

# BASS

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December 17, 2010

**VIA HAND DELIVERY**

filed electronically in docket office on 12/17/10

Chairman Mary W. Freeman  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

**Re: Docket No. 10-00189: *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***

Dear Chairman Freeman:

Enclosed please find an original and five (5) sets of copies of Tennessee American Water Company's December 17th Supplemental Responses to the Chattanooga Regional Manufacturers Association's Data Requests.

A compact disk has been provided for each set which contains copies of the responses and attachments in their native file formats. In addition, we are including a disk marked "Docket Manager Disk," which contains the entire filing in PDF format.

Please file the original and four copies of these Responses and stamp the additional copy as "filed." Then please return the stamped copy to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

Sincerely,



David Killion

Enclosures

December 17, 2010

Page 2

cc: Mr. David Foster, Chief of Utilities Division (w/o enclosure)  
Mr. Jerry Kettles, Chief of Economic Analysis & Policy Division (w/o enclosure)  
Ryan McGehee, Esq. (w/enclosure)  
Mary L. White, Esq. (w/enclosure)  
David C. Higney, Esq. (w/enclosure)  
Henry M. Walker, Esq. (w/enclosure)  
Michael A. McMahan, Esq. (w/enclosure)  
Valerie L. Malueg, Esq. (w/enclosure)  
Frederick L. Hitchcock, Esq. (w/enclosure)  
Harold L. North, Jr., Esq. (w/enclosure)  
Mark Brooks, Esq. (w/enclosure)  
Scott H. Strauss, Esq. (w/enclosure)  
Katharine M. Mapes, Esq. (w/enclosure)  
Donald L. Scholes, Esq. (w/enclosure)

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**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 10-00189  
FIRST SET OF DATA REQUESTS OF THE  
CHATTANOOGA MANUFACTURERS ASSOCIATION**

**Responsible Witness:**         **Michael A. Miller**

**Question:**

27.     Please provide in tabular format the authorized rates of return in orders from around the country (if any), known to, presented by, reviewed by or referred to by any Company witness or employee relative to any AWW or TAWC affiliated entity, that supports or contradicts TAWC's opinion that an 11.5% return on common equity is fair, just, reasonable, or representative of current investor expectations for a water utility. Please include, but do not limit your response to the jurisdiction, docket number, authorized return, number of customers served and dates of the order(s) surveyed by any witness for Tennessee-American or its affiliate(s), the date the return rate became known to the Company witness, and the bases (if any) why a different return should be awarded to TAWC.

**Response:**

The Company objects to this question on the grounds that the requested information is overly broad, unduly burdensome, vague and ambiguous. The Company further objects to this request on the grounds that it seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving the objections, the calculation of the cost of equity capital is normally based on different methods and variations of the basic DCF, Risk Premium and CAPM methodologies which are based on financial market conditions at points in time and changes in investor expectations can and do occur based on any number of conditions present when such analysis supporting the cost of equity capital are prepared. Based on Mr. Miller's limited review, he is not aware of any AWW employee who has provided testimony or a study that determines, supports or contradicts the 11.5% cost of equity capital used by the Company.

**December 8, 2010 Supplemental Response**

As stated in its original response, Mr. Miller is not aware of any AWW employee who has provided testimony or a study that determines, supports or contradicts the 11.5% cost of equity capital used by the Company. During the parties' December 2, 2010 meet and confer conference, the CRMA and the Company agreed to fully resolve this request by TAWC providing the authorized rate of return percentages for AWW entities for the prior two years. Accordingly, please see the attached list of authorized ROE's percentages for American Water Subsidiaries, identified as TN-CMA-01-Q27-SUPPLEMENTAL ATTACHMENT.

**December 17, 2010 Supplemental Response**

Attached and identified as TN-CMA-01-Q27-SECOND SUPPLEMENTAL ATTACHMENT is the previously-provided ROE schedule that has been updated to include the docket/case numbers. This file is also being produced in native format on the enclosed CD as TN-CMA-01-Q27-SECOND SUPPLEMENTAL ATTACHMENT.xls

**Tennessee American Water**

Page 1 of 1

**Comparison of Authorized ROE's - American Water Subsidiaries**

| <b><u>Company:</u></b> | <b><u>Case or<br/>Docket #</u></b> | <b><u>Order<br/>Date</u></b> | <b><u>Authorized<br/>ROE</u></b> |
|------------------------|------------------------------------|------------------------------|----------------------------------|
| Long Island Am         |                                    | 4/1/2008                     | 9.50%                            |
| Ohio-Am.               | 09-391-WS-AIR                      | 5/19/2010                    | 9.34%                            |
| New Jersey-Am.         | WR08010020                         | 12/8/2008                    | 10.30%                           |
|                        | WR-2010-0131,SR-                   |                              |                                  |
| Missouri-Am.           | 2010-0135                          | 7/1/2010                     | 10.00%                           |
| Indiana-Am.            | 43680                              | 5/3/2010                     | 10.00%                           |
| Arizona-Am.            | W-01303A-08-0227                   | 12/8/2009                    | 9.90%                            |
| California-Am.         | A 09-01-013                        | 7/1/2010                     | 10.20%                           |
| New Mexico - Am.       | 09-00156-UT                        | 4/23/2010                    | 10.00%                           |
| Texas - Am.            | 2008-0910-UCR                      | 12/1/2009                    | 12.00%                           |
| West Virginia-Am.      | 08-0900-W-42T                      | 3/26/2009                    | 10.00%                           |
| Tennessee-Am.          | 08-00039                           | 9/1/2008                     | 10.20%                           |
| Illinois-Am.           | 09-0319                            | 4/15/2010                    | 10.38%                           |
| Iowa-Am.               | RPU-2009-0004                      | 7/27/2009                    | 10.50%                           |
| Maryland-Am.           | 9187                               | 9/1/2009                     | 10.75%                           |
| Virginia-Am.           | PUE-2008-00009                     | 12/1/2008                    | 10.50%                           |
| Hawaii-Am.             | 2007-0180                          | 10/10/2008                   | 10.60%                           |
| Pennsylvania-Am.       | R-2009-2097323                     | 11/17/2009                   | 10.80%                           |

This file has been produced natively on the accompanying disk:

TN-CMA-01-Q27-SECOND SUPPLEMENTAL ATTACHMENT.XLS

**TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO. 10-00189  
FIRST SET OF DATA REQUESTS OF THE  
CHATTANOOGA MANUFACTURERS ASSOCIATION**

**Responsible Witness:**        **Paul Herbert**

**Question:**

29. 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 AWW or its parent(s) for the past five (5) years including, but not limited to, a summary of the conclusion(s) of each such study, whether such study recognized any 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. Without waiving these objections, TAWC provides the following response. Mr. Herbert specializes in cost of service studies and 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 this testimony and cost of service studies appear on the various regulatory web sites for those cases.

The following table shows the name of the American Water affiliate, year of study and whether the proposed rate design was based on an across-the-board increase or was based on class specific increases.

| <u>Company</u>         | <u>Year of Study</u> | <u>Proposed<br/>Rate Design</u> |
|------------------------|----------------------|---------------------------------|
| Arizona American       | 2008                 | Class Specific                  |
| Illinois American      | 2009                 | Class Specific                  |
| Iowa American          | 2009                 | Class Specific                  |
| Kentucky American      | 2007                 | Across the Board                |
|                        | 2010                 | Class Specific                  |
| Missouri American      | 2006                 | Across the Board                |
|                        | 2008                 | Class Specific                  |
|                        | 2009                 | Class Specific                  |
| New Jersey American    | 2006                 | Class Specific                  |
|                        | 2008                 | Class Specific                  |
|                        | 2010                 | Class Specific                  |
| New Mexico American    | 2006                 | Class Specific                  |
| Ohio American          | 2007                 | Class Specific                  |
|                        | 2009                 | Class Specific                  |
| Pennsylvania American  | 2007                 | Class Specific                  |
|                        | 2009                 | Class Specific                  |
| Virginia American      | 2008                 | Class Specific                  |
|                        | 2010                 | Class Specific                  |
| West Virginia American | 2007                 | Across the Board                |
|                        | 2010                 | Across the Board                |

#### **December 8, 2010 Supplemental Response**

Please see copies of the above referenced studies, included on the enclosed CD as TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT.

#### **December 17, 2010 Supplemental Response**

Below is a list of page numbers and case numbers for the various cost of service studies included in TN-CMA-01-Q29-SUPPLEMENTAL ATTACHMENT.

Arizona – Case No. W-01303A-08-0227 - page 1 of 2267  
Illinois – Case No. 09-0319 - page 182 of 2267  
Iowa – Case No. RPU-09-0004 - page 432 of 2267  
Kentucky 2007 – Case No. 2007-00143 - page 509 of 2267  
Kentucky 2010 – Case No. 2010-00036 - page 553 of 2267  
Missouri – Case No. WR-2007-0216 - page 596 of 2267  
Missouri – Case No. WR-2008-0311 - page 958 of 2267  
Missouri – Case No. WR-2010-0131 - page 1239 of 2267



New Jersey – Case No. WR-06030257 - page 1560 of 2267  
New Jersey – Case No. WR08010020 - page 1676 of 2267  
New Jersey – Case No. WR10040260 - page 1729 of 2267  
New Mexico – Case No. 06-00208-UT - page 1786 of 2267  
Ohio – Case No. 07-1112-WS-AIR - page 1894 of 2267  
Ohio – Case No. 09-391-WS-AIR - page 1927 of 2267  
Pennsylvania – Case No. R-2008-2032689 - page 1961 of 2267  
Pennsylvania – Case No. 2009-2097323 - page 1982 of 2267  
Virginia – Case No. PUE-2008-00009 - page 2087 of 2267  
Virginia – Case No. 2010-00001- page 2135 of 2267  
West Virginia – Case No. 08-0900-W-42T - page 2180 of 2267  
West Virginia – Case No. 10-0920-W-42T - page 2224 of 2267

In addition to the studies provided on December 8, 2010, please also see the attached document, labeled as TN-CMA-01-Q29-SUPPLEMENTAL 2 ATTACHMENT, which is the Pennsylvania 2007 water cost of service study, in Case No. R-00072229.

# PENNSYLVANIA-AMERICAN WATER COMPANY

HERSHEY, PENNSYLVANIA

## COST OF SERVICE ALLOCATION STUDY AS OF DECEMBER 31, 2007 AND PROPOSED CUSTOMER RATES

PENNSYLVANIA-AMERICAN WATER COMPANY

COMPARISON OF PRO FORMA COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

| Customer<br>Classification<br>(1)        | Pro Forma Cost of Service,<br>as of December 31, 2007 |                            | Pro Forma Revenues<br>Under Present Rates |                            | Pro Forma Revenues<br>Under Proposed Rates |                            | Proposed Increase |                            |
|--|---|----------------------------|---|----------------------------|--|----------------------------|-------------------|----------------------------|
|  | Amount<br>(2)   | Percent<br>of Total<br>(3) | Amount<br>(4)                             | Percent<br>of Total<br>(5) | Amount<br>(6)                              | Percent<br>of Total<br>(7) | Amount<br>(8)     | Percent<br>Increase<br>(9) |
| Residential                              | \$306,076,336   | 67.9%                      | \$263,486,437                             | 67.2%                      | \$289,081,104                              | 67.5%                      | 25,594,667        | 9.7%                       |
| Commercial                               | 94,099,810  | 20.9%                      | 82,530,677                                | 21.2%                      | 89,544,673                                 | 20.9%                      | 7,013,996         | 8.5%                       |
| Industrial                               | 21,199,652  | 4.7%                       | 18,741,115                                | 4.8%                       | 20,306,588                                 | 4.7%                       | 1,565,473         | 8.4%                       |
| Other Public Authority                   | 17,946,376  | 4.0%                       | 15,510,148                                | 4.0%                       | 17,031,775                                 | 4.0%                       | 1,521,627         | 9.8%                       |
| Other Water Utilities - Group A          | 392,268   | 0.1%                       | 465,166                                   | 0.1%                       | 477,177                                    | 0.1%                       | 12,011            | 2.6%                       |
| Other Water Utilities - Group B          | 52,298  | 0.0%                       | 56,431                                    | 0.0%                       | 58,962                                     | 0.0%                       | 2,531             | 4.5%                       |
| Private Fire Protection                  | 3,104,811   | 0.7%                       | 3,420,225                                 | 0.9%                       | 3,445,456                                  | 0.8%                       | 25,231            | 0.7%                       |
| Public Fire Protection                   | 7,628,300   | 1.7%                       | 7,568,805                                 | 1.9%                       | 7,628,300                                  | 1.8%                       | 59,495            | 0.8%                       |
| Total Sales of Water                     | 450,499,851   | 100.0%                     | 391,779,003                               | 100.1%                     | 427,574,034                                | 99.8%                      | 35,795,031        | 9.1%                       |
| Other Water Revenues                     | 7,589,078   |                            | 7,458,497                                 |                            | 7,589,078                                  |                            | 130,580           | 1.8%                       |
| Revenue from Contract Sales - Industrial | 1,930,970   |                            | 1,883,625                                 |                            | 1,930,970                                  |                            | 47,344            | 2.5%                       |
| Revenue from Contract Sales - Resale     | 1,153,567   |                            | 1,126,078                                 |                            | 1,153,567                                  |                            | 27,489            | 2.4%                       |
| Total                                    | \$461,173,465   |                            | \$402,247,203                             |                            | \$438,247,645                              |                            | \$36,000,445      | 8.9%                       |

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF PROFORMA REVENUES UNDER PROPOSED RATES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2007  
AND THE CALCULATION OF THE REVENUE INCREASE UNDER PROPOSED RATES

| Customer Classification<br>(1)  | Pro Forma Revenues, Present Rates<br>(Schedule 3)<br>(2) | Bill Analysis Revenues, Proposed Rates<br>(Schedule 2)<br>(3) | Adjustment Factor<br>(Sch. 3, col 4)<br>(4) | Revenues, Proposed Rates<br>(5)=(4)X(3) | Pro Forma Adjustments Proposed Rates<br>(Schedule 2)<br>(6) | Total Pro Forma Revenue Proposed Rates<br>(7)=(5)+(6) | Proposed Increase<br>(8)=(7)-(2) | Percent Increase<br>(9) |
|---------------------------------|--|---|---|---|---|---|----------------------------------|-------------------------|
| <b>METERED SALES</b>            |  |   |   |   |   |   |                                  |                         |
| Residential                     | \$263,486,437  | \$303,167,887   | 0.99402618                                  | \$301,356,815                           | (\$12,275,711)  | \$289,081,104   | \$25,594,667                     | 9.7%                    |
| Commercial                      | \$82,530,677   | 94,981,740  | 0.99669389                                  | 94,667,720                              | (5,123,047)   | 89,544,673  | 7,013,996                        | 8.5%                    |
| Industrial                      | \$20,624,740   | 24,554,768  | 0.99978821                                  | 24,549,568                              | (2,312,010)   | 22,237,558  | 1,612,818                        | 7.8%                    |
| Municipal                       | \$15,510,148   | 18,054,709  | 1.00213276                                  | 18,093,215                              | (1,061,440)   | 17,031,775  | 1,521,627                        | 9.8%                    |
| Other Water Utilities - Group A | \$1,591,244  | 2,297,038   | 1.00461243                                  | 2,307,633                               | (676,890)   | 1,630,743   | 39,499                           | 2.5%                    |
| Other Water Utilities - Group B | \$56,431   | 58,001  | 1.03356531                                  | 59,948                                  | (986)   | 58,962  | 2,531                            | 4.5%                    |
| Total Metered Sales             | \$383,799,676  | \$443,114,143   |   | \$441,034,900                           | (\$21,450,085)  | 419,584,814   | 35,785,138                       | 9.3%                    |
| <b>UNMETERED SALES</b>          |  |   |   |   |   |   |                                  |                         |
| Residential                     | \$0  | \$0   | 1.00000000                                  | \$0                                     | 0   | \$0   | \$0                              | NA                      |
| Private Fire Protection         | 3,420,225  | 3,420,225   | 1.00000000                                  | 3,445,456                               | 0   | 3,445,456   | 25,231                           | 0.7%                    |
| Public Fire Protection          | 7,568,805  | 7,628,300   | 1.00000000                                  | 7,628,300                               | 0   | 7,628,300   | 59,495                           | 0.8%                    |
| Subtotal Unmetered Sales        | 10,989,030   | 11,048,525  |   | 11,073,756                              | 0   | 11,073,756  | 84,726                           | 0.8%                    |
| Total Sales of Water            | \$394,788,706  | \$454,162,669   |   | \$452,108,656                           | (21,450,085)  | \$430,658,570   | \$35,869,864                     | 9.1%                    |
| Other Operating Revenues        | 7,458,497  | 7,458,497   |   | 7,589,078                               |   | 7,589,078   | 130,580                          | 1.8%                    |
| Total                           | \$ 402,247,203   | \$ 461,621,166  |   | \$ 459,697,733                          | (21,450,085)  | \$ 438,247,648  | \$ 36,000,445                    | 8.9%                    |

