surcharge Amount: The charge will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for service under the Company's otherwise applicable rates and charges, excluding amounts billed for public fire protection and the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for sales of water (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of revenues from public fire protection service and STAS.

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

II. Computation of the DSIC (cont'd)

Formula: The formula for calculation of the DSIC surcharge is as follows:

$$DSIC = \frac{(DSI * PTRR + STFT + Dep + e) \times 1/(1-T)}{PQR}$$

Where:

DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property-related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. Code § 168.

PTRR = Pre-tax return rate applicable to DSIC-eligible property.

STFT = (State Tax Flow Through) Pre-tax flow through calculated on book-tax timing differences between accelerated tax depreciation and book depreciation net of federal tax.

Dep = Depreciation expense related to DSIC-eligible property.

e = Amount calculated (+/-) under the annual reconciliation feature or Commission audit, as described below.

T = If applicable, Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

PQR = Projected quarterly revenue will be based on the applicable three-month period, (including all applicable clauses and riders) including revenue from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Bureau of Investigation & Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

III. Safeguards

All Customer Classes: The DSIC shall be applied equally to all customer classes, with the exception of any future customers with negotiated contracts for which a reduction or exemption is shown to be reasonably necessary.

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

III. Safeguards (cont'd)

Cap: The DSIC will be capped at 7.50% of the amount billed to customers (including all applicable clauses and riders) under otherwise applicable rates and charges.

Audits/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, et seq., shall be credited to customer accounts. It will also be subject to an annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year, or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on the over-collections and credits will be calculated at the residential mortgage-lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P. S. sec.101, et seq.) and will be refunded in the same manner as an over-collection. The utility is not permitted to accrue interest on under collections.

New Base Rates: The charge will be reset at zero, as of the effective date of new base rates that provide for prospective recovery of the annual costs that had theretofore been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base would be reflected in the quarterly updates of the DSIC.

Earning Reports: The charge will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings Report show that the Company will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section. The utility shall file a tariff supplement implementing the reset to zero due to overearnings on one days' notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.

Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

Residual E-Factor Recovery Upon Reset to Zero: The utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any over-collection to customers and is entitled to recover any under collection as set forth in Section III Safeguards – Audits/Reconciliations. Once the utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.

Public Fire Protection: The DSIC of a water utility will not apply to public fire protection customers.

SCHEDULE OF RATES

STATE TAX ADJUSTMENT SURCHARGE (STAS)

In addition to the net charges provided for in this Tariff, a surcharge of -0.11% will apply to all bills issued on or after the Effective Date at the bottom of this page. **(D)**

The above surcharge will be recalculated using the element 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 recalculation or as prescribed in the Commission's regulations or orders. If the recalculated surcharge is less than the one in effect, the Company will, or if the recalculated surcharge is more than the one in effect, the Company may, submit with such recalculation a tariff or supplement to reflect such recalculated 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 recalculation, 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 Pa.C.S. § 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.

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SCHEDULE OF RATES

CUSTOMER ASSISTANCE PROGRAM RIDER

Customer Assistance Program ("CAP"):

I. Availability

The CAP is a program designed to enroll residential Customers who satisfy the criteria set forth below ("CAP Program").

Processing and verification by authorized agencies upon referral by the Company's offices, other agencies, or the Commissions Bureau of Consumer Services.

Residential Customer of the Company.

Annual income no greater than 200 percent of the federal poverty limit ("FPL"). For payment purposes Customers will be defined as follows:

a. Tier 1 – Customers whose annual income has been verified as being at or below 50 percent of FPL.

b. Tier 2 – Customers whose annual income has been verified as being above 50 percent FPL or at or less than 100 percent of FPL.

c. Tier 3 – Customers whose annual income has been verified as being above 100 percent FPL or at or less than 150 percent of FPL.

d. Tier 4 – Customers whose annual income has been verified as being above 150 percent FPL or at or less than 200 percent of FPL.

II. Rate Table

Eligible Customers will receive the discounted rates in the rate zone where service is rendered as set forth below:

Tier	Customer Charge	Consumption Charge
1	100% discount on Customer Charge	85% discount on all volumes
2	100% discount on Customer Charge	75% discount on all volumes
3	100% discount on Customer Charge	50% discount on all volumes
4	100% discount on Customer Charge	25% discount on all volumes

SCHEDULE OF RATES

CUSTOMER ASSISTANCE PROGRAM RIDER (cont'd)

III. Surcharges

All surcharges applicable under the Company's Rules and Regulations shall still apply to Customers under the CAP Program.

IV. Late Payment Charges

No late payment charges shall be applied to arrearages existing at the time the Customer begins receiving service under the CAP Program. Late payment charges will not be applied during participation in the CAP Program.

V. Rules and Regulations

If, at any time after acceptance into CAP, a Customer's family size or income changes, the Customer must notify the Company of the change within 30 days of the change. Failure to do so may result in the Company ending the Customer's opportunity to receive service under the CAP Program.

If a balance is owed at the time of enrollment such balance will be frozen as preprogram arrears and is eligible for a monthly credit of $40.00 for in-full payments as those payments are made. **(C)**

If a Customer no longer satisfies the criteria set forth under Availability, the Customer will no longer be eligible to receive service under the CAP Program and any pre-program arrearages will become due.

At the time of application to the CAP Program, the Customer will be advised of the importance of timely payments and water conservation. The CAP Program screening administrator will review relevant assistance programs and offer help in applying for such programs.

Failure to make payments will result in the Company returning the participant to the regular collection cycle and may lead to termination of service. To avoid termination, the participant must pay the amount set forth in the termination notice prior to the scheduled termination date.

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RULES AND REGULATIONS

INTRODUCTION

1. Effect of Rules and Regulations: These Rules and Regulations, filed as part of the Company's Tariff, shall govern the manner in which water service is provided to all Applicants and Customers. The Company may supplement these Rules and Regulations, and may revise and amend these Rules and Regulations from time to time subject to the approval of the Pennsylvania Public Utility Commission ("Commission"). The Company will follow Commission regulations not specifically addressed in these Rules and Regulations.

2. Types of Service Provided: There are four general types of service that are provided by the Company, as follows:

General Metered Service: Water service provided for general use by any of the following customer classes: residential, commercial, industrial, other water utility, or public. This type of service is also referred to as "domestic" service.

Fire Service: Water service provided to an unmetered fire hydrant, whether public or private, or through a separately metered service line to be utilized exclusively for fire protection of a building and/or property.

Qualified Private Fire Protection Service: Water service provided to an unmetered, privately-owned fire hydrant located in the public right-of-way which does not otherwise qualify for Public Fire Hydrant rates. Said hydrant shall be located on a service line serving that hydrant exclusively, and must be in the open, be visible, and shall not be more than fifty (50) feet from the Company main servicing the hydrant

Combined Fire & Domestic Service: Water service provided at the request of the Customer, subject to the Company's approval for all non-residential Customer classifications which utilize a single service line for both fire and domestic service. This service can be provided in accordance with the requirements of Rule 41 when the fire/domestic meter size is at least 4 inches.

In addition to the general application of these Rules and Regulations, special rules for the provision of fire service are contained in Rules 41 through 50, and special Rules for the provision of Construction Service are contained in Rules 39 and 40.

INTRODUCTION (cont'd)

3. Classes of General Metered Service: There are five classes of general metered service, based on the nature of the Customer and the use of the property receiving service, as follows:

Residential Class: An individually metered dwelling unit intended for human habitation (including a detached house, row home, townhouse, condominium and mobile home) or an individually metered home or building consisting of not more than two dwelling units.

Commercial Class: A building, store, restaurant, or office which is primarily a site for the buying or selling of goods or the provision of professional or consumer services. In addition, apartments, condominium complexes, colleges, private and public schools, car washes, laundromats, construction sites, hotels, motels, and tanks filled at the Company's premise are included in this class.

Industrial Class: A building or factory which is primarily a site for the manufacture or production of goods.

Other Water Utility: A public water utility, Municipal Corporation, or water authority which purchases water for resale to its customers.

Public: A public building, library, park or playground which is owned by a governmental unit which has the power of taxation.

RULES AND REGULATIONS

DEFINITIONS

4. Definitions: Wherever used in the Rules and Regulations or elsewhere in the Company's tariff, the following terms shall have the meanings hereinafter set forth:

Applicant: A person, at least 18 years of age, who is not currently receiving service but has applied to the Company for service and whose name appears on the mortgage, deed, or lease of the property for which service is requested.

Auxiliary Water Supply: A water supply, other than that provided by the Company, that is on or available to the Customer's premises, including, but not limited to, a supply from another public water supply agency, from a natural source such as a well, lake or spring, or from a source containing used water or industrial fluids.

Builder: Any person(s) requesting an extension to provide service to an existing lot or group of lots, either existing or to be subdivided, where service is to be provided to something other than a preexisting Residential Structure; namely, a newly constructed structure, structures to be constructed in the future, or to a preexisting non-residential structure.

Commission: The Pennsylvania Public Utility Commission

Company: Aqua Pennsylvania, Inc. and its duly authorized officers, agents, and employees; each acting within the scope of his/her authority and employment.

Company Service Line: The service line owned by the Company that extends from the water main to the curb stop or curb line or such point as designated by the Company.

Construction Costs: All direct and indirect costs attributable to the material and installation of the subject main extension, services and appurtenances, and/or removal of existing Company facilities (including the net book value of property replaced or retired) whether incurred by the Builder or the Company.

Construction Services: Water service provided for construction purposes.

Creditworthiness: An assessment of an applicant's or customer's ability to meet bill payment obligations for utility service.

Curb Box: A cylindrical device with a lid, normally placed by the curb which affords access to the curb stop. Normally, this device is initially installed by the Company, but may be subject to having its condition or position adjusted by natural forces or the work of the developer or a plumber. Accordingly, it is the responsibility of the Customer to maintain the Curb Box in a safe condition, or to notify the Company either in writing or by telephone to make the necessary repairs or relocation to the Curb Box or Curb Box lid.

Curb Stop: A device owned, installed, maintained and controlled by the Company that can be turned to an open or closed position for the purpose of controlling the supply of water to the service property.

Customer: A person at least 18 years of age whose name is listed on the account and who is primarily responsible for the utility bill OR adult occupant whose name appears on the mortgage, deed, or lease for the service address.

DEFINITIONS (cont'd)

Customer Service Line: The service line owned by the Customer that extends from the Curb Stop or curb-line (or such point as designated by the Company) to the property or building being served.

Depositor: Any person(s) acting on behalf of Prospective Customer(s) for the purpose of entering into any type of agreement that requires a deposit of funds for extension of the Company's facilities.

Meter: A device furnished, installed, maintained and owned by the Company to register the consumption or use of water at the Customer's Property.

Meter Box/Vault: A structure which is owned and maintained by the Customer, having been installed by an agent for or on behalf of the Customer, in accordance with Company specifications, for the purpose of housing the Meter outside of the Customer's building, at an underground location mutually agreed upon between the Customer and Company. It is the responsibility of the Customer, as the owner of the Meter Box/Vault to maintain the Meter Box/Vault and lid in a safe condition.

