

THE YORK WATER COMPANY
RATES, RULES AND REGULATIONS
GOVERNING THE DISTRIBUTION OF WATER
IN
THE CITY OF YORK

BOROUGHS OF EAST PROSPECT, GLEN ROCK, HALLAM, JACOBUS, JEFFERSON, LOGANVILLE, MANCHESTER, MOUNT WOLF, NEW FREEDOM, NEW SALEM, NORTH YORK, RAILROAD, SEVEN VALLEYS, SHREWSBURY, SPRING GROVE, WEST YORK, YORK HAVEN AND YORKANA, AND TOWNSHIPS OF CODORUS, CONEWAGO, EAST MANCHESTER, HELLAM, HOPEWELL, JACKSON, LOWER WINDSOR, MANCHESTER, NEWBERRY, NORTH CODORUS, NORTH HOPEWELL, PARADISE, SHREWSBURY, SPRINGGETTSBURY, SPRINGFIELD, SPRING GARDEN, WEST MANCHESTER, WEST MANHEIM, WINDSOR AND YORK, IN YORK COUNTY, PENNSYLVANIA, AND THE BOROUGH OF ABBOTTSTOWN, AND TOWNSHIPS OF BERWICK, OXFORD, HAMILTON, READING, MOUNT PLEASANT AND UNION IN ADAMS COUNTY, PENNSYLVANIA

ISSUED: March 18, 2010

EFFECTIVE: April 1, 2010

By: Jeffrey R. Hines
President and CEO
130 East Market Street
York, Pennsylvania

 **NOTICE**

THIS TARIFF MAKES INCREASES IN EXISTING RATES

(See Eighty-third Revised Page No. 2)

The York Water Company
York, Pennsylvania

Supplement No. 93
To
Water-Pa. P.U.C. No. 14
Eighty-third Revised Page No. 2
Canceling
Eighty-second Revised Page No. 2

LIST OF CHANGES MADE BY THIS SUPPLEMENT

INCREASES

The Distribution System Improvement Charge (DSIC) on page 66 is increased from 1.81% to 1.87%.

ISSUED: March 18, 2010

EFFECTIVE: April 1, 2010

TABLE OF CONTENTS

	<u>Page</u>	
Title Page	Supplement No. 93	(C)
List of Changes Made by This Supplement	2 Eighty-third Revised	(C)
Table of Contents	3 Eighty-third Revised	(C)
Table of Contents	4 Third Revised	
Table of Contents	5 Tenth Revised	
Table of Contents	6 Eightieth Revised	(C)
Rules		
1. Definitions	7 Fourth Revised 7 (a) Fourth Revised	
2. Application for Service		
2.1 Application Required	8 First Revised	
2.2 Application Required	8 First Revised	
3. Service Connections		
3.1 Company Service Line	9 Original	
3.2 Temporary Service Connection	9 Original	
3.3 Company's Service Line in Advance of Street Improvement	10 Fourth Revised	
3.4 Customer's Service Line	10 Fourth Revised	
3.5 Separate Trench Required	10 Fourth Revised	
3.6 Tampering with Curb Stop	11 Original	
3.7 Renewal of Service Line	11 Original	
3.8 Location Change	11 Original	
3.9 Use of Service	11 Original	
3.10 Use of Service	12 First Revised	
3.11 Upgrade/Extension of Service	12 First Revised	
3.11.1 Agreement Required	12 First Revised	
3.11.2 Amount of Advance	12 First Revised	
3.11.3 Refunds	13 First Revised	
3.11.4 Waiver of Advance	14 First Revised	
3.11.5 Rules Not to Apply to System Improvements	15 First Revised	
3.11.6 Governmental or Political Subdivision Advances	15 First Revised	

(C) Indicates Change

TABLE OF CONTENTS (Continued)

Rules, continued	Page
4. Meter Service	
4.1 Right to Install	16 Original
4.2 Conditions Applicable to Apartment Complex Single-Point Meter Service	16 Original
4.3 Conditions Applicable to Condominium Complex Single-Point Meter Service	18 Original
4.4 Separate Meters for Centers, Apartments and Condominiums	21 Second Revised
4.5 Size of Meter	23 First Revised
4.6 Ownership and Location	23 First Revised
4.7 Meter Responsibilities	23 First Revised
4.8 Cost of Reinstallation	24 First Revised
4.9 Registration Conclusive	24 First Revised
4.10 Request Test	24 First Revised
4.11 Central Meter Reading	25 Second Revised
5. Public Fire Service	
5.1 Hydrant Location	26 Original
5.2 Maintenance	26 Original
5.3 Allowable Use	26 Original
5.4 Unauthorized Use	27 Original
5.5 Change of Location	27 Original
5.6 Inspection	27 Original
6. Private Fire Service	
6.1 When Private Fire Service Charge Not Applicable	28 First Revised
6.2 Installation	28 First Revised
6.3 Use of Water	28 First Revised
6.4 Location of Private Hydrants	28 First Revised
6.5 Location of Private Hydrants	28 First Revised

TABLE OF CONTENTS (Continued)

Rules, continued	Page	
7. Responsibility for Service		
7.1 Limitation of Liability of Company	29 Original	
7.2 Due to Emergency	29 Original	
7.3 Pressure Reducing Facilities	29 Original	
8. Use of Building, Construction and Miscellaneous Purposes		
8.1 Special Application	30 Original	
8.2 Construction Water to be Metered	30 Original	
9. Discontinuance of Service		
9.1 By Company	31 First Revised	
9.2 By Company	32 First Revised	
9.3 By Company	32 First Revised	
10. Payment		
10.1 Free Service	33 Original	
10.2 Place of Payment	33 Original	
10.3 Meter Bills	33 Original	
10.4 Payment by Mail	34 Sixth Revised	
10.5 Late Payment Charge	34 Sixth Revised	
10.6 Return Check Charge	35 Sixth Revised	(C)
11. General		
11.1 Inspection	35 Sixth Revised	(C)
11.2 Rules Cannot be Varied	35 Sixth Revised	(C)
11.3 Deposits	35 Sixth Revised	(C)
11.4 Installation of Pumps	36 First Revised	
11.5 Cross-Connections	36 First Revised	
11.6 Prevention of Back Flow	37 First Revised	
11.7 Availability of Service	37 First Revised	
11.8 Drought Emergency Excess Use Charges	37 First Revised	
11.9 Service to New Construction or Remodeled Buildings	38 Original	
11.10 Waste of Water	38 Original	
This page left blank intentionally for future use	39 Original	

(C) Indicates Change

TABLE OF CONTENTS (Continued)

Rules, continued	Page	
12. State Tax Adjustment Surcharge	40	Thirty-fourth Revised
13. Rate Schedules		
Meter Rates		
Schedule "A" - Gravity System	41	Fourth Revised
	42	Nineteenth Revised
Schedule "B" - Repumping System	43	Twelfth Revised
	44	Nineteenth Revised
Flat Rates - Gravity System		
Schedule "C" - Building, Construction and Miscellaneous	45	Original
Schedule "D" - Fire Service	46	Nineteenth Revised
Flat Rates - Repumping System		
Schedule "E" - Building, Construction and Miscellaneous	47	Sixth Revised
Schedule "F" - Fire Service	48	Twenty-fourth Revised
This page left blank intentionally for future use	49	Original
This page left blank intentionally for future use	50	Original
14. Drought Contingency Plan	51	Second Revised
15. Distribution System Improvement Charge	65	Third Revised
	66	Forty-third Revised (I)
16. Rider DS - Demand Based Service	67	First Revised

(I) Indicates Increase

RULES 1. Definitions

1.1 Wherever used in the Rules or elsewhere in the tariff of the Company, the following terms shall have the meaning hereinafter set forth:

- Company: The York Water Company and its duly authorized officers, agents and employees, each acting within the scope of his authority and employment.
- Premises: A single lot or piece of ground, together with all buildings and structures, if any, erected thereon
- Customer: The party, either owner or tenant, contracting with the Company for water service for one or more families or for one or more business institutional units on one premises owned or tenanted by the party or parties.
- Customer's Service Line: The connecting facilities from the Company's curb stop and curb box into and in a Customer's Premises.
- Company's Service Line: The connecting facilities between the Company's distribution main and a Customer's Service Line, in general consisting of a valve or corporation stop at the main, piping therefrom to the street curb line, property line or edge of road right-of-way, terminating in a curb stop and curb box.
- Residential Service: Service supplied to single premises residences, multiple premises residences where each unit or premise is served through a separate meter, and multiple premises with four (4) units or less provided at least one of the units is used for residential purposes.
- Commercial Service: Service supplied to multiple premises residences served through a single meter with five (5) units or more, private institutions and organizations such as hotels, offices, office buildings, retail and wholesale commercial establishments, laundries, churches, private schools and colleges, private hospitals, garage and service stations, restaurants and bars, retail florists, theaters, golf courses, private swim clubs, barber shops, warehouses, nurseries and other commercial establishments. (C)

(C) Indicates Change

RULES 1. Definitions (Continued)

Industrial Service:	Service supplied to manufacturing or processing establishments such as factories, refineries, bottling plants, food processing plants, public utilities other than those engaged in supplying water and other manufacturing facilities.	(C)
Public Service:	Service supplied to municipal and governmental establishments such as public schools, post offices, libraries, public swimming pools, public parks, public hospitals and other municipal, county, state and federal establishments.	
Public Hydrant:	Company owned and maintained hydrant available for use to protect the general public. Paid for by a municipal government. The hydrant is located along a public road, street or highway.	
Public Hydrant Privately Paid-for:	Company owned and maintained hydrant available for use to protect the general public. Paid for by someone other than a municipal government. This type of situation exists when the municipal government does not feel there is adequate tax revenue in the area to justify paying for the hydrant. The hydrant is located along a public road, street or highway.	
Private Hydrant:	<p>A privately owned and maintained hydrant not available to protect the general public. In all cases the hydrant would be located on private property. If the hydrant is located along a public road or street it would be available to the general public and would not be a private hydrant.</p> <p>a. Connected to a private main (customer owned and maintained main)-charges would be for the first hydrant billed at the "First Hydrant Rate" plus any additional hydrant billed at the "Each Additional Hydrant Rate."</p> <p>b. Connected to a Company owned and maintained main - each separate hydrant should be billed at the "First Hydrant Rate."</p>	
Fire Lines:	These services are for lines that have automatic sprinkler protection connected either to a Company owned and maintained main or connected to a customer owned and maintained main. The York Water Company will bill for each such system's connection (based upon size) to a Company owned and maintained main. If the customer has their own internal main system there can be any number of automatic sprinkler risers or fire hydrants connected to the system. If such a line has only hydrants connected to the customer owned system it is not a Fire Line. In order for it to be a Fire Line automatic sprinklers must be part of the system.	

(C) Indicates Change

ISSUED: August 30, 2001

EFFECTIVE: August 31, 2001

RULES (Continued)

2. Application for Service

Application Required

- 2.1 Application for water service shall be made by each Customer or his duly authorized agent upon a form provided therefore by the Company and shall be signed by the Customer or his duly authorized agent. There shall be a new application for service upon any change from any service contract. Each service contract shall continue in force until cancelled by notice of cancellation by one party to the other. (C)
- 2.2 The Customer's application for service, the rules and regulations promulgated by the Pennsylvania Public Utility Commission and published at 52 Pa. Code, Chapter 56, as amended from time to time, and the rules and regulations contained herein are a part of the contract with each Customer, and each Customer agrees to be bound thereby.

The rules and regulations promulgated by the Pennsylvania Public Utility Commission and published at 52 Pa. Code, Chapter 56, as amended from time to time, are incorporated herein by reference and are made a part hereof.

(C) Indicates Change

RULES (Continued)

3. Service Connections

Company Service Line

- 3.1 The Company will make all connections to its mains, furnish, install and maintain all service lines from the main to the curb, including corporation stop, curb box and service pipe, all of which will be the property of the Company and shall always be accessible to and under its control. The Company reserves the right to determine the size, kind and location of the Company Service Line. Where the Customer requests a service line larger than that deemed necessary by the Company, the Company will install the larger service, provided the Customer pays the additional cost for the larger service. The Company reserves the right to determine the number of Company Service Lines necessary to serve any one Premises.

