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Tariff Water - Pa. P.U.C. No. 1

Valley Run Water Company, LLC
RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF WATER SERVICE
TO THE PUBLIC IN A PORTION OF
WASHINGTON TOWNSHIP,
BERKS COUNTY, PENNSYLVANIA

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LIST OF CHANGES

The Filing of the Initial Tariff.

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PART I: SCHEDULE OF RATES AND CHARGES

Section A - Rates for Metered Service (***This Section is reserved for future metered rates to be determined after the collection of consumption data and charged after approval by the Commission.***)

1. Customer Charge: Each customer will be assessed a customer service charge based upon the size of the customer's meter as follows:

<u>Meter Size</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
5/8 inch	\$ _____	\$ _____
3/4 inch	\$ _____	\$ _____
1 inch	\$ _____	\$ _____
1 1/4 inch	\$ _____	\$ _____
1 1/2 inch	\$ _____	\$ _____
2 inch	\$ _____	\$ _____

2. Consumption Charge: In addition to the customer charge, the following water consumption charges will apply:

<u>Per Month</u>	<u>Consumption Per Quarter</u>	<u>Rate per 1000 Gals.</u>
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Section B - Fire Protection Rates (No Private Fire Protection will be provided at this time.)

1. Private Fire Protection: A customer charge for private fire protection service will be assessed as follows:

<u>Size of Connection</u>	<u>Customer Charge Per Quarter</u>
2 inch	\$ _____
3 inch	\$ _____
4 inch	\$ _____
6 inch	\$ _____

In the event of fire or testing, consumption charges shall be billed in accordance with the rates for water consumption.

2. Public Fire Protection: For public fire protection, the charge shall be \$200.00 per hydrant per year.

Section C - Returned Check Charge

A charge of \$35.00 will be assessed any time where a check that has been presented to the Company for payment on account has been returned by the payor bank for any reason.

Section D - Flat Rates (These rates will be charged pending establishment and Commission approval of metered rates.)

Each residential customer will be assessed a flat fee of \$35.00 per month.

Each commercial customer will be assessed a flat fee of \$70.00 per month.

Section E - State Tax Adjustment Surcharge

In addition to the charges provided in this tariff, a surcharge of 0.00% will apply to all charges for service rendered on or after the effective date of this tariff.

The above surcharge will be recomputed, using the same elements prescribed by the Commission.

- a. Whenever any of the tax rates used in the calculation of the surcharge are changed.

- b. Whenever the utility makes effective any increased or decreased rates; and
- c. On March 31, 1999, and each year thereafter.

The above recalculation will be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation; and, if the recomputed surcharge is less than the one then in effect, the Company will, and if the recomputed surcharge is more than the one in effect, the Company may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

Section F - Construction Rates

The flat rate charge for unmetered residential building construction shall be \$35.00 per month per dwelling unit under construction until construction is completed. The flat rate charge for unmetered nonresidential construction shall be \$70.00 per building per month until construction is completed.

Section G - Service Termination or Resumption Rates

The fee for shut-off or turn-on of service at the curb stop shall be \$30.00.

Section H - Meter Test Rates

Consistent with Commission regulation at 52 Pa. Code §65.8(h), the fee schedule for testing of meters shall be as follows:

1 inch or less	\$10.00
1 1/4 inch - 2 inch	\$20.00

These amounts may vary without revision of this tariff so as to be consistent with Commission regulations.

Fees for testing meters over 2 inches or for testing meters so located that testing costs are disproportionate to the stated fees shall be as established by the Company based upon the actual cost of the test.