Metered Manifold: A domestic service line that contains more than one metered service. When more than one meter is installed upon a Customer's premise at the request of a Customer or due to conditions existing upon the premise of the Customer, then each meter shall be treated separately as if it belonged to a separate Customer.

Person: Any individual, firm, company, association, society, corporation, institution, group, or any other legal entity.

Plumbing Fixture Standards: The water use standards that have been adopted by the Delaware River Basin Commission (at Resolution 88-2 Revised) and subsequently recommended by the Commission for plumbing fixtures installed in new construction and in existing structures undergoing renovations involving replacement of such fixtures, as follows:

Plumbing Fixture	Water Use Standard
Showerheads	3.0 gallons/minute
Lavatory faucet	3.0 gallons/minute
Kitchen faucet	3.0 gallons/minute
Water closets	1.6 gallons/flush
Urinals	1.5 gallons/minute

Premise: A single lot or piece of ground consisting of a single residential unit, together with all buildings and structures erected thereon.

Private Fire Hydrant: A fire hydrant furnished, installed, owned and maintained by the Company that has been requested by an Applicant and approved by the municipality, but where the municipality has refused to accept payment of the applicable rate as set forth in the Company's rate schedule.

RULES AND REGULATIONS

DEFINITIONS (cont'd)

Property: In general terms, a separate parcel of land owned in fee simple absolute, including any home(s), condominium(s), Home Owner's Association or building(s) affixed thereto, which is delineated by the description contained on the recorded deed, and which may be further delineated by any public roads.

Prospective Customer: Any owner, tenant, or lessee of a Property that is expected to be receiving water service for at least one year following the commencement of water service.

Public Fire Hydrant: A fire hydrant furnished, installed, owned and maintained by the Company that has been requested by the municipality, or requested by an Applicant and approved by the municipality, where the municipality has accepted responsibility for payment of the applicable rate as set forth in the Company's rate schedule.

Qualified Private Fire Protection Service: Water service provided to an unmetered, privately-owned fire hydrant located in the public right-of-way which does not otherwise qualify for Public Fire Hydrant rates. Said hydrant shall be located on a service line serving that hydrant exclusively and must be in the open, be visible, and shall not be more than fifty (50) feet from the Company main servicing the hydrant.

Residential Structure: When used with respect to metered Residential Fire Service, a home or building which contains metered dwelling units intended for human habitation.

Service Connection: The installation by the Company of the Company Service Line. See Definition for Company Service Line.

Shall: is mandatory; May is permissive

Special Devices: Devices that are owned and maintained by the Customer on the Customer's plumbing system at the requirement of the Company. Special Devices include, but are not limited to, the following:

Backflow Preventer: A device designed to prevent a potential backflow of contaminants from the Customer's activities or property into the Company's distribution system.

Check Valve: A device designed to allow the flow of water only in one direction.

Control Valve: A device designed to stop the flow of water when the valve is closed.

Pressure Reducing Valve: A device designed to reduce the water pressure within the Customer's building below that which exists on the Company's distribution system.

Pressure Relief Valve: A device designed to relieve pressure on the internal plumbing system of the Customer's property.

RULES AND REGULATIONS

APPLICATION FOR SERVICE

5. Notification of Change in Ownership or Occupancy at an Existing Service Property: Upon any change in ownership of property where the owner is the Customer, or in the tenancy where the tenant is the Customer, or in the type of service rendered, the Customer must so advise the Company which shall thereafter have the right to discontinue the water supply until a new application has been made and approved for the new Customer.

6. Application for Water Service by a New Owner or Occupant at an Existing Service Property: Where a Customer's Service Line exists on a property to be served in compliance with the Company's rules, water service will be furnished by the Company as soon as reasonably practicable after written application of the owner or tenant of the property or such person's properly authorized agent. The Customer receiving service takes such service subject to the Company's Tariff, including its Rules and Regulations.

7. Application for Water Service to a Proposed Service Property: Where an adequate water distribution main abuts the Customer's property, a service connection will be made as soon as reasonably practicable after the appropriate application forms have been completed by the property owner or the owner's properly authorized agent and subsequently submitted to, and approved by, the Company. Where an adequate water distribution main does not abut the Customer's Property, the Customer must make necessary arrangements with the Company's New Business Office for the extension of a water distribution main in accordance with the Company's Rules and Regulations. Service Connection application forms will be furnished by the Company on request.

DEPOSITS AND CREDIT STANDARDS

8. General: Deposits may be required from Applicants for new service and extension of service. Residential Customers will not be required to pay a security deposit in order to receive service from the Company. The Company will pay income tax on any deposit, advance, contribution or other like amounts received from an Applicant which shall constitute taxable income to the Company as defined by the Internal Revenue Service and required by the Pennsylvania Public Utility Commission. Such income taxes shall be segregated in a deferred account for inclusion in rate base in a future base rate case proceeding. Such income tax associated with a deposit, advance, or contribution will not be charged to the Person providing such deposit, advance, or contribution.

9. Creditworthiness: Upon application for water service, the Company may require the Applicant/Customer to provide valid identification, a valid deed lease or mortgage evidencing the Applicant/Customer's residency at the Property/Premise, and/or payment of an outstanding balance owed by the Customer which accrued within the past 4 years for which the Applicant/Customer is legally responsible.

The Company may determine liability for a past due balance by:

- Use of Company records that contain information previously provided to the Company;
- Information contained on a valid mortgage, lease or deed;
- Use of commercially available public records databases; and
- Government and property ownership record.

10. Reserved for Future Use

RULES AND REGULATIONS

BILLING AND PAYMENT

11. Methods of Payment: Bills are payable by mail, by direct debit, in person at any authorized pay agency or as otherwise authorized by the Company. Amounts due for services must be made in one of the following formats: cash at a valid payment center, credit card, debit card, atm card, or personal check, business check, or money order issued by a properly licensed financial institution, or other commercially acceptable form of payment as determined by the Company.

12. Landlord Assumption of Responsibility: If an Applicant for service, who is a landlord, assumes responsibility for rates and charges related to water or wastewater service provided to tenants and is billed for such service, the landlord must assume responsibility and be billed for both water and wastewater service, if such service is provided or billed by the Company.

13. Bills and Billing History: Bills based on estimated water use shall be subject to review upon the Customer's request and submission by the Customer of information as to unusual water use**.** In all other cases, billing shall be made as soon as practicable after the reading of respective meters. In the case of fire hydrants, bills will be rendered for each applicable period. Where a Customer receives water service during a period when a water meter is not installed at the Property, the Company may issue the Customer a bill based on the estimated usage for that period. A Customer may obtain from the Company, at no charge to the Customer, the billing history for up to ten accounts per year in the name of the Customer, provided that the Customer submits a written request for such information directly to the Company. Additional requests will be processed subject to the Company's right to charge the Customer its incremental costs of providing such billing histories.

14. Delinquent Bills: If a rendered bill remains unpaid for a period of 20 days for residential Customers and 15 days for non-residential Customers, it shall be classified as delinquent. However, if the last day of such period falls on a Saturday, Sunday, a holiday or day when the Company's offices are closed, the delinquency date shall be the next succeeding business day. Payments by mail will be deemed made on the date of the postmark. Payments to the Company drop box or authorized payment agent will be deemed received when paid at that location. Service may be terminated for non-payment of bills in accordance with the Commission's regulations. If service is thus terminated it will not be restored until all outstanding charges provided by the Commission's regulations and the tariff of the Company are paid or satisfactory arrangements are entered for payment. If a dispute of a water bill has arisen as defined in the Commission's regulations, the Customer is responsible for paying the undisputed portion of such bill and termination of service may occur if the undisputed billings become delinquent.

15. Late Payment Charge: If payment has not been received by the Company for five days after the bill has been classified as delinquent, a late charge (penalty) of 1.50% will be applied to the account and such late charge (penalty) will be calculated every thirty days thereafter only on the overdue portion of the bill excluding previous late charges (penalties), and in no event shall the late charge (penalty) exceed more than 18% annually (simple interest).

BILLING AND PAYMENT (cont'd)

16. Return Check and Return Electronic Payment Charge: The Customer will be responsible for the payment of a charge of $20.00 per incident where a check or electronic payment, which has been presented to the Company for payment of any bill, is returned by the bank for any reason including, but not limited to, non-sufficient funds, account closed, payment stopped, two signatures required, postdated, stale date, account garnished, no account, drawn against uncollected funds, balance held, and unauthorized signature. This charge is in addition to any and all charges assessed against the Customer by the bank. If a Customer's account shows a history of submitting payments that have been returned for insufficient funds or any other reason outlined above, the Company may require turn-on charges to be paid by cash, certified check, money order, or credit card or service may be terminated without additional notice in accordance with Commission regulations.

17. Turn-on Charge: When service has been terminated to any premise because of violation of the Company's Rules and Regulations or at the Customer's request, a charge of fifty dollars ($50.00) payable in advance will be made for restoration of service. If the Company incurs out of the ordinary expense to affect termination of service for non-payment of bills or due to lack of access to the Company's facilities, or for restoration of service outside of normal business hours, the Customer must reimburse the Company for those expenses in addition to the $50.00 turn-on charge prior to service reconnection. This charge applies to new Customers only when service is required to be physically restored to the Premise. If the Company terminates water service for an emergency purpose, no turn-on fee will be applied to restore service. This charge applies to new Customers who require service to be physically restored to the Premise.

18. Turn-off at Customer's Request: Customers desiring to avoid payment for water service during periods when Properties are vacant or during extended absences shall give notice in writing at the office of the Company requesting the water to be shut off. A turn-on charge as set forth in Rule 17 shall be applied to the Customer's account when the Customer requests restoration of water service. If a minimum charge or Customer charge for water use is applicable, the bill will be based on the proportion that the period when water service was available bears to the entire period on which such minimum charge or Customer charge is based. Metered consumption in excess of such adjusted minimum shall be billed at normal rates.

RULES AND REGULATIONS

SERVICE CONNECTIONS

19. Company's Service Lines:

Except for service connections made in accordance with Rule 65, the Company will make all connections to its mains and furnish, install and maintain the Company's service main to and including the Curb Stop, which under normal circumstances will be placed inside the curb-line. The Company's service line will be the property of the Company and under its control. The point of delivery and sale for any water service furnished to the Customer shall be at the Curb Stop.

The maximum Company investment per Company service line shall be calculated using the same formula set forth in the definition of Company Contribution in Rule 62.

The cost of any Company service line in excess of the applicable maximum Company investment shall be paid by the Customer, plus all applicable taxes including income taxes occasioned by the contract. The Company may require payment of the estimated amount of such excess cost in advance of the installation and will make a partial repayment of the extent the actual cost is determined to be less than the estimate.

Whenever it is necessary to install a service line in advance of the date on which the premises are occupied and a meter is set, a deposit may be required in an amount not to exceed the estimated cost of installation, which deposit will be refunded to the depositor when the service becomes active (i.e., the meter has been set and the premises occupied), provided that event occurs within five years from the date of deposit.