The Company will install a service line from its main only when a main of the Company abuts the Premises to be served and extends to the point of introduction of service to the Premises. The point of introduction of service shall be a point on a straight line at right angles to the curb line, property line or edge of road right-of-way and extending to the structure on the Premises receiving the principal use.

Temporary Service Connection

- 3.2 When an applicant for water service or Customer requests a service connection to an existing main, which in the opinion of the Company may be temporary in nature, the applicant or Customer shall make an advanced payment to the Company in the amount of the estimated cost of installing and removing the Company's Service Line. The cost so advanced will be retained by the Company, without interest, until the applicant or Customer shall have paid for water service an amount equal to the amount advanced, plus the Company's cost of such water service, at which time the Company will refund the advanced payment to the applicant or Customer.

RULES (Continued)

3. Service Connections (Continued)

Company's Service Line in Advance of Street Improvement

- 3.3 If the Owner of a parcel of ground desires a service line installed to the curb in advance of street improvement and/or where there is no present demand for a supply of water, such Owner may be required to make a payment which will not exceed the estimated cost of installing the Service Line, which payment shall be refunded if and when service is initiated. All or any part of the payment that is not refunded within 10 years following the payment to the Company will be retained by the Company. (C)

Customer's Service Line

- 3.4 Each Customer's Service Line shall be installed and maintained by or on behalf of such Customer at his expense. The Company may specify the size, kind and quality of the material used in the Customer's Service Line and may approve the location and depth thereof, and it shall be equipped at an accessible point within the Premises with a stop and waste cock of a pattern and material approved by the Company.

Failure to maintain the Customer Service Line may be grounds for termination of service.

Separate Trench Required

- 3.5 Customer's Service Line shall not occupy the same trench with, or be placed within 18 inches of any sewer pipe or any facility of any other public service company, except that a common trench may be ledged for the service if approved by the Company, and shall not pass through any Premises other than those serviced by such Customer's Service Line.

(C) Indicates Change

RULES (Continued)

3. Service Connections (Continued)

Tampering with Curb Stop

- 3.6 The curb stop shall not be operated by Customer except with the written consent of the Company.

Renewal of Service Line

- 3.7 Where renewal of a Company's Service Line is found to be necessary, the Company will renew said service line in the same location as the old one, only if the Customer agrees to renew the Customer's Service Line at the same time and if renewal is found to be necessary. Should the Customer, for his convenience, request that the service be renewed using larger size materials than that deemed necessary by the Company, the Company will renew the service using the larger size materials, provided the Customer pays the additional cost thereof.

Location Change

- 3.8 When a Customer desires a change in location of an existing Company Service Line, the cost of cutting off, disconnecting and abandoning the old service line and any additional cost incurred in installation of the new service line shall be borne by the Customer. The Company will lay the new service line at the location desired after payment of the estimated costs of removing the old service line and installing the new service line.

Use of Service

- 3.9 The Customer shall neither use, or permit the use of water service available for any other purposes or at any other place than stated in his application for the water service. Water service not supplied by the Company shall not be connected or cross-connected with the Company's facilities, except with the written consent of the Company.

RULES (Continued)
3. Service Connections (Continued)

3.10 The Customer shall not, without the written consent of the Company, resell or give away the water service supplied or available to such Customer.

3.11 Upgrade/Extension of Service

(C)

Definitions

3.11.1 The following definitions shall be applicable to this Section 3.11 of the Company's Rules:

Annual line extension costs - The sum of the Company's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operating and maintenance of a line extension for a bona fide service applicant.

Annual revenue - The Company's expected additional annual revenue from a line extension to a bona fide service applicant 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.

Applicant - A developer/owner or occupant of any property within the certificated service territory of the Company, who requests the Company to extend its system to serve such property.

Bona fide service applicant - An applicant for water service to an existing or proposed structure within the Company'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: (1) applicant is requesting water service to a building lot, subdivision or a secondary residence; (2) the request for service is part of a plan for the development of a residential dwelling or subdivision; or (3) the applicant is requesting special utility service.

Debt costs - The Company's additional annual cost of debt associated with financing a line extension investment for a bona fide service applicant based on the current debt ratio and weighted long-term debt cost rate for the Company.

Depreciation charges - The Company's additional annual depreciation charges associated with the specific line extension investment to be made for a bona fide service applicant based on the current depreciation accrual rates for the Company.

Line extension - An addition to the Company's main line which is necessary to serve the premises of a customer.

Operating and maintenance costs - The Company'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.

(C)(Indicates Change)

RULES (Continued)
3. Service Connections (Continued)

Definitions (Continued)

Special utility service - Residential or business service which exceeds that required for ordinary residential purposes. Special utility service may include: installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet required pressure criteria, and service to large water consuming commercial and industrial facilities.

(C)

Extension of Service to Bona Fide Service Applicant

3.11.2 Upon written request by a bona fide service applicant, the Company shall construct a line extension within its certificated service territory consistent with the following:

- (A) A line extension to a bona fide service applicant shall be funded without a 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 Company's cost of construction for the line extension, pursuant to a Main Extension Agreement. The Company'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 Company'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 Company's investment attributed to each bona fide service applicant:

X = [AR - OM] divided by [I + D]; and
AR = the Company's annual revenue from the customer
OM = the Company's operating and maintenance costs for the line extension
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

- (D) Two or more bona fide service applicants may join in a request for service with the AR and OM components of the above formula adjusted to reflect the number of applicants. Joint requests may include only bona fide service applicants to be subject to this rule. A joint request that includes any non bona fide service applicant shall be subject to Rule 3.11.4.

The Company shall require a bona fide service applicant to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the applicant.

(C)

(C) Indicates Change

RULES 3. Service Connections (Continued)

Financing of Customer Advance for Bona Fide Service Applicant

(C)

- 3.11.3 If a Customer Advance is required from a bona fide service applicant for service and the bona fide service applicant is unable to advance the entire amount due, the Company shall do one of the following:
- (A) Allow the applicant to pay the Customer Advance over a period of not less than three (3) years, with the Company recovering financing costs equal to the Company's weighted cost of long term debt. The Company may require the applicant to deposit up to one-third of the total Customer Advance prior to extending service; or
 - (B) Provide information to the applicant on financial institutions that may offer financing to the applicant for the line extension.

Upgrade/Extension of Service for Non-Bona Fide Service Applicant

- 3.11.4 Whenever an applicant other than a bona fide service applicant requests the Company to extend its system to serve such property, the Company shall agree to extend its service upon applicant's execution of a Main Extension Agreement and applicant's payment of a Customer Advance in an amount as determined below. A Master Agreement may be executed for extensions that are to be made in phases over a period of time, with execution of a separate Agreement and payment of a separate Customer Advance for each phase.

In addition, if service to the applicant requires the use of facilities that were financed by a previous Customer Advance, which has not been fully refunded, the Company, in its discretion, may require the applicant to deposit an additional amount as a Customer Advance to finance a reasonable portion of such previously constructed facilities. Any additional amount so advanced shall be paid, as a refund, to the other applicant that previously financed such facilities.

The amount of the Customer Advance to be deposited with the Company shall be an amount in cash equal to the estimated cost of the extension, including the estimated cost of mains and of other facilities which the Company has determined to be required to render adequate service, but excluding the cost of public fire hydrants and hydrant laterals and necessary meters and Company service lines. Provided, however, that unless otherwise specified in the Main Extension Agreement, deposits made for additional facilities other than the main extension, such as booster pumps, storage tanks and the like, are Contributions in Aid of Construction which will not be subject to refund under Rule 3.11.5.

Upon completion of the installation, the Company shall provide applicant with a statement of the actual costs of construction. If the actual cost of construction is less than the estimated construction cost deposited with the Company, the Company shall return to applicant such difference. If the actual cost of construction is greater than the estimated cost of construction deposited with the Company, then applicant shall make an additional deposit equal to such difference. Water service to the project may be refused, or discontinued subject to the Commission's regulations, for failure to make such additional deposit. Interest will not be paid on Customer Advances.

(C)

(C) Indicates Change

RULES (Continued)
3. Service Connections (Continued)

Refunds of Customer Advances

(C)

3.11.5 Refunds of Customer Advances will be paid to the applicant during the ten (10) year period beginning with the date of the Agreement. For developments that are to be completed in phases under a Master Agreement, refunds may be paid until ten (10) years after the date of the Main Extension Agreement for the final phase. A Per-Customer Refund Amount shall be paid for each additional permanent Customer for whom a company service main shall be directly attached to applicant's Main Extension, except that no refund will be paid with respect to the attachment of the applicant if the applicant is a bona fide service applicant. The amount of the Per-Customer Refund shall be determined as follows:

1. For attachments made during the first three years following the date of the Agreement, the refunds will be equal to two (2) times the first year's annual revenue received from each additional customer.
2. For attachments made during the fourth and subsequent years following the date of the Agreement, the refund will be equal to the first year's annual revenue received from each additional customer.

Provided, however, that the total amount refunded shall not exceed the actual amount of the Customer Advance, excluding any additional percentage amount related to income taxes that was charged to the applicant. Provided, further, that any additional percentage amount related to income taxes that was charged to the applicant after June 12, 1996 will be refunded immediately. Interest will not be paid on Refunds.

All or any part of the Customer Advance not refunded within such 10-year period shall be considered a Contribution in Aid of Construction to the Company.

Alternative Arrangements Permitted

3.11.6 The Company, in its discretion, and with the agreement of the applicant, may enter into a Main Extension Agreement with alternative terms and conditions for funding of extensions if the Company concludes that the extension will provide a reasonable return or otherwise is in the long term interest of its customers.

Rules Not to Apply to System Improvements

3.11.7 The foregoing provisions shall not be construed to apply to an extension, or portion thereof, undertaken for general system improvement or to connect any water company or municipally-owned system acquired by the Company to the Company's distribution system.

Taxes on Deposits for Construction & Customer Advances

3.11.8 The Company will pay income taxes on any deposit, Customer Advance, Contribution in Aid of Construction or other like amounts received from an applicant which shall constitute taxable income as defined by the Internal Revenue Service. Such income taxes shall be segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with a deposit or advance will not be charged to the specific depositor of capital.

(C) Indicates Change

RULES (Continued)

4. Meter Service

Right to Install

- 4.1 Metered service shall be required throughout the Company's service territory unless otherwise permitted under Rate Schedules C, D, E and F. In the gravity service system where residential dwelling houses were previously billed using a flat rate tariff schedule, service shall not be resumed by the Company to residences formerly billed on a flat rate basis until a meter is installed. (C)

Conditions Applicable to Apartment Complex Single-Point Meter Service

- 4.2 Single-point meter service, after application therefor by the Customer, will be supplied to an apartment complex consisting of two or more buildings containing apartment dwelling units together with any related facilities requiring water service (collectively called the "apartment complex"), where all the following conditions are satisfied:
1. There shall be only one Customer contracting for water service to the entire apartment complex.
 2. The apartment complex shall be located on a single tract of land, which is not divided by a public street, and the Customer, who contracts for water service, shall be the Owner of the entire apartment complex.
 3. The waterworks facilities on the Customer's Premises, beyond the curb stop and curb box, including all facilities except the water meter owned by the Company shall be:
 - (a) Owned by the Customer and constructed at the Customer's sole expense;
 - (b) Constructed and located in such manner: (1) that it is possible for the Water Company to provide water service through a single service line connected to the Company's main at a single point and (2) that no waterworks facilities of the Customer are located in public streets, roads or highways; and

(C) Indicates Change

RULES (Continued)

4. Meter Service (Continued)

Conditions Applicable to Apartment Complex Single-Point Meter Service (Continued)

- (c) Maintained, replaced, repaired and reconstructed by the Customer at the Customer's sole expense.
- 4. The Customer shall provide, at the Customer's sole expense, a meter vault approved by the Company which shall be constructed, maintained, replaced, repaired and reconstructed by the Customer at a location acceptable to the Company. (C)
- 5. No fire hydrant shall be connected to the Customer's Service Line or waterworks facilities beyond the meter of the Company. If private fire hydrant service is desired, the Customer shall provide, at the Customer's sole expense, a separate service line from the end of a service line provided by the Company at the curb, and only fire hydrants or automatic sprinkler fire protection shall be connected to such separate service line of the Customer.
- 6. The Owner of the apartment complex shall provide the Water Company with a map showing the location of all waterworks facilities located within the single tract of land.
- 7. Where water service is presently furnished to an apartment complex, other than by single-point meter service, the Company will provide single point meter service only where the Customer, in addition to satisfying the foregoing conditions, shall make, at the Customer's sole expense, all changes in waterworks facilities, located within the tract of land or in any structure which the Company deems necessary. If the Company has any amount invested in such waterworks facilities the Customer shall reimburse the Company for its investment therein.