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 (For Line Extension Purposes): 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: Valley Run Water Company, LLC
7. Company Service Line: The water line from the distribution facilities of the Company that 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 (For Line Extension Purposes): 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 (For Line Extension Purposes): 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 that 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 certified device used by the Company, or by the Commission, for the purpose of measuring water consumption.
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 and water service supplied to a dwelling including service provided to a commercial establishment if concurrent service is provided to a residential dwelling attached thereto. Water service provided to a hotel or motel is not considered residential service.
22. Short-Term Supply Shortage: An emergency that causes the total water supply of a Company to be inadequate to meet maximum system demand.
23. Special Utility Service: Residential or business service that exceeds that required for ordinary residential purposes. See additional clarification in Section G, Part 2(d) of this tariff.
24. 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 REGULATIONSSection 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 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 813 S. Reading Avenue, Boyertown, PA 19512.
5. Water Used for Construction Purposes: Where water is required for construction purposes, the applicant shall so indicate. At the Company's discretion, 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.

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 that the Commission has determined is technologically feasible and economically justified.

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

<u>Plumbing Fixture</u>	<u>IPC Maximum Water Use</u>
Showerheads	2.5 gallons/minute @ 80-psi
Faucets	2.2 gallons/minute @ 60-psi
Water Closets	1.6 gallons/flush
Urinals	1.0 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 entirely the customer's 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.

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.

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 mailed to the same address as the disconnection of service request.
2. Termination by Company:
- (a) The water may be shut off by the Company, after due notice, to any customer failing to comply with the provisions of this Tariff. Service terminated for non-

compliance with this Tariff will not again be turned on until satisfactory assurance is given that these rules and regulations will be complied with, and that all proper and necessary expenses incurred in shutting off, and turning on, the water are paid in full by the customer.

- (b) If a bill tendered by the Company is not paid in accordance with the provisions of this Tariff, water service may be terminated by the Company only after compliance with presently effective regulations of the Commission.
- (c) The Company will notify a customer and terminate service after giving notice as required, for any of the following actions by the customer:
 - (i) Non-payment of an undisputed delinquent account.
 - (ii) Failure to comply with the material terms of a payment agreement.
 - (iii) Failure to complete payment of a deposit, provide a guarantee of payment or establish credit.
 - (iv) Failure to permit access to meters, service connections or other property of the public utility for the purpose of replacement, maintenance, repair or meter reading.
 - (v) Willful or negligent waste of water through improper or imperfect pipes or fixtures, or for failure to repair leaks in pipes or fixtures.
 - (vi) Installing or maintaining cross-connections or any unauthorized connection.
 - (vii) 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.
- (d) Notice of Termination of Service: Prior to terminating service under subsection (c):

- (i) The Company will provide written notice of the termination to the customer at least ten (10) days prior to the date of the proposed termination. The termination notice will remain effective for sixty (60) days.
- (ii) The Company will attempt to contact the customer or occupant, either in person or by telephone, to provide notice of the proposed termination at least three (3) days prior to the scheduled termination. Telephone contact will include attempted calls made to the residence at various times of the day on two (2) separate days between the hours of 7 a.m. and 9 p.m.
- (iii) During the months of December through March, unless personal contact has been made with the customer or responsible adult by visiting the residence, the Company will, within forty-eight (48) hours of the scheduled date of termination, post a notice of the proposed termination at the service location.
- (iv) The Company will attempt to make personal contact with the customer or responsible adult at the time service is terminated. Termination of service will not be delayed for failure to make personal contact.

(e) Grounds for Immediate Termination:

- (i) The Company may immediately terminate service for any of the following actions by the customer:
 - (A) Unauthorized use of the service delivered on or about the affected dwelling.
 - (B) Theft of service, which shall include taking service without having made a proper application for service or through activation or a bypass device that allows water to be used without being metered.
 - (C) Fraud or material misrepresentation of the customer's identity for the purpose of obtaining service.
 - (D) Tampering with meters or other public utility equipment.
 - (E) Violating tariff provisions on file with the Commission so as to endanger the

safety of a person or the integrity of the public utility's delivery system.