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF APPLICATION OF PROPOSED RATES TO CUSTOMER BILL ANALYSIS  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006 AND 2007

| Rate Zone<br>(1)                             | Residential<br>(2) | Commercial<br>(3) | Industrial<br>(4) | Municipal<br>(5) | Sales for Resale |                | Total<br>(8)   |
|--|--------------------|-------------------|-------------------|------------------|------------------|----------------|----------------|
|  |                    |                   |                   |                  | Group A<br>(6)   | Group B<br>(7) |                |
| <u>Proposed Rate Application, Schedule 5</u> |                    |                   |                   |                  |                  |                |                |
| Zone 1                                       | \$279,519,033      | \$88,663,922      | \$22,683,064      | \$18,026,289     | \$2,297,038      | \$58,001       | \$411,247,347  |
| Zone 14                                      | 106,221            | 789               |                   |                  |                  |                | 107,010        |
| Zone 29                                      | 306,181            | 66,139            | 13,565            | 4,185            |                  |                | 390,071        |
| Zone 30                                      | 61,859             |                   |                   |                  |                  |                | 61,859         |
| Zone 31                                      | 21,020,888         | 6,164,103         | 1,748,152         | 24,235           |                  |                | 28,957,379     |
| Zone 32                                      | 1,202,911          | 82,469            | 109,987           |                  |                  |                | 1,395,367      |
| Zone 33                                      | 41,371             |                   |                   |                  |                  |                | 41,371         |
| Zone 34                                      | 295,227            |                   |                   |                  |                  |                | 295,227        |
| Zone 35                                      | 268,259            | 1,754             |                   |                  |                  |                | 270,013        |
| Zone 36                                      | \$121,006          | \$2,564           |                   |                  |                  |                | \$123,570      |
| Zone 37                                      | \$224,930          |                   |                   |                  |                  |                | \$224,930      |
| Total  | 303,167,887        | 94,981,740        | 24,554,768        | 18,054,709       | 2,297,038        | 58,001         | 443,114,143    |
| <u>Proforma Adjustments, Schedule 8</u>      |                    |                   |                   |                  |                  |                |                |
| Zone 1                                       | (11,529,398)       | (4,789,069)       | (2,204,904)       | (1,059,501)      | (676,890)        | (986)          | (\$20,260,747) |
| Zone 14                                      | (6,275)            | (57)              |                   |                  |                  |                | (6,332)        |
| Zone 29                                      | (24,046)           | (4,776)           | (1,281)           | (1,917)          |                  |                | (32,021)       |
| Zone 30                                      | (5,150)            |                   |                   |                  |                  |                | (5,150)        |
| Zone 31                                      | (1,018,682)        | (333,381)         | (99,027)          | (23)             |                  |                | (1,451,113)    |
| Zone 32                                      | (68,908)           | (1,904)           | (6,798)           |                  |                  |                | (77,610)       |
| Zone 34                                      | (35)               |                   |                   |                  |                  |                | (35)           |
| Zone 35                                      | 128,965            | 708               |                   |                  |                  |                | 129,673        |
| Zone 36                                      | 247,818            | 5,432             |                   |                  |                  |                | 253,250        |
| Total  | (12,275,711)       | (5,123,047)       | (2,312,010)       | (1,061,440)      | (676,890)        | (986)          | (21,450,085)   |

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF REVENUE UNDER PRESENT RATES AND PRO FORMA REVENUES UNDER PRESENT RATES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND 2007

| Customer Classification<br>(1)  | Adjusted Revenues, Per Books Present Rates 12/31/2006<br>(2) | Bill Analysis Revenues, Present Rates (Schedule 4)<br>(3) | Adjustment Factor (4)=(2)/(3)<br>(4)=(2)/(3) | Revenues Under Present Rates (5)=(4)X(3)<br>(5)=(4)X(3) | Pro Forma Adjustments Present Rates (Schedule 4)<br>(6) | Add Back DSIC Revenue (7)<br>(7) | Total Pro Forma Revenue Present Rates (8)=(5)+(6)+(7)<br>(8)=(5)+(6)+(7) |
|---------------------------------|--|---|--|---|---|----------------------------------|--|
| <b>METERED SALES</b>            |  |   |  |   |   |                                  |  |
| Residential                     | \$261,554,893  | \$263,126,766   | 0.99402618                                   | \$261,554,893   | (\$10,604,696)  | \$12,536,240                     | \$263,486,437  |
| Commercial                      | 83,091,370 (a)   | 83,366,990  | 0.99669389                                   | 83,091,370  | (4,490,725)   | 3,930,032                        | \$82,530,677   |
| Industrial                      | 21,674,145 (b)   | 21,678,736  | 0.99978821                                   | 21,674,145  | (2,031,537)   | 982,132                          | \$20,624,740   |
| Municipal                       | 15,691,533   | 15,658,138  | 1.00213276                                   | 15,691,533  | (919,963)   | 738,578                          | \$15,510,148   |
| Other Water Utilities - Group A | 2,108,655 (c)  | 2,098,974   | 1.00461243                                   | 2,108,655   | (593,865)   | 76,454                           | \$1,591,244  |
| Other Water Utilities - Group B | 55,367   | 53,569  | 1.03356531                                   | 55,367  | (944)   | 2,007                            | \$56,431   |
| Total Metered Sales             | \$384,175,963  | \$385,983,173   |  | \$384,175,963   | (\$18,641,730)  | \$18,265,443                     | \$383,799,676  |
| <b>UNMETERED SALES</b>          |  |   |  |   |   |                                  |  |
| Residential                     | \$311,278  | \$311,278   | 1.00000000                                   | \$311,278   | (\$311,278)   |                                  | \$0  |
| Private Fire Protection         | 3,389,145  | 3,389,145 (e)   | 1.00000000                                   | 3,389,145 (e)   |   | 31,080                           | \$3,420,225  |
| Public Fire Protection          | 7,568,805  | 7,568,805 (f)   | 1.00000000                                   | 7,568,805 (f)   |   |                                  | \$7,568,805  |
| Subtotal Unmetered Sales        | 11,269,228   | 11,269,228  |  | 11,269,228  | (311,278)   | 31,080                           | 10,989,030   |
| Total Sales of Water            | \$395,445,191  | \$397,252,401   |  | \$395,445,191   | (18,953,008)  | \$18,296,523                     | \$394,788,706  |
| Other Operating Revenues        | 7,458,497  | 7,458,497   |  | 7,458,497   | 0   | 7,458,497                        | 7,458,497  |
| Total                           | \$ 402,903,688   | \$ 404,710,898  |  | \$ 402,903,688  | (18,953,008)  | \$ 25,755,020                    | \$ 402,247,203   |

(a) Does not include discontinued UCIDC revenue. Reflects an adjustment of \$137,827.23 for Berkshire Mali.

(b) Reflects adjustment for per book revenue of \$71,426.36 for AGC Chemicals.

(c) Includes a WACMA revenue adjustment to per book revenue of \$37,201 related to 2005 billing.

(d) Adjusted to reflect number of Private Fire Lines and Hydrants as of 12/31/2006.

(e) See Schedule 6.

(f) See Schedule 7.

PENNSYLVANIA-AMERICAN WATER COMPANY

SUMMARY OF APPLICATION OF PRESENT RATES TO CUSTOMER BILL ANALYSIS  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006 AND 2007

| Rate Zone<br>(1)                     | Residential<br>(2) | Commercial<br>(3) | Industrial<br>(4) | Municipal<br>(5) | Sales for Resale |                | Total<br>(8)   |
|--------------------------------------|--------------------|-------------------|-------------------|------------------|------------------|----------------|----------------|
|                                      |                    |                   |                   |                  | Group A<br>(6)   | Group B<br>(7) |                |
| Present Rate Application, Schedule 5 |                    |                   |                   |                  |                  |                |                |
| Zone 1                               | \$244,946,684      | \$78,597,455      | \$20,302,775      | \$15,636,348     | \$2,098,974      | \$53,569       | \$361,635,805  |
| Zone 14                              | 97,527             | 722               |                   |                  |                  |                | 98,249         |
| Zone 29                              | 229,285            | 62,016            | 14,680            | 3,017            |                  |                | 308,998        |
| Zone 30                              | 49,268             |                   |                   |                  |                  |                | 49,268         |
| Zone 31                              | 16,198,567         | 4,655,454         | 1,294,863         | 18,773           |                  |                | 22,167,657     |
| Zone 32                              | 846,974            | 47,547            | 66,418            |                  |                  |                | 960,939        |
| Zone 33                              | 32,448             |                   |                   |                  |                  |                | 32,448         |
| Zone 34                              | 195,064            |                   |                   |                  |                  |                | 195,064        |
| Zone 35                              | 184,431            | 1,232             |                   |                  |                  |                | 185,663        |
| Zone 36                              | \$121,118          | \$2,564           |                   |                  |                  |                | \$123,682      |
| Zone 37                              | \$225,400          |                   |                   |                  |                  |                | \$225,400      |
| Total                                | 263,126,766        | 83,366,990        | 21,678,736        | 15,658,138       | 2,098,974        | 53,569         | 385,983,173    |
| Proforma Adjustments, Schedule 8     |                    |                   |                   |                  |                  |                |                |
| Zone 1                               | (\$10,081,761)     | (\$4,239,268)     | (\$1,952,987)     | (\$917,531)      | (\$593,865)      | (\$944)        | (\$17,786,356) |
| Zone 14                              | (5,758)            | (53)              |                   |                  |                  |                | (5,811)        |
| Zone 29                              | (18,177)           | (4,508)           | (1,418)           | (2,400)          |                  |                | (26,503)       |
| Zone 30                              | (3,883)            |                   |                   |                  |                  |                | (3,883)        |
| Zone 31                              | (784,796)          | (251,435)         | (72,856)          | (32)             |                  |                | (1,109,119)    |
| Zone 32                              | (47,031)           | (1,396)           | (4,276)           |                  |                  |                | (52,703)       |
| Zone 34                              | (22)               |                   |                   |                  |                  |                | (22)           |
| Zone 35                              | 88,914             | 503               |                   |                  |                  |                | 89,417         |
| Zone 36                              | 247,818            | 5,432             |                   |                  |                  |                | 253,250        |
|                                      | (10,604,696)       | (4,490,725)       | (2,031,537)       | (919,963)        | (593,865)        | (944)          | (18,641,730)   |

PENNSYLVANIA-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO  
THE NUMBER OF PUBLIC FIRE HYDRANTS AT DECEMBER 31, 2006 AND 2007

| Area                                | Proforma<br>Number<br>of<br>Hydrants | Present<br>Annual<br>Rate | Pro Forma<br>Present<br>Revenue | Proposed<br>Annual<br>Rate | Pro Forma<br>Proposed<br>Revenue |
|-------------------------------------|--------------------------------------|---------------------------|---------------------------------|----------------------------|----------------------------------|
| Rate Zone 1                         | 26,096                               | \$240.00                  | \$6,263,040                     | \$240.00                   | \$6,263,040                      |
| Hydrants at 1/4 the Cost of Service | 3,938                                | 121.92                    | 480,121                         | 133.20                     | 524,542                          |
| Bradford Township                   | 43                                   | 75.00                     | 3,225                           | 75.00                      | 3,225                            |
| Brownsville Area                    | 246                                  | 210.60                    | 51,808                          | 210.60                     | 51,808                           |
| California Area                     | 76                                   | 216.60                    | 16,462                          | 216.60                     | 16,462                           |
| Clarion Township                    | 40                                   | 99.96                     | 3,998                           | 133.20                     | 5,328                            |
| Mt. Pocono - FWC                    | 22                                   | 99.96                     | 2,199                           | 133.20                     | 2,930                            |
| Lower Providence                    | 21                                   | 144.00                    | 3,024                           | 144.00                     | 3,024                            |
| Perkiomen                           | 56                                   | 144.00                    | 8,064                           | 144.00                     | 8,064                            |
| Stillwater                          | 0                                    | 45.48                     | 0                               | 45.48                      | 0                                |
| Connoquenessing                     | 60                                   | 121.44                    | 7,286                           | 133.20                     | 7,992                            |
| Butler Township                     | 210                                  | 113.64                    | 23,864                          | 133.20                     | 27,972                           |
| Reading Area                        | 2,827                                | 218.28                    | 617,078                         | 218.28                     | 617,078                          |
| Coatesville                         | 727                                  | 121.92                    | 88,636                          | 133.20                     | 96,836                           |
| Total                               | <u>34,362</u>                        |                           | <u>7,568,805</u>                |                            | <u>7,628,300</u>                 |



