



NOTICE OF PROPOSED WATER RATE CHANGES

Dear Customer:

On April 28, 2017, Pennsylvania American Water filed a request with the Pennsylvania Public Utility Commission (PUC) to increase your water rates as of June 27, 2017. A full investigation of this request could delay the change until January 2018. This notice describes our request, the PUC's role, and what actions you can take.

RATE REQUEST

Pennsylvania American Water is requesting a rate increase of \$107.9 million per year in total for all of its water and wastewater operations. Since the last rate request in 2013, Pennsylvania American Water will have invested approximately \$1.26 billion to improve service reliability, water quality and fire protection for more than 400 communities across the Commonwealth. Specifically, the company's capital spending includes necessary upgrades to water and wastewater treatment facilities, storage tanks, wells and pumping stations to ensure that its systems meet all regulatory standards. Pennsylvania American Water also will have replaced approximately 450 miles of aging pipeline, as well as valves, service lines and other parts of its nearly 10,700-mile network of water and sewer lines.

By making prudent, ongoing investments to maintain and upgrade our water and wastewater systems, Pennsylvania American Water is committed to protecting our communities from public health concerns and quality of life issues associated with failing infrastructure.

If the company's entire request is approved, the typical water bill for:

- Residential customers using 3,630 gallons a month would increase from \$55.63 to \$65.12 per month.
- Commercial customers using 22,000 gallons a month would increase from \$258.97 to \$312.00 per month.
- Industrial customers using 475,600 gallons a month would increase from \$4,008.22 to \$4,886.73 per month.

Pennsylvania American Water's filing with the PUC also requests a combined revenue requirement for the company's water and wastewater operations as authorized by legislation enacted in 2012.

To find out how the request might affect your water bill, or to address any other questions you might have, please contact Pennsylvania American Water's customer service center at 1-800-565-7292. You can also find the rates requested by Pennsylvania American Water in Original Tariff Water Pa PUC No. 5, and Original Tariff Wastewater PA PUC No. 16 on our website at www.pennsylvaniaamwater.com. Under the Customer Service menu, select "Your Water Rates." You can also review the material filed with the PUC at our office at 800 West Hersheypark Drive, Hershey, PA 17033. In addition, you can request that we mail you a copy of Pennsylvania American Water's Statement of Reasons, which is a plain language summary of why we are requesting the rate change.

PUC ROLE

The state agency that approves rates for regulated public utilities is the PUC. The PUC will review and investigate the requested rate increase. Pennsylvania American Water must prove that the requested rates are reasonable. After examining the evidence, the PUC might grant all, some or none of the request, or it might reduce existing rates. As a result, the final effect on your bill might be different than the company's request.

ACTIONS YOU CAN TAKE

There are three ways you can challenge Pennsylvania American Water's request:

- 1) Send a letter to the PUC. You can tell the PUC why you object to the requested rate increase in your letter. You can also tell the PUC about any other concerns you have about the company. This information can be helpful when the PUC investigates the rate request. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2) Attend or present testimony at a PUC public input hearing. You can attend or be a witness at a PUC public hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania American Water's rate request and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the rate case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.
- 3) File a formal complaint. If you want to be a party to the case, you must file a formal complaint. You then have an opportunity to take part in all the hearings about the rate increase request. You can receive copies of all materials distributed by the other parties. Formal complaints should be filed with the PUC before June 27, 2017. If no one files a formal complaint, the Commission may grant all, some or none of the request without holding a hearing before a PUC judge. You can request a formal complaint form by writing to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265, or by going to its website at www.puc.state.pa.us.