

BASS, BERRY & SIMS PLC
A PROFESSIONAL LIMITED LIABILITY COMPANY
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NASHVILLE MUSIC ROW
KNOXVILLE
MEMPHIS

February 14, 2007

VIA HAND-DELIVERY

Chairman Sara Kyle
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Petition Of Tennessee American Water Company To Change And Increase Certain Rates And Charges So As To Permit It To Earn A Fair And Adequate Rate Of Return On Its Property Used And Useful In Furnishing Water Service To Its Customers; Docket No. 06-00290

Dear Chairman Kyle:

Enclosed please find an original and sixteen (16) copies of Tennessee American Water Company's Supplemental Responses to Chattanooga Manufacturers Association's First Set of Data Requests dated January 23, 2007.

Please return two copies of the Responses, which I would appreciate your stamping as "filed," and returning to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Yours very truly,



R. Dale Grimes

RDG/ms
Enclosures

Chairman Sara Kyle
February 14, 2007
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cc: Hon. Pat Miller (*w/o enclosure*)
Hon. Ron Jones (*w/o enclosure*)
Hon. Eddie Roberson (*w/o enclosure*)
Ms. Darlene Standley, Chief of Utilities Division (*w/o enclosure*)
Richard Collier, Esq. (*w/o enclosure*)
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (*w/o enclosure*)
Ms. Pat Murphy (*w/o enclosure*)
Michael A. McMahon, Esq. (*w/enclosure*)
Frederick L. Hitchcock, Esq. (*w/enclosure*)
Vance Broemel, Esq. (*w/enclosure*)
Henry Walker, Esq. (*w/enclosure*)
David Higney, Esq. (*w/enclosure*)
Mr. John Watson (*w/o enclosure*)
Mr. Michael A. Miller (*w/o enclosure*)

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF TENNESSEE AMERICAN	)	
WATER COMPANY TO CHANGE AND	)	
INCREASE CERTAIN RATES AND CHARGES	)	
SO AS PERMIT IT TO EARN A FAIR AND	)	
ADEQUATE RATE OF RETURN ON ITS	)	Docket No. 06-00290
PROPERTY USED AND USEFUL IN	)	
FURNISHING WATER SERVICE TO ITS	)	
CUSTOMERS	)	

TENNESSEE AMERICAN WATER COMPANY'S SUPPLEMENTAL RESPONSES
TO CHATTANOOGA MANUFACTURERS ASSOCIATION
FIRST SET OF DATA REQUESTS

The Tennessee American Water Company, while expressly reserving its prior objections, hereby provides the following supplemental responses to the First Set of Data Requests from the Chattanooga Manufacturers Association:

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "R. Dale Grimes", written over a horizontal line.

R. Dale Grimes (#6223)

J. Davidson French (#15442)

Ross I. Booher (#019304)

BASS, BERRY & SIMS PLC

315 Deaderick Street, Suite 2700

Nashville, TN 37238-3001

(615) 742-6200

Counsel for Petitioner

Tennessee American Water Company

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Michael Miller

GENERAL

Question:

4. Over the period 2001, 2002, 2003, 2004, 2005, and 2006, provide copies of TAWC's Annual Report to Shareholders, the annual report filed with the Tennessee Regulatory Authority, and all annual report-like documents filed with the Securities and Exchange Commission. To the extent you allege a final annual report does not exist, produce the most recent quarterly report(s) and any summary of "year-to-date" information for the year allegedly not finalized. To the extent you contend that any annual report(s) for the Company do not exist, produce such report(s) for any parent or affiliate in which the Company is included or reported, and produce any and all workpapers and communications to and from said parent or affiliate regarding or related to the Company's financial statements.

Response:

TAWC objects to this request on the grounds that it is vague, ambiguous, overbroad and unduly burdensome. Notwithstanding these objections, TAWC responds as follows:

The TAWC Annual Reports to Shareholders for 2001 and 2002 are attached. The TAWC Annual Reports to Shareholders for 2003-2005 were included with the response to TRA Data Request 1, question 5. TAWC's 2006 Annual Report to Shareholders and the 2006 TRA Report are not available at this time, nor were any 2006 quarterly reports issued. The annual reports filed with the TRA are

included on the enclosed CD and labeled as TN-CMA-01-Q04 attachment 2001 TRA Annual Report, TN-CMA-01-Q04 attachment 2002 TRA Annual Report, TN-CMA-01-Q04 attachment 2003 TRA Annual Report, TN-CMA-01-Q04 attachment 2004 TRA Annual Report, and TN-CMA-01-Q04 attachment TRA 2005 Annual Report. TAWC does not file any reports with the Securities and Exchange Commission.

Supplemental Response:

Attached are the TRA Surveillance Reports for November and December 2006 which contain the unaudited income statement and balance sheets for TAWC for the 12 months ended December 2006. TAWC will provide the 2006 Annual Report to Shareholders as soon as it is available.

**MONTHLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS
WATER COMPANIES**

Company Name: Tennessee-American Water Co
Month of Report: November 2006

PSC-3.06

(a)	Amount for this Month		Year-To-Date		12 Months-To-Date	
	This Year (b)	Last Year (c)	This Year (d)	Last Year (e)	This Year (f)	Last Year (g)
Operating Revenues						
1. Residential Sales.....	1,254,177	1,087,922	12,601,634	12,006,215	13,809,101	13,364,033
2. Commercial Sales.....	946,770	832,538	9,453,581	8,982,570	10,366,316	10,106,889
3. Industrial Sales.....	303,222	285,478	3,387,875	2,932,644	3,764,920	3,249,666
4. Other Sales.....	691,656	489,576	5,980,547	5,587,095	6,456,925	6,221,475
5. Total Operating Revenues (Item 1-4).....	3,195,825	2,695,513	31,423,637	29,508,524	34,397,262	32,942,063
Operating Expenses						
6. Source of Supply Expense.....	24,039	4,317	180,858	205,824	194,977	175,512
7. Pumping and Water Treatment Expense.....	399,818	308,207	4,536,477	3,466,621	4,906,203	3,835,031
8. Transmission and Distribution-Operation.....	65,556	59,558	704,086	645,213	768,428	697,753
9. Transmission and Distribution-Maintenance.....	90,649	107,328	1,276,405	1,184,675	1,360,857	1,273,049
10. Customer Accounts and Sales Expense.....	230,706	153,767	1,609,816	1,485,631	1,790,587	1,588,507
11. Administrative and General Expense.....	1,050,744	845,543	9,760,107	8,857,618	11,074,110	10,045,472
12. Depreciation and Amortization.....	350,489	339,024	4,087,926	3,580,905	4,446,782	3,852,617
13. Taxes Other Than Income Taxes.....	299,365	272,626	3,379,570	2,570,247	3,731,907	2,865,732
14. Income Taxes.....	104,162	164,569	750,292	2,162,506	1,319,495	2,554,307
15. Total Operating Expenses (Item 6-14).....	2,615,527	2,254,941	26,285,537	24,159,240	29,593,346	26,887,980
16. Net Operating Income (Item 5 less 15).....	580,298	440,572	5,138,100	5,349,284	4,803,916	6,054,083
17. Other Income.....	1,237	(7,108)	6,213	(20,262)	4,822	(4,715)
18. Miscellaneous Income Deductions.....	(481)	2,807	25,862	15,107	24,944	15,670
19. Interest Charges.....	292,716	239,807	2,999,445	2,632,589	3,260,894	2,871,848
20. Net Income.....	289,299	190,850	2,119,006	2,681,326	1,522,900	3,161,850
Balance at End of Month						
Aver. for 12 Mo.-To-Date						
	This Year (h)	Last Year (i)	This Year (j)	Last Year (k)		
21. Utility Plant In Service.....(1).....	181,434,793	163,986,139	176,765,200	160,093,679		
22. Construction Work in Progress.....	3,469,458	6,626,502	1,836,902	5,287,939		
23. Utility Plant Acquisition Adjustment.....	0	0	0	0		
24. Property Held for Future Use.....	0	0	0	0		
25. Accumulated Depreciation and Amort.(1).....	52,960,183	50,169,090	51,336,132	49,015,245		
26. Materials and Supplies.....	646,621	304,853	318,396	345,159		
27. Unamortized Investment Credit.....	1,198,996	1,275,367	1,240,364	1,310,369		
28. Deferred Income Tax.....	17,291,002	16,749,434	17,461,929	16,162,392		
29. Contributions in Aid of Construction.....	7,312,160	6,871,208	7,227,494	6,653,648		
30. Customer Advances for Construction.....	5,409,523	4,827,735	5,018,673	3,837,974		
31. Preferred Stock.....	1,381,600	1,382,100	1,382,058	1,389,392		
32. Common Stock.....	13,754,235	13,754,235	13,754,235	13,754,235		
33. Premium on Capital Stock and Other Capital.....	4,788,918	4,788,768	4,788,781	4,788,768		
34. Retained Earnings.....	20,663,222	20,214,123	19,632,195	19,641,155		
35. Long Term Debt.....(1).....	39,890,031	39,994,552	40,212,426	41,644,224		

(1) Includes Capital Lease

TENNESSEE-AMERICAN WATER COMPANY
SUPPLEMENTAL FINANCIAL DATA TO PSC-3.06
FOR THE MONTH ENDED NOVEMBER 2006

Page 2

Line #		Average Monthly Balance	Average for 12 MTD
1	Additions:		
2	Plant in Service	\$175,430,813	\$175,174,700
3	Plant Under Construction	1,910,970	1,836,902
4	Property Held For Future Use	0	0
5	Materials and Supplies	320,331	318,396
6	Other Additions:		
7	Leased Utility Plant	1,590,500	1,590,500
8	Unamortized Painting - net	1,370	1,532
9	Working Capital C/	1,385,205	1,385,205
10			
11	Total Additions	180,639,189	180,307,235
12			
13			
14	Deductions:		
15	Accumulated Depreciaton and Amortization	51,488,873	51,336,132
16	Accumulated Deferred Income Taxes	17,461,854	17,461,929
17	Unamortized Investment Credit - Pre 1971	42,379	42,508
18	Customer Deposits	0	0
19	Other Deductions:		
20	Contributions in Aid of Construction	7,242,722	7,227,494
21	Customer Advances for Construction	5,002,947	5,018,673
22	All Other A/	(261,104)	(246,485)
23			
24			
25			
26	Total Deductions	80,977,671	80,840,251
27			
28	Rate Base	\$99,661,518	\$99,466,984
29			
30	Net Operating Income	\$580,298	\$4,803,916
31	Adjustments to NOI		
32	Allowance for funds used during construction	24,004	150,312
33	Adjustment to reflect effective federal		
34	Income tax rate (debt assigned to parent)	11,307	133,080
35	Interest on customer deposits	0	0
36			
37			
38			
39	Adjusted Net Operating Income	\$615,609	\$5,087,308
40			
41			
42	Rate of return B/	7.41%	5.11%

A/ All Other

Acquisition adjustment	\$0	\$0
Accounts payable applicable to CWP	34,298	53,825
Unpaid for materials and supplies	51,159	50,084
Taxes on CIAC-DEF FIT & SIT	(346,561)	(350,394)
	(\$261,104)	(\$246,485)

B/ Rate of return - Monthly (L25 / L18) x 12

C/ Per order

Cash working capital Lead Lag Study	\$543,000
Incidental collection	(1,981,081)
Average cash	366,929
Other components	2,456,357
Working cash	\$1,385,205

January 24, 2007

CONTINUING SURVEILLANCE CONSIDERATIONS – November 2006

Estimate the effect on annual net operating income of very significant known changes occurring within the period covered by the report, which are not fully reflected in the revenue and expense amounts shown in the report.

- | | | |
|-----|--|----------|
| (1) | Employee wage increases | \$40,752 |
| | (including associated insurance & taxes) | |

WATER METERS IN SERVICE AT THE END OF THE PERIOD - 11/06

Meter Size (a)	Residential (b)	Commercial (c)	Industrial (d)	Other (e)	Total (f)
36. 5/8"	63,269	5,381	24	188	68,862
37. 3/4"	123	131	2	12	268
38. 1"	283	1,358	25	144	1,810
39. 1 1/2"	20	329	7	70	426
40. 2"	15	1,023	86	289	1,413
41. 3"		37		4	41
42. 4"&Over		29	31	36	96
43. Totals	63,710	8,288	175	743	72,916

INSTRUCTIONS

1. This report is required of all water companies which had operating revenues for the proceeding year in excess of \$1,500,000 as provided in the Commission's rules. Prepare on a typewriter and file within 60 days after the end of the month covered by the report. Show amounts adjusted to the nearest dollar.
2. If any amount for the current month differs materially from that for the previous month or the same month a year ago and the difference is not self-explanatory, annotate the amount and explain the occasioning facts under "Remarks".
3. List the type and number of other customers in the water meters in service section under "Remarks".

REMARKS

N/A

I certify that to the best of my knowledge and belief this is a true and correct report:

Date: February 2, 20 07

(Signed) _____

Title and Address: _____

Director - Rates & Revenues
1101 Broad Street, P. O. Box 6338
Chattanooga, TN 37401

Tennessee American Water Company
Utility Plant in Service Balances
as of November 2008

JDE Acct No	Description	NARUC Acct No.	Beginning Balance	Additions Adjustments	Retirements	Ending Balance
301000	Organization	301	0			0
303300	Land & Ld Rights - PU	320	73,444			73,444
303400	Land & Ld Rights - WT	330	18,009			18,009
303500	Land & Ld Rights - TD	340 1	55,450			55,450
303501	T & D Land	340 11	127,324			127,324
303502	T & D Rights of Way	340 12	132,664			132,664
303503	Dist Res & Stand Land	340 2	0			0
303600	Land & Ld Rights - AG	389 3	25,022			25,022
304100	Struct & Improv - SS	311	0			0
304200	Struct & Improv - PU	321	3,725,558	54,558		3,780,116
304300	Struct & Improv - WT	331	1,707,760			1,707,760
304301	Struct & Improv - WT Depr Paint	331.99	1,553,002			1,553,002
304400	Struct & Improv - TD	341	510,815			510,815
304600	Office Structures	390.1	149,174			149,174
304700	Stores Shops Garage Struct	390 2	312,642			312,642
304800	Misc Structures	390 3	651,965			651,965
306000	Lake River & Other Intake	313	281,452			281,452
309000	Supply Mains	316	553,206	7,436		560,642
310100	Power Generation Eqpt - Other	323 2	227,422			227,422
311200	Pumping Equipment - electric	325	5,714,839			5,714,839
311300	Pumping Equipment - diesel	326	119,296			119,296
311500	Pumping Equipment - other	328 3	25,516			25,516
320100	Wtr Treat Equip (Non-Media)	332	12,324,130			12,324,130
330000	Dist Reservoirs & Stand Conv	342	6,251,683			6,251,683
330003	Dist Res & Stand - Painting	342 99	997,629			997,629
330100	Elevated Tanks & Standpipes	342	170,895			170,895
330400	Clearwell	342	680,784			680,784
331001	T & D Mains Conversion	343	1,849,717		1,776	1,847,941
331100	T & D Mains 4" - Less	343.1	4,441,181	9,576	1,590	4,449,168
331200	T & D Mains 6" - 8"	343	1,458			1,458
331210	T & D Mains 6" - 10"	343 2	56,362,012	144,007	2,177	56,503,842
331300	T & D Mains 10" - 16"	343	8,552,295	2,802		9,555,096
331350	T & D Mains 12" & Greater	343 3	20,944,775	22,634		20,967,409
331400	T & D Mains 18" & Greater	343 4	600,373	40,978		641,351
333000	Services	345	17,556,465	57,957		17,614,421
334100	Meters	346	4,012,952	41,438	38,704	4,015,686
334110	Meters Bronze Case	346 1	9,173			9,173
334120	Meters Plastic Case	346 2	91,620			91,620
334130	Meters Other	346	130,241			130,241
334200	Meter Installations	347	8,545,423	49,900		8,595,323
335000	Hydrants	348	6,939,711	31,158		6,970,869
339200	Other P/E - SS	317	8,526			8,526
339600	Other P/E - Comp Plan Study	303 99	405,132			405,132
340100	Office Furniture	391 1	593,463	411		593,875
340200	Computers & Peripheral Equip	391 2	240,851			240,851
340210	Computers & Periph Mainframe	391.2	601,115			601,115
340220	Personal Computers & Periph	391.21	530,007			530,007
340230	Other Computers & Periph Eqpt	391 23	192,291			192,291
340300	Computer Software	391 2	399,298			399,298
340310	Computer Software Mainframe	391.25	3,535,059			3,535,059
340320	Personal Computer Software	391.26	206,245			206,245
340330	Other Computer Software	391 28	14,222			14,222
340400	Data Handling Equipment	391.2	71,496			71,496
340500	Other Office Equipment	391 3	139,827			139,827
341100	Light Duty Trucks	392 11	967,297		100,006	867,291
341200	Heavy Duty Trucks	392 12	668,809			668,809
341300	Automobiles	392 2	176,996		24,424	152,572
341400	Other Trans Equip	392 3	35,388			35,388
342000	Stores Equipment	393	43,392			43,392
343000	Tools/Shop/Garage Equipment	394	1,110,970	1,197		1,112,167
344000	Laboratory Equip	395	368,088			368,088
345000	Power Operated Equipment	396	250,922			250,922
346100	Comm Equip (Non-Telephone)	397	321,298	13,648		334,946
346200	Telephone Equipment	397 2	163,315			163,315
347000	Miscellaneous Equipment	398	1,013,165			1,013,165
348000	Other Tangible Property	399	4,918			4,918
354400	WW Struct & Imp TDP		0			0
			179,489,171	477,700	168,677 309,023	179,798,194 309,023 (0)

UPIS-November balance sheet
UPIS-October balance sheet

179,798,194
179,489,171
309,023
0

Tennessee-American Water Co.

Description	Current Year	Prior Year
ASSETS		
1 Utility Plant	181,434,793	163,986,139
2 Construction work in progress	3,469,458	6,626,502
3 Accumulated depreciation	52,960,183	50,169,090
4 Utility plant acquisition adjustment		
5 Other utility plant adjustments		
6 Sub-total Utility Plant	131,944,068	120,443,551
7 Non-Utility property		
8 Other investments		
Current Assets	589,056	1,036,194
9 Cash and cash equivalents		
10 Temporary investments	2,462,194	2,077,593
11 Customer accounts receivable	381,302	2,265,380
12 Allowance for uncollectible accounts	1,593,789	2,230,042
13 Unbilled revenues	439,572	464,157
14 FIT refund due from assoc. companies	77,377	359,704
15 Miscellaneous receivables	646,621	304,853
16 Materials and supplies	582,798	560,726
17 Other		
20 Sub-total	6,008,105	6,767,889
22 Deferred debits		
23 Debt and preferred stock	97,649	113,892
24 Expense of rate proceeding	227,617	385,846
25 Prelim survey & invest charges	899,146	1,034,018
26 Reg Asset-income tax recovery	10,530,495	11,187,710
27 Other	3,082,389	3,700,915
29 Sub-total	14,837,296	16,422,381
30 Total Assets	152,789,469	143,633,821
CAPITAL AND LIABILITIES		
32 Common stock	13,754,235	13,754,235
33 Paid in capital	4,788,918	4,788,768
34 Retained Earnings	20,665,222	19,861,123
35 Unearned Compensation		
37 Reacquired C/S & Accum		
38 Total common equity	39,206,375	38,404,126
39 Preferred stock	1,381,600	1,382,100
40 Long term debt	39,771,569	39,907,822
41 Total capitalization	80,359,544	79,694,048
42 Current liabilities		
43 Bank debt	19,344,793	8,412,444
44 Current portion of LTD	118,463	86,730
45 Accounts Payable	1,192,686	1,295,039
46 Taxes accrued	3,502,420	5,139,637
47 Interest accrued	875,538	875,538
48 Customer deposits		
49 Dividends declared		
51 Other	1,828,291	3,028,677
52 Sub-total	26,862,191	18,838,065
54 Deferred credits		
55 Customer adv. for construction	5,409,523	4,827,735
56 Deferred income taxes	25,272,963	25,131,289
57 Deferred investment tax credits	2,198,996	1,275,397
58 Reg liab-inc.tax.refund thru rates	2,548,534	2,805,874
59 Other	3,825,557	4,190,255
60 Sub-total	38,255,573	38,230,500
62 Contributions in aid of construction	7,312,160	6,871,208
Total capital and liabilities	152,789,468	143,633,821