PENNSYLVANIA-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO PRIVATE FIRE CONNECTIONS AS OF DECEMBER 31, 2007

| Rate Zone,<br>Connection Size<br>(1) | Number<br>(2) | Present Rates |                | Number<br>(5) | Proposed Rates |                |
|--------------------------------------|---------------|---------------|----------------|---------------|----------------|----------------|
|                                      |               | Rate<br>(3)   | Revenue<br>(4) |               | Rate<br>(6)    | Revenue<br>(7) |
| <b>Zone 1</b>                        |               |               |                |               |                |                |
| 1 1/4"                               | 2             | \$33.00       | \$66.00        | 2             | \$41.04        | \$82.08        |
| 1 1/2"                               | 1             | 47.52         | 47.52          | 1             | 59.16          | 59.16          |
| 2"                                   | 6             | 84.48         | 506.88         | 6             | 105.12         | 630.72         |
| 3"                                   | 4             | 192.00        | 768.00         | 4             | 239.04         | 956.16         |
| 4"                                   | 170           | 337.92        | 57,446.40      | 170           | 420.72         | 71,522.40      |
| 6"                                   | 866           | 767.88        | 664,984.08     | 866           | 956.04         | 827,930.64     |
| 8"                                   | 323           | 1,366.80      | 441,476.40     | 323           | 1,701.72       | 549,655.56     |
| 10"                                  | 22            | 2,134.68      | 46,962.96      | 22            | 2,657.64       | 58,468.08      |
| 12"                                  | 21            | 3,071.52      | 64,501.92      | 21            | 3,824.04       | 80,304.84      |
| Hydrants                             | 448           | 240.00        | 107,520.00     | 448           | 298.80         | 133,862.40     |
| Sub-total                            | 1,863         |               | 1,384,280.16   | 1,863         |                | 1,723,472.04   |
| <b>Zone 6 - Scranton</b>             |               |               |                |               |                |                |
| 2"                                   | 5             | 139.56        | \$697.80       | 5             | 105.12         | \$525.60       |
| 3"                                   | 2             | 314.52        | 629.04         | 2             | 239.04         | 478.08         |
| 4"                                   | 35            | 558.00        | 19,530.00      | 35            | 420.72         | 14,725.20      |
| 6"                                   | 154           | 1,261.08      | 194,206.32     | 154           | 956.04         | 147,230.16     |
| 8"                                   | 100           | 2,243.16      | 224,316.00     | 100           | 1,701.72       | 170,172.00     |
| 10"                                  | 11            | 3,504.24      | 38,546.64      | 11            | 2,657.64       | 29,234.04      |
| 12"                                  | 4             | 5,044.20      | 20,176.80      | 4             | 3,824.04       | 15,296.16      |
| 1" Metered                           | 4             | 270.72        | 1,082.88       | 4             | 336.00         | 1,344.00       |
| 4" Metered                           | 27            | 1,637.64      | 44,216.28      | 27            | 1,800.00       | 48,600.00      |
| 6" Metered                           | 15            | 2,672.16      | 40,082.40      | 15            | 2,700.00       | 40,500.00      |
| 8" Metered                           | 4             | 4,255.44      | 17,021.76      | 4             | 4,140.00       | 16,560.00      |
| Hydrants                             | 134           | 431.28        | 57,791.52      | 134           | 298.80         | 40,039.20      |
| Sub-total                            | 495           |               | 658,297.44     | 495           |                | 524,704.44     |
| <b>Zone 7 - Nesbitt</b>              |               |               |                |               |                |                |
| 2"                                   | 1             | 121.56        | \$121.56       | 1             | 105.12         | \$105.12       |
| 3"                                   | 1             | 260.16        | 260.16         | 1             | 239.04         | 239.04         |
| 4"                                   | 3             | 462.48        | 1,387.44       | 3             | 420.72         | 1,262.16       |
| 6"                                   | 23            | 1,040.52      | 23,931.96      | 23            | 956.04         | 21,988.92      |
| 8"                                   | 16            | 1,895.88      | 30,334.08      | 16            | 1,701.72       | 27,227.52      |
| 10"                                  | 4             | 2,994.12      | 11,976.48      | 4             | 2,657.64       | 10,630.56      |
| Hydrants                             | 23            | 314.28        | 7,228.44       | 23            | 298.80         | 6,872.40       |
| Sub-total                            | 71            |               | 75,240.12      | 71            |                | 68,325.72      |
| <b>Zone 8 - Hillside</b>             |               |               |                |               |                |                |
| 2"                                   | 2             | 114.36        | \$228.72       | 2             | 105.12         | \$210.24       |
| 3"                                   | 4             | 245.76        | 983.04         | 4             | 239.04         | 956.16         |
| 4"                                   | 9             | 436.56        | 3,929.04       | 9             | 420.72         | 3,786.48       |
| 6"                                   | 36            | 983.04        | 35,389.44      | 36            | 956.04         | 34,417.44      |
| 8"                                   | 22            | 1,788.36      | 39,343.92      | 22            | 1,701.72       | 37,437.84      |
| Hydrants                             | 15            | 297.60        | 4,464.00       | 15            | 298.80         | 4,482.00       |
| Sub-total                            | 88            |               | 84,338.16      | 88            |                | 81,290.16      |

PENNSYLVANIA-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO PRIVATE FIRE CONNECTIONS AS OF DECEMBER 31, 2007

| Rate Zone,<br>Connection Size<br>(1) | Number<br>(2) | Present Rates |                | Number<br>(5) | Proposed Rates |                |
|--------------------------------------|---------------|---------------|----------------|---------------|----------------|----------------|
|                                      |               | Rate<br>(3)   | Revenue<br>(4) |               | Rate<br>(6)    | Revenue<br>(7) |
| Zone 9 - Crystal Lake                |               |               |                |               |                |                |
| 4"                                   | 1             | 491.64        | \$491.64       | 1             | 420.72         | \$420.72       |
| 6"                                   | 8             | 1,105.20      | 8,841.60       | 8             | 956.04         | 7,648.32       |
| 8"                                   | 25            | 2,017.32      | 50,433.00      | 25            | 1,701.72       | 42,543.00      |
| 10"                                  | 2             | 3,188.40      | 6,376.80       | 2             | 2,657.64       | 5,315.28       |
| 12"                                  | 1             | 4,684.80      | 4,684.80       | 1             | 3,824.04       | 3,824.04       |
| Hydrants                             | 29            | 332.88        | 9,653.52       | 29            | 298.80         | 8,665.20       |
| Sub-total                            | 66            |               | 80,481.36      | 66            |                | 68,416.56      |
| Zone 10 - Ceasetown/Watres           |               |               |                |               |                |                |
| 2"                                   | 3             | 114.36        | \$343.08       | 3             | 105.12         | \$315.36       |
| 3"                                   | 1             | 245.76        | 245.76         | 1             | 239.04         | 239.04         |
| 4"                                   | 39            | 436.56        | 17,025.84      | 39            | 420.72         | 16,408.08      |
| 6"                                   | 114           | 983.04        | 112,066.56     | 114           | 956.04         | 108,988.56     |
| 8"                                   | 88            | 1,788.36      | 157,375.68     | 88            | 1,701.72       | 149,751.36     |
| 10"                                  | 8             | 2,822.04      | 22,576.32      | 8             | 2,657.64       | 21,261.12      |
| 12"                                  | 1             | 4,135.20      | 4,135.20       | 1             | 3,824.04       | 3,824.04       |
| Hydrants                             | 77            | 297.60        | 22,915.20      | 77            | 298.80         | 23,007.60      |
| Sub-total                            | 331           |               | 336,683.64     | 331           |                | 323,795.16     |
| Zone 24 Coatesville                  |               |               |                |               |                |                |
| 2"                                   | 2             | 192.00        | \$384.00       | 2             | 105.12         | \$210.24       |
| 3"                                   | 2             | 383.40        | 766.80         | 2             | 239.04         | 478.08         |
| 4"                                   | 12            | 767.04        | 9,204.48       | 12            | 420.72         | 5,048.64       |
| 6"                                   | 9             | 1,534.08      | 13,806.72      | 9             | 956.04         | 8,604.36       |
| 8"                                   | 17            | 2,429.16      | 41,295.72      | 17            | 1,701.72       | 28,929.24      |
| 10"                                  | 4             | 3,196.44      | 12,785.76      | 4             | 2,657.64       | 10,630.56      |
| Hydrants                             | 34            | 249.96        | 8,498.64       | 34            | 298.80         | 10,159.20      |
| Sub-total                            | 80            |               | 86,742.12      | 80            |                | 64,060.32      |
| Rate Zone 16 - Glen Alsace           |               |               |                |               |                |                |
| 4"                                   | 3             | 1,073.40      | \$3,220.20     | 3             | 910.20         | \$2,730.60     |
| 6"                                   | 2             | 2,147.88      | 4,295.76       | 2             | 1,849.92       | 3,699.84       |
| 8"                                   | 3             | 2,863.44      | 8,590.32       | 3             | 2,573.04       | 7,719.12       |
| 10"                                  | 1             | 4,295.76      | 4,295.76       | 1             | 3,886.20       | 3,886.20       |
| 4" Metered                           | 1             | 1,073.40      | 1,073.40       | 1             | 1,255.08       | 1,255.08       |
| 6" Metered                           | 19            | 2,147.88      | 40,809.72      | 19            | 2,285.88       | 43,431.72      |
| 8" Metered                           | 2             | 2,863.44      | 5,726.88       | 2             | 3,182.64       | 6,365.28       |
| 10" Metered                          | 4             | 4,295.76      | 17,183.04      | 4             | 4,676.88       | 18,707.52      |
| Hydrants                             | 1             | 264.00        | 264.00         | 1             | 298.80         | 298.80         |
| Sub-total                            | 36            |               | 85,459.08      | 36            |                | 88,094.16      |

PENNSYLVANIA-AMERICAN WATER COMPANY

APPLICATION OF PRESENT AND PROPOSED RATES TO PRIVATE FIRE CONNECTIONS AS OF DECEMBER 31, 2007

| Rate Zone,<br>Connection Size<br>(1) | Number<br>(2) | Present Rates |                 | Number<br>(5) | Proposed Rates |                |
|--------------------------------------|---------------|---------------|-----------------|---------------|----------------|----------------|
|                                      |               | Rate<br>(3)   | Revenue<br>(4)  |               | Rate<br>(6)    | Revenue<br>(7) |
| Zone 17-20                           |               |               |                 |               |                |                |
| 2"                                   | 21            | 447.00        | 9,387.00        | 21            | 361.56         | 7,592.76       |
| 4"                                   | 41            | 639.96        | 26,238.36       | 41            | 585.12         | 23,989.92      |
| 6"                                   | 81            | 897.96        | 72,734.76       | 81            | 912.48         | 73,910.88      |
| 8"                                   | 45            | 1,059.00      | 47,655.00       | 45            | 1,219.68       | 54,885.60      |
| 10"                                  | 2             | 1,281.00      | 2,562.00        | 2             | 1,625.16       | 3,250.32       |
| 1" Metered                           | 9             | 202.68        | 1,824.12        | 9             | 236.04         | 2,124.36       |
| 2" Metered                           | 2             | 447.00        | 894.00          | 2             | 527.28         | 1,054.56       |
| 3" Metered                           | 6             | 543.48        | 3,260.88        | 6             | 767.64         | 4,605.84       |
| 4" Metered                           | 9             | 639.96        | 5,759.64        | 9             | 930.00         | 8,370.00       |
| 6" Metered                           | 42            | 897.96        | 37,714.32       | 42            | 1,348.44       | 56,634.48      |
| 8" Metered                           | 8             | 1,059.00      | 8,472.00        | 8             | 1,588.56       | 12,708.48      |
| Hydrants                             | 473           | 264.00        | 124,872.00      | 473           | 298.80         | 141,332.40     |
| Sub-total                            | 739           |               | 341,374.08      | 739           |                | 390,459.60     |
| Zone 21 - Blue Mountain              |               |               |                 |               |                |                |
| 2"                                   | 3             | 773.88        | 2,321.64        | 3             | 606.72         | 1,820.16       |
| 3"                                   | 1             | 1,656.00      | 1,656.00        | 1             | 1,301.76       | 1,301.76       |
| 4"                                   | 1             | 2,763.00      | 2,763.00        | 1             | 2,177.40       | 2,177.40       |
| 6"                                   | 8             | 4,456.08      | 35,648.64       | 8             | 3,581.04       | 28,648.32      |
| 8"                                   | 2             | 6,478.20      | 12,956.40       | 2             | 5,284.08       | 10,568.16      |
| 1" Metered                           | 13            | 202.68        | 2,634.84        | 13            | 236.04         | 3,068.52       |
| 1 1/2" Metered                       | 2             | 444.24        | 888.48          | 2             | 453.24         | 906.48         |
| 2" Metered                           | 1             | 773.88        | 773.88          | 1             | 772.44         | 772.44         |
| 4" Metered                           | 1             | 2,763.00      | 2,763.00        | 1             | 2,522.28       | 2,522.28       |
| 6" Metered                           | 7             | 4,456.08      | 31,192.56       | 7             | 4,017.12       | 28,119.84      |
| 8" Metered                           | 1             | 6,478.20      | 6,478.20        | 1             | 5,893.68       | 5,893.68       |
| Sprinkler first 200                  | 9             | 540.48        | 4,864.32        | 9             | 540.48         | 4,864.32       |
| Sprinkler over 200                   | 3,563         | 1.44          | 5,130.72        | 3,563         | 1.44           | 5,130.72       |
| Standpipes                           | 10            | 540.48        | 5,404.80        | 10            | 420.12         | 4,201.20       |
| Hydrants                             | 6             | 264.00        | 1,584.00        | 6             | 298.80         | 1,792.80       |
| Sub-total                            | 3,628         |               | 117,060.48      | 3,628         |                | 101,788.08     |
| Zone 23 - Palmer                     |               |               |                 |               |                |                |
| 4" & under                           | 1             | 200.04        | 200.04          | 1             | 255.24         | 255.24         |
| 6"                                   | 6             | 320.04        | 1,920.24        | 6             | 479.04         | 2,874.24       |
| 8"                                   | 10            | 480.00        | 4,800.00        | 10            | 720.00         | 7,200.00       |
| 8" Metered                           | 1             | 480.00        | 480.00          | 1             | 720.00         | 720.00         |
| Sub-total                            | 18            |               | 7,400.28        | 18            |                | 11,049.48      |
| Total Private Fire                   | 7,415         |               | \$ 3,257,356.92 | 7,415         |                | \$3,445,455.72 |
| DSIC Revenue                         |               |               | 162,868.00      |               |                | 0              |
| Total                                |               |               | 3,420,224.92    |               |                | 3,445,455.72   |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| Rate Block<br>100 Gallons<br>(1) | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Rate<br>(6) | Proposed<br>Revenue<br>(7) |
|----------------------------------|---------------------------|-----------------------------|------------------------|----------------|-------------------------|----------------------------|
| <u>Residential - Monthly</u>     |                           |                             |                        |                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                         |                            |
| 5/8                              | 6,654,084 *               | 0                           | 11.50                  | 76,521,966     | 12.00                   | 79,849,008                 |
| 5/8, Low Income                  | 54,070                    | 0                           | 5.75                   | 310,903        | 4.20                    | 227,094                    |
| 3/4                              | 10,352                    | 0                           | 17.30                  | 179,090        | 18.10                   | 187,371                    |
| 1                                | 26,262                    | 0                           | 28.80                  | 756,346        | 30.10                   | 790,486                    |
| 1 1/2                            | 708                       | 0                           | 47.20                  | 33,418         | 49.30                   | 34,904                     |
| 2                                | 1,440                     | 0                           | 75.50                  | 108,720        | 78.80                   | 113,472                    |
| 4                                | 24                        | 0                           | 177.00                 | 4,248          | 184.70                  | 4,433                      |
| Subtotal                         | 6,746,940                 | 0                           |                        | 77,914,691     |                         | 81,206,769                 |
| First Block                      | 0                         | 291,250,205 *               | 0.5735                 | 167,031,993    | 0.6809                  | 198,312,265                |
| Subtotal                         | 0                         | 291,250,205                 |                        | 167,031,993    |                         | 198,312,265                |
| Total                            | 6,746,940                 | 291,250,205                 |                        | 244,946,684    |                         | 279,519,033                |
| <u>Commercial - Monthly</u>      |                           |                             |                        |                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                         |                            |
| 5/8                              | 349,950                   | 0                           | 11.50                  | 4,024,425      | 12.00                   | 4,199,400                  |
| 3/4                              | 24,842                    | 0                           | 17.30                  | 429,767        | 18.10                   | 449,640                    |
| 1                                | 72,912                    | 0                           | 28.80                  | 2,099,866      | 30.10                   | 2,194,651                  |
| 1 1/2                            | 12,548                    | 0                           | 47.20                  | 592,266        | 49.30                   | 618,616                    |
| 2                                | 35,829                    | 0                           | 75.50                  | 2,705,090      | 78.80                   | 2,823,325                  |
| 3                                | 954                       | 0                           | 141.00                 | 134,514        | 147.10                  | 140,333                    |
| 4                                | 9,982                     | 0                           | 177.00                 | 1,766,814      | 184.70                  | 1,843,675                  |
| 6                                | 9,407                     | 0                           | 265.00                 | 2,492,855      | 276.50                  | 2,601,036                  |
| 8                                | 3,011                     | 0                           | 513.00                 | 1,544,643      | 535.30                  | 1,611,788                  |
| 10                               | 349                       | 0                           | 743.00                 | 259,307        | 775.30                  | 270,580                    |
| Cornell Agreement                | 12                        | 213,500                     | 24,145.95              | 289,751        | 27,767.84               | 333,214                    |
| Subtotal                         | 519,796                   | 213,500                     |                        | 16,339,298     |                         | 17,086,259                 |
| First Block                      | 0                         | 34,935,920                  | 0.5735                 | 20,035,750     | 0.6809                  | 23,787,868                 |
| Second Block                     | 0                         | 91,568,872                  | 0.4611                 | 42,222,407     | 0.5219                  | 47,789,794                 |
| Subtotal                         | 0                         | 126,504,792                 |                        | 62,258,157     |                         | 71,577,662                 |
| Total Class                      | 519,796                   | 126,718,292                 |                        | 78,597,455     |                         | 88,663,922                 |

