

Large Filing Separator Sheet

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Description of Document: Supplemental Information
Lake Shore Division

AQUA OHIO, INC.

ACCOUNT 306.00 LAKE, RIVER, AND OTHER INTAKES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
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LAKE SHORE ASHTABULA DIVISION

INTERIM SURVIVOR CURVE.. IOWA 75-S2.5

PROBABLE RETIREMENT YEAR.. 6-2027

NET SALVAGE PERCENT.. -10

1957	279,444.95	63.81	1.57	4,826.01	15.83	.7519	231,126
1978	5,003.90	47.95	2.09	115.04	17.80	.6288	3,461
1980	1,015.99	46.16	2.17	24.25	17.91	.6120	684
1982	491.28	44.33	2.26	12.21	18.01	.5937	321
	285,956.12			4,977.51			235,592

LAKE SHORE LAKE DIVISION

INTERIM SURVIVOR CURVE.. IOWA 75-S2.5

PROBABLE RETIREMENT YEAR.. 6-2024

NET SALVAGE PERCENT.. -10

1957	641,709.65	61.96	1.61	11,364.68	13.69	.7791	549,952
1975	201,517.84	47.95	2.09	4,632.90	14.92	.6888	152,686
1977	21,151.89	46.16	2.17	504.90	15.01	.6748	15,701
1983	9,150.96	40.59	2.46	247.62	15.23	.6248	6,289
1987	5,014.48	36.76	2.72	150.03	15.32	.5832	3,217
1990	1,715.96	33.85	2.95	55.68	15.38	.5456	1,030
1995	2,027.48	28.94	3.46	77.17	15.44	.4665	1,040
1996	33,479.35	27.95	3.58	1,318.42	15.45	.4472	16,469
1997	597.45	26.96	3.71	24.38	15.46	.4266	280
2000	5,346.01	23.98	4.17	245.22	15.48	.3545	2,085
2004	21,567.41	19.99	5.00	1,186.21	15.49	.2251	5,340
2005	17,316.83	18.99	5.27	1,003.86	15.49	.1843	3,511
2006	762.32	18.00	5.56	46.62	15.50	.1389	116
2007	40,916.34	17.00	5.88	2,646.47	15.50	.0882	3,970
2008	79,767.64	16.00	6.25	5,484.03	15.50	.0312	2,738
	1,082,041.61			28,988.19			764,424

STRUTHERS DIVISION

INTERIM SURVIVOR CURVE.. IOWA 75-S2.5

PROBABLE RETIREMENT YEAR.. 6-2020

NET SALVAGE PERCENT.. -10

1966	4,942.00	52.27	1.91	103.83	10.94	.7907	4,298
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AQUA OHIO, INC.

ACCOUNT 306.00 LAKE, RIVER, AND OTHER INTAKES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
STRUTHERS DIVISION							
INTERIM SURVIVOR CURVE.. IOWA 75-S2.5							
PROBABLE RETIREMENT YEAR.. 6-2020							
NET SALVAGE PERCENT.. -10							
1985	14,622.79	34.83	2.87	461.64	11.40	.6727	10,820
	19,564.79			565.47			15,118
TOTAL	1,387,562.52			34,531.17			1,015,134

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 2.49

AQUA OHIO, INC.

ACCOUNT 307.00 WELLS AND SPRINGS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 30-R1.5							
NET SALVAGE PERCENT.. -20							
1931	7,045.78					1.0000	8,455
1957	614.05	30.00	3.33	24.54	2.61	.9130	673
1967	18,866.10	30.00	3.33	753.89	5.29	.8237	18,648
1970	5,461.00	30.00	3.33	218.22	6.25	.7917	5,188
1979	10,196.33	30.00	3.33	407.45	9.88	.6707	8,206
1982	15,866.00	30.00	3.33	634.01	11.39	.6203	11,810
1983	1,906.04	30.00	3.33	76.17	11.93	.6023	1,378
1984	77,015.27	30.00	3.33	3,077.53	12.49	.5837	53,945
1985	46,429.01	30.00	3.33	1,855.30	13.06	.5647	31,462
1986	46,914.82	30.00	3.33	1,874.72	13.65	.5450	30,682
1987	13,983.75	30.00	3.33	558.79	14.25	.5250	8,810
1988	90,509.16	30.00	3.33	3,616.75	14.87	.5043	54,773
1989	1,722.95	30.00	3.33	68.85	15.50	.4833	999
1990	6,323.52	30.00	3.33	252.69	16.15	.4617	3,503
1991	3,489.09	30.00	3.33	139.42	16.81	.4397	1,841
1994	17,341.30	30.00	3.33	692.96	18.87	.3710	7,720
1995	12,184.66	30.00	3.33	486.90	19.58	.3473	5,078
1996	53,341.87	30.00	3.33	2,131.54	20.30	.3233	20,695
1998	192,370.32	30.00	3.33	7,687.12	21.76	.2747	63,413
1999	35,867.59	30.00	3.33	1,433.27	22.51	.2497	10,747
2000	266,147.51	30.00	3.33	10,635.25	23.26	.2247	71,764
2001	50,028.51	30.00	3.33	1,999.14	24.03	.1990	11,947
2002	38,976.95	30.00	3.33	1,557.52	24.80	.1733	8,106
2003	368,725.09	30.00	3.33	14,734.25	25.58	.1473	65,176
2004	118,126.59	30.00	3.33	4,720.34	26.36	.1213	17,195
2005	391,481.71	30.00	3.33	15,643.61	27.16	.0947	44,488
2006	299,713.59	30.00	3.33	11,976.56	27.96	.0680	24,457
2007	73,248.31	30.00	3.33	2,927.00	28.77	.0410	3,604
2008	105,786.50	30.00	3.33	4,227.23	29.59	.0137	1,739
	2,369,683.37			94,411.02			596,502

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.98

AQUA OHIO, INC.

ACCOUNT 309.00 SUPPLY MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. -5							
1952	1,044.25	70.00	1.43	15.68	24.02	.6569	720
1955	1,473.05	70.00	1.43	22.12	25.91	.6299	974
1957	42,987.38	70.00	1.43	645.46	27.22	.6111	27,583
1958	35,809.49	70.00	1.43	537.68	27.88	.6017	22,624
1959	1,525.77	70.00	1.43	22.91	28.56	.5920	948
1960	17.15	70.00	1.43	0.26	29.24	.5823	10
1961	153,183.83	70.00	1.43	2,300.06	29.94	.5723	92,050
1964	270.57	70.00	1.43	4.06	32.06	.5420	154
1966	4,656.61	70.00	1.43	69.92	33.52	.5211	2,548
1967	37,411.37	70.00	1.43	561.73	34.26	.5106	20,057
1969	706.55	70.00	1.43	10.61	35.76	.4891	363
1971	5,957.73	70.00	1.43	89.46	37.29	.4673	2,923
1972	58,746.14	70.00	1.43	882.07	38.06	.4563	28,146
1974	18,408.29	70.00	1.43	276.40	39.63	.4339	8,387
1976	23,079.13	70.00	1.43	346.53	41.23	.4110	9,960
1981	4,428.87	70.00	1.43	66.50	45.32	.3526	1,640
1982	260.37	70.00	1.43	3.91	46.16	.3406	93
1983	13,141.77	70.00	1.43	197.32	47.00	.3286	4,534
1984	242,906.68	70.00	1.43	3,647.24	47.85	.3164	80,698
1985	21,070.15	70.00	1.43	316.37	48.70	.3043	6,732
1986	345.90	70.00	1.43	5.19	49.56	.2920	106
1987	23,075.35	70.00	1.43	346.48	50.42	.2797	6,777
1988	26,114.69	70.00	1.43	392.11	51.29	.2673	7,329
1989	34,851.99	70.00	1.43	523.30	52.16	.2549	9,328
1993	10,199.34	70.00	1.43	153.14	55.70	.2043	2,188
1994	773.76	70.00	1.43	11.62	56.60	.1914	156
1995	7,304.11	70.00	1.43	109.67	57.50	.1786	1,370
1996	247,503.31	70.00	1.43	3,716.26	58.41	.1656	43,036
1998	32,007.35	70.00	1.43	480.59	60.23	.1396	4,692
2000	63,309.60	70.00	1.43	950.59	62.06	.1134	7,538
2003	31,638.61	70.00	1.43	475.05	64.84	.0737	2,448
2006	39,832.08	70.00	1.43	598.08	67.64	.0337	1,409
2007	1,887.29	70.00	1.43	28.34	68.58	.0203	40
	1,185,928.53			17,806.71			397,561

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 1.50

AQUA OHIO, INC.

ACCOUNT 310.00 OTHER POWER PRODUCTION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 30-R3							
NET SALVAGE PERCENT.. -5							
1983	11,986.09	30.00	3.33	419.09	8.48	.7173	9,028
1990	3,292.78	30.00	3.33	115.13	13.34	.5553	1,920
1999	446,188.88	30.00	3.33	15,600.99	20.93	.3023	141,627
2000	72,172.38	30.00	3.33	2,523.51	21.85	.2717	20,590
2006	27,900.00	30.00	3.33	975.52	27.55	.0817	2,393
	561,540.13			19,634.24			175,558

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.50

AQUA OHIO, INC.

ACCOUNT 311.40 PUMPING EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 37-R1							
NET SALVAGE PERCENT.. -5							
1932	8,262.35					1.0000	8,675
1947	197.98	37.00	2.70	5.61	4.07	.8900	185
1950	347.04	37.00	2.70	9.84	5.01	.8646	315
1952	5,585.30	37.00	2.70	158.34	5.67	.8468	4,966
1957	18,009.02	37.00	2.70	510.56	7.43	.7992	15,112
1958	111,933.96	37.00	2.70	3,173.33	7.80	.7892	92,755
1961	20,206.33	37.00	2.70	572.85	8.96	.7578	16,078
1963	2,398.50	37.00	2.70	68.00	9.77	.7359	1,853
1964	1,873.69	37.00	2.70	53.12	10.19	.7246	1,426
1965	756.15	37.00	2.70	21.44	10.62	.7130	566
1966	15,996.59	37.00	2.70	453.50	11.05	.7014	11,781
1967	45,447.78	37.00	2.70	1,288.44	11.49	.6895	32,903
1968	17,147.04	37.00	2.70	486.12	11.94	.6773	12,194
1969	1,616.02	37.00	2.70	45.81	12.40	.6649	1,128
1970	1,540.89	37.00	2.70	43.68	12.87	.6522	1,055
1972	93,202.20	37.00	2.70	2,642.28	13.83	.6262	61,281
1973	39,157.45	37.00	2.70	1,110.11	14.33	.6127	25,191
1974	4,528.01	37.00	2.70	128.37	14.83	.5992	2,849
1975	1,372.45	37.00	2.70	38.91	15.35	.5851	843
1976	18,440.64	37.00	2.70	522.79	15.87	.5711	11,058
1977	56,840.30	37.00	2.70	1,611.42	16.40	.5568	33,231
1978	14,758.51	37.00	2.70	418.40	16.94	.5422	8,402
1979	11,003.55	37.00	2.70	311.95	17.50	.5270	6,089
1980	9,577.24	37.00	2.70	271.51	18.06	.5119	5,148
1981	55,076.23	37.00	2.70	1,561.41	18.63	.4965	28,713
1982	29,843.42	37.00	2.70	846.06	19.21	.4808	15,066
1983	15,303.03	37.00	2.70	433.84	19.80	.4649	7,470
1984	237,109.12	37.00	2.70	6,722.04	20.39	.4489	111,760
1985	77,737.37	37.00	2.70	2,203.85	21.00	.4324	35,294
1986	4,288.94	37.00	2.70	121.59	21.61	.4159	1,873
1987	73,537.72	37.00	2.70	2,084.79	22.24	.3989	30,801
1988	17,830.70	37.00	2.70	505.50	22.87	.3819	7,150
1989	15,932.85	37.00	2.70	451.70	23.50	.3649	6,105
1990	263,725.37	37.00	2.70	7,476.61	24.15	.3473	96,171
1991	51,134.43	37.00	2.70	1,449.66	24.80	.3297	17,702
1992	10,752.96	37.00	2.70	304.85	25.46	.3119	3,522
1993	57,208.46	37.00	2.70	1,621.86	26.12	.2941	17,666
1994	230,871.11	37.00	2.70	6,545.20	26.79	.2759	66,882

AQUA OHIO, INC.

ACCOUNT 311.40 PUMPING EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 37-R1							
NET SALVAGE PERCENT.. -5							
1995	310,596.41	37.00	2.70	8,805.41	27.46	.2578	84,075
1996	140,157.15	37.00	2.70	3,973.46	28.14	.2395	35,246
1997	104,395.38	37.00	2.70	2,959.61	28.82	.2211	24,236
1998	27,804.97	37.00	2.70	788.27	29.51	.2024	5,909
1999	235,210.49	37.00	2.70	6,668.22	30.20	.1838	45,393
2000	252,123.48	37.00	2.70	7,147.70	30.89	.1651	43,707
2001	774,987.78	37.00	2.70	21,970.90	31.59	.1462	118,968
2002	293,166.49	37.00	2.70	8,311.27	32.29	.1273	39,186
2003	726,192.28	37.00	2.70	20,587.55	33.00	.1081	82,426
2004	456,360.71	37.00	2.70	12,937.83	33.72	.0886	42,455
2005	187,990.46	37.00	2.70	5,329.53	34.44	.0692	13,659
2006	863,545.77	37.00	2.70	24,481.52	35.16	.0497	45,064
2007	167,719.49	37.00	2.70	4,754.85	35.89	.0300	5,283
2008	167,491.36	37.00	2.70	4,748.38	36.63	.0100	1,759
	6,348,292.92			179,739.84			1,388,625

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 2.83

AQUA OHIO, INC.

ACCOUNT 320.00 WATER TREATMENT EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 42-S1							
NET SALVAGE PERCENT.. -10							
1917	18,835.20					1.0000	20,719
1918	79.86					1.0000	88
1919	611.52					1.0000	673
1920	249.87					1.0000	275
1932	31,230.62	42.00	2.38	817.62	2.02	.9519	32,701
1937	381.35	42.00	2.38	9.98	3.42	.9186	385
1944	316.10	42.00	2.38	8.28	5.50	.8690	302
1953	336.10	42.00	2.38	8.80	8.41	.7998	296
1954	36,355.70	42.00	2.38	951.79	8.75	.7917	31,661
1955	473.06	42.00	2.38	12.38	9.10	.7833	408
1956	4,364.56	42.00	2.38	114.26	9.45	.7750	3,721
1957	492,161.89	42.00	2.38	12,884.80	9.81	.7664	414,912
1958	200,206.88	42.00	2.38	5,241.42	10.17	.7579	166,910
1959	225.70	42.00	2.38	5.91	10.54	.7490	186
1960	1,991.26	42.00	2.38	52.13	10.91	.7402	1,621
1961	100.13	42.00	2.38	2.62	11.29	.7312	81
1962	27,132.05	42.00	2.38	710.32	11.68	.7219	21,545
1965	57,854.13	42.00	2.38	1,514.62	12.87	.6936	44,140
1968	492,668.74	42.00	2.38	12,898.07	14.12	.6638	359,737
1969	7,553.80	42.00	2.38	197.76	14.55	.6536	5,431
1970	19,763.51	42.00	2.38	517.41	14.99	.6431	13,981
1971	5,661.97	42.00	2.38	148.23	15.44	.6324	3,939
1972	82,113.60	42.00	2.38	2,149.73	15.89	.6217	56,155
1973	45,956.86	42.00	2.38	1,203.15	16.36	.6105	30,862
1974	86,798.62	42.00	2.38	2,272.39	16.83	.5993	57,220
1975	16,258.26	42.00	2.38	425.64	17.32	.5876	10,509
1976	45,514.55	42.00	2.38	1,191.57	17.81	.5760	28,838
1977	27,637.75	42.00	2.38	723.56	18.32	.5638	17,140
1978	28,487.60	42.00	2.38	745.81	18.83	.5517	17,288
1979	60,091.41	42.00	2.38	1,573.19	19.36	.5390	35,628
1980	50,103.76	42.00	2.38	1,311.72	19.90	.5262	29,001
1981	100,181.89	42.00	2.38	2,622.76	20.45	.5131	56,544
1982	16,384.72	42.00	2.38	428.95	21.01	.4998	9,008
1983	92,223.13	42.00	2.38	2,414.40	21.59	.4860	49,302
1984	663,797.14	42.00	2.38	17,378.21	22.18	.4719	344,570
1985	374,084.17	42.00	2.38	9,793.52	22.78	.4576	188,299
1986	280,453.70	42.00	2.38	7,342.28	23.40	.4429	136,634
1987	196,842.90	42.00	2.38	5,153.35	24.04	.4276	92,587

AQUA OHIO, INC.

