COLUMBIA WATER COMPANY

RATES, RULES, AND REGULATIONS GOVERNING THE DISTRIBUTION OF WATER IN WEST HEMPFIELD, RAPHO, EAST DONEGAL AND MANOR TOWNSHIPS AND THE BOROUGHS OF COLUMBIA AND MOUNTVILLE, AND MARIETTA LANCASTER COUNTY AND HELLAM TOWNSHIP, YORK COUNTY, PENNSYLVANIA

Issued: October 19, 2026 Effective: November 1, 2026

By: David T. Lewis, President
Columbia Water Company
220 Locust Street
Columbia, PA 17512

NOTICE

THIS TARIFF SUPPLEMENT INCREASES THE DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

See Page Two

List of Changes Made by this Supplement

Change:

Tariff Supplement No. 142 increases the Distribution System Improvement Charge. (C)

(C) Indicates Change (I) Indicates Increase

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(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

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(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

Schedule of Rates – General Meter Rates **Applicable to former Columbia and Marietta Rate Districts**	(C)

Customer Charge

Size of Meter	Per Customer Unit Per Month	
5/8"	$12.39	(I)
3/4"	$17.72	I
1”	$28.38	I
1-1/2"	$55.03	I
2”	$87.02	I
3”	$172.31	I
4”	$268.26	I
6"	$534.80	I
8"	$854.65	I
10”	$1,227.79	I
12"	$2,293.93	(I)

Output Charges (Billed to the nearest 100 gallons)		Price per 1,000 Gallons	
For the First	10,000 gallons per month	$7.77	(I)
For the Next	240,000 gallons per month	$3.54	(I)
For all Over	250,000 gallons per month	$3.06	(I)

Special Provisions

When service is furnished through a single meter to a building containing eight or more apartment dwelling units or condominium dwelling units, or to a complex of buildings served at single-point meter service prescribed in Rule 19A, the first block rate shall be applied to usage equal to the number of apartment dwelling units or condominium dwelling units times 1,000 gallons per month and the balance of the use shall be billed at the applicable block rates in the regular manner.

For service to federal, state or local governments or to any governmental department, institution or authority, the due date is not less than 30 days from the date the bill is mailed.

Late Charges

A late charge of one and one-quarter percent (1-1/4%) simple interest per month will be applied to the unpaid balance after the due date. The due date is not less than 20 days from the date the bill is mailed.

In addition, all rates for water service are subject to the State Tax Adjustment Surcharge (see page 7).

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

COLUMBIA WATER COMPANY
SCHEDULE OF RATES APPLICABLE TO EDTMA DISTRICT

Schedule of Rates – General Meter Rates EDTMA District (C)

Use Classification	Water Use Rates
Residential Users (Quarterly):	
First 9,000 Gallons per Quarter	$48.00 / Quarter
All over 9,000 Gallons per Quarter	$2.10 / 1000 gal.
Residential Users (Monthly, if elected):	
First 3,000 Gallons per Month	$16.00 / Month
All over 3,000 Gallons per Month	$2.10 / 1000 gal.
Commercial Users (Quarterly):	
First 9,000 Gallons per Quarter	$73.00 / Quarter
All over 9,000 Gallons per Quarter	$2.10 / 1000 gal.
Commercial Users (Monthly, if elected):	
First 3,000 Gallons per Month	$24.33/Month
All over 3,000 Gallons per Month	$2.10 / 1000 gal.
Industrial Users:	
First 75,000 Gallons per Month	$390.26 / Month
All over 75,000 Gallons per Month	$3.00 / 1000 gal.
Farm Users (Quarterly):	
First 35,000 Gallons per Quarter	$182.58 / Quarter
All over 35,000 Gallons per Quarter	$2.10 / 1000 gal.
Farm Users (Monthly, if elected)	
First 11,667 Gallons per Month	$60.86/ Month
All over 11,667 Gallons per Month	$2.10/1000 gal.
Late Payment Charge	1.5% per month on overdue balance of the bill not to exceed 18% annum

(I) Indicates Increase (C) Indicates Change

PENNVEST SURCHARGE

Supplement No. 140 increases the per equivalent dwelling unit (EDU) PENNVEST prospectively adjustable surcharge (initially in the amount of $8.18 per EDU) in accordance with the Order of the Commission entered July 30, 2015 at Docket No. R-2014-2445660 and applies the PENNVEST surcharge to Marietta and East Donegal customers. (C)

This surcharge is calculated to recover the principal and interest amounts payable pursuant to the final amortization schedule for PENNVEST loans 80180, 85182 and 12823, allocated according to the costs of the PENNVEST-financed infrastructure serving each rate district and shall remain in effect until all such principal and interest is recovered, at which point it shall be set to zero unless there are subsequent PENNVEST loans approved by the Commission for surcharge recovery.

PENNVEST SURCHARGE

1. For the limited purpose of recovering PENNVEST loan principal and interest only for used and useful assets financed by such loan, an EDU surcharge will be uniformly applied to all classes of customers (with the exception of public fire protection customers) for service rendered on or after January 1, 2015. This per EDU surcharge is calculated to recover the total principal and interest amounts payable pursuant to the final PENNVEST amortization schedule for Columbia's PENNVEST loan obligations. This and the provisions below shall apply to PENNVEST loans 80180, 85182 and 12823, and any subsequent PENNVEST Loan approved for surcharge recovery by the Commission.

2. The surcharge amount of $9.92 per EDU per month for the Columbia rate division is determined as follows:

$$PVS = (PI/EDU's)/12$$

PVS = Prospective PENNVEST Monthly Surcharge per EDU

PI = Annual Principal and Interest per PENNVEST Loans 80180, 85182 and portion of 12823

EDU's = Current Equivalent Dwelling Units as determined from the Company's Billing Records

The surcharge amount of $0.27 per EDU per month for the Marietta rate division is determined as follows: (D)

$$PVS = (PI/EDU's)/12$$

PVS = Prospective PENNVEST Monthly Surcharge per EDU

PI = Annual Principal and Interest per portion of PENNVEST Loan 12823

(C) Indicates Change (I) Indicates Increase (D) Indicates Decrease

EDU's = Current Equivalent Dwelling Units as determined from the Company's Billing Records (I)

The surcharge amount of $3.20 per EDU per quarter for the East Donnegal rate division is determined as follows:

PVS = (PI/EDU's)/4

PVS = Prospective PENNVEST Quarterly Surcharge per EDU

PI = Annual Principal and Interest per portion of PENNVEST Loan 12823

EDU's = Current Equivalent Dwelling Units as determined from the Company's Billing Records

3. The Company shall recalculate the prospective surcharge amount in a Section 1308 filing made within 60 days of a material change to PI or EDU's and at the time of general rate case filings under Section 1308(d). For purposes of this recalculation, a material change is a change that would result in a cumulative increase or decrease in the currently-approved PVS of 1.5% or more.

4. The surcharge is reflected as a separate line item on each customer's bill.

5. The PENNVEST surcharge shall remain in effect until the principal and interest charges (amounts payable pursuant to the final amortization schedule) for the applicable loan have been collected. The surcharge mechanism will be continued but set at zero if there are no PENNVEST loans approved by the Commission for surcharge recovery.

6. The surcharge is solely designed to begin timely recovery of PENNVEST principal and interest loan obligations(s).

7. The Company will segregate all revenues dedicated for PENNVEST repayment so long as the surcharge remains in effect.

8.

Schedule of Rates – Fire Protection
Applicable to former Columbia and Marietta Rate Districts (C)

Public:	Quarterly	
For 104 fire hydrants in Columbia Borough connecting to the piping system and existing as of June 20, 1948	$5,200.00	
For each additional fire hydrant installed	$96.50	(I)

Private:		
Each fire hydrant directed connected to main on public highway	$96.50	(I)
Each 2-inch connection with the main	$115.81	(I)
Each 3-inch connection with the main	$144.76	(I)
Each 4-inch connection with the main	$173.72	(I)
Each 6-inch connection with the main	$347.41	(I)
Each 8-inch connection with the main	$618.52	(I)

Use of Public Fire Hydrants
For Other than Fire Protection

	Per Hour
For the first hour or fraction thereof	$19.50
For each additional hour or fraction thereof	$11.75

For service to federal, state or local governments; or to any government department, institution, or authority; the due date is not less than 30 days from the date the bill is mailed.

In addition, all rates for water service are subject to the State Tax Adjustment Surcharge. (see page 7).

I) Indicates Increase

COLUMBIA WATER COMPANY
SCHEDULE OF FIRE PROTECTION RATES APPLICABLE TO THE EDTMA DISTRICT

SCHEDULE OF FLAT RATES

(C)

FIRE PROTECTION SERVICE

Application

This Schedule is applicable to Public and Private Fire Protection Service to the service territory formerly known as the East Donegal Township Municipal Authority.

PUBLIC FIRE PROTECTION SERVICE RATE

Fire Hydrant Fee:	NONE
Fire Service Fee:	NONE

PRIVATE FIRE PROTECTION SERVICE RATE

Fire Hydrant Fee:	NONE
Fire Service Fee:	NONE

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State Tax Adjustment Surcharge

In addition to the charges provided in this tariff, a surcharge of -0.09% will apply to all charges for service rendered on or after the effective date of this tariff supplement. (D)

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

a. Whenever any of the tax rates used in the calculation of the surcharge are changed;
b. Whenever the utility makes effective any increased or decreased rates; and
c. On March 31, 2002, and each year thereafter.

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

(C) Indicates Change

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COLUMBIA WATER COMPANY

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER

1. The Water Tariff

1.1 Filing and Availability

A copy of this Tariff, which is the rates, rules and regulations under which water service will be supplied by Columbia Water Company, to its Customers in Pennsylvania, is on file with the Pennsylvania Public Utility Commission, and is available and open for inspection at the offices of the Company.

1.2 Revisions

This Tariff may be revised, amended, supplemented and otherwise changed from time to time in accordance with the Pennsylvania "Public Utility Code," and such changes, when effective, shall have the same force and effect as the present Tariff.