\* Includes adjustment for 104 Winona Lakes monthly customers at 4,500 gallons per month

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| Rate Block<br>100 Gallons<br>(1) | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Rate<br>(6) | Proposed<br>Revenue<br>(7) |
|----------------------------------|---------------------------|-----------------------------|------------------------|----------------|-------------------------|----------------------------|
| <u>Industrial - Monthly</u>      |                           |                             |                        |                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                         |                            |
| 5/8                              | 1,694                     | 0                           | 17.90                  | 30,323         | 18.70                   | 31,678                     |
| 3/4                              | 282                       | 0                           | 26.90                  | 7,586          | 28.10                   | 7,924                      |
| 1                                | 1,886                     | 0                           | 44.80                  | 84,493         | 46.70                   | 88,076                     |
| 1 1/2                            | 659                       | 0                           | 89.50                  | 58,981         | 93.40                   | 61,551                     |
| 2                                | 2,900                     | 0                           | 143.20                 | 415,280        | 149.40                  | 433,260                    |
| 3                                | 208                       | 0                           | 269.00                 | 55,952         | 280.70                  | 58,386                     |
| 4                                | 1,065                     | 0                           | 448.00                 | 477,120        | 467.50                  | 497,888                    |
| 6                                | 992                       | 0                           | 895.00                 | 887,840        | 933.90                  | 926,429                    |
| 8                                | 401                       | 0                           | 1,432.00               | 574,232        | 1,494.30                | 599,214                    |
| 10                               | 89                        | 0                           | 2,059.00               | 183,251        | 2,148.50                | 191,217                    |
| ConAgra Demand 1                 | 1                         | 0                           | 95,939.00              | 95,939         | 101,999.00              | 101,999                    |
| ConAgra Demand 2                 | 12                        | 0                           | 99,614.00              | 1,195,368      | 101,999.00              | 1,223,988                  |
| Subtotal                         | 10,189                    | 0                           |                        | 4,066,365      |                         | 4,221,610                  |
| First Block                      | 0                         | 1,035,133                   | 0.5735                 | 593,649        | 0.6809                  | 704,822                    |
| Second Block                     | 0                         | 11,285,681                  | 0.4430                 | 4,999,557      | 0.5055                  | 5,704,912                  |
| Third Block                      | 0                         | 25,928,966                  | 0.3540                 | 9,178,854      | 0.4039                  | 10,472,709                 |
| Fourth Block                     | 0                         | 3,167,037                   | 0.2530                 | 801,260        | 0.2849                  | 902,289                    |
| Hershey Commodity 1              | 0                         | 2,207,045                   | 0.1844                 | 406,979        | 0.1878                  | 414,483                    |
| Hershey Commodity 2              | 0                         | 172,298                     | 0.1878                 | 32,358         | 0.1878                  | 32,358                     |
| ConAgra Commodity 1              | 0                         | 374,840                     | 0.0388                 | 14,544         | 0.0413                  | 15,481                     |
| ConAgra Commodity 2              | 0                         | 5,191,300                   | 0.0403                 | 209,209        | 0.0413                  | 214,401                    |
| Subtotal                         | 0                         | 49,362,300                  |                        | 16,236,410     |                         | 18,461,454                 |
| Total                            | 10,189                    | 49,362,300                  |                        | 20,302,775     |                         | 22,683,064                 |
| <u>Municipal - Monthly</u>       |                           |                             |                        |                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                         |                            |
| 5/8                              | 10,962                    | 0                           | 11.50                  | 126,063        | 12.00                   | 131,544                    |
| 3/4                              | 952                       | 0                           | 17.30                  | 16,470         | 18.10                   | 17,231                     |
| 1                                | 6,240                     | 0                           | 28.80                  | 179,712        | 30.10                   | 187,824                    |
| 1 1/2                            | 1,365                     | 0                           | 47.20                  | 64,428         | 49.30                   | 67,295                     |
| 2                                | 8,873                     | 0                           | 75.50                  | 669,912        | 78.80                   | 699,192                    |
| 3                                | 376                       | 0                           | 141.00                 | 53,016         | 147.10                  | 55,310                     |
| 4                                | 1,536                     | 0                           | 177.00                 | 271,872        | 184.70                  | 283,699                    |
| 6                                | 1,816                     | 0                           | 265.00                 | 481,240        | 276.50                  | 502,124                    |
| 8                                | 422                       | 0                           | 513.00                 | 216,486        | 535.30                  | 225,897                    |
| 10                               | 39                        | 0                           | 743.00                 | 28,977         | 775.30                  | 30,237                     |
| Subtotal                         | 32,581                    | 0                           |                        | 2,108,176      |                         | 2,200,353                  |
| First Block                      | 0                         | 2,348,071                   | 0.5735                 | 1,346,619      | 0.6809                  | 1,598,802                  |
| Second Block                     | 0                         | 25,537,846                  | 0.4770                 | 12,181,553     | 0.5571                  | 14,227,134                 |
| Subtotal                         | 0                         | 27,885,917                  |                        | 13,528,172     |                         | 15,825,936                 |
| Total                            | 32,581                    | 27,885,917                  |                        | 15,636,348     |                         | 18,026,289                 |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| Rate Block<br>100 Gallons<br>(1)                    | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Rate<br>(6) | Proposed<br>Revenue<br>(7) |
|---|---------------------------|-----------------------------|------------------------|----------------|-------------------------|----------------------------|
| <u>Other Water Utilities Monthly - Group A</u>      |                           |                             |                        |                |                         |                            |
| Customer Charge                                     |                           |                             |                        |                |                         |                            |
| 1 1/2   | 37                        | 0                           | 73.00                  | 2,701          | 76.20                   | 2,819                      |
| 2   | 24                        | 0                           | 116.00                 | 2,784          | 121.00                  | 2,904                      |
| 4   | 12                        | 0                           | 363.00                 | 4,356          | 378.80                  | 4,546                      |
| 6   | 50                        | 0                           | 725.00                 | 36,250         | 756.50                  | 37,825                     |
| 8   | 24                        | 0                           | 1,160.00               | 27,840         | 1,210.40                | 29,050                     |
| Oakdale Demand 1                                    | 11                        | 0                           | 5,988.80               | 65,877         | 6,163.59                | 67,799                     |
| Oakdale Demand 2                                    | 2                         | 0                           | 6,163.59               | 12,327         | 6,163.59                | 12,327                     |
| Subtotal  | 160                       | 0                           |                        | 152,135        |                         | 157,270                    |
| First Block   | 0                         | 1,408,124 (a)               | 0.4390                 | 618,166        | 0.5027                  | 707,864                    |
| WACMA Commodity 1                                   | 0                         | 1,145,975                   | 0.1950                 | 223,465        | 0.2060                  | 236,071                    |
| WACMA Commodity 2                                   | 0                         | 4,211,490                   | 0.2020                 | 850,721        | 0.2060                  | 867,567                    |
| Oakdale Commodity 1                                 | 0                         | 329,345                     | 0.0570                 | 18,773         | 0.0580                  | 19,102                     |
| Oakdale Commodity 2                                 | 0                         | 66,785                      | 0.0580                 | 3,874          | 0.0580                  | 3,874                      |
| Subtotal  | 0                         | 7,161,719                   |                        | 1,714,999      |                         | 1,834,477                  |
| Total   | 160                       | 7,161,719                   |                        | 1,867,134      |                         | 1,991,747                  |
| (a) Includes minimum usage for Farmington Township. |                           |                             |                        |                |                         |                            |

|                                     |     |           |        |           |          |           |
|-------------------------------------|-----|-----------|--------|-----------|----------|-----------|
| <u>Coatesville Resale</u>           |     |           |        |           |          |           |
| Customer Charge                     |     |           |        |           |          |           |
| 6                                   | 26  | 0         | 369.00 | 9,594     | 756.50   | 19,669    |
| 8                                   | 39  | 0         | 588.70 | 22,959    | 1,210.40 | 47,206    |
| 10                                  | 13  | 0         | 834.00 | 10,842    | 1,740.50 | 22,627    |
| Subtotal                            | 78  | 0         |        | 43,395    |          | 89,502    |
| First Block                         | 0   | 429,260   | 0.4390 | 188,445   | 0.5027   | 215,789   |
| Subtotal                            | 0   | 429,260   |        | 188,445   |          | 215,789   |
| Total                               | 78  | 429,260   |        | 231,840   |          | 305,291   |
| Total Other Water Utilities Group A | 238 | 7,590,979 |        | 2,098,974 |          | 2,297,038 |

|  |     |           |        |           |        |           |
|--|-----|-----------|--------|-----------|--------|-----------|
| <u>Other Water Utilities Monthly - Group B</u> |     |           |        |           |        |           |
| Customer Charge                                |     |           |        |           |        |           |
| 2  | 37  | 0         | 116.00 | 4,292     | 121.00 | 4,477     |
| 3  | 13  | 0         | 218.00 | 2,834     | 227.50 | 2,958     |
| 4  | 37  | 0         | 363.00 | 13,431    | 378.80 | 14,016    |
| 6  | 12  | 0         | 725.00 | 8,700     | 756.50 | 9,078     |
| Subtotal                                       | 99  | 0         |        | 29,257    |        | 30,529    |
| First Block                                    | 0   | 18,143    | 1.34   | 24,312    | 1.51   | 27,472    |
| Subtotal                                       | 0   | 18,143    |        | 24,312    |        | 27,472    |
| Total  | 99  | 18,143    |        | 53,569    |        | 58,001    |
| Total Other Water Utilities                    | 337 | 7,609,122 |        | 2,152,543 |        | 2,355,039 |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (263,241)                               | 0   | 11.50                                | (3,027,272)           | 12.00                                 | (3,158,892)                              |
| 3/4  | (402)                                   | 0   | 17.30                                | (6,955)               | 18.10                                 | (7,276)                                  |
| 1  | (764)                                   | 0   | 28.80                                | (22,003)              | 30.10                                 | (22,996)                                 |
| 1 1/2  | (50)                                    | 0   | 47.20                                | (2,360)               | 49.30                                 | (2,465)                                  |
| 2  | (59)                                    | 0   | 75.50                                | (4,455)               | 78.80                                 | (4,649)                                  |
| 4  | 0                                       | 0   | 177.00                               | 0                     | 184.70                                | 0  |
| Subtotal                                       | (264,516)                               | 0   |                                      | (3,063,045)           |                                       | (3,196,279)                              |
| First Block                                    | 0                                       | (12,238,389)                              | 0.5735                               | (7,018,716)           | 0.6809                                | (8,333,119)                              |
| Subtotal                                       | 0                                       | (12,238,389)                              |                                      | (7,018,716)           |                                       | (8,333,119)                              |
| Total  | (264,516)                               | (12,238,389)                              |                                      | (10,081,761)          |                                       | (11,529,398)                             |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (18,119)                                | 0   | 11.50                                | (208,369)             | 12.00                                 | (217,428)                                |
| 3/4  | (1,342)                                 | 0   | 17.30                                | (23,217)              | 18.10                                 | (24,290)                                 |
| 1  | (3,941)                                 | 0   | 28.80                                | (113,501)             | 30.10                                 | (118,624)                                |
| 1 1/2  | (676)                                   | 0   | 47.20                                | (31,907)              | 49.30                                 | (33,327)                                 |
| 2  | (1,979)                                 | 0   | 75.50                                | (149,415)             | 78.80                                 | (155,945)                                |
| 3  | (46)                                    | 0   | 141.00                               | (6,486)               | 147.10                                | (6,767)                                  |
| 4  | (510)                                   | 0   | 177.00                               | (90,270)              | 184.70                                | (94,197)                                 |
| 6  | (505)                                   | 0   | 265.00                               | (133,825)             | 276.50                                | (139,633)                                |
| 8  | (154)                                   | 0   | 513.00                               | (79,002)              | 535.30                                | (82,436)                                 |
| 10   | (20)                                    | 0   | 743.00                               | (14,860)              | 775.30                                | (15,506)                                 |
| Subtotal                                       | (27,292)                                | 0   |                                      | (850,852)             |                                       | (888,153)                                |
| First Block                                    | 0                                       | (2,067,653)                               | 0.5735                               | (1,185,799)           | 0.6809                                | (1,407,865)                              |
| Second Block                                   | 0                                       | (4,776,874)                               | 0.4611                               | (2,202,617)           | 0.5219                                | (2,493,051)                              |
| Subtotal                                       | 0                                       | (6,844,527)                               |                                      | (3,388,416)           |                                       | (3,900,916)                              |
| Total Class                                    | (27,292)                                | (6,844,527)                               |                                      | (4,239,268)           |                                       | (4,789,069)                              |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Industrial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (94)                                    | 0   | 17.90                                | (1,683)               | 18.70                                 | (1,758)                                  |
| 3/4  | (13)                                    | 0   | 26.90                                | (350)                 | 28.10                                 | (365)                                    |
| 1  | (105)                                   | 0   | 44.80                                | (4,704)               | 46.70                                 | (4,904)                                  |
| 1 1/2  | (33)                                    | 0   | 89.50                                | (2,954)               | 93.40                                 | (3,082)                                  |
| 2  | (166)                                   | 0   | 143.20                               | (23,771)              | 149.40                                | (24,800)                                 |
| 3  | (10)                                    | 0   | 269.00                               | (2,690)               | 280.70                                | (2,807)                                  |
| 4  | (53)                                    | 0   | 448.00                               | (23,744)              | 467.50                                | (24,778)                                 |
| 6  | (60)                                    | 0   | 895.00                               | (53,700)              | 933.90                                | (56,034)                                 |
| 8  | (23)                                    | 0   | 1,432.00                             | (32,936)              | 1,494.30                              | (34,369)                                 |
| 10   | (4)                                     | 0   | 2,059.00                             | (8,236)               | 2,148.50                              | (8,594)                                  |
| ConAgra Demand 1 (a)                           | (1)                                     | 0   | 95,939.00                            | (95,939)              | 95,939                                | (95,939)                                 |
| ConAgra Demand 2 (b)                           | 12                                      | 0   | 2,385.00                             | 28,620                | 2,385                                 | 28,620                                   |
| Subtotal                                       | (550)                                   | 0   |                                      | (222,087)             |                                       | (228,810)                                |
| First Block                                    | 0                                       | (57,385)                                  | 0.5735                               | (32,910)              | 0.6809                                | (39,073)                                 |
| Second Block                                   | 0                                       | (649,567)                                 | 0.4430                               | (287,758)             | 0.5055                                | (328,356)                                |
| Third Block                                    | 0                                       | (3,807,395)                               | 0.3540                               | (1,347,818)           | 0.4039                                | (1,537,807)                              |
| Fourth Block                                   | 0                                       | (234,682)                                 | 0.2530                               | (59,375)              | 0.2849                                | (66,861)                                 |
| Hershey Commodity 1 (a)                        | 0                                       | (6,333)                                   | 0.1844                               | (1,168)               | 0.1878                                | (1,189)                                  |
| Hershey Commodity 1 Adj (c)                    | 0                                       | 2,200,712                                 | 0.0034                               | 7,482                 | 0.0034                                | 7,482                                    |
| Conagra Commodity 1 (a)                        | 0                                       | (374,840)                                 | 0.0388                               | (14,544)              | 0.0413                                | (15,481)                                 |
| Conagra Commodity 2 adj (d)                    | 0                                       | 5,191,300                                 | 0.0010                               | 5,191                 | 0.0010                                | 5,191                                    |
| Subtotal                                       | 0                                       | 2,261,810                                 |                                      | (1,730,900)           |                                       | (1,976,094)                              |
| Total  | (550)                                   | 2,261,810                                 |                                      | (1,952,987)           |                                       | (2,204,904)                              |

