R984395

Supplement No. 1 to
Tariff Water - Pa. P.U.C. No. 3

TWIN LAKES WATER COMPANY

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WATER SERVICE

TO THE PUBLIC IN SAGAMORE ESTATES, SHOHOLA TOWNSHIP,
PIKE COUNTY, PA 18458,

including County and Municipal or Political Subdivisions

OFFICIALLY FILED TARIFF

ISSUED: July 16, 1999

EFFECTIVE: July 22, 1999
*This supplement implements the second stage of a rate increase approved by the Commission pursuant to an Order adopted at R-00984395.

BY: Susan Rogers, President Twin Lakes Water Company
2308 River Road, Pt. Pleasant, NJ 08742
(732-408-0431 ext. 105, & 1-800-390-6606)

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LIST OF CHANGES

1. Filing of a tariff supplement which implements the second stage of the Commission-approved rate increase.

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TWIN LAKES WATER COMPANY

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WATER SERVICE

TO THE PUBLIC IN SAGAMORE ESTATES, SHOHOLA TOWNSHIP,
PIKE COUNTY, PA 18458,

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ISSUED: May 12, 1999

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*This supplement implements new line extension regulations approved by the Commission pursuant to an Order adopted at R-00974233/ L-930089.

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(732-408-0431 ext. 105, & 1-800-390-6606)

LIST OF CHANGES

1. Filing of new tariff which modifies the Line Extension regulations.

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R974233

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PART I: SCHEDULE OF RATES AND CHARGES

Section A - Rates for Unmetered Service

Unmetered Residential & Construction Service Rates

The flat rate charge for full time unmetered residential service shall be $23.50 per month per dwelling unit upon connection of service. The flat rate charge for seasonal residents unmetered residential service shall be $11.75 per month.

The existing seasonal tariff rate (May-October customers) will remain available only for current customers in that class as of the effective date of rates established by this Tariff Supplement. The seasonal rate is otherwise closed and no further customers may be added to this rate. All new customers will be added at a full-time rate. Both the full-time rate and the seasonal rate will remain in effect only until establishment of metered rates by the Commission.

Section B - Service Termination or Resumption Rates

The fee for shut-off or turn-on of service at the curb stop shall be $35.00.

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PART II: Definitions

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. Annual Line Extension Costs: The sum of a Company's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operation and maintenance of the line extension.

2. Annual Revenue:(For Line Extension Purposes) The Company's expected additional annual revenue from the line extension based on the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the bona fide service applicant.

3. Applicant: A person, or entity who applies to become a customer of the Company in accordance with Part III, Section A, of this tariff.

4. Bona Fide Service Applicant:(For Line Extension Purposes) A person or entity applying for water service to an existing or proposed structure within the utility's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed a bona fide service applicant if:

(a) applicant is requesting water service to a building lot, subdivision or a secondary residence;
(b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or
(c) the applicant is requesting special utility service.

5. Commission: The Pennsylvania Public Utility Commission.

6. Company: Twin Lakes Water Company

7. Company service line: The water line from the distribution facilities of the Company which connects to the customer service line at the hypothetical or actual line or the actual property line, including the control valve and valve box. The control valve and valve box determine the terminal point for the Company's responsibility for the street service connection.

8. Cross-connection: Any pipe, valve, hose or other arrangement or device connecting the pipelines or facilities of the Company, to and with other pipes or fixtures by which any contamination might be admitted or drawn into the distribution system of the Company from lines other than the Company's.

9. Customer: A person or entity who is an owner or occupant and who contracts with the Company for water service.

10. Customer service line: The water line extending from the curb, property line or utility connection to a point of consumption.

11. Debt Costs: The Company's additional annual cost of debt associated with financing the line extension investment based on the current debt ratio and weighted long-term debt cost rate for that utility or that of a comparable jurisdictional water utility.

12. Depreciation charges: The utility's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates for that Company or that of a comparable jurisdictional water Company.

13. Line extension: (For Line Extension Purposes) An addition to the Company's main line which is necessary to serve the premises of a customer.

14. Main: The pipe of a public utility system, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting water.

15. Meter: Any device supplied by the Company, by the Commission, for the purpose of measuring water consumption.

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16. Nonresidential service: Water service supplied to a commercial or industrial facility, including a hotel or motel, or to a master-metered mobile home or multi-tenant apartment building, or to any customer who purchases water from the Company for the purpose of resale.