	Description	December Actual	December Plan	December Variance	December Prior Year	December Actual	December Plan	December Variance	December Prior Year	Annual Forecast
1	OPERATING REVENUES									
2	Water	3,006,432	2,709,300	297,132	2,611,236	30,134,902	30,203,200	68,298-	28,457,309	32,956,100
3	Sewer	189,393	103,590	85,803	84,276	1,288,736	1,139,490	149,246	1,051,190	1,243,080
4	Other									
5	Management									
6	Total Revenues	3,195,825	2,812,890	382,935	2,695,512	31,423,638	31,342,690	80,948	29,508,534	34,199,180
7	OPERATIONS & MAINTENANCE EXPENSE									
8	Labor	428,926	353,107	75,819	370,514	3,873,404	3,710,616	162,788	3,457,853	4,062,813
9	Purchased Water	9,717	3,312	6,405	3,499	50,028	44,837	5,191	46,868	49,590
10	Fuel & Power	176,319	127,950	48,369	165,510	2,063,023	1,461,256	601,767	1,417,937	1,576,142
11	Chemicals	97,469	64,151	33,318	53,424	944,342	754,204	190,138	780,219	817,469
12	Waste Disposal	12,816	11,399	1,417	13,291	135,155	135,155	0	136	146,363
13	Management Fees	375,740	339,594	36,146	309,879	3,857,474	3,713,568	143,906	3,261,037	4,045,814
14	Group Insurance	134,080	133,457	623	124,589	1,400,112	1,436,608	36,496-	1,433,636	1,569,840
15	Pensions	91,182	116,365	25,183	22,264	988,911	1,280,015	291,104-	292,761	1,359,380
16	Regulatory Expense	10,517	9,854	663	24,336	207,864	203,265	4,599	233,119	213,139
17	Insurance Other Than Group	44,856	43,000	1,856	39,239	409,100	473,000	63,900-	444,550	516,000
18	Customer Accounting	195,935	173,342	22,593	102,828	1,197,575	807,962	389,613	881,224	881,224
19	Rents	2,868	2,647	221	3,090	35,354	34,017	1,337	37,141	37,175
20	General Office Expense	19,622	16,714	2,908	33,049	285,913	289,188	76,725	433,770	226,793
21	Miscellaneous	187,237	133,243	54,000	141,433	1,594,762	1,396,502	198,260	1,649,664	1,507,665
22	Other Maintenance	74,185	37,395	36,790	84,984	1,024,598	636,252	388,346	918,999	694,456
	Total Maintenance & Operations Expense	1,861,509	1,445,930	415,579	1,478,721	18,067,751	16,298,445	1,769,306	15,583,582	17,741,178
27	Depreciation	340,341	385,908	45,567-	328,876	3,976,286	4,131,151	214,855-	3,459,276	4,581,408
28	Amortization	10,148	10,148	0	10,348	3,313,638	3,111,620	202,018	3,111,620	3,311,792
29	Real Estate Taxes	289,385	286,246	3,139	272,626	3,180,570	3,149,564	31,006	3,163,277	3,438,576
30	State Income Taxes	18,900	96,823	46,811-	25,122	285,315	285,315	0	330,174	293,516
31	Federal Income Taxes	107,152	162,716	55,564-	139,448	1,006,647	1,794,092	787,445-	1,692,333	1,970,688
	Tax Savings Acquisition Adjustment									
33	Total Operating Expenses	2,598,525	2,317,769	280,756	2,254,941	26,391,538	25,810,195	581,343	24,350,240	28,142,154
34	Utility Operating Income	597,300	495,121	102,179	440,571	5,032,100	5,532,495	500,395-	5,158,284	6,057,026
35	OTHER INCOME & DEDUCTIONS									
36	Non-Operating Rental Income									
37	Dividend Income-Common									
38	Dividend Income-Preferred									
39	Interest Income									
40	AFUDC Equity	17,311	3,324	13,987	19,002	74,079	12,481	61,598	125,549	18,807
41	M & J Miscellaneous Income	1,237		1,237	7,608-	4,213	4,213	0	4,135-	
42	M & J Miscellaneous Income					2,000		2,000	16,137-	
43	Gain/(Loss) on Disposition									
45	Total Other Income	18,548	3,324	15,224	11,394	80,292	12,481	67,811	105,287	18,807
46	Miscellaneous Amortization									
47	Tax Savings Acquisition Adjustment									
48	Misc. Other Deductions	810	1,000	190-	2,875	40,057	30,500	9,557	33,117	38,000
49	General Taxes									
50	State Income Taxes	202-	60-	142-	11-	2,223-	1,722-	501-	2,821-	2,136-
51	Federal Income Taxes	1,009-	329-	760-	57-	11,972-	9,444-	2,528-	15,189-	11,714-
52	Total Other Deductions	481-	611	1,092-	2,807	25,862	19,334	6,528	15,107	24,150
53	Total Other Income	19,029	2,713	16,316	8,587	54,430	6,853-	61,283	90,180	5,343-
54	Income Before Interest Charges	616,329	497,834	118,495	449,158	5,086,530	5,525,642	439,112-	5,248,464	6,051,683
55	INTEREST CHARGES									
56	Interest on Long-Term Debt	204,819	244,569	39,750-	206,832	2,256,956	2,614,705	357,749-	2,379,859	2,859,199
57	Amortization and Debt Expense	214,214	1,360	212,854	1,314	14,886	14,520	366	15,286	16,281
58	Interest-Short Term Bank Debt	85,235	9,874	75,361	31,632	746,389	165,169	581,220	231,310	175,174
59	Other Interest Expense	1,130		1,130	9	1,253	1,253	0	5,333	
60	AFUDC-Debt	4,692	1,570-	5,122-	11,966-	31,153-	5,894-	25,257-	84,826-	8,882-
61	Total Interest Charges	286,026	254,233	31,793	227,841	2,968,294	2,788,900	179,394	2,547,763	3,041,772
62	Net Income	330,303	243,601	86,702	221,317	2,118,236	2,736,742	618,506-	2,700,701	3,009,911
64	Preferred Dividend Declared	5,759	5,759		5,759	63,346	63,349	3-	63,346	69,108
65	Net Income to Common Stock	324,544	237,842	86,702	215,558	2,054,890	2,673,393	618,503-	2,637,355	2,940,803

Tennessee-American Water Co.

Description	Current Month Actual	Current Month Budget	Actual/ Budget Variance	Prior Month Actual	Current/ Prior Variance	Current YTD Actual	Current YTD Budget	Actual/ Budget Variance	Prior YTD Actual	Current/ Prior Variance
System Delivery System Delivery (T Gallons) Inter Company Sys Delivery (T Gallons)	1,293,201	1,212,767	80,434	1,126,737	166,464	14,126,456	14,041,568	84,888	13,256,421	870,035
Total System Delivery	1,293,201	1,212,767	80,434	1,126,737	166,464	14,126,456	14,041,568	84,888	13,256,421	870,035
Water Sales										
Residential	285,966	286,490	524	266,337	19,629	3,325,701	3,281,694	44,007	3,121,489	204,212
Commercial	266,892	268,060	1,168	251,820	15,072	3,081,335	2,914,535	166,800	2,957,424	123,911
Industrial	214,918	167,524	47,394	173,136	41,782	2,425,958	1,936,804	489,154	1,982,349	463,609
Fire Service										
OPA	86,219	92,502	6,283	71,972	14,247	878,475	897,595	119,120	825,722	52,753
Resale	149,975	125,522	24,453	65,502	84,473	1,225,777	1,252,213	26,436	907,370	318,407
Miscellaneous										
Inter Company										
Total Water Sales	1,003,971	940,098	63,873	828,767	175,204	10,937,246	10,382,841	554,405	9,774,354	1,162,892
Number of Water Customers										
Residential	63,740	62,849	891	62,769	971	63,740	62,849	891	62,769	971
Commercial	8,197	8,224	27	8,225	28	8,197	8,224	27	8,225	28
Industrial	129	131	2	129	13	1,078	1,078	0	1,057	13
Fire Service	1,070	1,078	8	1,078	13	1,078	1,078	0	1,057	13
OPA	660	634	26	660	23	660	634	26	637	23
Resale	9	5	4	6	3	9	5	4	6	3
Miscellaneous										
Total Number of Water Customers	73,805	72,921	884	72,823	982	73,805	72,921	884	72,823	982
Number of Sewer Customers										
Residential										
Commercial										
Industrial										
Fire Service										
OPA										
Resale										
Total Number of Sewer Customers										
System Delivery										
System Delivery (T Gallons) Inter Company Sys Delivery (T Gallons)	1,293,201	1,212,767	80,434	1,126,737	166,464	14,126,456	14,041,568	84,888	13,256,421	870,035
Total System Delivery	1,293,201	1,212,767	80,434	1,126,737	166,464	14,126,456	14,041,568	84,888	13,256,421	870,035
Water Sales										
Residential	285,966	286,490	524	266,337	19,629	3,325,701	3,281,694	44,007	3,121,489	204,212
Commercial	266,892	268,060	1,168	251,820	15,072	3,081,335	2,914,535	166,800	2,957,424	123,911
Industrial	214,918	167,524	47,394	173,136	41,782	2,425,958	1,936,804	489,154	1,982,349	463,609
Other	236,195	218,024	18,171	137,474	98,721	2,104,252	2,249,808	145,556	1,733,092	371,160
Inter Company										
Total Water Sales	1,003,971	940,098	63,873	828,767	175,204	10,937,246	10,382,841	554,405	9,774,354	1,162,892
Number of Water Customers										
Residential	63,740	62,849	891	62,769	971	63,740	62,849	891	62,769	971
Commercial	8,197	8,224	27	8,225	28	8,197	8,224	27	8,225	28
Industrial	129	131	2	129	13	1,078	1,078	0	1,057	13
Fire Service	1,070	1,078	8	1,078	13	1,078	1,078	0	1,057	13
OPA	669	639	30	669	26	669	639	30	637	26
Other										
Total Number of Water Customers	73,805	72,921	884	72,823	982	73,805	72,921	884	72,823	982
Number of Sewer Customers										
Residential										
Commercial										
Industrial										
Fire Service										
Other										
Total Number of Sewer Customers										
Total Number of Customers	73,805	72,921	884	72,823	982	73,805	72,921	884	72,823	982

**MONTHLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS
WATER COMPANIES**

Company Name: Tennessee-American Water Co.
Month of Report: December 2006

PSC--3 06

(a)	Amount for this Month		Year-To-Date		12 Months-To-Date	
	This Year (b)	Last Year (c)	This Year (d)	Last Year (e)	This Year (f)	Last Year (g)
Operating Revenues						
1. Residential Sales.....	992,783	1,207,467	13,594,417	13,213,682	13,594,417	13,213,682
2. Commercial Sales.....	768,357	912,734	10,221,939	9,895,304	10,221,939	9,895,304
3. Industrial Sales.....	289,121	377,045	3,676,996	3,309,689	3,676,996	3,309,689
4. Other Sales.....	525,135	476,378	6,505,682	6,063,473	6,505,682	6,063,473
5. Total Operating Revenues (Item 1-4).....	2,575,397	2,973,625	33,999,034	32,482,148	33,999,034	32,482,148
Operating Expenses						
6. Source of Supply Expense.....	11,314	14,120	192,172	219,943	192,172	219,943
7. Pumping and Water Treatment Expense.....	343,248	369,726	4,879,725	3,836,347	4,879,725	3,836,347
8. Transmission and Distribution-Operation.....	56,030	64,342	760,116	709,555	760,116	709,555
9. Transmission and Distribution-Maintenance.....	177,799	84,452	1,454,204	1,269,126	1,454,204	1,269,126
10. Customer Accounts and Sales Expense.....	126,450	180,771	1,736,266	1,666,401	1,736,266	1,666,401
11. Administrative and General Expense.....	1,209,801	1,314,003	10,969,909	10,171,620	10,969,909	10,171,620
12. Depreciation and Amortization.....	366,136	358,857	4,454,061	3,939,761	4,454,061	3,939,761
13. Taxes Other Than Income Taxes.....	286,185	352,337	3,665,755	2,922,584	3,665,755	2,922,584
14. Income Taxes.....	231,089	569,202	981,382	2,731,709	981,382	2,731,709
15. Total Operating Expenses (Item 6-14).....	2,808,052	3,307,808	29,093,590	27,467,046	29,093,590	27,467,046
16. Net Operating Income (Item 5 less 15).....	(232,655)	(334,183)	4,905,444	5,015,102	4,905,444	5,015,102
17. Other Income.....	(1,863)	(1,391)	4,350	(21,652)	4,350	(21,652)
18. Miscellaneous Income Deductions.....	2,996	(918)	28,857	14,189	28,857	14,189
19. Interest Charges.....	309,650	261,449	3,309,095	2,894,038	3,309,095	2,894,038
20. Net Income.....	(547,163)	(596,105)	1,571,842	2,085,223	1,571,842	2,085,223
Balance at End of Month						
Aver. for 12 Mo.-To-Date						
	This Year (h)	Last Year (i)	This Year (j)	Last Year (k)		
21. Utility Plant In Service..... (1).....	188,944,500	173,947,962	178,014,912	161,434,828		
22. Construction Work in Progress.....	1,580,421	1,022,155	1,883,424	5,083,737		
23. Utility Plant Acquisition Adjustment.....	0	0	0	0		
24. Property Held for Future Use.....	0	0	0	0		
25. Accumulated Depreciation and Amort. (1).....	53,399,996	49,655,974	51,648,133	49,094,339		
26. Materials and Supplies.....	292,151	297,113	317,983	336,223		
27. Unamortized Investment Credit.....	1,192,632	1,269,003	1,234,000	1,304,005		
28. Deferred Income Tax.....	17,578,886	17,462,754	17,471,607	16,427,636		
29. Contributions in Aid of Construction.....	8,260,830	7,059,987	7,327,564	6,707,041		
30. Customer Advances for Construction.....	5,678,228	5,191,657	5,059,221	3,974,887		
31. Preferred Stock.....	1,381,100	1,382,100	1,381,975	1,387,933		
32. Common Stock.....	13,754,235	13,754,235	13,754,235	13,754,235		
33. Premium on Capital Stock and Other Capital.....	8,288,918	4,788,768	5,080,460	4,788,768		
34. Retained Earnings.....	19,440,795	19,045,502	19,665,136	19,628,776		
35. Long Term Debt..... (1).....	39,880,582	39,985,954	40,203,645	41,369,312		

(1) Includes Capital Lease

TENNESSEE-AMERICAN WATER COMPANY
SUPPLEMENTAL FINANCIAL DATA TO PSC-3.06

Page 2

FOR THE MONTH ENDED DECEMBER 2006

Line #		Average Monthly Balance	Average for 12 MTD
1	Additions:		
2	Plant in Service	\$176,424,412	\$176,424,412
3	Plant Under Construction	1,883,424	1,883,424
4	Property Held For Future Use	0	0
5	Materials and Supplies	317,983	317,983
6	Other Additions:		
7	Leased Utility Plant	1,590,500	1,590,500
8	Unamortized Painting - net	1,255	1,255
9	Working Capital C/	1,385,205	1,385,205
10			
11	Total Additions	181,602,779	181,602,779
12			
13			
14	Deductions:		
15	Accumulated Depreciation and Amortization	51,648,133	51,648,134
16	Accumulated Deferred Income Taxes	17,471,607	17,471,607
17	Unamortized Investment Credit - Pre 1971	42,250	42,250
18	Customer Deposits	0	0
19	Other Deductions:		
20	Contributions in Aid of Construction	7,327,564	7,327,564
21	Customer Advances for Construction	5,059,221	5,059,221
22	All Other A/	(241,784)	(241,784)
23			
24			
25			
26	Total Deductions	81,306,991	81,306,992
27			
28	Rate Base	\$100,295,788	\$100,295,787
29			
30	Net Operating Income	(\$232,655)	\$4,905,444
31	Adjustments to NOI		
32	Allowance for funds used during construction	18,032	123,261
33	Adjustment to reflect effective federal		
34	Income tax rate (debt assigned to parent)	11,379	133,986
35	Interest on customer deposits	0	0
36			
37			
38			
39	Adjusted Net Operating Income	(\$203,244)	\$5,162,691
40			
41			
42	Rate of return B/	-2.43%	5.15%

A/ All Other

Acquisition adjustment	\$0	\$0
Accounts payable applicable to CWIP	53,825	53,825
Unpaid for materials and supplies	50,084	50,084
Taxes on CIAC-DEF FIT & SIT	(345,693)	(345,693)
	(\$241,784)	(\$241,784)

B/ Rate of return - Monthly (L25 / L18) x 12

C/ Per order

Cash working capital Lead Lag Study	\$543,000
Incidental collection	(1,981,081)
Average cash	366,929
Other components	2,456,357
Working cash	\$1,385,205

February 9, 2007

CONTINUING SURVEILLANCE CONSIDERATIONS – December 2006

Estimate the effect on annual net operating income of very significant known changes occurring within the period covered by the report, which are not fully reflected in the revenue and expense amounts shown in the report.

(1)	Employee wage increases	\$70,169
	(including associated insurance & taxes)	

WATER METERS IN SERVICE AT THE END OF THE PERIOD - 12/06

Meter Size (a)	Residential (b)	Commercial (c)	Industrial (d)	Other (e)	Total (f)
36. 5/8"	63,143	5,356	24	188	68,711
37. 3/4"	118	133	1	12	264
38. 1"	273	1,349	25	141	1,788
39. 1 1/2"	17	313	7	68	405
40. 2"	12	966	79	276	1,333
41. 3"		35		4	39
42. 4"&Over		29	31	34	94
43. Totals	63,563	8,181	167	723	72,634

INSTRUCTIONS

1. This report is required of all water companies which had operating revenues for the proceeding year in excess of \$1,500,000 as provided in the Commission's rules. Prepare on a typewriter and file within 60 days after the end of the month covered by the report. Show amounts adjusted to the nearest dollar.
2. If any amount for the current month differs materially from that for the previous month or the same month a year ago and the difference is not self-explanatory, annotate the amount and explain the occasioning facts under "Remarks".
3. List the type and number of other customers in the water meters in service section under "Remarks".

REMARKS

N/A

I certify that to the best of my knowledge and belief this is a true and correct report:

Date: 2-14, 20 07 (Signed) Michael A. Miller
Title and Address: Director - Rates & Revenues
1101 Broad Street, P. O. Box 6338
Chattanooga, TN 37401

Tennessee American Water Company
Utility Plant in Service Balances
as of December 2006

JDE Acct No	Description	NARUC Acct No.	Beginning Balance	Additions Adjustments	Retirements	Ending Balance
301000	Organization	301	0			0
303300	Land & Ld Rights - PU	320	73,444			73,444
303400	Land & Ld Rights - WT	330	18,009			18,009
303500	Land & Ld Rights - TD	340.1	55,450			55,450
303501	T & D Land	340.11	127,324			127,324
303502	T & D Rights of Way	340.12	132,664	430		133,094
303503	Dist Res & Stand Land	340.2	0			0
303600	Land & Ld Rights - AG	389.3	25,022			25,022
304100	Struct & Improv - SS	311	0			0
304200	Struct & Improv - PU	321	3,780,116	29,061		3,809,177
304300	Struct & Improv - WT	331	1,707,760	267,018		1,974,778
304301	Struct & Improv - WT Depr Paint	331.99	1,553,002			1,553,002
304400	Struct & Improv - TD	341	510,815			510,815
304600	Office Structures	390.1	149,174			149,174
304700	Stores Shops Garage Struct	390.2	312,642			312,642
304800	Misc Structures	390.3	651,965	5,608		657,573
306000	Lake River & Other Intake	313	281,452	207,671		489,123
309000	Supply Mains	316	560,642	49,913		610,555
310100	Power Generation Eqpt - Other	323.2	227,422			227,422
311200	Pumping Equipment - electric	325	5,714,839	8,744	32,981	5,690,602
311300	Pumping Equipment - diesel	326	119,296			119,296
311500	Pumping Equipment - other	328.3	25,516	148,360		173,877
320100	Wtr Treat Equip (Non-Media)	332	12,324,130	54,270		12,378,400
330000	Dist. Reservoirs & Stand Conv	342	6,251,683	1,475		6,253,158
330003	Dist Res & Stand - Painting	342.99	997,629	5,235		1,002,864
330100	Elevated Tanks & Standpipes	342	170,895	1,603,986		1,774,882
330400	Clearwell	342	680,784			680,784
331001	T & D Mains Conversion	343	1,847,941	164,907	4,005	2,008,843
331100	T & D Mains 4" & Less	343.1	4,449,168	173,918	4,102	4,618,983
331200	T & D Mains 6" - 8"	343	1,458			1,458
331210	T & D Mains 6" - 10"	343.2	58,503,842	2,206,514	7,446	58,702,910
331300	T & D Mains 10" - 16"	343	9,555,096	67,341		9,622,437
331350	T & D Mains 12" & Greater	343.3	20,967,409	428,472	50,386	21,345,495
331400	T & D Mains 18" & Greater	343.4	641,351	9,888		651,240
333000	Services	345	17,614,421	232,223		17,846,645
334100	Meters	346	4,015,686	734,535	11,717	4,738,504
334110	Meters Bronze Case	346.1	9,173			9,173
334120	Meters Plastic Case	346.2	91,620			91,620
334130	Meters Other	346	130,241			130,241
334200	Meter Installations	347	8,595,323	109,786		8,705,109
335000	Hydrants	348	6,970,869	295,579	6,291	7,260,158
339200	Other P/E - SS	317	8,526			8,526
339600	Other P/E - Comp Plan Study	303.99	405,132			405,132
340100	Office Furniture	391.1	593,875			593,875
340200	Computers & Peripheral Equip	391.2	240,851	70,226		311,077
340210	Computers & Periph Mainframe	391.2	601,115			601,115
340220	Personal Computers & Periph	391.21	530,007	3,403		533,410
340230	Other Computers & Periph Eqpt	391.23	192,291	8,683		200,974
340300	Computer Software	391.2	399,298	36,582		435,880
340310	Computer Software Mainframe	391.25	3,535,059			3,535,059
340320	Personal Computer Software	391.26	206,245			206,245
340330	Other Computer Software	391.28	14,222			14,222
340400	Data Handling Equipment	391.2	71,496	8,224	71,496	8,224
340500	Other Office Equipment	391.3	139,827	5,303	7,920	137,210
341100	Light Duty Trucks	392.11	867,291	388,263	65,880	1,189,674
341200	Heavy Duty Trucks	392.12	668,809	3,690	40,346	632,151
341300	Automobiles	392.2	152,572	121,068		273,640
341400	Other Trans Equip	392.3	35,388	205,387		240,775
342000	Stores Equipment	393	43,392			43,392
343000	Tools/Shop/Garage Equipment	394	1,112,167	52,384		1,164,531
344000	Laboratory Equip	395	368,088			368,088
345000	Power Operated Equipment	396	250,922	85,411		336,333
346100	Comm Equip (Non-Telephone)	397	334,946	18,989		353,935
346200	Telephone Equipment	397.2	163,315		10,866	152,449
347000	Miscellaneous Equipment	398	1,013,165	10,616		1,023,783
348000	Other Tangible Property	399	4,918			4,918
354400	VW Struct & Imp TDP		0			0
			179,798,194	7,823,144	313,437 7,509,707	187,307,900 7,509,707 0

UPIS-December balance sheet
UPIS-November balance sheet

187,307,901
179,798,194
7,509,707
(0)

83500 American Water Works Company 02/07/07
 R2026USR Tennessee American Water Works Co 17:36:18
 02655 Total Company (USGAAP) to 26
 For the Period Ending 12/31/2006
 Tennessee-American Water Co.