ACCOUNT 320.00 WATER TREATMENT EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 42-S1							
NET SALVAGE PERCENT.. -10							
1988	16,888.49	42.00	2.38	442.14	24.69	.4121	7,656
1989	483,733.06	42.00	2.38	12,664.13	25.35	.3964	210,927
1990	574.47	42.00	2.38	15.04	26.04	.3800	240
1991	720,678.15	42.00	2.38	18,867.35	26.74	.3633	288,005
1992	810,139.69	42.00	2.38	21,209.46	27.46	.3462	308,517
1993	4,310,908.08	42.00	2.38	112,859.57	28.19	.3288	1,559,169
1994	423,282.81	42.00	2.38	11,081.54	28.95	.3107	144,665
1995	114,520.41	42.00	2.38	2,998.14	29.72	.2924	36,834
1996	2,380,187.62	42.00	2.38	62,313.31	30.52	.2733	715,556
1997	2,197,421.38	42.00	2.38	57,528.49	31.33	.2540	613,960
1998	346,017.58	42.00	2.38	9,058.74	32.16	.2343	89,179
1999	139,525.56	42.00	2.38	3,652.78	33.02	.2138	32,814
2000	203,852.76	42.00	2.38	5,336.87	33.89	.1931	43,300
2001	57,408.54	42.00	2.38	1,502.96	34.78	.1719	10,855
2002	538,561.06	42.00	2.38	14,099.53	35.70	.1500	88,863
2003	199,003.55	42.00	2.38	5,209.91	36.63	.1279	27,998
2004	175,196.68	42.00	2.38	4,586.65	37.57	.1055	20,332
2005	288,162.43	42.00	2.38	7,544.09	38.54	.0824	26,119
2006	736,251.42	42.00	2.38	19,275.06	39.52	.0590	47,783
2007	241,087.40	42.00	2.38	6,311.67	40.50	.0357	9,468
2008	1,011,753.35	42.00	2.38	26,487.70	41.50	.0119	13,244
	18,960,638.55			495,871.76			6,578,781

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 2.62

AQUA OHIO, INC.

ACCOUNT 330.00 DISTRIBUTION RESERVOIRS AND STANDPIPES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 55-R3							
NET SALVAGE PERCENT.. -25							
1942	631.30	55.00	1.82	14.36	6.75	.8773	692
1951	75,286.29	55.00	1.82	1,712.76	9.98	.8185	77,027
1954	125,694.80	55.00	1.82	2,859.56	11.33	.7940	124,752
1957	85,310.80	55.00	1.82	1,940.82	12.85	.7664	81,728
1958	165,312.62	55.00	1.82	3,760.86	13.39	.7565	156,324
1959	131,210.07	55.00	1.82	2,985.03	13.94	.7465	122,435
1962	86,419.36	55.00	1.82	1,966.04	15.71	.7144	77,172
1964	74,779.01	55.00	1.82	1,701.22	16.96	.6916	64,646
1965	5,667.62	55.00	1.82	128.94	17.61	.6798	4,816
1966	6,518.69	55.00	1.82	148.30	18.27	.6678	5,441
1967	30,250.00	55.00	1.82	688.19	18.94	.6556	24,790
1968	5.06	55.00	1.82	0.12	19.63	.6431	4
1969	100.99	55.00	1.82	2.30	20.33	.6304	80
1970	7,184.00	55.00	1.82	163.44	21.04	.6175	5,545
1971	306,316.19	55.00	1.82	6,968.69	21.77	.6042	231,345
1973	357.00	55.00	1.82	8.12	23.25	.5773	258
1974	1,767.78	55.00	1.82	40.22	24.01	.5635	1,245
1977	213.47	55.00	1.82	4.86	26.34	.5211	139
1978	162,824.28	55.00	1.82	3,704.25	27.14	.5065	103,088
1979	1,479.41	55.00	1.82	33.66	27.94	.4920	910
1980	3,667.77	55.00	1.82	83.44	28.76	.4771	2,187
1981	844,477.83	55.00	1.82	19,211.87	29.59	.4620	487,686
1982	950.62	55.00	1.82	21.63	30.42	.4469	531
1983	224,070.17	55.00	1.82	5,097.60	31.26	.4316	120,886
1984	4,935.88	55.00	1.82	112.29	32.12	.4160	2,567
1985	11,521.58	55.00	1.82	262.12	32.97	.4005	5,768
1986	370,171.08	55.00	1.82	8,421.39	33.84	.3847	178,006
1987	8,998.85	55.00	1.82	204.72	34.72	.3687	4,147
1988	777,928.00	55.00	1.82	17,697.86	35.60	.3527	342,969
1989	328,274.37	55.00	1.82	7,468.24	36.49	.3365	138,080
1990	372,897.57	55.00	1.82	8,483.42	37.39	.3202	149,252
1991	7,122.76	55.00	1.82	162.04	38.30	.3036	2,703
1992	454,905.74	55.00	1.82	10,349.11	39.21	.2871	163,254
1993	26,275.56	55.00	1.82	597.77	40.13	.2704	8,881
1994	17,122.49	55.00	1.82	389.54	41.06	.2535	5,426
1995	3,078.72	55.00	1.82	70.04	41.99	.2365	910
1996	2,289.00	55.00	1.82	52.07	42.93	.2195	628
1997	1,575.00	55.00	1.82	35.83	43.87	.2024	398

AQUA OHIO, INC.

ACCOUNT 330.00 DISTRIBUTION RESERVOIRS AND STANDPIPES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 55-R3							
NET SALVAGE PERCENT.. -25							
1999	7,944.54	55.00	1.82	180.74	45.77	.1678	1,666
2000	5,464.52	55.00	1.82	124.32	46.72	.1505	1,028
2001	1,762,629.63	55.00	1.82	40,099.82	47.69	.1329	292,817
2002	218,794.54	55.00	1.82	4,977.58	48.65	.1155	31,588
2003	998,488.30	55.00	1.82	22,715.61	49.62	.0978	122,065
2004	96,482.38	55.00	1.82	2,194.97	50.59	.0802	9,672
2006	1,006,334.28	55.00	1.82	22,894.10	52.54	.0447	56,229
2007	112,726.82	55.00	1.82	2,564.54	53.52	.0269	3,790
2008	120,989.04	55.00	1.82	2,752.50	54.51	.0089	1,346
	9,057,445.78			206,056.90			3,216,917

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 2.28

AQUA OHIO, INC.

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 80-R3							
NET SALVAGE PERCENT.. -20							
1888	113,666.29	80.00	1.25	1,704.99	3.54	.9557	130,357
1891	5,763.68	80.00	1.25	86.46	4.31	.9461	6,544
1892	1,603.41	80.00	1.25	24.05	4.56	.9430	1,814
1894	1,588.80	80.00	1.25	23.83	5.08	.9365	1,785
1895	1,462.20	80.00	1.25	21.93	5.33	.9334	1,638
1896	1,534.39	80.00	1.25	23.02	5.59	.9301	1,713
1898	2,208.63	80.00	1.25	33.13	6.11	.9236	2,448
1899	134.09	80.00	1.25	2.01	6.36	.9205	148
1900	2,460.46	80.00	1.25	36.91	6.62	.9172	2,708
1901	6,890.42	80.00	1.25	103.36	6.88	.9140	7,557
1902	349.81	80.00	1.25	5.25	7.14	.9107	382
1903	2,346.21	80.00	1.25	35.19	7.40	.9075	2,555
1904	899.97	80.00	1.25	13.50	7.66	.9042	977
1905	2,186.26	80.00	1.25	32.79	7.92	.9010	2,364
1906	2,486.59	80.00	1.25	37.30	8.19	.8976	2,678
1907	978.95	80.00	1.25	14.68	8.46	.8942	1,050
1908	6,899.93	80.00	1.25	103.50	8.74	.8907	7,375
1909	162.81	80.00	1.25	2.44	9.02	.8872	173
1910	305.36	80.00	1.25	4.58	9.30	.8837	324
1911	618.40	80.00	1.25	9.28	9.60	.8800	653
1912	13,216.17	80.00	1.25	198.24	9.89	.8764	13,899
1913	5,809.85	80.00	1.25	87.15	10.20	.8725	6,083
1914	9,865.59	80.00	1.25	147.98	10.51	.8686	10,283
1915	7,712.88	80.00	1.25	115.69	10.83	.8646	8,002
1916	9,860.73	80.00	1.25	147.91	11.16	.8605	10,182
1917	26,606.43	80.00	1.25	399.10	11.50	.8562	27,337
1918	55,866.23	80.00	1.25	837.99	11.84	.8520	57,118
1919	5,852.74	80.00	1.25	87.79	12.20	.8475	5,952
1920	23,290.74	80.00	1.25	349.36	12.57	.8429	23,558
1921	58,460.08	80.00	1.25	876.90	12.95	.8381	58,794
1922	6,946.56	80.00	1.25	104.20	13.33	.8334	6,947
1923	26,679.96	80.00	1.25	400.20	13.73	.8284	26,522
1924	109,828.73	80.00	1.25	1,647.43	14.15	.8231	108,480
1925	64,714.03	80.00	1.25	970.71	14.57	.8179	63,516
1926	41,214.25	80.00	1.25	618.21	15.00	.8125	40,184
1927	143,417.74	80.00	1.25	2,151.27	15.45	.8069	138,869
1928	33,318.41	80.00	1.25	499.78	15.91	.8011	32,030
1929	23,644.26	80.00	1.25	354.66	16.38	.7952	22,562

AQUA OHIO, INC.

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL RATE	ACCRUAL-- AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 80-R3							
NET SALVAGE PERCENT.. -20							
1930	326,311.77	80.00	1.25	4,894.68	16.86	.7892	309,030
1931	28,248.63	80.00	1.25	423.73	17.35	.7831	26,546
1932	3,493.68	80.00	1.25	52.41	17.86	.7767	3,256
1933	767.21	80.00	1.25	11.51	18.38	.7702	709
1934	5,584.55	80.00	1.25	83.77	18.90	.7637	5,118
1935	620.49	80.00	1.25	9.31	19.44	.7570	564
1936	15,109.84	80.00	1.25	226.65	20.00	.7500	13,599
1937	7,261.69	80.00	1.25	108.93	20.56	.7430	6,475
1938	5,120.44	80.00	1.25	76.81	21.14	.7357	4,521
1939	29,174.35	80.00	1.25	437.62	21.72	.7285	25,504
1940	17,477.83	80.00	1.25	262.17	22.32	.7210	15,122
1941	18,232.87	80.00	1.25	273.49	22.93	.7134	15,609
1942	41,438.46	80.00	1.25	621.58	23.54	.7057	35,092
1943	2,660.53	80.00	1.25	39.91	24.17	.6979	2,228
1944	2,551.65	80.00	1.25	38.27	24.81	.6899	2,112
1945	15,312.17	80.00	1.25	229.68	25.46	.6817	12,526
1946	41,467.31	80.00	1.25	622.01	26.12	.6735	33,514
1947	59,253.31	80.00	1.25	888.80	26.78	.6652	47,298
1948	63,744.14	80.00	1.25	956.16	27.46	.6567	50,233
1949	75,793.50	80.00	1.25	1,136.90	28.15	.6481	58,946
1950	59,260.68	80.00	1.25	888.91	28.84	.6395	45,477
1951	34,739.42	80.00	1.25	521.09	29.54	.6307	26,292
1952	65,248.02	80.00	1.25	978.72	30.25	.6219	48,693
1953	30,032.33	80.00	1.25	450.48	30.97	.6129	22,088
1954	152,450.90	80.00	1.25	2,286.76	31.70	.6037	110,442
1955	105,418.56	80.00	1.25	1,581.28	32.43	.5946	75,218
1956	164,956.00	80.00	1.25	2,474.34	33.17	.5854	115,878
1957	309,746.12	80.00	1.25	4,646.19	33.92	.5760	214,097
1958	300,839.73	80.00	1.25	4,512.60	34.68	.5665	204,511
1959	223,451.85	80.00	1.25	3,351.78	35.44	.5570	149,355
1960	245,166.44	80.00	1.25	3,677.50	36.21	.5474	161,045
1961	119,605.26	80.00	1.25	1,794.08	36.99	.5376	77,160
1962	116,777.08	80.00	1.25	1,751.66	37.77	.5279	73,976
1963	151,274.65	80.00	1.25	2,269.12	38.57	.5179	94,014
1964	403,816.60	80.00	1.25	6,057.25	39.36	.5080	246,167
1965	217,984.12	80.00	1.25	3,269.76	40.17	.4979	130,241
1966	191,487.54	80.00	1.25	2,872.31	40.98	.4877	112,066
1967	184,113.81	80.00	1.25	2,761.71	41.80	.4775	105,497

AQUA OHIO, INC.

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL RATE	ACCRUAL-- AMOUNT	EXP.	-ACCRUED FACTOR	DEPREC.- AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 80-R3							
NET SALVAGE PERCENT....-20							
1968	215,471.17	80.00	1.25	3,232.07	42.62	.4672	120,802
1969	457,603.92	80.00	1.25	6,864.06	43.45	.4569	250,895
1970	399,807.50	80.00	1.25	5,997.11	44.29	.4464	214,169
1971	287,598.81	80.00	1.25	4,313.98	45.13	.4359	150,437
1972	786,583.67	80.00	1.25	11,798.76	45.98	.4252	401,346
1973	727,425.03	80.00	1.25	10,911.38	46.83	.4146	361,909
1974	684,753.65	80.00	1.25	10,271.30	47.69	.4039	331,886
1975	414,738.23	80.00	1.25	6,221.07	48.55	.3931	195,640
1976	247,416.14	80.00	1.25	3,711.24	49.42	.3822	113,475
1977	611,851.58	80.00	1.25	9,177.77	50.30	.3712	272,543
1978	1,173,430.94	80.00	1.25	17,601.46	51.18	.3602	507,204
1979	874,505.16	80.00	1.25	13,117.58	52.07	.3491	366,348
1980	643,146.85	80.00	1.25	9,647.20	52.96	.3380	260,860
1981	187,092.39	80.00	1.25	2,806.39	53.86	.3267	73,348
1982	80,222.69	80.00	1.25	1,203.34	54.76	.3155	30,372
1983	839,996.26	80.00	1.25	12,599.94	55.67	.3041	306,531
1984	276,455.00	80.00	1.25	4,146.83	56.58	.2927	97,102
1985	1,449,735.03	80.00	1.25	21,746.03	57.49	.2814	489,547
1986	479,042.75	80.00	1.25	7,185.64	58.41	.2699	155,152
1987	901,920.29	80.00	1.25	13,528.80	59.34	.2582	279,451
1988	1,605,258.71	80.00	1.25	24,078.88	60.27	.2466	475,028
1989	646,381.61	80.00	1.25	9,695.72	61.20	.2350	182,280
1990	487,613.78	80.00	1.25	7,314.21	62.14	.2232	130,602
1991	265,641.18	80.00	1.25	3,984.62	63.08	.2115	67,420
1992	1,772,910.68	80.00	1.25	26,593.66	64.02	.1997	424,860
1993	698,017.01	80.00	1.25	10,470.26	64.97	.1879	157,389
1994	1,028,646.63	80.00	1.25	15,429.70	65.92	.1760	217,250
1995	1,075,657.57	80.00	1.25	16,134.86	66.87	.1641	211,818
1996	779,504.87	80.00	1.25	11,692.57	67.83	.1521	142,275
1997	701,820.59	80.00	1.25	10,527.31	68.79	.1401	117,990
1998	529,644.16	80.00	1.25	7,944.66	69.75	.1281	81,417
1999	135,309.96	80.00	1.25	2,029.65	70.72	.1160	18,835
2000	4,146,591.39	80.00	1.25	62,198.87	71.69	.1039	516,997
2001	1,482,240.12	80.00	1.25	22,233.60	72.66	.0917	163,106
2002	3,633,995.39	80.00	1.25	54,509.93	73.63	.0796	347,119
2003	2,333,049.60	80.00	1.25	34,995.74	74.61	.0674	188,697
2004	2,150,699.00	80.00	1.25	32,260.49	75.58	.0552	142,462
2005	3,799,317.53	80.00	1.25	56,989.76	76.56	.0430	196,045

AQUA OHIO, INC.