20.1. Customer Service Line: The Customer's service line shall extend from the Property to the Curb Stop or curb line or such point as designated by the Company. All connections, service lines and fixtures owned by the Customer shall be maintained by the Customer in good order, and all meters and appurtenances owned by the Company and located on the Property of the Customer shall be protected properly by the Customer. All leaks in or other deteriorated condition of the Customer's service line or any other pipe or fixture in or upon the premises supplied must be repaired immediately by the owner or occupant of the premises.

SERVICE CONNECTIONS (cont'd)

20.2. Customer Owned Lead Service Line Replacements:

Notwithstanding Rules 20.1, 21, and 25, the Company (or contractors employed by the Company) shall replace Customer Owned Lead Service Lines ("COLSLs") pursuant to the Company's Lead Service Line Replacement Program ("Replacement Program"), provided the customer (or the property owner if the customer is not the property owner) provides consent through a signed agreement.

Lead Service Line – LSL – shall be defined as a service line made of lead that connects the water main to a building inlet and a lead pigtail, gooseneck or other fitting that is connected to the lead line. A galvanized service line (iron or steel piping that has been dipped in zinc to prevent corrosion and rusting) is considered a Lead Service Line if it ever was or is currently downstream of any lead service line or service line of unknown material.

Customer Owned Lead Service Line – COLSL – shall be defined as the portion of the lead service line extending from the curb, property line or Company connection to the Company's water meter or, if the Company's water meter is located outside of the structure or water is not metered by the Company, at the first shutoff valve located within the interior of the structure.

The Company will replace up to 1,500 COLSLs per year under the Company's Replacement Program. If reimbursements would cause the Company to exceed its current annual cap, the Company shall increase its current annual cap by the amount of the reimbursement and decrease sits next annual cap by this amount.

If no shutoff valve exists along the pipe within 5 feet of the Customer's structure wall, the Company may install a shutoff valve which will serve as the point of demarcation between the property's service line and the property's interior water distribution piping.

No customer or property owner may install a partial LSL. A partial LSL shall result in termination of service until such time as the Company can replace the Company-owned LSL. A customer, or property owner where the customer is not the property owner, that elects to replace the COLSL themselves, shall replace the COLSL concurrent with the Company replacing the Company-owned LSL, provided that the customer or property owner shall provide the Company at least 90 days' notice prior to replacing the COLSL.

The Company shall refuse to establish service to a property where a customer or property owner (if the customer is not the property owner) has previously refused or failed to accept the Company's offer to replace the COLSL until the applicant verifies the replacement of the COLSL by providing a paid invoice from a licensed contractor or verified statement from a licensed contractor attesting to the completion of the COLSL replacement. The customer or property owner may also request Aqua (or its contractor) complete the COLSL replacement. Upon completion, service will be established or restored to the property.

Through the Replacement Program the Company will perfect any ownership discrepancies regarding the Company Service Line and the Customer Service Line, so that the Customer will own the Customer Service Line and the Company will own the Company Service Line. This will occur by the Customer and the Company executing the Customer Lead/Galvanized Service Line Replacement License Agreement which establishes the Customer's and Company's respective ownership and responsibilities regarding the Customer Service Line and Company Service Line.

SERVICE CONNECTIONS (cont'd)

20.2. Customer Owned Lead Service Line Replacements (cont'd):

When the Company Service Line must be replaced and the Customer Service Line is a COLSL, if the resident/property owner refuses to replace the COLSL or is non-responsive to the Company's offer to replace the COLSL, Aqua will initiate termination procedures. **(C)**

RULES AND REGULATIONS

SERVICE CONNECTIONS (cont'd)
20.2. Customer Owned Lead Service Line Replacements (cont'd):
Step-In Rights
A. Step-In Rights Defined. In reference to 52 Pa. Code § 65.58(c)(3), Step-In Rights means the right of the Company to avoid termination of service to a property where the resident of the Property is not the property owner, and the property owner is nonresponsive to the Company's offer to replace a COLSL.

The Company can utilize Step-In Rights in the following circumstances where a Customer or occupier of a premise is not the property owner.

1.The Company has attempted to contact the property owner with an offer to replace the COLSL in accordance with the Company's LSLR Plan;
2. The Customer or the occupier of the Property is not the property owner; and
3. The Company has attempted to get authorization to replace the COLSL, the property owner cannot be identified, or the property owner has been notified and has not responded to the Company's offer to replace the COLSL.

B. Circumstances Where the Company Must Use Step-In Rights.

1. The Company shall use Step-In Rights to avoid the termination of water service and replace a COLSL when the Customer or occupant of the Property provides a medical certification signed by a licensed physician, nurse practitioner or physician's assistant to the Company by fax, email or mail (providing the contact information).
2. The Company shall use Step-In Rights to avoid the termination of water service and replace a COLSL when the Customer or occupant provides a Protection From Abuse (PFA) order, or other court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence.
3. The Company shall use Step-In Rights to avoid the termination of water service to the Customer or the occupant of the Property except when, in the Company's reasonable judgement, replacement would place its workers or utility facilities at a safety risk and in such instance, the Company may use Step-In Rights at its discretion.

C. After the replacement is complete, the Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations caused by the service line replacement in the structure at the Property (Company Restoration Work). No other restoration will be conducted for the Customer side replacement. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways (Private Side Restoration Work), and all restoration costs for such Private Side Restoration Work shall be borne by the property owner.

D. When the Company exercises Step-In Rights, the Company's liability shall be limited to the amount in Section 51 of its Water Tariff for any action brought against the Company, its officers, directors, employees and agents for damages arising from any and all liability, including liability to third parties and the property owner, for personal injury, including death, property damage, or other actions, damages, fines, penalties, claims, demands, judgments, losses, costs, expenses, suit and actions (including reasonable attorney's fees), for personal injury, including death, property damage or other injury, to the extent caused by or arising out of the work performed by the Company or its agents in replacing the customer-owned LSL and/or the Company Restoration Work that the Company is responsible for under subsection C above.

RULES AND REGULATIONS

SERVICE CONNECTIONS (cont'd)

20.2. Customer Owned Lead Service Line Replacements (cont'd):
Reimbursements

The Company shall provide a reimbursement to an eligible customer or property owner, if the customer is not the property owner, who replaced their LSL within 1 year before or after the commencement of a Lead Service Line Replacement ("LSLR") Project. A LSLR Project shall be defined as a Company scheduled lead service line replacement activity either in conjunction with main replacements, or a specific delineated project area to replace LSLs. LSLR Project Commencement shall be defined as installation of the first lead service line replacement within a lead service line project area. LSLR Project Area shall be defined as the area encompassing the Company's scheduled lead service line replacement activities, which includes the area within a 1-mile radius of a LSLR Project, if that area is served by the Company.

Reimbursements to customers or property owners, if the customer is not the property owner, require that the customer or property owner provides the Company with a paid invoice, a certification or verified statement from a certified plumber, and other documentation required by the Company, in its sole discretion, to verify the replacement. Failure to provide sufficient information will result in no reimbursement being paid. The Company shall reimburse eligible customers or property owners up to 125% of the average costs of Aqua's LSLRs, not to exceed the actual cost incurred by the customer to replace their LSL. The average cost of Aqua's LSLRs in any year will be determined by the average cost of Aqua LSLRs in the prior calendar year. Reimbursements will be provided to customers or property owners through check mailed to the customer or property owner within 90 days of the request; provided that all documentation is sufficient and received by the Company. Customers or property owners that are outside the LSLR Project Area or seek reimbursement for a replacement that occurred greater than one year before or after the LSLR Project Commencement will be ineligible for reimbursement.

Warranty

The Company (or its contractor) shall provide a warranty to the customer or property owner, if the customer is not the property owner, for a period of two years on the workmanship and materials of the LSLR and the restoration of surfaces. The two-year warranty shall commence upon the re-establishment of water service to the property after the LSLR has occurred.

The maximum coverage under the warranty shall be only to repair or replace the Customer side service line if the failure was due to the workmanship or materials of the LSLR, and restoration of surfaces which shall mean restoration as reasonably as practicable to the condition that existed prior to the LSLR. The maximum coverage amount for replacing or repairing the Customer side service line if the failure was due to the workmanship or materials of the LSLR, and restoration of surfaces shall be an amount up to Twenty Thousand Dollars ($20,000.00).

The Company will not be liable for any damages beyond the maximum coverage of the two-year warranty as described in this warranty section.

If a repair is required and qualifies under the warranty, the customer or property owner consents and grants license to Aqua or its contractor to access the property and complete the repair as needed.

RULES AND REGULATIONS

SERVICE CONNECTIONS (cont'd)

21. Size, Kind, and Location of Service Lines: The Company reserves the right to determine the size, kind and location of the service line, from the main to the curb, and from the curb to the property to be served. However, the determination of the size of the fire service line shall be the responsibility of a professional engineer or similar professional retained by the Customer. The Customer's Service Line shall not cross intervening properties unless the property is landlocked and there is no other way in which service can be provided (for example, because the property does not abut a public road) and an appropriate easement is obtained by the Customer for the Customer's benefit, a copy of which must be furnished to the Company. The service line from the curb stop to the property shall be furnished, installed, owned, and maintained by the owner of the property, and where possible shall be laid in a straight line at right angles to the curb line within the building limits of the structure to be served and at a minimum depth of cover specified by the Company, and bedded in at least 6 inches of sand, in property owned in fee simple absolute. Type K Copper shall be used throughout for service lines up to three inches in diameter. At the Company's discretion, other industry approved materials may be used should field conditions, water quality requirements, or regulatory permit requirements dictate the use of non-metallic materials. Service lines over three inches in diameter shall be cement-lined ductile or cement-lined cast iron pipe. The minimum size of a Customer's domestic Service Line shall be 3/4 inch in diameter. The Company reserves the right to inspect the installation of the Customer's Service Line to ensure its conformity with the specifications in this paragraph.

22. Separate Trench: No water service line shall be laid in the same trench with a gas pipe, electric line, drain or sewer pipe, or any other facility of another public service company, nor within three feet of any open excavation, retaining wall or vault.

23. Renewal of Company Service Line: Where renewal of the Company's Service Line from the street main to the curb is found to be necessary in the Company's opinion due to age or condition, the Company will renew said service in the same location as the old one at its own expense. If, in connection with such renewal, the property owner, or Customer, for his own convenience, desires the new service line to be installed at some other location or in a larger size and agrees to pay all expenses of such work in excess of the cost of renewing the originally-sized service line in its original location, the Company will install the new service line at the location desired, provided that the new line complies with all applicable Rules and Regulations.

24. Replacement of Abandonment of Company Service Lines: Where the Company Service Line needs to be replaced, relocated, removed or abandoned for the convenience of the Customer or due to any reason other than a routine Company renewal due to age or condition, the Company will perform such work and the Customer shall pay all expenses in connection with such work.