- (ii) Upon termination, the Company will make a good faith attempt to provide a post-termination notice to the customer or a responsible person at the affected premises. In the case of a single meter, multi-unit dwelling, the company will conspicuously post the notice at the dwelling, including in the common areas when possible.
 - (f) Timing of Termination: The Company may terminate service for the reasons set forth in this Tariff or in the Commission's regulations from Monday through Thursday. The Company will not terminate service on a Friday, Saturday, Sunday or holiday, unless necessary due to an emergency or to prevent a danger to a person or the integrity of the Company's facilities.
 - (g) Medical Certification: The Company will not terminate service to a premises when a licensed physician or nurse practitioner has certified that the customer or a member of the customer's household is seriously ill or afflicted with a medical condition that will be aggravated by cessation of service. The customer must provide the Company with a letter from a licensed physician verifying the medical condition. The medical certification procedure will be implemented in accordance with Commission regulations.
 - (h) Dishonorable tender of payment after receiving termination notice: After the Company has provided the required written and telephone contact, service may be terminated without additional notice if a customer:
 - (i) Tenders payment that is subsequently dishonored; or
 - (ii) Tenders payment with an access device that is unauthorized, revoked or canceled.
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 - Meters

1. Ownership: All meters shall be owned, installed and maintained by the Company.
2. Requirement for Metered Service: All service provided by the Company shall be metered except as authorized by this tariff.
3. Location of Meters: The meter will be set after the customer has had the plumbing arranged to receive the meter at a convenient point approved by the Company so as to measure all water being supplied to the customer's premise. Protection for the meter shall be provided by the customer. In cases where it is not practical to place the meter indoors, or if the customer so desires and the Company approves, an outside setting will be installed at the customer's expense at a position selected by the Company. The Company shall establish standards for outside meter settings. Relocation of meters for the customer's convenience shall be at the customer's expense.
4. Access for Automated Meter Reading Devices: Upon reasonable notice, the customer shall permit the Company access and space for the purpose of installing and utilizing a telemetering or other automated meter reading device. Where applicable, the customer must provide the Company with the telephone number of the line to which the equipment will be connected and immediately advise the Company of any changes in the telephone number. Where the use of the customer's facilities results in a utility charge, the Company will compensate the customer.
5. Damages to Meters: Meters shall be maintained by the Company so far as ordinary wear and tear is concerned. Where damage to a meter results from the negligent or willful act of the customer, and the customer was previously notified of the obligation to protect the meter, the actual cost of removing, replacing, repairing or testing a damaged meter shall be paid by the customer.
6. Notification to Company of Non-Working or Damaged Meter: The customer shall notify the Company of a non-working or damaged meter as soon as the customer has notice of either condition.

7. Fees for Meter Tests: Fees for testing meters shall be as specified under Part I, Section H, of this tariff. Testing fees shall be refunded pursuant to Commission regulation at 52 Pa. Code Section 65.8(g) where the meter is found not operating within the allowable accuracy range specified at 52 Pa. Code Section 65.8(a).

Section E - Billing and Collection

1. Issuance of Bills: The Company will bill each customer within fifteen (15) days of the last day of each billing period.
2. Billing Due Date: The due date for payment of a bill for nonresidential service shall be no less than fifteen (15) days from the date of transmittal. The due date for payment of a bill for residential service shall be no less than twenty (20) 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 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 portion of the bill 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 computed at 1.5% per month.

Section F - 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 Company may also require a deposit if the applicant fails to establish creditworthiness to the Company's satisfaction. The amount of the deposit will be based on an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service. The amount of the deposit will not be more than one-sixth (1/6) of the actual annual bill for the dwelling at which service is being requested or provided for the prior twelve (12) months. If no actual usage for the dwelling is available, the average annual billing of two (2) similar dwellings in close proximity will be used.
- (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.

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 G - 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: The conditions under which facilities will be extended to supply service to an applicant within the Company's service area are listed below. 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:

$X = [AR - OM] \text{ divided by } [I + D] ; \text{ and,}$
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
D = the Company's current depreciation accrual rate

2. Customer Advance Financing, Refunds and Facilities on Private Property:

- (a) 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.