(C) Indicates Change

RULES (Continued)

4. Meter Service (Continued)

Conditions Applicable to Apartment Complex Single-Point Meter Service (Continued)

Where single-point meter service has been provided and where, there-after, there is a change of ownership as to any of the buildings erected on any part of the single tract of land so that not all buildings comprising the entire apartment complex are owned by the Customer owning that portion of the service line which connects directly to the Company's waterworks facilities, the Company shall after 60 days' notice, terminate the water service to buildings not owned by the Customer owning such connecting service line, and water service to such other buildings shall be provided only after such other buildings shall be connected, at the sole expense of the new Customer or Customers, by a separate service line or separate service lines to the Company's waterworks facilities. If such new Customer desires to receive single-point meter service for such other buildings, such service shall be provided thereafter only after the new Customer has satisfied conditions 1 through 7 above, as to such other buildings.

Conditions Applicable to Condominium Complex Single-Point Meter Service

- 4.3 Single point meter service, after application therefor by the Customer, will be supplied to a condominium complex consisting of two or more buildings containing condominium dwelling units together with any related facilities requiring water service as to which there is common ownership and operation in the manner provided by the Unit Property Act of July 3, 1963, P.L. 196, 68 P.S. §700.101, et seq. (collectively called the condominium complex), where all the following conditions are satisfied:
1. The Customer shall be the duly authorized agent of the persons owning property interests in the condominium complex and shall be the person or group of persons who or which has full authority to enter into the contract for service in behalf of such Owners.

RULES (Continued)

4. Meter Service (Continued)

Conditions Applicable to Condominium Complex Single-Point Meter Service (Continued)

2. The condominium complex shall be located on a single tract of land which is not divided by a public street.
3. The waterworks facilities within the condominium complex and beyond the curb box and curb stop, including all facilities except the water meter owned by the Company, shall be:
 - (a) Owned by the persons owning property interested in the condominium complex and constructed at the sole expense of such Owners.
 - (b) Constructed and located in such manner: (1) that it is possible for the Company to provide water service through a single service line connected to the Company's main at a single point, and (2) that no waterworks facilities, which are owned by persons owning property interests in the condominium complex, are located in public streets, roads or highways; and
 - (c) Maintained, replaced, repaired and reconstructed by the persons owning property interests in the condominium complex at the sole expense of such persons.
4. A meter vault approved by the Company shall be (C) constructed, maintained, replaced, repaired and reconstructed at a location acceptable to the Company, by the persons owning property interests in the condominium complex and at their sole expense.

(C) Indicates Change

RULES (Continued)

4. Meter Service (Continued)

Conditions Applicable to Condominium Complex Single-Point Meter Service (Continued)

5. No fire hydrant shall be connected, beyond the Company's meter, or to the service line which provides water service for the condominium complex. If private fire hydrant service is desired, the persons owning property interests in the condominium complex shall provide, at their sole expense, a separate service line from the end of a service line provided by the Company, at the curb, and only fire hydrants or automatic sprinkler fire protection shall be connected to such separate service line of the Customer.
6. The persons owning property interests in the condominium complex shall provide the Company with a map showing the location of all waterworks facilities located within the single tract of land.
7. Where water service is presently furnished to a condo-minimum complex, other than by single-point meter service, the Company will provide single-point meter service only where the persons owning property interests in the condominium complex, in addition to satisfying the foregoing conditions, shall make, at their sole expense, all changes in waterworks facilities, located within the tract of land, or in any structure which the Company deems necessary. If the Company has any amount invested in such waterworks facilities, the persons owning the property interests in the condominium complex shall reimburse the Company for its investment therein.

RULES (Continued)

4. Meter Service (Continued)

Conditions Applicable to Condominium Complex Single-Point Meter Service (Continued)

Where single-point service has been provided and where, thereafter, any building which was part of the original condominium complex is no longer part of the same condominium complex, the Company, after 60 days' notice, shall terminate water service to any such building, and water service to any such building shall be provided only after the Owner or Owners of any such building shall connect such building, at his or their sole expense, by a separate service line or separate service lines to the Company's waterworks facilities. If the Owner or Owners of two or more of such buildings desire to receive single-point meter service for any such buildings, such service shall be provided only upon compliance with conditions for service to an apartment complex or to a condominium complex, as applicable.

Conditions Applicable to Municipalities or Authorities Single-Point Meter Service (C)

- 4.3(a) When a York County municipality or authority has exhausted all alternatives to obtaining an adequate high quality source of supply, they may apply to the Company for the purchase of water. Upon the execution of an agreement satisfactory to the Company, the Company will supply water to the municipality or authority for resale within the service boundaries of the municipality or authority. The Company will bill the municipality or authority at the Company's single-point meter rate where monthly the number of customers of the municipality or authority times 1200 gallons will be billed at the first block rate and any remainder consumption will be billed at the regular block rate or rates.

Separate Meters for Centers, Apartments and Condominiums

- 4.4 Separate meter may be installed for each individual unit in a commercial or industrial center or for each dwelling or other unit in an apartment building or complex or condominium building or complex as heretofore defined after application therefor by the Owner or Owners thereof or by their duly authorized agent, where all the following conditions are satisfied:
1. The service line from the Company's main to the building or buildings containing such units to be metered is less than 100 feet. If the distance is greater than 100 feet, the meter shall be installed in a meter pit or meter pits located at the curb line or the option for separate meters cannot be elected.

(C) Indicates Change

RULES (Continued)

4. Meter Service (Continued)

Separate Meters for Centers, Apartments and Condominiums (Continued)

2. The Customer's service lines, materials and installation shall be in accordance with Company specifications and inspection.
3. Each meter shall be installed in a suitable place protected from the elements and from other abuse and shall be accessible to Company personnel for periodic readings and exchanges.
4. An accessible valve or curb stop shall be installed by the Owner or Owners so as to provide Company control of the water service from outside each such unit.
5. The Owner or Owners shall make provision, at his/their expense in accordance with Company specification and inspection, for the installation of remote meter readers wired to a central location approved by the Company and readily available to Company personnel.
6. Each such meter shall be installed so as properly to record all water flow to each such unit and an additional meter shall be installed to record any water used by the Owner or Owners for purposes other than that which shall be the responsibility of the other respective Customers.
7. The Owner or Owners shall be responsible for water service charges when such unit is vacant after a tenant moves out and before a new tenant moves in.

RULES (Continued)

4. Meter Service (Continued)

Size of Meter

- 4.5 The Company reserves the right to determine the size of the meter to be installed.

Ownership and Location

- 4.6 All meters will be furnished by and remain the property of the Company, and be accessible to and subject to its control. They shall be conveniently located at a point approved by the Company so as to control the entire supply, and a proper place and protection therefore (and a meter vault if deemed necessary by Company) shall be provided by the Customer at Customer's expense. A stop cock will be placed on the service line on the street side of and near the meter, and a suitable backflow prevention device as required per Rule 11.6 on the other side of the meter; with the Company furnishing, owning and maintaining the stop cock, meter and the residential backflow preventer.

All customer-owned equipment, including but not limited to the meter pit, shut-off valves, check valves, backflow preventers (see Rule 11.6), etc., shall be properly maintained so as not to present a hazard to the general public and Company personnel.

The design of Customer facilities shall be such that Company personnel may provide proper maintenance, as determined by the Company to Company-owned equipment.

Meter Responsibilities

- 4.7 The Company will furnish and install for each customer, without charge, a suitable meter and will keep the same in good repair. The customer, however, shall properly protect the meter from damage by frost or other causes and shall be held responsible for repairs or replacement of the meter made necessary by the negligence or intentional act of the customer. (C)

(C) Indicates Change

RULES (Continued)

4. Meter Service (Continued)

Cost of Reinstallation

- 4.8 Where a meter has been removed because of damage for which the Customer is responsible, the charge for reinstallation will be \$10.00 for meters 1 inch or smaller, and \$20.00 for meters larger than 1 inch. This charge includes the cost of testing the meter, but does not include the amount of damages for which the Customer is also responsible under Rule 4.7. (I)

Registration Conclusive

- 4.9 The quantity recorded by the meter or estimated in accordance with the Company's regular procedures shall be conclusive on both the Customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register. In such case, an estimated quantity may be determined on the basis of meter registration or such regular estimating procedures during similar preceding periods. No abatement on meter bills will be made for leaks or for water wasted by damaged or defective fixtures or for non-use of water, except as described in Section 56.12(6) of 52 Pa. Code. (C)

Request Test

- 4.10 The meter will be tested upon the written request of the Customer and refund made if a meter is found to be fast at any test in accordance with the Rules set forth in the Water Regulations of the Pennsylvania Public Utility Commission. The Customer shall pay a deposit in advance for testing of the meter in accordance with fees established by the Commission. If the meter tested upon such request shall be found to be accurate within the limits specified by the Commission, the fee shall be retained by the Company; but if not so found, then the cost thereof shall be borne by the Company and the fee deposited by the Customer shall be refunded.

(I) Indicates Increase
(C) Indicates Change

RULES (Continued)

4. Meter Service (Continued)

Central Meter Reading

- 4.11 To provide long term economic benefits, the Company is installing meters capable of being read automatically from a central location using cable TV or telephone lines. The meters are equipped with a meter interface unit (MIU) or a similar type device to permit meter reading automatically. The MIUs are capable of reading more than one meter. MIUs can be used only with a special type of meter that is called a "central meter reading meter."

For such central meter reading meters, the following shall apply:

- (a) If an MIU that uses the Customer's electricity is installed at a Customer's premises, the Company will credit the Customer's bill for the estimated actual cost of the electricity used.
- (b) If, in the opinion of the Company, an MIU can be installed, the Customer cannot refuse such installation. However, if the Company determines an MIU can be installed and arranged so as to read more than one meter and, if involved in such installation, Customer refuses to allow the Company to attach a wire to another Customer's dwelling unit causing an additional MIU to be installed, then the Company may require the Customer that caused such additional MIU installation to pay a sum of \$50.00 plus a recurring monthly charge of \$0.35. If the Customer being charged pursuant to the rule moves or permits the device's removal, a refund of the net cost of the MIU shall be made to the Customer. (D)

(D) Indicates Decrease

RULES (Continued)

5. Public Fire Service

Hydrant Location

- 5.1 Upon written application from the duly authorized officials of any municipality supplied by the Company or other Customer so making application, the Company, at its own cost, will install at any location on any public highway, a standard fire hydrant with connection from the Company's street main to the hydrant, provided that the size of the existing street main and surrounding distribution system and the available pressure in said street main is, in the judgment of the Company, sufficient to enable the giving of proper service at the fire hydrant under normal and ordinary conditions.

Maintenance

- 5.2 All fire hydrants will be maintained by the Company at its own expense, provided that any expense for repairs caused by carelessness or negligence of a Customer or of the employees of the municipality or the members of the fire or any other department thereof shall be paid for by said municipality or other Customer.

Allowable Use

- 5.3 The use of public fire hydrants (except as provided in Rule 5.4) shall be restricted to the taking of water for the extinguishing of fires, except that permits will be issued by the Company without charge for a test of fire hose or the apparatus or a drill of each fire company, but the use of water for such purposes and the number of such tests and such drills shall be limited to be reasonable.

RULES (Continued)

5. Public Fire Service (Continued)

Unauthorized Use

- 5.4 No public fire hydrant shall be used for sprinkling streets, flushing sewers or gutters, showering streets, contractors' or builders' purposes, or for any other than fire purposes, except with the approval of the Company. Permits for the use of water from fire hydrants for such purposes will not be granted except where such use is deemed by the Company to be urgent or an emergency and other means of obtaining water are not available.