25. Company Not Responsible: The Company shall in no event be responsible for the condition of, or for maintaining or replacing, any portion of the Customer's Service Line or other lines or fixtures on the Customer's Property, or for damage done by water or other matter passing through said lines or fixtures or escaping therefrom. The Customer shall at all times comply with all federal, state, local and municipal laws, codes and regulations with reference thereto, and make changes therein, required on account of change of grade, relocation of mains, or otherwise.

SERVICE CONNECTIONS (cont'd)

26. Single Service Line for each Property: A Customer's Service Line (whether fire or domestic) shall not supply more than one property, as hereinafter defined, but any such property upon proper application of the owner may be supplied by two or more metered service connections, each of which for billing purposes shall be considered as being separate customer accounts, and provided that the supply of each such service connection has an individual control valve at or near the curb. A separate service line shall be required for each of the following types of "property", as defined herein, unless an exemption to the Rule applies, as determined by the Company in its sole discretion:

a. A residential dwelling unit - either detached, or one side of a double house, or a house in a row of houses; provided, that a garage, and similar features incidental to the family life, shall be considered as a portion of the dwelling.

b. A building or complex of buildings containing residential dwelling units not divided by a public road or property line, which are either rental apartments, condominiums, or cooperative units and the commercial and service facilities incidental thereto.

c. An industrial, commercial or manufacturing establishment held in common ownership and not divided by a public road or property line and not covered by subparagraphs (b) and (d) of this Rule.

d. Each of the premises within a single building (stores or offices or any combination thereof) entirely separated from other premises within said building by a party wall or walls.

e. A detached building comprised of stores or offices or any combination thereof, not separated by a party wall or walls.

f. A Housing Development owned and operated as a unit by the United States Government.

27. Single Service Line with Two or More Customers: Where two or more Customers are now supplied through a single service line, any violation of the Rules and Regulations of the Company, with reference to either or any of said Customers, shall be deemed a violation as to all, and unless said violation is corrected after reasonable notice, the Company may take such action as can be taken for a single Customer, except that such action will not be taken until either or all of said Customers who have not violated the Company's Rules and Regulations have been given a reasonable opportunity to apply to the Company for separate service lines in accordance with these Rules and Regulations.

RULES AND REGULATIONS

METERS AND METER LOCATIONS

28. Responsibility for Meter and Meter/Box Vault: All Company Meters will be furnished, installed, maintained and owned by the Company and remain the property of the Company and be accessible to and subject to its control.

Meter Boxes/Vaults shall be owned, furnished, installed, and maintained by the Customer, unless otherwise agreed to by the Company. At the Company's discretion, the Company has the right to install a Meter Box/Vault for a Customer's property.

29. All Services to Be Metered: A Meter shall be installed on each domestic and on each fire service line owned by the Customer. The Company reserves the right to determine the size and type of Meter to be installed in the Customer's Property, including whether such Meter shall be a manual read Meter or a Meter that can be read remotely from outside the building being served, or automatically using TV cable, telephone, or similar lines or radio signal communication. As a condition of providing service and continuing to provide service, the Company shall have the right to install such equipment, connections and wiring in the manner and location it deems appropriate. The equipment necessary to read Meters using the designated mode of communication will be installed by the Company and will remain the property of the Company.

30. Location: For new services the Meter shall be required to be installed outside the building in a Meter Box/Vault. The location of the Meter Box/Vault shall be subject to the express approval of the Company; in most cases, the Meter Box/Vault shall be located inside the Property line by the Customer.

For existing Premises and circumstances, subject to the Company's approval, a Meter may be set within the structure to be served, at a location approved by the Company, after the Customer has had the plumbing arranged (including the installation of Special Devices if required by the Company) to receive the Meter at a convenient point inspected and approved by the Company so as to control the entire supply of water to the Property. At the Company's discretion, the Company has the right to install a Meter Box/Vault for a Customer's Property, and dedicate the Meter Box/Vault to the Customer who shall thereafter own, operate, and maintain the Meter Box/Vault. A Meter Box/Vault shall be required to be installed, furnished, owned, and maintained by the Customer at the Customer's expense when circumstances at an existing Premise change including but not limited to: a) building renovations (including demolitions/rebuilds) or b) renewal of or repair of Company or Customer Service Lines.

In cases where the Meter is located outside the building, a concrete vault, with a suitable iron cover, or other approved Meter Box/Vault, shall be located inside the Property line by the Customer. The size and dimensions of the Meter Box/Vault shall be as approved by the Company, give adequate access to the Meter, and permit its installation or removal. When a concrete vault is used, a 10 foot wide (min.) paved surface from the road to the vault, including curb depression, must be provided and maintained for vehicle access. The Company has the authority to require a Customer or owner, at their expense, to install a Meter Box/Vault where there has been unauthorized use of water after the Company shut off service and the Customer or owner, or their agent has restored the service without authorization.

METERS AND METER LOCATIONS (cont'd)

31. Valves Required: A Control Valve shall be placed by the Customer on the Customer Service Line on the inlet and outlet sides of the Meter. When required, a suitable Check Valve should be placed by the Customer between the Meter and the Control Valve on the outlet side of the Meter. When a Check Valve, backflow preventer or Pressure Reducing Valve is installed, the Customer shall install a Pressure Relief Valve or thermal expansion tank (to be sized and designed by the Customer or his agent) at some convenient point on the house piping to relieve pressure fluctuations and/or excess pressure due to heating water. In accordance with the specifications of the Company, the Customer shall install a Pressure Reducing Valve, to be set at a pressure not to exceed the applicable limits, as follows: 1) on the domestic service line when the pressure on the Company's distribution system exceeds 80 pounds per square inch (psi); 2) on the residential fire service line when the pressure exceeds 100 psi; 3) on the commercial fire service line when the pressure exceeds 150 psi; or 4) when required in the discretion of the Company where it is believed that the pressure may exceed either limit. The Customer or his authorized agent shall check with the Company to determine whether a Pressure Reducing Valve is required prior to finalizing the design of the internal plumbing system. In all cases, the Pressure Reducing Valve must be installed at an approved location after the inlet control valve and before the Meter, but in the case of the domestic service line an additional Control Valve must be installed between the Pressure Reducing Valve and the Meter. When approved for a manifold set-up, the inlet control valve (2-inch and smaller) that abuts the Meter must be a full-port, locking ball device.

32. Responsibility for Damage: Meters and other related equipment owned by the Company will be maintained by the Company so far as ordinary wear and tear are concerned; but the cost to repair damage caused by the Customer or due to freezing, hot water or causes not within the reasonable control of the Company shall be paid by the Customer.

33. Cost of Re-installation: The charge for the re-installation, reconnection or changing of a Meter or other related equipment owned by the Company when removed by the Customer or because of damage in any way due to the negligence or intentional conduct of the Customer shall be assessed against the Customer at cost.

34. Minimum Charge/Customer Charge: In Divisions with a minimum charge and a water allowance, customers will be subject to a fixed minimum charge in accordance with the rates thereof, for which certain quantities of water will be allowed, without additional charge. Such minimum charges shall be non-refundable for non-use of water, and non-cumulative against subsequent consumption. In the case of fractional bills covering less than a billing period, minimum charges and allowances shall be prorated.

In Divisions with a customer charge and no water allowance, customers will be subject to a fixed customer charge in accordance with the rates thereof, for which no quantity of water will be allowed without additional charge. The customer charge will be non-refundable and payable whether or not the customer uses any water. In the case of fractional bills covering less than a billing period, the customer charge shall be prorated.

METERS AND METER LOCATIONS (cont'd)

35. Company Notified Meter Not Working: The Customer shall immediately notify the Company of damage to, or the non-working of, the Meter as soon as it comes to his/her knowledge.

36. Registration Conclusive: The quantity recorded by the Meter shall be conclusive on both the Customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register. In such case, the quantity may be determined by the average registration of the Meter when in order.

37. Disputed Account: In case of a disputed account involving the accuracy of a Meter, such Meter will be tested upon the request of the Customer in conformity with the regulations of the Commission. In the event that the test of the Meter shows an error in registration in excess of the permissible range, an appropriate adjustment to the bill will be made in accordance with the Commission's regulations. Bills will not be adjusted if the Meter tests within the permissible tolerance limit.

38. Request Test: Upon a written request of a Customer, or that of the Customer's authorized representative, the Company shall test the accuracy of the Meter in service at the involved Premises. When a Customer desires, either personally or through a representative, to witness the testing of a Meter, the Meter may be required by the Customer to be sealed before removal, in the presence of the witness, which seal shall not be broken until the test is made. If the Meter so tested is found to be accurate within the limits specified above, a fee determined from the schedule provided in the Commission's regulations shall be paid to the Company by the Customer requesting such test, but if not so found then the cost thereof shall be borne by the Company. When making such requests, the Customer shall agree to the basis of payment herein specified. A report of such test shall be made to the Customer and a complete record of such test shall be kept as specified in the Commission's regulations. The results of such tests shall be conclusive upon the Company and Customer unless a written objection thereto is received by the Company or Customer, as appropriate, within thirty days of notice of the test results. If the Meter tested is found to be accurate, the Company has the absolute right to re-install that same Meter at the Customer's property.

RULES AND REGULATIONS

CONSTRUCTION SERVICE

39. Metered Building Construction Service: Where service has been requested by a Builder for purposes of construction of a building to be served by the Company and service is to be provided through a Company Service Line that will be retained to provide service to the building after construction is completed, metered water service shall be provided. Each such metered service will be subject to these Rules and Regulations and the charges for Commercial Service shown in the rate schedule. Installation of the Company Service Line shall be in accordance with the "SERVICE CONNECTIONS" provisions of this tariff. The Builder is responsible for protecting the Meter during construction. If the Meter is damaged due to construction activities, the Builder will be responsible for any costs associated with repairing or replacing the Meter.

40. Temporary Metered Construction Service: Where metered service is required or requested for temporary construction purposes, or where the Company Service Line will not be retained to provide service after construction, the Applicant shall pay the estimated cost of installation and removal of the service line, which costs are not refundable. In addition, the Applicant shall pay a deposit for the Meter, which will be refunded upon return of the Meter. Each such metered service will be subject to these Rules and Regulations and the charges for Commercial Service shown in the rate schedule. The Builder is responsible for protecting the Meter during construction. If the Meter is damaged due to construction activities, the Builder will be responsible for any costs associated with repairing or replacing the Meter.

METERED FIRE SERVICE

41. Metered Fire Service for Non-Residential Structures: For automatic fire sprinklers or other automatic fire service devices located inside of a non-residential structure or for fire hydrants located on a fire service line, a separate service line will be required to be used exclusively for fire service when Combined Fire and Domestic Service Rule (see Rule 2) does not apply. Each such fire line shall be metered and subject to the charges shown in the rate schedule. Subject to the approval of the Company, fire hydrants that are owned and maintained by the Customer outside of buildings may be connected to said service line, provided they are located downstream of the Meter and backflow prevention device. The Customer will be responsible for paying the Company for the cost of installing the Company Service Line in excess of the maximum Company investment, as set forth in Rule 19 of this tariff. Company reserves the right to refuse an application for metered fire service where, in the judgment of the Company, the size and pressure of the street main is not sufficient to render proper service. The Customer shall be responsible for the design and sufficiency of the fire protection system (including the installation of a pressure tank and pumps, if required) and shall submit appropriate certification of such to the Company at the time of application. The Customer shall not use a dedicated fire line for domestic service and shall not allow a cross-connection between the domestic and fire systems. The Company shall have the right to require Special Devices as deemed necessary on Customer fire service lines. Meters for fire service will be furnished and maintained by the Company. Meters will be located as specified by the Company on the Property of the Customer, and if Meter Boxes/Vaults are required, they shall be constructed and maintained in accordance with the Company’s specifications at the expense of the Customer.