	Description	Current Year	Prior Year
ASSETS			
1	Utility Plant	188,944,500	173,947,962
2	Construction work in progress	1,580,421	1,022,155
3	Accumulated depreciation	53,399,996	49,655,974
4	Utility plant acquisition adjustment	123,170	
5	Other utility plant adjustments		
6	Sub-total Utility Plant	137,248,095	125,314,143
7	Non-Utility property		
8	Other investments		
Current Assets			
10	Cash and cash equivalents	535,337	1,290,668
11	Temporary investments		
12	Accounts receivable	2,482,544	2,433,561
13	Accounts receivable - collectible	1,375,591	1,309,221
14	Unbilled revenues	1,492,006	3,112,053
15	FIT refund due from assoc. companies	1,477,469	1,159,699
16	Miscellaneous receivables	84,200	365,759
17	Materials and supplies	292,151	297,113
18	Other	353,438	318,065
20	Sub-total	5,527,554	7,667,297
22	Deferred debits		
23	Debt and preferred stock	100,724	112,539
24	Expense of rate proceeding	244,513	362,024
25	Prelim survey & invest charges	887,907	1,022,779
26	Reg Asset-income tax recovery	10,490,634	11,165,573
27	Other	3,022,993	3,275,265
29	Sub-total	14,746,771	15,938,180
30	Total Assets	157,522,420	148,919,620
CAPITAL AND LIABILITIES			
32	Common Stock	13,754,235	13,754,235
33	Retained Earnings	19,440,795	19,175,501
34	Unearned Compensation		
35	Reacquired C/S & Accum		
36	Comp Inc		
37	Total common equity	41,483,948	37,718,504
38	Preferred stock	1,381,100	1,382,100
39	Long term debt	38,741,182	39,889,130
41	Total capitalization	81,606,230	78,989,734
42	Current liabilities		
43	Bank debt	18,667,007	12,057,480
44	Current portion of LTD	1,139,400	96,824
45	Accounts Payable	3,295,528	4,881,231
46	Taxes accrued	3,797,913	3,621,456
47	Interest accrued	288,948	293,538
48	Customer deposits		
49	Dividends declared		
51	Other	2,233,277	2,621,782
52	Sub-total	29,422,073	23,572,311
54	Deferred credits		
55	Customer adv. for construction	5,678,228	5,191,657
56	Deferred income taxes	25,548,789	26,136,318
57	Deferred investment tax credits	1,192,632	1,269,003
58	Reg liab-inc.tax.refund thru rates	2,520,731	2,492,008
59	Other	3,292,908	4,208,598
60	Sub-total	38,233,288	39,297,584
62	Contributions in aid of construction	8,260,830	7,059,987
Total capital and liabilities		157,522,421	148,919,616

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Tennessee-American Water Co.

American Water Works Company
Tennessee-American Water Co 26
Total Company (USDQAP)
Income Statement Month & YTD
For the Period Ending 12/31/2006

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Description		December Actual	December Plan	December Variance	December Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date Prior Year	Annual Forecast
1 OPERATING REVENUES										
1 Water		2,474,818	2,752,900	278,082-	2,880,554	32,609,719	32,956,100	346,381-	31,337,863	32,956,100
3 Sewer										
4 Other		100,579	103,590	3,011-	93,070	1,389,315	1,243,080	146,235	1,144,260	1,243,080
5 Management										
6 Total Revenues		2,575,397	2,856,490	281,093-	2,973,625	33,999,034	34,199,180	200,146-	32,482,148	34,199,180
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor		383,124	352,197	30,927	307,530	4,256,528	4,062,813	193,715	3,765,383	4,062,813
9 Purchased Water		3,092	3,753	1,661-	3,767	53,119	49,590	3,529	50,635	49,590
10 Fuel & Power		168,902	143,866	25,036	170,577	2,231,924	1,576,142	655,782	1,588,696	1,576,142
11 Chemicals		45,271	63,245	17,974-	55,180	989,613	817,449	172,164	835,399	817,449
12 Waste Disposal		21,098	11,208	9,890	24,295	136,389	146,363	10,026	161,150	146,363
13 Management Fees		455,054	332,246	122,808	494,579	4,312,528	4,045,814	266,714	3,752,617	4,045,814
14 Group Insurance		136,712	133,232	3,500	130,341	1,538,845	1,569,840	30,995-	1,563,967	1,569,840
15 Pensions		34,112	116,365	25,823-	25,328	1,080,083	1,356,180	316,827-	218,259	1,356,180
16 Regulatory Expense		10,217	4,854	5,363	4,888	508,735	516,008	7,273-	489,132	516,008
17 Insurance Other Than Group		94,275	43,856	50,419	40,884	1,304,538	881,579	422,959	1,147,598	881,579
18 Customer Accounting		106,963	73,617	33,346	120,375	1,304,538	881,579	422,959	1,147,598	881,579
19 Rentals		8,130	3,158	4,972	6,399	43,474	61,399	17,925-	39,988	61,399
20 General Office Expense		38,531	17,605	20,926	349,985	324,503	226,793	97,710	783,754	226,793
21 Miscellaneous		233,127	109,163	123,964	203,516	1,827,888	1,507,665	320,223	1,853,160	1,507,665
25 Other Maintenance		128,206	58,204	70,002	77,292	1,152,804	694,456	458,348	996,291	694,456
Total Maintenance & Operations Expense		1,924,644	1,442,733	481,911	2,027,412	19,992,392	17,741,178	2,251,214	17,610,993	17,741,178
27 Depreciation		355,988	390,257	34,269-	348,708	4,332,284	4,581,408	249,124-	3,817,984	4,581,408
28 Amortization		10,148	10,148		10,148	121,777	121,776	1	121,777	121,776
29 General Taxes		286,185	286,012	173	479,337	3,466,755	3,435,576	31,179	3,642,584	3,435,576
30 State Income Taxes		104,139	26,215	77,924	245,812	152,784	291,530	138,746-	575,986	291,530
31 Federal Income Taxes		126,950	176,594	49,644-	286,610-	1,150,598	1,970,686	820,088-	1,405,723	1,970,686
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses		2,808,054	2,331,959	476,095	2,824,807	29,216,590	28,142,154	1,074,436	27,175,047	28,142,154
34 Utility Operating Income		232,657-	524,531	757,188-	148,818	4,782,444	6,057,026	1,274,582-	5,307,101	6,057,026
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income		4,943		4,943				4,943		
40 APUDC Equity		12,214	6,326	5,888	31,220	86,293	18,807	67,486	156,769	18,807
42 M & J Miscellaneous Income		6,806-		6,806-	1,391-	2,593-		2,593-	5,526-	
43 Gain(Loss)on Disposition						2,000		2,000	16,127-	
45 Total Other Income		10,351	6,326	4,025	29,829	90,643	18,807	71,836	135,116	18,807
46 Miscellaneous Amortization										
47 Tax Savings Acquisition Adjustment										
48 Misc. Other Deductions		6,188	7,500	1,312-	6,500	46,244	38,000	8,244	39,617	38,000
49 General Taxes										
50 State Income Taxes		501-	414-	87-	1,162-	2,724-	2,136-	588-	3,983-	2,136-
51 Federal Income Taxes		2,691-	2,270-	421-	6,256-	14,663-	11,714-	2,949-	21,445-	11,714-
52 Total Other Deductions		2,996	4,816	1,820-	918-	28,857	24,150	4,707	14,189	24,150
53 Total Other Income		7,355	1,510	5,845	30,747	61,786	5,343-	67,129	120,927	5,343-
54 Income Before Interest Charges		225,302-	526,041	751,343-	179,565	4,844,230	6,051,683	1,207,453-	5,428,028	6,051,683
55 INTEREST CHARGES										
56 Interest on Long-Term Debt		200,154	244,494	44,340-	205,597	2,457,110	2,859,199	402,089-	2,585,456	2,859,199
57 Amortization and Debt Expense		1,354	1,361	7-	1,354	16,243	16,281	38-	17,349	16,281
58 Interest-Short Term Bank Debt		95,089	10,005	85,084	54,499	821,338	175,174	646,164	286,100	175,174
59 Other Interest Expense		5,817-	2,988-	2,829	13,862-	36,968-	8,882-	28,086-	5,133	8,882-
60 APUDC-Debt										
61 Total Interest Charges		303,833	262,872	50,961	247,588	3,272,127	3,041,772	230,355	2,795,350	3,041,772
62 Net Income		529,135-	273,169	802,304-	68,023-	1,572,103	3,009,911	1,437,808-	2,632,678	3,009,911
64 Preferred Dividend Declared		5,584	5,759	175-	5,759	68,930	69,108	178-	69,105	69,108
65 Net Income to Common Stock		534,719-	267,410	802,129-	73,782-	1,503,173	2,940,803	1,437,630-	2,563,573	2,940,803

Tennessee-American Water Co.

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Residential											
Commercial											
Industrial											
Fire Service											
Other											
Total Number of Sewer Customers											
System Delivery											
System Delivery (T Gallons)											
Inter Company Sys Delivery (T Gallons)											
Total System Delivery											
Water Sales											
Residential											
Commercial											
Industrial											
Fire Service											
Other											
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System Delivery (T Gallons)											
Inter Company Sys Delivery (T Gallons)											
Total System Delivery											
Water Sales											
Residential											
Commercial											
Industrial											
Fire Service											
Other											
Inter Company											

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: **Michael Miller/John Watson**

RATE BASE

Question:

7. Please provide a copy of TAWC's five-year and ten-year capital expenditure and operating expense budgets.

Response:

TAWC objects to this question on the grounds that it is overly broad, unduly burdensome, and not relevant to this proceeding. The requested information beyond the attrition year is not relevant to this proceeding. Notwithstanding the objection, TAWC provides the following response. Please see the responses to TRA Data Request 1, questions 18, 52 and 53. In addition, please see the responses to City Data Request 1, questions 14 and 15.

Supplemental Response:

See the attached file for the Five-Year Capex Plan.

Depreciation Analysis of Capital Projects
PROGRAM

Business Unit Tennessee
Revision Date September 29, 2006
Description Depreciation Analysis

			4/1/2007	5/1/2008	U.S. \$	6/1/2010	U.S. \$
			U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Business Unit	Business Unit No.	Project Title	Total 2007	Total 2008	Total 2009	Total 2010	Total 2011
Tennessee	xxxxxx80	RECURRING PROJECTS					
Tennessee	xxxxxx81	Developer / Governmental Contributions	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Tennessee	xxxxxx82	Network - Replacement / Renewal	2,800,000	2,800,000	3,000,000	3,000,000	3,200,000
Tennessee	xxxxxx83	Network - Extension	200,000	200,000	200,000	200,000	200,000
Tennessee	xxxxxx84	Hydrants - Replacement	80,000	90,000	100,000	100,000	110,000
Tennessee	xxxxxx85	Hydrants - New	200,000	200,000	200,000	200,000	200,000
Tennessee	xxxxxx86	Services - Replacement	150,000	150,000	150,000	150,000	160,000
Tennessee	xxxxxx87	Services - New	750,000	750,000	750,000	750,000	750,000
Tennessee	xxxxxx88	Meters - Replacement	1,000,000	1,000,000	1,000,000	1,300,000	1,000,000
Tennessee	xxxxxx89	Meters - New	500,000	500,000	500,000	500,000	500,000
Tennessee	xxxxxx90	ITS Equipment and Systems	100,000	100,000	100,000	100,000	100,000
Tennessee	xxxxxx91	Offices and Operations Centers	100,000	100,000	100,000	100,000	100,000
Tennessee	xxxxxx92	Vehicles	750,000	750,000	650,000	650,000	650,000
Tennessee	xxxxxx93	Tools and Equipment	350,000	250,000	250,000	250,000	250,000
Tennessee	xxxxxx94	Process Plant - Replacements	300,000	350,000	350,000	350,000	350,000
Tennessee	xxxxxx95	Process Plant - Additions	200,000	200,000	200,000	200,000	200,000
Tennessee	xxxxxx96	Treatment Media Replacement and Process Re		300,000	300,000	300,000	300,000
Tennessee	xxxxxx97	Tank Rehabilitation / Painting (capitalized)	600,000	600,000	600,000	600,000	600,000
Tennessee	xxxxxx98	Comprehensive Planning Studies	100,000				100,000
Tennessee	xxxxxx99	SCADA / Security					
Total Recurring Projects			10,180,000	10,340,000	10,460,000	10,750,000	10,770,000
Tennessee		CENTRALLY SPONSORED PROJECTS					
Tennessee		Enterprise Wide System Enhancement 2007	117,154				
Tennessee		Enterprise Wide System Enhancement 2008		77,360			
Tennessee		Enterprise Wide System Enhancement 2009			54,244		
Tennessee		Enterprise Wide System Enhancement 2010				275,024	
Tennessee		Enterprise Wide System Enhancement 2011					1,370,079
Total Centrally Sponsored Projects			117,154	77,360	54,244	275,024	1,370,079
Tennessee		INVESTMENT PROJECTS					
Tennessee	26020804	Replace Lockout Mountain Supply Mains	300,000				
Tennessee	26020401	STEP Project					
Tennessee	26020403	Security: Physical hardening and exterior lightin					
Tennessee	26020205	TDOT - 175. Signal Mt. Rd, Hickory Valley Rd					
Tennessee	26060302	Walden's Ridge Utility District Main Extension					
Tennessee	26020501	TDOT Highway Projects - non refundable 2008	500,000	1,000,000			
Tennessee		TDOT Highway Projects - non refundable 2007			500,000		
Tennessee		TDOT Highway Projects - non refundable 2008				600,000	
Tennessee		TDOT Highway Projects - non refundable 2009					500,000
Tennessee		TDOT Highway Projects - non refundable 2010					
Tennessee		TDOT Highway Projects - non refundable 2011					
Tennessee	26020503	WTP Study, Evaluation	550,000	4,500,000	1,050,000		
Tennessee	B-8	Pretreatment Facility Improvements			700,000	5,300,000	2,100,000
Tennessee	B-12	Filter House No 3 Improvements	70,000	400,000	230,000		
Tennessee	B-19	WTP Improvements, DBP (Ammoniation)		100,000			
Tennessee	B-11	WTP Tank Truck Containment					
Tennessee	B-5	WTP Reliability					
Tennessee	B-11	Standby Power at Clifco Plant					
Tennessee	B-5	Wastewater Treatment & Handling Improverme					500,000
Tennessee	26020303	Replace Roof, Filter House #2					
Tennessee	26020402	River Front Pipeline Project					
Tennessee	26020303	Construct 1.6 MG Tank - Hill City Pressure Zon	200,000		50,000	250,000	
Tennessee	A-5	East Ridge Zone Storage and Pipelines					600,000
Tennessee	B-18	Convert East Ridge Resv. To Pumped Storage					
Tennessee	B-14	Replace Lockout Min. Pump #4, Install 2,100'-8	300,000	3,000,000			
Tennessee	A-3	Construct 1.25 MG Tank and 1000'-16" Mission				600,000	
Tennessee	26020601	Southside Chattanooga Improvements					
Tennessee	B-13	Hill City Booster Station					
Tennessee	B-17	5800'-16" Main in Navajo Dr.					
Tennessee	B-2	3000'-24" Tennessee River Crossing					
Tennessee	B-3	Install 8,100' of 12" South Crest. Wabette & Jot		215,000			
Tennessee	B-4	Install 2,300' of 12" - Page Road & Meadow Lan			50,000		
Tennessee	26020602	Construct 1.0 MG Tank - Rossville Pressure Zo					
Tennessee	B-8	Signal Mountain Interconnection Improvements					
Tennessee	B-1	Install 10,000' of 18" - Chickamauga Ave					
Tennessee	B-10	4600'-12" Ringgold St					
Tennessee	A-4	Install 1,400' of 24" - Tremont, Oliver & Kent St					
Tennessee		Install 5,700' of 18" - East Branford Road					
Tennessee		Install Main in Jersey Pk & 153					
Tennessee		Walden's Ridge Utility District Main Reinforcem	250,000				
Tennessee		NRV-Six PRVs					
Tennessee		Energy Management Efficiency					
Tennessee		SCADA					
Tennessee		Security 2006	106,400	113,848	121,817	130,345	139,469
Tennessee		Security 2007					
Tennessee		Security 2008					
Tennessee		Security 2009					
Tennessee		Security 2010					
Tennessee		Security 2011					
Total Investment Projects			2,276,490	9,328,848	2,701,817	6,789,345	3,839,469
Total Investment and Centrally Sponsored P			2,393,644	9,408,208	2,756,061	7,055,369	5,209,548
Contributions							
Advances							
Total Refunds							
IAS AFUDC							
Removal Costs (not included in IP projects)							

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Michael Miller

COST OF CAPITAL

Question:

11. Please identify the process that TAWC uses to assess debt and equity capital.

Response:

TAWC obtains equity capital from its Parent, American Water Works Co., Inc. TAWC utilizes American Water Capital Corp. to place its debt as authorized by the TRA in case number 00-00637. As indicated in that case, TAWC is free to obtain its debt in the open market if it can obtain more favorable terms than provided by AWCC.

Supplemental Response:

The Treasurer assesses the market information contained in Value Line Publication for published bond rates to determine if the rates from AWCC are advantageous to TAWC. Summaries of the Value Line information is maintained for 10-year and 30 -year bond rates and compared to similar term T-Bond rates to determine market spreads. Similar information is attached to the testimony of Michael Miller in determining an estimate of the interest rates utilized in the Company's filing in this case. Prior to utilizing AWCC, TAWC obtained debt in the private placement market and TAWC did not then nor does it today have an independent S&P rating. TAWC had significant issuance costs associated with those private placements. TAWC does not believe it can obtain debt on a stand-alone basis at rate comparable to the rates obtained from AWCC whose current

S&P rating is A-. The use of AWCC has facilitated TAWC to utilize the purchasing power of the combined AWWC system and the AWCC bond rating to attract lower cost capital than it could on its own at significantly reduced issuance costs.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Michael Miller

COST OF CAPITAL

Question:

12. Please identify the process that TAWC uses to **access** debt and equity capital.

Response:

Refer to Q-11, as this question appears to be a duplicate regarding the information requested in Q-11.

Supplemental Response:

See supplemental response to CMA-1-question 11.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Michael Miller

COST OF CAPITAL

Question:

13. Please identify the credit rating for all affiliates that work with TAWC to assess external debt markets.

Response:

TAWC objects to this question on the grounds that is vague and not relevant to this proceeding. Notwithstanding the objection, TAWC provides the following response. Please see the response to City Data Request 1, questions 5 and 6.

Supplemental Response:

The only affiliates credit ratings relevant to TAWC debt issuances is that of AWCC. TAWC or no other AWCC regulated subsidiary have an independent credit rating. The AWCC credit rating information is attached to City Data Request 1-question 5.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Michael Miller

COST OF CAPITAL

Question:

14. Please identify the credit rating for all affiliates that work with TAWC to **access** external debt markets.

Response:

This is a duplicate question, please see the objections and response to Q-13.

Supplemental Response:

Please see the supplemental response to CMA-1- question 13.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Paul Herbert

COST OF SERVICE AND RATE DESIGN

Question:

21. With reference to Lines 13-16 on Page 9 of Mr. Herbert's Direct Testimony, please identify the "other similar systems" that were used to determine the relationship between maximum day and maximum hour ratios and produce any and all documents identifying, regarding or relating to such "other similar systems."

Response:

The relationship between a system's maximum hour ratio to its maximum day ratio typically ranges between a factor of 1.3 to 1.5, as follows:

	<u>Max Day Ratio</u>	<u>Max Hour Ratio</u>	<u>Ratio of Max Hour To Max Day</u>
The York Water Company	1.35	1.80	1.3
Pennsylvania-American	1.40	2.10	1.5
Aqua Pennsylvania	1.40	2.00	1.4
West Virginia-American	1.30	1.80	1.4
Kentucky-American	1.65	2.50	1.5

For Tennessee American, a factor of 1.3 was used ($1.90 \text{ max hour ratio} \div 1.45 \text{ max day ratio} = 1.3$) to estimate the system max hour ratio because of the similar size and customer mix as The York Water Company.

Supplemental Response:

Summaries of the maximum day and hour ratios for the listed companies are attached. Also attached is the complete cost of service study for York Water.

THE YORK WATER COMPANY
YORK, PENNSYLVANIA

COST OF SERVICE ALLOCATION STUDY
AS OF DECEMBER 31, 2006
AND
PROPOSED CUSTOMER RATES

THE YORK WATER COMPANY

York, Pennsylvania

COST OF SERVICE ALLOCATION STUDY

AS OF DECEMBER 31, 2006

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

April 24, 2006

The York Water Company
130 East Market Street
York, PA 17405

Attention Mr. Jeffrey S. Osman, President

Gentlemen:

Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements estimated for the test year ended December 31, 2006, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

A handwritten signature in black ink, reading "Paul R. Herbert". The signature is written in a cursive style with a large, stylized "P" and "H".

PAUL R. HERBERT
Sr. Vice President
Valuation and Rate Division

PRH/krm

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PART I. INTRODUCTION

THE YORK WATER COMPANY
COST OF SERVICE ALLOCATION STUDY
AS OF DECEMBER 31, 2006
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of December 31, 2006, prepared for The York Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification, presents detailed schedules of the allocation of costs to customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth the proposed rate structure, the application of present and proposed rates to the consumption analysis and comparisons of customers' bills under present and proposed rates.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications within the gravity and repumped service areas based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting costs. The customer costs were allocated on the bases of the relative cost of meters and services, the number of meter readings and the number of bills.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated to Public Fire Protection for the gravity and repumped service areas on the basis of the number of hydrants. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

Public fire costs exceeding 25% of the public fire cost of service were reallocated to the other classifications within the gravity and repumped service areas. Such costs cannot be recovered from public hydrant rates, in accordance with Section 1328 of the Public Utility Code, and therefore have become the permanent responsibility of the remaining classes.

RESULTS OF STUDY

The data summarized in Schedule A, "Comparison of Pro Forma Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ended December 31, 2006," constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule D, "Cost of Service as of December 31, 2006, at Proposed Revenue Level Allocated to Residential, Commercial, Industrial and Fire Protection Customer Classifications". The allocation of the total cost of service to the several customer classifications was performed by applying the allocation factors referenced in column 2 to the cost of service by account in column 3. The bases of the allocation factors are presented in Schedule E.

Schedule F, "Summary of Average Daily Send-Out and Maximum Daily and Hourly Usage for the Years 1983-2005," presents the experienced maximum day and hour ratios for the overall system. Schedule G, "Basis for Allocation of Demand-Related Costs of Fire Service to Private and Public Fire Protection," presents the calculation of the total relative demand of fire hydrants and fire service lines.

DESIGN OF PROPOSED RATES

The results of the cost of service allocation study were discussed with Company management in order that it be afforded the opportunity of performing its role in the design of proposed rates. The rate design guidelines developed during the discussion were (1) increase public fire hydrant rates to recover 25% of the cost of service in accordance with Section 1328 of the Public Utility Code, if necessary; and (2) increase all other rates across-the-board to achieve the total revenue requirement.