(a) Adjusted for Dec 2005 bill

(b) Reflects a change in the demand fee in 2006.

(c) Adjusted for mid 2006 rate adjustment to .1844 from .1878.

(d) Adjusted for mid 2006 rate adjustment to .0413 from .0403.



PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| Rate Block<br>100 Gallons<br>(1)               | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Rate<br>(6) | Proposed<br>Revenue<br>(7) |
|--|---------------------------|-----------------------------|------------------------|----------------|-------------------------|----------------------------|
| <u>Municipal - Monthly</u>                     |                           |                             |                        |                |                         |                            |
| Customer Charge                                |                           |                             |                        |                |                         |                            |
| 5/8  | (542)                     | 0                           | 11.50                  | (6,233)        | 12.00                   | (6,504)                    |
| 3/4  | (46)                      | 0                           | 17.30                  | (796)          | 18.10                   | (833)                      |
| 1  | (297)                     | 0                           | 28.80                  | (8,554)        | 30.10                   | (8,940)                    |
| 1 1/2  | (78)                      | 0                           | 47.20                  | (3,682)        | 49.30                   | (3,845)                    |
| 2  | (496)                     | 0                           | 75.50                  | (37,448)       | 78.80                   | (39,085)                   |
| 3  | (18)                      | 0                           | 141.00                 | (2,538)        | 147.10                  | (2,648)                    |
| 4  | (69)                      | 0                           | 177.00                 | (12,213)       | 184.70                  | (12,744)                   |
| 6  | (97)                      | 0                           | 265.00                 | (25,705)       | 276.50                  | (26,821)                   |
| 8  | (21)                      | 0                           | 513.00                 | (10,773)       | 535.30                  | (11,241)                   |
| 10   | (1)                       | 0                           | 743.00                 | (743)          | 775.30                  | (775)                      |
| Subtotal                                       | (1,665)                   | 0                           |                        | (108,685)      |                         | (113,436)                  |
| First Block                                    | 0                         | (125,556)                   | 0.5735                 | (72,006)       | 0.6809                  | (85,491)                   |
| Second Block                                   | 0                         | (1,544,738)                 | 0.4770                 | (736,840)      | 0.5571                  | (860,574)                  |
| Subtotal                                       | 0                         | (1,670,294)                 |                        | (808,846)      |                         | (946,065)                  |
| Total  | (1,665)                   | (1,670,294)                 |                        | (917,531)      |                         | (1,059,501)                |
| <u>Other Water Utilities Monthly - Group A</u> |                           |                             |                        |                |                         |                            |
| Customer Charge                                |                           |                             |                        |                |                         |                            |
| 1 1/2  | (3)                       | 0                           | 73.00                  | (219)          | 76.20                   | (229)                      |
| 2  | 0                         | 0                           | 116.00                 | 0              | 121.00                  | 0                          |
| 4  | 0                         | 0                           | 363.00                 | 0              | 378.80                  | 0                          |
| 6  | (4)                       | 0                           | 725.00                 | (2,900)        | 756.50                  | (3,026)                    |
| 8  | 0                         | 0                           | 1,160.00               | 0              | 1,210.40                | 0                          |
| Oakdale Demand 1 (a)                           | (1)                       | 0                           | 5,988.80               | (5,989)        | 6,163.59                | (6,164)                    |
| Oakdale Demand 1 adjustment (b)                | 10                        | 0                           | 174.79                 | 1,748          | 174.79                  | 1,748                      |
| Subtotal                                       | 2                         | 0                           |                        | (7,360)        |                         | (7,671)                    |
| First Block                                    | 0                         | (1,199,709)                 | 0.4390                 | (526,672)      | 0.5027                  | (603,094)                  |
| WACMA commodity 1 (a)                          | 0                         | (376,815)                   | 0.1950                 | (73,479)       | 0.2060                  | (77,624)                   |
| WACMA commodity 1 adj (c)                      | 0                         | 769,160                     | 0.0110                 | 8,461          | 0.0110                  | 8,461                      |
| WACMA commodity 2 adj (d)                      | 0                         | 4,211,490                   | 0.0040                 | 16,846         | 0.0040                  | 16,846                     |
| Oakdale Commodity 1 (a)                        | 0                         | (39,575)                    | 0.0570                 | (2,256)        | 0.0580                  | (2,295)                    |
| Oakdale Commodity 1 adj. (e)                   | 0                         | 289,770                     | 0.0010                 | 290            | 0.0010                  | 290                        |
| Subtotal                                       | 0                         | 3,654,321                   |                        | (576,810)      |                         | (657,416)                  |
| Total  | 2                         | 3,654,321                   |                        | (584,170)      |                         | (665,087)                  |

(a) Adjusted for December 2005 bill.

(b) Adjusted for mid 2006 demand adjustment from \$5,988.80 to \$6,163.59.

(c) Adjusted for mid 2006 rate adjustment from .1950 to the 2/2007 rate of .2060.

(d) Adjusted for February 7, 2007 rate adjustment from .2020 to .2060.

(e) Adjusted for mid 2006 rate adjustment from .57 to .58.

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 1 -PAWC

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Coatesville Resale</u>                      |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 6  | (1)                                     | 0   | 369.00                               | (369)                 | 756.50                                | (757)                                    |
| 8  | (1)                                     | 0   | 588.70                               | (589)                 | 1,210.40                              | (1,210)                                  |
| 10   | (1)                                     | 0   | 1,668.00                             | (1,668)               | 1,740.50                              | (1,741)                                  |
| Subtotal                                       | (3)                                     | 0   |                                      | (2,626)               |                                       | (3,708)                                  |
| First Block                                    | 0                                       | (16,102)                                  | 0.4390                               | (7,069)               | 0.5027                                | (8,094)                                  |
| Subtotal                                       | 0                                       | (16,102)                                  |                                      | (7,069)               |                                       | (8,094)                                  |
| Total  | (3)                                     | (16,102)                                  |                                      | (9,695)               |                                       | (11,802)                                 |
| Total Other Water Utilities Group A            | (1)                                     | 3,638,219                                 |                                      | (593,865)             |                                       | (676,890)                                |
| <u>Other Water Utilities Monthly - Group B</u> |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 2  | 0                                       | 0   | 116.00                               | 0                     | 121.00                                | 0  |
| 3  | (1)                                     | 0   | 218.00                               | (218)                 | 227.50                                | (228)                                    |
| 4  | (2)                                     | 0   | 363.00                               | (726)                 | 378.80                                | (758)                                    |
| 6  | 0                                       | 0   | 725.00                               | 0                     | 756.50                                | 0  |
| Subtotal                                       | (3)                                     | 0   |                                      | (944)                 |                                       | (986)                                    |
| First Block                                    | 0                                       | 0   | 1.34                                 | 0                     | 1.51                                  | 0  |
| Subtotal                                       | 0                                       | 0   |                                      | 0                     |                                       | 0  |
| Total  | (3)                                     | 0   |                                      | (944)                 |                                       | (986)                                    |
| Total Other Water Utilites                     | (4)                                     | 3,638,219                                 |                                      | (594,809)             |                                       | (677,876)                                |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 14 - ACQUISITIONS - OTHER

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 2,610                                   | 0   | 10.50                                | 27,405                | 11.50                                 | 30,015                                   |
| 5/8 Low Income                                 | 7                                       | 0   | 5.25                                 | 37                    | 4.03                                  | 28                                       |
| 3/4  | 12                                      | 0   | 15.80                                | 190                   | 17.30                                 | 208                                      |
| 1  | 37                                      | 0   | 26.30                                | 973                   | 28.80                                 | 1,066                                    |
| Subtotal                                       | <u>2,666</u>                            | <u>0</u>                                  |                                      | <u>28,605</u>         |                                       | <u>31,317</u>                            |
| First Block                                    | <u>0</u>                                | <u>130,609</u>                            | 0.5277                               | <u>68,922</u>         | 0.5735                                | <u>74,904</u>                            |
| Subtotal                                       | <u>0</u>                                | <u>130,609</u>                            |                                      | <u>68,922</u>         |                                       | <u>74,904</u>                            |
| Total  | 2,666                                   | 130,609                                   |                                      | 97,527                |                                       | 106,221                                  |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 47                                      | 0   | 10.50                                | 494                   | 11.50                                 | 541                                      |
| Subtotal                                       | <u>47</u>                               | <u>0</u>                                  |                                      | <u>494</u>            |                                       | <u>541</u>                               |
| First Block                                    | 0                                       | 432                                       | 0.5277                               | 228                   | 0.5735                                | 248                                      |
| Second Block                                   | 0                                       | 0   | 0.3945                               | 0                     | 0.4611                                | 0  |
| Subtotal                                       | <u>0</u>                                | <u>432</u>                                |                                      | <u>228</u>            |                                       | <u>248</u>                               |
| Total Class                                    | 47                                      | 432                                       |                                      | 722                   |                                       | 789                                      |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 14 - ACQUISITIONS - OTHER

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (183)                                   | 0   | 10.50                                | (1,922)               | 11.50                                 | (2,105)                                  |
| 3/4  | 0                                       | 0   | 15.80                                | 0                     | 17.30                                 | 0  |
| 1  | (1)                                     | 0   | 26.30                                | (26)                  | 28.80                                 | (29)                                     |
| Subtotal                                       | (184)                                   | 0   |                                      | (1,948)               |                                       | (2,134)                                  |
| First Block                                    | 0                                       | (7,220)                                   | 0.5277                               | (3,810)               | 0.5735                                | (4,141)                                  |
| Subtotal                                       | 0                                       | (7,220)                                   |                                      | (3,810)               |                                       | (4,141)                                  |
| Total  | (184)                                   | (7,220)                                   |                                      | (5,758)               |                                       | (6,275)                                  |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (4)                                     | 0   | 10.50                                | (42)                  | 11.50                                 | (46)                                     |
| Subtotal                                       | (4)                                     | 0   |                                      | (42)                  |                                       | (46)                                     |
| First Block                                    | 0                                       | (20)                                      | 0.5277                               | (11)                  | 0.5735                                | (11)                                     |
| Second Block                                   | 0                                       | 0   | 0.3945                               | 0                     | 0.4611                                | 0  |
| Subtotal                                       | 0                                       | (20)                                      |                                      | (11)                  |                                       | (11)                                     |
| Total Class                                    | (4)                                     | (20)                                      |                                      | (53)                  |                                       | (57)                                     |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 29 - CONNOQUENESSING

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| Rate Block<br>100 Gallons<br>(1) | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Consumption<br>(6) | Proposed<br>Rate<br>(7) | Proposed<br>Revenue<br>(8) |
|----------------------------------|---------------------------|-----------------------------|------------------------|----------------|--------------------------------|-------------------------|----------------------------|
| <u>Residential - Monthly</u>     |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | 8,143                     | 146,451                     | 16.10                  | 131,102        | 0                              | 12.00                   | 97,716                     |
| 5/8, Low Income                  | 24                        | 0                           | 8.05                   | 193            | 0                              | 4.20                    | 101                        |
| 1                                | 13                        | 383                         | 34.55                  | 449            | 0                              | 30.10                   | 391                        |
| Subtotal                         | 8,180                     | 146,834                     |                        | 131,744        | 0                              |                         | 98,208                     |
| First Block                      | 0                         | 158,604                     | 0.6150                 | 97,541         | 305,438                        | 0.6809                  | 207,973                    |
| Subtotal                         | 0                         | 158,604                     |                        | 97,541         | 305,438                        |                         | 207,973                    |
| Total                            | 8,180                     | 305,438                     |                        | 229,285        | 305,438                        |                         | 306,181                    |
| <u>Commercial - Monthly</u>      |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | 508                       | 7,879                       | 16.10                  | 8,179          | 0                              | 12.00                   | 6,096                      |
| 3/4                              | 0                         | 0                           | 22.25                  | 0              | 0                              | 18.10                   | 0                          |
| 1                                | 69                        | 3,200                       | 34.55                  | 2,384          | 0                              | 30.10                   | 2,077                      |
| 1 1/2                            | 13                        | 906                         | 65.30                  | 849            | 0                              | 49.30                   | 641                        |
| 2                                | 39                        | 5,433                       | 108.35                 | 4,226          | 0                              | 78.80                   | 3,073                      |
| Subtotal                         | 629                       | 17,418                      |                        | 15,638         | 0                              |                         | 11,887                     |
| First Block                      | 0                         | 19,093                      | 0.6150                 | 11,742         | 36,511                         | 0.6809                  | 24,860                     |
| Second Block                     | 0                         | 56,318                      | 0.6150                 | 34,636         | 56,318                         | 0.5219                  | 29,392                     |
| Subtotal                         | 0                         | 75,411                      |                        | 46,378         | 92,829                         |                         | 54,252                     |
| Total Class                      | 629                       | 92,829                      |                        | 62,016         | 92,829                         |                         | 66,139                     |
| <u>Industrial - Monthly</u>      |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | 13                        | 260                         | 16.10                  | 209            | 0                              | 18.70                   | 243                        |
| 1                                | 13                        | 650                         | 34.55                  | 449            | 0                              | 46.70                   | 607                        |
| Subtotal                         | 26                        | 910                         |                        | 658            | 0                              |                         | 850                        |
| First Block                      | 0                         | 3,250                       | 0.6150                 | 1,999          | 4,160                          | 0.6809                  | 2,833                      |
| Second Block                     | 0                         | 19,549                      | 0.6150                 | 12,023         | 19,549                         | 0.5055                  | 9,882                      |
| Third Block                      | 0                         | 0                           | 0.6150                 | 0              | 0                              | 0.4039                  | 0                          |
| Subtotal                         | 0                         | 22,799                      |                        | 14,022         | 23,709                         |                         | 12,715                     |
| Total                            | 26                        | 23,709                      |                        | 14,680         | 23,709                         |                         | 13,565                     |
| <u>Municipal - Monthly</u>       |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | 59                        | 765                         | 16.10                  | 950            |                                | 12.00                   | 708                        |
| 2                                | 13                        | 1,880                       | 108.35                 | 1,409          |                                | 78.80                   | 1,024                      |
| Subtotal                         | 72                        | 2,645                       |                        | 2,359          |                                |                         | 1,732                      |
| First Block                      | 0                         | 451                         | 0.6150                 | 277            | 3,096                          | 0.6809                  | 2,108                      |
| Second Block                     | 0                         | 620                         | 0.6150                 | 381            | 620                            | 0.5571                  | 345                        |
| Subtotal                         | 0                         | 1,071                       |                        | 658            | 3,716                          |                         | 2,453                      |
| Total                            | 72                        | 3,716                       |                        | 3,017          | 3,716                          |                         | 4,185                      |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 29 - CONNOQUEENESSING