42. Metered Fire Service for Residential Structures: To obtain service for automatic fire sprinklers or other automatic fire suppression related devices located inside a Residential Structure, the Customer must install a separate Customer fire service line from the curb to the fire protection system. Each such fire line shall be metered in accordance with the Company's Rules and Regulations. Both the Customer's fire service line and domestic line shall be connected to a single Company Service Line. To accommodate service to the Customer's fire line in addition to the domestic line, the Company may install a larger Company Service Line than it would otherwise install. The Customer will be responsible for paying the Company for the costs of upsizing the Company Service Line and appurtenances, and for the cost of the fire meter and its installation, together with any and all applicable taxes. Recovery of these costs by the Company shall be achieved through the application of the Company's rate schedule for "Residential Multiple Meter Sets", which shall be applicable to all Residential Structures equipped with residential fire service under these Rules and Regulations. The Company reserves the right to refuse an application for automatic fire service where, in the judgment of the Company, the size and pressure of the street main is not sufficient to render proper service. The Customer shall be responsible for the design and sufficiency of the fire protection system (including the installation of a pressure tank and pumps, if required) and shall submit appropriate certification of such to the Company. The Customer shall not use the fire line for domestic service and shall not allow a cross-connection between the domestic and fire systems. The Company shall have the right to require Special Devices as deemed necessary on residential fire service lines.

RULES AND REGULATIONS

UNMETERED FIRE SERVICE

43. Payment of Applicable Rate: All fire hydrants installed by the Company are subject to the payment of the applicable rate. A hydrant will not be installed without the request or the approval of the appropriate municipality. If the municipality agrees to pay the applicable rate, the hydrant shall be a public fire hydrant; otherwise a private entity must agree to pay the applicable rate in which case the hydrant shall be a private hydrant. In the event the applicable rate is not paid, the Company, at its option, may remove the hydrant.

44. Payment of Installation Costs:

Hydrants installed on new or proposed water mains: All fire hydrants, whether public or private, to be installed in connection with a main extension shall be paid for by the Applicant or Depositor pursuant to any type of agreement for the extension of the Company's water mains.

Hydrants installed on existing water mains: The installation costs of all private, or public fire hydrants where a municipality requires a public fire hydrant for an Applicant, to be installed on an existing water main shall be paid for by the Applicant. The installation costs of a public fire hydrant to be installed on an existing water main at the request of a municipality shall be paid for by the Company provided that no existing fire hydrant is located within a 600-foot radius of the requested fire hydrant, and provided that all other Rules and Regulations of the Company are complied with. Fire hydrants requested at closer intervals of spacing shall be reviewed by the Company and these installations shall be paid for by the municipality or Applicant. Payment for the installation of a fire hydrant shall include the entire cost for material and installation and all applicable taxes pursuant to an agreement prepared by the Company.

45. Hydrant Location: Upon written request to the Company's New Business Office from the duly authorized officials of any municipality supplied by the Company, the Company (subject to its Rules and Regulations on the payment of installation costs and the applicable rate), will install a standard fire hydrant at a location mutually agreed upon by the municipality and the Company, provided that the size of the existing main and surrounding distribution system and the available pressure and flow in said main is, in the judgment of the Company, sufficient to enable the provision of proper service at the fire hydrant under normal and ordinary conditions. Where a requested fire hydrant would be connected to a water main located in the public right-of-way, the hydrant shall be located within close proximity to the nearest curb line, and where a requested fire hydrant would be connected to a water main located in an easement held by the Company, the hydrant shall be located within that easement area.

46. Availability of Supply: With regard to public fire hydrant service or private hydrant sprinkler and hose service, the Company shall have no greater duty than to supply only such volumes of water at such pressures as may be available at the time of operation.

RULES AND REGULATIONS

UNMETERED FIRE SERVICE

47. Maintenance and Obstructions: All fire hydrants owned by the Company will be maintained by the Company. Said maintenance shall include, but not be limited to, painting as required. Painting of hydrants by parties other than the Company personnel or its authorized contractor is strictly forbidden. The Company shall not be responsible for the condition of the hydrant following intervening use by a fire department or any authorized or unauthorized person.

It is the responsibility of the Customer paying the fire hydrant rental to keep the area directly surrounding the hydrant free of all obstructions (including, but not limited to trees, bushes, snow, dirt, mailboxes or other obstructions) that would impact the safe operations or would not allow the hydrant to be easily seen from or accessed by an emergency vehicle.

Municipalities, at their own expense, are allowed to attach marking devices on public fire hydrants owned and operated by the Company solely to facilitate the location of such hydrants. The Company shall be notified and shall approve in advance the municipality's plans to install hydrant markers and will permit plan designs that are consistent with normal, intended, and safe operation of such hydrants. Municipalities that take advantage of this provision shall be responsible for the maintenance of all markers that they install.

48. Allowable Use: Only persons authorized by the Company shall take water from any fire hydrant, except for the use of the Fire Department in case of fire, and no fire hydrant shall be used for any reason other than firefighting or training purposes without the consent of the Company. The use of fire hydrants, whether owned by the Company or by the Customer, will be restricted to the taking of water for the extinguishing of above-ground fires. Water shall not be taken from any fire hydrant for construction purposes, extinguishing underground fires, sprinkling streets, flushing sewers or gutters or for any other use unless specifically permitted by the Company for the particular time and occasion. If the Company grants permission to use fire hydrants for purposes other than the extinguishment of fires, such use will be applied only if an approved backflow prevention device is attached to the hydrant. Said device shall be furnished by the Customer.

49. Change of Location: Whenever a municipality desires a change in the location of any fire hydrant, the Company, upon written notice from the municipality to the Company's New Business Office, will make such change at the expense of the municipality pursuant to an agreement prepared by the Company.

50. Inspection: In addition to its periodic program of inspection and testing, the Company will, upon request of the duly authorized officials of any municipality, make inspections of specific hydrants at convenient times and at reasonable intervals as determined by the Company to determine the condition of the fire hydrant in question. Flow testing will be conducted by the Company, upon request, following the completion of changes to the supporting distribution system either due to capital construction or operational modifications. Inspections shall be made by a representative of the Company and a duly authorized representative of the municipality.

RULES AND REGULATIONS

RESPONSIBILITY FOR SERVICE

51. Liability of Company: In the course of furnishing service that needs to be adequate, but not perfect, it is recognized that there will be times when service is subject to interruption or disruption as a result of water main breaks, the failure of equipment or facilities, and for other reasons. Accordingly, the liability of the Company shall be limited to four thousand dollars ($4,000.00) in any legal action brought against the Company for damages in connection with: 1) a service interruption or delay, or cessation or lack of adequate, efficient, safe and reasonable service and facilities; and/or 2) a failure of equipment or supply, including, but not limited to, a break or leak in a water main, service line or Meter owned by the Company.

In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of a public utility are in conformity with the regulations and Orders of the Commission, the public utility may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory judgment with the Commission.

Furthermore, the Company shall not be liable in any action where the loss or damage involves an act of God (except where the Company is found to be negligent or not in compliance with its Section 1501 duties under the Public Utility Code) or does not involve a duty of the Company, including breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or conditions in the Customer's Service Line, Meter Box/Vault, internal plumbing or fixtures, or due to the materials out of which those facilities are made. Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of a duty of the Company, including where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a Customer's Property) is in need of repair, such as the condition or elevation of a Curb Box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or the person or event.

From time to time, the Company may provide public notices, specific notices, correspondence or other notifications ("Notices") regarding the presence of conditions affecting the quality and/or quantity of water service provided by the Company. (Examples of such Notices include, but are not limited to, boil water alerts, notice of hydrant and main flushing, and notice of water quality testing results.) These Notices may contain information about actions members of the public may wish to, are recommended to, or should take in response to the conditions identified in the Notice. In the event the Company issues a Notice, the Company will not be liable for any expenses or costs incurred by a Customer or end-user for any action taken in response to any condition identified in the Notice.

52. Complaints: Complaints with regard to the character of the service furnished or the reading of Meters, or of the bills rendered, must be to the Company's office either orally, by telephone, in person with appointment, or in writing, and a record of such complaint will be kept by the Company, giving the name and address of the complainant, the date, the nature of the complaint and the response.

SYSTEM INSPECTION AND INTEGRITY

53. Inspections: All pipes, Meters, Special Devices and fixtures shall be subject, at all reasonable hours, to inspection by properly identified employees of the Company. In addition, the Company shall have the right, upon reasonable notice and at reasonable times, to gain access into the Customer's Premises for the purpose of taking water samples in order to determine the quality of the water. No plumber, owner or other unauthorized person shall turn the water on or off at any corporation stop, Curb Stop, or disconnect, or remove the Meter without the consent of the Company. No agent or employee of the Company has authority to bind it by any promise, agreement or representation not provided for in these Rules and Regulations.

54. Right to Refuse Connections: The Company may refuse to connect with any piping system or furnish water through one already connected: 1) if the Customer's Service Line is not a sufficient depth to prevent freezing or is installed in too close proximity to any other utility line; 2) if lead-based solder or a lead-based fixture has been used in the Customer's plumbing system in contravention of any national, state or local regulation; 3) where the intended use of the water delivered to the Customer's Property would involve the return of water directly back to the Company's distribution system; 4) where the Customer's Service Line is connected to a separate or auxiliary water supply that could constitute a cross-connection; or 5) if such system has not otherwise been properly installed and maintained. It shall be the Customer's responsibility to assure compliance with these requirements. The Company may, from time to time, require the Customer to provide verification that the Customer's piping system complies with these requirements.

55. Cross-Connection Control: A cross-connection is created when a Customer connects to the Company's distribution system. To prevent contamination of the public water supply from a cross-connection, all new Customer connections to the Company's distribution system must be equipped with backflow prevention, cross-connection control or other Special Device approved by the Company and furnished, installed, and maintained at the Customer's expense in accordance with Company specifications and at a location and in the manner approved by the Company. A Customer with an existing connection to the Company's distribution system will furnish, install, and maintain a Company approved backflow prevention, cross-connection control, or other Special Device at the Company's request. The furnishing, installation, and maintenance of the backflow prevention, cross-connection control or other Special Device at existing connections will be made at the Customer's expense in accordance with Company specifications and at a location and in the manner approved by the Company. The Company shall have the right, upon reasonable notice and at reasonable times to conduct surveys and investigations of water use and practices at a Customer's Premises to determine the backflow prevention, cross-connection control or other Special Device appropriate for Customer's connection. In addition, the Customer shall be required, at such Customer's expense, to comply with the yearly testing and overhauling requirements of the Company for backflow prevention, cross-connection control or other Special Devices. The Company may authorize persons (with the appropriate training or certification) to inspect Premises, perform installations and testing of such Special Device or make corrections of adverse existing conditions. A yearly administrative fee of $10.50 will be required per return certification.