- (b) 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 G, Rule 1, Subsection (c) of this Part.
- (c) 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.
- (d) Special Utility Service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section G, Rule 1, Subsections (a) through (c) of this Part 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.

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.

Section H - 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.

Section I - 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 §56.1 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 J - 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 K - 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.

PART IV: WATER CONSERVATION CONTINGENCY PLAN

1. Restriction of Nonessential Uses: As provided in Commission regulations at 52 Pa. Code Section 65.11, if the Company is projecting a short term 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 Section 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 or 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. §§ 7101, 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.

PART V. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% will apply to all services, excluding public fire hydrants, rendered on or after June 1, 2007.

Section A - General Description

1. Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. The costs of extending facilities to serve new customers are not recoverable through the DSIC. Also, Company projects receiving PENNVEST funding are not DSIC-eligible property.
2. Eligible Property: The DSIC-eligible property will consist of the following:
 - services (account 323), meters (account 324) and hydrants (account 325) installed as in-kind replacements for customers;
 - mains and valves (account 322) installed as replacements for existing facilities that have worn out and/or are in a deteriorated condition; capitalized expenses related to repairs to existing facilities that are in a deteriorated condition or upgraded to maintain or improve distribution system reliability; and to meet Commission regulations at 52 Pa. Code Chapter 52;
 - main extensions (account 322) 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 an acquired water company;

- main cleaning and relining (account 322) projects; and
- unreimbursed funds related to capital projects to relocate Company facilities due to highway relocations.

3. Effective Date: The DSIC will become effective for bills rendered on and after June 1, 2007.

Section B - Computation of the DSIC

1. Calculation: The initial charge shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rate base as of the date of the initial charge filing. Thereafter, the DSIC will be updated on a semi-annual basis to include eligible plant additions placed in service during the six-month period ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date Of Change	Date to Which DSIC Eligible Plant Addition Reflected
August 1	June 30
February 1	December 31

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

2. 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.
3. Pre-Tax Return: The pre-tax return will be calculated using the 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 six-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 approved in the Company's most recent fully litigated base rate case 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.

4. 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 under the Company's otherwise applicable rates and charges, excluding amounts billed for public fire protection service and the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-half 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 for the semi-annual period during which the charge will be collected, exclusive of revenues from public fire protection service and the STAS.
5. Formula: The formula for calculation of the DSIC surcharge is as follows:

$$\text{DSIC} = \frac{(\text{DSI} \times \text{PTRR}) + \text{Dep} + e}{\text{PQR}}$$

Where:

DSI = the original cost of eligible distribution system improvement projects net of accrued depreciation.

PTRR = the pre-tax return rate applicable to eligible distribution system improvement projects.

Dep = Depreciation expense related to eligible distribution system improvement projects.

e = the amount calculated under the annual reconciliation feature as described below.

PQR = Projected semi-annual revenue including any revenue from acquired companies that are now being charged the rates of the Company.

6. Semi-annual updates: Supporting data for each semi-annual update will be filed with the Commission and served upon the Office of Trial Staff and the Office of Consumer Advocate at least ten days prior to the effective date of the update.

Section C - Safeguards

1. Cap: The DSIC will be capped at 5.00% of the amount billed to customers under otherwise applicable rates and charges.
2. Audit/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. It will also be subject to annual reconciliation based on a reconciliation period consisting of the 12 months ending December 31 of each year. 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. If DSIC revenues exceed DSIC-eligible costs, such overcollections will be refunded with interest. Interest on the overcollections 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. §§ 101 et seq.) and will be refunded in the same manner as an overcollection.
3. 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, which have not previously been reflected in the Company's rate base, would be reflected in the semi-annual updates of the DSIC.
4. Earning Reports: The charge will also be reset at zero if in any period data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings Reports shows 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 DSCI as described in the Pre-tax Return section.
5. 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 note shall also be included on the first bill.