

POCONO WATERWORKS COMPANY, INC.

Wastewater Division

**Rates, Rules and Regulations Governing
The Furnishing of Wastewater Collection and Disposal
Service to Pine Grove Estates Development
Located In
Damascus Township, Wayne County, Pennsylvania**

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NOTICE
THIS TARIFF INCREASES EXISTING RATES

**This Supplement No. 3 to Tariff Sewer – PA PUC # 1 is filed in accordance with the
February 2, 2015 Order entered by the Pennsylvania Public Utility Commission
at Docket No. R-2014-2420211**

Pocono Waterworks Company, Inc.

List of Additions and Changes made by this Tariff Supplement

1. Increases the Company's overall annual revenues by \$9,500, or by 32%.
2. Changes billing from quarterly to monthly to coincide with other customer billings.
3. Eliminates the quarterly 14,000 gallon minimum water allowance.
4. Increases the Reconnection Fee from \$30.00 to \$50.00.

Pocono Waterworks Company, Inc.

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Pocono Waterworks Company, Inc.

Schedule of Rates

Wastewater Rates (Metered Service)

Per Month – No Water Allowance	\$17.75	(C) (I)
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Output Charges

Per Month - Per 1,000 Gallons of Water Used	\$5.7765	(I)
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Reconnection Fee	\$50.00	(I)
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Section 1 - Rules and Regulations

These rules and regulations are a part of the contract with every customer and every such customer agrees to be bound thereby.

1. Definitions

“Company” as used herein shall mean Pocono Waterworks Company, Inc. acting through its properly authorized employees; each acting within the scope of the duties entrusted to them.

“Customer” as used herein shall mean any party contracting for or receiving service from the Company.

2. Application for Service

Any applicant having an interest in property located within the service area including property owners, tenants renting a place of residence under a lease or persons who have entered into an agreement to purchase real property in the service area, or other persons having a similar interest, must first make a written application on a form furnished by the Company. The party or parties making the application must sign the same, and will be considered the customer under this contract and will be responsible for all wastewater bills and proper observance of the Rules and Regulations.

No owner, tenant or other interested person of any premises connected with the Wastewater lines of the Company will be allowed to permit another person or premises to use or connect with their service line, not stipulated by his or her application or otherwise, except with written permission from the Company.

Any violation of the Rules and Regulations of the Company shall render the Contract between the Customer and the Company void, and service may be discontinued by disconnection of lateral to customer's waste line, after compliance with presently effective PA PUC rules and regulations. The waste lateral will remain disconnected until such time the Company is satisfied that the customer will observe rules and regulations. Service will not be reconnected until reconnection fee of \$ 30.00 is paid in full.

3. Service Connections

a) No Wastewater connection, or disconnection, shall be made except under the supervision, control and approval of the Company's authorized representative.

b) The Company will make all connections to its street Wastewaters mains and will furnish, install, and maintain all laterals from the Wastewater to a point immediately inside the portion of the customer's property which abuts the street or road, all of which service line shall be and remain the property of the Company and shall be accessible to and under its control.

- c) Service lines from premises to the property lines shall be laid by customer at his expense on hard bottom, or in concrete if in rock or soft bottom. Wastewater pipes shall be approved by the Company's representative as to size, kind of pipe, and installation. After all pipe is laid and before any ditch is closed, the work must be inspected and approved by the Company's representative. Any accessible trap and vent shall be constructed on each service line within the confines of the premises served. All service lines shall be kept in good repair by the customer at his expense.
- d) No work shall be covered or concealed in any way until inspected and approved by a representative of the Company.
- e) Before any pipe is laid in a dry trench, the trench shall be evenly graded, the minimum grade being one-quarter ($\frac{1}{4}$) inch fall to the running foot. After the pipe is laid, then loose earth shall be carefully tamped, about the pipe and, to a depth of six (6) inches above top of pipe when courser materials may be backfilled.
- f) Every terra cotta joint, after being made, shall be scraped on inside before the next pipe is placed to insure a perfect flow
- g) Where ground has been filled in, or in wet places, medium weight iron soil pipe shall be used with lead joints properly caulked.
- h) All main drains shall not be less than six (6) inches in diameter, unless otherwise approved by a representative of the Company and of first class vitrified pipe for dry trenches and cast iron soil pipe for wet trenches or for trenches which have been refilled to support pipe.
- i) All building plumbing shall be in accordance with the American Standard National Plumbing Code (ASA A 40.8) or local code as adopted.
- j) The Company shall in no event be responsible for maintenance of, or for damage done by water escaping from or blockage of the lateral or any other pipe or fixture of the customer. The customer at all times shall comply with state and municipal regulations in reference thereto and shall make any changes thereon which may be required because of change of grade, relocation of mains or otherwise.
- k) No roof, storm, surface or ground water of any nature shall be allowed to enter the Wastewater system. No connection will be allowed with any cesspool, privy vault, cistern or other depository. No standpipe or pipes will be permitted to be connected with the Company Wastewater. No ground water from foundation drains, or basement drains shall be connected to the Wastewater system. Basement drains will be permitted to be connected to the house Wastewater, when it can be demonstrated that ground water will not be encountered.

- l) No repairs, alterations, or additions to any drain or Wastewater connection within the Company's Wastewater system shall be made. Unless the person desiring to make the same shall first make application to and receive permission from the Company for doing so.
- m) Connections with Wastewaters mains where same are run through private property shall in all respects be governed by these Rules and Regulations.