TERMINATION OF SERVICE

56. By Company: Service may be terminated for any of the following reasons which shall constitute a violation of the Rules and Regulations of the Company:

a. For the use of water for any other Property or purpose other than that described in the application.

b. For willful waste of water through improper or imperfect pipes, fixtures or otherwise, including failure to promptly repair a leak on the Customer Service Line.

c. For molesting any service pipe, Meter, Meter interface unit, Curb Stop or seal, or any other appliance of the Company.

d. For non-payment of any charge accruing under the Company's tariff or Rules and Regulations.

e. For refusal of reasonable access to Property for purposes of inspecting or for reading, caring for, removing, or installing Meters, including remote and automatic Meters and the associated wiring and connections to the Customer's telephone line.

f. For making, or refusing to sever, any cross-connection between a pipe or fixture carrying water furnished by the Company, and a pipe or fixture carrying water or other substances from any other source.

g. For failing to comply with the inspection, installation, maintenance or testing requirements of the Company under its back-flow prevention and cross-connection control program instituted for the purpose of protecting the public water supply.

h. For vacancy of a Premises.

i. For failure to make payments under the Company's Water System Connection Loan Program, as described in Rule 66.

j. For violation of any other Rules or Regulations of the Company.

k. For violation of Pennsylvania law (Criminal Code 18 PA C.S.A. Section 3926) which prohibits the activation of a public utility service line without a measuring device (water Meter).

l. For any other reasons set forth in the Commission's regulations.

m. In accordance with the terms of any agreement with a non-Company wastewater provider for non-payment of wastewater service when due.

Service termination will be performed in the manner prescribed by the Commission's regulations. In addition, service may be terminated for nonpayment of a sewer bill upon proper request of the municipality or municipal authority and receipt of a fifty dollar ($50.00) fee per account. The terms and conditions for termination of water for non-payment of sewer are found in Attachment A and conform to the Water Services Act 53 P.S. §3102.201 et seq.

If you are a victim of domestic violence and have a Protection From Abuse Order or other court order that shows clear evidence of domestic violence, there are special protections available.

TERMINATION OF SERVICE (cont'd)

56A. A "non-Company wastewater provider" shall mean a municipality, municipal authority, or public utility wastewater provider that provides sewer service to the Company's water customer. The terms and conditions for termination of water for non-payment of sewer are found in Attachment A and conform to the Water Services Act 53 P.S. §3102.201 et seq., which governs the relationship between Aqua and the municipality or municipal authority.

The Company may terminate water service to the customer due to the customer's nonpayment of a sewer bill owed to a non-Company wastewater provider, so long as: (1) the non-Company wastewater provider submitted a proper request to the Company and paid fifty dollar ($50.00) fee per account; (2) the Company has an effective agreement with a municipality or municipal authority pursuant to the Water Services Act or Act of April 14, 2006, codified at 53 P.S. §§ 3102.501 – 3102.507, or a current effective agreement with a non-Company wastewater provider; and (3) the customer received prior notice from the non-Company wastewater provider of the past due amounts owed for sewer service to the non-Company wastewater provider.

Following the issuance of termination notice by the non-Company wastewater provider, the Company will not terminate the customer's water service upon notification to the Company by the non-Company wastewater provider that the customer does either of the following: (1) disputes the termination for non-payment consistent with the Water Services Act; or (2) produces a medical certification. Upon termination, the Company will post the post termination notice at the customer's premises. The Company's posted termination notice shall provide the following information in conspicuous format and plain language: (1) a statement that Aqua terminated the customer's water service due to the customer's non-payment of sewer charges owed to the non-Company wastewater provider; (2) a statement that the termination of service is not the result of customer's non-payment of water charges owed to Aqua; (3) the name and contact number of the non-Company wastewater provider; (4) the contact information for the Company; and (5) a citation to Section 56A of Aqua's Water Tariff and the weblink for accessing the Company's tariff webpage.

57. Turn-Off Without Authority: The Customer shall not turn the water on or off at any corporation stop or Curb Stop, or disconnect or remove the Meter, or permit its disconnection or removal, without the consent of the Company.

58. Due to Emergency: As necessity may arise in case of breakdown, emergency, or for any other unavoidable cause, the Company shall have the right to suspend services temporarily, in order to make necessary repairs, connections, etc.; but, the Company will use all reasonable and practical measures to notify the Customer of such discontinuance of service. The Company shall not be liable for any damage or inconvenience suffered by the Customer or any claim against it at any time for interruption in service, or for any causes beyond its control. When a supply of water is to be temporarily cut off, notice will be given, when practicable, to all Customers affected by the shutting off, stating the probable duration of the interruption of service, and also the purpose for which the shut-off is made.

59. Restoration of Service: After termination of service it will not be reconnected until all amounts due to the Company have been paid plus the cost of a fifty dollar ($50.00) turn-on charge prior to service reconnection (with the exception of the Masthope Division) subject to the provisions of Section 1407(c)(2) of the Public Utility Code, 66 Pa.C.S. § 1407(c)(2) (regarding payment to restore service) unless otherwise directed by the Commission.

WATER CONSERVATION AND DROUGHT EMERGENCY

60. Water Conservation Contingency Plan:

General: The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs, to provide for fire and other emergencies, or may restrict or regulate the quantity of water used by the Customer in case of scarcity, or whenever the public welfare may require it. If the Company is experiencing a short-term supply shortage, the Company may request general conservation measures to reduce or eliminate nonessential uses of water.

Voluntary Conservation: The Company shall first request voluntary curtailment of all nonessential uses of water.

Mandatory Conservation: If voluntary cooperation does not achieve satisfactory results, mandatory compliance with a ban on nonessential uses will be imposed. If any Customer refuses to comply with such mandatory measures, the Company may adjust the outside water valve connection in a manner which will restrict water flow by up to 1/2, otherwise restrict flow such as by the insertion of a plug device, or terminate service.

Nonessential uses of water may include, but are not limited to, the following items:

a. The use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, garden, vegetables, flowers, or any other vegetation.

b. The use of water for washing automobiles, trucks, trailers, trailer houses, or any other type of mobile equipment.

c. The washing of streets, driveways, parking lots, service station aprons, office buildings, exteriors of homes, sidewalks, apartments, or other outdoor surfaces.

d. The operation of any ornamental fountain or other structures making a similar use of water.

e. The use of water for filling of swimming or wading pools.

f. The operation of any water-cooled comfort air conditioning which does not have water-conserving equipment.

g. The use of water from fire hydrants for construction purposes or fire drills.

h. The use of water to flush a sewer line or sewer manhole.

i. The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops, and livestock.

WATER CONSERVATION AND DROUGHT EMERGENCY (cont'd)

60. Water Conservation Contingency Plan (cont'd):

Water Rationing Plan: In addition to the provisions as set forth above, the Pennsylvania Emergency Management Agency is authorized to promulgate, adopt, and enforce a Water Rationing Plan by virtue of the Emergency Management Services Code, 35 Pa.C.S. § 1701 et seq. as implemented by the Drought Emergency Proclamation dated November 6, 1980.

Excess Use Charges: In the event of a drought emergency (as declared by a river basin commission and/or by a proclamation or executive order issued by the Governor), the Company is authorized to collect fines and/or excess use charges set forth in its Local Water Rationing Plan as filed with and approved by the Pennsylvania Emergency Management Agency.

RULES AND REGULATIONS

MAIN EXTENSIONS

61. Main Extensions to Existing Residential Structures: Where an adequate water distribution main does not abut a Prospective Customer's Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the Prospective Customer (or an authorized agent for the Prospective Customer) must apply to the Company for a main extension.

Any required or requested main extension to serve a Prospective Customer at a preexisting structure will be paid for by the Depositor or Prospective Customer in accordance with the provisions of the subsections below:

a. When an extension to serve a Prospective Customer is required or requested, such extension will be made under the terms of an "Extension Agreement". The Company shall have the exclusive right to determine the type, the material, the size, the routing and the location of mains to be installed and the other facilities required to render adequate service. No main(s) smaller than 6" in diameter shall be installed, except at the Company's sole discretion.

b. The terminal point of the required or requested extension shall be a point in the curb line equidistant from the side building lines of the last building or dwelling to be served. As a further condition of extending the existing distribution mains, the Company shall be provided with, at no cost to the Company, any rights of way, temporary construction easements, or permanent construction easements necessary to complete the extension of the distribution mains, Company Service Line(s), appurtenances and other facilities, or to provide future access for repair, maintenance, replacement, or for other related reasons. Where the Prospective Customer's Property is landlocked, the Prospective Customer may be required to obtain, at no cost to the Company, an easement or right-of-way that shall not cross multiple properties. The Prospective Customer shall present the Company with a certified copy of a duly recorded instrument that is recorded in the County Office of the Recorder of Deeds.

c. The Company reserves the right to require the Depositor or Prospective Customer to pay for the extension of the main beyond the last building in a street in order to connect to an existing main which would provide more adequate and reliable service.

d. The Prospective Customer must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive water service from the main extension.

Any required or requested main extension to serve a lot or lots that do not contain an existing Residential Structure shall be installed by the Builder in accordance with the provisions of Rule 65.

RULES AND REGULATIONS

MAIN EXTENSIONS

62. Main Extensions to Bona Fide Service Applicants:

62.1 Where an adequate water distribution main does not abut a Bona Fide Service Applicant's ("Applicant") Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the Applicant (or an authorized agent for the Applicant) must apply to the Company for a main extension. Such extension will be made under and pursuant to the terms of an Extension Agreement (which may include a reasonable allowance for overhead costs) subject to applicable provisions of these Rules and Regulations. The construction of facilities to serve such Applicant will not commence until an Extension Agreement has been executed and all applicable terms and conditions therein have been satisfied by the Applicant.

In conjunction with executing an Extension Agreement, an Applicant shall deposit with the Company an amount totaling $1,000, representing a Service Line Deposit. If the total cost to connect the Applicant exceeds the total of the Service Line Deposit and the Company's contribution to the extension, the Applicant will be required to pay the difference. However, if the Company's contribution to the extension fully funds the amount needed to connect the Applicant, the Service Line Deposit will be refunded to the Applicant within 90 days after the Applicant's requesting and receiving water service from the Company, provided, however, that if the Applicant does not request connection to the Company's main extension within six months of the completion of the main extension, the Service Line Deposit shall become non-refundable.

Where a proposed main extension is capable of serving multiple structures or facilities and at least 80% of the Prospective Customers who could receive service from the main extension become Bona Fide Service Applicants and satisfy all applicable terms and conditions of the foregoing provisions, the Customer Advance, if any, required of each Bona Fide Service Applicant shall be calculated as if 100% of such Prospective Customers had become Bona Fide Service Applicants.