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| Rate Block<br>100 Gallons<br>(1) | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Consumption<br>(6) | Proposed<br>Rate<br>(7) | Proposed<br>Revenue<br>(8) |
|----------------------------------|---------------------------|-----------------------------|------------------------|----------------|--------------------------------|-------------------------|----------------------------|
| <u>Residential - Monthly</u>     |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | (587)                     | (10,782)                    | 16.10                  | (9,451)        | 0                              | 12.00                   | (7,044)                    |
| 5/8, Low Income                  |                           | 0                           | 8.05                   | 0              | 0                              | 4.20                    | 0                          |
| 1                                | (1)                       | (13)                        | 34.55                  | (35)           | 0                              | 30.10                   | (30)                       |
| Subtotal                         | (588)                     | (10,795)                    |                        | (9,486)        | 0                              |                         | (7,074)                    |
| First Block                      | 0                         | (14,131)                    | 0.6150                 | (8,691)        | (24,926)                       | 0.6809                  | (16,972)                   |
| Subtotal                         | 0                         | (14,131)                    |                        | (8,691)        | (24,926)                       |                         | (16,972)                   |
| Total                            | (588)                     | (24,926)                    |                        | (18,177)       | (24,926)                       |                         | (24,046)                   |
| <u>Commercial - Monthly</u>      |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | (39)                      | (623)                       | 16.10                  | (628)          | 0                              | 12.00                   | (468)                      |
| 3/4                              | 0                         | 0                           | 22.25                  | 0              | 0                              | 18.10                   | 0                          |
| 1                                | (5)                       | (200)                       | 34.55                  | (173)          | 0                              | 30.10                   | (151)                      |
| 1 1/2                            | (1)                       | (10)                        | 65.30                  | (65)           | 0                              | 49.30                   | (49)                       |
| 2                                | (3)                       | (349)                       | 108.35                 | (325)          | 0                              | 78.80                   | (236)                      |
| Subtotal                         | (48)                      | (1,182)                     |                        | (1,191)        | 0                              |                         | (904)                      |
| First Block                      | 0                         | (1,588)                     | 0.6150                 | (977)          | (2,770)                        | 0.6809                  | (1,886)                    |
| Second Block                     | 0                         | (3,805)                     | 0.6150                 | (2,340)        | (3,805)                        | 0.5219                  | (1,986)                    |
| Subtotal                         | 0                         | (5,393)                     |                        | (3,317)        | (6,575)                        |                         | (3,872)                    |
| Total Class                      | (48)                      | (6,575)                     |                        | (4,508)        | (6,575)                        |                         | (4,776)                    |
| <u>Industrial - Monthly</u>      |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | (1)                       | (20)                        | 16.10                  | (16)           | 0                              | 18.70                   | (19)                       |
| 1                                | (1)                       | (50)                        | 34.55                  | (35)           | 0                              | 46.70                   | (47)                       |
| Subtotal                         | (2)                       | (70)                        |                        | (51)           | 0                              |                         | (66)                       |
| First Block                      | 0                         | (250)                       | 0.6150                 | (154)          | (320)                          | 0.6809                  | (218)                      |
| Second Block                     | 0                         | (1,973)                     | 0.6150                 | (1,213)        | (1,973)                        | 0.5055                  | (997)                      |
| Third Block                      | 0                         | 0                           | 0.6150                 | 0              | 0                              | 0.4039                  | 0                          |
| Subtotal                         | 0                         | (2,223)                     |                        | (1,367)        | (2,293)                        |                         | (1,215)                    |
| Total                            | (2)                       | (2,293)                     |                        | (1,418)        | (2,293)                        |                         | (1,281)                    |
| <u>Municipal - Monthly</u>       |                           |                             |                        |                |                                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                                |                         |                            |
| 5/8                              | (5)                       | (66)                        | 16.10                  | (81)           | 0                              | 12.00                   | (60)                       |
| 2                                | (21)                      | (170)                       | 108.35                 | (2,275)        | 0                              | 78.80                   | (1,655)                    |
| Subtotal                         | (26)                      | (236)                       |                        | (2,356)        | 0                              |                         | (1,715)                    |
| First Block                      | 0                         | (12)                        | 0.6150                 | (7)            | (248)                          | 0.6809                  | (169)                      |
| Second Block                     | 0                         | (60)                        | 0.6150                 | (37)           | (60)                           | 0.5571                  | (33)                       |
| Subtotal                         | 0                         | (72)                        |                        | (44)           | (308)                          |                         | (202)                      |
| Total                            | (26)                      | (308)                       |                        | (2,400)        | (308)                          |                         | (1,917)                    |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 30 - RUSTIC ACRES

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Consumption</u><br>(6) | <u>Proposed</u><br><u>Rate</u><br>(7) | <u>Proposed</u><br><u>Revenue</u><br>(8) |
|--|---|---|--------------------------------------|-----------------------|--|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |  |                                       |  |
| Customer Charge                                |   |   |                                      |                       |  |                                       |  |
| 5/8  | 2,077                                   | 40,714                                    | 17.50                                | 36,348                | 0  | 12.00                                 | 24,924                                   |
| 5/8, Low Income                                | 12                                      | 0   | 8.75                                 | 105                   | 0  | 4.20                                  | 50                                       |
| Subtotal                                       | 2,089                                   | 40,714                                    |                                      | 36,453                | 0  |                                       | 24,974                                   |
| First Block                                    | 0                                       | 36,614                                    | 0.3500                               | 12,815                | 77,328                                       | 0.4770                                | 36,885                                   |
| Subtotal                                       | 0                                       | 36,614                                    |                                      | 12,815                | 77,328                                       |                                       | 36,885                                   |
| Total  | 2,089                                   | 77,328                                    |                                      | 49,268                | 77,328                                       |                                       | 61,859                                   |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 30 - RUSTIC ACRES

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Consumption</u><br>(6) | <u>Proposed</u><br><u>Rate</u><br>(7) | <u>Proposed</u><br><u>Revenue</u><br>(8) |
|--|---|---|--------------------------------------|-----------------------|--|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |  |                                       |  |
| Customer Charge                                |   |   |                                      |                       |  |                                       |  |
| 5/8  | (160)                                   | (3,677)                                   | 17.50                                | (2,800)               | 0  | 12.00                                 | (1,920)                                  |
| 5/8, Low Income                                |   | 0   | 8.75                                 | 0                     | 0  | 4.20                                  | 0  |
| Subtotal                                       | (160)                                   | (3,677)                                   |                                      | (2,800)               | 0  |                                       | (1,920)                                  |
| First Block                                    | 0                                       | (3,095)                                   | 0.3500                               | (1,083)               | (6,772)                                      | 0.4770                                | (3,230)                                  |
| Subtotal                                       | 0                                       | (3,095)                                   |                                      | (1,083)               | (6,772)                                      |                                       | (3,230)                                  |
| Total  | (160)                                   | (6,772)                                   |                                      | (3,883)               | (6,772)                                      |                                       | (5,150)                                  |



PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 31 - FORMER CITIZENS RATE ZONES

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| Rate Block<br>100 Gallons<br>(1) | Number<br>Of Bills<br>(2) | Total<br>Consumption<br>(3) | Present<br>Rate<br>(4) | Revenue<br>(5) | Proposed<br>Rate<br>(6) | Proposed<br>Revenue<br>(7) |
|----------------------------------|---------------------------|-----------------------------|------------------------|----------------|-------------------------|----------------------------|
| <u>Residential - Monthly</u>     |                           |                             |                        |                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                         |                            |
| 5/8                              | 478,832                   | 0                           | 10.08                  | 4,826,627      | 12.00                   | 5,745,984                  |
| 5/8, Low Income                  | 908                       | 0                           | 5.04                   | 4,576          | 4.20                    | 3,814                      |
| 3/4                              | 12                        | 0                           | 15.17                  | 182            | 18.10                   | 217                        |
| 1                                | 1,463                     | 0                           | 25.25                  | 36,941         | 30.10                   | 44,036                     |
| 1 1/2                            | 189                       | 0                           | 41.38                  | 7,821          | 49.30                   | 9,318                      |
| 2                                | 35                        | 0                           | 66.14                  | 2,315          | 78.80                   | 2,758                      |
| 4                                | 2                         | 0                           | 155.52                 | 311            | 184.70                  | 369                        |
| 6                                | 2                         | 0                           | 232.32                 | 465            | 276.50                  | 553                        |
| Subtotal                         | 481,443                   | 0                           |                        | 4,879,238      |                         | 5,807,049                  |
| First Block                      | 0                         | 22,343,720                  | 0.5066                 | 11,319,329     | 0.6809                  | 15,213,839                 |
| Subtotal                         | 0                         | 22,343,720                  |                        | 11,319,329     |                         | 15,213,839                 |
| Total                            | 481,443                   | 22,343,720                  |                        | 16,198,567     |                         | 21,020,888                 |
| <u>Commercial - Monthly</u>      |                           |                             |                        |                |                         |                            |
| Customer Charge                  |                           |                             |                        |                |                         |                            |
| 5/8                              | 18,681                    | 0                           | 10.08                  | 188,304        | 12.00                   | 224,172                    |
| 3/4                              | 71                        | 0                           | 15.17                  | 1,077          | 18.10                   | 1,285                      |
| 1                                | 4,549                     | 0                           | 25.25                  | 114,862        | 30.10                   | 136,925                    |
| 1 1/2                            | 3,000                     | 0                           | 41.38                  | 124,140        | 49.30                   | 147,900                    |
| 2                                | 4,881                     | 0                           | 66.14                  | 322,829        | 78.80                   | 384,623                    |
| 3                                | 324                       | 0                           | 123.84                 | 40,124         | 147.10                  | 47,660                     |
| 4                                | 769                       | 0                           | 155.52                 | 119,595        | 184.70                  | 142,034                    |
| 6                                | 547                       | 0                           | 232.32                 | 127,079        | 276.50                  | 151,246                    |
| 8                                | 150                       | 0                           | 449.28                 | 67,392         | 535.30                  | 80,295                     |
| Subtotal                         | 32,972                    | 0                           |                        | 1,105,402      |                         | 1,316,140                  |
| First Block                      | 0                         | 2,577,148                   | 0.5066                 | 1,305,583      | 0.6809                  | 1,754,780                  |
| Second Block                     | 0                         | 5,926,774                   | 0.3787                 | 2,244,469      | 0.5219                  | 3,093,183                  |
| Subtotal                         | 0                         | 8,503,922                   |                        | 3,550,052      |                         | 4,847,963                  |
| Total Class                      | 32,972                    | 8,503,922                   |                        | 4,655,454      |                         | 6,164,103                  |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 31 - FORMER CITIZENS RATE ZONES

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Industrial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 519                                     | 0   | 15.07                                | 7,821                 | 18.70                                 | 9,705                                    |
| 1  | 387                                     | 0   | 37.73                                | 14,602                | 46.70                                 | 18,073                                   |
| 1 1/2  | 128                                     | 0   | 75.36                                | 9,646                 | 93.40                                 | 11,955                                   |
| 2  | 493                                     | 0   | 120.58                               | 59,446                | 149.40                                | 73,654                                   |
| 3  | 35                                      | 0   | 226.56                               | 7,930                 | 280.70                                | 9,825                                    |
| 4  | 89                                      | 0   | 377.28                               | 33,578                | 467.50                                | 41,608                                   |
| 6  | 41                                      | 0   | 753.60                               | 30,898                | 933.90                                | 38,290                                   |
| 10   | 39                                      | 0   | 1,733.76                             | 67,617                | 2,148.50                              | 83,792                                   |
| Subtotal                                       | 1,731                                   | 0   |                                      | 231,538               |                                       | 286,902                                  |
| First Block                                    | 0                                       | 163,474                                   | 0.5066                               | 82,816                | 0.6809                                | 111,309                                  |
| Second Block                                   | 0                                       | 1,373,691                                 | 0.3494                               | 479,968               | 0.5055                                | 694,401                                  |
| Third Block                                    | 0                                       | 1,623,025                                 | 0.3084                               | 500,541               | 0.4039                                | 655,540                                  |
| Subtotal                                       | 0                                       | 3,160,190                                 |                                      | 1,063,325             |                                       | 1,461,250                                |
| Total  | 1,731                                   | 3,160,190                                 |                                      | 1,294,863             |                                       | 1,748,152                                |
| <u>Municipal - Monthly</u>                     |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 2                                       | 0   | 10.08                                | 20                    | 12.00                                 | 24                                       |
| 1  | 9                                       | 0   | 25.25                                | 227                   | 30.10                                 | 271                                      |
| 2  | 25                                      | 0   | 66.14                                | 1,654                 | 78.80                                 | 1,970                                    |
| 3  | 4                                       | 0   | 123.84                               | 495                   | 147.10                                | 588                                      |
| 6  | 4                                       | 0   | 232.32                               | 929                   | 276.50                                | 1,106                                    |
| 8  | 11                                      | 0   | 449.28                               | 4,942                 | 535.30                                | 5,888                                    |
| Subtotal                                       | 55                                      | 0   |                                      | 8,267                 |                                       | 9,847                                    |
| First Block                                    | 0                                       | 5,305                                     | 0.5066                               | 2,688                 | 0.6809                                | 3,612                                    |
| Second Block                                   | 0                                       | 19,343                                    | 0.4042                               | 7,818                 | 0.5571                                | 10,776                                   |
| Subtotal                                       | 0                                       | 24,648                                    |                                      | 10,506                |                                       | 14,388                                   |
| Total  | 55                                      | 24,648                                    |                                      | 18,773                |                                       | 24,235                                   |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 31 - FORMER CITIZENS RATE ZONES