The proposed rate structure, as presented in Part III, Proposed Customer Rates, Schedule H, consists of customer charges by meter size and consumption charges by class and service area. The revenues resulting from the proposed rate structure are shown in columns 6 and 7 of Schedule A, and reflect the across-the-board increase as indicated in column 9.

Pursuant to Section 1328 of the Public Utility Code, public fire hydrant rates were increased to recover 25% of the cost of service. Existing rates only recover 22.7% and 22.2% of the cost of service in the gravity and repumped service areas, respectively.

The application of the present and proposed base rates to the pro forma consumption analysis is set forth in Schedules I and J. Comparisons of bills under present and proposed base rates are shown in Schedule K.

THE YORK WATER COMPANY

COMPARISON OF PRO FORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Customer Classification (1)	Pro Forma Cost of Service 12 Months Ending 12/31/2006		Pro Forma Revenues, 12 Months Ending 12/31/2006		Under Proposed Rates		Proposed Increase	
	Amount (Schedule D) (2)	Percent of Total (3)	Amount (Schedule I) (4)	Percent of Total (5)	Amount (Schedule J) (6)	Percent of Total (7)	Amount (8)	Percent Increase (9)
<u>Residential</u>								
Gravity	\$6,984,925	21.3%	\$5,968,021	21.2%	\$6,936,290	21.2%	\$968,269	16.2%
Repumped	13,661,703	41.8%	11,974,391	42.6%	13,918,028	42.6%	1,943,637	16.2%
Total	20,646,628	63.1%	17,942,412	63.8%	20,854,318	63.8%	2,911,906	16.2%
<u>Commercial</u>								
Gravity	2,643,061	8.1%	2,176,714	7.7%	2,530,885	7.8%	354,171	16.3%
Repumped	4,431,755	13.6%	3,773,943	13.4%	4,386,867	13.4%	612,924	16.2%
Total	7,074,816	21.7%	5,950,657	21.1%	6,917,752	21.2%	967,095	16.3%
<u>Industrial</u>								
Gravity	1,207,131	3.7%	914,730	3.2%	1,063,110	3.3%	148,380	16.2%
Repumped	1,805,817	5.5%	1,475,511	5.2%	1,714,921	5.2%	239,410	16.2%
Total	3,012,948	9.2%	2,390,241	8.4%	2,778,031	8.5%	387,790	16.2%
<u>Private Fire</u>								
Gravity	394,945	1.2%	484,371	1.7%	562,925	1.7%	78,554	16.2%
Repumped	740,388	2.3%	650,823	2.3%	756,396	2.3%	105,573	16.2%
Total	1,135,333	3.5%	1,135,194	4.0%	1,319,321	4.0%	184,127	16.2%
<u>Public Fire</u>								
Gravity	202,939	0.6%	184,213	0.7%	202,902	0.6%	18,689	10.1%
Repumped	627,164	1.9%	556,208	2.0%	627,126	1.9%	70,918	12.8%
Total	830,103	2.5%	740,421	2.7%	830,028	2.5%	89,607	12.1%
Total Sales	\$32,699,828	100.0%	\$28,158,925	100.0%	\$32,699,450	100.0%	\$4,540,525	16.1%
Other Revenue	261,012		252,181		261,012		8,831	3.5%
Total	\$32,960,840		\$28,411,106		\$32,960,462		\$4,549,356	16.0%

THE YORK WATER COMPANY

DEVELOPMENT OF RATE OF RETURN BY CUSTOMER CLASSIFICATION
UNDER PRESENT RATES

ITEM (1)	COST OF SERVICE (2)	-----GRAVITY-----			SYSTEM-----			-----PUMPING-----			SYSTEM-----	
		RESIDENTIAL (3)	COMMERCIAL (4)	INDUSTRIAL (5)	FIRE PROTECTION PRIVATE (6)	PUBLIC (7)	RESIDENTIAL (8)	COMMERCIAL (9)	INDUSTRIAL (10)	FIRE PROTECTION PRIVATE (11)	PUBLIC (12)	
1. REVENUES FROM SALES	28,158,925	5,968,021	2,176,714	914,730	484,371	184,213	11,974,391	3,773,943	1,475,511	650,823	556,208	
2. OTHER REVENUES	252,181	51,117	19,317	9,079	3,001	6,153	93,836	31,775	13,517	5,548	18,838	
3. TOTAL OPERATING REVENUES	28,411,106	6,019,138	2,196,031	923,809	487,372	190,366	12,068,227	3,805,718	1,489,028	656,371	575,046	
4. LESS: OPERATING EXPENSES	17,530,928	4,089,323	1,486,402	653,166	189,871	112,103	7,962,689	2,386,305	939,009	336,085	399,819	
5. RETURN AND INCOME TAXES	10,880,178	1,929,815	709,629	270,643	297,501	302,469	4,105,538	1,419,413	550,019	320,286	974,865	
6. LESS: TAXABLE EXCLUSIONS (FACTOR 24)	3,914,766	728,146	292,042	141,715	52,849	108,830	1,399,529	514,792	221,967	104,133	350,763	
7. TAXABLE INCOME	6,965,412	1,201,669	417,587	128,928	244,652	193,639	2,706,009	904,621	328,052	216,153	624,102	
8. LESS: INCOME TAXES (TAX. INC.)	2,561,759	441,903	153,706	47,393	89,918	71,217	995,242	332,772	120,659	79,415	229,534	
9. NET RETURN (Line 5 - Line 8)	8,318,419	1,487,912	555,923	223,250	207,583	231,252	3,110,296	1,086,641	429,360	240,871	745,331	
10. ORIGINAL COST MEASURE OF VALUE	120,084,842	22,339,656	8,956,415	4,351,891	1,622,736	3,337,520	42,923,517	15,794,021	6,811,473	3,191,755	10,755,858	
11. RATE OF RETURN, PERCENT	6.93	6.66	6.21	5.13	12.79	6.93	7.25	6.88	6.30	7.55	6.93	
12. RELATIVE RATE OF RETURN	1.00	0.96	0.90	0.74	1.85	1.00	1.05	0.99	0.91	1.09	1.00	

THE YORK WATER COMPANY

DEVELOPMENT OF RATE OF RETURN BY CUSTOMER CLASSIFICATION
UNDER PROPOSED RATES

ITEM (1)	COST OF SERVICE (2)	-----GRAVITY-----			SYSTEM-----			-----PUMPING-----			SYSTEM-----	
		RESIDENTIAL (3)	COMMERCIAL (4)	INDUSTRIAL (5)	FIRE PROTECTION PRIVATE (6)	PUBLIC (7)	RESIDENTIAL (8)	COMMERCIAL (9)	INDUSTRIAL (10)	FIRE PROTECTION PRIVATE (11)	PUBLIC (12)	
1. REVENUES FROM SALES	32,699,450	6,936,290	2,530,885	1,063,110	562,925	202,902	13,918,028	4,386,867	1,714,921	756,396	627,126	
2. OTHER REVENUES	261,012	52,333	19,915	9,396	3,158	6,473	96,653	33,070	14,095	5,899	20,020	
3. TOTAL OPERATING REVENUES	32,960,462	6,988,623	2,550,800	1,072,506	566,083	209,375	14,014,681	4,419,937	1,729,016	762,295	647,146	
4. LESS: OPERATING EXPENSES	17,578,492	4,176,141	1,515,453	659,686	190,441	218,218	8,259,168	2,442,046	947,733	337,116	731,074	
5. RETURN AND INCOME TAXES	15,381,970	2,812,482	1,035,347	412,820	375,642	427,593	5,755,513	1,977,891	781,283	425,179	1,378,220	
6. LESS: TAXABLE EXCLUSIONS (FACTOR 24)	3,914,766	728,146	292,042	141,715	52,849	108,830	1,399,529	514,792	221,967	104,133	350,763	
7. TAXABLE INCOME	11,467,204	2,084,336	743,305	271,105	322,793	318,763	4,355,984	1,463,099	559,316	321,046	1,027,457	
8. LESS: INCOME TAXES (TAX. INC.)	4,389,344	797,983	284,429	103,589	123,341	122,024	1,667,511	560,080	214,200	122,902	393,285	
9. NET RETURN (Line 5 - Line 8)	10,992,626	2,014,499	750,918	309,231	252,301	305,569	4,088,002	1,417,811	567,083	302,277	984,935	
10. ORIGINAL COST MEASURE OF VALUE	120,084,842	22,339,656	8,956,415	4,351,891	1,622,736	3,337,520	42,923,517	15,794,021	6,811,473	3,191,755	10,755,858	
11. RATE OF RETURN, PERCENT	9.15	9.02	8.38	7.11	15.55	9.16	9.52	8.98	8.33	9.47	9.16	
12. RELATIVE RATE OF RETURN	1.00	0.99	0.92	0.78	1.70	1.00	1.04	0.98	0.91	1.03	1.00	

PART II. COST OF SERVICE BY
CUSTOMER CLASSIFICATION

THE YORK WATER COMPANY

COST OF SERVICE AS OF DECEMBER 31, 2006 AT PROPOSED REVENUE LEVEL
ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

ACCOUNT (1)	FACTOR REF (2)	COST OF SERVICE (3)	-----GRAVITY SYSTEM-----					-----PUMPING SYSTEM-----				
			RESIDENTIAL (4)	COMMERCIAL (5)	INDUSTRIAL (6)	FIRE PROTECTION PRIVATE (7)	PUBLIC (8)	RESIDENTIAL (9)	COMMERCIAL (10)	INDUSTRIAL (11)	FIRE PROTECTION PRIVATE (12)	PUBLIC (13)
OPERATION AND MAINTENANCE EXPENSES												
SOURCE OF SUPPLY EXPENSES												
Salaries and Wages	1	82,553	16,750	11,574	7,108	50	74	23,750	15,363	7,653	58	173
Operations and Supervision	1	19,872	4,032	2,786	1,711	12	18	5,717	3,698	1,842	14	42
Maintenance												
Supplies and Miscellaneous Expenses	1	98,824	20,051	13,855	8,509	59	89	28,432	18,391	9,161	69	208
Operations	1	30,625	6,214	4,294	2,637	18	28	8,811	5,699	2,839	21	64
Maintenance												
Total Source of Supply Expenses		231,874	47,047	32,509	19,965	139	209	66,710	43,151	21,495	162	487
WATER TREATMENT EXPENSES												
Salaries and Wages	3	653,284	148,622	81,791	48,800	261	457	210,816	108,576	52,589	327	1,045
Operations and Supervision	3	96,123	21,868	12,035	7,180	38	67	31,019	15,976	7,738	48	154
Maint. of Purification Equipment	8	67,430	7,411	4,080	2,434	13	20	25,880	13,378	6,460	2,016	5,738
Maint. of Pumping Equipment	3	25,192	5,731	3,154	1,882	10	18	8,129	4,187	2,028	13	40
Maint. of Structures	3	147,428	33,540	18,458	11,013	59	103	47,574	24,503	11,868	74	236
Maintenance Supervision	1	401,209	81,405	56,250	34,544	241	361	115,427	74,665	37,192	281	843
Power Purchased	1	49,937	10,132	7,001	4,300	30	45	14,367	9,293	4,629	35	105
Fuel - Pumping	1	385,465	78,211	54,042	33,189	231	347	110,898	71,735	35,733	270	809
Chemicals												
Supplies and Miscellaneous Expenses	3	219,844	50,015	27,524	16,422	88	154	70,944	36,538	17,697	110	352
Operations and Supervision	3	80,116	18,226	10,031	5,985	32	56	25,854	13,315	6,449	40	128
Maint. of Purification Equipment	8	50,104	5,506	3,031	1,809	10	15	19,230	9,941	4,800	1,498	4,264
Maint. of Pumping Equipment	3	123,065	27,997	15,408	9,193	49	86	39,713	20,453	9,907	62	197
Maint. of Structures	3	1,898	432	238	142	1	1	612	315	153	1	3
Maintenance Supervision												
Total Water Treatment Expenses		2,301,095	489,096	293,043	176,893	1,063	1,730	720,463	402,875	197,243	4,775	13,914
TRANSMISSION AND DISTRIBUTION EXPENSES												
Salaries and Wages - Operations	16	500,504	78,879	35,436	14,515	11,762	19,820	166,216	65,216	25,526	21,622	61,512
Operations and Supervision	18	352,066	55,697	23,096	9,400	7,710	18,131	114,493	42,001	16,441	13,907	51,190
Vacation	4	11,676	4,921	2,698	1,609	913	1,535	9,946	5,137	2,486	1,220	3,467
Operation of Lines - Trans. Gravity	5	22,256	32,579	18,867	10,466	11,601	19,518					
Operation of Lines - Trans. Repumped	6	93,031										
Operation of Lines - Dist. Gravity	7	249,812										
Operation of Lines - Dist. Repumped	14	155,264	46,346	16,101	3,354			92,880	50,462	22,758	21,784	61,928
Operation of Meters								73,843	13,741	1,879		

THE YORK WATER COMPANY

COST OF SERVICE AS OF DECEMBER 31, 2006 AT PROPOSED REVENUE LEVEL
ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

ACCOUNT (1)	FACTOR REF (2)	COST OF SERVICE (3)	-----GRAVITY SYSTEM-----					-----PUMPING SYSTEM-----					FIRE PROTECTION PRIVATE (12)	FIRE PROTECTION PUBLIC (13)	
			RESIDENTIAL (4)	COMMERCIAL (5)	INDUSTRIAL (6)	PRIVATE (7)	PUBLIC (8)	RESIDENTIAL (9)	COMMERCIAL (10)	INDUSTRIAL (11)					
OPERATION AND MAINTENANCE EXPENSES, CONT.															
TRANSMISSION AND DISTRIBUTION EXPENSES, CONT.															
Salaries and Wages - Maintenance															
Maintenance of Structures	12	18,398	3,536	1,947	1,161	6	11	6,265	3,234	1,564	175	499			
Maintenance of Mains - Trans. Gravity	4	6,411	2,702	1,482	883	501	843								
Maintenance of Mains - Trans. Repump	5	12,220						5,461	2,820	1,365	670	1,904			
Maintenance of Mains - Dist. Gravity	6	51,079	17,888	10,359	5,746	6,370	10,716								
Maintenance of Mains - Dist. Repumped	7	137,160													
Maintenance of Services	15	76,330	25,868	3,496	336	1,137		50,997	27,706	12,495	11,960	34,002			
Maintenance of Meters & MIU's	14	61,501	18,358	6,378	1,328			41,813	2,527	191	962				
Maintenance of Hydrants	13	65,847						29,250	5,443	744					
Maintenance Supervision	17	90,844	14,471	5,015	1,999	1,699	20,735	28,343	8,839	3,461	2,916	45,112			
Purchased Power - Booster Stations	2	399,166					6,841	201,699	130,487	64,984	519	17,260			
Supplies and Miscellaneous Expense												1,477			
Operations and Supervision	16	156,116	24,604	11,053	4,527	3,669	6,182	51,846	20,342	7,962	6,744	19,187			
Operation of Meters	14	56,868	16,975	5,897	1,228			27,047	5,033	688					
Operation of Services	15	68,287	23,142	3,128	300	1,017		37,409	2,260	171	860				
Maintenance of Booster Stations	5	5,658						2,528	1,306	632	310	882			
Maintenance of Structures	12	61,388	11,799	6,495	3,874	18	37	20,908	10,792	5,218	583	1,664			
Maintenance of Mains - Trans. Gravity	4	12,425	5,236	2,871	1,712	972	1,634								
Maintenance of Mains - Trans. Repump	5	23,684						10,584	5,466	2,646	1,298	3,690			
Maintenance of Mains - Dist. Gravity	6	99,003	34,670	20,078	11,138	12,346	20,771								
Maintenance of Mains - Dist. Repumped	7	265,848						98,842	53,701	24,219	23,182	65,904			
Maintenance of Services	15	73,757	24,996	3,378	325	1,099		40,405	2,441	184	929				
Maintenance of Meters & MIU's	14	61,254	18,284	6,352	1,323			29,133	5,421	741					
Maintenance of Hydrants	13	62,440													
Maintenance Supervision	17						19,662					42,778			

CUSTOMER ACCOUNTS EXPENSES

Salaries and Wages	19	182,279	62,759	8,239	620	1,385	73	101,438	5,778	365	1,385	237
Customer Relations	20	113,301	39,678	5,212	397			64,127	3,660	227		
Meter Reading	19	127,269	43,819	5,753	433	967	51	70,825	4,034	255	967	165
Collecting	19	284,977	98,118	12,881	969	2,166	114	158,589	9,034	570	2,166	370
Billing and Accounting	19	270,153	93,014	12,211	919	2,053	108	150,340	8,564	540	2,053	351
Supervision and Vacation												
Supplies and Miscellaneous Expense												
Customer Relations	19	10,351	3,564	468	35	79	4	5,760	328	21	79	13
Meter Reading	20	161,681	56,621	7,437	566			91,512	5,222	323		
Collecting	19	35,313	12,158	1,596	120	268	14	19,653	1,119	71	268	46
Billing and Accounting	19	277,003	95,372	12,521	942	2,105	111	154,152	8,781	554	2,105	360
Customer Notices	19	51,410	17,700	2,324	175	391	21	28,608	1,630	103	391	67
Total Customer Accounts Expenses		1,513,737	522,803	68,642	5,176	9,414	496	845,004	48,150	3,029	9,414	1,609

THE YORK WATER COMPANY

COST OF SERVICE AS OF DECEMBER 31, 2006 AT PROPOSED REVENUE LEVEL
ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

ACCOUNT (1)	FACTOR REF (2)	COST OF SERVICE (3)	-----G R A V I T Y S Y S T E M-----					-----R E P U M P I N G S Y S T E M-----					FIRE PROTECTION PRIVATE (12)	FIRE PROTECTION PUBLIC (13)	
			RESIDENTIAL (4)	COMMERCIAL (5)	INDUSTRIAL (6)	PRIVATE (7)	PUBLIC (8)	RESIDENTIAL (9)	COMMERCIAL (10)	INDUSTRIAL (11)					
OPERATION AND MAINTENANCE EXPENSES, CONT.															
ADMINISTRATIVE AND GENERAL EXPENSES															
Salaries and Wages															
General Office Employees	21	745,290	166,051	56,717	25,265	8,720	18,185	286,340	82,653	33,911	15,129	52,319			
Maint. of Other Structures	21	15,848	3,531	1,206	537	185	387	6,088	1,758	721	322	1,113			
Maint. of Office Equipment	21	6,237	1,390	475	211	73	152	2,395	692	284	127	438			
Maint. of Communication Equipment	21	2,360	526	180	80	28	58	905	262	107	48	166			
Maint. of Other General Property	21	3,277	730	249	111	38	80	1,260	363	149	67	230			
Officer Salaries and Wages	21	300,892	67,039	22,898	10,200	3,520	7,342	115,602	33,369	13,691	6,108	21,123			
Pensions and 401k Expenses	22	205,562	45,429	15,664	6,948	2,487	5,118	78,628	22,920	9,353	4,317	14,698			
Other Employee Benefits	22	57,030	12,604	4,346	1,928	690	1,420	21,812	6,359	2,595	1,198	4,078			
Supplies and Miscellaneous Expenses															
Expenses of General Office Employees	21	26,920	5,998	2,049	913	315	657	10,342	2,985	1,225	546	1,890			
Maintenance of Other Structures	21	58,865	13,115	4,480	1,996	689	1,436	22,616	6,528	2,678	1,195	4,132			
Maintenance of Office Equipment	21	9,374	2,089	713	318	110	229	3,600	1,040	427	190	658			
Maintenance of Communication Equip.	21	39,402	8,779	2,998	1,336	461	961	15,138	4,370	1,793	800	2,766			
Contractual Services															
Engineering	21	361	80	27	12	4	9	141	40	16	7	25			
Accounting	21	151,153	33,677	11,503	5,124	1,768	3,688	58,074	16,763	6,877	3,068	10,611			
Legal	21	50,578	11,269	3,849	1,715	592	1,234	19,431	5,609	2,301	1,027	3,551			
Other	21	190,412	42,424	14,490	6,455	2,228	4,646	73,156	21,117	8,664	3,865	13,367			
Insurance															
Automobile	21	38,660	8,613	2,942	1,311	452	943	14,854	4,287	1,759	785	2,714			
General Liability	21	354,664	79,019	26,990	12,023	4,150	8,654	136,262	39,332	16,137	7,200	24,897			
Workers' Compensation	22	95,401	21,084	7,270	3,225	1,154	2,375	36,491	10,637	4,341	2,003	6,821			
Employee Health and Group Life	22	666,125	147,214	50,759	22,515	8,060	16,587	254,791	74,273	30,309	13,989	47,628			
Other	21	86,387	19,247	6,574	2,929	1,011	2,108	33,189	9,580	3,931	1,754	6,064			
Amortization of Rate Case Expense	25	252,000	50,526	19,228	9,072	3,049	6,250	93,316	31,928	13,608	5,695	19,328			
Bad Debt Expense	19	144,074	49,605	6,512	490	1,095	58	80,177	4,567	288	1,095	187			
Miscellaneous Expenses															
Directors' Fees	21	213,833	47,642	16,273	7,249	2,502	5,218	82,154	23,714	9,729	4,341	15,011			
Injuries and Damages	21	1,012	225	77	34	12	25	389	112	46	21	71			
Administrative & General Transferred	21	320,397	71,384	24,382	10,861	3,749	7,818	123,097	35,532	14,578	6,504	22,492			
Pension Expenses	22	1,501,032	331,728	114,379	50,735	18,162	37,376	574,144	167,365	68,297	31,522	107,324			
Other Miscellaneous	21	417,643	93,051	31,783	14,158	4,886	10,190	160,458	46,317	19,003	8,478	29,319			
Total Administrative and General Expenses			5,313,995	1,191,301	400,249	176,029	62,692	127,568	2,058,656	583,408	237,662	108,393	368,037		