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL RATE	ACCRUAL-- AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

SURVIVOR CURVE.. IOWA 80-R3

NET SALVAGE PERCENT.. -20

2006	4,178,650.87	80.00	1.25	62,679.76	77.54	.0307	153,941
2007	4,766,093.01	80.00	1.25	71,491.40	78.52	.0185	105,807
2008	5,512,706.67	80.00	1.25	82,690.60	79.51	.0061	40,353

58,125,392.96	871,880.90	12,576,488
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COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 1.50

AQUA OHIO, INC.

ACCOUNT 333.00 SERVICES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. -50							
1917	3,895.68	60.00	1.67	97.59	2.37	.9605	5,613
1929	3,741.08	60.00	1.67	93.71	5.45	.9092	5,102
1930	4,853.79	60.00	1.67	121.59	5.71	.9048	6,588
1931	4,819.91	60.00	1.67	120.74	5.98	.9003	6,509
1932	1,864.51	60.00	1.67	46.71	6.25	.8958	2,505
1933	839.65	60.00	1.67	21.03	6.52	.8913	1,123
1934	1,398.12	60.00	1.67	35.02	6.80	.8867	1,860
1935	1,699.04	60.00	1.67	42.56	7.09	.8818	2,247
1936	5,654.81	60.00	1.67	141.65	7.38	.8770	7,439
1937	3,583.40	60.00	1.67	89.76	7.69	.8718	4,686
1938	1,422.08	60.00	1.67	35.62	8.00	.8667	1,849
1939	3,362.71	60.00	1.67	84.24	8.33	.8612	4,344
1940	4,282.94	60.00	1.67	107.29	8.67	.8555	5,496
1941	6,751.72	60.00	1.67	169.13	9.02	.8497	8,605
1942	1,703.66	60.00	1.67	42.68	9.38	.8437	2,156
1943	286.73	60.00	1.67	7.18	9.76	.8373	360
1944	1,878.43	60.00	1.67	47.05	10.15	.8308	2,341
1945	2,981.53	60.00	1.67	74.69	10.56	.8240	3,685
1946	8,624.23	60.00	1.67	216.04	10.98	.8170	10,569
1947	13,492.02	60.00	1.67	337.98	11.42	.8097	16,387
1948	14,676.33	60.00	1.67	367.64	11.87	.8022	17,660
1949	10,404.30	60.00	1.67	260.63	12.34	.7943	12,396
1950	3,051.27	60.00	1.67	76.43	12.83	.7862	3,598
1951	3,744.10	60.00	1.67	93.79	13.33	.7778	4,368
1952	6,609.04	60.00	1.67	165.56	13.85	.7692	7,626
1953	5,964.80	60.00	1.67	149.42	14.38	.7603	6,803
1954	9,927.58	60.00	1.67	248.69	14.93	.7512	11,186
1955	6,879.12	60.00	1.67	172.32	15.49	.7418	7,654
1956	9,749.53	60.00	1.67	244.23	16.07	.7322	10,708
1957	8,768.64	60.00	1.67	219.65	16.66	.7223	9,500
1958	12,946.03	60.00	1.67	324.30	17.27	.7122	13,830
1959	16,226.87	60.00	1.67	406.48	17.89	.7018	17,082
1960	17,829.79	60.00	1.67	446.64	18.53	.6912	18,486
1961	19,236.60	60.00	1.67	481.88	19.18	.6803	19,630
1962	21,207.59	60.00	1.67	531.25	19.84	.6693	21,291
1963	15,885.66	60.00	1.67	397.94	20.51	.6582	15,684
1964	15,318.45	60.00	1.67	383.73	21.19	.6468	14,862
1965	28,541.36	60.00	1.67	714.96	21.89	.6352	27,194

AQUA OHIO, INC.

ACCOUNT 333.00 SERVICES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. -50							
1966	17,553.56	60.00	1.67	439.72	22.60	.6233	16,412
1967	117,689.76	60.00	1.67	2,948.13	23.32	.6113	107,916
1968	31,487.05	60.00	1.67	788.75	24.05	.5992	28,301
1969	46,861.56	60.00	1.67	1,173.88	24.79	.5868	41,248
1970	54,649.68	60.00	1.67	1,368.97	25.53	.5745	47,094
1971	54,473.64	60.00	1.67	1,364.56	26.29	.5618	45,905
1972	47,756.97	60.00	1.67	1,196.31	27.06	.5490	39,328
1973	79,853.94	60.00	1.67	2,000.34	27.84	.5360	64,203
1974	62,921.39	60.00	1.67	1,576.18	28.63	.5228	49,343
1975	57,112.84	60.00	1.67	1,430.68	29.42	.5097	43,666
1976	108,333.29	60.00	1.67	2,713.75	30.23	.4962	80,632
1977	175,049.83	60.00	1.67	4,385.00	31.04	.4827	126,745
1978	167,866.21	60.00	1.67	4,205.05	31.86	.4690	118,094
1979	326,791.49	60.00	1.67	8,186.13	32.69	.4552	223,133
1980	271,809.63	60.00	1.67	6,808.83	33.53	.4412	179,884
1981	252,061.59	60.00	1.67	6,314.14	34.38	.4270	161,445
1982	239,353.93	60.00	1.67	5,995.82	35.23	.4128	148,208
1983	334,058.05	60.00	1.67	8,368.15	36.09	.3985	199,683
1984	375,803.06	60.00	1.67	9,413.87	36.96	.3840	216,463
1985	492,089.41	60.00	1.67	12,326.84	37.84	.3693	272,593
1986	562,648.11	60.00	1.67	14,094.34	38.72	.3547	299,357
1987	627,225.29	60.00	1.67	15,711.99	39.61	.3398	319,697
1988	649,438.20	60.00	1.67	16,268.43	40.51	.3248	316,406
1989	641,102.77	60.00	1.67	16,059.62	41.41	.3098	297,920
1990	582,470.52	60.00	1.67	14,590.89	42.32	.2947	257,481
1991	668,222.37	60.00	1.67	16,738.97	43.24	.2793	279,952
1992	881,892.90	60.00	1.67	22,091.42	44.16	.2640	349,230
1993	768,124.57	60.00	1.67	19,241.52	45.08	.2487	286,549
1994	997,647.23	60.00	1.67	24,991.06	46.02	.2330	348,678
1995	897,566.77	60.00	1.67	22,484.05	46.96	.2173	292,562
1996	845,058.97	60.00	1.67	21,168.73	47.90	.2017	255,673
1997	770,022.93	60.00	1.67	19,289.07	48.85	.1858	214,605
1998	725,439.72	60.00	1.67	18,172.26	49.80	.1700	184,987
1999	773,223.57	60.00	1.67	19,369.25	50.75	.1542	178,847
2000	1,151,005.48	60.00	1.67	28,832.69	51.71	.1382	238,603
2001	789,339.03	60.00	1.67	19,772.94	52.68	.1220	144,449
2002	1,179,255.51	60.00	1.67	29,540.35	53.65	.1058	187,148
2003	1,264,418.42	60.00	1.67	31,673.68	54.62	.0897	170,127

AQUA OHIO, INC.

ACCOUNT 333.00 SERVICES

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 60-R3							
NET SALVAGE PERCENT.. -50							
2004	742,574.34	60.00	1.67	18,601.49	55.59	.0735	81,869
2005	977,819.30	60.00	1.67	24,494.37	56.56	.0573	84,044
2006	1,166,822.49	60.00	1.67	29,228.90	57.54	.0410	71,760
2007	1,088,561.95	60.00	1.67	27,268.48	58.52	.0247	40,331
2008	1,528,734.88	60.00	1.67	38,294.81	59.51	.0082	18,803
	23,896,295.30			598,602.21			7,468,396

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 2.50

AQUA OHIO, INC.

ACCOUNT 334.10 METERS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 27-R3							
NET SALVAGE PERCENT.. +5							
1956	4,917.65					1.0000	4,672
1969	2,914.11	27.00	3.70	102.43	1.49	.9448	2,616
1970	4,282.00	27.00	3.70	150.51	1.75	.9352	3,804
1973	6,151.00	27.00	3.70	216.21	2.52	.9067	5,298
1975	8,438.65	27.00	3.70	296.62	3.07	.8863	7,105
1976	4,836.56	27.00	3.70	170.01	3.36	.8756	4,023
1977	15,968.14	27.00	3.70	561.28	3.67	.8641	13,108
1978	2,452.66	27.00	3.70	86.21	4.01	.8515	1,984
1979	56.60	27.00	3.70	1.99	4.38	.8378	45
1980	51,335.66	27.00	3.70	1,804.45	4.78	.8230	40,137
1981	19,723.53	27.00	3.70	693.28	5.22	.8067	15,115
1982	25,666.73	27.00	3.70	902.19	5.69	.7893	19,246
1983	44,970.77	27.00	3.70	1,580.72	6.19	.7707	32,926
1984	68,080.14	27.00	3.70	2,393.02	6.73	.7507	48,552
1985	105,562.30	27.00	3.70	3,710.51	7.31	.7293	73,137
1986	118,252.88	27.00	3.70	4,156.59	7.91	.7070	79,425
1987	276,285.75	27.00	3.70	9,711.44	8.55	.6833	179,347
1988	288,018.09	27.00	3.70	10,123.84	9.21	.6589	180,286
1989	287,963.80	27.00	3.70	10,121.93	9.90	.6333	173,249
1990	243,650.75	27.00	3.70	8,564.32	10.62	.6067	140,432
1991	104,334.42	27.00	3.70	3,667.35	11.36	.5793	57,419
1992	166,017.18	27.00	3.70	5,835.50	12.12	.5511	86,917
1993	425,620.11	27.00	3.70	14,960.55	12.90	.5222	211,146
1994	203,498.54	27.00	3.70	7,152.97	13.70	.4926	95,231
1995	331,155.59	27.00	3.70	11,640.12	14.52	.4622	145,407
1996	270,204.31	27.00	3.70	9,497.68	15.36	.4311	110,661
1997	682,308.58	27.00	3.70	23,983.15	16.22	.3993	258,824
1998	279,989.34	27.00	3.70	9,841.63	17.09	.3670	97,618
1999	305,066.21	27.00	3.70	10,723.08	17.98	.3341	96,826
2000	480,320.29	27.00	3.70	16,883.26	18.88	.3007	137,211
2001	256,565.58	27.00	3.70	9,018.28	19.80	.2667	65,005
2002	489,384.67	27.00	3.70	17,201.87	20.73	.2322	107,953
2003	721,326.46	27.00	3.70	25,354.63	21.67	.1974	135,270
2004	138,201.70	27.00	3.70	4,857.79	22.62	.1622	21,295
2005	218,022.20	27.00	3.70	7,663.48	23.58	.1267	26,242
2006	261,968.82	27.00	3.70	9,208.20	24.55	.0907	22,573
2007	287,783.23	27.00	3.70	10,115.58	25.53	.0544	14,873
2008	372,385.66	27.00	3.70	13,089.36	26.51	.0181	6,403
	7,573,680.66			266,042.03			2,721,381

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.51

AQUA OHIO, INC.

ACCOUNT 334.80 METER INSTALLATIONS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 23-S2.5							
NET SALVAGE PERCENT.. 0							
1980	16,698.70	23.00	4.35	726.39	3.47	.8491	14,179
1981	1,254.95	23.00	4.35	54.59	3.73	.8378	1,051
1982	22,472.91	23.00	4.35	977.57	4.02	.8252	18,545
1983	15,697.33	23.00	4.35	682.83	4.32	.8122	12,749
1984	35,519.88	23.00	4.35	1,545.11	4.65	.7978	28,338
1985	43,562.33	23.00	4.35	1,894.96	5.00	.7826	34,092
1986	53,146.42	23.00	4.35	2,311.87	5.38	.7661	40,715
1987	113,988.95	23.00	4.35	4,958.52	5.79	.7483	85,298
1988	107,657.20	23.00	4.35	4,683.09	6.23	.7291	78,493
1989	97,625.46	23.00	4.35	4,246.71	6.71	.7083	69,148
1990	75,786.35	23.00	4.35	3,296.71	7.23	.6857	51,967
1991	46,856.79	23.00	4.35	2,038.27	7.78	.6617	31,005
1992	72,317.01	23.00	4.35	3,145.79	8.38	.6357	45,972
1993	121,169.94	23.00	4.35	5,270.89	9.02	.6078	73,647
1994	133,359.88	23.00	4.35	5,801.15	9.70	.5783	77,122
1995	149,214.83	23.00	4.35	6,490.85	10.43	.5465	81,546
1996	118,283.39	23.00	4.35	5,145.33	11.20	.5130	60,679
1997	309,406.51	23.00	4.35	13,459.18	12.01	.4778	147,834
1998	117,038.46	23.00	4.35	5,091.17	12.86	.4409	51,602
1999	73,881.52	23.00	4.35	3,213.85	13.74	.4026	29,745
2000	120,732.93	23.00	4.35	5,251.88	14.66	.3626	43,778
2001	178,876.05	23.00	4.35	7,781.11	15.59	.3222	57,634
2002	152,143.05	23.00	4.35	6,618.22	16.55	.2804	42,661
2003	264,727.60	23.00	4.35	11,515.65	17.53	.2378	62,952
2004	189,710.70	23.00	4.35	8,252.42	18.51	.1952	37,032
2005	452,838.42	23.00	4.35	19,698.47	19.50	.1522	68,922
2006	529,318.60	23.00	4.35	23,025.36	20.50	.1087	57,537
2007	718,533.36	23.00	4.35	31,256.20	21.50	.0652	46,848
2008	713,363.31	23.00	4.35	31,031.30	22.50	.0217	15,480
TOTAL	5,045,182.83			219,465.44			1,466,571

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 4.35

AQUA OHIO, INC.

ACCOUNT 335.00 HYDRANTS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. -10							
1888	2,167.55	70.00	1.43	34.10	2.48	.9646	2,300
1890	127.67	70.00	1.43	2.01	3.02	.9569	134
1891	334.56	70.00	1.43	5.26	3.30	.9529	351
1892	56.49	70.00	1.43	0.89	3.57	.9490	59
1893	224.26	70.00	1.43	3.53	3.85	.9450	233
1894	21.95	70.00	1.43	0.35	4.10	.9414	23
1895	11.72	70.00	1.43	0.18	4.36	.9377	12
1898	98.76	70.00	1.43	1.55	5.07	.9276	101
1899	111.69	70.00	1.43	1.76	5.29	.9244	114
1900	197.79	70.00	1.43	3.11	5.51	.9213	200
1901	274.87	70.00	1.43	4.32	5.73	.9181	278
1903	121.29	70.00	1.43	1.91	6.16	.9120	122
1905	175.57	70.00	1.43	2.76	6.60	.9057	175
1906	106.86	70.00	1.43	1.68	6.82	.9026	106
1907	93.52	70.00	1.43	1.47	7.05	.8993	93
1908	107.24	70.00	1.43	1.69	7.27	.8961	106
1911	30.37	70.00	1.43	0.48	7.96	.8863	30
1912	370.65	70.00	1.43	5.83	8.19	.8830	360
1913	371.23	70.00	1.43	5.84	8.43	.8796	359
1914	91.25	70.00	1.43	1.44	8.67	.8761	88
1915	250.71	70.00	1.43	3.94	8.91	.8727	241
1916	295.09	70.00	1.43	4.64	9.16	.8691	282
1917	101.69	70.00	1.43	1.60	9.41	.8656	97
1918	2,455.07	70.00	1.43	38.62	9.66	.8620	2,328
1919	139.48	70.00	1.43	2.19	9.93	.8581	132
1920	457.40	70.00	1.43	7.19	10.19	.8544	430
1921	430.69	70.00	1.43	6.77	10.46	.8506	403
1922	29.35	70.00	1.43	0.46	10.74	.8466	27
1923	83.50	70.00	1.43	1.31	11.02	.8426	77
1924	2,475.76	70.00	1.43	38.94	11.32	.8383	2,283
1925	5,182.20	70.00	1.43	81.52	11.62	.8340	4,754
1926	215.63	70.00	1.43	3.39	11.93	.8296	197
1927	14,312.40	70.00	1.43	225.13	12.25	.8250	12,989
1928	2,648.26	70.00	1.43	41.66	12.58	.8203	2,390
1929	1,063.50	70.00	1.43	16.73	12.92	.8154	954
1930	1,939.59	70.00	1.43	30.51	13.27	.8104	1,729
1931	2,194.13	70.00	1.43	34.51	13.63	.8053	1,944
1935	74.49	70.00	1.43	1.17	15.20	.7829	64

AQUA OHIO, INC.