For a period of ten (10) years following completion of the main extension, the Company shall refund to each Bona Fide Service Applicant his/her pro rata share of an amount equal to the Company Contribution for each additional Customer who attaches a service line to the main extension and requests service. No refunds shall be made, however, in those situations where at least 80%, but less than 100%, of the Prospective Customers who could receive service from the main extension become Bona Fide Service Applicants and their Customer Advances are calculated as if 100% of such Prospective Customers had participated in the initial funding of the project. In addition, the total amount refunded shall not exceed the amount of the Customer Advance paid by the Bona Fide Service Applicant.

62.2 The Company shall have the exclusive right to determine the type, the material, the size, the routing and the location of mains to be installed and the other facilities required to render adequate service. No main(s) smaller than 6" in diameter shall be installed except at the Company's sole discretion, and where called for by good engineering practices.

62.3 The terminal point of the required extension shall be a point in the curb line equidistant from the side property lines of the last lot to be served or the side building lines of the last building or dwelling to be served, whichever is greater. As a further condition of extending the existing distribution mains, the Company shall be provided with, at no cost to the Company, any rights of way, temporary construction easements, or permanent construction easements necessary to complete the extension of the distribution mains, Company Service Line(s), appurtenances and other facilities, or to provide future access for repair, maintenance, replacement, or for other related reasons.

MAIN EXTENSIONS (cont'd)

62. Main Extensions to Bona Fide Service Applicants (cont'd):

62.4 The Bona Fide Service Applicant must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive water service from the main extension.

62.5 Any required or requested main extension to serve an Applicant other than a Bona Fide Service Applicant shall be installed in accordance with the provisions of Tariff Rule 65.

62.6 Definitions:

Bona Fide Service Applicant: shall mean a person or entity applying for General Metered Service to an existing or proposed structure or facility within the Company's certificated service territory, and which is either: (1) the primary residence of the Applicant; (2) a place of business; or (3) a public school, building, library, park or playground which is owned by a governmental unit or school district having the power of taxation. A person or entity shall not be deemed a Bona Fide Service Applicant if: (1) applying for water service to a building lot, subdivision, or a secondary residence; (2) the request for water service is part of a plan for the development of a residential dwelling or subdivision; (3) the request is for service other than the main water supply for the primary residence, such as service for external landscaping or agricultural purposes only; or (4) requesting Special Utility Service. To become an Applicant, a person or entity must file a signed application to connect the qualifying structure or facility with the Company's distribution system and request water service to begin immediately following such connection.

Company Contribution: shall mean that portion of the main extension costs which generate annual line extension costs equal to annual revenue from the line extension and that the Company will fund based upon the following formula, where X equals the Company Contribution attributed to each Bona Fide Applicant:

$$X = \frac{AR - O\&M}{(P*I) + D}$$

Whereby:

AR = the expected average annual revenue from the Bona Fide Service Applicant based upon the Company's currently effective tariff rates as established in the Company's last base rate case and on the average annual usage of customers similar in nature and size to the Bona Fide Service Applicant.

O&M = the average annual operating and maintenance expenses associated with serving an additional Customer, including customer accounting, billing and collection, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as any costs particular to the specific needs of the Bona Fide Service Applicant.

I = the Company's current debt ratio multiplied by its weighted cost of long-term debt as established in the Company's last base rate case; and

D = the Company's depreciation accrual rate for facilities to be installed, as established in the Company's last base rate case.

MAIN EXTENSIONS (cont'd)

62. Main Extensions to Bona Fide Service Applicants (cont'd):

Customer Advance: shall mean (1) the Estimated Cost of the water main extension less (2) the Company Contribution.

Line extensions to Bona Fide Service Applicants shall be funded without Customer Advance where the annual revenue from the line extension will equal or exceed the Company's line extension costs.

If the annual revenue from the line extension will not equal or exceed the Company's line extension costs, a Bona Fide Service Applicant may be required to provide a Customer Advance to the Company's cost of construction for the line extension.

Where a Customer Advance is required, and the Bona Fide Service Applicant is unable to advance the entire amount due, the Company, at its sole option, will either (1) allow the Bona Fide Service Applicant to pay the remaining portion of the Customer Advance ratably over a period of not less than three years beginning with the Applicant's first bill for water service, or (2) provide information to the Applicant on financial institutions that may offer financing to the Bona Fide Service Applicant for the line extension. If the Company chooses option (1), it may require that up to one-third of the total Customer Advance be deposited prior to extending its facilities and may recover from the Bona Fide Service Applicant, over the payment term selected, its costs of financing the construction by applying to the amount outstanding interest charges calculated at the then-prevailing residential mortgage lending rate specified by the Secretary of Banking in accordance with the act of January 30, 1974 (P.L. 13, No. 6), known as the Loan Interest and Protection Law.

Special Utility Service: shall mean residential or business service which exceeds that required for ordinary residential purposes. By way of illustration and not limitation, Special Utility Service shall include: the installation of facilities such as over-sized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. An otherwise Bona Fide Service Applicant requesting service which includes a "Special Utility Service" component is entitled to a Bona Fide Service Applicant status, including the corresponding Company Contribution toward the costs of the line extension which does not meet the Special Utility Service criteria.

63. Economic Development Main Extension Policy: The Company may negotiate and enter into customized Extension Deposit Agreements for the purpose of promoting economic development or enhancing the efficiency and operation of the waterworks system. These agreements may include special provisions that differ from the standard terms of the "Extension Agreement". Where substantial public need exists and the public health and safety may be compromised by the absence of a public water supply in a portion of the Company's authorized service territory, the Company, subject to the Commission's prior approval, may install main extensions and Special Utility Services without the payment of the Customer Contribution that would otherwise be required hereunder.

64. Main Extensions with Governmental Bodies: The Company may negotiate and enter into customized Extension Agreements with Governmental Agencies where the main extension is for a public purpose and is funded entirely with public funds. These agreements may include a waiver of the tax requirements of the "Extension Agreement;" provided, however, that where such waiver is given, the Company will not refund any portion of the cost of the main extension.

RULES AND REGULATIONS

MAIN EXTENSIONS (cont'd)

65. Main Extensions and Services by Builder: In the event any main extension is requested or required to provide service to newly constructed structure(s) to be constructed in the future on existing or subdivided lots, or to preexisting non-Residential Structures except as provided below, the Builder shall be required to install the water main and service lines through a pre-qualified contractor retained by the Builder and to pay all costs related thereto. The Company has the sole right to accept or reject the proposed contractor. At the sole discretion of the Company, the Company may undertake construction of facilities otherwise subject to this Rule, in which event, the "Extension Agreement", referred to in the provisions of Rule 61 and Rule 62 pertaining to construction of facilities to serve existing Residential Structures, shall be applicable except that the Builder will retain financial responsibility for the installation of service lines and appurtenances as specified herein.

Under the provisions of this Rule, prior to construction, the Builder must enter into a Builder's Main Extension Agreement, in a form acceptable to the Company, detailing the terms and conditions under which the Company will accept, and provide service through, facilities constructed by Builder. All construction costs, whether initially incurred by the Company or the Builder, related to the main extension shall be the responsibility of the Builder. The Builder's Main Extension Agreement shall contain, at a minimum, the following terms and conditions:

a. Main and service line installation work shall be performed in accordance with the specifications and conditions of the Company.

b. All costs of material and installation required to serve Builder's lots shall be the responsibility of Builder. Builder shall contract directly with a pre-qualified contractor, recognized and approved by the Company, for all main and service line installation work, and all appurtenances (including fire hydrants) required to serve the project.

c. Any specialty material required to interconnect with the Company's existing facilities shall be provided by the Company.

d. Any construction involving preexisting facilities of the Company, including but not limited to relocation of existing facilities and connections of mains or services with existing facilities, shall be performed only by the Company except where otherwise agreed upon by the Company in its sole discretion.

e. Builder's estimate of the cost of construction must be acceptable to the Company. Estimates which appear to be understated may be rejected by the Company in its sole discretion.

f. Builder shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Builder shall do all engineering, design, research and complete the application for the Company's submittal. Any fees associated with any such permits shall be the sole responsibility Builder.

g. All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval from Company representatives.

MAIN EXTENSIONS (cont'd)

66. Water System Connection Loan Program: Where the Company offers a Bona Fide Service Applicant the option to apply for a loan from the Company for a new single family-residential service connection under Rule 7 or for a main extension under Rule 61 for single-family residential service to cover Eligible Costs (as defined herein), such loan shall be subject to the terms and conditions set forth in this Rule.

To be eligible for a loan, an Applicant must (a) own a single-family residence which will take water service from the Company; (b) demonstrate intent to be the continuing Customer of the Company at the residence; and (c) enter into a financing agreement.

For purposes of this Rule, Eligible Costs include actual costs for (a) a water main extension in accordance with Rule 61; (b) the Customer Service Line; (c) a Meter Box/Vault; (d) shut-off valves and/or Special Devices required under these Rules; (e) alterations of or additions to plumbing within the Customer's residence which are necessary to permit the Customer to take service from the Company; or (f) any other facilities necessary to permit the Customer to take water service from the Company. The maximum principal balance of a loan made under this Rule will be $8,000.

Any such loan shall be subject to the following terms and conditions.

a. The existence of a loan made under this Rule does not alter the responsibility of the Customer for maintenance or replacement of the Customer Service Line or any other facilities as determined by the applicable provisions of the Company's Rule(s).

b. The initial principal balance of the loan shall be the amount of Eligible Costs which the Customer elects to borrow from the Company. The principal balance of the loan plus interest will be repaid to the Company through a fixed surcharge added to the Customer's regular monthly bill for water service. The surcharge will be reflected as a separate service type for the Customer's account.

c. The Customer will enter into a financing agreement with the Company which specifies, inter alia, the initial principal balance of the loan, the applicable interest rate determined in accordance with subsection (e) of this Rule, the term of the loan and the amount of the monthly surcharge. The Company in its sole discretion will determine whether a financing agreement should be established for a loan related to facilities owned and maintained by the Customer under the applicable provisions of the Company's Rules. The Customer will agree to repay the loan over a term selected by the Customer, which is no less than three years (36 months), nor greater than 8 years (96 months).

d. Through the surcharge, the Customer will make equal monthly installments over the loan term to pay the principal amount of the loan together with daily simple interest on the unpaid balance of the principal amount from time to time outstanding at the applicable rate of interest determined in accordance with subsection (e) of this Rule. The Customer's payment schedule will amortize the unpaid balance over the loan term. Daily simple interest means that interest is charged each day after applying any payment the Customer has made. All payments will be first applied to interest that is due and then to principal and other charges. Prepayment of the loan will be permitted without penalty.

e. The interest rate will be fixed for the term of a loan, at the weighted cost of long-term debt.