1.3 Applications of Tariff

The Tariff provisions apply to any party or parties lawfully receiving water service from the Company under the rates set forth therein, and the receipt of water shall constitute the receiver, a Customer of the Company as the term is used herein.

1.4 Rules and Regulations

The Rules and Regulations, filed as a part of this Tariff, are a part of every contract or agreement for service, whether written, oral or implied, made by the Company, and govern all classes of service where applicable.

1.5 Statement of Agents

No agent or employee of the Company has authority to make any promise, agreement or representation inconsistent with the provisions of this Tariff unless that statement, etc., is approved in writing by the PUC & Company.

2. Application for Service

2.1 Application

Upon receipt of the proper application, the Company will install a street service connection and will maintain the same as its expense, provided that the property abuts a public highway in which a main pipe of the distribution system of the Water Company is located. Application for street service connection and change in the identity of contracting Customer at a property shall be made in writing.

2.2 Point of Sale

The point of sale for any service delivered is the Company's street service connection.

2.3 Application for Temporary or Special Service

Whenever a street service connection is made to the main for temporary service the applicant will bear the entire cost. Included will be labor and material for

(C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

tapping the main, meter and meter setting and any other special equipment and material required including any taxes. The Customer shall be entitled to a refund or as much of the cost of the street service connection and other appurtenances as the Company ordinarily assumes if and when the service connection is usable as a permanent service at such time regular service is begun.

2.4 Activation of Service Connection

Whenever an applicant or Customer requests activation or reactivation of a service connection, the applicant or Customer, or his/her responsible designee, must be present at the time service is activated. A charge of $5.00 will be imposed to activate any service connection or reactivation of any service not terminated for non-payment.

3. Customer's Service Pipes (C)

3.1 Right to Reject

The Company may refuse to connect with any piping system or furnish water through one already connected if such system is not properly installed and maintained if such system is constructed of materials unacceptable to the Company or if the piping system on the Customer's premise is not at a sufficient depth to prevent freezing. The Company may also refuse to connect, etc., if lead base solder has been used in any plumbing beyond the Company's curb stop. Lead or iron service lines shall not be acceptable to the Company. Cement lined ductile iron lines for large (multi-family) residential, commercial and industrial service shall be acceptable. It shall be the customer's responsibility to provide, subject to company verification, the Company with certification that no lead has been used.

3.2 Stop and Waste Valve

The Customer shall install a stop and waste valve on the service pipe immediately inside of the foundation wall of the building supplied and also on the outlet side of the meter. A double check valve shall also be installed on the outlet side of the meter. Such valves should be so located as to be easily accessible to the occupants and to provide proper drainage for the pipes in the building.

3.3 No Grounding to the Water Line

No electrical grounding shall be made to the internal plumbing or to any external plumbing which ultimately connects to the Company main.

(C) Indicates Change

COLUMBIA WATER COMPANY

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

3.4 No Additional Tap

No fixture shall be attached to or any branch made in the service pipe between the meter and the street main.

3.5 Trench Restriction

No service pipe shall be laid in the same trench with gas pipe, sewer pipe, electrical cable, telephone cable or any other facility of a public service company. Furthermore, no sewer pipe may be installed within (3) feet in undisturbed earth to the water service line. If a common trench is used for sewer and water, a (3) foot vertical and (3) foot horizontal shelf must be made between the water service and sewer line.

No service line will be permitted within (3) feet of any open excavation or vault.

3.6 Service Line Specifications (C)

The Company will specify the size, kind and quality of the materials which shall be laid between the curb valve and the structure on the premise to be supplied. The Company may refuse to connect with any piping system or furnish water through lines already connected if such system is not properly installed or maintained, if such system on the customer's premise is not of a sufficient depth to prevent freezing. Lead or iron service lines shall not be acceptable to the Company. Cement lined ductile iron lines for large (multi-family) residential, commercial and industrial service shall be acceptable. The Company may also refuse to connect, etc., if lead base solder has been used in any plumbing beyond the Company's curb stop. It shall be the customer's responsibility to provide the Company with certification that no lead has been used subject to Company verification.

3.7 Check Valve, Backflow Prevention Device, & Service

Line Strainers

An approved check valve shall be installed on all service lines for residential service.

On service lines for commercial or industrial service, a backflow prevention device of a type approved by the company shall be installed. The location of the check valve or backflow prevention device shall be approved by the Company.

On service lines to be used coincidentally for fire protection the service line must, in addition, have an approved fire service line strainer. The check valve, backflow prevention device and/or strainer, shall be owned and maintained by the customer. The customer shall certify to the Water Company, in an acceptable form, that these devices have been maintained and are in working order. They are subject to Company inspection at reasonable times upon reasonable notice.

(C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

3.8 Pressure Regulators

The customer shall be responsible for the installation and maintenance of a pressure regulator or valve in his premises. The pressure regulator or valve shall be installed on the inlet side of the meter when the static pressure is 80 lbs. or more at customer's premises.

4. Meters and Meter Installation

4.1 Meter Installations

The Company will furnish and install for each Customer not requiring fire service, without charge, a suitable meter and will keep the same in repair. In case of misuse or damage by any external causes, the expense of all costs of repair or replacement shall be borne by the customer.

If a customer requires fire service, all costs of the setting, the meter, the backflow device and the strainer will be borne by the applicant. The meter will be treated as a cost of extending service and subject to deposit and taxes with no refund.

4.2 Meter Space and Location

The Customer shall provide a safe and readily accessible and protected location for the installation of a meter at such point as will control the entire supply to the premise, which location must be acceptable to the Company as most convenient for its service so that the meter may be easily examined, read or removed. In addition, at the Company's option, the Customer shall also provide a safe and readily accessible location outside of his residence for the installation of a remote meter reading device. If the Customer does not maintain ready access to the meter and the remote meter reading device, the Company will install an outside meter setting at the Customer's expense.

4.3 Automatic Meter Reading

To provide long term economic benefits, the Company is installing, without charge to the Customer, meters capable of being read automatically from a central location using telephone lines. To install this automatic meter reading equipment, the Company will require access to the Customer's telephone line. In the case of misuse or damage to the meter attributable to the Customer, the expense of repair must be borne by the Customer. In some cases, the meters are equipped with a meter interface unit (MZU) or a similar type device to permit meter reading automatically. The MIU's are capable of reading more than one meter. If, in the

(C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

opinion of the Company the automatic meter reading equipment can be installed, the Customer cannot refuse such installation and must provide the Company with his telephone number. If access is denied, the Company may impose a meter reading fee equal to the cost of manually reading the meter or terminate service.

4.4 Outside Meter Installations

Where a water service pipe extends more than 50' beyond the curbstop or where no suitable place in a building is available for setting a water meter, it shall be placed in a meter tile or vault by the Company at the Customer's expense, which box or vault shall be placed just inside the customer's property line or at such other location as may be ordered by the Company. The option of such installation shall be left to the discretion of the Company. Any outside meter installation requested by the Customer shall be at the customer's expense.

4.5 Metered Service

All service provided by the Company, except public fire protection shall be metered.

4.6 Meter Installations for Unmetered Private Fire Services

With 45 calendar days of notification by the Company, an unmetered private fire service Customer will have provided a suitable meter setting at his own expense. The Company will provide the Customer with standard specifications for the meter setting. Any Customer who does not provide a suitable meter setting within the 45-day period, will be subject to termination of service or at the option of the Company in the case of an unmetered fire Service Customer, the installation will be made by the Company and a surcharge applied to the Customer's bill.

4.7 Tamperings with Meters or Other Utility Equipment

When a meter or other utility equipment on a customer's premises has been tampered with and the customer enjoys the use of or received benefit from the water service intended to be metered, it may be reasonably inferred that the customer tampered with the meter or other utility equipment. The penalties for tampering include, but are not limited to, termination of service, recovery by the Company of all costs related to the tampering including payment for such water service as the Company may estimate from available information that has been used but not registered by the Company's meter and criminal sanctions pursuant to the laws of the Commonwealth.

(C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

5. Meter Tests

5.1 Meter Tests

All meters are accurately tested before installation. Meters are also periodically tested in accordance with the regulations of the Pennsylvania Public Utility Commission. The Company may at any time remove any meter for routine tests, repairs or replacement and may, at its option and expense, test any meter when the Company has reason to believe that it is registering inaccurately.

5.2 Request Tests

Any Customer may request the Company to make a special test of the accuracy of a meter, which test will be made in accordance with 52 Pa. Code § 65.8.

5.3 Meter Test Fees

When a fee is to be paid for a special test, the fee shall be paid in advance by the Customer, but should the said meter be found upon said test to be incorrect to the prejudice of the Customer according to the standard percentage variable set forth in 52 Pa. Code § 65.8, the fees so paid shall be returned to the Customer and the meter shall forthwith be repaired by the Company or another meter which has been properly repaired shall be installed. If said meter is found to be incorrect, the Customer's bill shall be adjusted in accordance with 52 Pa. Code § 65.9. When a fee is to be paid for special tests of meters made upon request by the customer, the following shall apply in accordance with 52 Pa. Code § 65.8.

Size of Meter	Fee for test
5/8" to 1" inclusive	As currently in effect
1-1/4" to 2" inclusive	As currently in effect
Larger than 2"	As currently in effect

5.4 Meter Test Witnessed by Customer

The test of a meter requested by a Customer must be witnessed by the Customer or his duly authorized representative.

6. Credit

6.1 Customer's Liability for Charges

A customer is held liable for all water service furnished to such premise until such times as the Customer properly notifies the Company to discontinue the service for this account.

(C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

6.2 Customer's Deposit (C)

Deposits may be required from all customers in accordance with Chapter 14 of the Public Utility Code, 66 P. C.S.A. § 1401 *et seq.* and Chapter 56 of the Commission's regulations, 52 Pa. Code §§ 56.1 – 56.231.

7. Definitions

7.1 Customer

A Customer is any party contracting for and/or receiving water service through a meter connection.

7.2 Point of Sale

The point of sale of water service or fire protection service contracted for by the customer is the street service connection.

7.3 Street Service Connection

A street service connection is hereby understood to include a connection to the main, pipe to and including the control valve and control valve box; used to carry water from the main to the curb line. The control valve and box terminates the Company's responsibility for expense of the street service connection.