ACCOUNT 335.00 HYDRANTS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. -10							
1936	534.32	70.00	1.43	8.40	15.62	.7769	457
1937	1,161.01	70.00	1.43	18.26	16.05	.7707	984
1938	418.36	70.00	1.43	6.58	16.50	.7643	352
1939	3,771.39	70.00	1.43	59.32	16.96	.7577	3,143
1940	551.75	70.00	1.43	8.68	17.43	.7510	456
1941	1,626.24	70.00	1.43	25.58	17.91	.7441	1,331
1942	2,952.06	70.00	1.43	46.44	18.41	.7370	2,393
1943	65.45	70.00	1.43	1.03	18.92	.7297	53
1944	1,422.65	70.00	1.43	22.38	19.44	.7223	1,130
1945	478.56	70.00	1.43	7.53	19.97	.7147	376
1946	1,533.46	70.00	1.43	24.12	20.52	.7069	1,192
1947	2,697.76	70.00	1.43	42.44	21.07	.6990	2,074
1948	2,720.82	70.00	1.43	42.80	21.64	.6909	2,068
1949	4,592.82	70.00	1.43	72.25	22.22	.6826	3,449
1950	6,224.90	70.00	1.43	97.92	22.81	.6741	4,616
1951	4,484.38	70.00	1.43	70.54	23.41	.6656	3,283
1952	3,508.60	70.00	1.43	55.19	24.02	.6569	2,535
1953	8,083.87	70.00	1.43	127.16	24.64	.6480	5,762
1954	12,992.93	70.00	1.43	204.38	25.27	.6390	9,133
1955	9,551.47	70.00	1.43	150.24	25.91	.6299	6,618
1956	12,674.79	70.00	1.43	199.37	26.56	.6206	8,653
1957	24,551.31	70.00	1.43	386.19	27.22	.6111	16,504
1958	19,975.14	70.00	1.43	314.21	27.88	.6017	13,221
1959	18,834.76	70.00	1.43	296.27	28.56	.5920	12,265
1960	32,610.62	70.00	1.43	512.97	29.24	.5823	20,888
1961	7,477.83	70.00	1.43	117.63	29.94	.5723	4,708
1962	9,016.21	70.00	1.43	141.82	30.64	.5623	5,577
1963	15,558.81	70.00	1.43	244.74	31.35	.5521	9,449
1964	60,964.31	70.00	1.43	958.97	32.06	.5420	36,347
1965	18,854.54	70.00	1.43	296.58	32.79	.5316	11,025
1966	26,077.64	70.00	1.43	410.20	33.52	.5211	14,948
1967	28,845.29	70.00	1.43	453.74	34.26	.5106	16,201
1968	24,799.90	70.00	1.43	390.10	35.01	.4999	13,637
1969	35,992.30	70.00	1.43	566.16	35.76	.4891	19,364
1970	22,229.27	70.00	1.43	349.67	36.52	.4783	11,695
1971	34,568.82	70.00	1.43	543.77	37.29	.4673	17,769
1972	49,105.67	70.00	1.43	772.43	38.06	.4563	24,648
1973	76,391.19	70.00	1.43	1,201.63	38.85	.4450	37,393

AQUA OHIO, INC.

ACCOUNT 335.00 HYDRANTS

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 70-R2.5							
NET SALVAGE PERCENT.. -10							
1974	91,531.55	70.00	1.43	1,439.79	39.63	.4339	43,687
1975	100,043.36	70.00	1.43	1,573.68	40.43	.4224	46,484
1976	67,738.75	70.00	1.43	1,065.53	41.23	.4110	30,625
1977	88,506.84	70.00	1.43	1,392.21	42.03	.3996	38,904
1978	203,221.63	70.00	1.43	3,196.68	42.85	.3879	86,713
1979	175,550.38	70.00	1.43	2,761.41	43.67	.3761	72,627
1980	127,721.94	70.00	1.43	2,009.07	44.49	.3644	51,196
1981	104,403.37	70.00	1.43	1,642.27	45.32	.3526	40,494
1982	79,356.92	70.00	1.43	1,248.28	46.16	.3406	29,732
1983	152,201.02	70.00	1.43	2,394.12	47.00	.3286	55,015
1984	175,169.93	70.00	1.43	2,755.42	47.85	.3164	60,966
1985	191,091.60	70.00	1.43	3,005.87	48.70	.3043	63,964
1986	272,416.17	70.00	1.43	4,285.11	49.56	.2920	87,500
1987	300,238.92	70.00	1.43	4,722.76	50.42	.2797	92,375
1988	303,633.37	70.00	1.43	4,776.15	51.29	.2673	89,277
1989	183,953.76	70.00	1.43	2,893.59	52.16	.2549	51,579
1990	152,175.85	70.00	1.43	2,393.73	53.04	.2423	40,559
1991	184,027.96	70.00	1.43	2,894.76	53.93	.2296	46,478
1992	243,438.96	70.00	1.43	3,829.29	54.81	.2170	58,109
1993	136,441.78	70.00	1.43	2,146.23	55.70	.2043	30,663
1994	175,064.81	70.00	1.43	2,753.77	56.60	.1914	36,858
1995	222,817.08	70.00	1.43	3,504.91	57.50	.1786	43,775
1996	335,225.37	70.00	1.43	5,273.10	58.41	.1656	61,065
1997	161,257.00	70.00	1.43	2,536.57	59.31	.1527	27,086
1998	372,960.28	70.00	1.43	5,866.67	60.23	.1396	57,272
1999	556,614.31	70.00	1.43	8,755.54	61.14	.1266	77,514
2000	885,406.36	70.00	1.43	13,927.44	62.06	.1134	110,446
2001	352,654.16	70.00	1.43	5,547.25	62.98	.1003	38,908
2002	433,347.02	70.00	1.43	6,816.55	63.91	.0870	41,471
2003	410,410.60	70.00	1.43	6,455.76	64.84	.0737	33,272
2004	422,380.81	70.00	1.43	6,644.05	65.77	.0604	28,063
2005	377,254.38	70.00	1.43	5,934.21	66.71	.0470	19,504
2006	338,889.55	70.00	1.43	5,330.73	67.64	.0337	12,563
2007	411,518.02	70.00	1.43	6,473.18	68.58	.0203	9,189
2008	561,102.93	70.00	1.43	8,826.15	69.53	.0067	4,135
	9,977,112.17			156,939.96			2,100,330

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 1.57

AQUA OHIO, INC.

ACCOUNT 340.00 OFFICE FURNITURE AND EQUIPMENT - GEN. PLANT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	---ANNUAL ACCRUAL--- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
ACCRUED SURVIVOR CURVE.. 20-SQUARE NET SALVAGE PERCENT.. 0							
1927	28.90					1.0000	29
1930	37.62					1.0000	38
1931	191.65					1.0000	192
1937	32.75					1.0000	33
1938	108.69					1.0000	109
1939	155.67					1.0000	156
1941	34.00					1.0000	34
1942	929.81					1.0000	930
1947	27.26					1.0000	27
1949	470.30					1.0000	470
1951	298.80					1.0000	299
1952	144.92					1.0000	145
1954	149.50					1.0000	150
1955	1,068.71					1.0000	1,069
1958	588.38					1.0000	588
1959	525.55					1.0000	526
1960	417.75					1.0000	418
1962	459.18					1.0000	459
1963	5,565.99					1.0000	5,566
1964	80.55					1.0000	81
1965	422.10					1.0000	422
1966	521.04					1.0000	521
1967	1,774.67					1.0000	1,775
1968	817.00					1.0000	817
1969	10,430.96					1.0000	10,431
1970	313.70					1.0000	314
1971	1,411.63					1.0000	1,412
1972	974.40					1.0000	974
1973	1,430.22					1.0000	1,430
1974	1,777.64					1.0000	1,778
1976	294.28					1.0000	294
1977	1,532.65					1.0000	1,533
1978	12,100.45					1.0000	12,100
1979	6,174.17					1.0000	6,174
1980	9,563.27					1.0000	9,563
1981	4,208.99					1.0000	4,209
1982	16,383.07					1.0000	16,383

AQUA OHIO, INC.

ACCOUNT 340.00 OFFICE FURNITURE AND EQUIPMENT - GEN. PLANT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
ACCRUED SURVIVOR CURVE.. 20-SQUARE NET SALVAGE PERCENT.. 0							
1983	12,096.95					1.0000	12,097
1984	8,853.90					1.0000	8,854
1985	19,812.98					1.0000	19,813
1986	4,007.25					1.0000	4,007
1987	10,397.66					1.0000	10,398
1988	9,566.83					1.0000	9,567
	146,181.79						146,185
AMORTIZED SURVIVOR CURVE.. 20-SQUARE NET SALVAGE PERCENT.. 0							
1989	3,335.34	20.00	5.00	166.77	0.50	.9750	3,252
1990	22,107.45	20.00	5.00	1,105.37	1.50	.9250	20,449
1991	13,962.46	20.00	5.00	698.12	2.50	.8750	12,217
1992	1,813.85	20.00	5.00	90.69	3.50	.8250	1,496
1993	74,429.88	20.00	5.00	3,721.49	4.50	.7750	57,683
1994	33,237.31	20.00	5.00	1,661.87	5.50	.7250	24,097
1995	6,755.27	20.00	5.00	337.76	6.50	.6750	4,560
1996	68,957.98	20.00	5.00	3,447.90	7.50	.6250	43,099
1997	37,737.34	20.00	5.00	1,886.87	8.50	.5750	21,699
1998	9,493.91	20.00	5.00	474.70	9.50	.5250	4,984
1999	5,101.99	20.00	5.00	255.10	10.50	.4750	2,423
2000	28,589.32	20.00	5.00	1,429.47	11.50	.4250	12,150
2002	30,346.36	20.00	5.00	1,517.32	13.50	.3250	9,863
2003	9,368.76	20.00	5.00	468.44	14.50	.2750	2,576
2004	2,346.86	20.00	5.00	117.34	15.50	.2250	528
2005	2,818.53	20.00	5.00	140.93	16.50	.1750	493
2007	8,779.36	20.00	5.00	438.97	18.50	.0750	658
2008	12,261.63	20.00	5.00	613.08	19.50	.0250	307
	371,443.60			18,572.19			222,534
TOTAL	517,625.39			18,572.19			368,719

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.59

AQUA OHIO, INC.

ACCOUNT 340.10 OFFICE FURNITURE AND EQUIPMENT - COMPUTER

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

ACCRUED
SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

1986	13,698.04					1.0000	13,698
1987	1,186.23					1.0000	1,186
1989	193.40					1.0000	193
1991	4,994.60					1.0000	4,995
1992	3,682.08					1.0000	3,682
1993	21,275.35					1.0000	21,275
1994	5,409.65					1.0000	5,410
1995	49,266.64					1.0000	49,267
1996	20,969.96					1.0000	20,970
1997	6,617.32					1.0000	6,617
1998	125,186.41					1.0000	125,186
1999	21,338.63					1.0000	21,339
2000	82,407.10					1.0000	82,407
2001	12,211.48					1.0000	12,211
2002	28,930.91					1.0000	28,931
2003	99,989.01					1.0000	99,989
	497,356.81						497,356

AMORTIZED
SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

2004	66,248.45	5.00	20.00	13,249.69	0.50	.9000	59,624
2005	131,384.57	5.00	20.00	26,276.91	1.50	.7000	91,969
2006	121,633.00	5.00	20.00	24,326.60	2.50	.5000	60,817
2007	235,382.94	5.00	20.00	47,076.59	3.50	.3000	70,615
2008	206,651.79	5.00	20.00	41,330.36	4.50	.1000	20,665
	761,300.75			152,260.15			303,690
TOTAL	1,258,657.56			152,260.15			801,046

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 12.10

AQUA OHIO, INC.

ACCOUNT 340.20 OFFICE FURNITURE AND EQUIPMENT - D.P.

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL RATE (4)	ACCRUAL-- AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
ACCRUED							
SURVIVOR CURVE.. 7-SQUARE							
NET SALVAGE PERCENT.. 0							
1989	3,669.98					1.0000	3,670
1990	494.12					1.0000	494
1992	11,439.79					1.0000	11,440
1997	7,127.37					1.0000	7,127
2000	24,630.68					1.0000	24,631
2001	185,377.22					1.0000	185,377
	232,739.16						232,739
AMORTIZED							
SURVIVOR CURVE.. 7-SQUARE							
NET SALVAGE PERCENT.. 0							
2002	12,518.73	7.00	14.29	1,788.93	0.50	.9286	11,625
2003	6,793.06	7.00	14.29	970.73	1.50	.7857	5,337
2004	53,598.52	7.00	14.29	7,659.23	2.50	.6429	34,458
2005	32,892.40	7.00	14.29	4,700.32	3.50	.5000	16,446
2006	35,339.34	7.00	14.29	5,049.99	4.50	.3571	12,620
2007	47,145.29	7.00	14.29	6,737.06	5.50	.2143	10,103
2008	221,936.32	7.00	14.29	31,714.70	6.50	.0714	15,846
	410,223.66			58,620.96			106,435
TOTAL	642,962.82			58,620.96			339,174

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 9.12

AQUA OHIO, INC.

ACCOUNT 341.10 TRANSPORTATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
SURVIVOR CURVE.. IOWA 8-S4							
NET SALVAGE PERCENT.. +20							
2002	105,498.09	8.00	12.50	10,549.81	1.87	.7662	64,666
2003	428,445.02	8.00	12.50	42,844.50	2.61	.6737	230,915
2004	9,016.45	8.00	12.50	901.65	3.52	.5600	4,039
2005	62,370.39	8.00	12.50	6,237.04	4.50	.4375	21,830
2006	186,760.13	8.00	12.50	18,676.01	5.50	.3125	46,690
2007	179,473.66	8.00	12.50	17,947.37	6.50	.1875	26,921
2008	165,115.42	8.00	12.50	16,511.54	7.50	.0625	8,256
	1,136,679.16			113,667.92			403,317

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 10.00

AQUA OHIO, INC.

ACCOUNT 341.20 TRANSPORTATION EQUIPMENT - FULLY DEPR.

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL RATE	ACCRUAL-- AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 11-L2							
NET SALVAGE PERCENT.. 0							
1980	8,757.38	11.00	9.09	796.05	0.51	.9536	8,351
1983	10,231.99	11.00	9.09	930.09	1.04	.9055	9,265
1986	25,717.91	11.00	9.09	2,337.76	1.61	.8536	21,953
1988	30,540.44	11.00	9.09	2,776.13	2.01	.8173	24,961
1989	720.21	11.00	9.09	65.47	2.23	.7973	574
1990	13,088.85	11.00	9.09	1,189.78	2.45	.7773	10,174
1991	48,599.31	11.00	9.09	4,417.68	2.68	.7564	36,761
1994	10,990.73	11.00	9.09	999.06	3.42	.6891	7,574
1995	421.74	11.00	9.09	38.34	3.67	.6664	281
1996	40,256.13	11.00	9.09	3,659.28	3.92	.6436	25,909
2001	129,283.72	11.00	9.09	11,751.89	5.28	.5200	67,228
2002	64,859.78	11.00	9.09	5,895.75	5.71	.4809	31,191
2003	53,100.60	11.00	9.09	4,826.84	6.26	.4309	22,881
TOTAL	436,568.79			39,684.12			267,103

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 9.09

AQUA OHIO, INC.

ACCOUNT 342.00 STORES EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL RATE	ACCRUAL-- AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

ACCRUED
SURVIVOR CURVE.. 25-SQUARE
NET SALVAGE PERCENT.. 0

1958	153.81					1.0000	154
1959	70.44					1.0000	70
1964	302.94					1.0000	303
1967	339.69					1.0000	340
1968	572.41					1.0000	572
1969	161.72					1.0000	162
1970	68.80					1.0000	69
1972	1,435.38					1.0000	1,435
1977	279.86					1.0000	280
1978	245.58					1.0000	246
1979	729.77					1.0000	730
1980	862.20					1.0000	862
1981	1,731.45					1.0000	1,731
1982	1,033.92					1.0000	1,034
	7,987.97						7,988

AMORTIZED
SURVIVOR CURVE.. 25-SQUARE
NET SALVAGE PERCENT.. 0

1989	19,858.62	25.00	4.00	794.34	5.50	.7800	15,490
1997	4,005.29	25.00	4.00	160.21	13.50	.4600	1,842
	23,863.91			954.55			17,332
TOTAL	31,851.88			954.55			25,320

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.00

AQUA OHIO, INC.