A permit will be granted only if the amount of such consumption shall be so limited as not to be deemed by Company to place an undue burden on Company's system and only if a meter can be installed on the hydrant or the water taken from the hydrant will be discharged into a vessel of known size, such as a tank truck, and if the method of tallying the number of such fillings will be satisfactory to the Company.

Any permit so granted shall be revocable in every instance at the discretion of the Company.

Change of Location

- 5.5 Whenever a municipality or Customer desires a change in the location of any fire hydrant, the Company, upon written notice so to do, will make such change at the expense of the municipality or Customer.

Inspection

- 5.6 Upon request of the duly authorized officials of any municipality, the Company will make inspection at convenient times and at reasonable intervals to determine the condition of the fire hydrants, such inspections to be made by a representative of the Company and the Fire Chief or other duly authorized representative of the municipality.

RULES (Continued)
6. Private Fire Service

When Private Fire Service Charge Not Applicable

- 6.1 Under a metered connection, not larger than two (2) inch, or to a residential structure as defined below in 6.6, such private fire service as a Customer may elect to use through his general service line shall not be considered as private fire service within the meaning of the term as specifically used in the rate schedule, nor shall there be any charge for such service, other than arises from the application of metered rates: All other private fire service will be furnished at the rates established under "Fire Service Rates", Rule 13 Schedules D and F. (C)

Installation

- 6.2 A service line with shut-off valve for this specific purpose only will be installed by the Company from the main to the curb. The Company may require the installation and maintenance of a meter on said service, at a suitable and acceptable place and in a meter vault to be provided for and maintained by the Customer at Customer's expense.
The Company will pay the cost for fire meters up to and including 4 inches in size. Meters 6 inches and larger, subject to the approval of the Company, will be purchased by the customer.

Use of Water

- 6.3 All water passing the meter shall be paid for at meter output rates, except water used in the extinguishing of fires or testing of equipment for which no charge will be made if notice is given to the Company so that the meter can be read promptly.

Cross-Connection

- 6.4 No connection or cross-connection shall be made between Customer's private fire service facilities and any point of open connection with Company's facilities other than the Company's private fire service line, or to any other independent source of water supply, without written approval of the Company.

Location of Private Hydrants

- 6.5 Private hydrants shall not be located on the sidewalk, or in any open place of easy access to the public, except with the written consent of the Company.

Definition of Residential Structure

- 6.6 For the purposes as to this Rule 6 Private Fire Service, residential structure shall be defined as a building which contains only individually metered dwelling units intended for human habitation.

(C) Indicates Changes

RULES (Continued)
7. Responsibility for Service

Limitation of Liability of Company

- 7.1 The Company shall not be liable for damage or injury to any person or property resulting from interruption, discontinuance or termination of general water service.

The Company shall not be considered an insurer of property or persons or to have undertaken to extinguish fire or to protect persons or property against loss or damage by fire or otherwise. In consideration of the level of charges for public fire hydrant service and for private fire service, the Company shall not be held liable for any amount in excess of 10% of the annual charge for public fire hydrant service or for private fire service, as applicable, because of any claim based upon a loss resulting from failure to supply water or pressure or for any other cause.

The customer shall indemnify the Company in the event the Company is found (C) liable for any injury or damage to customer or third party caused by or resulting from customer-owned equipment.

Due to Emergency

- 7.2 If Company deems it to be necessary, the Company shall have the right to cut off the water supply temporarily, in order to make necessary repairs, connections, etc.; but the Company will use all reasonable and practicable measures to notify the Customer of such interruption of service as detailed in Section 56.71 of Title 52 Pa. Code. The Company shall not be liable for any damage or inconvenience to the Customer, or for any claim against it for interruption in service, lessening of supply, inadequate pressure, poor quality of water, or other cause. The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs to provide for fire and other emergencies, and may restrict or regulate the quantity of water used by Customers in case of scarcity, or whenever the public welfare may require.

Pressure Reducing Facilities

- 7.3 The Company does not assume the responsibility for the installation or cost of installation of pressure reducing facilities on a Customer's Premise where the reduction of pressure is necessary to provide lower water pressure for the operation of certain of Customer's appliances and/or facilities.

(C) Indicates Change

RULES (Continued)

8. Use for Building, Construction and Miscellaneous Purposes

Special Application

- 8.1 A supply of water under Rate Schedules "C" and "E" must be specially applied for. A Company permit for a supply of water for such purpose will be issued at the office of the Company.

Construction Water to be Metered

- 8.2 Water for building and construction purposes under Rate Schedules "C" and "E" is only available until the piping is installed to accept a water meter or the building is enclosed, whichever event occurs first. Thereafter, a meter will be set and the builder, developer or person making application for the service line will be billed the appropriate metered rate in accordance with Rule 10.3. (C)

(C) Indicates Change

RULES (Continued)

9. Termination/Discontinuance of Service

(C)

By Company

- 9.1 In addition to the reasons specifically set forth below and in the rules and regulations of the Public Utility Commission, service to any Customer may be terminated for violation of any of the provisions contained in this tariff.
1. For misrepresentation, in application as to property to be supplied or the use to be made of the water supply.
 2. For the use of water for any other property or purpose than that described in the application.
 3. For willful waste of water.
 4. For failure to protect the meter, connections, service lines or fixtures from loss or damage due to freezing, hot water or external causes, and to keep them in good order.
 5. For non-payment of an undisputed account for water service within thirty (30) days of date rendered, or for repairing and reinstallation of a damaged meter for which damage the Customer is responsible. (C)
 6. For molesting or tampering with any service pipe, meter, curve stop, valve, seal or any other appliance of the Company controlling or regulating the water supply.
 7. In case of vacancy of Premises.
 8. For refusing employees of the Company reasonable access to Customer's Premises for purpose of cross connection control inspections; inspecting, reading, installing or removing meters; and any other reasonable purpose.
 9. For failure to maintain Customer Service Line.

(C) Indicates Change

RULES (Continued)

9. Termination/Discontinuance of Service (Continued) (C)

By Company (Continued)

- 9.2 Service will be restored, after termination, upon payment of all outstanding charges provided in the schedules of rates, or tariff, of the Company, after payment of all bills for labor, supplies, and permits required in shutting off water, and after payment of the actual cost of restoring service or the sum of \$15.00, whichever is greater.

By Customer

- 9.3 All Customers desiring the discontinuance of water service shall give notice at the office of the Company upon a form supplied by the Company. In addition, a Customer who is not a resident of the residence at which service is to be discontinued or at a single meter multifamily residence, whether or not his residence, shall comply with the requirements of Section 56.72(2) of Title 52 Pa. Code. (C)

(C)
Indicates Change

RULES (Continued)

10. Payment

Free Service

- 10.1 There shall be no free service, special rates, or sub-normal charges to any Customer.

Place of Payment

- 10.2 All payments shall be made to a duly authorized agent of the Company either at its office in York, Pennsylvania, or at such other regular pay stations as may be designated by the Company.

The Company may mail a termination notice to a Customer who has failed to pay all or part of a bill or bills which results in:

1. A total delinquency of \$25.00 or more; or
2. A total delinquency of less than \$25.00 which remains unpaid for more than six (6) months.

The termination notice shall be mailed to the Customer and shall advise the Customer that payment of the Past-Due Amount must be made, in full, within the time period allowed by current P.U.C. regulations for such payment, or water service will be terminated. If the Past-Due Amount shall not be paid in full, at the principal office of the Company within the allotted time and following the prescribed steps per current P.U.C. regulations, the Company shall dispatch an employee either: (1) to collect the Past-Due Amount in full, or (2) to terminate water service. In default of payment of the Past-Due Amount, in full, water service will be terminated.

Meter Bills

- 10.3 Bills for water supplied through meters are due and payable monthly, bi-monthly, or quarter-annually as billed by the Company and shall be paid within twenty (20) days of the postmark date. However, when a meter is removed, the bill becomes payable immediately upon removal of said meter. The Customer will be responsible for the payment of all service rendered by the Company until notice to discontinue the same is received on forms provided by the Company and reasonable time from receipt of such notice has elapsed for the Company to take the final reading of the meter or meters. If the Company renders bills other than monthly, Customers desiring to receive monthly bills will be able to do so upon written notice to the Company.

RULES (Continued)
10. Payment (Continued)

Payment by Mail

- 10.4 The Company may mail or deliver the bills and notices to a Customer and termination notices to designated third parties or community interest groups which have agreed to receive such notices or bills at the respective addresses provided to the Company, and the Company otherwise shall not be responsible for the delivery thereof. Failure to receive a bill will not be considered an excuse for non-payment thereof.

Late Payment Charge

- 10.5 INDUSTRIAL AND COMMERCIAL CUSTOMERS. On metered and on fire service bills, a late charge or penalty of 1.5% shall be due and payable to the Company which shall be calculated on the overdue portions of each delinquent bill and such penalty shall be calculated monthly there-after only on the over due portions of the bill. (C)
- RESIDENTIAL AND PUBLIC CUSTOMERS. On metered and on fire service bills, a late charge or penalty of 1.5% shall be due and payable to the Company which shall be calculated on the overdue portions of each delinquent bill when charges for water service shall have been overdue at least 30 days and such penalty will be calculated monthly thereafter only on the overdue portions of the bill, and in no event shall the penalty charged exceed more than 18% simple interest annually. The Company shall cease the calculation of late payment charges on "residential use" customers who have demonstrated an inability to pay and who have entered into and continue to abide by an amortization agreement with the Company. (C)

(C) Indicates Change

RULES (Continued)
Late Payment Charge (Continued)

Return Check Charge

- 10.6 The customer will be responsible for the payment of a \$10.00 per occasion bank charge where a check, which has been presented to the Company for payment of any bill, is returned by the bank by reason of nonsufficient funds, account closed, payment stopped, post dated, stale dated, account garnished, no existing account, balance held or unauthorized signature. (I)

Inspection

- 11.1 Any authorized employee of the Company, upon the presentation of credentials, shall have unrestricted access at all reasonable hours to any premises supplied with water for the purpose of reading meters, making inspections and securing such other information as may from time to time be deemed necessary for the proper and efficient conduct of its business.

Rules Cannot be Varied

- 11.2 No officer or employee of the Company can vary these rules without action of the board of Directors and no agent or employee of the Company can bind it by any agreements or representations, except when authorized so to do in writing by an executive officer of the Company. These rules may be amended and altered and changed by the Company at any time in the manner provided by law.

Deposits

- 11.3 The following pertains to deposits:
1. All residential deposit requirements by the Company shall be in accordance with Section 56.31 - 56.65 of Title 52 Pa. Code.
 2. Deposits may be required from Customers taking service for a period of less than thirty (30) days in an amount equal to the estimated gross bill for such temporary period. Deposits may be required from all Customers provided that, in no instance, will deposits be required of residential customers in excess of the estimated gross bill for any single billing period plus one month (the maximum period not to exceed four months) with a minimum of \$5.00.

(I) Indicates Increase

RULES (Continued)

11. General (Continued)

Deposits (Continued)

3. In interpreting the deposit standards set forth in Sections 56.35 - 56.65 of Title 52 Pa. Code the phrase payment of any undisputed account shall mean payment of the bill within thirty (30) days following the date on which the bill was postmarked or within thirty (30) days following the presentation of the bill. The payment of an undisputed account shall also include payment of any contested bill, payment of which was withheld beyond the period herein mentioned subject to a dispute if the dispute is terminated substantially in favor of the Customer and if payment is made by the Customer within ten (10) days thereafter. (C)
4. Interest on deposits made by residential Customers will be paid by the Company at the rate of 11% per annum (without deduction for any taxes thereon) upon the return of the deposit to the Customer.

Installation of Pumps

- 11.4 Unless otherwise specifically authorized by the Company, Customers will not be permitted to install pumps that take water directly from the service pipes but must have an adequately sized intervening vessel vented to the atmosphere into which to receive water and from which it may be pumped.

Cross-Connections

- 11.5 No cross-connection with any other source of water will be permitted. The term "cross-connection" shall be construed to mean any physical connection or arrangement between two otherwise separate piping or other systems, one of which contains Company's potable water and the other steam, gas, a chemical, water or other solid or liquid of unknown or questionable safety, whereby there may be a flow from one system to the other, the direction depending on the pressure differential between the two systems.