THE YORK WATER COMPANY

COST OF SERVICE AS OF DECEMBER 31, 2006 AT PROPOSED REVENUE LEVEL
ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

ACCOUNT (1)	FACTOR REF (2)	COST OF SERVICE (3)	-----GRAVITY SYSTEM-----REPUMPING SYSTEM-----									
			RESIDENTIAL	COMMERCIAL	INDUSTRIAL	FIRE PROTECTION		PUBLIC	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	FIRE PROTECTION
			(4)	(5)	(6)	PRIVATE	(7)	(8)	(9)	(10)	(11)	PRIVATE
												PUBLIC
												(13)
OPERATION AND MAINTENANCE EXPENSES, CONT.												
Adjustment for Change in Load Growth	19	61,550	21,192	2,782	209	468	25	34,252	1,951	123	468	80
Customer Related												
Power and Chemicals	1	48,165	9,773	6,753	4,147	29	43	13,856	8,964	4,465	34	101
Amortization of Acquisitions Adj.	23	28,500	5,216	2,098	1,020	382	784	10,173	3,785	1,636	784	2,622
Adjustment for General Price Level	21	76,800	17,111	5,844	2,604	899	1,874	29,507	8,517	3,494	1,559	5,391
TOTAL OPERATION AND MAINTENANCE EXPENSES		12,826,009	2,764,490	996,047	461,267	135,906	279,165	4,918,529	1,565,176	665,502	235,230	804,697

THE YORK WATER COMPANY

COST OF SERVICE AS OF DECEMBER 31, 2006 AT PROPOSED REVENUE LEVEL
ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

ACCOUNT (1)	FACTOR REF (2)	COST OF SERVICE (3)	-----G R A V I T Y S Y S T E M-----					-----R E P U M P I N G S Y S T E M-----				
			RESIDENTIAL (4)	COMMERCIAL (5)	INDUSTRIAL (6)	PRIVATE (7)	PUBLIC (8)	RESIDENTIAL (9)	COMMERCIAL (10)	INDUSTRIAL (11)	PRIVATE (12)	PUBLIC (13)
503 DEPRECIATION EXPENSE												
305 Collecting & Impounding Reservoirs	1	41,597	8,440	5,832	3,582	25	37	11,968	7,741	3,856	29	87
306 Lake, River and Other Intakes	3	64,809	14,744	8,114	4,841	26	45	20,915	10,771	5,217	32	104
304.15 Other Water Source Structures	3	2,413	549	302	180	1	2	779	401	194	1	4
304.2 Power and Pumping Structures												
Pumping Station	3	107,093	24,364	13,408	8,000	43	75	34,558	17,799	8,621	54	171
Booster - Max Day	5	24,431						10,918	5,639	2,729	1,339	3,806
Booster - Max Hour	7	4,122						1,532	833	376	359	1,022
304.3 Purification Buildings	3	26,254	5,973	3,287	1,961	11	18	8,473	4,363	2,113	13	42
330 Distr. Reservoirs and Standpipes												
Basins	9	116,844	23,322	13,531	7,513	1,729	2,909	33,068	17,947	8,086	2,278	6,461
Standpipe - Gravity	10	44,227	20,619	11,941	6,625	1,884	3,158					
Standpipes - Repumped	11	166,848						82,590	44,882	20,222	4,989	14,165
304.61 Office Buildings	21	15,781	3,516	1,201	535	185	385	6,063	1,750	718	320	1,108
304.62 Stores, Shop and Garage Bldgs.	21	102,010	22,728	7,763	3,458	1,194	2,489	39,192	11,313	4,641	2,071	7,161
304.63 Misc. Structures and Improv.	21	1,866	416	142	63	22	46	716	207	85	38	131
311 Electric Pumping Equipment												
Pumping Station	3	75,992	17,288	9,514	5,677	30	53	24,523	12,630	6,117	38	122
Booster - Max Day	5	38,550						17,228	8,897	4,306	2,113	6,006
Booster - Max Hour	7	3,552						1,319	718	324	310	881
310.7 Oil Engine Pumping Equipment	3	54,756	12,457	6,855	4,090	22	38	17,671	9,100	4,408	27	88
310.9 Other Power Pumping Equipment	3											
320 Purification System	3	159,177	36,213	19,929	11,891	64	111	51,365	26,455	12,814	80	255
344 Laboratory Equipment	3	2,410	548	302	180	1	2	777	401	194	1	4
331 Mains and Accessories												
Transmission - Supply	3	139,000	31,623	17,403	10,383	56	97	44,854	23,102	11,190	70	222
Transmission - Gravity	4	55,535	23,402	12,834	7,653	4,343	7,303					
Transmission - Repumped	5	108,329						48,413	25,002	12,100	5,936	16,878
Distribution - Gravity	6	124,655	43,654	25,280	14,024	15,544	26,153	149,542	81,247	36,642	35,073	99,708
Distribution - Repumped	7	402,212						248,823	15,035	1,136	5,723	
Services	15	454,225	153,937	20,804	1,999	6,768		242,789	45,178	6,177		
333 Meters	14	510,491	152,382	52,938	11,027							
334 Fire Hydrants	13	69,282	143,023	48,851	21,762	7,511	21,817	246,631	71,190	29,208	13,031	47,465
340 Office Furniture and Equipment	21	641,934	598	204	91	31	65	1,033	298	122	54	45,064
342 Stores Equipment	21	2,684						692	200	82	37	127
343.1 Shop Equipment	21	1,802										
343.2 Tools and Work Equip. - General	21	24,597	5,480	1,872	834	288	600	9,450	2,728	1,119	499	1,727
346 Communication Equipment	21	21,261	4,737	1,618	721	249	519	8,167	2,358	967	432	1,493
347 Miscellaneous Equipment	21	8,366	1,864	637	284	98	204	3,213	928	381	170	587
Total Depreciation Expense		3,617,105	752,278	284,699	127,435	40,146	81,833	1,367,262	449,113	184,145	75,117	255,077

THE YORK WATER COMPANY

COST OF SERVICE AS OF DECEMBER 31, 2006 AT PROPOSED REVENUE LEVEL
ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

ACCOUNT (1)	FACTOR REF (2)	COST OF SERVICE (3)	-----G R A V I T Y S Y S T E M-----					-----R E P U M P I N G S Y S T E M-----					FIRE PROTECTION PUBLIC (13)
			RESIDENTIAL (4)	COMMERCIAL (5)	INDUSTRIAL (6)	PRIVATE (7)	PUBLIC (8)	RESIDENTIAL (9)	COMMERCIAL (10)	INDUSTRIAL (11)	PRIVATE (12)		
507.1 Taxes Other Than Income													
Capital Stock Tax	24	240,458	44,725	17,938	8,705	3,246	6,685	85,964	31,620	13,634	6,396	21,545	
Public Utility Realty	24	224,833	41,819	16,773	8,139	3,035	6,250	80,377	29,566	12,748	5,981	20,145	
P.U.C. and O.C.A. Assessments	25	200,501	40,200	15,298	7,218	2,426	4,972	74,248	25,403	10,827	4,531	15,378	
Payroll Taxes	22	424,161	93,740	32,321	14,337	5,132	10,562	162,241	47,294	19,299	8,907	30,328	
Other Taxes	22	45,425	10,039	3,461	1,535	550	1,131	17,375	5,065	2,067	954	3,248	
Total Taxes Other Than Income		1,135,378	230,523	85,791	39,934	14,389	29,600	420,205	138,948	58,575	26,769	90,644	
507.2 Income Taxes	24	4,389,344	816,418	327,445	158,894	59,256	122,024	1,569,190	577,199	248,876	116,757	393,285	
Utility Operating Income Available for Return	24	10,993,004	2,044,699	820,078	397,947	148,406	305,606	3,929,998	1,445,580	623,303	292,414	984,973	
Total Cost of Service		32,960,840	6,608,408	2,514,060	1,185,477	398,103	818,228	12,205,184	4,176,016	1,780,401	746,287	2,528,676	
Less: Other Water Revenues	25	261,012-	52,333-	19,915-	9,396-	3,158-	6,473-	96,653-	33,070-	14,095-	5,899-	20,020-	
Unrecovered Public Fire - Gravity	26	608,816-					608,816-						
Unrecovered Public Fire - Repumped	27	1,881,492-											
Reallocate Public Fire - Gravity	28	608,816	428,850	148,916	31,050							1,881,492-	
Reallocate Public Fire - Repumped	29	1,881,492						1,553,172	288,809	39,511			
TOTAL COST OF SERVICE RELATED TO SALES OF WATER		32,699,828	6,984,925	2,643,061	1,207,131	394,945	202,939	13,661,703	4,431,755	1,805,817	740,388	627,164	

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma future test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, 100 Gallons	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	34,186	0.2029
Commercial	23,620	0.1402
Industrial	14,509	0.0861
Private Fire Protection	95	0.0006
Public Fire Protection	160	0.0009
<u>Repumped</u>		
Residential	48,466	0.2877
Commercial	31,352	0.1861
Industrial	15,612	0.0927
Private Fire Protection	125	0.0007
Public Fire Protection	355	0.0021
Total	168,480	1.0000

FACTOR 2. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED IN THE REPUMPED SERVICE AREA.

Factors are based on the pro forma future test year average daily consumption for each customer classification in the repumped service area.

Customer Classification	Average Daily Consumption, 100 Gallons	Allocation Factor
(1)	(2)	(3)
<u>Repumped</u>		
Residential	48,466	0.5053
Commercial	31,352	0.3269
Industrial	15,612	0.1628
Private Fire Protection	125	0.0013
Public Fire Protection	355	0.0037
Total	95,910	1.0000

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor
	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)=(2)x 0.7407	(4)	(5)=(4)x 0.2593	(6)=(3)+(5)
<u>Gravity</u>					
Residential	0.2029	0.1503	0.2980	0.0772	0.2275
Commercial	0.1402	0.1038	0.0824	0.0214	0.1252
Industrial	0.0861	0.0638	0.0422	0.0109	0.0747
Private Fire Protection	0.0006	0.0004			0.0004
Public Fire Protection	0.0009	0.0007			0.0007
<u>Repumped</u>					
Residential	0.2877	0.2131	0.4226	0.1096	0.3227
Commercial	0.1861	0.1378	0.1094	0.0284	0.1662
Industrial	0.0927	0.0687	0.0454	0.0118	0.0805
Private Fire Protection	0.0007	0.0005			0.0005
Public Fire Protection	0.0021	0.0016			0.0016
Total	1.0000	0.7407	1.0000	0.2593	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and column 5 weightings are presented on the following page.

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification	Average Daily Consumption, 100 Gallons	Maximum Day Extra Capacity		Service Area Factor	Allocation Factor
		Factor*	Rate of Flow, 100 Gallons Per Day		
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)
<u>Gravity</u>					
Residential	34,186	1.5	51,279.0	0.7053	0.2980
Commercial	23,620	0.6	14,172.0	0.1949	0.0824
Industrial	14,509	0.5	7,254.5	0.0998	0.0422
	72,315		72,705.5	1.0000	
<u>Repumped</u>					
Residential	48,466	1.5	72,699.0	0.7320	0.4226
Commercial	31,352	0.6	18,811.2	0.1894	0.1094
Industrial	15,612	0.5	7,806.0	0.0786	0.0454
	95,430		99,316.2	1.0000	
Total	167,745		172,021.7		1.0000

The weighting of the factors is based on the maximum day ratio of 1.35, based on a review of maximum day ratios experienced during the period 1983 through 2005. (See Schedule F).

	Maximum Day Ratio	Weight
Average Day	1.00	0.7407
Maximum Day Extra Capacity	0.35	0.2593
Total	1.35	1.0000

* Ratio of maximum day to average day minus 1.0.

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS FOR THE GRAVITY SERVICE AREA.

Factors are based on the weighting of the factors for average daily consumption, the factors derived from maximum day extra capacity demand and the fire protection demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption			Maximum Day Extra Capacity			Fire Protection		
	100 Gals. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x 0.5870	Allocation Factor (5)	Weighted Factor (6)=(5)x 0.2054	Allocation Factor (7)	Allocation Factor (8)=(7)x 0.2076	Weighted Factor (9)=(4) +(6)+(8)	Allocation Factor (9)=(4) +(6)+(8)
<u>Gravity</u>									
Residential	34,186	0.4711	0.2765	0.7053	0.1449				0.4214
Commercial	23,620	0.3255	0.1911	0.1949	0.0400				0.2311
Industrial	14,509	0.1999	0.1173	0.0998	0.0205				0.1378
Private Fire	95	0.0013	0.0008			0.3730	0.0774	0.0782	0.0782
Public Fire	160	0.0022	0.0013			0.6270	0.1302	0.1315	0.1315
Total	72,570	1.0000	0.5870	1.0000	0.2054	1.0000	0.2076	1.0000	1.0000

The basis for the weightings in columns 4, 6 and 8 are presented on the following page.

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS FOR THE GRAVITY SERVICE AREA, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are a review of the ratios of maximum day to average day during the years 1983-2005 (see Schedule F) and the average daily send-out during the test year of 18.7 mgd. The system demand for the fire protection is 11,000 gpm for 10 hours.

	Maximum Day Ratio	Rate of Flow, GPD	Weight
Average Day	1.00	18,656,690	0.5870
Maximum Day Extra Capacity	0.35	6,529,842	0.2054
	1.35	25,186,532	0.7924
Fire Protection		6,600,000	0.2076
Total		31,786,532	1.0000

* Ratio of maximum day to average day minus 1.0.

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS FOR THE REPUMPED SERVICE AREA.

Factors are based on the weighting of the factors for average daily consumption, the factors derived from maximum day extra capacity demand and the fire protection demand for each customer classification, as follows:

Customer Classification (1)	Average Daily Consumption			Maximum Day Extra Capacity			Fire Protection		
	100 Gals. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x 0.5870	Allocation Factor (5)	Weighted Factor (6)=(5)x 0.2054		Allocation Factor (7)	Weighted Factor (8)=(7)x 0.2076	Allocation Factor (9)=(4) +(6)+(8)
<u>Repumped</u>									
Residential	48,466	0.5053	0.2965	0.7320	0.1504				0.4469
Commercial	31,352	0.3269	0.1919	0.1894	0.0389				0.2308
Industrial	15,612	0.1628	0.0956	0.0786	0.0161				0.1117
Private Fire	125	0.0013	0.0008				0.2602	0.0540	0.0548
Public Fire	355	0.0037	0.0022				0.7398	0.1536	0.1558
Total	95,910	1.0000	0.5870	1.0000	0.2054		1.0000	0.2076	1.0000

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS FOR THE GRAVITY SERVICE AREA.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Max Hour Extra Capacity		Fire Protection		Allocation Factor
	100 Gals. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x (2)	Allocation Factor (5)	Weighted Factor (6)=(5)x (4)	Allocation Factor (7)	Weighted Factor (8)=(7)x (6)	
<u>Gravity</u>								
Residential	1,424.4	0.4711	0.1848	0.6023	0.1654			0.3502
Commercial	984.2	0.3255	0.1277	0.2735	0.0751			0.2028
Industrial	604.5	0.1999	0.0784	0.1242	0.0341			0.1125
Private Fire	4.0	0.0013	0.0005			0.3730	0.1242	0.1247
Public Fire	6.7	0.0022	0.0009			0.6270	0.2089	0.2098
Total	3,023.8	1.0000	0.3923	1.0000	0.2746	1.0000	0.3331	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

Customer Classification	Average Hourly Consumption 100 Gals. (2)	Maximum Hour Extra Capacity	
		Factor (3)	Rate, 100 gal/hr (4)=(2)x(3)
<u>Gravity</u>			
Residential	1,424.4	3.5	4,985.4
Commercial	984.2	2.3	2,263.7
Industrial	604.5	1.7	1,027.7
Total	3,013.1		8,276.8

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are a review of the ratios of maximum hour to average hour during the years 1983-2005 (see Schedule F) and the average daily send-out during the test of 18.7 mgd. The system demand for fire protection is 11,000 gpm.

	<u>Ratio</u>	<u>Rate of Flow, (GPM)</u>	<u>Weight</u>
Average Hour	1.00	12,956	0.3923
Maximum Hour			
Extra Capacity	<u>0.70</u>	<u>9,069</u>	<u>0.2746</u>
Subtotal	1.70	22,025	0.6669
Fire Protection		<u>11,000</u>	<u>0.3331</u>
Total		<u>33,025</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 7 on the previous page are based on relative potential demands (see Schedule G).

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS FOR THE REPUMPED SERVICE AREA.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption			Max Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+ (6)+(8)
	100 Gals. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x 0.3923	Allocation Factor (5)	Weighted Factor (6)=(5)x 0.2746	Allocation Factor (7)	Weighted Factor (8)=(7)x 0.3331	
<u>Repumped</u>								
Residential	2,019.4	0.5053	0.1982	0.6323	0.1736			0.3718
Commercial	1,306.3	0.3269	0.1282	0.2688	0.0738			0.2020
Industrial	650.5	0.1628	0.0639	0.0989	0.0272			0.0911
Private Fire	5.2	0.0013	0.0005			0.2602	0.0867	0.0872
Public Fire	14.8	0.0037	0.0015			0.7398	0.2464	0.2479
Total	3,996.2	1.0000	0.3923	1.0000	0.2746	1.0000	0.3331	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

Customer Classification (1)	Average Hourly Consumption 100 Gals. (2)	Maximum Hour Extra Capacity	
		Factor (3)	Rate, 100 gal/hr (4)=(2)x(3) (5)
<u>Repumped</u>			
Residential	2,019.4	3.5	7,067.9
Commercial	1,306.3	2.3	3,004.5
Industrial	650.5	1.7	1,105.9
Total	3,976.2		11,178.2

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF MAINTENANCE OF PUMPING EQUIPMENT.

The factors are based on the allocation of Account 311, Electric Pumping Equipment original cost rate base, as follows:

Customer Classification	Account 311, Electric Pumping Equipment	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$228,877	0.1099
Commercial	125,958	0.0605
Industrial	75,152	0.0361
Private Fire Protection	402	0.0002
Public Fire Protection	704	0.0003
<u>Repump</u>		
Residential	799,138	0.3838
Commercial	413,114	0.1984
Industrial	199,423	0.0958
Private Fire Protection	62,282	0.0299
Public Fire Protection	177,250	0.0851
Total	<u>\$2,082,300</u>	<u>1.0000</u>

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES SERVING BOTH GRAVITY AND REPUMPED SERVICE AREAS.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	100 Gals. (2)	Allocation Factor 1 (3)	Weighted Factor (4)=(3)x 0.5222	Allocation Factor (5)	Weighted Factor (6)=(5)x 0.3656	Allocation Factor (7)	Weighted Factor (8)=(7)x 0.1122	
<u>Gravity</u>								
Residential	1,424.4	0.2029	0.1059	0.2563	0.0937			0.1996
Commercial	984.2	0.1402	0.0732	0.1164	0.0426			0.1158
Industrial	604.5	0.0861	0.0450	0.0528	0.0193			0.0643
Private Fire	4.0	0.0006	0.0003			0.1295	0.0145	0.0148
Public Fire	6.7	0.0009	0.0005			0.2176	0.0244	0.0249
<u>Repumped</u>								
Residential	2,019.4	0.2877	0.1502	0.3633	0.1328			0.2830
Commercial	1,306.3	0.1861	0.0972	0.1544	0.0564			0.1536
Industrial	650.5	0.0927	0.0484	0.0568	0.0208			0.0692
Private Fire	5.2	0.0007	0.0004			0.1699	0.0191	0.0195
Public Fire	14.8	0.0021	0.0011			0.4830	0.0542	0.0553
Total	7,020.0	1.0000	0.5222	1.0000	0.3656	1.0000	0.1122	1.0000

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES SERVING BOTH GRAVITY AND REPUMPED SERVICE AREAS, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10-hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{11,000 \text{ GPM} \times 60 \text{ Min.} \times 10 \text{ Hours}}{58,840,000 \text{ Gallons Storage}} = 0.1122$$

$$\text{General Service Weight} = 1.0000 - 0.1122 = 0.8878$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows.

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	58.82	0.5222
Extra Capacity Maximum Hour	0.70	41.18	0.3656
Total	1.70	100.00	0.8878

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES SERVING BOTH GRAVITY AND REPUMPED SERVICE AREAS, cont.

The maximum hour extra capacity factors in column 5 are determined as follows:

Customer Classification	Average	Maximum Hour Extra Capacity		Allocation
	Hourly Consumption 100 Gals	Factor*	Rate, 100 Gals. Per Hour	
(1)	(2)	(3)	(4)=(2)x(3)	(6)
<u>Gravity</u>				
Residential	1,424.4	3.5	4,985.4	0.2563
Commercial	984.2	2.3	2,263.7	0.1164
Industrial	604.5	1.7	1,027.7	0.0528
	3,013.1		8,276.8	
<u>Repumped</u>				
Residential	2,019.4	3.5	7,067.9	0.3633
Commercial	1,306.3	2.3	3,004.5	0.1544
Industrial	650.5	1.7	1,105.9	0.0568
	10,002.4		11,178.3	
Total	13,015.5		19,455.1	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES SERVING THE GRAVITY SERVICE AREA.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Max Hour Extra Capacity		Fire Protection		Allocation Factor
	100 Gals. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x (5)	Allocation Factor (5)	Weighted Factor (6)=(5)x (7)	Allocation Factor (7)	Weighted Factor (8)=(7) x 0.1122	
<u>Gravity</u>								
Residential	1,424.40	0.4711	0.2460	0.6023	0.2202			0.4662
Commercial	984.20	0.3255	0.1700	0.2735	0.1000			0.2700
Industrial	604.50	0.1999	0.1044	0.1242	0.0454			0.1498
Private Fire	4.00	0.0013	0.0007			0.3730	0.0419	0.0426
Public Fire	6.70	0.0022	0.0011			0.6270	0.0703	0.0714
Total	3,023.8	1.0000	0.5222	1.0000	0.3656	1.0000	0.1122	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

Customer Classification	Average Hourly Consumption 100 Gals (2)	Maximum Hour Extra Capacity	
		Factor (3)	Rate, 100 gal/hr (4)=(2)x(3)
<u>Gravity</u>			
Residential	1,424.4	3.5	4,985.4
Commercial	984.2	2.3	2,263.7
Industrial	604.5	1.7	1,027.7
Total	3,013.1		8,276.8

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES SERVING THE REPUMPED SERVICE AREA.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity			Fire Protection		
	100 Gals. (2)	Allocation Factor (3)	Weighted Factor (4)=(3)x 0.5222	Allocation Factor (5)	Weighted Factor (6)=(5)x 0.3656		Allocation Factor (7)	Weighted Factor (8)=(7)x 0.1122	Allocation Factor (9)=(4) +(6)+(8)
<u>Repumped</u>									
Residential	2,019.40	0.5053	0.2639	0.6323	0.2311				0.4950
Commercial	1,306.30	0.3269	0.1707	0.2688	0.0983				0.2690
Industrial	650.50	0.1628	0.0850	0.0989	0.0362				0.1212
Private Fire	5.20	0.0013	0.0007				0.2602	0.0292	0.0299
Public Fire	14.80	0.0037	0.0019				0.7398	0.0830	0.0849
Total	3,996.2	1.0000	0.5222	1.0000	0.3656		1.0000	0.1122	1.0000

The maximum hour extra capacity factors in column 5 are determined as follows:

Customer Classification	Average Hourly Consumption 100 Gals (2)	Maximum Hour Extra Capacity	
		Factor (3)	Rate, 100 gal/hr (4)=(2)x(3) (5)
<u>Repumped</u>			
Residential	2,019.4	3.5	7,067.9
Commercial	1,306.3	2.3	3,004.5
Industrial	650.5	1.7	1,105.9
Total	3,976.2		11,178.2

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF MAINTENANCE OF TRANSMISSION AND DISTRIBUTION STRUCTURES.