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (23,018)                                | 0   | 10.08                                | (232,021)             | 12.00                                 | (276,216)                                |
| 5/8, Low Income                                | 0                                       | 0   | 5.04                                 | 0                     | 4.20                                  | 0  |
| 3/4  | (1)                                     | 0   | 15.17                                | (15)                  | 18.10                                 | (18)                                     |
| 1  | (103)                                   | 0   | 25.25                                | (2,601)               | 30.10                                 | (3,100)                                  |
| 1 1/2  | (10)                                    | 0   | 41.38                                | (414)                 | 49.30                                 | (493)                                    |
| 2  | (1)                                     | 0   | 66.14                                | (66)                  | 78.80                                 | (79)                                     |
| 4  | (1)                                     | 0   | 155.52                               | (156)                 | 184.70                                | (185)                                    |
| 6  | 0                                       | 0   | 232.32                               | 0                     | 276.50                                | 0  |
| Subtotal                                       | (23,134)                                | 0   |                                      | (235,273)             |                                       | (280,091)                                |
| First Block                                    | 0                                       | (1,084,728)                               | 0.5066                               | (549,523)             | 0.6809                                | (738,591)                                |
| Subtotal                                       | 0                                       | (1,084,728)                               |                                      | (549,523)             |                                       | (738,591)                                |
| Total  | (23,134)                                | (1,084,728)                               |                                      | (784,796)             |                                       | (1,018,682)                              |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (828)                                   | 0   | 10.08                                | (8,346)               | 12.00                                 | (9,936)                                  |
| 3/4  | (6)                                     | 0   | 15.17                                | (91)                  | 18.10                                 | (109)                                    |
| 1  | (283)                                   | 0   | 25.25                                | (7,146)               | 30.10                                 | (8,518)                                  |
| 1 1/2  | (162)                                   | 0   | 41.38                                | (6,704)               | 49.30                                 | (7,987)                                  |
| 2  | (281)                                   | 0   | 66.14                                | (18,585)              | 78.80                                 | (22,143)                                 |
| 3  | (25)                                    | 0   | 123.84                               | (3,096)               | 147.10                                | (3,678)                                  |
| 4  | (38)                                    | 0   | 155.52                               | (5,910)               | 184.70                                | (7,019)                                  |
| 6  | (23)                                    | 0   | 232.32                               | (5,343)               | 276.50                                | (6,360)                                  |
| 8  | (5)                                     | 0   | 449.28                               | (2,246)               | 535.30                                | (2,677)                                  |
| Subtotal                                       | (1,651)                                 | 0   |                                      | (57,467)              |                                       | (68,424)                                 |
| First Block                                    | 0                                       | (136,561)                                 | 0.5066                               | (69,182)              | 0.6809                                | (92,984)                                 |
| Second Block                                   | 0                                       | (329,512)                                 | 0.3787                               | (124,786)             | 0.5219                                | (171,972)                                |
| Subtotal                                       | 0                                       | (466,073)                                 |                                      | (193,968)             |                                       | (264,957)                                |
| Total Class                                    | (1,651)                                 | (466,073)                                 |                                      | (251,435)             |                                       | (333,381)                                |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 31 - FORMER CITIZENS RATE ZONES

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Industrial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (24)                                    | 0   | 15.07                                | (362)                 | 18.70                                 | (449)                                    |
| 1  | (26)                                    | 0   | 37.73                                | (981)                 | 46.70                                 | (1,214)                                  |
| 1 1/2  | (10)                                    | 0   | 75.36                                | (754)                 | 93.40                                 | (934)                                    |
| 2  | (37)                                    | 0   | 120.58                               | (4,461)               | 149.40                                | (5,528)                                  |
| 3  | (3)                                     | 0   | 226.56                               | (680)                 | 280.70                                | (842)                                    |
| 4  | (5)                                     | 0   | 377.28                               | (1,886)               | 467.50                                | (2,338)                                  |
| 6  | (3)                                     | 0   | 753.60                               | (2,261)               | 933.90                                | (2,802)                                  |
| 10   | (2)                                     | 0   | 1,733.76                             | (3,468)               | 2,148.50                              | (4,297)                                  |
| Subtotal                                       | (110)                                   | 0   |                                      | (14,853)              |                                       | (18,404)                                 |
| First Block                                    | 0                                       | (11,332)                                  | 0.5066                               | (5,741)               | 0.6809                                | (7,716)                                  |
| Second Block                                   | 0                                       | (93,142)                                  | 0.3494                               | (32,544)              | 0.5055                                | (47,083)                                 |
| Third Block                                    | 0                                       | (63,937)                                  | 0.3084                               | (19,718)              | 0.4039                                | (25,824)                                 |
| Subtotal                                       | 0                                       | (168,411)                                 |                                      | (58,003)              |                                       | (80,623)                                 |
| Total  | (110)                                   | (168,411)                                 |                                      | (72,856)              |                                       | (99,027)                                 |
| <u>Municipal - Monthly</u>                     |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 0                                       | 0   | 10.08                                | 0                     | 12.00                                 | 0  |
| 1  | 0                                       | 0   | 25.25                                | 0                     | 30.10                                 | 0  |
| 2  | (2)                                     | 0   | 66.14                                | (132)                 | 78.80                                 | (158)                                    |
| 3  | 0                                       | 0   | 123.84                               | 0                     | 147.10                                | 0  |
| 6  | 0                                       | 0   | 232.32                               | 0                     | 276.50                                | 0  |
| 8  | 0                                       | 0   | 449.28                               | 0                     | 535.30                                | 0  |
| Subtotal                                       | (2)                                     | 0   |                                      | (132)                 |                                       | (158)                                    |
| First Block                                    | 0                                       | 140                                       | 0.5066                               | 71                    | 0.6809                                | 95                                       |
| Second Block                                   | 0                                       | 72  | 0.4042                               | 29                    | 0.5571                                | 40                                       |
| Subtotal                                       | 0                                       | 212                                       |                                      | 100                   |                                       | 135                                      |
| Total  | (2)                                     | 212                                       |                                      | (32)                  |                                       | (23)                                     |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 32 - PALMER TWP./LEHMAN PIKE

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 43,120                                  | 0   | 11.50                                | 495,880               | 12.00                                 | 517,440                                  |
| 5/8, Low Income                                | 199                                     | 0   | 5.75                                 | 1,144                 | 4.20                                  | 836                                      |
| 1  | 26                                      | 0   | 28.80                                | 749                   | 30.10                                 | 783                                      |
| Subtotal                                       | 43,345                                  | 0   |                                      | 497,773               |                                       | 519,058                                  |
| First Block                                    | 0                                       | 1,455,005                                 | 0.2400                               | 349,201               | 0.4700                                | 683,852                                  |
| Subtotal                                       | 0                                       | 1,455,005                                 |                                      | 349,201               |                                       | 683,852                                  |
| Total  | 43,345                                  | 1,455,005                                 |                                      | 846,974               |                                       | 1,202,911                                |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 379                                     | 0   | 11.50                                | 4,359                 | 12.00                                 | 4,548                                    |
| 1  | 51                                      | 0   | 28.80                                | 1,469                 | 30.10                                 | 1,535                                    |
| 1 1/2  | 13                                      | 0   | 47.20                                | 614                   | 49.30                                 | 641                                      |
| 2  | 43                                      | 0   | 75.50                                | 3,247                 | 78.80                                 | 3,388                                    |
| 4  | 11                                      | 0   | 177.00                               | 1,947                 | 184.70                                | 2,032                                    |
| Subtotal                                       | 497                                     | 0   |                                      | 11,636                |                                       | 12,144                                   |
| First Block                                    | 0                                       | 17,684                                    | 0.2400                               | 4,244                 | 0.4700                                | 8,311                                    |
| Second Block                                   | 0                                       | 131,945                                   | 0.2400                               | 31,667                | 0.4700                                | 62,014                                   |
| Subtotal                                       | 0                                       | 149,629                                   |                                      | 35,911                |                                       | 70,325                                   |
| Total Class                                    | 497                                     | 149,629                                   |                                      | 47,547                |                                       | 82,469                                   |
| <u>Industrial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 62                                      | 0   | 17.90                                | 1,110                 | 18.70                                 | 1,159                                    |
| 1  | 26                                      | 0   | 44.80                                | 1,165                 | 46.70                                 | 1,214                                    |
| 1 1/2  | 39                                      | 0   | 89.50                                | 3,491                 | 93.40                                 | 3,643                                    |
| 2  | 113                                     | 0   | 143.20                               | 16,182                | 149.40                                | 16,882                                   |
| Subtotal                                       | 240                                     | 0   |                                      | 21,948                |                                       | 22,898                                   |
| First Block                                    | 0                                       | 26,181                                    | 0.2400                               | 6,283                 | 0.4700                                | 12,305                                   |
| Second Block                                   | 0                                       | 158,885                                   | 0.2400                               | 38,132                | 0.4700                                | 74,676                                   |
| Third Block                                    | 0                                       | 230                                       | 0.2400                               | 55                    | 0.4700                                | 108                                      |
| Subtotal                                       | 0                                       | 185,296                                   |                                      | 44,470                |                                       | 87,089                                   |
| Total Class                                    | 240                                     | 185,296                                   |                                      | 66,418                |                                       | 109,987                                  |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 32 - PALMER TWP./LEHMAN PIKE

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (2,202)                                 | 0   | 11.50                                | (25,323)              | 12.00                                 | (26,424)                                 |
| 5/8, Low Income                                |   | 0   | 5.75                                 | 0                     | 4.20                                  | 0  |
| 1  | (1)                                     | 0   | 28.80                                | (29)                  | 30.10                                 | (30)                                     |
| Subtotal                                       | (2,203)                                 | 0   |                                      | (25,352)              |                                       | (26,454)                                 |
| First Block                                    | 0                                       | (90,328)                                  | 0.2400                               | (21,679)              | 0.4700                                | (42,454)                                 |
| Subtotal                                       | 0                                       | (90,328)                                  |                                      | (21,679)              |                                       | (42,454)                                 |
| Total  | (2,203)                                 | (90,328)                                  |                                      | (47,031)              |                                       | (68,908)                                 |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (28)                                    | 0   | 11.50                                | (322)                 | 12.00                                 | (336)                                    |
| 1  | (2)                                     | 0   | 28.80                                | (58)                  | 30.10                                 | (60)                                     |
| 1 1/2  | (1)                                     | 0   | 47.20                                | (47)                  | 49.30                                 | (49)                                     |
| 2  | (4)                                     | 0   | 75.50                                | (302)                 | 78.80                                 | (315)                                    |
| 4  | (1)                                     | 0   | 177.00                               | (177)                 | 184.70                                | (185)                                    |
| Subtotal                                       | (36)                                    | 0   |                                      | (906)                 |                                       | (945)                                    |
| First Block                                    | 0                                       | (740)                                     | 0.2400                               | (178)                 | 0.4700                                | (348)                                    |
| Second Block                                   | 0                                       | (1,300)                                   | 0.2400                               | (312)                 | 0.4700                                | (611)                                    |
| Subtotal                                       | 0                                       | (2,040)                                   |                                      | (490)                 |                                       | (959)                                    |
| Total Class                                    | (36)                                    | (2,040)                                   |                                      | (1,396)               |                                       | (1,904)                                  |
| <u>Industrial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | (4)                                     | 0   | 17.90                                | (72)                  | 18.70                                 | (75)                                     |
| 1  | (2)                                     | 0   | 44.80                                | (90)                  | 46.70                                 | (93)                                     |
| 1 1/2  | (3)                                     | 0   | 89.50                                | (269)                 | 93.40                                 | (280)                                    |
| 2  | (9)                                     | 0   | 143.20                               | (1,289)               | 149.40                                | (1,345)                                  |
| Subtotal                                       | (18)                                    | 0   |                                      | (1,720)               |                                       | (1,793)                                  |
| First Block                                    | 0                                       | (1,990)                                   | 0.2400                               | (478)                 | 0.4700                                | (935)                                    |
| Second Block                                   | 0                                       | (8,660)                                   | 0.2400                               | (2,078)               | 0.4700                                | (4,070)                                  |
| Third Block                                    | 0                                       | 0   | 0.2400                               | 0                     | 0.4700                                | 0  |
| Subtotal                                       | 0                                       | (10,650)                                  |                                      | (2,556)               |                                       | (5,005)                                  |
| Total Class                                    | (18)                                    | (10,650)                                  |                                      | (4,276)               |                                       | (6,798)                                  |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 33 - WINONA LAKES ACQUISITION

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Consumption</u><br>(6) | <u>Proposed</u><br><u>Rate</u><br>(7) | <u>Proposed</u><br><u>Revenue</u><br>(8) |
|--|---|---|--------------------------------------|-----------------------|--|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |  |                                       |  |
| Customer Charge                                |   |   |                                      |                       |  |                                       |  |
| 5/8  | 1,248                                   | 56,160                                    | 26.00                                | 32,448                | 0  | 12.00                                 | 14,976                                   |
| 5/8, Low Income                                | <u>0</u>                                | <u>0</u>                                  | 9.10                                 | <u>0</u>              | <u>0</u>                                     | 4.20                                  | <u>0</u>                                 |
| Subtotal                                       | 1,248                                   | 56,160                                    |                                      | 32,448                | 0  |                                       | 14,976                                   |
| First Block                                    | <u>0</u>                                | <u>0</u>                                  |                                      | <u>0</u>              | <u>56,160</u>                                | 0.4700                                | <u>26,395</u>                            |
| Subtotal                                       | <u>0</u>                                | <u>0</u>                                  |                                      | <u>0</u>              | <u>56,160</u>                                |                                       | <u>26,395</u>                            |
| Total  | 1,248                                   | 56,160                                    |                                      | 32,448                | 56,160                                       |                                       | 41,371                                   |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 34 - BLUE MOUNTAIN LAKES ACQUISITION

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>00 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Consumption</u><br>(6) | <u>Proposed</u><br><u>Rate</u><br>(7) | <u>Proposed</u><br><u>Revenue</u><br>(8) |
|---|---|---|--------------------------------------|-----------------------|--|---------------------------------------|--|
| <u>Residential - Monthly</u>                  |   |   |                                      |                       |  |                                       |  |
| Customer Charge                               |   |   |                                      |                       |  |                                       |  |
| 5/8   | 7,427                                   | 166,982                                   | 20.00                                | 148,540               | 0  | 12.00                                 | 89,124                                   |
| 5/8, Low Income                               | 4                                       | 0   | 10.00                                | 40                    | 0  | 4.20                                  | 17                                       |
| Subtotal                                      | 7,431                                   | 166,982                                   |                                      | 148,580               | 0  |                                       | 89,141                                   |
| First Block                                   | 0                                       | 89,807                                    | 0.1750                               | 15,716                | 256,789                                      | 0.5735                                | 147,268                                  |
| Second Block                                  | 0                                       | 102,560                                   | 0.3000                               | 30,768                | 102,560                                      | 0.5735                                | 58,818                                   |
| Subtotal                                      | 0                                       | 192,367                                   |                                      | 46,484                | 359,349                                      |                                       | 206,086                                  |
| Total   | 7,431                                   | 359,349                                   |                                      | 195,064               | 359,349                                      |                                       | 295,227                                  |



PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 34 - BLUE MOUNTAIN LAKES ACQUISITION

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>00 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Consumption</u><br>(6) | <u>Proposed</u><br><u>Rate</u><br>(7) | <u>Proposed</u><br><u>Revenue</u><br>(8) |
|---|---|---|--------------------------------------|-----------------------|--|---------------------------------------|--|
| <u>Residential - Monthly</u>                  |   |   |                                      |                       |  |                                       |  |
| Customer Charge                               |   |   |                                      |                       |  |                                       |  |
| 5/8   | (1)                                     | (27)                                      | 20.00                                | (20)                  | 0  | 12.00                                 | (12)                                     |
| 5/8, Low Income                               | <u>0</u>                                | <u>0</u>                                  | 10.00                                | <u>0</u>              | <u>0</u>                                     | 4.20                                  | <u>0</u>                                 |
| Subtotal                                      | (1)                                     | (27)                                      |                                      | (20)                  | 0  |                                       | (12)                                     |
| First Block                                   | 0                                       | (13)                                      | 0.1750                               | (2)                   | (40)   | 0.5735                                | (23)                                     |
| Second Block                                  | <u>0</u>                                | <u>0</u>                                  | 0.3000                               | <u>0</u>              | <u>0</u>                                     | 0.5735                                | <u>0</u>                                 |
| Subtotal                                      | 0                                       | (13)                                      |                                      | (2)                   | (40)   |                                       | (23)                                     |
| Total   | (1)                                     | (40)                                      |                                      | (22)                  | (40)   |                                       | (35)                                     |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 35 - PINE RIDGE

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 8,216                                   | 0   | 9.00                                 | 73,944                | 10.75                                 | 88,322                                   |
| 5/8, Low Income                                | 5                                       | 0   | 4.50                                 | 23                    | 3.76                                  | 19                                       |
| Subtotal                                       | 8,221                                   | 0   |                                      | 73,967                |                                       | 88,341                                   |
| First Block                                    | 0                                       | 345,200                                   | 0.3200                               | 110,464               | 0.5212                                | 179,918                                  |
| Subtotal                                       | 0                                       | 345,200                                   |                                      | 110,464               |                                       | 179,918                                  |
| Total  | 8,221                                   | 345,200                                   |                                      | 184,431               |                                       | 268,259                                  |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 23                                      | 0   | 9.00                                 | 207                   | 10.75                                 | 247                                      |
| 1  | 4                                       | 0   | 28.80                                | 115                   | 30.05                                 | 120                                      |
| Subtotal                                       | 27                                      | 0   |                                      | 322                   |                                       | 367                                      |
| First Block                                    | 0                                       | 1,753                                     | 0.3200                               | 561                   | 0.5212                                | 914                                      |
| Second Block                                   | 0                                       | 1,090                                     | 0.3200                               | 349                   | 0.4338                                | 473                                      |
| Subtotal                                       | 0                                       | 2,843                                     |                                      | 910                   |                                       | 1,387                                    |
| Total Class                                    | 27                                      | 2,843                                     |                                      | 1,232                 |                                       | 1,754                                    |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 35 - PINE RIDGE

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 4,056                                   | 0   | 9.00                                 | 36,504                | 10.75                                 | 43,602                                   |
| 5/8, Low Income                                | 0                                       | 0   | 4.50                                 | 0                     | 3.76                                  | 0  |
| Subtotal                                       | 4,056                                   | 0   |                                      | 36,504                |                                       | 43,602                                   |
| First Block                                    | 0                                       | 163,781                                   | 0.3200                               | 52,410                | 0.5212                                | 85,363                                   |
| Subtotal                                       | 0                                       | 163,781                                   |                                      | 52,410                |                                       | 85,363                                   |
| Total  | 4,056                                   | 163,781                                   |                                      | 88,914                |                                       | 128,965                                  |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 20                                      | 0   | 9.00                                 | 180                   | 10.75                                 | 215                                      |
| 1  | 0                                       | 0   | 28.80                                | 0                     | 30.05                                 | 0  |
| Subtotal                                       | 20                                      | 0   |                                      | 180                   |                                       | 215                                      |
| First Block                                    | 0                                       | 623                                       | 0.3200                               | 199                   | 0.5212                                | 325                                      |
| Second Block                                   | 0                                       | 387                                       | 0.3200                               | 124                   | 0.4338                                | 168                                      |
| Subtotal                                       | 0                                       | 1,010                                     |                                      | 323                   |                                       | 493                                      |
| Total Class                                    | 20                                      | 1,010                                     |                                      | 503                   |                                       | 708                                      |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 36 - POCONOS FARMS COMMUNITY ASSOCIATION

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 4,768                                   | 0   | 16.66                                | 79,435                | 16.66                                 | 79,435                                   |
| 5/8, Low Income                                | 6                                       | 0   | 8.33                                 | 50                    | 5.83                                  | 35                                       |
| Subtotal                                       | 4,774                                   | 0   |                                      | 79,485                |                                       | 79,470                                   |
| First Block                                    | 0                                       | 276,338                                   | 0.1500                               | 41,451                | 0.1500                                | 41,451                                   |
| Second Block (Aug, only)                       | 0                                       | 412                                       | 0.2500                               | 103                   | 0.1500                                | 62                                       |
| Third Block (Aug, Only)                        | 0                                       | 157                                       | 0.5000                               | 79                    | 0.1500                                | 24                                       |
| Subtotal                                       | 0                                       | 276,907                                   |                                      | 41,633                |                                       | 41,536                                   |
| Total  | 4,774                                   | 276,907                                   |                                      | 121,118               |                                       | 121,006                                  |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 18                                      | 0   | 16.66                                | 300                   | 16.66                                 | 300                                      |
| 2  | 6                                       | 0   | 16.66                                | 100                   | 16.66                                 | 100                                      |
| Subtotal                                       | 24                                      | 0   |                                      | 400                   |                                       | 400                                      |
| First Block                                    | 0                                       | 1,280                                     | 0.3848                               | 493                   | 0.3848                                | 493                                      |
| Second Block                                   | 0                                       | 5,400                                     | 0.3094                               | 1,671                 | 0.3094                                | 1,671                                    |
| Subtotal                                       | 0                                       | 6,680                                     |                                      | 2,164                 |                                       | 2,164                                    |
| Total Class                                    | 24                                      | 6,680                                     |                                      | 2,564                 |                                       | 2,564                                    |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 36 - POCONOS FARMS COMMUNITY ASSOCIATION

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO PROFORMA ADJUSTMENTS  
YEAR ENDED DECEMBER 31, 2006 AND 2007

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Rate</u><br>(6) | <u>Proposed</u><br><u>Revenue</u><br>(7) |
|--|---|---|--------------------------------------|-----------------------|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 10,734                                  | 0   | 16.66                                | 178,831               | 16.66                                 | 178,831                                  |
| 5/8, Low Income                                | <u>0</u>                                | <u>0</u>                                  | 8.33                                 | <u>0</u>              | 5.83                                  | <u>0</u>                                 |
| Subtotal                                       | 10,734                                  | 0   |                                      | 178,831               |                                       | 178,831                                  |
| First Block                                    | 0                                       | 460,555                                   | 0.1500                               | 69,083                | 0.1500                                | 69,083                                   |
| Second Block (Aug, only)                       |   | -412                                      | 0.1000                               | -41                   | 0.1000                                | -41                                      |
| Third Block (Aug, Only)                        |   | -157                                      | 0.3500                               | -55                   | 0.3500                                | -55                                      |
| Subtotal                                       | 0                                       | <u>459,986</u>                            |                                      | <u>68,987</u>         |                                       | <u>68,987</u>                            |
| Total  | 10,734                                  | 459,986                                   |                                      | 247,818               |                                       | 247,818                                  |
| <u>Commercial - Monthly</u>                    |   |   |                                      |                       |                                       |  |
| Customer Charge                                |   |   |                                      |                       |                                       |  |
| 5/8  | 48                                      | 0   | 16.66                                | 800                   | 16.66                                 | 800                                      |
| 2  | <u>16</u>                               | <u>0</u>                                  | 16.66                                | <u>267</u>            | 16.66                                 | <u>267</u>                               |
| Subtotal                                       | 64                                      | 0   |                                      | 1,067                 |                                       | 1,067                                    |
| First Block                                    | 0                                       | 9,110                                     | 0.3848                               | 3,506                 | 0.3848                                | 3,506                                    |
| Second Block                                   | <u>0</u>                                | <u>2,778</u>                              | 0.3094                               | <u>859</u>            | 0.3094                                | <u>859</u>                               |
| Subtotal                                       | 0                                       | 11,888                                    |                                      | 4,365                 |                                       | 4,365                                    |
| Total Class                                    | 64                                      | 11,888                                    |                                      | 5,432                 |                                       | 5,432                                    |

PENNSYLVANIA-AMERICAN WATER COMPANY  
ZONE 37 - REDSTONE ACQUISITION

APPLICATION OF PRESENT RATES AND PROPOSED RATES TO CONSUMPTION ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

| <u>Rate Block</u><br><u>100 Gallons</u><br>(1) | <u>Number</u><br><u>Of Bills</u><br>(2) | <u>Total</u><br><u>Consumption</u><br>(3) | <u>Present</u><br><u>Rate</u><br>(4) | <u>Revenue</u><br>(5) | <u>Proposed</u><br><u>Consumption</u><br>(6) | <u>Proposed</u><br><u>Rate</u><br>(7) | <u>Proposed</u><br><u>Revenue</u><br>(8) |
|--|---|---|--------------------------------------|-----------------------|--|---------------------------------------|--|
| <u>Residential - Monthly</u>                   |   |   |                                      |                       |  |                                       |  |
| Customer Charge                                |   |   |                                      |                       |  |                                       |  |
| 5/8  | 5,868                                   | 0   | 12.08                                | 70,885                | 0  | 12.00                                 | 70,416                                   |
| 1  | <u>12</u>                               | <u>0</u>                                  | 30.20                                | <u>362</u>            | <u>0</u>                                     | 30.10                                 | <u>361</u>                               |
| Subtotal                                       | 5,880                                   | 0   |                                      | 71,247                | 0  |                                       | 70,777                                   |
| First Block                                    | <u>0</u>                                | <u>251,473</u>                            | 0.6130                               | <u>154,153</u>        | <u>251,473</u>                               | 0.6130                                | <u>154,153</u>                           |
| Subtotal                                       | <u>0</u>                                | <u>251,473</u>                            |                                      | <u>154,153</u>        | <u>251,473</u>                               |                                       | <u>154,153</u>                           |
| Total  | 5,880                                   | 251,473                                   |                                      | 225,400               | 251,473                                      |                                       | 224,930                                  |

**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. 10-00189**

**AFFIDAVIT**

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA

I, MICHAEL A. MILLER, Treasurer/Comptroller for Tennessee American Water Company, do hereby certify that the foregoing responses to the Second Supplemental Responses to the Chattanooga Regional Manufacturers Association's Data Requests #27 and 29 were prepared by me or under my supervision and are true and accurate to the best of my knowledge and information.

DATED this 17<sup>th</sup> day of December, 2010.

Michael A. Miller  
(signature)

Michael A. Miller  
(printed name)

Sworn to and subscribed before me this 17<sup>th</sup> day of December, 2010.

Lisa R. Brooks  
NOTARY PUBLIC

My Commission Expires:

September 7, 2019



### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served by way of the method(s) indicated, on this the 17<sup>th</sup> day of December, 2010, upon the following:

|   |   |
|---|---|
| <input checked="" type="checkbox"/> Hand-Delivery | Ryan McGehee, Esq.                          |
| <input type="checkbox"/> U.S. Mail                | Mary L. White, Esq.                         |
| <input type="checkbox"/> Facsimile                | Counsel for the Consumer Advocate           |
| <input type="checkbox"/> Overnight                | and Protection Division                     |
| <input checked="" type="checkbox"/> Email         | OFFICE OF THE ATTORNEY GENERAL              |
|   | 425 5th Avenue North, 2nd Floor             |
|   | Nashville, TN 37243-0491                    |
|   |   |
| <input type="checkbox"/> Hand-Delivery            | David C. Higney, Esq.                       |
| <input type="checkbox"/> U.S. Mail                | Counsel for Chattanooga Regional            |
| <input type="checkbox"/> Facsimile                | Manufacturers Association                   |
| <input checked="" type="checkbox"/> Overnight     | GRANT, KONVALINKA & HARRISON, P.C.          |
| <input checked="" type="checkbox"/> Email         | 633 Chestnut Street, 9th Floor              |
|   | Chattanooga, TN 37450                       |
|   |   |
| <input checked="" type="checkbox"/> Hand-Delivery | Henry M. Walker, Esq.                       |
| <input type="checkbox"/> U.S. Mail                | Counsel for Chattanooga Regional            |
| <input type="checkbox"/> Facsimile                | Manufacturers Association                   |
| <input type="checkbox"/> Overnight                | BRADLEY, ARANT, BOULT, CUMMINGS, PLC        |
| <input checked="" type="checkbox"/> Email         | 1600 Division Street, Suite 700             |
|   | Nashville, TN 37203                         |
|   |   |
| <input type="checkbox"/> Hand-Delivery            | Michael A. McMahan, Esq.                    |
| <input type="checkbox"/> U.S. Mail                | Valerie L. Malueg, Esq.                     |
| <input type="checkbox"/> Facsimile                | City of Chattanooga (Hamilton County)       |
| <input checked="" type="checkbox"/> Overnight     | OFFICE OF THE CITY ATTORNEY                 |
| <input checked="" type="checkbox"/> Email         | 100 East 11 <sup>th</sup> Street, Suite 200 |
|   | Chattanooga, TN 37402                       |
|   |   |
| <input type="checkbox"/> Hand-Delivery            | Frederick L. Hitchcock, Esq.                |
| <input type="checkbox"/> U.S. Mail                | Harold L. North, Jr., Esq.                  |
| <input type="checkbox"/> Facsimile                | Counsel for City of Chattanooga             |
| <input checked="" type="checkbox"/> Overnight     | CHAMBLISS, BAHNER & STOPHEL, P.C.           |
| <input checked="" type="checkbox"/> Email         | 1000 Tallan Building                        |
|   | Two Union Square                            |
|   | Chattanooga, TN 37402                       |



- ☒ Hand-Delivery
- ☐ U.S. Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Email

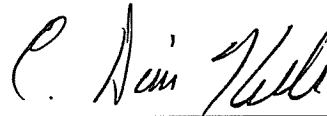
Mark Brooks, Esq.  
Counsel for Utility Workers Union of America,  
AFL-CIO and UWUA Local 121  
521 Central Avenue  
Nashville, TN 37211

- ☐ Hand-Delivery
- ☐ U.S. Mail
- ☐ Facsimile
- ☒ Overnight
- ☒ Email

Scott H. Strauss, Esq.  
Katharine M. Mapes, Esq.  
Counsel for UWUA, AFL-CIO and UWUA Local 121  
SPIEGEL & MCDIARMID LLP  
1333 New Hampshire Avenue, NW  
Washington, DC 20036

- ☒ Hand-Delivery
- ☐ U.S. Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Email

Donald L. Scholes, Esq.  
Counsel for Walden's Ridge Utility District and Signal Mountain  
BRANSTETTER, STRANCH & JENNINGS PLLC  
227 Second Avenue North  
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Nashville, TN 37201



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