7.4 Single Premise

A single premise is herein construed to cover a structure used by one family or occupant or where used by more than one family or occupant not adaptable to subdivision.

(C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER

(Cont'd)

7.5 Multiple Premise

A multiple premise is adaptable to subdivision and is used by more than one family or occupant. It shall then be construed to be a double premise, triple premise, etc., depending upon the number of families, occupants, or subdivisions.

7.6 Remote Meter Reading Device

A device which by electrical impulse or otherwise transmits readings from a meter, usually located within a residence, to a more accessible location outside of a residence.

7.7 Normal Working Hours

Normal working hours are 8:00 a.m. to 4:30 p.m., except on weekends and holidays (C)

8. Public Fire Hydrants

8.1 Ownership and Maintenance

All public fire hydrants furnished, installed, and paid for by the Company shall be inspected and maintained by the Company.

8.2 Use Restricted

The use of fire hydrants, whether owned by the Company or by the Customer, will be restricted to the taking of water for the extinguishing of aboveground fires and water shall not be taken from any fire hydrant for construction purposes, extinguishing underground fires, sprinkling streets, flushing sewers or gutters or for any other use unless specifically permitted by the Company for the particular time and occasion. If the Company grants permission to use fire hydrants for purposes other than the extinguishment of fires, such use will be applied only if an approved backflow prevention device is attached to the hydrant. Said device shall be furnished by the customer.

8.3 Change in Location

Whenever a change in location of a fire hydrant is ordered by the municipality, such change will be made at the expense of the municipality.

(C(C) Indicates Change

8.3 APPLICATION FOR NEW OR REPLACEMENT PUBLIC FIRE SERVICE

Service No. _____

This application made in triplicate this _____ day of _____, 19 ____ ,

by _____ (a Municipal Corporation of the Commonwealth
(Applicant)

of Pennsylvania), hereinafter called the "Applicant", to the _____

A corporation of the Commonwealth of Pennsylvania), doing business in the of _____

_____, hereinafter called the "Company."

The Applicant, upon the terms and conditions hereinafter set forth, hereby applies to the Water Company for the installation of (a) public fire hydrant(s) to be located at:

_____

_____

_____

In consideration for which the Applicant agrees to be bound by all terms and conditions of this application and the Company's tariff as amended from time to time, and to pay the Water Company for service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this application may be accepted by the Water Company are as follows:

First: That the public fire hydrant shall be furnished, installed, inspected and maintained by the Water Company.

Second: That the use of the public fire hydrants will be restricted to the taking of water for the extinguishing of fires and water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing sewers or gutters, or for any other use unless specifically permitted by the Water Company for the particular time and occasion. If the Water Company grants permission to use fire hydrants for purposes other than the extinguishment of fires, such use will be applied only if an approved backflow prevention device is attached to the hydrant. Said device shall be furnished by the Applicant.

Third: That whenever a change in location of a fire hydrant is ordered by the Applicant, such change will be made at the expense of the Applicant.

Fourth: That the Water Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service but that it cannot and does not guarantee that such will not occur. That the extent of the rights of the Applicant under this application is to receive, but only at times of fire, such supply of water as shall then be available and other or greater. That the applicant agrees the Water Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fires or to protect any persons or property against loss or damage by fire, or otherwise.

(C) Indicates Change

Fifth: That the Applicant will indemnify, save harmless, and defend the Water Company, from all claims, loss, costs, or damage on account of injury to persons or property occurring as a result of the installation, operation, performance, or existence of said public fire hydrant(s) including, but not limited to, injury or damage to persons or property by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

Sixth: That the Applicant will notify the Water Company of each occasion a public fire hydrant is used so that the Water Company may be able to make a follow-up inspection.

Seventh: That the rights and obligations of the Applicant hereunder shall be further subject at all times to the rates, rules and regulations of the Water Company that now exist or which may hereafter be adopted.

Eighth: This Application shall, after having been accepted by the Water Company, be in force as a contract and shall continue as such until canceled by written notice one hundred-eighty (180) days in advance given by either party to the other. If the contract is canceled by the Applicant, it shall reimburse the Water Company for all expenses incurred in disconnecting and/or removing the public fire hydrant(s).

Ninth: This Applicant agrees to provide any permits required by the applicant relative to this application for public Fire Hydrant(s) contracted for or its future replacement.

(C) Indicates Change

IN WITNESS WHEREOF the Applicant, through a duly authorized official, has hereunto signed this Application the day and year first above written.

WITNESS APPLICANT

_____ By: _____

IN WITNESS WHEREOF the Water Company hereby accepts the foregoing Application this _____ day of _____, 19 _____.

WITNESS WATER COMPANY

_____ By: _____

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water

9. Sales for Resale

9.1 Water Supply Agreement

In the event the Company enters into an Agreement with another public water supply agency to sell water to said agency, under rates to be negotiated with the Company, any condition of said agreement with respect to service thereunder shall be incorporated by reference to these rules and regulations; provided however, that said water supply agreement is filed with the Public Utility Commission pursuant to 66 Pa. C.S. Section 507 of the Public Utility Code where the public water supply agency is a municipal corporation, as defined by said code.

10. Payment Terms

10.1 Billing Period (C)

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed. Payment received by the Company after the due date will be charged a penalty of 1-1/4% and such penalty will be calculated monthly thereafter only on the overdue portion of the bill, and in no event shall the penalty charged exceed more than 15% annually. When a quarterly customer's bill has a penalty application on interim monthly bill informing the customer of the applicable late payment charge of 1-1/4% per month on the unpaid balance and the date by which the interim monthly bill must be paid to avoid application of another late payment charge will be rendered.

10.2 Service Discontinued

If a bill is not paid on or before said due date, service will be discontinued after 10 days written notice to the Customer. Except that notwithstanding any other rule of this tariff, service shall be not continued for any reason except under regulations of the Pennsylvania Public Utility Commission applicable thereto and in effect at the time of such contemplated discontinuance.

All federal, state and local government accounts are entitled to a thirty (30) day period from the due date of any bill within which it may pay for water service.

10.3 Consumption not Combined

The use of water by the same Customer in different premises or localities will not be combined and each installation shall stand by itself.

((C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Continued)

10.4 Disputed Bills

In the event of a dispute between the Customer and the Company respecting any bill, the Company will forthwith make such investigation as may be required by the particular case and report the result thereof to the customer. When the Company has made such a report to the Customer, either, (1) sustaining the bill as rendered, or, (2) submitting a corrected bill, the date of the bill for purposes of payment shall be considered to be as of the date of said bill, and the Customer shall pay the amount due within the time provided in these rules and regulations, and failure to pay shall render the Customer and his service liable to the penalties herein provided. Any amounts received by the Company in excess of the amount disclosed to be due by the Company's investigation of the dispute shall be forthwith returned to the Customer if the error arose from any cause other than the incorrect estimating of a Customer's consumption for the period in dispute.

10.5 Return Check Charge (C)

The Customer will be responsible for the payment of the bank charge when a check has been presented to the Company for payment of any bill and is returned by the bank by reason of nonsufficient funds, account closed, payment stopped, post dated, account garnished, no existing account, balance held or unauthorized signature.

11. Turn-On Charge

11.1 Non-Payment Charge

When water service to any premise has been terminated because of non-payment of a bill or other violation of the rules and regulations, a $30.00 charge will be required to restore service during normal scheduled working hours. Other than normal working hours, a charge equivalent to the cost incurred by the Company in restoring service, will be made; and this charge together with all other amounts which may be due the Company by the Customer must be paid before the water service is restored.

11.2 Discontinuance Charge

Whenever water service to any premise has been discontinued at the request of the ratepayer, a $30.00 charge will be required during normal scheduled working hours to re-connect service to the same premises when service remains in the name of the ratepayer who requested the discontinuance. Other than normal working hours, a charge equivalent to the cost incurred by the Company in re-connecting service will be made.

11.3 Temporary or Special Service

Payments in advance of furnishing service may be required for construction of facilities and furnishing special equipment. (Refer to Rule 2.4)

11.4 Payments in Advance

Payments in advance to restoring service may be required for restoration or reconnection of service where service has been actually discontinued for Customer's failure to comply with tariff provisions.

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Continued)

12. Discontinuance of Water Service

12.1 Termination by Company

Service rendered under any application, contract or agreement may be discontinued by the Company after ten days' written notice for any of the following reasons: (Subject to Rule 10.2)

(A) For willful or indifferent waste of water due to any cause.

(B) For failure to protect from injury or damage the meter and connections or for failure to protect and properly maintain the service pipe or fixture on the property of the Customer.

(C) For molesting or tampering by the Customer or others with the knowledge of the Customer, with any meter, connections, service pipe, curb valve, seal or any other appliance of the Company controlling or regulating the Customer's water supply.

(D) For failure to provide the Company's employees free and reasonable access to the premise supplied or for obstructing the way of ingress to the meter or other appliances controlling or regulating the Customer's water supply.

(E) For non-payment of any account or any fee or charge accruing under the application.

(F) For violation of any rule of the Company.

12.2 Service Renewed

When water service to any premise has been terminated for any reason, it will be renewed only after the conditions, circumstances, or practices which caused the water service to be discontinued are corrected and all fees paid.

13. Abatements and Refunds

13.1 Meter Registration

The quantity of water recorded by the meter shall be accepted as correct by both the Customer and the Company except when the meter has been found to be registering inaccurately or has ceased to register. In either case, the meter will be promptly repaired by the Company and the quantity of water used will be determined by the average registration of the meter on previous corresponding periods, or by such other fair and reasonable method as shall be based on the best information available.

Rules And Regulations Governing The
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(Cont'd)

14. Service Continuity

14.1 Regularity of Supply

The Company may at any time shut off the water in the mains in case of accident, or for the purpose of making connections, alterations, repairs, changes or for other reasons, and may restrict the use of water to reserve a sufficient supply for public fire service or other emergencies whenever the public welfare may require it. The Company will, so far as circumstances permit, notify Customers to be affected by any interruptions in the water service.