17. Operating and Maintenance Costs:(For Line Extension Purposes): The utility's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

18. Private fire protection service: Water service provided exclusively for the purpose of fire protection that is available to the customer only and not for use by the general public, and that is provided through automatic sprinkler systems, fire hydrants or similar mechanisms.

19. Public fire protection service: Water service provided exclusively to a municipal or governmental entity through outdoor hydrants for the purpose of fire protection for the general public.

20. Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

21. Residential service: Water service supplied to an individual single-family residential dwelling unit.

22. Short-term Supply Shortage: An emergency which causes the total water supply of a Company to be inadequate to meet maximum system demand.

23. Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in Section G, Part 2(d) of this tariff.

23. Tariff: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

PART III: RULES AND REGULATIONS

Section A - Applications for Service

1. Service Application Required: The Company may require applications for service to be completed in writing on a form provided by the Company and signed by the owner or occupant of the property.

2. Change in Ownership or Tenancy: A new application must be made to the Company upon any change in ownership where the owner of the property is the customer, or upon any change in the identity of a lessee where the

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lessee of the property is the customer. The Company shall have the right to discontinue or otherwise interrupt water service upon three (3) days notice if a new application has not been made and accepted for the new customer.

3. Acceptance of Application: An application for service shall be considered accepted by the Company only upon oral or written approval by the Company. The Company may provide service to the applicant pending formal review and acceptance of the application.

4. Application Forms: Application forms can be obtained at the Company's local business office, presently located at (Company's Business Office Address).

5. Water Used for Construction Purposes: Where water is required for construction purposes, the applicant shall so indicate. Unmetered service may be provided for construction purposes.

6. Temporary Service: In the case of temporary service for short-term use, the Company may require the customer to pay all costs of making the service connection and for its removal after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. If the service connection is physically removed, the customer shall receive a credit for reasonable salvage value.

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Section B - Construction and Maintenance of Facilities

1. Customer Service Line: The customer service line shall be furnished, installed, maintained and/or replaced, when necessary, by and at the sole expense of the customer. The Company reserves the right to determine the size, kind and depth of customer service lines.

2. Separate Trench: The customer service line shall not be laid in the same trench with drain or wastewater pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a public utility service, or within three (3) feet of any open excavation, unless a written exception is granted by the Company.

3. Customer's Responsibilities: All service lines, connections and fixtures furnished by the customer shall be maintained by the customer in good working order. All valves, meters and appliances furnished by the Company and on property owned or leased by the customer shall be protected properly by the customer. All leaks in the customer service line or any pipe or fixtures in or upon the customer's premises must be repaired immediately by the customer.

4. Right to Reject: The Company may refuse to connect with any piping system or furnish water through a service already connected if such system or service is not properly installed or maintained. The Company may also refuse to connect if lead based materials, as defined in the Safe Drinking Water Act, have been used in any plumbing beyond the Company's curb control valve. It shall be the customer's responsibility

to provide the Company with any such certification which may be required to verify the absence or removal of such materials.

5. Water Use Standards for Certain Plumbing Fixtures: This rule establishes maximum water use criteria for certain plumbing fixtures installed in all new construction or renovation. Such standards have been implemented to achieve maximum efficiency of water use which the Commission has determined is technologically feasible and economically justified.

(a) Maximum permitted water usage levels shall be as follows:

Plumbing Fixture	Maximum Water Use
showerheads	3.0 gallons/minute
faucets	3.0 gallons/minute
water closets	1.6 gallons/flush
urinals	1.5 gallons/flush

(b) The Company may exempt particular customers, or classes of customers, when it is determined that the water use standards for plumbing fixtures listed above are unreasonable, cannot be accommodated by existing technology or are otherwise inappropriate.

6. Stop and Waste Valves and Check Valves: The Company requires the installation of stop and waste valves and check valves on all new or reconstructed customer service lines. The responsibility for the proper installation and maintenance of such valves shall be the customer's and at the customer's sole expense.

7. Backflow Prevention Device: The installation of a backflow device of the type approved by the Company may be required by the Company if, in the Company's opinion, such a device is needed to protect the integrity of the Company's system. The backflow prevention device shall be installed, owned and maintained by the customer at the customers' expense. The location of the backflow prevention device shall be approved by the Company. The Company recommends the installation of approved double check valves for service lines providing service to residential units.

