



## Aqua Pennsylvania Files Rate Request

Water to remain below 1.5 cents per gallon

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua Pennsylvania, Inc. (Aqua) filed an application with the Pennsylvania Public Utility Commission (PUC) today requesting a \$5.08 a month (17 cents a day) increase in rates for a typical residential customer. The request—which would bring a typical monthly residential bill to \$57.72—asks that the new rates become effective January 18, 2012, however, the PUC has the ability to suspend such requests for up to nine months (August 2012) to permit a complete investigation and analysis of Aqua's proposal.

Aqua President Karl Kyriss said the primary reason for the rate request is the approximately \$450 million that the company has invested in infrastructure including upgrades to its distribution and treatment systems to improve drinking water quality and service reliability since its last rate request in 2009. "These improvements include the replacement and rehabilitation of more than 334 miles of aging water main, as well as valves, service lines and more than 1,000 fire hydrants throughout our 5,600-mile distribution system," said Kyriss. "The new mains often increase water flow, which coupled with new hydrants, enhances fire protection.

A significant portion of the capital has been dedicated to upgrading and rehabilitating treatment plants and wells, including the installation of state-of-the-art equipment to meet new more stringent environmental water quality requirements. "For maximum reliability, we have upgraded pumping stations, water storage tanks and standby electrical systems, and are proud to say no customers were inconvenienced without water service as a result of recent hurricanes and storms," said Kyriss.

"Approximately 80 percent of this rate request is driven by Aqua's capital investment to upgrade and rehabilitate its drinking water systems across the state," he said. "We're proud to have been able to keep the increase in expenses since the last rate request in 2009 to an annual average of two-and-a-half percent per year."

With more than 400,000 customers throughout Pennsylvania, the company said its capital spending since the last rate request amounts to an average investment of about \$1,100 per customer.

If the PUC were to grant the entire request, Kyriss said, "The typical Aqua residential customer would still be able to have a day's worth of water (approximately 130 gallons) for approximately \$1.90— or about one-and-a-half cents per gallon for quality water delivered directly to the customer's home."

According to the EPA, over the next 20 years, the nation's water systems need to invest about \$335 billion for pipes, tanks, valves and treatment plants. Kyriss said Aqua has taken a proactive approach to this nationwide problem by systematically replacing a small percentage of its distribution system annually. The company also maintains and upgrades its treatment plants and other facilities on a regular basis. "As a result of our proactive approach to infrastructure investment, Aqua is not facing the deferred future costs that currently affect many of our nation's water systems," said Kyriss.

The requested increase in annual revenue for Aqua, which serves nearly 1.4 million people throughout the state, is \$38.6 million.

WTRF

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