15. Liability of Company

15.1 Liability for Damages

The liability of the Company for loss or damages arising out of any excess or deficiency in the pressure, volume or supply of water due to any negligent act of omission or commission by the Company, shall be limited to and in no event exceed a unit equivalent to 1/4th the average charge of 4 billing periods to the customer for the period of service during which such deficiency has occurred. The average shall be determined by reference to the billed charges to the customer for the four billing periods immediately prior to the billing period during which the loss or damage occurred.

15.2 Defect in Customer's Service or Customer Owned Meter

The Company shall in no event be liable for any loss or damage caused by reasons of any break, leak or defect in the Customer's own service pipe, line or fixtures, not caused by any negligent act of omission or commission of the Company.

16. General

16.1 Interference with Facilities

No person shall turn the water on or off at any street valve, corporation stop, curb valve or other street connection or disconnect or remove any meter without the consent of the Company. The control of the water supply by the Customer shall be by means of a separate stop and waste valve.

16.2 Inspection of Premises

All service lines, meters and fixtures, including any and all fixtures within the premises receiving the supply of water, shall, at all reasonable hours, be subject to inspection by any duly authorized employee of the Company.

Rules And Regulations Governing The
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(Continued)

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

17. Multiple Meters

17.1 Meters Treated Separately

When more than one metering station is installed upon a Customer's premise at the request of a Customer or due to conditions existing upon the premise of the Customer, then each metering station shall be treated separately as if it belonged to a separate customer.

18. Separate Meter and Service Line

18.1 Independent Service

Each premise and multiple premise requesting individual meters shall be supplied through an independent service pipe from a separate control valve or valve box unless specifically approved and authorized by the Company.

19. Single-Point Meter Service

19.1 Single-point Meter Service

After application therefore by the Customer, water will be supplied to an apartment complex consisting of one or more buildings containing apartment dwelling units, together with any related facilities requiring water service (collectively called the "Apartment Complex"), where all the following conditions are satisfied:

A. There shall be only one Customer contracting for water service to the entire apartment complex.

B. The apartment complex shall be located on a single tract of land, and the customer, who contracts for water service, shall be the Owner of the entire apartment complex.

C. The waterworks facilities on the Customer's premises, beyond the curb stop and curb box, including all facilities except the water meter owned by the Company, shall be:

(1) Owned by the Customer and constructed at the Customer's sole expense;

(2) Constructed and located in such manner: (a) that it is possible for the Water Company to provide water service through a single service line connected to the Company's main at a single point and

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(Cont'd)

(b) that no waterworks facilities of the Customer are located in public streets, roads or highways; and

(3) Maintained, replaced, repaired and reconstructed by the Customer at the Customer's sole expense.

D. The customer shall provide, at the Customer's sole expense, a meter vault which shall be constructed, maintained, replaced, repaired and reconstructed by the Customer in accordance with the Company's specifications and at a location acceptable to the Company.

E. No fire hydrant shall be connected to the Customer's Service Line or waterworks facilities beyond the meter of the Company. If private fire hydrant service is desired, the Customer shall provide, at the Customer's sole expense, a separate service line from the end of a service line provided by the Company at the curb, and only fire hydrants shall be connected to such separate service line of the customer.

F. The Owner of the apartment complex shall provide the Water Company with a map showing the location of all waterworks facilities located within the single tract of land.

G. Where water service is presently furnished to an apartment complex, other than by single-point meter service, the Company will provide single-point meter service only where the Customer, in addition to satisfying the foregoing conditions, shall make, at the Customer's sole expense, all changes in waterworks facilities, located within the tract of land or in any structure which the Company deems necessary. If the Company has any amount invested in such waterworks facilities the Customer shall reimburse the Company for its investment.

19.2 Single-Point Meter Service

Where single-point meter service has been provided and where, thereafter, there is a change of ownership as to any of the buildings erected on any part of the single tract of land so that not all buildings comprising the entire apartment complex are owned by the Customer owning that portion of the service line which connects directly to the Company's waterworks facilities, the Company shall after 60 days notice, terminate the water service to buildings not owned by the Customer owning such connecting service line, and water service to such other buildings shall be provided only after such other

Rules And Regulations Governing The
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(Cont'd)

buildings shall be connected, at the sole expense of the new customer or Customers, by a separate service line or separate service lines to the Company's waterworks facilities. If such new Customer desires to receive single-point meter service for such other buildings, such service shall be provided thereafter only after the new Customer has satisfied conditions A through G above, as to such other buildings.

19.3 Single-Point Meter Service

Single point meter service, after application therefore, will be supplied to a condominium complex consisting of one or more buildings containing condominium dwelling units together with any related facilities requiring water service (collectively called the "Condominium Complex"). A Condominium Complex, for purposes of this Rule 19.3 shall mean one or more buildings as to which there is common ownership and operation in the manner provided by the Unit Property Act of July 3, 1963, P.L. 196, 68 P.S. 700.101; et seq. Such service shall be furnished under the following terms and conditions:

A. The customer shall be the duly authorized agent of the persons owning property interests in the Condominium Complex and shall be the person or group of persons who or which has full authority to enter into the contract for service on behalf of such owners.

B. The Condominium Complex shall be located on a single tract of land.

C. The waterworks facilities within the Condominium Complex and beyond the curb box and curb stop, including all facilities except the water meter owned by the Company, shall be:

(1) Owned by the persons owning property interested in the Condominium Complex and constructed at the sole expense of such owners.

(2) Constructed and located in such manner:

(a) that it is possible for the Company to provide water service through a single service line connected to the Company's main at a single point, and (b) that no water works facilities, which are owned by persons owning property interests in the Condominium Complex, are located in public streets, roads or highways; and

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(Cont'd)

(3) Maintained, replaced, repaired and reconstructed by the persons owning property interests in the Condominium Complex at the sole expense of such persons.

D. A meter vault shall be constructed, maintained, replaced, repaired and reconstructed in accordance with the Company's specifications and at a location acceptable to the Company, by the persons owning property interests in the Condominium Complex and at their sole expense.

E. No fire hydrant shall be connected, beyond the Company's meter, or to the service line which provides water service for the Condominium Complex. If private fire hydrant service is desired, the persons owning property interests in the Condominium Complex shall provide, at their sole expense, a separate service line from the end of a service line provided by the Company, at the curb, and only fire hydrants shall be connected to such separate service line.

F. The persons owning property interests in the Condominium Complex shall provide the Company with a map showing the location of all waterworks facilities located within the single tract of land.

G. Where water service is furnished to a Condominium Complex, other than by single-point meter service, the Company will provide single-point meter service only where the persons owning property interests in the Condominium Complex, in addition to satisfying the foregoing conditions, shall make, at their sole expense, all changes in waterworks facilities, located within the tract of land, or in any structure which the Company deems necessary. If the Company has any amount invested in such waterworks facilities, the persons owning the property interests in the Condominium Complex shall reimburse the Company for its investment.

19.4 Single-Point Meter Service

Where single-point meter service has been provided and where, thereafter, any building which was part of the original Condominium Complex is no longer part of the same Condominium complex, the Company, after 60 days' notice, shall terminate water service to any such building, and water service to any such building shall be provided only after the owner or owners of any such building shall connect such building, at his or their

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(Cont'd)

sole expense, by a separate service line or separate service lines to the Company's waterworks facilities. If the owner or owners of one or more of such buildings desire to receive single-point meter service for any such buildings, such service shall be provided only upon compliance with conditions for service to an Apartment Complex or to a Condominium Complex, as applicable.

20. Lawn Sprinkler System

20.1 Special Service Connection

Upon request of the Customer, the Company will install a service connection, meter tile and meter to supply an underground lawn sprinkler system. The Customer will be charged for the entire cost of this installation, excluding the cost of the meter. Should it be necessary to remove or reinstall the meter on a lawn sprinkler system on a seasonal basis the cost for this service shall be paid for by the customer. Upon request of the customer to turn the water on or off for a lawn sprinkler system on a seasonal basis, the cost of this service shall be paid for by the customer. The customer shall be charged $30.00 each time they request the meter to be set or removed or the water to be turned on or off.

21. Termination of Free Service Under Certain Contracts and other Instruments

21.1 Terms and Conditions

Notwithstanding any contrary provision contained in any deed, grant, contract, franchise, permit, consent or other instrument (other than any instrument expressly set forth in and constituting a part of this tariff) made, executed or delivered between the Company or any predecessor in interest and a Customer of the Company or any predecessor in interest.

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(A) Every person who takes water shall pay for all water taken as provided in the applicable schedule of rates set forth herein and subject to the Rules and Regulations of the Company.

(B) No credit off-set or other allowance shall be allowed by the Company against any water bill on account of the making, execution, or delivery of, or pursuant to any provisions of, any such instrument.

22. Private Fire Service

22.1 Terms and Conditions

Private Fire Service will be rendered under the terms and conditions of the Application for Private Fire Service Connection. (See Rule 21.2)

22.2. Application for Private Fire Service Connection

Service No. _____

This application made in triplicate this _____ day of _____, 19 ___, by

_____ (a corporation of the State of _____),

hereinafter called the "Applicant," to the _____ (a corporation
(Water Co.)

of the State of _____), hereinafter called the "Water Company."

The Applicant, upon the terms and conditions hereinafter set forth, hereby applies to the Water

Company for a _____ inch service pipe connected to the street main of the Water Company

on _____ Street between _____ Street and _____

Street in the _____of _____, for the purpose of attaching

to said service pipe the following fixtures and openings:

_____

Rules And Regulations Governing The
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(Cont'd)

all of which fixtures and openings to be located within upon the premises of the Applicant abutting the street on which the said main of the Water Company is located.

In Consideration for which the Applicant agrees to be bound by all the terms and conditions of this application, and to pay the Water Company for service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this application may be accepted by the Water Company are as follows:

First: That the Water Company, by its representative, shall have the right to enter the premises of the Applicant at any reasonable time for the purpose of making such inspections as it may deem necessary, and it shall have the right to attach any testing device or use any means which it may elect to ascertain the condition of the pipe and appurtenances and the uses made of same.