ACCOUNT 343.00 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ACCRUED							
SURVIVOR CURVE.. 20-SQUARE							
NET SALVAGE PERCENT.. 0							
1926	507.41					1.0000	507
1929	102.42					1.0000	102
1930	77.07					1.0000	77
1948	142.05					1.0000	142
1958	233.02					1.0000	233
1959	493.34					1.0000	493
1965	277.70					1.0000	278
1966	550.90					1.0000	551
1967	832.37					1.0000	832
1968	242.77					1.0000	243
1970	2,358.12					1.0000	2,358
1971	1,739.91					1.0000	1,740
1972	6,221.72					1.0000	6,222
1973	1,563.72					1.0000	1,564
1974	2,907.58					1.0000	2,908
1975	4,258.07					1.0000	4,258
1976	530.55					1.0000	531
1977	8,587.51					1.0000	8,588
1978	12,092.78					1.0000	12,093
1979	9,790.91					1.0000	9,791
1980	5,944.35					1.0000	5,944
1981	5,608.27					1.0000	5,608
1982	17,774.42					1.0000	17,774
1983	16,840.91					1.0000	16,841
1984	11,355.51					1.0000	11,356
1985	37,966.72					1.0000	37,967
1986	22,889.66					1.0000	22,890
1987	33,152.20					1.0000	33,152
1988	17,403.84					1.0000	17,404
	222,445.80						222,447

AQUA OHIO, INC.

ACCOUNT 343.00 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
 RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
AMORTIZED							
SURVIVOR CURVE.. 20-SQUARE							
NET SALVAGE PERCENT.. 0							
1989	22,175.26	20.00	5.00	1,108.76	0.50	.9750	21,621
1990	15,625.82	20.00	5.00	781.29	1.50	.9250	14,454
1991	19,143.36	20.00	5.00	957.17	2.50	.8750	16,750
1992	27,349.65	20.00	5.00	1,367.48	3.50	.8250	22,563
1993	44,429.31	20.00	5.00	2,221.47	4.50	.7750	34,433
1994	47,598.83	20.00	5.00	2,379.94	5.50	.7250	34,509
1995	27,024.40	20.00	5.00	1,351.22	6.50	.6750	18,241
1996	43,335.58	20.00	5.00	2,166.78	7.50	.6250	27,085
1997	86,554.36	20.00	5.00	4,327.72	8.50	.5750	49,769
1998	14,889.27	20.00	5.00	744.46	9.50	.5250	7,817
1999	27,881.52	20.00	5.00	1,394.08	10.50	.4750	13,244
2000	110,000.80	20.00	5.00	5,500.04	11.50	.4250	46,750
2001	20,054.13	20.00	5.00	1,002.71	12.50	.3750	7,520
2002	11,723.51	20.00	5.00	586.18	13.50	.3250	3,810
2003	34,289.81	20.00	5.00	1,714.49	14.50	.2750	9,430
2004	47,330.72	20.00	5.00	2,366.54	15.50	.2250	10,649
2005	64,699.47	20.00	5.00	3,234.97	16.50	.1750	11,322
2006	27,681.10	20.00	5.00	1,384.06	17.50	.1250	3,460
2007	18,766.78	20.00	5.00	938.34	18.50	.0750	1,408
2008	30,881.61	20.00	5.00	1,544.08	19.50	.0250	772
	741,435.29			37,071.78			355,607
TOTAL	963,881.09			37,071.78			578,054

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.85

AQUA OHIO, INC.

ACCOUNT 344.00 LABORATORY EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL RATE	ACCURUAL-- AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

ACCRUED

SURVIVOR CURVE.. 20-SQUARE

NET SALVAGE PERCENT.. 0

1958	651.70					1.0000	652
1959	229.47					1.0000	229
1972	4,031.38					1.0000	4,031
1973	339.20					1.0000	339
1975	1,382.43					1.0000	1,382
1977	139.14					1.0000	139
1978	1,330.02					1.0000	1,330
1979	332.92					1.0000	333
1980	833.94					1.0000	834
1981	4,303.57					1.0000	4,304
1982	4,542.00					1.0000	4,542
1983	2,085.89					1.0000	2,086
1984	6,182.72					1.0000	6,183
1985	20,837.09					1.0000	20,837
1986	23,945.49					1.0000	23,945
1987	8,903.88					1.0000	8,904
1988	8,171.96					1.0000	8,172
	88,242.80						88,242

AMORTIZED

SURVIVOR CURVE.. 20-SQUARE

NET SALVAGE PERCENT.. 0

1989	6,871.46	20.00	5.00	343.57	0.50	.9750	6,700
1990	26,365.73	20.00	5.00	1,318.29	1.50	.9250	24,388
1992	60,503.42	20.00	5.00	3,025.17	3.50	.8250	49,915
1993	15,771.52	20.00	5.00	788.58	4.50	.7750	12,223
1994	7,803.74	20.00	5.00	390.19	5.50	.7250	5,658
1995	23,452.75	20.00	5.00	1,172.64	6.50	.6750	15,831
1997	14,331.23	20.00	5.00	716.56	8.50	.5750	8,240
1998	3,819.40	20.00	5.00	190.97	9.50	.5250	2,005
1999	722.78	20.00	5.00	36.14	10.50	.4750	343
2000	4,762.38	20.00	5.00	238.12	11.50	.4250	2,024
2001	8,466.96	20.00	5.00	423.35	12.50	.3750	3,175
2002	8,060.80	20.00	5.00	403.04	13.50	.3250	2,620
2003	1,487.02	20.00	5.00	74.35	14.50	.2750	409

AQUA OHIO, INC.

ACCOUNT 344.00 LABORATORY EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR (1)	ORIGINAL COST (2)	AVG. LIFE (3)	--ANNUAL ACCRUAL-- RATE (4)	AMOUNT (5)	EXP. (6)	-ACCRUED DEPREC.- FACTOR (7)	AMOUNT (8)
AMORTIZED							
SURVIVOR CURVE.. 20-SQUARE							
NET SALVAGE PERCENT.. 0							
2004	8,309.02	20.00	5.00	415.45	15.50	.2250	1,870
2005	31,210.41	20.00	5.00	1,560.52	16.50	.1750	5,462
2006	2,712.59	20.00	5.00	135.63	17.50	.1250	339
2007	3,002.22	20.00	5.00	150.11	18.50	.0750	225
2008	3,831.66	20.00	5.00	191.58	19.50	.0250	96
	231,485.09			11,574.26			141,523
TOTAL	319,727.89			11,574.26			229,765

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 3.62

AQUA OHIO, INC.

ACCOUNT 345.00 POWER OPERATED EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SURVIVOR CURVE.. IOWA 14-R1.5							
NET SALVAGE PERCENT.. +25							
1965	125.00					1.0000	94
1977	99.90					1.0000	75
1978	3,600.00					1.0000	2,700
1979	3,138.56					1.0000	2,354
1980	792.23					1.0000	594
1981	810.45	14.00	7.14	43.40	0.21	.9850	599
1987	8,777.28	14.00	7.14	470.02	1.85	.8679	5,713
1988	5,440.70	14.00	7.14	291.35	2.13	.8479	3,460
1990	17,498.05	14.00	7.14	937.02	2.74	.8043	10,555
1991	3,305.25	14.00	7.14	177.00	3.08	.7800	1,934
1993	15,239.70	14.00	7.14	816.09	3.84	.7257	8,295
1994	58,103.26	14.00	7.14	3,111.43	4.27	.6950	30,286
1995	48,659.67	14.00	7.14	2,605.73	4.74	.6614	24,138
1996	75,620.55	14.00	7.14	4,049.48	5.25	.6250	35,447
1999	142,334.17	14.00	7.14	7,621.99	6.98	.5014	53,525
2000	122,418.18	14.00	7.14	6,555.49	7.63	.4550	41,775
2001	1,335.96	14.00	7.14	71.54	8.30	.4071	408
2002	195,922.03	14.00	7.14	10,491.62	8.99	.3579	52,590
2003	30,094.85	14.00	7.14	1,611.58	9.71	.3064	6,916
2004	361,472.32	14.00	7.14	19,356.84	10.45	.2536	68,752
2005	8,735.97	14.00	7.14	467.81	11.21	.1993	1,306
2006	179,775.04	14.00	7.14	9,626.95	11.99	.1436	19,362
2008	65,511.45	14.00	7.14	3,508.14	13.59	.0293	1,440
	1,348,810.57			71,813.48			372,318

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 5.32

AQUA OHIO, INC.

ACCOUNT 346.00 COMMUNICATION EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

ACCRUED

SURVIVOR CURVE.. 12-SQUARE

NET SALVAGE PERCENT.. 0

1974	2,292.00					1.0000	2,292
1976	620.00					1.0000	620
1977	624.86					1.0000	625
1978	639.18					1.0000	639
1979	1,041.27					1.0000	1,041
1981	877.20					1.0000	877
1982	169.38					1.0000	169
1988	18,500.39					1.0000	18,500
1989	1,695.00					1.0000	1,695
1991	24,375.41					1.0000	24,375
1992	1,373.78					1.0000	1,374
1993	17,890.94					1.0000	17,891
1994	1,710.06					1.0000	1,710
1995	14,529.14					1.0000	14,529
1996	420,134.52					1.0000	420,135
	506,473.13						506,472

AMORTIZED

SURVIVOR CURVE.. 12-SQUARE

NET SALVAGE PERCENT.. 0

1997	106,428.90	12.00	8.33	8,865.53	0.50	.9583	101,991
1998	26,651.86	12.00	8.33	2,220.10	1.50	.8750	23,320
1999	8,899.38	12.00	8.33	741.32	2.50	.7917	7,046
2000	32,109.58	12.00	8.33	2,674.73	3.50	.7083	22,743
2001	256,385.24	12.00	8.33	21,356.89	4.50	.6250	160,241
2002	271,270.27	12.00	8.33	22,596.81	5.50	.5417	146,947
2003	90,884.35	12.00	8.33	7,570.67	6.50	.4583	41,652
2004	144,735.61	12.00	8.33	12,056.48	7.50	.3750	54,276
2005	106,825.55	12.00	8.33	8,898.57	8.50	.2917	31,161
2006	207,268.40	12.00	8.33	17,265.46	9.50	.2083	43,174
2007	117,353.53	12.00	8.33	9,775.55	10.50	.1250	14,669
2008	62,292.73	12.00	8.33	5,188.98	11.50	.0417	2,598
	1,431,105.40			119,211.09			649,818
TOTAL	1,937,578.53			119,211.09			1,156,290

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 6.15

AQUA OHIO, INC.

ACCOUNT 347.00 MISCELLANEOUS EQUIPMENT

CALCULATED ANNUAL AND ACCRUED DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31, 2008

YEAR	ORIGINAL COST	AVG. LIFE	--ANNUAL ACCRUAL-- RATE	AMOUNT	EXP.	-ACCRUED DEPREC.- FACTOR	AMOUNT
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ACCRUED							
SURVIVOR CURVE.. 15-SQUARE							
NET SALVAGE PERCENT.. 0							
1961	131.25					1.0000	131
1970	5,154.22					1.0000	5,154
1971	139.62					1.0000	140
1974	4,156.53					1.0000	4,157
1976	649.81					1.0000	650
1979	758.10					1.0000	758
1981	2,343.50					1.0000	2,344
1984	7,791.92					1.0000	7,792
1986	1,417.52					1.0000	1,418
1987	1,798.65					1.0000	1,799
1988	1,684.18					1.0000	1,684
1993	1,713.20					1.0000	1,713
	27,738.50						27,740
AMORTIZED							
SURVIVOR CURVE.. 15-SQUARE							
NET SALVAGE PERCENT.. 0							
1994	1,843.60	15.00	6.67	122.97	0.50	.9667	1,782
1995	16,191.11	15.00	6.67	1,079.95	1.50	.9000	14,572
1996	1,522.50	15.00	6.67	101.55	2.50	.8333	1,269
1997	650.40	15.00	6.67	43.38	3.50	.7667	499
1999	14,413.40	15.00	6.67	961.37	5.50	.6333	9,128
2000	4,868.62	15.00	6.67	324.74	6.50	.5667	2,759
2001	1,513.94	15.00	6.67	100.98	7.50	.5000	757
2002	3,427.78	15.00	6.67	228.63	8.50	.4333	1,485
2004	16,881.95	15.00	6.67	1,126.03	10.50	.3000	5,065
2005	20,907.00	15.00	6.67	1,394.50	11.50	.2333	4,878
2007	27,059.82	15.00	6.67	1,804.89	13.50	.1000	2,706
2008	84.68	15.00	6.67	5.65	14.50	.0333	3
	109,364.80			7,294.64			44,903
TOTAL	137,103.30			7,294.64			72,643

COMPOSITE ANNUAL ACCRUAL RATE, PERCENT.. 5.32

ITEM (C) 34

AQUA OHIO, INC.

(a wholly owned subsidiary of Aqua America, Inc.)

Financial Statements

As of and for the years ended
December 31, 2008 and 2007

Report of Independent Auditors

To the Board of Directors and Stockholder of
Aqua Ohio, Inc.

In our opinion, the accompanying balance sheets and the related statements of income, of cash flows and of common stockholder's equity present fairly, in all material respects, the financial position of Aqua Ohio, Inc. (a wholly-owned subsidiary of Aqua America, Inc.) at December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

April 20, 2009

December 31, 2008 and 2007

The accompanying notes are an integral part of these financial statements.

AQUA OHIO, INC.
Statements of Income
Years ended December 31, 2008 and 2007

	2008	2007
Operating revenues	\$ 42,059,005	\$ 40,948,311
Cost and expenses:		
Operations and maintenance	18,000,041	17,538,570
Depreciation	5,371,670	4,841,819
Amortization	742,704	661,427
Taxes other than income taxes	9,642,639	8,557,358
Gain on sale of assets	(18,390)	(364,527)
Total cost and expenses	<u>33,738,664</u>	<u>31,234,647</u>
Operating income	8,320,341	9,713,664
Other (income) deductions:		
Interest on long-term debt	3,231,367	3,293,744
Other net interest expense	173,709	74,240
Allowance for funds used during construction	<u>(115,923)</u>	<u>(217,811)</u>
Income before income taxes	5,031,188	6,563,491
Provision for income taxes	<u>1,450,881</u>	<u>2,346,069</u>
Net income	<u>\$ 3,580,307</u>	<u>\$ 4,217,422</u>

The accompanying notes are an integral part of these financial statements.

AQUA OHIO, INC.
Statements of Cash Flows
Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Net income	\$ 3,580,307	\$ 4,217,422
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,114,374	5,503,246
Deferred income taxes and investment tax credits	755,097	139,407
Provision for doubtful accounts	315,676	344,863
Stock based compensation	157,503	161,050
Gain on sale of assets	(18,390)	(364,527)
Change in current assets and current liabilities:		
Receivables, unbilled revenue, materials and supplies, and prepayments	597,807	(2,545,752)
Accounts payable and other current liabilities	63,896	(343,839)
Accrued interest	(37,242)	(25,851)
Other	(777,052)	(66,428)
Net cash provided by operating activities	<u>10,751,976</u>	<u>7,019,591</u>
Cash flows from investing activities:		
Construction expenditures	(11,575,923)	(13,374,693)
Acquisitions of water systems	-	(419,361)
Increase in funds restricted for construction activity	(14,918)	(387,243)
Decrease in funds restricted for construction activity	1,362,332	5,643,936
Allowance for funds used during construction	(115,923)	(217,811)
Proceeds from sale of assets	18,987	672,487
Net cash used in investing activities	<u>(10,325,445)</u>	<u>(8,082,685)</u>
Cash flows from financing activities:		
Customers' advances and contributions in aid of construction	722,899	754,627
Repayments of customers' advances	(30,087)	(36,492)
Repayments of long-term debt	(1,029,500)	(789,500)
Net proceeds of short-term debt	2,000,000	3,900,000
Dividends paid - common stock	(2,632,000)	(2,513,000)
Net cash provided by (used in) financing activities	<u>(968,688)</u>	<u>1,315,635</u>
Net change in cash and cash equivalents	(542,157)	252,541
Cash and cash equivalents beginning of year	1,599,642	1,347,101
Cash and cash equivalents end of year	<u>\$ 1,057,485</u>	<u>\$ 1,599,642</u>

Cash paid for interest, net of amounts capitalized, was \$3,299,320 and \$3,349,859 in 2008 and 2007, respectively.
Cash paid for income taxes was \$1,630,861 and \$1,490,420 in 2008 and 2007, respectively.