(C) Indicates Change

RULES (Continued)

11. General (Continued)

Prevention of Back Flow

- 11.6 For residential Customers with low potential for back flow the Company may install a backflow preventor at its cost. For other Customers, when conditions associated with the use of water are such that there is a possibility of contaminated water flowing from the Premises of the Customer, or from other sources which can be controlled by the Customer, into the water distribution system, the Customer shall at his own cost install an approved device to prevent such back flow.

In the event excessive backpressure occurs due to the design or any condition associated with the piping or appliances on the Customer's premises, the Customer shall at his own cost make changes to the piping or install the necessary equipment to eliminate the excessive backpressure problem. (C)

Availability of Service

- 11.7 Water service will not be furnished to any premises presently receiving service from any other public utility subject to the jurisdiction of the Pennsylvania Public Utility Commission. Water service will not be furnished to any premises previously receiving service from any other public utility subject to the jurisdiction of the Pennsylvania Public Utility Commission if such other public utility holds itself forth to furnish water service to the premises at the time of application for service by the prospective customer to The York Water Company.

Drought Emergency Excess Use Charges

- 11.8 In the event of a drought emergency as declared by a Basin Commission and by a proclamation or executive order issued by the Governor, The York Water Company is authorized to collect fines set forth in its Local Water Rationing Plan as filed with and approved by the Pennsylvania Emergency Management Agency.

(C) Indicates Change

RULES (Continued)

11. General (Continued)

Service to New Construction or Remodeled Buildings

- 11.9 For newly constructed buildings and for extensively remodeled buildings with new piping, the Company shall not provide service until: (C)
- (a) All tariff rule requirements are met including, but not limited to: Proper spacing requirements for the installation of the meter; installation of wiring, if required, for the remote reading of the meter; suitable backflow protection, etc.
 - (b) The builder or remodeler certifies that lead free solder and/or lead free piping was used in the installation.

Waste of Water

- 11.10 All waste of water is prohibited. Customers shall keep their hydrants, faucets, valves, hose and other apparatus in good order and condition, at their own expense. Water shall not be permitted to run to prevent freezing or allowed to run to waste unless specifically authorized by the Company. (C)

(C) Indicates Changes

THIS PAGE LEFT BLANK INTENTIONALLY FOR FUTURE USE

12. State Tax Adjustment Surcharge

- 12.1 In addition to the charges provided in this tariff, a surcharge of 0.13% will apply to all charges for service rendered on or after January 1, 2010. (I)

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; and
- b. Whenever the utility makes effective any increased or decreased rates.

The above recalculation will be submitted to the Commission within 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 then 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 10 days after filing.

(I) Indicates Increase

13. Rate Schedules

Schedule "A" - Meter Rates

Gravity System

Applicable for water service furnished, from the gravity system, to Premises located in the City of York, Boroughs of Hallam, North York, and West York, and Townships of Hellam, Springettsbury, Spring Garden, Manchester, and West Manchester, York County, Pennsylvania.

Available to all classes of service and for tank truck pick-up by special arrangement with the approval of the Company except service provided under other schedules.

Available also for single-point meter service to an apartment complex or to a condominium complex under the conditions prescribed in Rule 4.2 and in Rule 4.3.

When service is furnished through a single meter to a building containing twenty-five or more apartment dwelling units or condominium dwelling units, or to a mobile home park containing twenty-five or more dwelling units, or to a complex of buildings served at single-point meter service prescribed in Rule 4.2 and in Rule 4.3, the first block rate shall be applied to usage equal to the number of apartment dwelling units or condominium dwelling units times 1,200 gallons per month, and the balance of the use shall be billed at the applicable block rates in the regular manner. (C)

(C) Indicates Change

13. Rate Schedules (Continued)

Schedule "A" - Meter Rates (Continued)

Gravity System (Continued)

RATES

Customer Charges

Size of Meter	All Classes	
5/8"	\$14.55	(I) ↓
3/4"	17.30	
1"	24.40	
1-1/2"	37.50	
2"	48.70	
3"	117.40	
4"	174.60	
6"	194.00	
8"	373.00	
10"	479.00	
12"	589.00	

Output Charges

	Rate per 1,000 Gallons					
	Residential		Commercial		Industrial	
Up to 5,000 Gallons Per Month	\$3.277	(I)	\$3.463	(I)	\$3.463	(I)
Next 45,000 Gallons Per Month	3.277	(I)	2.481	(I)	2.481	(I)
Next 1,950,000 Gallons Per Month	3.277	(I)	1.933	(I)	2.122	(I)
Over 2,000,000 Gallons Per Month	3.277	(I)	1.933	(I)	1.827	(I)

(I) Indicates Increase

13. Rate Schedules (Continued)

Schedule "B" - Meter Rates

Repumping System

Applicable for water service furnished in the City of York, Boroughs of East Prospect, Glen Rock, Jacobus, Jefferson, Loganville, New Freedom, New Salem, North York, Railroad, Seven Valleys, Shrewsbury, Spring Grove, West York, Manchester, Mount Wolf and Yorkana, and Townships of Codorus, Conewago, Hellam, Hopewell, Jackson, North Hopewell, Paradise, Shrewsbury, Springettsbury, Springfield, Spring Garden, Manchester, East Manchester, North Codorus, West Manchester, West Manheim, Windsor, York and Lower Windsor, York County, Pennsylvania, and the Borough of Abbottstown, and Townships of Berwick, Oxford, Hamilton, Reading, Mount Pleasant and Union in Adams County, Pennsylvania where water is repumped. (C)

Available to all classes of service and for tank truck pick-up by special arrangement with the approval of the Company except service provided under other schedules.

Available also for single-point meter service to an apartment complex, to a condominium complex or to municipalities under the conditions prescribed in Rule 4.2 and in Rule 4.3.

When service is furnished through a single meter to a building containing twenty-five or more apartment dwelling units or condominium dwelling units, or to a mobile home park containing twenty-five or more dwelling units, or to a complex of buildings served at single-point meter service prescribed in Rule 4.2 and in Rule 4.3, the first block rate shall be applied to usage equal to the number of apartment dwelling units or condominium dwelling units times 1,200 gallons per month, and the balance of the use shall be billed at the applicable block rates in the regular manner.

(C) Indicates Change

13. Rate Schedules (Continued)

Schedule "B" - Meter Rates (Continued)

Repumping System (Continued)

RATES

Customer Charges

Size of Meter	All Classes	
5/8"	\$14.55	(I) ↓
3/4"	17.30	
1"	24.40	
1-1/2"	37.50	
2"	48.70	
3"	117.40	
4"	174.60	
6"	194.00	
8"	373.00	
10"	479.00	
12"	589.00	

Output Charges

	Rate per 1,000 Gallons					
	Residential		Commercial		Industrial	
Up to 5,000 Gallons Per Month	\$5.482	(I)	\$5.630	(I)	\$5.630	(I)
Next 45,000 Gallons Per Month	5.482	(I)	4.783	(I)	4.783	(I)
Next 1,950,000 Gallons Per Month	5.482	(I)	2.576	(I)	4.197	(I)
Over 2,000,000 Gallons Per Month	5.482	(I)	2.576	(I)	2.576	(I)

(I) Indicates Increase

13. Rate Schedules (Continued)

Schedule "C" - Building, Construction and Miscellaneous Rates (C)

Gravity System

Applicable for water service furnished from the gravity system for building and construction purposes in the City of York, Boroughs of Hallam, North York, and West York, and Townships of Hellam, Springettsbury, Spring Garden, Manchester, and West Manchester, York County, Pennsylvania.

RATES

Charge for Building and Construction Purposes	\$10.00
---	---------

(C) Indicates Change

13. Rate Schedules (Continued)

Schedule "D" - Fire Service Rates

Gravity System

Applicable for water service for fire purposes, from the gravity system in the City of York, Boroughs of Hallam, North York, West York, Townships of Hellam, Springettsbury, Spring Garden, Manchester and West Manchester, in York County, Pennsylvania.

RATES

	Per Month
Public:	
Public Fire Hydrant (billed to a municipality or other Customer)	\$20.89 (I)
Private:	
Sprinkler or Fire Service Systems:	
2-inch Connection	26.68 (I)
3-inch Connection	35.53
4-inch Connection	44.40
6-inch Connection	88.96
8-inch Connection	177.93
10-inch Connection	266.94
12-inch Connection	397.03
Fire Hydrant, Private:	
Direct Connection to Company Owned Mains:	35.53
Direct Connection to Customers Owned Mains:	
First Hydrant	35.53
Each Additional Hydrant	26.68

(I) Indicates Increase

13. Rate Schedules (Continued)

Schedule "E" - Building, Construction and Miscellaneous Rates

Repumping System

Applicable for water service for building and construction purposes, in the City of York, Boroughs of East Prospect, Glen Rock, Jacobus, Jefferson, Loganville, New Freedom, New Salem, North York, Railroad, Seven Valleys, Shrewsbury, Spring Grove, West York, Manchester, Mount Wolf and Yorkana, and Townships of Codorus, Conewago, Hellam, Hopewell, Jackson, North Hopewell, Paradise, Shrewsbury, Springettsbury, Springfield, Spring Garden, Manchester, East Manchester, North Codorus, West Manchester, West Manheim, Windsor, York and Lower Windsor, York County, Pennsylvania, and the Borough of Abbottstown, and Townships of Berwick, Oxford, Hamilton, Reading, Mount Pleasant and Union in Adams County, Pennsylvania where water is repumped: (C)

RATES

Charge for Building and Construction Purposes \$10.00

(C) Indicates Change

13. Rate Schedules (Continued)

Schedule "F" - Fire Service Rates

Repumping System

Applicable for water service for fire purposes, in the City of York, Boroughs of East Prospect, Glen Rock, Jacobus, Jefferson, Loganville, New Freedom, New Salem, North York, Railroad, Seven Valleys, Shrewsbury, Spring Grove, West York, Manchester, Mount Wolf and Yorkana, and Townships of Codorus, Conewago, Hellam, Hopewell, Jackson, North Hopewell, Paradise, Shrewsbury, Springettsbury, Springfield, Spring Garden, Manchester, North Codorus, West Manchester, East Manchester, West Manheim, Windsor, York and Lower Windsor, York County, Pennsylvania, and the Borough of Abbottstown, and the Townships of Berwick, Oxford, Hamilton, Reading, Mount Pleasant and Union in Adams County, Pennsylvania where water is repumped.

RATES

	Per Month	
Public:		
Public Fire Hydrant (billed to a municipality or other Customer)	\$29.13	(I)
Private:		
Sprinkler or Fire Service Systems:		
2-inch Connection	33.99	(I)
3-inch Connection	45.30	
4-inch Connection	56.66	
6-inch Connection	113.31	
8-inch Connection	226.73	
10-inch Connection	340.16	
12-inch Connection	507.43	
Fire Hydrant, Private:		
Direct Connection to Company Owned Mains:	41.14	
Direct Connection to Customers Owned Mains:		
First Hydrant	41.14	
Each Additional Hydrant	30.88	

(I) Indicates Increase

THIS PAGE LEFT BLANK INTENTIONALLY FOR FUTURE USE

THIS PAGE LEFT BLANK INTENTIONALLY FOR FUTURE USE

**14. Drought Contingency Plan
(Contingent Mandatory Conservation Plan)**

SUMMARY OF PLAN

(C)

Trigger Point	Demand Measures	Supply Measures
Total storage remaining 1700 MG (76%) or state declares drought watch or warning for the area	STAGE I Voluntary restrictions on nonessential water use	Systemwide leakage and loss reduction survey
Total storage remaining 1350 MG (61%) or Governor declares a drought emergency for the area	STAGE II Implement mandatory restrictions on nonessential water use Identify customers or uses that could be shed from system Notify the PaDEP Division of Water Use Planning	Identify reserve sources of supply and/or inter-connections Request to PaDEP for reduced conservation release
Total storage remaining 900 MG (40%)	STAGE III Implement water rationing plan Shed customers or uses identified in Stage II	Prepare emergency sources and equipment necessary to utilize each source Reduce conservation release

(C) Indicates Change

14. Drought Contingency Plan (Continued)
(Contingent Mandatory Conservation Plan)

GENERAL

This Drought Contingency Plan is intended to establish measures for essential conservation of water resources, and to provide for equitable distribution of limited water supplies in order to balance demand and limited available supplies and to assure that sufficient water is available to preserve public health and safety within the service area of The York Water Company.