8. Pressure: Generally the Company will maintain service pressures from 25 p.s.i.g.(pounds per square inch gauge)to 125 p.s.i.g. at the main, but during periods of peak demand pressures at the main may range from 20 to 150 p.s.i.g. The Company may furnish service at other pressures where necessary to supply adequate service.

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If a customer needs the pressure reduced, the customer must install and maintain, at the customer's expense, a pressure regulator or valve. The pressure regulator will be installed on the inlet side of the meter.

9. Cross-Connections: No cross-connection shall be installed or continued except upon terms and conditions established in writing by the Company. A cross-connection may be considered to be eliminated if a method of backflow prevention is approved by the Company in writing and implemented.

10. Individual Service Lines: Except as otherwise expressly authorized by the Company, each individual customer shall be served only through a separate service line connected directly to the Company's distribution main, and that service line shall not serve any other customer or premise. No additional attachment may be made to any customer's service line for any purpose without the express written approval of the Company.

11. Connection to Company Mains: No connection shall be made to the Company's main, nor detachment from it, except under the direction and control of the Company. All such connections shall be property of the Company and shall be accessible to it and under its control. The Company will furnish, install and maintain all service lines from the main to and including the curb stop and box.

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Section C - Discontinuance, Termination and Restoration of Service

1. Discontinuance by Customer: Where a customer requests the Company to discontinue service, the following rules shall apply:

   (a) A customer who wishes to have service discontinued shall give at least seven (7) days notice to the Company, specifying the date on which service is to be discontinued. In the absence of proper notice, the customer shall be responsible for all service rendered until the time that the Company shall have actual or constructive notice of the customer's intent to discontinue service. The customer shall not turn water on or off at any curb stop, or disconnect or remove the meter, or permit its disconnection or removal, without the prior written consent of the Company. A customer discontinuing service remains a customer for purposes of paying turn-on fees pursuant to Rule 3 of this Section for a period of nine (9) months.

   (b) Where a customer requests turn-on of service within six (6) months of disconnection, the customer shall be subject to monthly minimum billing for the period of disconnection. The request for turn-on of service should be made to the same address as the disconnection of service was mailed.

   Residential service: Utility service supplied to a dwelling including service provided to a commercial establishment if concurrent service is provided to a residential dwelling attached

thereto. Utility service provided to a hotel or motel is not considered residential service.

2. Termination by Company: Service to the customer may be terminated for good cause, including, but not limited to, the following:

   (a) making an application for service that contains material misrepresentations;

   (b) willful or negligent waste of water through improper or imperfect pipes or fixtures, or for failure to repair leaks in pipes or fixtures;

   (c) tampering with any service line, curb stop, meter or meter setting, or installing or maintaining cross-connections or any unauthorized connection;

   (d) theft of service, which may include taking service without having made a proper application for service under Part III, Section A;

   (e) failure to pay, when due, any charges accruing under this tariff;

   (f) refusing the Company reasonable access to the property served for purposes of installing, inspecting, reading, maintaining or removing meters;

   (g) receipt by the Company of an order or notice from the Department of Environmental Protection, a health agency, local plumbing inspector or other similar authority, to terminate service to the property served on the grounds of violation of any law or ordinance, or upon notice to the Company from any such authority that it has ordered an existing violation on the property to be corrected and that such order has not been complied with or

   (h) material violation of any provisions of this tariff.

3. Turn-on Charge: Whenever service is discontinued or terminated pursuant to Rule 1 or Rule 2 of this Section, service shall be turned on by the Company only upon the payment by the customer of a turn-on charge and the resolution of the problem that gave rise to the termination if under Rule 2.

Section D - Billing and Collection

1. Issuance of Bills: The Company will bill each customer within ten (10) days of the last day of each billing period.

2. Billing Due Date: The due date for payment of a bill for residential service shall be no less than fifteen (15) days from the date of transmittal. If the last day for payment falls on a Saturday, Sunday or bank holiday, or on any day when the offices of the Company are not open to the general public, the due date shall be extended to the next

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business day. The Company may not impose a late-payment charge unless payment is received more than five (5) days after the stated due date.