See Note 1 - Summary of Significant Accounting Policies-Customers' Advances for Construction and Contributions in Aid of Construction, Note 10 - Employee Stock and Incentive Plan and Note 14 - Affiliate Company transactions for description of non-cash activities.

The accompanying notes are an integral part of these financial statements.

AQUA OHIO, INC.
Statements of Common Stockholder's Equity
Years ended December 31, 2008 and 2007

	Common Stock	Capital in excess of par value	Retained Earnings	Total Common Stockholder's Equity
Balance at December 31, 2006	\$ 2,598,000	\$ 10,628,723	\$ 35,689,971	\$ 48,916,694
Net Income	-	-	4,217,422	4,217,422
Common Stock Dividends, \$9.67 per share	-	-	(2,513,000)	(2,513,000)
Stock based compensation	-	212,052	-	212,052
Capital Contribution from Aqua America, Inc.	-	382,566	-	382,566
Balance at December 31, 2007	2,598,000	11,223,341	37,394,393	51,215,734
Net Income	-	-	3,580,307	3,580,307
Common Stock Dividends, \$10.13 per share	-	-	(2,632,000)	(2,632,000)
Stock based compensation	-	158,868	-	158,868
Capital Contribution from Aqua America, Inc.	-	206,156	-	206,156
Balance at December 31, 2008	<u>\$ 2,598,000</u>	<u>\$ 11,588,365</u>	<u>\$ 38,342,700</u>	<u>\$ 52,529,065</u>

The accompanying notes are an integral part of these financial statements.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

1. Summary of Significant Accounting Policies

Nature of Operations

Aqua Ohio, Inc. (the "Company") is a regulated public utility that supplies water to residential, commercial and industrial customers. All of the Company's customers are located in Ohio. No single customer accounted for more than one percent of the Company's operating revenues in 2008 or 2007. The Company is a wholly owned subsidiary of Aqua America, Inc. (the "Parent").

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recognition of Revenues

Operating revenues include amounts billed to customers on a cycle basis and unbilled amounts based on estimated usage from the latest billing to the end of the accounting period.

Regulation

As a regulated public water utility, the Company is subject to regulation by the Public Utility Commission of Ohio ("PUCO"), which has jurisdiction with respect to rates, service, accounting procedures, acquisitions and other matters. Accordingly, the Company is required to record the effects of regulation in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 71 "Accounting for the Effects of Certain Types of Regulation". Under SFAS No. 71, the Company must defer certain costs and credits as regulatory assets and liabilities when it is probable that such amounts will be recognized in the rate making process in a period different from the period in which they would have been reflected in income by an unregulated company.

Utility Plant and Depreciation

Utility plant is stated at cost which includes contracted cost, direct labor and fringe benefits, materials, overheads, and for certain utility plant, an allowance for the cost of funds used during construction. Water systems acquired are recorded at estimated original cost when first devoted to utility service and the applicable depreciation is recorded in accumulated depreciation. Utility plant acquisition adjustment represents the difference between the estimated original cost, less applicable depreciation, and the purchase price of utility plant assets acquired through business acquisitions. At December 31, 2008 and 2007, utility plant includes an acquisition adjustment of \$51,647 for both years and is currently not being amortized.

Expenditures for maintenance and repairs, including minor renewals and betterments, are charged to operating expenses in accordance with the Uniform System of Accounts prescribed by the PUCO. The cost of new units of property and betterments are capitalized.

When units of utility property are replaced, retired or abandoned, the recorded value thereof is credited to the asset account and such value is charged to accumulated depreciation. The Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Continued)

The cost of software upgrades and enhancements are capitalized if they result in added functionality which enable the software to perform tasks it was previously incapable of performing. Certain information technology costs associated with major system installations, conversions and improvements, such as software training, data conversion and business process reengineering costs, are deferred as a regulatory asset if the Company expects to recover these costs in future rates. If these costs are not deferred in accordance with SFAS No. 71, then these costs are charged to operating expenses when incurred. As of December 31, 2008, \$1,597,956 of costs have been deferred, since the last rate proceeding, as a regulatory asset, and the deferral is reported as a component of net property, plant and equipment.

The straight-line method is used to compute depreciation on utility plant transportation and mechanical equipment. Depreciation is recorded over the remaining useful lives of the assets that range from 7 to 75 years.

In accordance with the requirements of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the long-lived assets of the Company, which consist primarily of Utility Plant in Service and regulatory assets, are reviewed for impairment when changes in circumstances or events occur. There has been no change in circumstances or events that have occurred that require adjustments to the carrying values of these assets.

Allowance for Funds Used During Construction

The allowance for funds used during construction ("AFUDC") is a non-cash credit to income that represents the estimated cost of funds used to finance the construction of utility plant. AFUDC is applied to construction projects requiring more than one month to complete. No AFUDC is applied to projects funded by customer advances for construction or contributions in aid of construction. AFUDC includes the net cost of borrowed funds, and is recovered through water rates as the utility plant is depreciated. There was no AFUDC related to equity funds in either of the years presented.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less, which are not restricted for construction activity, to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at the invoiced amounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in our existing accounts receivable, and is determined based on historical write-off experience and the aging of account balances. The Company reviews the allowance for doubtful accounts quarterly. Account balances are written off against the allowance when it is probable the receivable will not be recovered. When utility customers request extended payment terms, credit is extended based on regulatory guidelines, and collateral is not required.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Continued)

Deferred Charges

Deferred debt issuance expenses are amortized over the life of the related issues.

Other non-current assets include long-term note receivable, miscellaneous notes receivable and other miscellaneous items.

Income Taxes

The Company accounts for certain income and expense items in different time periods for financial reporting than for tax reporting purposes. Deferred income taxes are provided on the temporary differences between the tax basis of the assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when such temporary differences are projected to reverse.

The Company's earnings are included with those of the Parent and affiliated companies for purposes of filing a consolidated Federal income tax return. The allocation of the federal income tax to the Company is computed on a stand-alone basis. The liability for Federal income taxes is remitted to the Parent. The receivable for Federal income taxes will be remitted to the Company from the Parent.

Investment tax credits have been deferred and are amortized over the estimated useful lives of the related properties.

Judgment is required in evaluating the Company's federal tax positions. Despite management's belief that the Company's tax return positions are fully supportable, the Company may establish reserves when it believes that certain tax positions are likely to be challenged and it may not fully prevail in these challenges. The Company's provision for income taxes includes interest, penalties and reserves for uncertain tax positions.

Customers' Advances for Construction

Water mains or, in some instances, cash advances to reimburse the Company its costs to construct water mains, are contributed to the Company by customers, real estate developers and builders in order to extend water service to their properties. The value of these contributions is recorded as Customers' Advances for Construction. The Company makes refunds on these advances over a specific period of time based on operating revenues related to the main or as new customers are connected to and take service from the main. After all refunds are made, any remaining balance is transferred to Contributions in Aid of Construction. In 2008 and 2007, the Company did not receive any Customers' Advances for Construction non-cash property.

Contributions in Aid of Construction

Contributions in aid of construction include direct non-refundable contributions and the portion of customers' advances for construction that have become non-refundable. Utility plant funded by contributions is excluded from rate base and is not depreciated for ratemaking purposes. Contributions in aid of construction non-cash property has been received, generally from developers, of \$1,046,865 in 2008 and \$2,491,497 in 2007.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

1. Summary of Significant Accounting Policies (Continued)

Materials and Supplies

Materials and supplies are stated at cost under the first-in, first-out method.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations," which replaces SFAS No. 141. SFAS No. 141(R) establishes principles for recognizing assets and liabilities acquired in a business combination, contractual contingencies and certain acquired contingencies to be measured at their fair values at the acquisition date. This statement requires that acquisition-related costs and restructuring costs be recognized separately from the business combination. SFAS No. 141(R) is effective for the Company's fiscal year beginning January 1, 2009. With the adoption of SFAS No. 141(R), the Company's accounting for business combinations changed on a prospective basis beginning with transactions closing in the first quarter of 2009.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedging accounting provisions. The Company adopted SFAS No. 159 as required on January 1, 2008, and did not elect the fair value option for any of its existing financial assets and liabilities. The adoption of this statement did not have a material impact on the Company's results of operations or financial position.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The statement applies when other statements require or permit the fair value measurement of assets and liabilities. This statement does not expand the use of fair value measurement. In February 2008, the FASB issued FASB Staff Position No. 157-2, "Effective Date of FASB Statement No. 157" (FSP 157-2). FSP 157-2 delays the effective date of SFAS No. 157 for certain non-financial assets and liabilities to fiscal years beginning after November 15, 2008. The Company adopted SFAS No. 157 as required on January 1, 2008 for all financial assets and liabilities, and this statement did not have a material impact on the Company's results of operations or financial position. Effective January 1, 2009, the Company adopted SFAS No. 157 on all non-financial assets and liabilities, and the adoption did not have a material impact on the Company's results of operations or financial position.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

2. Utility Plant

Utility Plant is composed of the following, in thousands:

	December 31,		Approximate range
	2008	2007	of remaining lives
Utility plant in service			
Mains and accessories	\$ 124,671	\$ 120,704	59 years
Services, hydrants, treatment plants and reservoirs	57,358	49,855	27 to 66 years
Operations structures and water tanks	12,495	19,224	49 to 75 years
Miscellaneous pumping and purification equipment	27,300	26,268	15 to 33 years
Meters, data processing, transportation and operating equipment	23,833	27,116	7 to 36 years
Land and other non-depreciable assets	13,197	4,799	-
Utility Plant in service	258,854	247,966	
Utility construction work in progress	4,173	5,833	-
Net utility plant acquisition adjustment	(52)	(52)	-
Total Utility Plant	262,975	253,747	
Accumulated Depreciation	(54,358)	(50,948)	
Utility plant, net of accumulated depreciation	\$ 208,617	\$ 202,799	

3. Acquisitions

In 2007, the Company acquired the water utility assets of Auburn Lakes, Ohio. The system was purchased for \$419,361, which was accounted for under the purchase method of accounting. Operating revenues included in the financial statements of the Company during 2008 and 2007 was \$177,076 and \$71,391, respectively. The pro forma effect of the business acquired in 2007 is not material to the Company's results of operations.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

4. Federal Income Taxes

The provision for income taxes is composed of the following:

	Year ended December 31,	
	2008	2007
Current	\$ 695,784	\$ 2,206,662
Deferred	755,097	139,407
Total federal income tax expense	<u>\$ 1,450,881</u>	<u>\$ 2,346,069</u>

The statutory Federal tax rate is 35% for both years presented.

The reasons for the differences between amounts computed by applying the statutory Federal income tax rate to income before income tax expense are as follows:

	Year ended December 31,	
	2008	2007
Computed Federal tax expense at statutory rate	\$ 1,760,915	\$ 2,297,222
Increase in tax expense for depreciation expense to be recovered in future rates	53,164	105,833
Merger transaction costs	47,712	47,712
Amortization of investment tax credits	(60,470)	(61,543)
Change in rates	(5,627)	(5,069)
Domestic production credit	(36,537)	(94,423)
Deferred tax adjustment	(392,377)	-
Stock options	54,833	54,211
Other, net	29,268	2,126
Actual income tax expense	<u>\$ 1,450,881</u>	<u>\$ 2,346,069</u>

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

4. Federal Income Taxes (Continued)

The tax effects of temporary differences between book and tax accounting that give rise to the deferred tax assets and deferred tax liabilities are as follows:

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
Customers' advances for construction	\$ 958,040	\$ 1,213,825
Costs expensed for book not deducted for tax, principally accrued expenses	(42,769)	1,798,052
Stock options	15,916	9,929
Other	(3)	233,281
Total deferred tax assets	<u>931,184</u>	<u>3,255,087</u>
Deferred tax liabilities:		
Utility plant, principally due to depreciation and differences in the basis of fixed assets due to variation in tax and book accounting	17,070,173	16,447,337
Investment tax credit	578,979	639,449
Total deferred tax liabilities	<u>17,649,152</u>	<u>17,086,786</u>
Net deferred tax liability	<u>\$ 16,717,968</u>	<u>\$ 13,831,699</u>

As of December 31, 2008, the Parent's Federal income tax returns for all years through 2004 have been closed. Tax years 2005 through 2007 remain open to examination by the major taxing jurisdictions to which we are subject; however, the 2005 Federal income tax returns have been settled through examination.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

5. Regulatory Assets and Liabilities

Regulatory assets represent costs that are expected to be fully recovered in future rates. The two components of this asset are rate case filing expenses and tank painting expense. Expenses associated with filing for rate increases are deferred and amortized over the period of the rate recovery. Expenses associated with tank painting are deferred and amortized over a 10 year period as prescribed by the PUCO. Items giving rise to deferred Federal income taxes related to certain differences between tax and book depreciation expense, are recognized in the rate setting process on a cash or flow-through basis and will be recovered as they reverse.

	December 31,	
	2008	2007
Rate case filing expenses	\$ 125,943	\$ 52,516
Tank painting	2,983,018	2,598,678
Income taxes	821,178	-
Regulatory assets	<u>\$ 3,930,139</u>	<u>\$ 2,651,194</u>

Regulatory liabilities represent costs to be refunded to customers in future rates or amounts recovered from customers in advance of incurring the costs. Items giving rise to a portion of deferred Federal income taxes related to certain differences between tax and book depreciation expense, are recognized in the rate setting process on a cash or flow-through basis and will be refunded to customers as they reverse. Utility plant retirement costs represent amounts recovered through rates during the life of the associated asset and before costs are incurred.

	December 31,	
	2008	2007
Income taxes	\$ -	\$ 1,309,438
Utility plant retirement costs	2,412,767	2,255,822
Regulatory liability	<u>\$ 2,412,767</u>	<u>\$ 3,565,260</u>

6. Commitments and Contingencies

The Company leases buildings, vehicles, and other equipment under operating leases that are non-cancelable. The future minimum rental payments due are: \$283,368 in 2009, \$184,673 in 2010, \$130,779 in 2011, \$81,997 in 2012, \$45,000 in 2013, and \$7,500 thereafter. Rent expense was \$320,070 and \$303,923 for the years ended December 31, 2008 and 2007, respectively, and is included in operating expenses. Additionally, the Company has a commitment to purchase treated water. The future minimum payments are: \$584,400 in 2009, \$620,200 in 2010, \$638,100 in 2011, \$612,033 in 2012, \$325,300 in 2013, and \$4,833,300 thereafter.

The Company is routinely involved in legal matters during the ordinary course of business. Although the results of legal proceedings cannot be predicted with certainty, there are no other pending legal proceedings to which the Company is a party or to which any of its properties is the subject that are material or are expected to have a material effect on the Company's financial position, results of operations or cash flows.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

7. Long-term Debt and Loans Payable

The long-term debt and loans outstanding as of December 31, 2008 and 2007 are summarized as follows:

	December 31,	
	2008	2007
First Mortgage Bonds secured by utility plant:		
9.500% Series, due 2013	\$ 4,549,500	\$ 5,044,000
9.800% Series, due 2020	5,300,000	5,600,000
Total First Mortgage Bonds	9,849,500	10,644,000
Current portion of long-term debt	794,500	794,500
First Mortgage Bonds, excluding current portion	9,055,000	9,849,500
Ohio Water Development Authority Bonds substantially secured by financed project:		
4.500% Series, due 2035	21,045,000	21,260,000
4.900% Series, due 2032	5,330,000	5,350,000
5.000% Series, due 2031	11,975,000	11,975,000
5.000% Series, due 2032	5,530,000	5,530,000
Total Ohio Water Development Authority Bonds	43,880,000	44,115,000
Total long-term debt, excluding current portion	\$ 52,935,000	\$ 53,964,500

The mortgage indenture, as supplemented, restricts the ability of the Company to declare dividends with respect to certain issues of the First Mortgage Bonds. As of December 31, 2008, \$32,623,335 of retained earnings was free of such restrictions. The Company was in compliance with all applicable covenants as of December 31, 2008.