As part of good management practices, The York Water Company will make every effort to reduce water losses in its distribution system by searching for and repairing all leaks; by encouraging accurate meter readings; and by maintaining its meter exchange and test program on a current basis.

In addition, the Company will continue its ongoing education program by participating in community groups, preparing periodic Tap Tips (bill stuffers) or by making presentations to schools, service clubs, etc. to encourage people to use our natural resources wisely.

If the Company is experiencing a short term supply shortage, the Company may request general conservation of inside water uses and may impose mandatory conservation measures to reduce or eliminate nonessential uses of water.

TRIGGERING POINTS

A. Rainfall

Rainfall is normally monitored monthly with normal (average) rainfall calculated since 1887 recorded in the Annual Operations Report to the Company's Board of Directors. If rainfall is recorded for three consecutive months at 80% or less of normal, actions will be instituted. The actions will be, but not limited to: review of alternative emergency water sources; initial contact be made with the County Emergency Coordinator; the east branch stream flow and main branch stream flow monitoring will be started and recorded daily; and in conjunction with the York County Emergency Management Office, York Chamber of Commerce and the Manufacturers' Association of York, community and industrial conservation committees will be established to deal effectively with the emergency situation.

14. Drought Contingency Plan (Continued)

B. Lake Levels

When stream flow has diminished to the point where the natural stream flow is not sufficient to provide enough water for pumpage and stream flow augmentation requirements, water withdrawals will be made initially from Lake Williams dam, with releases from Lake Redman as needed. Extreme care will be used so that no more water than necessary is released. The Maintenance and Grounds superintendent will maintain accurate lake level readings and report them daily to the Vice President-Operations who will maintain a log showing data on a continuing basis regarding stream flows, reservoir levels and ground water levels. Timely reports will be made to the Company's President.

RESERVOIR OPERATIONS AND RELATED ACTIONS

(C)

A. Initial Withdrawal Lake Williams (2,231 MG)

Upon initial withdrawal from Lake Williams, no other action will be taken except to monitor stream flow, consumption and rainfall.

B. Reserves 1,700 MG or 76% remaining

Customers will be advised and encouraged to voluntarily conserve water. Notice to the Customers will be through the use of press releases, newspapers, radio and TV ads and bill stuffers. The Company will step up its leak reduction activities.

C. Reserves 1,500 MG or 67% remaining

(1) When the level in Lake Williams reaches 1500 MG, Lake Redman withdrawals will start. PUC and DER will be notified of the situation.

(2) Preparation will be made to begin to implement the Local Water Rationing Plan.

D. Reserves 1,350 MG or 61% remaining

(1) Personal contacts will be made to the Company's 25 largest customers to advise them of the situation

(2) Contacts will be made to the owners of the two quarries used during the 1966 drought and other preliminary work; i.e., water analyses will be performed to make use of the quarries as emergency sources.

(C) Indicates Change

14. Drought Contingency Plan (Continued)

RESERVOIR OPERATIONS AND RELATED ACTIONS (Continued)

- (3) When the level in Lake Redman reaches 2 feet below the spillway elevation, mandatory restrictions will be instituted. PaPUC and PaDEP will be notified. Request for approval will be made to PaDEP for reduction of the conservation release (C)
- E. Lake Redman Down 4 Feet (1,200 MG or 54% remaining)
- (1) Request to Commonwealth Drought Coordinator for approval of Rationing Plan and to PaDEP for approval for use of quarries or other emergency sources.
- F. Lake Redman Down 6 Feet (1,100 MG or 48% remaining)
- When the level in Lake Redman reaches 6 feet below the spillway elevation (approximately 1,100 million gallons of water left), the Local Water Rationing Plan (Appendix A) will be implemented.
- G. Lake Redman Down 15 Feet (560 MG or 30% remaining)
- (1) When the level in Lake Redman reaches 15 feet below the spillway elevation, withdrawals from Lake Redman will be reduced and augmented by additional withdrawals from Lake Williams. This will continue until Lake Williams is depleted at which time full withdrawals will again be made from Lake Redman until it is depleted. Begin to use emergency quarry sources.
- (2) Preparations will be made to place in service any other emergency sources identified and approved by PaDEP.

(C) Indicates Change

14. Drought Contingency Plan (Continued)

VOLUNTARY CONSERVATION MEASURES

Voluntary conservation measures will be requested whenever Stage I is triggered. (C)

A. Residential Conservation Measures

- (1) Locate and repair all leaks in faucets, toilets and water using appliances.
- (2) Adjust all water using appliances to use the minimum amount of water in order to achieve the appliance's purpose.
- (3) Use automatic washing machines and dishwashers only with full loads.
- (4) Take shorter showers and shallower baths.
- (5) Turn off shower while soaping; turn off faucet while brushing teeth, etc.
- (6) Install flow restrictors in shower heads and faucets.
- (7) Reduce the number of toilet flushes per day. Each flush uses about 5 gallons. Reduce water use per flush by installing toilet tank displacement inserts.
- (8) Use sink and tub stoppers to avoid wasting water.
- (9) Keep bottle of chilled drinking water in refrigerator.
- (10) Obtain daily water readings to determine the household's daily water use.

Indicates Change

14. Drought Contingency Plan (Continued)

VOLUNTARY CONSERVATION MEASURES (Continued)

B. Non-Residential Conservation Measures

- (1) Identify and repair all leaky fixtures and water using equipment. Special attention is to be given to equipment connected directly to the water line, such as processing machines, steam using machines, washing machines, water cooled air conditioners and furnaces.
- (2) Assure that the valves and solenoids which control water flows are shut off completely when the water using cycle is not engaged.
- (3) Adjust water using equipment to use the minimum amount of water required to achieve its stated purpose.
- (4) Shorten rinse cycles for laundry machines as much as possible; lower water levels should be implemented wherever possible.
- (5) Temperature settings of hot water for showers should be set down at least 10 degrees to discourage lengthy shower taking.
- (6) Where plumbing fixtures can accommodate them, flow restricting or other water saving devices should be installed.
- (7) For processing and cooling and other uses, where possible, either reuse water or use from sources that would not adversely affect public water supplies.
- (8) For processing and cooling and other uses, where possible, either reuse water or use from sources that would not adversely affect public water supplies.

14. Drought Contingency Plan (Continued)

VOLUNTARY CONSERVATION MEASURES (Continued)

- B. Non-Residential Conservation Measures (Continued)
- (9) Advise employees, students, patients, customers and other users not to flush toilets after every use. Install toilet tank displacement inserts; place flow restrictors in shower heads and faucets; close down automatic flushes overnight.
 - (10) Adjust flushometers and automatic flushing valves to use as little water as possible or to cycle at greater intervals.
 - (11) Encourage water consciousness by placing water saving posters and literature where employees, students, patients and customers, etc. will have access to them.
 - (12) Customers should read water meters on a frequent basis to determine consumption patterns.

14. Drought Contingency Plan (Continued)

VOLUNTARY CONSERVATION MEASURES (Continued)

C. Voluntary Reduction of Nonessential Uses

The following water uses are identified as nonessential for the purposes of this conservation plan, and voluntary curtailment or abandonment of these uses is urged during the drought period:

- (1) The seasonal watering of lawns
- (2) The seasonal watering of lawns
- (3) The noncommercial washing of automobiles and trucks
- (4) The washing of buildings, streets, driveways and sidewalks
- (5) The serving of water in restaurants, clubs or eating places unless specifically requested by the individual
- (6) Ornamental water use including, but not limited to fountains, artificial waterfalls and reflecting pools
- (7) The use of water for flushing sewers or hydrants by municipalities or any public or private individual or entity except as deemed necessary in the interest of public health or safety
- (8) The use of fire hydrants by fire companies for testing fire apparatus and for fire department drills except as deemed necessary in the interest of public safety
- (9) The use of fire hydrants by municipal road departments, contractors and all others, except as necessary for fire fighting or protection purposes

14. Drought Contingency Plan (Continued)

MANDATORY CONSERVATION MEASURES

- A. When the proper triggering point is reached, the following water uses are declared non-essential and are prohibited within the Company's Service Area:
- (1) The watering of lawns.
 - (2) The watering of outdoor gardens, landscaped areas, trees, shrubs, and other outdoor plants, except by means of a bucket, pail, or hand-held hose equipped with an automatic shut-off nozzle between the hours of 5:00 p.m. and 9:00 a.m.
 - (3) watering of golf course fairways, except as provided by the Commonwealth Drought Coordinator. (C)
 - (4) The non-commercial washing of automobiles and trucks.
 - (5) The washing of buildings, streets, driveways, and sidewalks.
 - (6) The serving of water in restaurants, clubs or eating places unless specifically requested by the individual.
 - (7) Ornamental water use including, but not limited to, fountains, artificial waterfalls, and reflecting pools.
 - (8) The use of water for flushing sewers or hydrants by municipalities or any public or private individual or entity except as deemed necessary and approved in the interest of public health or safety by the municipal health officials and The York Water Company.
 - (9) The use of fire hydrants by fire companies for testing fire apparatus and for fire department drills except as deemed necessary in the interest of public safety and specifically approved by the municipal governing body and The York Water Company.
 - (10) The use of fire hydrants by municipal road departments, contractors and all others, except as necessary for fire fighting or protection purposes.
 - (11) The use of water to fill and top off swimming pools.

(C) Indicates Change

14. Drought Contingency Plan (Continued)

- B. Exemptions or Variance from Non-Essential Uses of Water Restrictions
- (1) If compliance with the non-essential use of water restrictions would result in extraordinary hardship upon a water user, the water user may apply for an exemption or variance. For purposes of this section, extraordinary hardship means a permanent damage to property, including perishable, raw or processed product, or other personal or economic loss which is substantially more severe than the sacrifices borne by other water users subject to the prohibiting of non-essential use of water.
 - (2) A person or business entity believing he suffers an extraordinary hardship and desiring to be wholly or partially exempt from the restrictions on the non-essential use of water shall submit a written request with full documentation supporting the need for the requested relief to the Commonwealth Drought Coordinator, if the Governor had declared a county drought emergency. Otherwise, if the restrictions are imposed by The York Water Company, following its Drought Contingency Plan, then the requested relief should be submitted to The York Water Company. The application shall contain information specifying:
 - (i) The nature of the hardship claimed and reason for the requested exemption or variance.
 - (ii) The efforts taken by the applicant to conserve water and extent to which water use may be reduced by the applicant without extraordinary hardship.
 - (3) Any person aggrieved by a decision relating to such an exemption or variance may file a complaint with the Public Utility Commission in accordance with the procedures established under the Public Utility Code.
- (C)

COOPERATION

If voluntary cooperation does not achieve satisfactory results, mandatory compliance will be imposed. 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 1/2, or otherwise restrict flow such as by the insertion of a plug device. Note: Prior to such valve adjustment or other flow restriction being imposed, the Company will make a bona fide attempt to deliver notice of the valve adjustment or other flow restriction to a responsible person at the affected premises and fully explain the reason for the proposed flow restriction and the means by which the Customer may eliminate the grounds for such flow restriction. Less restrictive means may be imposed to secure such compliance.

(C) Indicates Change

14. Drought Contingency Plan (Continued)

ADDITIONAL RESTRICTIONS

In addition to the provisions as set forth above, the Commonwealth Drought Coordinator is authorized to approve for implementation by The York Water Company a Water Rationing Plan by virtue of the Emergency Management Services Code, 35 Pa. C.S. §170. et seq. (C)

ASSISTANCE TO OTHER WATER PURVEYORS AND USERS

The York Water Company, due to its expertise and facilities, has always felt a moral obligation to assist nearby small water purveyors and users, such as trailer parks, etc., with their own water supplies. The Company plans to continue this practice; however, our assistance with regard to the sale of water, either through a temporary pipeline or via tank truck, will be terminated when the Company's reserves have reached 60% of their capacity and rainfall continues to be below normal.