3. Late-Payment Charge: All amounts not paid when due shall accrue a late-payment charge at the rate not to exceed one and one-half percent (1.50%) per billing period, not to exceed eighteen percent (18%) per year when not paid as prescribed in Rule 2 of this Section.

4. Change in Billing Address: Where a customer fails to notify the Company of a change in billing address, the customer shall remain responsible to remit payment by the billing due date.

5. Application of Payment: Utility bills rendered by the Company shall include only the amount due for water service. Where a customer remittance to the Company includes payment for any non-utility services, proceeds will be applied first to pay all outstanding regulated utility charges.

6. Return Check Charges: The customer will be responsible for the payment of a charge for each time a check presented to the Company for payment on that customer's utility bill is returned by the payor bank for any reason including, but not limited to, insufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or unauthorized signature. This charge is in addition to any charge which may be assessed against the customer by the bank with interest.

7. Disputed Bills: In the event of a dispute between the customer and the Company with respect to any bill, the Company will promptly make such investigation as may be required by the particular case and report the result to the customer. The customer is not obligated to pay the disputed amount during the pendency of the Company's investigation. When the Company has made a report to the customer sustaining the bill as rendered, the customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Company determines that the bill originally rendered is incorrect, the Company will issue a corrected bill with a new due date for payment. Any amounts received by the Company in excess of the amount determined to be due by the Company's investigation of the dispute shall be refunded to the customer with interest.

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Section E - Deposits

1. Residential Customers:

(a) New Applicants--The Company will provide service without requiring a deposit unless the applicant was terminated for nonpayment within the prior twelve (12) months or has an unpaid balance for prior service from the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers--If a customer has paid late on two (2) consecutive occasions or a total of three (3) times within the prior 12-month period, the Company may send a letter informing the customer that a deposit may be required if another late payment is received within the next twelve (12) months. An existing customer may be required to pay a deposit as a condition to having service restored after termination for non-payment or for failure to comply with a payment agreement. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(c) Deposit Refunds and Interest--A deposit will be refunded if service is discontinued and the final bill is paid or if the customer has paid the bills for the prior 12-month period without having been late on more than two (2) occasions and is not currently delinquent. Deposits from residential customers shall bear simple interest at the rate of the average of one-year Treasury Bills for September, October and November of the previous year, payable annually without deductions for taxes thereon unless otherwise required by law. The applicable interest rate shall become effective on January 1 of each year.

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2. Nonresidential Customers:

(a) New Applicants--A deposit may be required from any new applicant who does not have prior satisfactory credit history with the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers--Deposit requirements for existing nonresidential customers shall be as established for residential customers in Rule 1 of this Section.

(c) Deposit Refunds and Interest--A deposit will be refunded if the customer pays all bills on time over a 12-month period or if service is disconnected and the final bill has been paid. There will be no interest paid on deposits for nonresidential accounts.

Section F - Line Extensions

Whenever a developer, owner or occupant of a property within the service territory of the Company requests the Company to extend service to such property, the Company will extend service under the following conditions:

1. Requests by Bona Fide Service Applicant: Each Company shall file with the Commission, as part of its tariff, a rule setting forth the conditions under which facilities will be extended to supply service to an applicant within its service area. Upon request by a bona fide

service applicant, a utility shall construct line extensions within its franchised territory consistent with the following directives:

(a) 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 annual line extension costs.

(b) If the annual revenue from the line extension will not equal or exceed the Company's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the utility's cost of construction for the line extension. The utility's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension. The customer advance amount shall be determined by subtracting the utility's investment for the line extension from the total construction costs.

(c) The Company's investment for the line extension shall be based on the following formula, where X equals the utility's investment attributed to each bona fide applicant:

X = [AR - OM] divided by [I + D] ; and,
AR = the Company's annual revenue
OM = the Company's operating and maintenance costs
I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate

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2. <u>Customer advance financing, refunds and facilities on private property:</u>

<u>SUBSECTION (a) -- FOR USE BY COMPANIES WITH GROSS ANNUAL RECEIPTS OF $10 MILLION OR MORE</u>

(a) When a customer advance is required from a bona fide service applicant for service and the bona fide applicant is unable to advance the entire amount due, the company shall either:

(i) Allow the applicant to pay the advance plus the financing costs equal to the Company's weighted cost of long term debt, over a period of not less than 3 years; or

(ii) Provide information to the bona fide service applicant on financial institutions that may offer financing to the applicant for the main extension.