MAIN EXTENSIONS (cont'd)

66. Water System Connection Loan Program (cont'd):

f. Notwithstanding the provisions of subsection (e), the interest rate shall not exceed 8% per annum. In the event that the weighted cost of long term debt as calculated pursuant to subsection (e) would, except for the provisions of this subsection (f), exceed 8% per annum, the Company shall have the option to suspend the making of loans under this Rule.

g. A Customer account which includes a loan payment surcharge will not be transferred to any tenant or non-owner occupant of the residence for which a loan is made. During the loan term, the owner of the residence will remain the Customer in whose name the bill for water service will be issued. If the residence is sold, a new owner who demonstrates intent to be the continuing Customer of the Company at the residence may elect in writing on a form provided by the Company to assume responsibility for the loan payments, subject to the terms of the financing agreement. A copy of the election form will be returned to the Company prior to sale of the residence. If the new owner does not elect in writing on a form provided by the Company to assume responsibility for the loan payments or does not demonstrate intent to be the continuing Customer at the residence, the loan and accrued interest shall become immediately due and payable upon sale of the premises.

h. The loan surcharge reflected on Customer bills will be collected by the Company, subject to all provisions of Rules 11 through 18 and 54 regarding billing for water service, terms of payment, late-payment charges and discontinuance of water service for non-payment. A partial payment of a bill for water service shall be first applied to cover the Customer's obligation under the loan and then to charges for other water service.

For accounting purposes, the Company will establish subaccounts in which loan payments shall be recorded. In one subaccount, the Company will record amounts applied to principal and interest for the portion of the loan, if any, which relates to facilities owned and maintained by the Company under the applicable Rules. In another subaccount, the Company will record amounts applied to principal and interest for the portion of the loan, if any, which relates to facilities owned and maintained by the Customer under the applicable Rules. Loan payments shall be allocated between the two subaccounts based upon the relative initial cost of the facilities covered by that subaccount as compared to the total amount of the loan. For each subaccount, amounts received as loan payments will be first applied to interest that is due and then to principal and other charges.

If a loan becomes uncollectible, the unpaid principal balance of the portion of the loan, if any, which relates to facilities owned and maintained by the Company will be recorded as a debit to Contributions-In-Aid-Of-Construction, and as a credit to Accounts Receivable. The unpaid balance of interest with respect to such portion of the loan (as of the time of the debit) shall be recorded as an uncollectible account. The unpaid balance of principal and interest for the portion of a loan, if any, which relates to facilities owned and maintained by the Customer, shall be recorded as a non-utility expense.

The Company's capital structure used for rate-making purposes will not include short-term debt issued by the Company to finance loans under this Rule.

PRO-RATION OF BASE RATES ON CUSTOMER BILLS

67. Pro-ration of Base Rates on Customer Bills: During a period of changes to base rates, billing of base rates for Customers involves proration of the different base rates based on days of invoice. The fixed charge and the consumption for the entire period is divided by the number of service days to develop an average rate per day for purposes of bifurcating the consolidated charges at the old rate and at the new rate.

WAIVERS

68. Waivers: The Company may, at its sole discretion, waive any of the Rules contained herein that operate for the benefit of the Company; provided, that no such waiver will be valid unless in writing and signed by an authorized representative of the Company, and provided that no waiver will be allowed where the waiver would constitute a violation of the Public Utility Code, the regulations of the Commission or of any other applicable statute, law or regulation.

AMENDMENT OF COMMISSION REGULATIONS

69. Amendment of Commission Regulations: Whenever Commission regulations in Title 52 of the Pennsylvania Code are duly amended in such a way as would produce a difference between Commission regulations and this tariff, the tariff is deemed to be amended so as to be consistent with the amendments to the regulations, except that if application of the amendment to Title 52 is discretionary, this tariff will remain unchanged.

PRIVILEGE TO INVESTIGATE/RIGHT TO ACCESS

70. Privilege to Investigate/Right to Access: The Company shall have the right by its employees to have access at all reasonable times to all parts of any Premises connected with the system, including Meters, service connections and other property owned by it on the Premises of the Customer for the purpose of examining and inspecting the connections and fixtures, including the water and/or wastewater metering arrangement, or for disconnecting service for any proper cause or for purposes of replacement, maintenance, operation or repair thereof.

RULES AND REGULATIONS

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ATTACHMENT A

WATER SERVICE TERMINATION

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the terms and conditions herein stated, the parties hereto, intending to be legally bound, agree as follows:

1. In order to initiate water service termination to a customer of the Water Company, by reason of that customer's delinquent sewer charges payable to the Authority, an authorized and responsible officer of the Authority shall cause to be delivered to the Water Company a written request for such termination, together with the following information:

    a. The name and address of the sewer service customer; if premises is tenant occupied, the name and address of the landlord and the name and address of the tenant;

    b. The address and lot number of the premises for which water service termination is sought;

    c. A statement that the sewer charges for such premises remain unpaid for a period of at least thirty days from the due date thereof;

    d. A statement setting forth: (i) that the Authority has fulfilled all applicable notice and procedural steps required of it by law, statute, regulations ordinances and other authorities, including, without limitation those mandated by the Water Services Act (53 P.S. §3102.501 et seq) and (ii) that the Authority has not received written or other information the effect of which would be to make water service termination unlawful.

2. Upon receipt of the information specified under Paragraph 1 hereof, the Water Company will promptly initiate water service termination procedures, in accordance with

the procedures outlined in this Agreement, unless it should decline to do so, in which event the Water Company shall notify the Authority of the reasons therefore.

3. The Water Company may decline to initiate water service termination in the following instances:

a. The involved premises is not receiving water service from the Water Company;

b. The Water Company's customer at the involved premises is a different person or entity than the Authority's sewer customer;

c. The water service to be terminated will adversely affect service to other Water Company customers, other premises served by the Water Company or the Water Company's delivery system;

d. The Water Company has received verbal or written notice prohibiting or requiring deferral of water service termination;

e. The nature of the facilities at the involved premises makes service termination impracticable;

f. The Water Company receives advice from its legal counsel that water service should not be terminated under the particular circumstances;

g. The termination of water service under the particular circumstances would be a violation of law or of applicable regulations;

h. Other reasons mutually agreed between the Authority and the Water Company.

In the event that the Water Company so declines to initiate water service termination procedures for any reason, the Water Company shall, upon request from the Authority, supply the Authority with a written statement of the reasons why the Water Company has declined to terminate water service at the particular premises. If the Authority should desire to contest the reasons offered by the Water Company, then such dispute shall be

resolved pursuant to the provisions of the Public Utility Code and/or the regulations of the Commission.

4. Under circumstances where the Authority initiates a request for water service termination procedures, it is understood and agreed that the Authority will comply with all applicable notice and procedural requirements relative to water service termination contained in the Water Services Act, the Utility Services Tenants Rights Act, the Pennsylvania Public Utility Code, the rules and regulations of the Commission, and the Water Company's rules and regulations contained in its tariff on file with the Commission

5. Exclusive of contact between the Water Company and its customer required to effect termination, it is understood that the Authority shall conduct all interaction and negotiations with the involved sewer customer, including without limitation, negotiations for payment of arrearages and all contact regarding pre-termination through post-termination procedures for dispute resolution. In addition, the Authority shall prepare and deliver to the Water Company a copy of the notice to the involved sewer customer, notifying such customer that inquiries as to the arrearage or any dispute relative thereto should be directed to a named representative or department of the Authority at a given telephone number and that no contact should be made to the Water Company. Furthermore, the Authority shall, at the request of the Water Company, cause an authorized representative to be present at the involved premises at the time of water service termination and at any time when the premises must be visited to effectuate required notices or perform service termination procedures. Such representative of the Authority will be the participant exclusively in any discussions with the involved customer. The final decision whether to terminate water service shall be made by the Authority representative in attendance, and the Water Company employee may rely exclusively upon that decision.

6. Concurrent with the delivery of the written request required under Paragraph 1 hereof, the Authority shall pay to the Water Company the fee as set forth in the Water Company's Tariff (see Termination of Service), as amended from time to time, per involved premises, which shall not be refundable unless the Water Company should decline to initiate water service termination. It is understood that the fee described above shall be automatically increased to coincide with the charges for shutting off water service contained in the Company's tariff as on file with and approved by the Commission. Except as otherwise provided herein, said sum shall constitute payment in full to the Water Company for its services hereunder, including conducting service termination and restoration visits to the involved premises and completing water service termination procedures. In addition, the Authority shall pay to the Water Company the fee as set forth in Rule 56 in Aqua's Water Tariff on file with the Commission, as amended from time to time, for each visit beyond the two visits per premises, which are required to effectuate water service termination at a particular premises. Furthermore, in the event that more than one hour is required to perform either the termination or restoration of water service to any involved premises, including travel time and time actually spent at the premises, the Authority shall pay the Water Company's actual costs of such visit, including labor, material, transportation and other fixed charges to the extent that such actual costs exceed the fee as set forth Rule 56 in Aqua's Water Tariff on file with the Commission, unless such additional costs are the result of error or lack of effort on the part of the Water Company or Water Company personnel.

7. As to each premises for which water service is terminated hereunder, the Authority shall pay to the Water Company the estimated loss of water revenues resulting therefrom which shall be calculated in the same manner that the Water Company uses in the ordinary course of business to calculate estimated monthly water bills. The estimated monthly consumption per premises shall be applied to the Water Company's tariff rates in effect

during the estimation period, including all minimum charges and surcharges. The total monthly estimated bill, so calculated, will be divided by 30 to determine the estimated daily rate. Estimated lost revenues shall be equal to the product of the estimated daily rate and the number of days water service was actually terminated at the involved premises. Estimated lost revenues shall be billed by the Water Company to the Authority, periodically, and at approximately the same time as the Water Company would have billed the involved customer if water service had not been terminated. The Authority shall pay each such bill within 30 days of receipt thereof. Upon request the Water Company will provide to the Authority the estimated daily rate of lost revenue for specific premises for which service termination is contemplated. The Authority's liability for the estimated loss of water revenues resulting from such shut off shall terminate when the Authority authorizes the Water Company to restore water service or when water service is actually restored, whichever is earlier.

8. The Authority agrees to hold the Water Company harmless from any liability that the Water Company may incur in performing or attempting to perform water service termination and the procedures therefore in accordance with the terms of this Agreement. The Authority further agrees that it will, at its sole expense, legally defend and prosecute any action arising out of such performance or attempted performance, brought against the Authority, the Water Company or their respective agents or employees as a result of which the Water Company may incur any such liability. The Water Company reserves the right to retain its own counsel and participate independently in such proceedings.

9. If a dispute shall arise between the Authority and the Water Company regarding the cost of the Water Company's services hereunder, the amount of revenues lost, or the interpretation of the provisions of this or any subsequent agreement between the Water Company and the Authority concerning payment for such services and lost revenues, such

dispute shall be submitted by either party to the Commission, pursuant to the Water Services Act (53 P.S. §3102.505(d)).

10. This Agreement shall continue until terminated by either party on not less than 30 days written notice to the other party.

11. The Water Company complies with the Commission's heat-related moratorium that runs from December 1 to April 1. The Authority may request that the Water Company discontinue water service for non-payment of sewer charges for non-heat related accounts between December 1 to April 1.