So that nearby purveyors and users can make alternate arrangements, they will be initially advised of this policy, and when the reserve level reaches 67% of capacity, the purveyors and users will be alerted to begin their alternate arrangements.

WRAP-UP

- A. When the water level in Lake Redman has returned to normal and rainfall is at normal or better than 80% of normal for three consecutive months, all restrictions in force will be lifted. Customers will be advised via press releases and, if circumstances dictate, via bill stuffers.
- B. The management staff will prepare a final report summarizing all activities and conditions for presentation to the Board of Directors and for future reference.
- C. A critique will be scheduled with all persons involved during the drought, including persons outside the Company, so that we can make any necessary modifications to this procedure.

(C) Indicates Change

**DROUGHT CONTINGENCY PLAN
APPENDIX A
LOCAL WATER RATIONING PLAN FOR THE
SERVICE AREA OF THE YORK WATER COMPANY**

Authority

The Commonwealth Drought Coordinator is authorized to approve a Water Rationing Plan by virtue of Emergency Management Services Code 35 Pa. C.S. 7101 et seq. And 4 Pa. Code Chapter 120. (C)

Section 1. Definitions

- (a) Commonwealth Drought Coordinator - an officer of the Department of Environmental Protection appointed by the Secretary to carry out the responsibilities established in the Pennsylvania Drought Contingency Plan to coordinate Commonwealth planning, preparedness and response action to a drought or water shortage emergency. (C)
- (b) Department - Pennsylvania Department of Environmental Protection (PaDEP) (C)
- (c) Emergency Service Area - the service areas of The York Water Company covered by this Local Water Rationing Plan, as set forth in Section 3, Scope.
- (d) Excess Use - the usage of water by a water customer in excess of the water allotment provided under the Local Water Rationing Plan for that customer, over any applicable period.
- (e) Non-Residential Customer - commercial, industrial, institutional, public, including educational facilities, hotels, motels and restaurants. The term does not include hospitals or health care facilities.
- (f) Person - An individual, partnership, association company, corporation, municipality, municipal authority, political subdivision, or an agency of Federal or State government. The term includes the officers, employees and agents of a partnership, association, company, corporation, municipality, municipal authority, political subdivision, or an agency of Federal or State government.
- (g) Plan - local water rationing plan - A drought response plan for the equitable allocation of limited water supplies, submitted by a public water supply agency or the governing body of a political subdivision and approved by the Commonwealth Drought Coordinator.
- (h) Political subdivision - A county, city, borough, incorporated town or township.
- (i) Public Water Supply Agency, Purveyor, Water Purveyor, Water Supply Purveyor - A "community water system" as that term is defined in Section 3 of the Pennsylvania Safe Drinking Water Act (35 P.S. §721.3). The owner or operator of any public water supply system including, but not limited to, any public utility, municipality, municipal authority, association or other organization which supplies water to the public; and the officers, employees and agents of any such purveyor. (C)

(C) Indicates Change

Section 1. Definitions (continued)

- (j) Residential Water Customer - any customer who receives water service for a single or multi-family dwelling unit. The term does not include educational or other institutions, hotels, motels, or similar commercial establishments.
- (k) Service Area - the geographic area serviced by The York Water Company.
- (l) Service Interruption - the temporary suspension of water supply, or reduction of pressures below that required for adequate supply, to any customer, portion of a water supply system, or an entire system.
- (m) Special Emergency Area - the area or areas within which the Governor has declared a state of drought and water shortage emergency.
- (n) Water Allotment - the maximum quantity of water allowed for each customer over any applicable period as established pursuant to Sections 9-11 of this Plan. (C)
- (o) Water Customer - any person who is connected to and receives water service from The York Water Company.
- (p) Water Company - The York Water Company

Section 2. Purpose

This Local Water Rationing Plan is intended to establish measures for essential conservation of water resources, and to provide for equitable distribution of limited water supplies, in order to balance demand and limited available supplies and to assure that sufficient water is available to preserve public health and safety within the Emergency Service Area.

Section 3 Scope

This Local Water Rationing Plan shall apply to all water uses within the service area of The York Water Company encompassing all or part of the following municipalities: the City of York, Boroughs of East Prospect, Glen Rock, Hallam, Jacobus, Jefferson, Loganville, Manchester, Mount Wolf, New Freedom, New Salem, North York, Railroad, Seven Valleys, Shrewsbury, West York, York Haven and Yorkana, and Townships of Codorus, Conewago, East Manchester, Hellam, Hopewell, Jackson, Lower Windsor, Manchester, Newberry, North Codorus, North Hopewell, Shrewsbury, Springettsbury, Springfield, Spring Garden, West Manchester, Windsor and York.

Section 4 Objective of the Plan

- (a) It is imperative that water customers within the Emergency Service Area achieve an immediate and further reduction in the water use in order to extend existing water supplies and, at the same time, assure that sufficient water is available to preserve the public health and sanitation, and provide fire protection service.

(C) Indicates Change

Section 4 Objective of the Plan (continued)

- (b) The objective of this Local Water Rationing Plan is to effect an immediate 15 percent reduction in water usage. Should drought conditions continue, further reductions in usage may be required. If it is necessary to implement further reductions, this Plan will be modified as noted in section 17. It is the Company's responsibility to continually monitor on-hand quantities to determine if amendments are required.

- (c) The Plan provides for equitable reductions in water usage on the part of each water customer. The success of this Plan depends on the cooperation of all water customers in the emergency service area.

Section 5 Measures to implement the Water Rationing Plan

Each municipality within the Emergency Service Area will develop and adopt such implementing and enforcement measures as are necessary and appropriate to assure compliance with requirements of this Local Water Rationing Plan. A copy of the plan will be submitted to local law enforcement agencies in the Service Area.

Section 6 Prohibited Non-Essential Water Uses

The following water uses are declared nonessential and are prohibited within the Emergency Service Area: (C)

- (1) The use of any water for watering of grass, except:
 - (i) Water may be applied to grass areas approved prior to or during the emergency as part of a sewage or storm water treatment system utilizing spray irrigation which system was approved in a permit issued by the Department prior to the drought emergency proclamation.
 - (ii) Water may be used, in a manner that ensures effective conservation, to implement revegetation following earthmoving, where revegetation is required under an erosion and sedimentation control plan adopted under state law or regulation. Revegetation use shall comply with applicable best conservation management practices for revegetation prescribed by the Department of Environmental Protection and county conservation districts.

(C) Indicates Change

Section 6. Prohibited Non-Essential Water Uses (Continued)

2. The use of any water for watering athletic fields, except:
 - (i) Water may be applied to athletic field grass areas approved prior to or during the emergency as part of a sewage or stormwater treatment system utilizing spray irrigation, which system was approved in a permit issued by the Department prior to the drought emergency proclamation.
 - (ii) Water may be applied to athletic field nongrass areas to control dust during an athletic event, by means and in a manner that ensures effective conservation, if dust control is necessary to protect health or safety. (C)
- (3) The use of fresh water for irrigation and watering of outdoor gardens, landscaped areas, trees, shrubs and other outdoor plants except that fresh water may be:
 - (i) Used for irrigation for the production of food and fiber, and the maintenance of livestock and poultry.
 - (ii) Used by nurseries to maintain stock, by a means that ensures effective conservation, only to the extent that sources of water other than fresh water adequate to supply needs are not available or feasible to use.
 - (iii) Used, in a manner that ensures effective conservation, to implement revegetation following earthmoving, where revegetation is required under an approved erosion and sedimentation control plan adopted under state law or regulation, to the extent that sources of water, other than fresh water, adequate to supply needs are not available or feasible to use. Revegetation use shall comply with applicable best conservation management practices for revegetation prescribed by the Department and county conservation districts.
- (4) The use of any water for washing paved surfaces, except water may be used:
 - (i) At the minimum rate necessary for sanitation of the premises of raw or processed food, pharmaceutical or vaccine processing, storage or vending establishments, including restaurants and grocery stores.
 - (ii) At the minimum rate necessary for the sanitation of the premises of waste handling, storage and disposal facilities.
 - (iii) At the minimum rate necessary to comply with permit conditions or other regulatory requirements.

(C) Indicates Change

Section 6. Prohibited Non-Essential Water Uses (Continued)

- (5) The use of any water for ornamental purposes, including fountains, artificial waterfalls and reflecting pools, except:
 - (i) Fountains or waterfalls may be operated to perform the primary and necessary aeration function for a pond that supports fish life.
 - (ii) Water may be used to top off ornamental water gardens or fish ponds to the minimum extent necessary to maintain fish and aquatic life.
- (6) The use of any water for washing or cleaning of mobile equipment except that:
 - (i) Water may be used for cleaning of construction, emergency, public transportation or government vehicles if necessary to preserve the proper functioning and safe operation of the vehicle.
 - (ii) Water may be used for cleaning and sanitizing equipment used for hauling or vending raw or processed food, pharmaceuticals or vaccines for human or livestock use, or for handling waste products.
- (7) The serving of water in restaurants, clubs or eating places, unless specifically requested by the individual.
- (8) The use of any water to fill and top off swimming pools, except that water may be used to fill and top off swimming pools operated by health care facilities used in relation to patient care and rehabilitation. (C)
- (9) The use of water from a fire hydrant—including sprinkler caps—for any purpose, except for the firefighting or line flushing only when needed to protect public health and safety. (C)
- (10) The use of any water that is not for a beneficial use.

(C) Indicates Change

Section 7. Exemptions or Variance from Non-Essential Uses of Water Restrictions

- (a) If compliance with the non-essential use of water restrictions would result in extraordinary hardship upon a water user, the water user may apply for an exemption or variance. For purposes of this section, extraordinary hardship means a permanent damage to property or other personal or economic loss which is substantially more severe than the sacrifices borne by other water users subject to the non-essential use of water restrictions.
- (b) A person or business entity believing he suffers an extraordinary hardship and desiring to be wholly or partially exempt from the restrictions on the non-essential use of water shall submit a written request with full documentation supporting the need for the requested relief to the Water Company as follows: (C)
- (1) The water user shall submit a written application with full documentation supporting the need for the requested relief to:

The York Water Company
130 East Market Street
P. O. Box 15089
York, PA 17405
 - (2) The application from a water user shall contain information specifying:
 - (i) The nature of the hardship claimed and the reason for the requested exemption or variance.
 - (ii) The efforts taken by the water user to conserve water and the extent to which water use may be reduced by the applicant without extraordinary hardship.
 - (3) The York Water Company shall advise the applicant of its decision regarding the (application. An exemption or variance will be granted only to the extent necessary to relieve extra-ordinary hardship.
 - (4) Any person aggrieved by a decision relating to such an exemption or variance rendered by the Company may file a complaint with the Public Utility Commission in accordance with the procedures established under the Public Utility Code.

Section 8. General Requirement for Water Use Reductions

Each and every water customer, regardless of whether residential, commercial, industrial, municipal, institutional or other type of user, shall achieve the water use reductions set forth in this Local Water Rationing Plan. In order to achieve the overall objectives of the Plan, the water use restrictions and limitations set forth in Sections 9-11 shall apply

(C) Indicates Change

Section 9. Water Use Restrictions for Residential Users

- (a) Metered Residential Customers and Allotments:
- (1) Each residential customer using more than 4,000 gallons per month, shall reduce their consumption by 15%. The base month for determining the reduction will be the previous twelve month average for the year in which the drought occurs. (C)
- (2) Residential water customers are required to provide water company personnel with reasonable access to read meters as necessary to implement this rationing plan. Where access is not readily available, the company shall make all reasonable efforts to contact customers in order to arrange for access to read meters. In the event a water customer does not allow water company personnel entry to read the meter, after the company has made reasonable efforts to arrange for such access, curb stop valve will be closed half way.
- (b) Variances and Exceptions
- (1) Where the residential water allotment provided under this section would create extraordinary hardship, as in the case of special health-related requirements, the water customer may apply to The York Water Company for an exemption or variance from these requirements. If the Company finds that the allotment provided in this section would impose extraordinary hardship, the Company may establish a revised allotment for the particular customer. For these purposes, an "extraordinary hardship" means a permanent damage to property or economic loss which is substantially more severe than the sacrifices borne by other water users subject to this Water Rationing Plan.
- (2) Any person aggrieved by a decision relating to such an exemption or variance rendered may file a complaint with the Public Utility Commission in accordance with the procedures established under the Public Utility Code.