(b) When a customer advance is required of a service applicant and an additional customer or customers attach service lines to the line extension within ten years, the utility shall refund a portion of

the advance to the customer. Deposits made for additional facilities other than the line extension, such as booster pumps, storage tanks and the like, are contributions in aid of construction and need not be refunded.

(c) The Company will refund to the applicant, during a period of ten (10) years from the date of the extension deposit, a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension as distinguished from extensions or branches thereof. Provided, however, that the total amount refunded shall not exceed the original deposit without interest, and provided that all or any part of the deposit not refunded within said 10 year period shall become the property of the Company and shall be treated as Contributions in Aid of Construction for ratemaking purposes. The per customer refund amount shall equal the utility's investment attributed to each bona fide applicant as calculated in the formula contained in Section F, Part 1, Subsection (c) of this tariff.

(d) A utility shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

(e) Special Utility Service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section F (1) parts (a) through (c) of this tariff does not apply to special utility service. By way of illustration and not limitation, special utility service shall include: the installation of facilities such as oversized 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 applicant requesting service which includes a "special utility service" component is entitled to Bona Fide applicant status, including the corresponding Company contribution toward the costs to the line extension which do not meet the special utility service criteria.

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3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the Company pursuant to Rule 1 of this Section, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement.

4. Size of Line: The Company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. However, where the Company decides to install a pipe larger than necessary to render extension of adequate

service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate. The minimum pipe size for main extensions will be six (6) inches pursuant to Commission regulation at 52 Pa. Code §65.17(b).

5. Length of Extension: In determining the necessary length of an extension, the terminal point of such extension shall be at that point in the curb line, which is equidistant from the side property lines of the last lot for which water service is requested. A Company service connection will be provided only for customer service lines that extend at right angles from the curb line in a straight line to the premises to be served.

6. Cost True-up: At the conclusion of the line extension project there shall be a reconciliation of the actual costs incurred to the amount of extension deposit that has been paid by the customer. If the actual cost exceeds the deposit, the applicant shall be responsible for payment to the Company of the difference. If the deposit exceeds the actual cost, the Company shall refund the difference.

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Section G - Fire Protection Service

1. Private Company Fire Service: Where private fire protection service connections are to be made to the Company's system, the Company shall have the right to approve the plans for such installation prior to approval of the application for service. The Company shall make any connection to the distribution system that is required, and the customer shall pay to the Company the actual cost for making such connection.

   The Company shall have the right to require a compound-type meter for installation in the private fire line if deemed necessary. Waiver of the requirement for installation of a separate meter at the time the connection is made shall not prohibit the Company from requiring a meter installation at a future date if such installation is warranted in the opinion of the Company.

   Any meter required will be supplied and installed by the Company, with the cost for the meter, together with labor and materials for installation, to be borne by the customer. Where a private fire connection is approved by the Company, no other connection for domestic, commercial or industrial use shall be made to the fire connection line unless a compound type meter is installed between the Company's line and the connection for such line.

2. Public Fire Protection: Where public fire protection is offered, service will be available when hydrants are installed and when the

municipal entity for which the service will be provided makes application to the Company for that service.

3. Installation of Fire Hydrants: The Company shall approve the installation of any fire hydrants. All fire hydrants shall be located by the Company with due consideration given to local fire fighting authorities and to requirements of insurance underwriters. Developers and private fire protection customers shall be responsible for all costs of purchase and installation of fire hydrants in the same manner as installation of water main extensions. The hydrants will be installed by the Company and shall be the property of the Company.

4. Use of Fire Hydrants: All persons are forbidden to open any fire hydrant or to use any water therefrom for sprinkling streets, for construction or for any purpose, without permission in writing from the Company, except in case of fire and by fire companies to test hydrants. Such tests shall be made directly under the supervision of an authorized agent of the Company.

   The Company reserves the right to meter any fire line when evidence indicates that water is being taken from the line for purposes other than fire fighting or as otherwise permitted by agreement, and such metered service shall then be billed in accordance with the regular schedule of metered rates, with proper allowance for water consumed in fire fighting or other authorized use.