Second: That the service connection from the street main to the curbline shall be installed by the Water Company following its receipt of a deposit from the applicant and compliance with such further terms and conditions as set forth hereafter in this paragraph. The Applicant shall deposit with the Water Company. Upon notice from the Water Company that it is prepared and able to go forward with work requested by the Applicant, an amount in cash equal to the Estimated Cost to be determined as follows:

(1) The Estimated Cost shall be all costs to install the service connection, as such costs are determined by the Water Company.

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(Cont'd)

Upon such written notice as described above, a Preliminary Memorandum in the form attached shall be prepared and signed by both parties showing the deposit required in accordance with foregoing provisions. Upon completion of the installation of the service connection, a Final Memorandum in the form attached shall be prepared and signed by both parties showing the deposit required based on the same calculation as set forth above but by using the actual cost of the service connection, including the actual installation cost of the service and other facilities, for the Estimated Cost. If the payment shown to be due on the Final memorandum differs from that shown on the Preliminary Memorandum, the Applicant will deposit any additional amount shown to be due or the Water Company will refund to the Applicant any excess amount shown to have been deposited. The amount held by the Water Company in accordance with the Final Memorandum shall be the property of the Water Company.

The service connection will be maintained by the Water Company at its expense.

Third: That a metering device shall be required on said service at a location as approved by the Water Company. Such metering device and all other pipe fixtures and appurtenances shall be constructed and maintained in good condition by and at the expense of the Applicant. The Company will install and maintain the by-pass meter.

Fourth: That the vault and vault cover to house the metering device and related valves, fittings, etc., if required, shall be constructed and maintained by and at the expense of the Applicant. The vault construction shall be subject to Water Company approval.

Fifth: That the service control valve shall be under the control of the Water Company except during times of fire, when it shall be under the control of the Chief of the Fire Department of said municipality and the Applicant agrees to obtain approval of said Chief of this application.

Sixth: That all fixtures and openings (other than control valves) shall be kept closed and sealed, and not opened or used except during time of fire or for test of the system by Fire or Insurance Inspector. Applicant shall notify the Company, prior to conducting all tests and immediately upon extinguishing each fire or on completion of the test so said fixtures and openings can again be closed and sealed.

Seventh: That the extent of the rights of the Applicant under this application is to receive, but only at times of fire on said premises, such supply of water as shall then be available and no other or greater. That the Applicant agrees the Water Company shall not be considered in any manner an insurer of property or

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(Cont'd)

persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise, and that it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

Eighth: That this application does not contemplate uses of fixtures other than herein stated. If a supply of water for use other than extinguishment of fire is desired by the Applicant, then same shall be taken only through a service pipe, separately connected with the street main of the Water Company and not connected directly or indirectly with the service pipe contemplated by this application. An waste of water or use of water for purposes other than the extinguishment of fire through this connection shall be deemed a violation of the terms and conditions of this application and the rules and regulations of the Water Company.

Ninth: That the applicant shall furnish, attach and make a part hereof, an accurate sketch showing the pipes, valves, hydrants, tank openings and appurtenances contemplated in this application. Such sketch must also show any other water supply system and pipelines and appurtenances which may exist on the premises. There shall be no connection between such other supply and pipes connected to the Water Company's mains.

Tenth: An approved backflow prevention device shall be required on all private fire service connections and shall be installed, owned and maintained at the expense of the Customer.

Eleventh: That the rights and obligations of the Applicant hereunder shall be subject at all times to the rates, rules and regulations of the Water Company that now exist or which may hereafter be adopted.

Twelfth: That the Applicant agrees to obtain, in advance, the approval of the Water Company for any change, alteration, addition or deduction contemplated in the fixtures, openings and uses herein specified.

Thirteenth: That upon acceptance by the Water Company and the completion of the service connection herein contemplated, this application shall be in force as a contract and shall continue as such until canceled by written notice fifteen (15) days in advance, given by the Applicant, to the Water Company.

Fourteenth: That the Water Company has the right to discontinue or disconnect said service pipe and terminate this application, upon written notice given fifteen (15) days in advance by the Water Company to the Applicant for failure to pay any bill when due, or for any violation of

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(Cont'd)

any of the terms and conditions of this application, or for any violation of its rules, and in emergencies also has the right, without notice, to shut off all or any part of its facilities and discontinue the service when deemed necessary by the Water Company for the purpose of making any repairs, alterations, additions, or to prevent possible contamination through cross-connected facilities of the Applicant or to prevent negligent or willful waste of water through the facilities of the Applicant.

Fifteenth: The acceptance of this application by the Water Company must be executed by its Manager and/or Operations or Business Manager before same becomes effective as a contract.

IN WITNESS WHEREOF, the Applicant _____

has _____ hereunto signed _____

name _____ the day and year first above written.

WITNESS:

_____ _____

_____ _____

_____ _____
(Applicant)

WITNESS: APPROVED:

_____ _____
(Chief of Fire Dept.)

_____ of _____

IN WITNESS WHEREOF the Water Company hereby accepts the Foregoing application

this _____ day of _____, 19_____

WITNESS:

_____ _____
(Manager)

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PRELIMINARY MEMORANDUM (C)

This Preliminary Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph SECOND of a certain agreement in writing between the parties entered into on the _____ day of _____ 19 _____ for the installation by the COMPANY of a certain service connection(s) therein described.

It is, therefore, agreed and stipulated:

(a)	Estimated Cost of Service Connection(s)	$
(b)	Estimated Cost of other facilities	_____
(c)	Amount of Deposit	$_____

This Preliminary Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph SECOND thereof.

COMPANY

Dated _____ _____
Date of Deposit

WITNESS:

_____ By _____

WITNESS: APPLICANT

_____ _____

(C) Indicates Change

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FINAL MEMORANDUM (C)

This Final Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph SECOND of a certain agreement in writing between the parties entered into on the _____ day of _____ 19 _____ for the installation by the COMPANY of a certain service connection(s) therein described.

It is, therefore, agreed and stipulated:

(a)	Actual Cost of Service Connection	$	
(b)	Actual Cost of other facilities	_____	
(c)	Amount of Deposit		$_____

This Final Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph SECOND thereof.

Dated _____ _____
Date of Deposit Company

WITNESS:

_____ By _____
Vice President

WITNESS: APPLICANT

_____ _____

(C) Indicates Change

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23. Cross-Connections and Interconnections

23.1 Definitions

When used in these Rules and Regulations, the following words shall have the meaning herein provided:

(A) Cross-Connection

A cross-connection is any pipe, valve or other physical connection, or other arrangement or device connecting the pipelines of the Company, or facilities directly or indirectly connected therewith, to and with pipes or fixtures by which any contamination might be admitted or drawn from lines other than the Company's into the distribution system of the Company, or into lines connected therewith.

(B) Interconnection

An interconnection is an arrangement by which the Company's facilities can be supplied with water from a source other than the Company's, subject to the following requirements:

1. The source must be approved by DER as an acceptable, safe and sanitary source of public water supply and continue as such at all times while the interconnection is in existence;
2. The source must be operated at all times in strict compliance with all applicable federal, state and local laws, ordinances, rules and regulations.

23.2 Prohibition Against Installation or Continuance in Existence of Cross-Connection

No new cross-connections shall be installed and no existing cross-connections shall be continued. A cross-connection shall be considered to be eliminated if the method of backflow prevention is approved by an employee for the Company. The cost of installation and material of backflow prevention shall be paid for by the Customer.

23.3 Interconnections

Interconnections will be permitted subject to the following conditions:

(A) New Installations

Interconnection(s) shall be installed only with the knowledge and specific consent of the Company. When installed on the premises of a consumer, or by a consumer, such consent shall be evidenced by (1) written application for Installation or Continuance of Water Service (Form 1A), (2) recommendation by an

Rules And Regulations Governing The
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(Cont'd)

engineer for the Company (Form 2), and (3) consent by the Manager of the Company (Form 3). All forms shall be set forth in Section 22.5 of these Rules and Regulations Regarding Cross-Connections and Interconnections.

(B) Continued Installations

Interconnection(s) may be continued in existence if each such interconnection is (1) called to the attention of the Company by written application for Installation or Continuance of Water Service (Form 1B) from the owner or occupant of the premises on which the interconnection exists within ten (10) days from the receipt by such owner or occupant of notice of the adoption of these Rules and Regulations, (2) recommended by an engineer for the Company, evidenced by written classification to the Manager of the Company (Form 2), and (3) consented to by the Company, evidenced by written communication from the Manager of the Company (Form 3).

23.4 Right of Company to Terminate Water Service

The Company shall have the right to terminate water service on reasonable notice, not to exceed thirty (30) days, under any of the following circumstances:

(A) Violation by a consumer or by a property owner or occupant of these Rules and Regulations regarding Cross-Connections and Interconnections;

(B) Receipt by the Company of an order from DER, health authorities, plumbing inspectors or another similar agency to discontinue service to premises on the grounds of violation of any federal, state or local law, ordinance, rule or regulation or of these Rules and Regulations regarding Cross-Connections and Interconnections, or because of danger to health because of the existence of cross connections, or upon notice to the Company from any such agency that it has ordered a cross-connection existing on the premises to be discontinued and that such order has been complied with.

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(Cont'd)

23.5 FORMS RELATING TO RULES AND REGULATIONS REGARDING CROSS-CONNECTIONS AND INTERCONNECTIONS

Form 1A Number _____

APPLICATION
FOR INSTALLATION OR
CONTINUANCE OF WATER SERVICE
TO PREMISES ON WHICH
INTERCONNECTION(S) IS (ARE) PROPOSED

Dated _____, 19 ____

To _____ WATER COMPANY:

Applicant, _____ owner, occupant or water consumer at the premises known and described as follows:

does hereby make application to _____ Water Company (the "Water Company") for (Installation) (continuance) of water service at said premises on which one or more interconnections are proposed and makes representations and agrees and covenants as follows:

1. The interconnection, within the definition of that term in the Rules and Regulations of the Water Company, proposed on the above-designated premises will be located and described as follows:

2. The drawing, attached to and made a part of this Application, correctly and accurately portrays the physical layout and details of construction of said interconnection.