Factors are based on the allocation of Account 304.2, Power and Pumping Structures original cost rate base as follows:

Customer Classification	Account 304.2 Power and Pumping Structures	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$1,234,000	0.1922
Commercial	679,107	0.1058
Industrial	405,186	0.0631
Private Fire Protection	2,170	0.0003
Public Fire Protection	3,797	0.0006
<u>Repumped</u>		
Residential	2,187,857	0.3406
Commercial	1,128,486	0.1758
Industrial	545,797	0.0850
Private Fire Protection	60,754	0.0095
Public Fire Protection	173,695	0.0271
Total	\$6,420,849	1.0000

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Fire hydrant costs are assigned directly to public fire protection, in each service area based on the number of hydrants.

Customer Classification	Number of Hydrants	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Public Fire Protection	927	0.3149
<u>Repumped</u>		
Public Fire Protection	2,017	0.6851
Total	2,944	1.0000

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor	Service Area Allocation Factors 28/29 *
(1)	(2)	(3)	(4)
<u>Gravity</u>			
Residential	20,468	0.2985	0.7044
Commercial	7,109	0.1037	0.2446
Industrial	1,481	0.0216	0.0510
	<u>29,058</u>		<u>1.0000</u>
<u>Repumped</u>			
Residential	32,613	0.4756	0.8255
Commercial	6,066	0.0885	0.1535
Industrial	830	0.0121	0.0210
	<u>39,509</u>		<u>1.0000</u>
 Total	 <u>68,567</u>	 <u>1.0000</u>	

* Factors 28 and 29 allocate unrecovered public fire protection costs to customer classes for the gravity and repumped service areas, respectively.

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)x(3)	(5)	(6)=(2)x(5)	(7)	(8)=(2)x(7)

GRAVITY SERVICE AREA

5/8" x 3/4"	1.00	19,006	19,006	86	86	0	0
3/4"	1.59	644	1,024	1,447	2,301	39	62
1"	1.80	121	218	509	916	31	56
1-1/2"	4.07	54	220	274	1,115	32	130
2"	5.09	0	0	193	982	48	244
3"	14.32	0	0	50	716	19	272
4"	20.88	0	0	38	793	17	355
6"	28.60	0	0	7	200	10	286
8"	47.59	0	0	0	0	0	0
12"	76.15	0	0	0	0	1	76
Total		<u>19,825</u>	<u>20,468</u>	<u>2,604</u>	<u>7,109</u>	<u>197</u>	<u>1,481</u>

REPUMPED SERVICE AREA

5/8" x 3/4"	1.00	31,282	31,282	89	89	0	0
3/4"	1.59	534	849	776	1,234	14	22
1"	1.80	193	347	351	632	23	41
1-1/2"	4.07	27	110	307	1,249	27	110
2"	5.09	5	25	198	1,008	29	148
3"	14.32	0	0	68	974	10	143
4"	20.88	0	0	28	585	7	146
6"	28.60	0	0	7	200	6	172
8"	47.59	0	0	2	95	1	48
12"	76.15	0	0	0	0	0	0
Total		<u>32,041</u>	<u>32,613</u>	<u>1,826</u>	<u>6,066</u>	<u>117</u>	<u>830</u>

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	19,805	0.3389
Commercial	2,674	0.0458
Industrial	257	0.0044
Private Fire Protection	872	0.0149
<u>Repumped</u>		
Residential	32,011	0.5478
Commercial	1,933	0.0331
Industrial	148	0.0025
Private Fire Protection	736	0.0126
Total	<u>58,436</u>	<u>1.0000</u>

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Private Fire Protection	
		Number of Services (3)	Weighting (4)=(2)x(3)	Number of Services (5)	Weighting (6)=(2)x(5)	Number of Services (7)	Weighting (8)=(2)x(7)	Number of Services (9)	Weighting (10)=(2)x(9)
GRAVITY SERVICE AREA									
3/4"	1.00	19,650	19,650	1,533	1,533	39	39	0	0
1"	0.84	121	102	509	428	31	26	0	0
1-1/2"	0.99	54	53	274	271	32	32	0	0
2"	1.22	0	0	193	235	48	59	6	7
3"	2.15	0	0	50	108	19	41	4	9
4"	2.26	0	0	38	86	17	38	96	217
6"	1.88	0	0	7	13	10	19	205	385
Over 6"	2.54	0	0	0	0	1	3	100	254
Total		19,825	19,805	2,604	2,674	197	257	411	872
REPUMPED SERVICE AREA									
3/4"	1.00	31,816	31,816	865	865	14	14	0	0
1"	0.84	193	162	351	295	23	19	0	0
1-1/2"	0.99	27	27	307	304	27	27	0	0
2"	1.22	5	6	198	242	29	36	2	2
3"	2.15	0	0	68	146	10	22	3	6
4"	2.26	0	0	28	63	7	16	58	131
6"	1.88	0	0	7	13	6	11	120	226
Over 6"	2.54	0	0	2	5	1	3	146	371
Total		32,041	32,011	1,826	1,933	117	148	329	736

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATIONS AND SUPERVISION EXPENSES.

Factors are based on the allocation of transmission and distribution operation labor, as follows

Customer Classification	Transmission & Distribution Operating Labor	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$83,846	0.1576
Commercial	37,666	0.0708
Industrial	15,429	0.0290
Private Fire Protection	12,514	0.0235
Public Fire Protection	21,053	0.0396
<u>Repumped</u>		
Residential	176,669	0.3321
Commercial	69,340	0.1303
Industrial	27,123	0.0510
Private Fire Protection	23,004	0.0432
Public Fire Protection	65,395	0.1229
Total	<u>\$532,039</u>	<u>1.0000</u>

FACTOR 17. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION EXPENSES.

Factors are based on the allocation of transmission and distribution maintenance labor, as follows:

Customer Classification	Transmission & Distribution Maintenance Labor	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$68,352	0.1593
Commercial	23,662	0.0552
Industrial	9,454	0.0220
Private Fire Protection	8,014	0.0187
Public Fire Protection	32,305	0.0753
<u>Repumped</u>		
Residential	133,786	0.3120
Commercial	41,730	0.0973
Industrial	16,359	0.0381
Private Fire Protection	13,767	0.0321
Public Fire Protection	81,517	0.1900
Total	<u>\$428,946</u>	<u>1.0000</u>

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF TRANSMISSION AND DISTRIBUTION VACATION EXPENSE.

Factors are based on transmission and distribution operation and maintenance labor,
as follows:

Customer Classification	Transmission & Distribution Operation and Maintenance Labor	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$245,548	0.1582
Commercial	101,779	0.0656
Industrial	41,397	0.0267
Private Fire Protection	33,989	0.0219
Public Fire Protection	80,019	0.0515
<u>Repumped</u>		
Residential	505,014	0.3252
Commercial	185,125	0.1193
Industrial	72,469	0.0467
Private Fire Protection	61,309	0.0395
Public Fire Protection	225,684	0.1454
Total	<u>\$1,552,333</u>	<u>1.0000</u>

FACTOR 19. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the pro forma number of bills.

Customer Classification	Pro Forma Number of Bills	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	237,902	0.3443
Commercial	31,236	0.0452
Industrial	2,369	0.0034
Private Fire Protection	5,280	0.0076
Public Fire Protection	276	0.0004
<u>Repumped</u>		
Residential	384,503	0.5565
Commercial	21,910	0.0317
Industrial	1,390	0.0020
Private Fire Protection	5,256	0.0076
Public Fire Protection	876	0.0013
Total	<u>690,998</u>	<u>1.0000</u>

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF METER READING COSTS.

Factors are based on the pro forma number of meter readings by customer classification, as follows:

Customer Classification	Pro Forma Number of Readings	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	237,902	0.3502
Commercial	31,236	0.0460
Industrial	2,369	0.0035
<u>Repumped</u>		
Residential	384,503	0.5660
Commercial	21,910	0.0323
Industrial	1,390	0.0020
Total	679,310	1.0000

FACTOR 21. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

Factors are based on the allocation of all other operation and maintenance expenses excluding fuel, power purchased, and chemicals.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$1,350,149	0.2228
Commercial	461,028	0.0761
Industrial	205,225	0.0339
Private Fire Protection	70,934	0.0117
Public Fire Protection	148,118	0.0244
<u>Repumped</u>		
Residential	2,329,694	0.3842
Commercial	672,371	0.1109
Industrial	275,584	0.0455
Private Fire Protection	122,887	0.0203
Public Fire Protection	425,232	0.0702
Total	\$6,061,222	1.0000

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 22. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of operation and maintenance direct labor expense to customer classifications, as follows.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$1,115,854	0.2210
Commercial	384,774	0.0762
Industrial	170,667	0.0338
Private Fire Protection	61,277	0.0121
Public Fire Protection	125,457	0.0249
<u>Repumped</u>		
Residential	1,930,301	0.3825
Commercial	562,974	0.1115
Industrial	229,908	0.0455
Private Fire Protection	106,138	0.0210
Public Fire Protection	360,814	0.0715
Total	<u>\$5,048,164</u>	<u>1.0000</u>

FACTOR 23. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$24,635,066	0.1830
Commercial	9,904,010	0.0736
Industrial	4,818,446	0.0358
Private Fire Protection	1,799,155	0.0134
Public Fire Protection	3,698,873	0.0275
<u>Repumped</u>		
Residential	48,081,731	0.3570
Commercial	17,871,618	0.1328
Industrial	7,719,875	0.0574
Private Fire Protection	3,698,685	0.0275
Public Fire Protection	12,378,200	0.0920
Total	<u>\$134,605,659</u>	<u>1.0000</u>

THE YORK WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 24. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

The factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below:

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$22,339,656	0.1860
Commercial	8,956,415	0.0746
Industrial	4,351,891	0.0362
Private Fire Protection	1,622,736	0.0135
Public Fire Protection	3,337,520	0.0278
<u>Repumped</u>		
Residential	42,923,517	0.3575
Commercial	15,794,021	0.1315
Industrial	6,811,473	0.0567
Private Fire Protection	3,191,755	0.0266
Public Fire Protection	10,755,858	0.0896
Total	<u>\$120,084,842</u>	<u>1.0000</u>

FACTOR 25. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
<u>Gravity</u>		
Residential	\$6,517,682	0.2005
Commercial	2,479,534	0.0763
Industrial	1,169,187	0.0360
Private Fire Protection	392,628	0.0121
Public Fire Protection	807,006	0.0248
<u>Repumped</u>		
Residential	12,037,620	0.3703
Commercial	4,118,685	0.1267
Industrial	1,755,966	0.0540
Private Fire Protection	736,061	0.0226
Public Fire Protection	2,493,970	0.0767
Total	<u>\$32,508,339</u>	<u>1.0000</u>

THE YORK WATER COMPANY

FACTORS 24. ORIGINAL COST MEASURE OF VALUE RATE BASE
 ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

-----GRAVITY SYSTEM-----																-----REPUMPING SYSTEM-----			
ACCOUNT (1)	FACTOR REF (2)	MEASURE OF VALUE (3)	INDUSTRIAL				FIRE PROTECTION		INDUSTRIAL				FIRE PROTECTION						
			(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)							
NONDEPRECIABLE PLANT																			
301 Organization	23	5,302	970	390	190	71	146	1,893	704	304	146	488							
302 Franchises and Consents	23	4,918	900	362	176	66	135	1,757	653	282	135	452							
303.11 Water Rights	1	39,972	8,110	5,604	3,442	24	36	11,500	7,439	3,705	28	84							
303.12 Reservoir Land	1	852,623	172,997	119,538	73,411	512	767	245,299	158,673	79,038	597	1,791							
303.2 Power and Pumping Land																			
Pumping Station	3	920,730	209,466	115,275	68,779	368	645	297,120	153,025	74,119	460	1,473							
Booster - Max Day	5	27,682						12,371	6,389	3,092	1,517	4,313							
Booster - Max Hour	7	107,107						39,822	21,636	9,757	9,340	26,552							
303.3 Purification Land	3	17,854	4,062	2,235	1,334	7	12	5,762	2,967	1,437	9	29							
303.4 Transmission and Distribution																			
Land and Rights of Way	18	62,516	9,890	4,101	1,669	1,369	3,220	20,331	7,458	2,919	2,469	9,090							
303.5 Distr. Reservoir & Standpipe Land																			
Standpipe - Gravity	10	10,185	4,748	2,750	1,526	434	727	183,238	99,578	44,866	11,068	31,428							
Standpipes - Repumped	11	370,178	25,627	8,753	3,899	1,346	2,807	44,191	12,756	5,234	2,335	8,075							
303.61 Office Land	21	115,023	37,062	12,659	5,639	1,946	4,059	63,909	18,448	7,569	3,377	11,677							
303.62 Stores, Shop and Garage Land	21	166,345																	
TOTAL NONDEPRECIABLE PLANT	2,700,435		473,832	271,667	160,065	6,143	12,554	927,193	489,726	232,322	31,481	95,452							
DEPRECIABLE PLANT																			
305 Collecting & Impounding Reservoirs	1	3,170,694	643,334	444,531	272,997	1,902	2,854	912,210	590,066	293,923	2,219	6,658							
306 Lake, River and Other Intakes	3	3,319,004	755,073	415,539	247,930	1,328	2,323	1,071,043	551,618	267,180	1,660	5,310							
304.15 Other Water Source Structures	3	119,803	27,255	14,999	8,949	48	84	38,661	19,911	9,644	60	192							
304.2 Power and Pumping Structures																			
Pumping Station	3	5,424,177	1,234,000	679,107	405,186	2,170	3,797	1,750,382	901,498	436,646	2,712	8,679							
Booster - Max Day	5	890,975						398,177	205,637	99,522	48,825	138,814							
Booster - Max Hour	7	105,697						39,298	21,351	9,629	9,217	26,202							
304.3 Purification Buildings	3	943,372	214,617	118,110	70,470	377	660	304,428	156,788	75,941	472	1,509							
330 Distr. Reservoirs and Standpipes																			
Basins	9	4,986,324	995,270	577,416	320,621	73,798	124,159	1,411,130	765,899	345,054	97,233	275,744							
Standpipe - Gravity	10	169,500	79,021	45,765	25,391	7,221	12,102	2,016,310	1,095,732	493,691	121,793	345,828							
Standpipes - Repumped	11	4,073,354						269,036	77,658	31,861	14,215	49,158							
304.61 Office Buildings	21	700,251	156,016	53,289	23,739	8,193	17,086	739,621	213,493	87,592	39,079	135,142							
304.62 Stores, Shop and Garage Bldgs.	21	1,925,095	428,911	146,500	65,261	22,524	46,972	7,527	2,173	891	398	1,375							
304.63 Misc. Structures and Improv.	21	19,591	4,365	1,491	664	229	478												
311 Electric Pumping Equipment																			
Pumping Station	3	1,006,053	228,877	125,958	75,152	402	704	324,654	167,206	80,987	503	1,610							
Booster - Max Day	5	989,810						442,346	228,448	110,562	54,242	154,212							
Booster - Max Hour	7	86,437						32,138	17,460	7,874	7,537	21,428							

THE YORK WATER COMPANY

ALLOCATED TO RESIDENTIAL, COMMERCIAL, INDUSTRIAL, AND FIRE PROTECTION CUSTOMER CLASSIFICATIONS

FACTOR 24. ORIGINAL COST MEASURE OF VALUE RATE BASE

			-----G R A V I T Y S Y S T E M-----					-----R E P U M P I N G S Y S T E M-----					FIRE PROTECTION	
ACCOUNT (1)	FACTOR REF (2)	MEASURE OF VALUE (3)	RESIDENTIAL (4)	COMMERCIAL (5)	INDUSTRIAL (6)	PRIVATE (7)	PUBLIC (8)	RESIDENTIAL (9)	COMMERCIAL (10)	INDUSTRIAL (11)	PRIVATE (12)	PUBLIC (13)		
DEPRECIABLE PLANT, CONT.														
310.7	3	Oil Engine Pumping Equipment	279,326	153,721	91,717	491	859	396,215	204,061	98,838	614	1,964		
310.9	3	Other Power Pumping Equipment												
320	3	Purification System	509,779	280,547	167,387	896	1,569	723,103	372,419	180,384	1,120	3,585		
344	3	Laboratory Equipment	5,124	2,820	1,683	9	16	7,269	3,744	1,813	11	36		
331		Mains and Accessories												
	3	Transmission - Supply	2,904,210	1,598,273	953,602	5,106	8,936	4,119,511	2,121,669	1,027,644	6,383	20,425		
	4	Transmission - Gravity	1,684,919	924,027	550,977	312,674	525,787							
	5	Transmission - Repumped												
	6	Distribution - Gravity	2,824,610	1,635,725	907,392	1,005,793	1,692,185	3,341,399	1,725,654	835,163	409,731	1,164,891		
	7	Distribution - Repumped												
333	15	Services	6,908,828	933,681	89,699	303,752		10,712,184	5,819,959	2,624,744	2,512,378	7,142,415		
334	14	Meters	3,399,122	1,180,867	245,967			11,167,471	674,778	50,965	256,864			
335	13	Fire Hydrants	3,650,706				1,149,607	5,415,819	1,007,780	137,787				
340	21	Office Furniture and Equipment	591,722	202,110	90,033	31,073	64,803					2,501,099		
341	21	Transportation Equipment	134,042	45,784	20,395	7,039	14,680	1,020,374	294,533	120,841	53,914	186,440		
342	21	Stores Equipment	8,960	3,061	1,363	471	981	231,143	66,720	27,374	12,213	42,234		
343.1	21	Shop Equipment	9,927	3,391	1,510	521	1,087	15,452	4,460	1,830	816	2,823		
343.2	21	Tools and Work Equip. - General	76,692	26,195	11,669	4,027	8,399	17,120	4,941	2,027	904	3,128		
345	21	Power Operated Equipment	12,275	4,193	1,868	645	1,344	132,248	38,174	15,662	6,988	24,164		
346	21	Communication Equipment	29,945	10,228	4,556	1,573	3,279	21,167	6,110	2,507	1,118	3,868		
347	21	Miscellaneous Equipment	16,884	5,767	2,569	887	1,849	51,639	14,905	6,115	2,728	9,435		
	131,915,444	TOTAL DEPRECIABLE PLANT	24,163,104	9,633,095	4,658,747	1,793,149	3,686,600	29,113	8,404	3,448	1,538	5,320		
								47,158,188	17,383,249	7,488,139	3,667,485	12,283,688		
	134,615,879	TOTAL UTILITY PLANT	24,636,936	9,904,762	4,818,812	1,799,292	3,699,154	48,085,381	17,872,975	7,720,461	3,698,966	12,379,140		
OTHER RATE BASE ELEMENTS														
	23	Materials and Supplies	163,970	65,946	32,077	12,007	24,640	319,878	118,990	51,431	24,640	82,433		
	21	Cash Working Capital	402,714	137,552	61,275	21,148	44,103	694,447	200,453	82,242	36,693	126,887		
	23	Deferred Income Taxes	2,905,012	1,168,354	568,303	212,717	436,545	5,667,155	2,108,118	911,189	436,545	1,460,443		
		Funds Supplied Through Customers												
	7	Advances Not Expended						589,113	320,067	144,347	138,167	392,795		
	23	Acquisition Adjustments	41,048	16,509	8,030	3,006	6,168	80,079	29,788	12,875	6,168	20,636		
	14,531,037	Total Other Rate Base Elements	2,297,280	948,347	466,921	176,556	361,634	5,161,864	2,078,954	908,988	507,211	1,623,282		
	120,084,842	TOTAL ORIGINAL COST MEASURE OF VALUE	22,339,656	8,956,415	4,351,891	1,622,736	3,337,520	42,923,517	15,794,021	6,811,473	3,191,755	10,755,858		

THE YORK WATER COMPANY

SUMMARY OF AVERAGE DAILY SEND-OUT AND MAXIMUM DAILY AND HOURLY USAGE
FOR THE YEARS 1983-2003

Year	Average Daily Send-out	Maximum Daily Usage		Date	Maximum Hour Usage		Date	Hour
		MGD	Ratio to Average		MGD	Ratio to Average		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983	17.1	24.1	1.41	19-Jul	32.2	1.88	17-Jul	8 p.m.
1984	16.6	19.7	1.19	12-Jun	29.1	1.75	12-Jan	10 a.m.
1985	16.7	21.4	1.28	14-Aug	28.5	1.71	20-Apr	10 a.m.
1986	18.0	22.1	1.23	27-Jun	32.5	1.81	31-Mar	2 p.m.
1987	17.9	23.2	1.30	18-Aug	27.9	1.56	03-Aug	11 a.m.
1988	19.0	24.6	1.29	07-Jul	28.5	1.50	15-Aug	12 p.m.
1989	19.2	22.2	1.16	27-Jun	28.9	1.51	28-Mar	9 a.m.
1990	19.5	22.6	1.16	18-Jul	29.0	1.49	07-Sep	7 a.m.
1991	19.3	24.3	1.26	27-Jun	29.1	1.51	17-Jun	11 a.m.
1992	18.7	21.6	1.16	25-Aug	28.0	1.50	28-Jan	4 p.m.
1993	19.5	23.6	1.21	03-Aug	26.2	1.34	24-Nov	9 a.m.
1994	19.9	24.5	1.23	15-Jun	27.2	1.37	15-Jun	8 a.m.
1995	19.8	23.9	1.21	17-Aug	28.9	1.46	31-Aug	8 p.m.
1996	18.6	22.4	1.20	20-May	28.1	1.51	20-May	7 a.m.
1997	18.7	25.1	1.34	15-Jul	29.9	1.60	17-Jul	9 a.m.
1998	18.9	23.5	1.24	22-Jul	28.7	1.52	20-Jul	8 p.m.
1999	20.7	26.0	1.26	08-Jun	30.7	1.48	21-Oct	9 p.m.
2000	19.8	23.1	1.17	12-Jul	30.0	1.52	26-Apr	9 p.m.
2001	19.6	26.0	1.32	24-Jul	32.0	1.63	10-May	9 p.m.
2002	17.9	22.4	1.25	01-Aug	29.4	1.64	01-Aug	1 p.m.
2003	17.5	21.6	1.23	17-Jul	27.7	1.58	08-Oct	10 a.m.
2004	18.2	21.4	1.18	02-Sep	29.1	1.60	05-May	9 p.m.
2005	18.7	23.9	1.28	26-Jun	30.4	1.63	26-Jun	8 p.m.