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Section H - Service Continuity

1. Regularity of Service: The Company may, at any time, shut off water in the mains in case of accident or for the purpose of making connections, alterations, repairs or changes, or for other reasons, and may restrict the use of water to reserve a sufficient supply for public fire service or other emergencies whenever the public welfare so requires. The Company will, pursuant to Commission regulations at 52 Pa. Code §67.1 and as circumstances permit, notify customers to be affected by service interruptions.

2. Liability for Service Interruptions

   (a) Limitation of Damages--The Company's liability to a customer for any loss or damage from any excess or deficiency in the pressure, volume or supply of water, due to any cause other than willful misconduct or negligence by the Company, its employees or agents shall be limited to an amount no more than the customer charge or minimum bill for the period in question. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service, but cannot and does not guarantee that such will not occur.

   (b) Responsibility for Customer Facilities--The Company shall not be liable for any loss or damage caused by reason of any break, leak or other defect in a customer's own service pipe, line, fixtures

or other installations, except where the damage is a result of the negligence or willful misconduct of the Company, its employees or agents.

Section I - 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.

Section J - 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 them and this tariff, this 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.

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PART IV: WATER CONSERVATION CONTINGENCY PLAN

1. Restriction of Nonessential Uses: As provided in Commission regulations at 52 Pa. Code §65.11, if the Company is projecting a supply shortage, the Company may request voluntary conservation by both residential and nonresidential customers and may impose mandatory conservation measures to reduce or eliminate nonessential uses of water. As defined at 52 Pa. Code §65.1, nonessential uses of water include, at a minimum, the following:

   (a) Watering of lawns, gardens, landscape areas, trees, shrubs or other outdoor vegetation except with a hand-held hose equipped with an automatic shut-off nozzle.

   (b) Non-commercial washing of vehicles or other equipment except with hand-held hose equipped with an automatic shut-off nozzle.

   (c) Washing streets, driveways, parking lots, tennis courts, commercial and residential building exteriors, sidewalks, patios or other outdoor surfaces.

   (d) Ornamental water uses, including fountains, artificial waterfalls, reflecting pools and the like.

   (e) Filling or topping-off swimming or wading pools except for public or private pools serving 25 of more dwelling units and health care facility pools used for patient care or rehabilitation.

   (f) The operation of water-cooled comfort air conditioning not equipped with a cooling tower or other evaporative system.

(g) Flushing wastewater lines or manholes.

(h) Irrigation at commercial farms and nurseries other than as minimally necessary to preserve livestock, crops and plants.

(i) The use of water from fire hydrants for construction purposes or fire drills.

2. Implementation of Voluntary Restrictions: Prior to implementation of mandatory restrictions under Rule 3 of this Part, the Company shall first request voluntary customer conservation. Notice of voluntary conservation restrictions shall be sent to all customers or be provided by local radio, television or newspaper advertisements within the Company's service territory. Written notice of request for voluntary restrictions shall also be provided to the Commission.

3. Imposition of Mandatory Restrictions: If voluntary cooperation does not achieve satisfactory results, mandatory restrictions will be imposed upon notice to customers and the Commission as provided in Rule 2 of this Part. If any customer refuses to comply with such mandatory measures, the Company may either adjust the outside water valve connection in a manner which will restrict water flow by up to one-half, or otherwise restrict flow such as by the insertion of a plug device.

Prior to any such other flow restriction being imposed, the Company must make a bona fide attempt to deliver notice of the proposed flow restriction to a responsible person at the affected premises and fully explain the reason for the restriction. Less restrictive means may be imposed to secure compliance with mandatory use restrictions.

Complete service termination may be imposed by the Commission after an expedited administrative proceeding has been held to provide the affected customer with an opportunity to be heard.

4. Pennsylvania Emergency Management Agency (PEMA) Responsibilities: In addition to the provisions as set forth in this Part, the Pennsylvania Emergency Management Agency, 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., may impose restrictions pursuant to a Drought Emergency Proclamation by the Governor of the Commonwealth of Pennsylvania. Where inconsistent with Company-imposed restrictions pursuant to this tariff, PEMA restrictions shall control.

In the event of a drought emergency as defined by proclamation or executive order, the Company is authorized to collect fines set forth in its Local Water Rationing Plan as filed with and approved by PEMA.

5. Termination of Use Restrictions: Conservation measures imposed pursuant to this Part shall be terminated at such time as the supply shortage is eliminated, with appropriate notice provided to affected customers.

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