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(Cont'd)

3. The Applicant is familiar with all applicable rules and regulations of federal, state and local health authorities and with any applicable laws, ordinances, rules or regulations concerning plumbing, and represents that the aforesaid interconnection may be installed without violating any such law, ordinance, rule or regulation.

4. The Applicant will, at all times, operate and maintain the aforesaid interconnection in full compliance with any such law, ordinance, rule or regulation as now in force, or as may hereafter be put in force by new enactment, promulgation, change, amendment or addition.

5. The Applicant will make no changes in the structure, character or method of operation of the aforesaid interconnection or create or install any new interconnection, without prior specific and detailed written permission from the Manager of the Water Company.

6. The Applicant, for itself, its heirs, successors and assigns, hereby gives and grants to the Water Company the right, by its officers or agents, to enter upon and into aforesaid premises at any reasonable time to observe and inspect the aforesaid interconnection, or to determine for itself whether the Applicant has made any misrepresentation in this Application or has failed to keep and perform any agreement or covenant provided in this Application.

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

7. The Applicant will cause any interconnection(s) or its premises to be permanently and completely disconnected to the satisfaction of the Water Company or will not object to discontinuance of water service to the premises subject to such disconnection upon the occurrence of any of the following:

   (A) This Application is not granted by the Water Company

   (B) The misrepresentation by the Applicant of any matter covered by this Application or the failure by the Applicant to perform any of its obligations under this Agreement;

   (C) The Company shall receive an order from DER, health authorities or plumbing inspectors or other similar agencies to discontinue service to the premises on the grounds of danger to health because of the existence of interconnection(s) on the premises;

   (D) The Water Company has knowledge that DER, health authorities, plumbing inspectors or another similar agency has ordered interconnection(s) existing on the premises to be discontinued or broken and such order has not been complied with.

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

8. The Applicant, its heirs, successors and assigns covenant and agree that it will indemnify and save the Water Company harmless from any and all loss, damage, liability, claim or demand arising from, based upon or caused by any condition or occurrence traceable to the installation or operation of any interconnection(s) on the premises of the Applicant, whether or not specifically mentioned in this Application. Signed, sealed and delivered by the Applicant the day and year first above written.

ATTEST: _____ (SEAL)

_____ By _____

(Drawings of interconnections are to be attached to this communication Form 1A)

Form 1B

(Same as Form 1A, except that:

(1) Heading shall read:

APPLICATION
FOR INSTALLATION OR
CONTINUANCE OF WATER SERVICE
TO PREMISES ON WHICH
INTERCONNECTIONS(S) EXIST(S)

(2) Text of form shall be changed accordingly.)

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

Form 2

RECOMMENDATION OF COMPANY SANITARY INSPECTOR

Dated _____, 19 _____

To _____, Manager of

_____ Water Company:

I have examined the attached Application for Installation or Continuance of Water Service to Premises on which an Interconnection (Exists) (is Proposed), and the drawings attached thereto. I have also, either in person or by an assistant in whom I have confidence and for whose work I am responsible, made such inspection of the premises and the interconnections covered by the said Application as I believe to be necessary. I have also made myself familiar with applicable laws, ordinances, rules and regulations.

On the basis of my examinations, studies and inspection, but relying upon the accuracy and truth of the representations made by the Applicant as to all matters where careful visual inspection could not reveal all facts and circumstances, I hereby recommend that the Water Company (initiate) (continue) water service to the premises covered by the Application without requiring the permanent and complete disconnection of the interconnection existing thereon and mentioned in the Application.

_____
Sanitary Inspector for

_____
Water Company

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

Form 3

APPROVAL OF WATER SERVICE
TO PREMISES HAVING AN INTERCONNECTION

Dated _____, 19 _____

To _____, Manager of

_____ Water Company:

In keeping with Section III of Rule _____ Of the Water Company's Tariff and acting in reliance upon your representatives, agreements and covenants, and on the Recommendation of the Sanitary Inspector for the Water Company, the Water Company will (initiate) (continue) water service to the premises covered by your Application without requiring that you permanently and completely disconnect the existing interconnection(s) mentioned in your Application.

The granting of the request in your Application is subject to the understanding that Service will be continued only so long as the premises are owned or occupied by you, your heirs, or (if you are a corporation) by your successors in corporate existence; only so long as all representations made by you in your Application continue to be true; and only so long as you faithfully perform all of your agreements and covenants provided in your Application. This grant is also distinctly and specifically subject to the terms of Paragraph 7 of your Application and will be subject to review and re-examination not less frequently than once a year from this date.

_____ Water Company

By _____

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

24. Line Extensions (C)

(1) Definitions

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

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

Bona Fide Service Applicant: (For Line Extension Purposes): A person or entity applying for water service to an existing or proposed structure within the utility's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business.

An applicant shall not be deemed a bona fide service applicant if:

(a) applicant is requesting water service to a building lot. subdivision or a secondary residence;

(b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or

(c) the applicant is requesting special utility service.

Company: Columbia Water Company.

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

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

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

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(C)

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

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

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

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

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

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

Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in the main extension portion of this tariff.

(2) Main Extension

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

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(C)

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

   (a) Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the Company's annual line extension costs.

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

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

   X = [AR - OM] divided by [I + D]
   AR = the Company's annual revenue
   OM = the Company's operating and maintenance costs

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(C)

I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate

D = the Company's current depreciation accrual rate

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

(a) When a customer advance is required of a bona fide service applicant and an additional customer or customers attach service lines to the line extension within ten (10) years, the utility shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension, such as booster pumps, storage tanks and the like, are contributions in aid of construction and need not be refunded.

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

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(C)

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

(d) Special Utility Service shall mean residential or business service which exceeds that required for ordinary residential purposes. Rule 24.2, part I (a) through (c) of this tariff does not apply to special utility service. By way of illustration and not limitation, special utility service shall include: the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. An otherwise bona fide applicant requesting service which includes a "special utility service" component is entitled to bona fide applicant status, including the corresponding Company contribution toward the costs to the line extension which do not meet the special utility service criteria.

3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the Company pursuant to Rule 24.2, part I of this tariff, the execution by the applicant of an Extension Deposit Agreement and other agreements and/or memoranda for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement. Persons or entities who do not qualify for treatment as a bona fide service applicant shall be required to enter such agreements or memoranda with the Company and to advance the costs of line extensions to the Company.

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(C)

4. Size of Line: The Company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. However, where the Company decides to install a pipe larger than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate. The minimum pipe size for main extensions will be six (6) inches pursuant to Commission regulation at 52 Pa. Code § 65.17(b).

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

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

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(C)

25. Water Conservation Contingency Plan

25.1 Water Conservation Contingency Plan

(A) General

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

(B) Voluntary Conservation

The Company shall first request voluntary curtailment of all non- essential uses of water.

(C) Mandatory Conservation

If voluntary cooperation does not achieve satisfactory results, mandatory compliance will be imposed. If any customer refuses to comply with such mandatory measures, the Company may, after proper notice and explanation, either adjust the outside water valve connection in a manner which will restrict water flow up to one half, or otherwise restrict flow such as by the insertion of a plug device. If customer compliance is still not achieved, complete service termination may be imposed by an Administrative Law Judge or other presiding officer following an expedited hearing.

(D) Non-Essential Uses of Water

Non-essential uses of water include, at a minimum, those contained in 52 Pa. Code 65.1, as follows:

(1) The use of hoses, sprinklers or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, gardens, vegetables, flowers or other vegetation.

(C) Indicates Change

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

(2) The use of water for washing automobiles, trucks, trailers, trailer houses or any other type of mobile equipment.

(3) The washing of streets, driveways, parking lots, service station aprons, office buildings, exteriors of homes, sidewalks, apartments or other outdoor surfaces.

(4) The operation of any ornamental fountain or other structures making a similar use of water.

(5) The use of water for filling swimming or wading pools.

(6) The operation of any water-cooled comfort air conditioning which does not have water-conserving equipment.

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

(8) The use of water to flush a sewer line or sewer manhole.

(9) The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops, and livestock.

(E) Water Rationing Plan

In addition to the provisions as set forth above, the Pennsylvania Emergency Management Agency is authorized to promulgate, adopt, and enforce a Water Rationing Plan by virtue of the Emergency Management Service Code, 35 Pa. C.S. 1701 et seq. as implemented by the Drought Emergency Proclamation dated November 6, 1980.

25.2 Drought Emergency

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

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

26. Bulk Service Sales

The Company shall impose a per-load fixed service charge for water purchased on a bulk truckload basis from facilities located on Company property. The bulk service fixed service charge will be determined annually by accumulating the costs of the concurrent year related to bulk sales divided by the number of bulk truckloads sold in the prior year. The bulk service fixed charge will be charged on a per truckload basis irrespective of the volume of each truckload sale and shall be paid in addition to the cost of the water purchased.

All water sold on the bulk truckload basis from facilities located on Company property will be sold at the Company's first block rate per 100 gallons.

COLUMBIA WATER COMPANY

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

27. Distribution System Improvement Charge (DSIC) (C)

General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in service and to be recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. The costs of extending facilities to serve new customers are not recoverable through the DSIC. Also, Company projects receiving PENNVEST funding are not DSIC-eligible property **to the extent that such PENNVEST funding is recovered via a PENNVEST surcharge.**

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

- Services (account 333.4), meters (account 334.4) and hydrants (account 335.4) installed as in-kind replacements for customers;
- Mains and valves (account 331.4) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52;
- Main extensions (account 331.4) installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Company or the acquired Company;
- Main cleaning and relining (account 331.4) projects;
- Unreimbursed funds related to capital projects to relocate Company facilities due to highway relocations, rebuilding or construction (account nos. 331.4, 333.4 and 335.4).
- **Other related capitalized costs.**

(C) Indicates Change

COLUMBIA WATER COMPANY

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

27. Distribution System Improvement Charge (DSIC) (C)

Effective Date: The DSIC will become effective for bills rendered on and after November 1, 2002.