THE YORK WATER COMPANY

BASIS FOR ALLOCATION OF DEMAND-RELATED COSTS OF
FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION

Description	Restrictive Diameter(s) Squared	Number of Units	Relative Demand	Percent of Service Area Fire Protection	Percent of Total Fire Protection
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)
<u>GRAVITY SERVICE AREA</u>					
<u>Private Fire Protection</u>					
6 -Inch Hydrant Service	36.00	56 *	2,016		
2 -Inch Fire Line	4.00	6	24		
3 -Inch Fire Line	9.00	4	36		
4 -Inch Fire Line	16.00	96	1,536		
6 -Inch Fire Line	36.00	205	7,380		
8 -Inch Fire Line	64.00	96	6,144		
10 -Inch Fire Line	100.00	3	300		
12 -Inch Fire Line	144.00	1	144		
Total Private Fire Protection		467	17,580	0.3730	0.1295
<u>Public Fire Protection</u>					
<u>Service</u> <u>Nozzles</u>					
6" 2-2 1/2", 1-4 1/2"	32.75	847	27,739		
6" 1-2 1/2", 1-4 1/2"	26.50	51	1,352		
6" 2-2 1/2"	12.50	1	13		
4" 2-2 1/2", 1-4 1/2"	16.00	24	384		
4" 1-2 1/2", 1-4 1/2"	16.00	4	64		
Total Public Fire Protection		927	29,553	0.6270	0.2176
Total Gravity Service Fire Protection		1,394	47,133	1.0000	0.3471

* Excludes 7 additional hydrants served by the same service line as the first hydrant.

THE YORK WATER COMPANY

BASIS FOR ALLOCATION OF DEMAND-RELATED COSTS OF
FIRE SERVICE TO PRIVATE AND PUBLIC FIRE PROTECTION

Description (1)	Restrictive Diameter(s) Squared (2)	Number of Units (3)	Relative Demand (4)=(2)X(3)	Percent of Service Area Fire Protection (5)	Percent of Total Fire Protection (6)
<u>REPUMPED SERVICE AREA</u>					
<u>Private Fire Protection</u>					
6 -Inch Hydrant Service	36.00	207 *	7,452		
2 -Inch Fire Line	4.00	2	8		
3 -Inch Fire Line	9.00	3	27		
4 -Inch Fire Line	16.00	58	928		
6 -Inch Fire Line	36.00	120	4,320		
8 -Inch Fire Line	64.00	121	7,744		
10 -Inch Fire Line	100.00	23	2,300		
12 -Inch Fire Line	144.00	2	288		
Total Private Fire Protection		536	23,067	0.2602	0.1699
<u>Public Fire Protection</u>					
<u>Service</u>	<u>Nozzles</u>				
8" 2-2 1/2",1-4 1/2"	32.75	1	33		
6" 2-2 1/2",1-4 1/2"	32.75	1,987	65,074		
6" 1-2 1/2",1-4 1/2"	26.50	2	53		
4" 2-2 1/2",1-4 1/2"	16.00	26	416		
4" 1-2 1/2",1-4 1/2"	16.00	1	16		
Total Public Fire Protection		2,017	65,593	0.7398	0.4830
Total Repumped Service Fire Protection		2,553	88,660	1.0000	0.6529
Total Fire Protection		3,947	135,793		1.0000

* Excludes 3 additional hydrants served by the same service line as the first hydrant.

THE YORK WATER COMPANY
COMPARISON OF PRESENT AND PROPOSED RATES
GRAVITY SYSTEM

CONSUMPTION CHARGES:

Rate Block, 100 Gallons Per Month (1)	Present, Per 100 Gallons			Proposed, Per 100 Gallons		
	Residential (2)	Commercial (3)	Industrial (4)	Residential (5)	Commercial (6)	Industrial (7)
All Residential Use	\$0.2529			\$0.2939		
First 50		\$0.2529	\$0.2529		\$0.2939	\$0.2939
Next 450		0.1819	0.1819		0.2114	0.2114
Over 500		0.1412			0.1641	
Next 19,500			0.1511			0.1756
Over 20,000			0.1253			0.1456

CUSTOMER CHARGES:

Meter Size (1)	Present Amount Per Month (2)	Proposed Amount Per Month (3)
5/8	\$11.65	\$13.54
3/4	13.90	16.20
1	19.50	22.70
1-1/2	30.00	34.90
2	39.00	45.30
3	94.00	109.20
4	140.00	163.00
6	155.00	180.00
8	299.00	347.00
10	383.00	445.00
12	472.00	549.00

THE YORK WATER COMPANY
COMPARISON OF PRESENT AND PROPOSED RATES
REPUMPED SYSTEM

CONSUMPTION CHARGES:

Rate Block, 100 Gallons Per Month (1)	Present, Per 100 Gallons			Proposed, Per 100 Gallons		
	Residential (2)	Commercial (3)	Industrial (4)	Residential (5)	Commercial (6)	Industrial (7)
All Residential Use	\$0.4214			\$0.4898		
First 50		\$0.4214	\$0.4214		\$0.4898	\$0.4898
Next 450		0.3552	0.3552		0.4128	0.4128
First 500		0.1911			0.2221	
Next 19,500			0.3032			0.3524
Over 20,000			0.1911			0.2221

CUSTOMER CHARGES:

Meter Size (1)	Present Amount Per Month (2)	Proposed Amount Per Month (3)
5/8	\$11.65	\$13.54
3/4	13.90	16.20
1	19.50	22.70
1-1/2	30.00	34.90
2	39.00	45.30
3	94.00	109.20
4	140.00	163.00
6	155.00	180.00
8	299.00	347.00
10	383.00	445.00
12	472.00	549.00

THE YORK WATER COMPANY
COMPARISON OF PRESENT AND PROPOSED RATES
FIRE SERVICE CHARGES

Type of Connection (1)	Per Month		Increase	
	Present (2)	Proposed (3)	Amount (4)	Percent (5)
<u>GRAVITY SYSTEM:</u>				
Public Fire Hydrant	\$16.56	\$18.24	\$1.68	10.1%
Private Fire Lines:				
2-inch Connection	24.89	28.93	4.04	16.2%
3-inch Connection	33.16	38.54	5.38	16.2%
4-inch Connection	41.43	48.15	6.72	16.2%
6-inch Connection	83.01	96.47	13.46	16.2%
8-inch Connection	166.03	192.96	26.93	16.2%
10-inch Connection	249.08	289.48	40.40	16.2%
12-inch Connection	370.48	430.57	60.09	16.2%
Private Fire Hydrant:				
First Fire Hydrant	33.16	38.54	5.38	16.2%
Each Additional	24.89	28.93	4.04	16.2%
<u>REPUMPED SYSTEM:</u>				
Public Fire Hydrant	22.98	25.91	2.93	12.8%
Private Fire Lines:				
2-inch Connection	29.75	34.58	4.83	16.2%
3-inch Connection	39.65	46.08	6.43	16.2%
4-inch Connection	49.59	57.63	8.04	16.2%
6-inch Connection	99.17	115.26	16.09	16.2%
8-inch Connection	198.43	230.62	32.19	16.2%
10-inch Connection	297.69	345.98	48.29	16.2%
12-inch Connection	444.09	516.12	72.03	16.2%
Private Fire Hydrant:				
First Fire Hydrant	36.01	41.85	5.84	16.2%
Each Additional	27.03	31.41	4.38	16.2%

THE YORK WATER COMPANY

APPLICATION OF PRESENT RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons (1)	Pro Forma Number of Bills (2)	Pro Forma Consumption, 100 Gallons (3)	Present Base Rates (4)	Revenue at Present Base Rates (5)
<u>RESIDENTIAL GRAVITY</u>				
Customer Charges				
5/8	228,069		\$11.65	\$2,657,004
3/4	7,725		13.90	107,378
1	1,455		19.50	28,373
1-1/2	648		30.00	19,440
2	5		39.00	195
	<u>237,902</u>	<u>0</u>		<u>2,812,390</u>
All Usage		<u>12,477,782</u>	0.2529	<u>3,155,631</u>
Subtotal Gravity	237,902	12,477,782		5,968,021
<u>RESIDENTIAL REPUMPED</u>				
Customer Charges				
5/8	375,384		11.65	4,373,224
3/4	6,410		13.90	89,099
1	2,320		19.50	45,240
1-1/2	324		30.00	9,720
2	65		39.00	2,535
3	0		94.00	0
	<u>384,503</u>	<u>0</u>		<u>4,519,818</u>
All Usage		<u>17,690,016</u>	0.4214	<u>7,454,573</u>
Subtotal Repumped	<u>384,503</u>	<u>17,690,016</u>		<u>11,974,391</u>
Total Residential	<u>622,405</u>	<u>30,167,798</u>		<u>\$17,942,412</u>

THE YORK WATER COMPANY

APPLICATION OF PRESENT RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons (1)	Pro Forma Number of Bills (2)	Pro Forma Consumption, 100 Gallons (3)	Present Base Rates (4)	Revenue at Present Base Rates (5)
<u>COMMERCIAL GRAVITY</u>				
Customer Charges				
5/8	1,031		\$11.65	\$12,011
3/4	17,359		13.90	241,290
1	6,109		19.50	119,126
1-1/2	3,289		30.00	98,670
2	2,316		39.00	90,324
3	598		94.00	56,212
4	451		140.00	63,140
6	83		155.00	12,865
	31,236	0		693,638
First 50		1,411,029	0.2529	356,849
Next 450		2,657,296	0.1819	483,362
Over 500		4,552,870	0.1412	642,865
Subtotal Gravity	31,236	8,621,195		2,176,714
<u>COMMERCIAL REPUMPED</u>				
Customer Charges				
5/8	1,073		\$11.65	\$12,500
3/4	9,310		13.90	129,409
1	4,212		19.50	82,134
1-1/2	3,681		30.00	110,430
2	2,370		39.00	92,430
3	816		94.00	76,704
4	340		140.00	47,600
6	84		155.00	13,020
8	24		299.00	7,176
	21,910	0		571,403
First 50		2,543,784	0.4214	1,071,951
Next 450		2,619,447	0.3552	930,428
Over 500		6,280,276	0.1911	1,200,161
Subtotal Repumped	21,910	11,443,507		3,773,943
Total Commercial	53,146	20,064,702		\$5,950,657

THE YORK WATER COMPANY

APPLICATION OF PRESENT RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons (1)	Pro Forma Number of Bills (2)	Pro Forma Consumption, 100 Gallons (3)	Present Base Rates (4)	Revenue at Present Base Rates (5)
<u>INDUSTRIAL GRAVITY</u>				
Customer Charges				
3/4	468		\$13.90	\$6,505
1	376		19.50	7,332
1-1/2	389		30.00	11,670
2	572		39.00	22,308
3	228		94.00	21,432
4	204		140.00	28,560
6	120		155.00	18,600
12	12		472.00	5,664
	2,369	0		122,071
First 50		91,655	0.2529	23,180
Next 450		405,656	0.1819	73,789
Next 19,500		3,661,018	0.1511	553,180
Over 20,000		1,137,353	0.1253	142,510
Subtotal Gravity	2,369	5,295,682		914,730
<u>INDUSTRIAL REPUMPED</u>				
Customer Charges				
3/4	168		13.90	2,335
1	271		19.50	5,285
1-1/2	326		30.00	9,780
2	343		39.00	13,377
3	120		94.00	11,280
4	80		140.00	11,200
6	70		155.00	10,850
8	12		299.00	3,588
	1,390	0		67,695
First 50		59,097	0.4214	24,903
Next 450		279,898	0.3552	99,420
Next 19,500		2,313,302	0.3032	701,393
Over 20,000		3,046,050	0.1911	582,100
Subtotal Repumped	1,390	5,698,347		1,475,511
Total Industrial	3,759	10,994,029		\$2,390,241

THE YORK WATER COMPANY

APPLICATION OF PRESENT RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons	Pro Forma Number of Bills	Pro Forma Consumption, 100 Gallons	Present Base Rates	Revenue at Present Base Rates
(1)	(2)	(3)	(4)	(5)

PRIVATE FIRE PROTECTION GRAVITY

Private Fire Lines:

2-inch Connection	6	\$24.89	\$1,792
3-inch Connection	4	33.16	1,592
4-inch Connection	96	41.43	47,727
6-inch Connection	205	83.01	204,205
8-inch Connection	96	166.03	191,267
10-inch Connection	3	249.08	8,967
12-inch Connection	1	370.48	4,446

Private Fire Hydrant:

First Fire Hydrant	56	33.16	22,284
Each Additional	7	24.89	2,091

Subtotal Gravity	474		484,371
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PRIVATE FIRE PROTECTION REPUMPED

Private Fire Lines:

2-inch Connection	2	29.75	714
3-inch Connection	3	39.65	1,427
4-inch Connection	58	49.59	34,515
6-inch Connection	120	99.17	142,805
8-inch Connection	121	198.43	288,120
10-inch Connection	23	297.69	82,162
12-inch Connection	2	444.09	10,658

Private Fire Hydrant:

First Fire Hydrant	207	36.01	89,449
Each Additional	3	27.03	973

Subtotal Repumped	539		650,823
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Total Private Fire Protection	1,013		1,135,194
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PUBLIC FIRE PROTECTION

Fire Hydrants - Gravity	927	\$16.56	\$184,213
Fire Hydrants - Repumped	2,017	22.98	556,208
Total Public Fire Protection	2,944		740,421

THE YORK WATER COMPANY

APPLICATION OF PROPOSED RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons (1)	Pro Forma Number of Bills (2)	Pro Forma Consumption, 100 Gallons (3)	Proposed Base Rates (4)	Revenue at Proposed Base Rates (5)
<u>RESIDENTIAL GRAVITY</u>				
Customer Charges				
5/8	228,069		\$13.54	\$3,088,054
3/4	7,725		16.20	125,145
1	1,455		22.70	33,029
1-1/2	648		34.90	22,615
2	5		45.30	227
	<u>237,902</u>	<u>0</u>		<u>3,269,070</u>
All Usage		<u>12,477,782</u>	0.2939	<u>3,667,220</u>
Subtotal Gravity	237,902	12,477,782		6,936,290
<u>RESIDENTIAL REPUMPED</u>				
Customer Charges				
5/8	375,384		13.54	5,082,699
3/4	6,410		16.20	103,842
1	2,320		22.70	52,664
1-1/2	324		34.90	11,308
2	65		45.30	2,945
3	0		109.20	0
	<u>384,503</u>	<u>0</u>		<u>5,253,458</u>
All Usage		<u>17,690,016</u>	0.4898	<u>8,664,570</u>
Subtotal Repumped	<u>384,503</u>	<u>17,690,016</u>		<u>13,918,028</u>
Total Residential	<u>622,405</u>	<u>30,167,798</u>		<u>\$20,854,318</u>

THE YORK WATER COMPANY

APPLICATION OF PROPOSED RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons (1)	Pro Forma Number of Bills (2)	Pro Forma Consumption, 100 Gallons (3)	Proposed Base Rates (4)	Revenue at Proposed Base Rates (5)
<u>COMMERCIAL GRAVITY</u>				
Customer Charges				
5/8	1,031		\$13.54	\$13,960
3/4	17,359		16.20	281,216
1	6,109		22.70	138,674
1-1/2	3,289		34.90	114,786
2	2,316		45.30	104,915
3	598		109.20	65,302
4	451		163.00	73,513
6	83		180.00	14,940
	31,236	0		807,306
First 50		1,411,029	0.2939	414,701
Next 450		2,657,296	0.2114	561,752
Over 500		4,552,870	0.1641	747,126
Subtotal Gravity	31,236	8,621,195		2,530,885
<u>COMMERCIAL REPUMPED</u>				
Customer Charges				
5/8	1,073		\$13.54	\$14,528
3/4	9,310		16.20	150,822
1	4,212		22.70	95,612
1-1/2	3,681		34.90	128,467
2	2,370		45.30	107,361
3	816		109.20	89,107
4	340		163.00	55,420
6	84		180.00	15,120
8	24		347.00	8,328
	21,910	0		664,765
First 50		2,543,784	0.4898	1,245,945
Next 450		2,619,447	0.4128	1,081,308
Over 500		6,280,276	0.2221	1,394,849
Subtotal Repumped	21,910	11,443,507		4,386,867
Total Commercial	53,146	20,064,702		\$6,917,752

THE YORK WATER COMPANY

APPLICATION OF PROPOSED RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons (1)	Pro Forma Number of Bills (2)	Pro Forma Consumption, 100 Gallons (3)	Proposed Base Rates (4)	Revenue at Proposed Base Rates (5)
<u>INDUSTRIAL GRAVITY</u>				
Customer Charges				
3/4	468		\$16.20	\$7,582
1	376		22.70	8,535
1-1/2	389		34.90	13,576
2	572		45.30	25,912
3	228		109.20	24,898
4	204		163.00	33,252
6	120		180.00	21,600
12	12		549.00	6,588
	2,369	0		141,943
First 50		91,655	0.2939	26,937
Next 450		405,656	0.2114	85,756
Next 19,500		3,661,018	0.1756	642,875
Over 20,000		1,137,353	0.1456	165,599
Subtotal Gravity	2,369	5,295,682		1,063,110
<u>INDUSTRIAL REPUMPED</u>				
Customer Charges				
3/4	168		16.20	2,722
1	271		22.70	6,152
1-1/2	326		34.90	11,377
2	343		45.30	15,538
3	120		109.20	13,104
4	80		163.00	13,040
6	70		180.00	12,600
8	12		347.00	4,164
	1,390	0		78,697
First 50		59,097	0.4898	28,946
Next 450		279,898	0.4128	115,542
Next 19,500		2,313,302	0.3524	815,208
Over 20,000		3,046,050	0.2221	676,528
Subtotal Repumped	1,390	5,698,347		1,714,921
Total Industrial	3,759	10,994,029		\$2,778,031

THE YORK WATER COMPANY

APPLICATION OF PROPOSED RATES TO CONSUMPTION ANALYSIS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

Rate Block, 100 Gallons	Pro Forma Number of Bills	Pro Forma Consumption, 100 Gallons	Proposed Base Rates	Revenue at Proposed Base Rates
(1)	(2)	(3)	(4)	(5)

PRIVATE FIRE PROTECTION GRAVITY

Private Fire Lines:

2-inch Connection	6		\$28.93	\$2,083
3-inch Connection	4		38.54	1,850
4-inch Connection	96		48.15	55,469
6-inch Connection	205		96.47	237,316
8-inch Connection	96		192.96	222,290
10-inch Connection	3		289.48	10,421
12-inch Connection	1		430.57	5,167

Private Fire Hydrant:

First Fire Hydrant	56		38.54	25,899
Each Additional	7		28.93	2,430

Subtotal Gravity	474			562,925
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PRIVATE FIRE PROTECTION REPUMPED

Private Fire Lines:

2-inch Connection	2		34.58	830
3-inch Connection	3		46.08	1,659
4-inch Connection	58		57.63	40,110
6-inch Connection	120		115.26	165,974
8-inch Connection	121		230.62	334,860
10-inch Connection	23		345.98	95,490
12-inch Connection	2		516.12	12,387

Private Fire Hydrant:

First Fire Hydrant	207		41.85	103,955
Each Additional	3		31.41	1,131

Subtotal Repumped	539			756,396
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Total Private Fire Protection	1,013			1,319,321
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PUBLIC FIRE PROTECTION

Fire Hydrants - Gravity	927		\$18.24	\$202,902
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Fire Hydrants - Repumped	2,017		25.91	627,126
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Total Public Fire Protection	2,944			830,028
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THE YORK WATER COMPANY
GRAVITY SYSTEM

COMPARISON OF BILLS UNDER PRESENT AND PROPOSED BASE RATES

RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION, 100 GALLONS (1)	----BILLS UNDER-----		----INCREASE-----	
	PRESENT RATES (2)	PROPOSED RATES (3)	AMOUNT (4)	PERCENT (5)
0	11.65	13.54	1.89	16.2
10	14.18	16.48	2.30	16.2
20	16.71	19.42	2.71	16.2
30	19.24	22.36	3.12	16.2
40	21.77	25.30	3.53	16.2
50	24.30	28.24	3.94	16.2
60	26.82	31.17	4.35	16.2
70	29.35	34.11	4.76	16.2
80	31.88	37.05	5.17	16.2
90	34.41	39.99	5.58	16.2
100	36.94	42.93	5.99	16.2
110	39.47	45.87	6.40	16.2
120	42.00	48.81	6.81	16.2
130	44.53	51.75	7.22	16.2
140	47.06	54.69	7.63	16.2
150	49.59	57.63	8.04	16.2
160	52.11	60.56	8.45	16.2
170	54.64	63.50	8.86	16.2
180	57.17	66.44	9.27	16.2
190	59.70	69.38	9.68	16.2
200	62.23	72.32	10.09	16.2
250	74.88	87.02	12.14	16.2
300	87.52	101.71	14.19	16.2
350	100.17	116.41	16.24	16.2
400	112.81	131.10	18.29	16.2
450	125.46	145.80	20.34	16.2
500	138.10	160.49	22.39	16.2
600	163.39	189.88	26.49	16.2
700	188.68	219.27	30.59	16.2
800	213.97	248.66	34.69	16.2
900	239.26	278.05	38.79	16.2
1,000	264.55	307.44	42.89	16.2