Section 10 Water Use Restrictions for Non-Residential Water Customers

- (a) Non-residential customers include commercial, industrial, institutional, public, and all other users, with the exception of hospitals and health care facilities.

(C) Indicates Change

Section 10 Water Use Restrictions for Non-Residential Water Customers (continued)

- (b) Non-residential water customers shall reduce their water usage by a minimum of 25 percent of use levels for the same month of the preceding year.
- (c) It is the primary responsibility of each non-residential water customer to meet its mandated water use reduction goal in whatever manner possible.
- (d) Each non-residential water user shall provide access to Company personnel for purposes of meter reading and monitoring of compliance with this Plan. The Company shall make all reasonable efforts to contact customers to arrange for access.
- (e)
 - (i) If the mandated 25 percent reduction in water usage cannot be obtained without imposing extraordinary hardship threatening health and safety, the non-residential customer may apply to the Company for a variance. For these purposes, "extraordinary hardship" means a permanent damage to property or economic loss which is substantially more severe than the sacrifices borne by other water users subject to this Water Rationing Plan. If the Company finds that the 25 percent reduction would cause extraordinary hardship or threaten health or safety, the Company may grant a variance and establish a revised water use reduction requirement for the particular customer.
 - (ii) Any person aggrieved by a decision relating to such a variance rendered may file a complaint with the Public Utility Commission in accordance with the procedures established in the Public Utility Code.

Section 11. Water Use Restrictions for Hospitals and Health Care Facilities

- (a) Hospitals and health care facilities shall comply with all restrictions imposed on residential and non-residential water customers as may be applicable to each individual institution, to the extent compliance will not endanger the health of the patients or residents of the institution.
- (b) Each hospital and health care facility shall survey its water usage patterns and requirements and implement such additional conservation measures as may be possible without endangering the health of patients or residents to achieve a reduction in the institution's water usage.

Section 12. Enforcement of Water Rationing Plan

- (a) The York Water Company will have lead responsibility for monitoring of compliance with this Water Rationing Plan.

Section 12. Enforcement of Water Rationing Plan (Continued)

- (b) The Company is authorized to alter meter reading schedules to assure adequate monitoring of compliance with this plan.
- (c) The Company shall institute procedures to closely monitor supplies and current usage to determine if reductions are being attained consistent with the target figures established in the plan. The Company shall establish a mechanism to advise the water users of the effects of rationing.
- (d) Proper law enforcement authorities and private citizens have additional enforcement responsibilities and rights as specified in Section 15 of this Local Water Rationing Plan.

Section 13. Service Interruptions

- (a) The Company may implement temporary service interruptions if the action is necessary to achieve water use reductions to prevent the supply system from depleting its on-hand water supply to the point that vital service demands including, but not limited to, public health and safety, firefighting, and use of health care facilities cannot be met.
- (b) The following provisions shall govern the implementation of temporary service interruptions:
 - (1) In order to effectuate compliance with this Plan, the Company is hereby authorized and required to plan and implement temporary service interruptions to all or part of its water supply system, as the Company may deem appropriate, when any and/or all of the following conditions are determined by each water supply purveyor to exist, as to its water supply system:
 - (i) A 20 percent reduction in system wide water usage has not been achieved, and/or
 - (ii) The 20 percent reduction in system wide water usage has been achieved, but has failed to have a significant impact in extending limited water supplies, and/or
 - (iii) Temporary service interruptions are necessary in order to further extend limited and/or dwindling water supplies.
 - (2) In the event that the Company determines that temporary service interruptions are necessary, the Company shall notify its customers through the public media (newspapers, radio, telephone, and television) serving the Company's customers in its service territory, at least one day prior to the temporary service interruptions, that a planned, temporary service interruption is to be imposed.

Section 13. Service Interruptions (Continued)

In addition, the Company shall notify the Commonwealth Drought Coordinator, the local coordinator of emergency management, local public health authorities, the Pennsylvania Emergency Management Agency, the Regional office of the Department of Environmental Protection, and the Pennsylvania Public Utility Commission, Bureau of Safety and Compliance.

Such notice shall:

- (i) State the day or days when the planned, temporary service interruptions will occur;
 - (ii) State the time(s) when such planned, temporary service interruptions will commence, and the time(s) such interruptions will cease;
 - (iii) State whether the planned, temporary service interruptions are to be imposed on the entire system, or a part thereof, and, if only part(s) of the system will experience planned, temporary service interruptions, identify the geographical boundaries within which the planned, temporary service interruptions will occur; and
 - (iv) Advise all customers within the areas affected by planned, temporary service interruptions how to treat any water received from the system, for human consumption, during the period(s) of planned, temporary service interruptions and for such additional time as may be necessary until full pressure is restored to the system.
- (3) If the Company imposes planned, temporary service interruptions as authorized and required by this Plan, it must provide for the continued delivery of water to health care facilities within the area(s) affected by such interruptions, by means of any adequate, alternative delivery measures that may be necessary.
- (4) If the Company implements planned, temporary service interruptions, it must make provision, by any means possible, for the continued delivery of such water, as may be necessary, for the proper operation of sewage collection, treatment and disposal systems and facilities.

Section 14. Non-Compliance

- (a) Non-compliance with the Water Rationing Plan will result in the following:

Section 14. Non-Compliance (Continued)

- (1) For the first excess use, a warning of possible discontinuation shall be issued to the customer by the Company.
 - (2) For the second or subsequent excess use, the Company may interrupt or shut off service to the customer for a period not to exceed 48 hours, or, if the customer provides access, the Company may install a flow restrictor in the customer's service line for the duration of the emergency. The cost incurred by Company to interrupt or shut off and reinstate service, or to install and remove a flow restrictor, shall be assessed to the water customer by the Company.
 - (3) Penalties as provided for in Section 15 of this plan.
- (b) Any customer or other person aggrieved by a non-compliance decision or action by the Company may proceed in accordance with the following provisions:
- (1) The Company shall adopt procedures which provide an opportunity for the customer or aggrieved party to rebut the finding of a violation, or evidence of circumstances beyond the customer's control which resulted in the violation. Each company shall keep a record of evidence presented regarding disputed violations, and shall provide the customer or aggrieved party with a written notice of the Company's final decision and action in such cases.
 - (2) Any person aggrieved by the final decision or action of the Company may file a complaint with the Public utility Commission in accordance with the procedures established under the Public Utilities Code, 66 PA C.S. §101 et seq.

Section 15. Penalties

Any person who violates the provisions of this Plan, who fails to carry out duties and responsibilities imposed by this Plan, or who impedes or interferes with any action undertaken or ordered pursuant to this Plan, shall be subject to the penalties provided by law under 35 Pa. C.S. 7707. Violation of any provision of this Chapter is a summary offense enforceable by law enforcement officers or private citizens in accordance with 234 Pa. Code Chapter 50 (relating to summary cases).

Section 16. Savings Clause

Nothing in this Local Water Rationing Plan shall in any way limit or affect the power or authority of any political subdivision to adopt and enforce ordinances, rules, restrictions and orders for water conservation and protection of essential water supplies, provided that such ordinances, rules, restrictions and orders do not conflict with 4 Pa. Code Chapters 118, 119, and 120 (relating to reductions of major water use in a Commonwealth drought emergency area; prohibition of nonessential water uses in a Commonwealth drought emergency area; and local water rationing plans), river basin commission orders or plans, and the requirements of this Plan. (C)

(C) Indicates Change

Section 17. Amendment of the Plan

The Water Company may, at any time, submit proposed additions to or amendments of this Plan to the Commonwealth Drought Coordinator.

Section 18. Effective Period

This Plan shall remain in effect until terminated by action of the Commonwealth Drought Coordinator. (C)

Section 19. Effective Date

This Plan shall take effect immediately upon adoption by the Commonwealth Drought Coordinator.

(C) Indicates Change

15. Distribution System Improvement Charge (DSIC)

General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of 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.

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

- services (account 333), meters (account 334) and hydrants (account 335) installed as in-kind replacements for customers; (C)
- mains and valves (account 331) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52; (C)
- main extensions (account 331) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company; (C)
- main cleaning and relining (account 331) projects; and (C)
- unreimbursed funds related to capital projects to relocate Company facilities due to highway relocations.

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

(C) Indicates Change

15. Distribution System Improvement Charge (DSIC)

Computation of the DSIC

Calculation: The initial charge, effective January 1, 1997, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rate base and will have been placed in service between September 1, 1996, and November 30, 1996. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

<u>Effective Date Of Change</u>	<u>Date to Which DSIC-Eligible Plant Addition Reflected</u>	
April 1	February 28	
July 1	May 31	(C)
October 1	August 31	
January 1	November 30	

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

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

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

(C) Indicates Change

15. Distribution System Improvement Charge (DSIC)

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-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for sales of water for the quarterly period during which the charge will be collected, exclusive of revenues from public fire protection service and the STAS.

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

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

Where:

DSI	=	The original cost of eligible distribution system improvement projects net of accrued depreciation.	(C)
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 quarterly revenue including any revenue from acquired companies that are now being charged the rates of the acquiring company.	

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

(C) Indicates Change

15. Distribution System Improvement Charge (DSIC)

Safeguards

Cap: The DSIC will be capped at 5% of the amount billed to customers under otherwise applicable rates and charges.

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 over collections will be refunded with interest. Interest on the over collections will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S.sec.101,et seq.) and will be refunded in the same manner as an over collection.

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

Earning Reports: The charge will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company will earn a rate of return that would exceed the allowable rate or return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section.

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

(C) Indicates Change

15. Distribution System Improvement Charge (DSIC)

<u>PTRR =</u>	<u>Capital Structure</u> <u>March 1, 2010</u> (1)	<u>Capital Structure</u> <u>Ratio</u> (2)	<u>Cost Rate</u> (3)	<u>Effective Income Tax</u> <u>Tax Component</u> (4)	<u>Calculated PTRR</u> (5) = (2) x (3) ÷ (4)
Debt	\$74,507,528	46.2	.0661 (a)		.0305
Equity	<u>\$86,778,038</u>	<u>53.8</u>	.1030 (b)	.5941 (c)	<u>.0933</u>
	<u>\$161,285,566</u>	<u>100.0</u>			<u>.1238</u>

- (a) Actual Long-Term Debt Cost Rate from last Quarterly Report.
- (b) Common Equity Cost Rate as of December 16, 2009 published by the Commission. (The Company has not had a fully litigated rate case in more than ten years.)
- (c) $1 - ((1 - .0999) \times .34) - .0999$

$$\frac{(\text{DSI} \times \text{PTRR}) + \text{Dep} + e}{\text{PQR}} = \frac{(\$4,878,799 - 41,831) \times .1238/4 + 71,711/4 + ((868 - 2,419)/4)}{\$8,949,186} = 1.87\% \quad (1)$$

(1) Indicates Increase

16. RIDER DS – Demand Based Service

Availability

(C)

This rider is available to a customer who:

- (1) purchases water from the Company;
- (2) enters into a Service Agreement for a term of not less than 2 years;
- (3) during the original and any renewal terms of the Service Agreement, agrees to purchase an average of 20 million gallons of water per month at a daily load factor of not less than 0.60; and
- (4) has a viable competitive alternative to service from the Company or the Company concludes that a long-term contract would be in the interests of its customers.

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

Rate

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

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

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

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

Filing with the Pennsylvania Public Utility Commission/ Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within five (5) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 Pa. Code §1.74. The Company shall provide copies of such Service Agreements to the Pennsylvania Office of Consumer Advocate ("OCA") contemporaneously with their filing with the Commission, subject to the OCA's execution of a Confidentiality Agreement.

(C) Indicates Change

16. RIDER DS – Demand Based Service

Retention of Supporting Information:

The Company will retain, for the life of the Service Agreement, all information and data developed or received by the Company relative to the decision to enter into a Service Agreement with a customer under this Rider. The information shall be made available to the Office of Trial Staff, the Office of Consumer Advocate and the Office of Small Business Advocate upon request, subject to the execution of a Confidentiality Agreement. (C)

(C) Indicates Change