Computation of the DSIC

Calculation: The initial **DSIC**, effective June 21, 2003, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and have been placed in service by October 15, 2002. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

Effective Date Of Change	Date To Which DSIC-Eligible Plant Addition Reflected
February 1	December 31
May 1	March 31
August 1	June 30
November 1	September 30

Determination of Fixed Costs:

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

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

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

((C) Indicates Change

COLUMBIA WATER COMPANY

Rules And Regulations Governing The
Distribution And Sale Of Water
(Cont'd)

27. Distribution System Improvement Charge (DSIC) (C)

DSIC Surcharge Amount: The **DSIC** will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer **for service** under the Company's otherwise applicable rates and charges, excluding amounts billed for public fire protection service and the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue **for service (including all applicable clauses and riders)** for the quarterly period during which the charge will be collected, exclusive of revenues from public fire protection service and the STAS.

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

DSIC	=	$\frac{(DSI \times PTRR) + Dep + \underline{\mathbf{e}}}{PQR \quad \mathbf{PQR}}$
Where:		
DSI	=	The original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property-related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. Code § 168.
PTRR	=	The pre-tax return rate applicable to **DSIC**-eligible **property** including STFT (State Tax Flow Through) defined as pre-tax flow through calculated on book-tax timing differences between accelerated tax depreciation and book depreciation net of federal tax.
Dep	=	Depreciation expense related to **DSIC-**eligible **property.**
e	=	the amount calculated **(+/-)** under the annual reconciliation feature **or Commission audit** as described below.
PQR	=	Projected quarterly revenue **for service (including all applicable clauses and riders) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period, will be based on the applicable three-month period,** including any revenue from acquired companies that are now being charged the rates of the acquiring company.

(C)
(C)

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

((C) Indicates Change

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Cont'd)

27. Distribution System Improvement Charge (DSIC)

Customer Safeguards

Cap: The DSIC will be capped at 5% of the amount billed to customers **for service (including all applicable clauses and riders) as determined on an annualized basis**.

Audit/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. **Any cost determined by the Commission not to comply with any provision of 66 Pa. C.S. §§ 1350, *et seq.* shall be credited to customer accounts. The DSIC is** subject to annual reconciliation based on a reconciliation period consisting of the 12 months ending December 31 of each year **or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval of the Commission**. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on **April** 1, of each year **or in the next quarter if permitted by the Commission**. If DSIC revenues exceed DSIC-eligible costs, such overcollections will be refunded with interest. Interest on over-collections **and credits** will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. sec. 101, *et seq*.) and will be refunded in the same manner as an over-collection. **The Company is not permitted to accrue interest on under-collections.**

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

All Customer Classes: The DSIC shall be applied equally to all customer classes except for customers within the EDTMA District pursuant to the terms and conditions contained in the Final Order entered at A-2021-3027134. For purposes of the DSIC calculation described above: (C)

- DSI shall not include projects on property acquired from EDTMA.
- "DSIC-eligible property" shall not include property acquired from EDTMA.
- PQR shall not include projected or netted revenues from EDTMA customers.

Earning Reports: The **DSIC** will also be reset at zero if, in any quarter, data filled with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section. **The Company shall file a tariff supplement implementing the reset to zero due to over-earning on one day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Company has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.**

(C) Indicates Change

27. Distribution System Improvement Charge (DSIC)

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

Residual E-Factor Recovery Upon Reset to Zero: The utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any over-collection to customers and is entitled to recover any under-collections as set forth in the Audit/Reconciliation Section. Once the utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.

Public Fire Protection: The DSIC will not apply to public fire protection customers.

27.1 In addition to the charges provided in this tariff, a distribution system improvement charge of 1.51% will apply to all charges for service, except public fire protection on or after the effective date of this tariff shown below. (I)

(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

28. Lead Service Line (LSLR) Program (C)

(1) Supersession

This section of the Company's Tariff supersedes all other conflicting provisions of this Tariff for purposes of implementing the Company's Lead Service Line Replacement Program.

(2) Definitions

Curb Stop: A water service shutoff valve located in a water service line near the curb or edge of the street and between the water main and the building.

Company-Owned LSL – Company-Owned Lead Service Line: The portion of the lead service line extending from the Company's main to the Curb Stop.

Customer-Owned LSL – Customer-Owned Lead Service Line: The portion of the lead service line extending from the Curb Stop to the meter or one foot inside a building foundation, whichever is farther.

Galvanized Service Line: Iron or steel piping that has been dipped in zinc to prevent corrosion and rusting.

Company: Columbia Water Company.

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

Independent Legal Restrictions: Commission Regulations or Orders which otherwise prevent termination of water service at a property including but not limited to winter moratorium, medical certifications, or Commission directed moratoriums or suspensions.

LSL - Lead Service Line: A service line made of lead that connects the water main to a building inlet and a lead pigtail, gooseneck or other fitting that is connected to the lead line. A galvanized service line is considered a lead service line if it ever was or is currently downstream of any lead service line or service line of unknown material.

LSLR – Lead Service Line Replacement: A service line, whether Company-owned or customer-owned, installed to replace a lead service line.

LSLR Plan – Lead Service Line Replacement Plan: A plan and supporting documents submitted to and approved by the Commission that specify how the Company intends to implement its lead service line replacement program.

LSLR Project – Lead Service Line Replacement Project: A Company-scheduled lead service line replacement activity either in conjunction with main replacements or as part of a lead service line replacement plan.

(C) Indicates Change

28. Lead Service Line (LSLR) Program (Cont'd) (C)

(2) Definitions (Cont'd)

LSLR Project Area – Lead Service Line Replacement Project Area: The area encompassing a Company's scheduled lead service line replacement activities, which includes the area within a 1-mile radius of a lead service line replacement project if served by the Company.

LSLR Project Commencement – Lead Service Line Replacement Project Commencement: Installation of the first lead service line replacement within a lead service line replacement project area.

Partial LSLR – Partial Lead Service Line Replacement: A lead service line replacement that does not replace both the Company-owned and customer-owned portions of a lead service line.

Property Owner Agreement: An agreement between the Company and a property owner for the replacement of a Customer-Owned LSL that allows the Company's employees and contractors to gain access to their private property in order to replace their customer-owned LSL prior to the initiation of any work by the Company to replace the customer-owned LSL

Service Line: The pipe and appurtenances which connect any main to the Company's water meter or, if the Company's water meter is located outside of the structure or the connection is not metered by the Company, at the first shutoff valve located within the interior of the structure.

Service Line Inventory: The process of identifying each service line under the timing and direction of United States Environmental Protection Agency regulation at 40 CFR 141.1—143.20 as enforced by the Department of Environmental Protection, inclusive of future changes as those regulations may be amended.

Water Distribution System: The equipment and facilities owned or operated by the Company for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

(3) LSLR Plan

Notwithstanding Rules in this Tariff relating to customer responsibility for customer service lines, the Company will replace Customer-Owned LSLs pursuant to its LSLR Plan (as approved at Docket No. P-2023-_____) and set forth in Section 9.0 to the Company's 5-Year Long-Term Infrastructure Improvement Plan approved at Docket No P-2023-_____, subject to an annual cap described below. The Company may modify its annual cap for Lead Service Line Replacements with Commission approval. The costs incurred by the Company to undertake remediation efforts pursuant to its Lead Service Line Replacement Plan shall be recoverable in the Company's Distribution System Improvement Charge, PENNVEST Surcharge, and in base rates, as applicable.

(C) Indicates Change

28. Lead Service Line (LSLR) Program (Cont'd)

(C)

(3) LSLR Plan (Cont'd)

The Company's Lead Service Line Replacement Plan applies to any Lead Service Line (1) serving any customers of Columbia Water Company; (2) of which the Company is aware; (3) the replacement of which is operationally feasible; and (4) the Property Owner authorizes the replacement or replaces the line in accordance with Company policy or, the Company is otherwise authorized to replace the line in accordance with this Tariff.

(4) LSLR Annual Cap

The Company will cap LSLR Projects at 25 Customer-Owned LSLRs on an annual basis. If a Customer reimbursement provided pursuant to this Tariff or an emergency LSLR causes Columbia Water to exceed its annual cap, Columbia Water will increase its current annual cap by the number and cost of emergency repairs and/or reimbursements and decrease its annual cap by same for the following year only.

(5) LSLR Replacements

The Company will offer to replace Customer-Owned LSLs at no direct cost to the Customer or property owner, if the Customer is not the property owner: (i) at any residential or non-residential property where the Company replaces a Company-owned main connected to a Customer-Owned LSL; (ii) at any property where the Company replaces a Company-Owned LSL connected to a Customer-Owned LSL; and (iii) at any property with a private-side only LSL located within a LSLR Project Area where LSLRs are performed; and (iv) when the Company's operations crew replaces a Company-owned facility regardless of material, in emergencies, including line breaks, leaks, or other unplanned emergency replacements, that is or is connected to a LSL.

Except in the case of non-owner occupied properties at which the Company has exercised "stand in the shoes" rights, the Company shall enter into a Property Owner Agreement with the property owner for replacement of a Customer-Owned LSL that allows the Company's employees and contractors to gain access to their private property in order to replace their customer-owned LSL prior to the initiation of any work by the Company to replace the customer-owned LSL. The Property Owner Agreement shall be in a form provided by the Company and shall include provisions that require the Property Owner(s) to release and hold harmless the Company from any and all claims, causes of action, damages or losses, of any nature, whatsoever with respect to the work performed by the Company or its contractors.

(C) Indicates Change

28. Lead Service Line (LSLR) Program (Cont'd)

(C)

(6) Customer Refusal

Except as set forth below, if after being notified of the Company's offer to replace at no cost a Customer-Owned LSL, the property owner has not provided an executed Property Owner Agreement authorizing the replacement of the customer service line or has refused replacement, the Company will (1) provide the Customer and property owner, if the Customer is not the property owner, with a complete disclosure of the known health hazards from the continued use of a LSL, (2) inform the Customer or property owner, if the Customer is not the property owner, that refusal or failure to accept will require replacement of the Customer-Owned LSL, at the Customer or property owner's expense, within 1 year from LSLR Project commencement for the Customer or property owner, if the Customer is not the property owner, to be eligible for reimbursement and (3) communicate to the Customer and property owner, if the Customer is not the property owner, that failure to allow Columbia Water to complete the LSLR or to replace the Customer-Owned LSL concurrent with the replacing the Company-Owned LSL will lead to termination of water service prior to the Company replacing the Company-Owned LSL.