THE YORK WATER COMPANY
GRAVITY SYSTEM

COMPARISON OF BILLS UNDER PRESENT AND PROPOSED BASE RATES

COMMERCIAL - MONTHLY
3/4 INCH METERS

CONSUMPTION, 100 GALLONS (1)	----BILLS UNDER-----		----INCREASE-----	
	PRESENT RATES (2)	PROPOSED RATES (3)	AMOUNT (4)	PERCENT (5)
0	13.90	16.20	2.30	16.5
50	26.55	30.90	4.35	16.4
100	35.64	41.47	5.83	16.4
150	44.74	52.04	7.30	16.3
200	53.83	62.61	8.78	16.3
250	62.93	73.18	10.25	16.3
300	72.02	83.75	11.73	16.3
350	81.12	94.32	13.20	16.3
400	90.21	104.89	14.68	16.3
450	99.31	115.46	16.15	16.3
500	108.40	126.03	17.63	16.3
600	122.52	142.44	19.92	16.3
700	136.64	158.85	22.21	16.3
800	150.76	175.26	24.50	16.3
900	164.88	191.67	26.79	16.2
1,000	179.00	208.08	29.08	16.2
5,000	743.80	864.48	120.68	16.2
10,000	1,449.80	1,684.98	235.18	16.2
50,000	7,097.80	8,248.98	1,151.18	16.2

THE YORK WATER COMPANY
GRAVITY SYSTEM

COMPARISON OF BILLS UNDER PRESENT AND PROPOSED BASE RATES

INDUSTRIAL - MONTHLY
6 INCH METERS

CONSUMPTION, 100 GALLONS (1)	----BILLS UNDER-----		----INCREASE-----	
	PRESENT RATES (2)	PROPOSED RATES (3)	AMOUNT (4)	PERCENT (5)
0	155.00	180.00	25.00	16.1
1,000	325.05	377.63	52.58	16.2
2,000	476.15	553.23	77.08	16.2
3,000	627.25	728.83	101.58	16.2
4,000	778.35	904.43	126.08	16.2
5,000	929.45	1,080.03	150.58	16.2
6,000	1,080.55	1,255.63	175.08	16.2
7,000	1,231.65	1,431.23	199.58	16.2
8,000	1,382.75	1,606.83	224.08	16.2
9,000	1,533.85	1,782.43	248.58	16.2
10,000	1,684.95	1,958.03	273.08	16.2
20,000	3,195.95	3,714.03	518.08	16.2
30,000	4,448.95	5,170.03	721.08	16.2
40,000	5,701.95	6,626.03	924.08	16.2
50,000	6,954.95	8,082.03	1,127.08	16.2
60,000	8,207.95	9,538.03	1,330.08	16.2
70,000	9,460.95	10,994.03	1,533.08	16.2
80,000	10,713.95	12,450.03	1,736.08	16.2
90,000	11,966.95	13,906.03	1,939.08	16.2
100,000	13,219.95	15,362.03	2,142.08	16.2
150,000	19,484.95	22,642.03	3,157.08	16.2
200,000	25,749.95	29,922.03	4,172.08	16.2

THE YORK WATER COMPANY
REPUMPED SYSTEM

COMPARISON OF BILLS UNDER PRESENT AND PROPOSED BASE RATES

RESIDENTIAL - MONTHLY
5/8 INCH METERS

CONSUMPTION, 100 GALLONS (1)	----BILLS UNDER-----		----INCREASE-----	
	PRESENT RATES (2)	PROPOSED RATES (3)	AMOUNT (4)	PERCENT (5)
0	11.65	13.54	1.89	16.2
10	15.86	18.44	2.58	16.3
20	20.08	23.34	3.26	16.2
30	24.29	28.23	3.94	16.2
40	28.51	33.13	4.62	16.2
50	32.72	38.03	5.31	16.2
60	36.93	42.93	6.00	16.2
70	41.15	47.83	6.68	16.2
80	45.36	52.72	7.36	16.2
90	49.58	57.62	8.04	16.2
100	53.79	62.52	8.73	16.2
110	58.00	67.42	9.42	16.2
120	62.22	72.32	10.10	16.2
130	66.43	77.21	10.78	16.2
140	70.65	82.11	11.46	16.2
150	74.86	87.01	12.15	16.2
160	79.07	91.91	12.84	16.2
170	83.29	96.81	13.52	16.2
180	87.50	101.70	14.20	16.2
190	91.72	106.60	14.88	16.2
200	95.93	111.50	15.57	16.2
250	117.00	135.99	18.99	16.2
300	138.07	160.48	22.41	16.2
350	159.14	184.97	25.83	16.2
400	180.21	209.46	29.25	16.2
450	201.28	233.95	32.67	16.2
500	222.35	258.44	36.09	16.2
600	264.49	307.42	42.93	16.2
700	306.63	356.40	49.77	16.2
800	348.77	405.38	56.61	16.2
900	390.91	454.36	63.45	16.2
1,000	433.05	503.34	70.29	16.2

THE YORK WATER COMPANY
REPUMPED SYSTEM

COMPARISON OF BILLS UNDER PRESENT AND PROPOSED BASE RATES

COMMERCIAL - MONTHLY
3/4 INCH METERS

CONSUMPTION, 100 GALLONS (1)	----BILLS UNDER-----		----INCREASE-----	
	PRESENT RATES (2)	PROPOSED RATES (3)	AMOUNT (4)	PERCENT (5)
0	13.90	16.20	2.30	16.5
50	34.97	40.69	5.72	16.4
100	52.73	61.33	8.60	16.3
150	70.49	81.97	11.48	16.3
200	88.25	102.61	14.36	16.3
250	106.01	123.25	17.24	16.3
300	123.77	143.89	20.12	16.3
350	141.53	164.53	23.00	16.3
400	159.29	185.17	25.88	16.2
450	177.05	205.81	28.76	16.2
500	194.81	226.45	31.64	16.2
600	213.92	248.66	34.74	16.2
700	233.03	270.87	37.84	16.2
800	252.14	293.08	40.94	16.2
900	271.25	315.29	44.04	16.2
1,000	290.36	337.50	47.14	16.2
5,000	1,054.76	1,225.90	171.14	16.2
10,000	2,010.26	2,336.40	326.14	16.2
50,000	9,654.26	11,220.40	1,566.14	16.2

THE YORK WATER COMPANY
REPUMPED SYSTEM

COMPARISON OF BILLS UNDER PRESENT AND PROPOSED BASE RATES

INDUSTRIAL - MONTHLY
6 INCH METERS

CONSUMPTION, 100 GALLONS (1)	-----BILLS UNDER-----		-----INCREASE-----	
	PRESENT RATES (2)	PROPOSED RATES (3)	AMOUNT (4)	PERCENT (5)
0	155.00	180.00	25.00	16.1
1,000	487.51	566.45	78.94	16.2
2,000	790.71	918.85	128.14	16.2
3,000	1,093.91	1,271.25	177.34	16.2
4,000	1,397.11	1,623.65	226.54	16.2
5,000	1,700.31	1,976.05	275.74	16.2
6,000	2,003.51	2,328.45	324.94	16.2
7,000	2,306.71	2,680.85	374.14	16.2
8,000	2,609.91	3,033.25	423.34	16.2
9,000	2,913.11	3,385.65	472.54	16.2
10,000	3,216.31	3,738.05	521.74	16.2
20,000	6,248.31	7,262.05	1,013.74	16.2
30,000	8,159.31	9,483.05	1,323.74	16.2
40,000	10,070.31	11,704.05	1,633.74	16.2
50,000	11,981.31	13,925.05	1,943.74	16.2
60,000	13,892.31	16,146.05	2,253.74	16.2
70,000	15,803.31	18,367.05	2,563.74	16.2
80,000	17,714.31	20,588.05	2,873.74	16.2
90,000	19,625.31	22,809.05	3,183.74	16.2
100,000	21,536.31	25,030.05	3,493.74	16.2
150,000	31,091.31	36,135.05	5,043.74	16.2
200,000	40,646.31	47,240.05	6,593.74	16.2

AQUA PENNSYLVANIA, INC.

SUMMARY OF AVERAGE DAILY SEND OUT,
MAXIMUM DAILY USE AND MAXIMUM HOURLY USE FOR THE YEARS 1962 - 2004

Year	Average Daily Send Out (MGD)	Maximum Daily Use			Maximum Hourly Use		
		MGD	Ratio to Average	Highest Use Day	MGD	Ratio to Average	Highest Use Hour
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1962	56.90	78.18	1.37	5/19/62	131.83	2.32	6-7PM
1963	59.10	88.52	1.50	6/27/63	145.10	2.46	7-8PM
1966	66.50	94.68	1.42	6/25/66	133.20	2.00	7-8PM
1967	68.80	101.83	1.48	6/16/67	152.40	2.22	8-9PM
1968	72.90	92.06	1.26	7/23/68	152.11	2.09	7-8PM
1969	73.90	93.41	1.26	5/29/69	129.98	1.76	6-7PM
1970	74.60	91.28	1.22	9/24/70	129.46	1.74	6-7PM
1971	76.20	99.97	1.31	7/08/71	145.60	1.91	8-9PM
1972	75.90	94.35	1.24	8/25/72	137.59	1.81	6-7PM
1973	76.30	95.65	1.25	6/11/73	142.13	1.86	10-11AM
1974	77.60	97.21	1.25	6/10/74	134.21	1.73	7-8PM
1975	77.10	90.78	1.18	5/24/75	136.70	1.77	9-10AM
1976	79.40	96.90	1.22	6/10/76	132.20	1.66	7-8AM
1977	79.60	100.51	1.26	5/28/77	149.21	1.87	10-11AM
1978	78.60	91.53	1.16	6/19/78	129.77	1.65	8-9AM
1979	78.20	88.75	1.13	5/10/79	122.81	1.57	7-8AM
1980	80.80	102.04	1.26	7/15/80	147.88	1.83	7-8PM
1981	76.80	86.30	1.12	6/16/81	118.08	1.54	9-10PM
1982	78.50	93.00	1.18	7/26/82	130.01	1.66	N/A
1983	80.70	104.43	1.29	7/16/83	146.66	1.82	10-11AM
1984	82.20	100.75	1.23	6/11/84	152.09	1.85	7-8PM
1985	81.30	92.21	1.13	4/22/85	129.19	1.59	7-8AM
1986	88.00	114.19	1.30	7/07/86	157.94	1.79	7-8PM
1987	87.40	107.84	1.23	8/04/87	147.12	1.68	7-8PM
1988	89.20	117.52	1.32	6/21/88	128.90	1.45	8-9PM
1989	87.90	101.19	1.15	7/11/89	138.00	1.57	7-8AM
1990	88.40	102.75	1.16	7/04/90	151.52	1.71	9-10AM
1991	87.20	113.49	1.30	6/10/91	159.00	1.82	8-9PM
1992	85.40	100.30	1.17	6/15/92	132.00	1.55	9-10AM
1993	89.10	118.80	1.33	7/10/93	170.00	1.91	9-10AM
1994	89.80	113.90	1.27	7/13/94	142.40	1.59	7-8AM
1995	92.60	121.80	1.32	7/15/95	180.15	1.95	9-10AM
1996	94.20	110.00	1.17	6/8/96	161.09	1.71	9-10AM
1997	103.80	142.53	1.37	7/16/97	205.57	1.98	7-8PM
1998	108.80	139.39	1.28	7/29/98	182.65	1.68	7-8AM
1999	108.10	148.16	1.37	7/16/99	198.99	1.84	8-9PM
2000	113.54	136.91	1.21	6/11/00	195.58	1.72	10-11AM
2001	119.11	160.48	1.35	8/8/01	228.58	1.92	11-12AM
2002	115.41	152.07	1.32	8/14/02	196.46	1.70	7-8AM
2003	111.22	130.48	1.17	6/30/03	172.19	1.55	7-8AM
2004	112.93	133.44	1.18	7/11/04	177.15	1.57	8-9PM

KENTUCKY-AMERICAN WATER COMPANY

SUMMARY OF AVERAGE DAY AND PEAK DAY DELIVERY FOR THE YEARS 1990-2003

<u>Year</u>	<u>Annual Sendout (MG)</u>	<u>Average Day (MGD)</u>	<u>Peak Day (MGD)</u>	<u>Date</u>	<u>Ratio</u>
(1)	(2)	(3)	(4)	(5)	(6)
2003	15,005	41.11	61.37	7/8	1.49
2002	15,956	43.72	71.82	8/5	1.64
2001	14,962	40.99	56.04	6/19	1.37
2000	14,565	39.90	66.37	6/13	1.66
1999	15,077	41.31	61.18	8/11	1.48
1998	14,799	40.55	64.67	9/14	1.60
1997	14,419	39.50	60.70	7/18	1.54
1996	14,265	39.08	53.70	6/30	1.37
1995	14,549	39.86	63.77	7/14	1.60
1994	14,471	39.65	58.36	6/16	1.47
1993	14,290	39.15	60.39	7/8	1.54
1992	13,303	36.45	47.22	7/13	1.30
1991	13,450	36.85	56.42	8/7	1.53
1990	12,557	34.40	58.05	7/9	1.69

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF AVERAGE AND MAXIMUM DAY SYSTEM SENDOUT AND MAXIMUM DAY RATIOS

Year	Average Daily Sendout (MGD)	Maximum Day Sendout (MGD)	Ratio, Maximum to Average
1987	153.4	207.7	1.35
1988	152.7	209.1	1.37
1989	144.8	188.6	1.30
1990	144.9	192.5	1.33
1991	145.1	192.3	1.32
1992	141.5	181.4	1.28
1993	138.7	184.3	1.33
1994	149.4	202.1	1.35
1995	144.1	198.5	1.38
1996	211.4	290.9	1.38
1997	220.3	297.7	1.35
1998	212.2	279.6	1.32
1999	199.1	275.0	1.38
2000	207.5	263.6	1.27
2001	200.5	249.5	1.24
2002	210.4	259.6	1.23

WEST VIRGINIA-AMERICAN WATER COMPANY

SUMMARY OF PEAK DAY AND HOUR SYSTEM DELIVERY FOR THE YEAR 2000

District	Date	Peak Day System Delivery, Gallons	Peak Hour System Delivery, Gallons
Ansted	6/8/2000	496,000	
Bluefield	12/23/2000	2,547,000	
Bluestone	12/28/2000	2,949,000	
Gassaway	8/19/2000	548,000	
Hamlin	7/2/2000	210,000	
Huntington	8/17/2000	16,800,000	984,000
Charleston	1/31/2000	36,346,000	1,873,000
Madison	9/3/2000	587,000	
Montgomery	12/12/2000	792,000	
Oak Hill	12/15/2000	1,778,000	
Webster Springs	2/20/2000	283,000	
Weston	1/7/2000	1,608,000	
Total Peak Day		64,944,000	
Average Day Delivery		50,706,901	
System Peak Day Ratio		1.28	
	Use	1.30	

THE YORK WATER COMPANY

SUMMARY OF AVERAGE DAILY SEND-OUT AND MAXIMUM DAILY AND HOURLY USAGE FOR THE YEARS 1983-2005

Year	Average Daily Send-out	Maximum Daily Usage		Date	Maximum Hour Usage		Date	Hour
		MGD	Ratio to Average		MGD	Ratio to Average		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983	17.1	24.1	1.41	19-Jul	32.2	1.88	17-Jul	8 p.m.
1984	16.6	19.7	1.19	12-Jun	29.1	1.75	12-Jan	10 a.m.
1985	16.7	21.4	1.28	14-Aug	28.5	1.71	20-Apr	10 a.m.
1986	18.0	22.1	1.23	27-Jun	32.5	1.81	31-Mar	2 p.m.
1987	17.9	23.2	1.30	18-Aug	27.9	1.56	03-Aug	11 a.m.
1988	19.0	24.6	1.29	07-Jul	28.5	1.50	15-Aug	12 p.m.
1989	19.2	22.2	1.16	27-Jun	28.9	1.51	28-Mar	9 a.m.
1990	19.5	22.6	1.16	18-Jul	29.0	1.49	07-Sep	7 a.m.
1991	19.3	24.3	1.26	27-Jun	29.1	1.51	17-Jun	11 a.m.
1992	18.7	21.6	1.16	25-Aug	28.0	1.50	28-Jan	4 p.m.
1993	19.5	23.6	1.21	03-Aug	26.2	1.34	24-Nov	9 a.m.
1994	19.9	24.5	1.23	15-Jun	27.2	1.37	15-Jun	8 a.m.
1995	19.8	23.9	1.21	17-Aug	28.9	1.46	31-Aug	8 p.m.
1996	18.6	22.4	1.20	20-May	28.1	1.51	20-May	7 a.m.
1997	18.7	25.1	1.34	15-Jul	29.9	1.60	17-Jul	9 a.m.
1998	18.9	23.5	1.24	22-Jul	28.7	1.52	20-Jul	8 p.m.
1999	20.7	26.0	1.26	08-Jun	30.7	1.48	21-Oct	9 p.m.
2000	19.8	23.1	1.17	12-Jul	30.0	1.52	26-Apr	9 p.m.
2001	19.6	26.0	1.32	24-Jul	32.0	1.63	10-May	9 p.m.
2002	17.9	22.4	1.25	01-Aug	29.4	1.64	01-Aug	1 p.m.
2003	17.5	21.6	1.23	17-Jul	27.7	1.58	08-Oct	10 a.m.
2004	18.2	21.4	1.18	02-Sep	29.1	1.60	05-May	9 p.m.
2005	18.7	23.9	1.28	26-Jun	30.4	1.63	26-Jun	8 p.m.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Paul Herbert

COST OF SERVICE AND RATE DESIGN

Question:

22. With reference to the paragraph beginning on Line 22 on Page 7 of Mr. Herbert's Direct Testimony, please state the authority used as a source for the equivalent meter and service line ratios (Classification Factors 10 and 11).

Response:

The AWWA water rates manual discusses the use of meter capacity ratios and actual unit costs by size to determine the appropriate allocation factors for meters and services.

Supplemental Response:

References in the AWWA Water Rates Manual can be found on page 67 and in Appendix B on pages 305 through 307.

TENNESSEE AMERICAN WATER COMPANY
Docket No. 06-00290
Chattanooga Manufacturers Association's Data Request No. 1

SUPPLEMENTAL RESPONSE

Responsible Witness: Paul Herbert

COST OF SERVICE AND RATE DESIGN

Question:

24. Please identify in tabular format and provide a copy of all cost of service studies prepared by Mr. Herbert, or those working with him, for any other rate cases involving affiliates of TAWC or its parent(s) for the past ten (10) years including, but not limited to, a summary of the conclusion(s) of each such study, whether such study recognized a subsidy by one rate class benefiting another class of customers, whether his proposed rate design requested an increase "across-the-board" (*i.e.* allocated proportionally among the various customer classes so that each class, as a whole, would receive the same percentage increase as the other classes) or an increase that called for differential increases amongst customer classes (identifying the differential increases), whether his rate design was opposed, and whether his design was adopted.

Response:

TAWC objects to this question on the grounds that this question is overly broad, unduly burdensome, and not relevant to this proceeding. Notwithstanding the objection, TAWC provides the following response. Mr. Herbert specializes in cost of service studies in his consulting work. He has appeared before regulatory bodies across the country as an expert in this field. Attached to his testimony is a substantial list of docket (case) numbers where he has appeared as a witness, and his testimony and cost of service studies appear on the various regulatory web sites for those cases.

Supplemental Response:

A table showing the Company name, year of study and whether the proposed rate design was based on an across-the board increase or was based on class specific increases is provided below.

<u>Company</u>	<u>Year of Study</u>	<u>Proposed Rate Design</u>
Kentucky-American	2001	Class Specific
	2004	Across the Board
York Water	2001	Across the Board
	2003	Class Specific
	2004	Across the Board
	2006	Across the Board
West Virginia-American	2000	Across the Board
	2003	Across the Board
Virginia-American	2001	Across the Board
	2002	Across the Board
	2004	Class Specific
Pennsylvania-American	2001	Class Specific
	2003	Class Specific
New Jersey-American	2003	Class Specific
	2006	Class Specific
New Mexico-American	2006	Class Specific
Missouri-American	2003	Class Specific
	2006	Across the Board
Iowa-American	2001	Class Specific
Aqua Pennsylvania	2001	Class Specific
	2003	Class Specific
	2005	Class Specific
Bethlehem, City of	2005	Across the Board

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**PETITION OF TENNESSEE AMERICAN)
WATER COMPANY TO CHANGE AND)
INCREASE CERTAIN RATES AND)
CHARGES SO AS TO PERMIT IT TO)
EARN A FAIR AND ADEQUATE)
RATE OF RETURN ON ITS PROPERTY)
USED AND USEFUL IN FURNISHING)
WATER SERVICE TO ITS CUSTOMERS)**

DOCKET NO. 06-00290

AFFIDAVIT

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing responses to the Supplemental Data Requests from the Chattanooga Manufacturers Association were prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 14 day of February, 2007.

Michael A. Miller
(signature)

Michael A. Miller
(printed name)

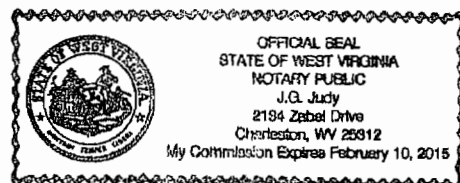
Sworn to and subscribed before me this 14th day of February, 2007.

J.G. Judy
NOTARY PUBLIC

My Commission Expires:

February 10, 2015

6386720.1



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of *Tennessee American Water Company's Supplemental Responses to Chattanooga Manufacturers Association First Set of Data Requests* has been served via the method(s) indicated, on this the 14th day of February, 2007, upon the following:

☐ Hand-Delivery	Michael A. McMahan
☐ U.S. Mail	Special Counsel
☐ Facsimile	City of Chattanooga (Hamilton County)
☒ Overnight	Office of the City Attorney
☒ Email	Suite 400
	801 Broad Street
	Chattanooga, TN 37402
☐ Hand-Delivery	Frederick L. Hitchcock, Esq.
☐ U.S. Mail	Shareholder
☐ Facsimile	Chambliss, Bahner & Stophel, P.C.
☒ Overnight	1000 Tallan Building
☒ Email	Two Union Square
	Chattanooga, TN 37402
☒ Hand-Delivery	Vance Broemel, Esq.
☐ U.S. Mail	Stephen Butler, Esq.
☐ Facsimile	Consumer Advocate and Protection Division
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	425 5th Avenue North
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