4. Payment of Bills

- a) All bills will be rendered quarterly on the first day of January, April, July, and October of each year for service furnished. Payment is due within 20 days thereafter. A later payment of 1.5 % per month (simple interest) on the unpaid balance of the bill will be applied to the first amount of the bill.
- b) If the bill is not paid in sixty days (60) after the billing date, 10 days notice will be given, after which if the bill is not paid, the service will be disconnected from the premises of the delinquent customer, after compliance with presently effective PA PUC rules and regulations. Such customer's service will not again be reconnected nor will he be allowed to reconnect, except upon payment of all arrearages, plus actual cost of making such reconnection, or a \$ 30.00 fee.
- c) The presentation or non-presentation of a bill shall not be held to be a waiver of any of the Rules or Regulations.
- d) If bills are paid by mail, the date of the postmark will be considered the date of payment. A 1.5 % delayed payment charge will be added to any bill not paid within twenty (20) days following presentation or rendering by the Company.

5. Discontinuance of Service

Service to any customer may be terminated for violation of any of these rules regulations, after compliance with applicable PA PUC rules and regulations have been met. However, before any service may be terminated for any violation, the Company shall give written notice to the customer stating the nature of the cancellation, the manner in which a rule or regulation has be violated and a reasonable date after which service will be terminated if violation is not corrected. After service is thus terminated for violation of the Rules and Regulations, service will not be restored until reasonable assurance is given that the customer will now comply with the Rules and Regulations, and that all outstanding; indebtedness to the Company has been paid including the \$30 reconnection fee.

6. Leaks, Stoppages and/or Ineffective Plumbing

The Company shall not be liable for any damage or expense resulting from leaks, stoppages or defective plumbing or from any other cause occurring to any premises, within any house or building; and it is expressly stipulated by and between the Company and the customer that no claims shall be made against the said Company on account of breaking, stoppage or any damage or expense to any service lines on said property, when the cause there-of is found to be in that part of the service line owned by property owner lying on said customer's property from shutoff to house. The Company will not be liable for any claim or damage arising from a deficiency of service or discontinuance of service, the breaking of machinery or other facilities, or for any other cause unless due to willful or wanton action on the part of the Company. In the event that temporary service outage becomes necessary, whether outage is planned to facilitate repairs or due to emergency conditions, the Company shall notify the customer pursuant to applicable PUC rules and regulations.

7. Prohibited Wastes

Company Wastewater System is meant to provide sanitary collection and final disposal of domestic waste and certain types of wastes amenable to disposal to the Company's facilities. The Company reserves the right of approval of all wastes to be discharged to its system in specific conditions contained in the permit issued to the Company by the Pennsylvania Department of Environmental Protection agency. Wastewater system connection shall not be made to any customer's premises by any person who is not an agent or employee of the Company.

The authorized agents of the Company shall have the right to access, at all reasonable hours, to the premises supplied wastewater service for the purpose of examining pipes and fixtures, reading meters, observing manner of using the wastewater system, and for any other purpose which is proper and necessary in the line of conducting of the Company's business. Such agent shall carry proper credentials of their employment by the Company.

8. Changing Rules and Rates

The company reserves the right to change or amend, from time to time, these Rules, Regulations and Rates, in accordance with the law.

9. Rules Cannot Be Varied nor Company Bound

No partner or employee of the Company can vary these rules without action of all owners, and no agent or employee can bind it by any agreement or representatives except when authorized in writing by the owners of the Company to do so.

Section 2 - Line Extensions

1. Requests by Bona Fide Service Applicant:

Upon request by a bona fide service applicant, the Company shall construct line extensions within its franchise 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 Company's cost of construction for the line extension. The Company's investment for the line extension shall be the portion of the total construction cost which generates the annual line extension costs equal to annual revenue from the line extension. The customer advance shall be determined by subtracting the Company's investment for the line extension from the total construction costs.
- (c) The company's investment for the line extension shall be based on the following formula, where X equals the Company's investment attribute to each bona fide applicant.

$X = [AR-OM] \text{ divided by } [I+D]; \text{ and,}$

AR = The Company's annual revenue

OM = The Company's operating maintenance costs

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 from a bona fide service applicant for service and the bona fide applicant is unable to advance the entire amount due, the Company shall either:

- (i) Allow the applicant to pay the advance plus the financing cost equal to the Company's weighted cost of long term debt, over a period of not less than three years; or
- (ii) Provide information to the bona fide service applicant on finance institutions that may offer financing to the applicant for the main extension.

(b) When a customer advance is required of a service applicant and an additional customer or customers attach service line to the line extension within ten (10) years, the Company shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension are contributions in aid of construction and need not be refunded.

(c) The Company will refund to the 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 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 Company's investment attributed to each bona fide applicant as calculated in the formula contained in Section G, Rule 1, Subsection (c) of this tariff.

(d) 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.

(e) Special utility service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section G, Rule 1 (a) through (c) of this tariff does not apply to special utility service. By the way of illustration and not limitation, special utility service shall include: The installation of facilities such as oversized mains and booster pumps as necessary to provide adequate flows, or service to large 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 extensions which do not meet the special utility service criteria.

3. Requirement for Extension Deposit Agreement

Where extension of the facility is not fully funded by the Company pursuant to Rule 2 of this section, the execution by the applicant of an Extension Deposit Agreement 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.

4. Size of Main

The Company shall have the exclusive right to determine the type and size of mains to be installed and 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.

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 service was requested. A street 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 main 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.