If the Customer or property owner, if the Customer is not the property owner, does not sign the Property Owner Agreement or still refuses replacement of the Customer-Owned LSL within ten days after Columbia undertakes the aforementioned steps, the Company will require the Customer or property owner, if the Customer is not the property owner, to sign a form documenting their refusal. If the Customer or property owner refuses or fails to sign the refusal form, the Company will make a record of and document the customer's refusal. The Company will then schedule to replace its portion of the Company-Owned LSL. The Company will notify the customer in writing of the partial LSLR no later than ten days prior to the scheduled replacement and that it will terminate water service at that location the day prior to replacing the Company-Owned LSL. The Company will post a termination notice at the customer property forty-eight (48) hours prior to termination. The Company will provide these notices to every resident that lives in a multi-residential building that is affected by a termination because of a LSLR refusal. The Company will then proceed with termination of water service to a location irrespective of whether Independent Legal Restrictions would otherwise delay or prohibit termination. Such notice and termination shall be deemed consistent with Chapter 14 of the Public Utility Code. Moreover, in these instances, the Company is not required to comply with termination procedures described in other portions of its tariff or the Commission's regulations.

At any time prior to completing termination, or, within ten days after termination, the property owner executes the Property Owner Agreement, water service will be restored to the property, provided that service will not be restored until either both the Company-Owned LSL and the Customer-Owned LSL have been replaced or, in the Company's sole discretion, an alternative, non-lead temporary bypass is installed.

Columbia Water will not connect an Applicant to water service where a property owner previously refused or failed to accept the utility's offer of a LSLR until the Applicant verifies that the replacement of a Customer-Owned LSL by providing a paid invoice.

(C) Indicates Change

28. Lead Service Line (LSLR) Program (Cont'd) (C)

(6) Customer Refusal (Cont'd)

from a licensed contractor or notarized statement from a licensed contractor attesting to completion of the LSLR

(7) Customer Lead Service Line on Multiple Properties

When the Company is undertaking an LSLR Project and the Customer-Owned LSL crosses one (or more than one) property to access another, the Company will attempt to obtain approval from all property owners to allow the work necessary to replace the Customer-Owned LSL and evaluate solutions available to install conforming service lines.

If the Company is unable to obtain the neighboring property owner or owners' consent, and there is no other viable and economic solution (to be determined in the Company's sole discretion) such as installing conforming service lines, the Company will commence procedures to terminate service to the neighboring property owner or owners' property. The Company will complete or suspend the termination of the neighboring property owner's water service as set forth in section (6) above.

(8) Non-Owner Occupied Properties

The Company may stand in the shoes of the property owner and is authorized to replace a Customer-Owned LSL when:

i. The Company has offered pursuant to its Tariff to replace at no direct cost to the property owner a Customer-Owned LSL;

ii. The property is not occupied by the legal owner of the property; and

iii. The Company has made attempts to obtain authorization for the Customer LSLR pursuant to this Tariff and the LSLR Plan and (a) the legal owner cannot be identified; (b) the legal owner cannot be located; or (c) the Company has notified the legal owner but the owner has never responded.

In such instances, and when, in the sole discretion of the Company, replacing the Customer-Owned LSL and preventing the termination of water service would be reasonable and in the public interest, the Company may proceed to make the replacement without obtaining authorization from the property owner. In any such instance of replacement, the Company, and any individual associated with the Company, including but not limited to employees, agents, board members and executives, are released and held harmless from any and all claims, causes of action, damages or losses, of any nature whatsoever with respect to the work performed but the Company or its contractors, and shall not be otherwise liable for any claim asserted by any person, including the property owner, as a result of the Customer Lead Service Line replacement except to the extent otherwise authorized by this Tariff. In any instance where the Company cannot, in its sole judgement, reasonably make safe

(C) Indicates Change

entry to the property service may be terminated until the property owner provides consent and provides safe access to said property.

28. Lead Service Line (LSLR) Program (Cont'd)

(C)

(8) Non-Owner Occupied Properties (Cont'd)

In any such instance of replacement, the Company, and any person associated with the Company, including but not limited to employees, agents, board members and executives, are released and held harmless from any and all claims, causes of action, damages or losses, of any nature, whatsoever with respect to the work performed by the Company or its contractors, and shall not be otherwise liable for any claim asserted by any person, including the property owner, as a result of the LSLR.

If a property owner expressly, in writing, refuses to allow the replacement of the Customer-Owned LSL, the Company will not proceed with the replacement and will proceed with termination procedures as specified in section (6) above. The Company also retains discretion to refuse to replace a Customer-Owned LSL in circumstances where the Company's employees or contractors may be placed in a dangerous situation in attempting to do the replacement.

(9) Service Line Demarcation

If a shutoff valve is not located within 12 inches of the structure wall of the property, the Company may install a shutoff valve during the LSLR to serve as a point of demarcation between the property's service line and the property's interior water distribution piping.

The Company shall perfect its ownership of the portion of the service line located within the then-existing right-of-way in conformance with its Tariff to ensure that the Company can obtain necessary permits during the planning phase of a LSLR Project

(10) Prohibition on Partial LSLRs and Notice Requirements

Neither a Customer nor a property owner may install a Partial LSLR. A Partial LSLR installed after July 23, 2022, shall result in immediate termination of service until both the Company-Owned LSL and Customer-Owned LSL have been replaced. The Company will proceed with immediate termination of water service to a location being served by a partial LSLR installed after July 23, 2022, irrespective of whether Independent Legal Restrictions would otherwise delay or prohibit termination. Such termination shall be deemed consistent with Chapter 14 of the Public Utility Code. Moreover, in these instances, the Company is not required to comply with termination procedures described in other portions of its tariff or the Commission's regulations.

Where a Customer or a property owner, if the Customer is not the property owner, elects to replace the Customer-Owned LSL, the Customer or property owner shall replace the Customer-Owned LSL concurrent with the Company replacing the Company-Owned LSL, provided that the Customer or property owner, if the Customer is not the property owner, shall provide the Company at least 90 days' notice prior to replacing the Customer-Owned LSL.

(C) Indicates Change

28. Lead Service Line (LSLR) Program (Cont'd)

(C)

(10) Prohibition on Partial LSLRs and Notice Requirements (Cont'd)

The Company shall not connect an Applicant for water service to the Company-Owned service line at a property where a Customer or property owner, if the Customer is not the property owner, previously refused or failed to accept the Company's offer of a LSLR until the Applicant verifies the replacement of the Customer-Owned LSL by providing a paid invoice from a licensed contractor or a verified statement from a licensed contractor attesting to completion of the LSLR.

(11) Reimbursement

Where a Customer or property owner, if the Customer is not the property owner, has replaced its own Customer-Owned LSL, the Customer or property owner shall submit to the Company a reimbursement form located on the Company's website by mail, e-mail, fax, or hand delivery, which contains, at a minimum, a detailed estimate and paid invoice from a licensed contractor verifying the replacement of the Customer-Owned LSL. Instead of a detailed estimate, a verified statement from the contractor attesting to completion of a LSLR may be sufficient in the Company's discretion. A paid invoice must be submitted.

Upon submission of the reimbursement form, the Company will review the information that was provided within ninety days of receiving the reimbursement form to determine eligibility for a reimbursement. If sufficient information has not been provided at the time of submitting the reimbursement form, the Company will contact the Customer or property owner to request the necessary information to determine eligibility. The Company will have an additional forty-five days from the time it receives the additional information to determine a customer's eligibility for reimbursement.

A Customer or property owner, if the Customer is not the property owner, is eligible to receive a reimbursement if the Customer or property owner is located within a LSLR Project Area and replaced the Customer-Owned LSL within one year of LSLR Project Commencement. A Customer or property owner, if the Customer is not the property owner, located within a LSLR Project Area is eligible for a reimbursement of LSLR expenses up to 125% of the average cost over the last twelve months, on a rolling basis, the Company would have incurred to perform the replacement of a similarly-sized service line, not to exceed the actual cost to the Customer or property owner.

Reimbursements will be paid directly to the Customer or property owner, if the Customer is not the property owner, through the issuance of a check. The Company will issue a check within ninety days after verifying that the Customer or property owner is eligible for reimbursement.

(C) Indicates Change

28. Lead Service Line (LSLR) Program (Cont'd) (C)

(12) Warranty

For Customer-Owned LSLs replaced directly by the Company or by a contractor at the Company's request, the Company will provide a two-year warranty for materials and workmanship of the replaced customer-owned portion of the Service Line commencing from the date the LSLR is complete. This warranty shall cover repairs conducted by the Company or a contractor at the Company's request of the replaced customer-owned portion of the Service Line up to $2,500 per customer, including restoration of surfaces consistent with this Tariff, so long as the customer allows access to the property for repairs.

Only material defects and incomplete installation methods are covered by the warranty. The warranty does not cover, among other things, damage caused by natural disasters, acts of God, fires, terrorism, excavation activities, acts of sabotage, or deliberate damage. The Company shall have no liability for any damages not covered by the warranty.

(13) Limitation of Liability

The Company's liability relating to Lead Service Line Replacement efforts is limited as set forth in Rule 15 of this Tariff.

(14) Restoration

The Company will restore roadways and public sidewalks, backfill any trenches excavated as part of the replacement process and will fill and seal any wall or floor penetrations in the private home. No other restoration will be conducted for Lead Service Line Replacements. The Company will not replace any landscaping, interior finishes, paving, seeding, or walkways. All restoration costs shall be borne by the Customer or property owner, if the Customer is not the property owner.

(15) Ownership and Responsibility for Replacement Line

After a Customer-Owned LSL is replaced by the Company, the Customer shall continue to own the customer portion of the Service Line and shall have full responsibility for the repair, replacement and maintenance of the new customer portion of the Service Line.

(C) Indicates Change