Annual sinking fund payments are required for certain issues of First Mortgage Bonds by the supplemental indentures. During the next five years, sinking fund payments are due annually.

Interest Rate Range	2009	2010	2011	2012	2013	Thereafter
First Mortgage Bonds substantially secured by utility plant:						
9.500% Series, due 2013	\$ 494,500	\$ 494,500	\$ 494,500	\$ 494,500	\$ 2,571,500	\$ -
9.800% Series, due 2020	300,000	300,000	300,000	300,000	300,000	3,800,000
Ohio Water Development Authority Bonds substantially secured by financed project:						
4.500% Series, due 2035	-	-	-	-	-	21,045,000
4.900% Series, due 2032	-	-	-	-	-	5,330,000
5.000% Series, due 2031	-	-	-	-	-	11,975,000
5.000% Series, due 2032	-	-	-	-	-	5,530,000
Total	\$ 794,500	\$ 794,500	\$ 794,500	\$ 794,500	\$ 2,871,500	\$ 47,680,000

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

7. Long-term Debt and Loans Payable (Continued)

At December 31, 2008 and 2007, the Company had unsecured short-term lines of credit available totaling \$15,000,000 for both years. Funds borrowed under these lines are used primarily for temporary financing of utility plant additions. The average borrowing under the lines was \$8,361,538 and \$6,492,308 during 2008 and 2007, respectively. The maximum amount outstanding at the end of any one month was \$9,800,000 in 2008 and \$7,800,000 in 2007. The average cost of borrowing under these lines during 2008 was 3.57% and 2007 was 6.08%.

8. Fair Value of Financial Instruments

The carrying amount of current assets and liabilities that are considered financial instruments approximates their fair values as of the dates presented. The carrying amount of the Company's long-term debt, including current portion, as of December 31, 2008 and 2007 is \$53,729,500 and \$54,759,000, respectively. The estimated fair value of the Company's long-term debt as of December 31, 2008 and 2007 is \$40,205,000 and \$50,888,000, respectively. The fair value of long-term debt has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration.

The Company's customers' advances for construction have a carrying value of \$1,022,626 and \$1,272,350 at December 31, 2008 and 2007, respectively. Their relative fair values cannot be accurately estimated since future refund payments depend on several variables, including new customer connections, customer consumption levels and future rate increases. Portions of these non-interest bearing instruments are refundable, under certain circumstances, either wholly or in part over varying periods of time, and amounts not paid by the contract expiration dates become non-refundable. The fair value of these amounts would, however, be less than their carrying value due to the non-interest bearing feature.

9. Employee Stock and Incentive Plan

The Company's employees participate in an Equity Compensation Plan sponsored by the Parent. Under the Aqua America, Inc. 2004 Equity Compensation Plan, as approved by the Parent's shareholders to replace the 1994 Equity Compensation Plan, qualified and non-qualified stock options may be granted to the Company's officers, key employees and consultants at prices equal to the market price of the stock on the day of the grant. The stock options are based upon the common stock of the Parent. Options are exercisable in installments of 33% annually, starting one year from the date of the grant and expire 10 years from the date of the grant. The Parent accounts for stock-based compensation using the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment."

The fair value of each option is amortized into compensation expense on a straight-line basis over their respective 36 month vesting period, net of estimated forfeitures. Compensation expense recognized by the Parent is allocated to its subsidiaries based on actual employee costs. Since the Company is not obligated to reimburse Parent for stock-based compensation costs incurred, the Company records these liabilities resulting from compensation costs to paid-in capital. For the year ended December 31, 2008, the impact of SFAS No. 123R on the Company's share-based compensation resulted in the following: operations and maintenance expense of \$157,503; capitalized compensation costs within property, plant and equipment of \$0; lowered income tax expense by \$6,543; and lowered net income by \$150,960. For the year ended December 31, 2007, the impact to the Company of SFAS No. 123R on the Company's share-based compensation resulted in the following: operations and maintenance expense of \$161,050; capitalized compensation costs within property, plant and equipment of \$4,699; lowered income tax expense by \$12,291; and lowered net income by \$148,759.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

10. Pension Benefits

The Company participates in a noncontributory defined benefit pension plan sponsored by the Parent covering non-union employees hired prior to April 1, 2003 and select union employees. The eligibility of union employees is determined by the collective bargaining agreements covering those employees. Benefits under the plan are based on the participant's average compensation, defined as the beginning-of-year base rate of pay of the five consecutive years producing the highest average pay multiplied by the years of credited service not to exceed 35 years. Pension cost of the Company is determined in accordance with SFAS No. 87, "Employers' Accounting for Pensions". Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level.

The funding amount for the Pension Plan for the Aqua America, Inc. Retirement Income Plan will be determined each year based on the recommendation of management and subject to approval by the Parent's Pension Committee. The funding amount will be an amount greater than or equal to the minimum required contribution and less than or equal to the maximum tax deductible contribution.

The Company made cash contributions to the Parent's plan of \$569,246 in 2008 or \$0 in 2007. The Company's policy is to recognize net periodic pension cost based on amounts determined by an independent actuary in accordance with SFAS No. 87.

The Company recorded pension amounts of \$550,401 and \$569,246 for 2008 and 2007, respectively.

11. Postretirement Benefits Other Than Pensions

The Company participates in a postretirement benefit plan sponsored by the Parent that provides medical, dental and death benefits (life and accidental death and dismemberment) to active employees hired prior to April 1, 2003 and medical, dental and death benefits (excluding accidental death and dismemberment) to employees who have retired in accordance with the provisions in the plan document. Employees may become eligible for these benefits after age 55 if they have completed at least twenty years of service or attaining age 62 with five years of service or age plus service greater than or equal to 95. Pre-65 medical plan benefits are provided by a partially self-insured national PPO plan administered by Blue Cross Blue Shield, with carve-out prescription drug benefit coverage administered by Caremark. Post-65 retirees receive company contributions in the form of a Premium Reimbursement Account. Costs of the Company are determined in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". Information regarding accumulated and projected benefit obligations is not prepared at the subsidiary level.

The Company's funding policy is to contribute up to the maximum amount allowed by the Internal Revenue Code. The Company recorded and funded its cost for postretirement benefits other than pensions of \$79,153 in 2008 and \$83,284 in 2007. The Company's policy is to recognize other postretirement benefit cost based on amounts determined by an independent Actuary in accordance with SFAS No. 106.

The Parent has 401(k) savings plans that cover substantially all employees. The Company makes matching contributions that are invested in Aqua America, Inc. common stock based on a percentage of an employee's contribution, subject to certain limitations. The portion of the Company's matching contribution, recorded as compensation expense, is \$99,224 and \$99,407 for 2008 and 2007, respectively.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

12. Water Rates

During 2008 and 2007, the Company obtained negotiated rates from local communities in the Stark and Struthers division designed to provide additional revenues of \$403,500 and \$1,120,100, respectively on an annualized basis.

In December 2008, the Company filed a purchased water adjustment charge for the Lake Shore Division with the PUCO requesting a \$32,500 increase in annual revenues. The Company expects the case to be settled in the second quarter of 2009.

In November 2008, the Company filed a system infrastructure improvement surcharge application with the PUCO requesting a \$435,482 or 3% increase in annual revenues for the Lake Shore Division. The Company expects the case to be settled in the second quarter of 2009.

In June 2008, the Company filed a system infrastructure improvement surcharge application with the PUCO requesting a \$15,074 or 3% increase in annual revenues for the Masury Division. The Company was granted the increase effective October 22, 2008.

In June 2007, the Company filed an application with the PUCO requesting a \$3,233,200 or 26.9% increase in annual revenues for the Lake Shore Division. On May 15, 2008 the PUCO granted the Company a water rate increase designed to increase total operating revenues \$2,642,973 on an annual basis. The rates in effect at the time included \$859,458 in system infrastructure improvement surcharge or 7.79% above the prior base rates. Consequently, the total base rates increased \$3,502,431 and the system infrastructure improvement surcharge was reset to zero.

In December 2006, the Company filed a system infrastructure improvement surcharge application with the PUCO requesting a \$323,818 or 3% increase in annual revenues for the Lake Shore Division. The Company was granted the increase effective April 4, 2007.

13. Affiliated Company Transactions

The Company has service agreements with the Parent and subsidiaries of the Parent ("other affiliates"). The types of services rendered between these entities relate to general supervision and administrative functions, long-range planning, tax, accounting, financing, engineering, legal and other specialized support. Expenditures recorded for these services by the Parent and other affiliates amounted to approximately \$4,022,225 and \$3,447,504 for 2008 and 2007, respectively.

The amounts owed to the Parent and other affiliates by the Company were \$436,882 and \$307,306 at December 31, 2008 and 2007, respectively. Amounts owed to the Parent and other affiliates are reflected in the accompanying balance sheet.

Amounts due from the Parent and other affiliates to the Company amounted to \$526,357 and \$1,250,761 at December 31, 2008 and 2007, respectively. Amounts due from the Parent and other affiliates are reflected in the accompanying balance sheet.

The Company received non-cash equity contributions from the Parent of \$206,156 in 2008 and \$382,566 in 2007 and is reported on the Statement of Stockholder's Equity as capital contributions. In 2008 and 2007, these non-cash equity contributions relate to the amortization of merger costs and the settlement of certain net inter-company receivables due from the Parent or subsidiary of the Parent.

The Company recorded non-cash equity of \$1,365 in 2008 and \$46,303 in 2007 and is reported on the Statement of Stockholder's Equity as stock based compensation. In 2008 and 2007, these non-cash equity amounts are the tax benefits related to the exercise of stock options.

AQUA OHIO, INC.
Notes to Financial Statements
December 31, 2008 and 2007

14. Other Events

In March of 2007, due to the expiration of a bulk water contract, Aqua Ohio, Inc. lost Trumbull County as a customer. The amount of revenue included in the financials for 2007 was \$213,000 and this amounts represented .5% of total 2007 revenue.

Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

LETTER TO SHAREHOLDERS
www.aquaamerica.com

September 2009

Dear Shareholder:

Aqua America, Inc. is pleased to report that we will be increasing the December 1, 2009 quarterly dividend payable to shareholders of record on November 16, 2009 by 7.4 percent to \$0.145 per share (\$0.58 per share annualized). This will mark the nineteenth dividend increase in the last 18 years. The company will pay the regular \$0.135 per share quarterly common stock cash dividend on September 1, 2009 to shareholders of record on August 17, 2009.

For the quarter ending June 30, 2009, net income rose to \$25.9 million from \$22.6 million in 2008, an increase of 15 percent. Revenues for the quarter rose 11 percent to \$167.3 million from \$150.8 million in 2008. Corresponding diluted earnings per share for the year were \$0.19, compared to \$0.17 for 2008 on 1.4 percent more shares outstanding.

These positive results show the company's ability to continue to grow earnings, despite recent unfavorable weather and economic conditions. Rainfall and cooler weather lead to less water usage, and therefore less revenue. Despite these challenges, the company is on track to increase net income year-over-year for the tenth consecutive year, thanks to the successful efforts of Aqua America's management team to limit expense increases, recover capital investments through timely rate relief, and continue to acquire new water and wastewater systems.

In 2009, Aqua America has received rate awards that should increase annual operating revenues by \$27.2 million. The company currently has \$9.2 million in rate requests pending and expects to seek additional rate relief of approximately \$50 million by year-end. The timing and extent to which rate increases might be granted by the applicable regulatory agencies will vary by state.

The company remains on track to invest a record amount of capital - approximately \$315 million - in 2009. Our current capital expenditures remain focused on pipe replacement projects to improve our distribution network and service reliability, and plant upgrades to enhance water quality for our customers.

In July, the company's largest subsidiary, Aqua Pennsylvania, Inc. (Aqua) entered into an agreement to issue \$58 million in 30-year tax-exempt First Mortgage Bonds at 5.23 percent. The bonds were rated by Standard and Poor's (S&P) at AA-. Aqua has also received \$6.2 million in low interest loans (3.5 percent) from the Pennsylvania Infrastructure Investment Authority (PENNVEST) to make water quality improvements. Additionally, Aqua received \$4.6 million of State Revolving Loan Funds (SRLF) and American Recovery and Reinvestment Act of 2009 (ARRA) funding in Maine (including \$1.4 million of grants).

Aqua America continues to expand despite the economic slowdown and has completed 14 acquisitions of systems that provide water or wastewater service to approximately 13,000 people to date in 2009. These acquisitions include the Kratzerville Municipal Authority in central Pennsylvania, two water systems from the Lower Colorado River Authority (LCRA) in Texas, and the Lawrenceville Water Company in New Jersey. The Kratzerville acquisition demonstrates that municipal systems are considering privatization as they face increasing capital needs and more stringent environmental regulations.

Aqua America offers a commission-free dividend reinvestment and direct stock purchase plan (DRP) that allows shareholders to reinvest their dividends at a 5 percent discount to the market price. If you would like a prospectus and application for the DRP please visit www.aquaamerica.com or call 800.205.8314. Please read the prospectus carefully before you make a decision to invest.

Thank you,



Nicholas DeBenedictis
Chairman and President

AQUA AMERICA INC., AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME (Unaudited)**

(In thousands, except per share amounts)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Operating revenues	\$ 167,333	\$ 150,751	\$ 321,820	\$ 290,034
Cost & expenses:				
Operations and maintenance	68,549	65,146	135,538	129,450
Depreciation	24,972	20,619	51,359	42,100
Amortization	3,064	1,012	5,819	2,185
Taxes other than income taxes	11,884	10,845	23,474	22,954
Total	<u>108,469</u>	<u>97,622</u>	<u>216,190</u>	<u>196,689</u>
Operating income	58,864	53,129	105,630	93,345
Other expense (income):				
Interest expense, net	16,809	17,063	33,437	34,193
Allowance for funds used during construction	(568)	(1,100)	(1,193)	(2,056)
Gain on sale of other assets	(80)	(553)	(213)	(553)
Income before income taxes	42,703	37,719	73,599	61,761
Provision for income taxes	16,850	15,167	29,375	24,888
Net income attributable to common shareholders	<u>\$ 25,853</u>	<u>\$ 22,552</u>	<u>\$ 44,224</u>	<u>\$ 36,873</u>
Net income attributable to common shareholders	\$ 25,853	\$ 22,552	\$ 44,224	\$ 36,873
Other comprehensive income, net of tax:				
Unrealized holding gain on investments	232	189	269	189
Reclassification adjustment for losses				
reported in net income	5	-	5	-
Comprehensive income	<u>\$ 26,090</u>	<u>\$ 22,741</u>	<u>\$ 44,498</u>	<u>\$ 37,062</u>
Net income per common share:				
Basic	\$ 0.19	\$ 0.17	\$ 0.33	\$ 0.28
Diluted	\$ 0.19	\$ 0.17	\$ 0.33	\$ 0.28
Average common shares outstanding:				
Basic	<u>135,631</u>	<u>133,683</u>	<u>135,519</u>	<u>133,549</u>
Diluted	<u>135,939</u>	<u>134,060</u>	<u>135,880</u>	<u>133,998</u>

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands of dollars)

	June 30, 2009	December 31, 2008
Net property, plant and equipment	\$ 3,060,481	\$ 2,997,383
Current assets	122,530	121,041
Regulatory assets and other assets	347,253	379,521
	<u>\$ 3,530,264</u>	<u>\$ 3,497,945</u>
Total equity	\$ 1,077,723	\$ 1,060,627
Long-term debt, excluding current portion	1,227,744	1,248,104
Current portion of long-term debt and loans payable	124,737	87,886
Other current liabilities	81,035	105,285
Deferred credits and other liabilities	1,019,025	996,043
	<u>\$ 3,530,264</u>	<u>\$ 3,497,945</u>

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the timing and impact of pending and planned rate cases, the amount of future capital spending by the company, the effects of our capital investments on water quality as service to our customers, growth opportunities, the company's ability to grow earnings and the expected growth in net income, the ability to recover expense increases in rates and the benefits of acquisitions. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions; housing and customer growth trends; unfavorable weather conditions; the success of certain cost containment initiatives; the extent to which rate increase requests are granted and the timing of rate awards; changes in regulations or regulatory treatment; availability and the cost of capital; disruptions in the credit markets; the success of growth initiatives; and other factors discussed in our Annual Report on Form 10-K, which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.



Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

LETTER TO SHAREHOLDERS
www.aquaamerica.com

Dear Shareholder:

June 2009

I am proud to report **increases in net income, revenue and earnings per share for the quarter ending March 31, 2009**. Net income was \$18.4 million up from \$14.3 million in 2008, an increase of 28 percent. Revenues rose 11 percent to \$154.5 million from \$139.3 million in 2008. Corresponding diluted earnings per share for the year were \$0.14, compared to \$0.11 for 2008 on 1.4 percent more shares outstanding.

On May 1, 2009, Aqua's Board of Directors declared a quarterly cash dividend of \$0.135 per share payable on June 1, 2009 to all shareholders of record on May 18, 2009. This is an **8 percent increase** in the dividend payment over the second quarter of 2008.

We believe that these positive results reflect a recovery from the regulatory lag that we experienced in recent years in certain states. The recovery is chiefly due to a realization of important rate increases in recent quarters. This year the company has **received annualized rate awards of \$22.6 million and has \$8.2 million of rate cases pending**. The rate awards received to date in 2009 include those in Florida, North Carolina, Ohio and New York as well as infrastructure surcharges in Illinois, Indiana, Ohio and Pennsylvania. The company expects to seek **additional rate relief of \$60 million in 2009**. The timing and extent to which rate increase requests are granted by the applicable public utility regulatory commissions will vary by state.

During the first quarter, operations and maintenance expenses increased by \$2.7 million or 4 percent, while non-cash depreciation and amortization increased 29 percent compared to the same period in 2008. Operating expenses for the quarter were negatively affected by an approximate \$1 million non-cash charge resulting from the write-off of previously deferred expenses related to our rate filing in North Carolina. The larger-than-normal increase in depreciation and amortization was due to a \$2.4 million rate case adjustment charge also related to the North Carolina rate filing.

The company continued its capital investment program in the first quarter **investing a record \$62.1 million in infrastructure improvements**. In 2009, the company expects to invest approximately \$300 million as part of its **capital investment program**. The company's capital expenditures not only enhance water quality and reliability for our customers, but also lead to economic and job growth in the areas in which we operate.

In April, Standard & Poor's reiterated its **A+ corporate credit rating** and excellent business risk for the company's largest operating subsidiary, Aqua Pennsylvania, Inc. The company currently has \$67 million available on its credit lines, which are used to fund day-to-day operations.

So far in 2009, Aqua America has completed five acquisitions of systems that provide water or wastewater service to approximately 2,250 people. The company's annualized organic customer growth continues to be affected by the housing slowdown and is below historic levels. **Aqua remains positioned to benefit from the eventual housing recovery and is committed to our disciplined growth-through-acquisition strategy.**

Aqua America offers a commission-free dividend reinvestment and direct stock purchase plan (DRP) that allows shareholders to reinvest their dividends at a 5 percent discount to the market price. If you would like a prospectus and application for the DRP please visit www.aquaamerica.com or call 800.205.8314. Please read the prospectus carefully before you make a decision to invest.

Thank you,

Nicholas DeBenedictis
Chairman and President

WTR-Q2-09

AQUA AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME (Unaudited)
(In thousands, except per share amounts)

	Quarter Ended March 31,	
	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 154,487	\$ 139,283
Costs and expenses:		
Operations and maintenance	66,989	64,304
Depreciation and amortization	29,142	22,654
Taxes other than income taxes	11,590	12,109
	<u>107,721</u>	<u>99,067</u>
Operating income	46,766	40,216
Interest expense and other	16,003	16,174
Gain on sale of other assets	(133)	-
Income before income taxes	<u>30,896</u>	<u>24,042</u>
Provision for income taxes	12,525	9,721
Net income	<u>\$ 18,371</u>	<u>\$ 14,321</u>
Comprehensive income	<u>\$ 18,408</u>	<u>\$ 14,321</u>
Net income per common share:		
Basic method	<u>\$ 0.14</u>	<u>\$ 0.11</u>
Diluted method	<u>\$ 0.14</u>	<u>\$ 0.11</u>
Average common shares outstanding:		
Basic method	<u>135,406</u>	<u>133,415</u>
Diluted method	<u>135,876</u>	<u>133,970</u>

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands of dollars)

	March 31, <u>2009</u>	December 31, <u>2008</u>
Net property, plant and equipment	\$ 3,026,696	\$ 2,997,383
Current assets	114,731	121,041
Regulatory assets and other assets	340,542	366,598
	<u>\$ 3,481,969</u>	<u>\$ 3,485,022</u>
Total equity	\$ 1,065,025	\$ 1,060,627
Long-term debt, excluding current portion	1,226,232	1,248,104
Current liabilities	192,035	193,171
Deferred credits and other liabilities	998,677	983,120
	<u>\$ 3,481,969</u>	<u>\$ 3,485,022</u>

This release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others: the timing of anticipated revenue from rate cases, the amount of rate requests to be filed, the amount of anticipated future capital spending, the benefits to water service and the economy that result from capital spending, and the company's commitment to its business model. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our Annual Report or Form 10-K which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.



Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

LETTER TO SHAREHOLDERS
www.aquaamerica.com

Dear Shareholder:

February 2009

In 2008, Aqua America achieved another year of growth despite global economic difficulties. Growth in revenue, chiefly from rate awards and the addition of 19,000 new customers demonstrated the continued impact of Aqua's regulated business model and growth-through-acquisition strategy.

On February 2, 2009, Aqua's Board of Directors declared a quarterly cash dividend of \$0.135 payable on March 1, 2009 to all shareholders of record on February 17, 2009. This is an 8 percent increase over the first quarter dividend payment of 2008. In 2008, Aqua was once again a Mergent dividend achiever, which recognizes companies that have displayed consistent dividend growth over the last decade.

Aqua's proven business model allowed us to navigate through the economic turmoil of 2008. The company's 19,000 new customers are a result of nine acquisitions, more than 20 growth projects and organic growth, which generated 2 percent total customer growth (before sales of underperforming properties). Part of Aqua's overall effort to increase shareholder value relies on "pruning," the disposition of assets that are underperforming or not strategically positioned. The profitable sale of our Woodhaven system in Illinois for \$10.5 million in the third quarter of 2008 allows us to re-deploy these dollars for strategic investments eligible to earn a regulated return.

In the current economic period, access to capital markets is critical. In December, at the height of the credit freeze, Aqua Pennsylvania, Inc. issued \$22 million in tax-free First Mortgage Bonds for the purpose of supporting the company's 2009 infrastructure improvement program. Aqua's ability to issue bonds is a reflection of Standard and Poor's 'AA-' secured debt rating and '1+' recovery rating for Aqua Pennsylvania, which Standard and Poor's equates to the highest expectation of full recovery of principal.

In 2008, Aqua was awarded significant rate increases totaling approximately \$60 million in annualized revenue. This rate relief should also provide revenue growth in 2009 as the awards only impacted a portion of 2008 results. The successful rate awards were accomplished in 12 of the 13 states in which we operate. In 2009, the company will be planning a similar rate recovery plan for current capital investments.

Rebuilding our nation's infrastructure has become a national priority. The EPA estimates that \$277 billion of investment will be needed over the next 20 years for our nation's water systems. Aqua has already invested significantly in needed environmental improvements, so our future spending will be more focused on water distribution system upgrades that are eligible for state infrastructure rehabilitation surcharges. This allows Aqua to recover eligible capital investments between rate filings, limiting regulatory lag and its effect on earnings.

Aqua America offers a commission-free dividend reinvestment and direct stock purchase plan (DRP) that allows shareholders to reinvest their dividends at a 5 percent discount to the market price. If you would like a prospectus and application for the DRP please visit www.aquaamerica.com or call 800.205.8314. Please read the prospectus carefully before you make a decision to invest.

Thank you.

Nicholas DeBenedictis
Chairman and President

This release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others: the impact of the company's business model; the impact of financings and capital investments; the projected impact from the sale of assets; our ability to earn a fair regulated return on investments; the future eligibility of capital spending on infrastructure in state surcharge pricing programs; the timing of anticipated revenue from rate cases. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives, and other factors discussed in our Annual Report or Form 10-K which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

WTR-Q1-09



Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

LETTER TO SHAREHOLDERS
www.aquaamerica.com

December 2008

Dear Shareholder:

For the third quarter, the company reported net income growth of 20 percent to \$35.4 million from \$29.5 million for the same period in 2007. Corresponding diluted earnings per share for the quarter were \$0.26, compared to \$0.22 in the same quarter of 2007 on 1 percent more shares outstanding. Revenue for the quarter increased to \$177.1 million this quarter from \$165.5 million in the same period last year.

On December 1, Aqua paid a quarterly common stock cash dividend, which was increased by 8 percent, to shareholders of record on November 17, 2008 of \$0.135 per share, an annualized rate of \$0.54 per share. This is the tenth consecutive year in which Aqua America has increased its dividend above its stated 5 percent target and the eighteenth dividend increase in 17 years. Aqua has paid a consecutive dividend for more than 60 years.

Even in the current economic climate, which has led to slower-than-normal organic customer growth, the company continues to expand its operations and has announced seven acquisitions, which provide water or wastewater service to a total of approximately 22,000 people. These acquisitions, including the recently completed purchases of the New Daleville wastewater system and Honesdale Consolidated Water Company in Pennsylvania, and the Saddle Club water system in Texas, show the company's continued commitment to its growth-through-acquisition model. Until the housing market improves, the company expects to see organic growth continue at less than its historic pace.

Operations and maintenance expenses were flat during the quarter while depreciation and amortization increased 11 percent compared to the same period in 2007. Net income for the quarter was positively affected by a gain of \$4.1 million for the sale of the Woodhaven system in Illinois, which was offset by \$2.5 million of one-time non-cash charges related to the processing of initial rate requests in certain states. Operating expenses were influenced by increases in production costs primarily due to fuel and power price increases, bad debt and operating costs to support growth.

As a result of the company's plan for investment recovery through rate relief, it was able to begin to recover costs associated with infrastructure improvements. To date in 2008, the company has received rate awards in Pennsylvania, New Jersey, Illinois, Ohio, Florida (Sarasota), North Carolina, Maine, and Indiana that are expected to provide \$60 million in additional annualized revenue. The company currently has pending rate requests seeking approximately \$21.4 million in annualized revenue, predominantly in Florida and North Carolina, that are expected to positively impact 2009. In 2009, the company expects to file rate requests seeking more than \$70 million, including cases in Pennsylvania, New Jersey, New York, Ohio, Illinois, and Maine.

The company expects to spend roughly \$280 million in capital this year as it benefits from bonus tax depreciation under the Economic Stimulus Act of 2008. Aqua continues to invest in infrastructure improvements and has spent \$188 million through the third quarter as part of its capital investment program. Now that most of the environmental compliance issues inherited from previous owners are behind us, the majority of the company's capital program is focused on system infrastructure improvements to enhance reliability and service to our customers. Improved infrastructure will provide improved water quality and reliability, while the shareholder receives a fair return on their investment in the company.

Thank you for your continued support.

Sincerely,

Nicholas DeBenedictis
Chairman and President

AQUA AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME (Unaudited)
(In thousands, except per share amounts)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Operating revenues	\$ 177,098	\$ 165,491	\$ 467,132	\$ 453,416
Costs and expenses:				
Operations and maintenance	66,743	67,069	196,193	190,698
Depreciation and amortization	24,624	22,226	68,909	65,260
Taxes other than income taxes	11,157	10,849	34,111	33,596
	<u>102,524</u>	<u>100,144</u>	<u>299,213</u>	<u>289,554</u>
Operating income	74,574	65,347	167,919	163,862
Interest expense and other	16,038	16,448	48,175	47,975
Gain on sale of other assets	(532)	(260)	(1,085)	(648)
Income before income taxes	59,068	49,159	120,829	116,535
Provision for income taxes	23,688	19,641	48,576	46,432
Net income	<u>\$ 35,380</u>	<u>\$ 29,518</u>	<u>\$ 72,253</u>	<u>\$ 70,103</u>
Comprehensive income	<u>\$ 35,175</u>	<u>\$ 30,421</u>	<u>\$ 72,237</u>	<u>\$ 71,224</u>
Net income per common share:				
Basic method	\$ 0.26	\$ 0.22	\$ 0.54	\$ 0.53
Diluted method	\$ 0.26	\$ 0.22	\$ 0.54	\$ 0.53
Average common shares outstanding:				
Basic method	134,932	133,003	134,013	132,675
Diluted method	135,279	133,834	134,423	133,527

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands of dollars)

	September 30, 2008	December 31, 2007
Net property, plant and equipment	\$ 2,922,516	\$ 2,792,794
Current assets	129,871	115,511
Regulatory assets and other assets	311,652	318,607
	<u>\$ 3,364,039</u>	<u>\$ 3,226,912</u>
Common stockholders' equity	\$ 1,028,019	\$ 976,298
Long-term debt, excluding current portion	1,211,388	1,215,053
Current liabilities	218,283	183,212
Deferred credits and other liabilities	906,349	852,349
	<u>\$ 3,364,039</u>	<u>\$ 3,226,912</u>

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, the timing of the expected impact of rate increases, our plans for capital investment, the benefits of bonus tax depreciation under the Economic Stimulus Act of 2008, the company's plans to expand its operations, the impact of its growth ventures, the company's ability to finance its capital investment program and the housing market's effect on the rate of organic growth. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions; housing and customer growth trends; unfavorable weather conditions; the success of certain cost containment initiatives; the extent to which rate increase requests are granted and the timing of rate awards; changes in regulations or regulatory treatment; availability and the cost of capital; the success of growth initiatives; and other factors discussed in our Annual Report on Form 10-K, which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.



Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

LETTER TO SHAREHOLDERS
www.aquaamerica.com

September 2008

Dear Shareholder:

Aqua America is pleased to report that on August 5, 2008, the company's Board of Directors voted to increase the December 1, 2008 quarterly common stock cash dividend payable to shareholders of record on November 17, 2008 by 8 percent to \$0.135 per share (\$0.54 per share annualized). This will mark the eighteenth dividend increase in the last 17 years. In addition, the Board declared the regular \$0.125 per share quarterly common stock cash dividend to be paid on September 1, 2008 to shareholders of record on August 18, 2008.

Operating revenues were flat this quarter at \$150.8 million compared to \$150.6 million in the second quarter of last year due in part to unfavorable weather and economic conditions, as well as the dispositions of systems in Fort Wayne, Indiana and Henrico, Virginia in prior quarters which reduced revenues. Net income in the second quarter was \$22.6 million compared to \$23.7 million in the same period of 2007. Aqua America reported fully diluted earnings per share of \$0.17 this quarter compared to \$0.18 in the same quarter of the prior year. Operating and maintenance expenses increased 2.9 percent from the same period in 2007. Expenses were constrained despite continuing increases in fuel, bad debt, and increased operating expenses to support customer growth year over year.

The company continues to focus on rate activity in 2008 and has received awards on a number of rate cases in several states including Pennsylvania, New Jersey, Ohio, Virginia and Maine. Aqua also expects decisions to be made on five other cases over the next several months. So far this year, the company has been awarded rate increases totaling approximately \$49 million in additional annualized revenue. Additionally, the company has pending rate requests seeking approximately \$34 million in annualized revenues, including requests of \$21 million for two major rate cases recently filed in Florida and North Carolina.

Aqua America continues to expand its operations under its long-term growth-through-acquisition program. Four new growth ventures were recently announced including the purchase of a wastewater company in South Haven, Indiana (12,000 residents); a partnership with Mopac, a division of Smithfield Beef Group, which will allow Aqua to grow operations and improve efficiencies in the grease removal business in Pennsylvania; a bulk water supply agreement between Aqua and the Borough of Sharpsville (population 7,300) in Mercer County, Pennsylvania; and finally, a renewed agreement with Wawa, Inc. to provide grease removal and septic tank pumping and cleaning services for 172 Wawa stores in Pennsylvania and New Jersey.

In July, Standard and Poor's affirmed its A+ corporate credit rating on Aqua Pennsylvania Inc., the largest subsidiary of Aqua America. This rating reflects the consolidated credit quality of Aqua America, and supports Aqua management's continued effort to lower its overall cost of borrowing.

Aqua America's 2008 previously planned capital investment of approximately \$260 million was increased to \$280 million with much of this increase going towards pipe rehabilitation and replacement. Aqua foresees no need for any significant additional equity financing to fund its capital program due to increased internally generated cash and the benefits of the Economic Stimulus Act, which allows the company to take bonus tax depreciation in 2008.

Aqua America offers a dividend reinvestment and direct stock purchase plan (DRP) that allows shareholders to have their dividends automatically reinvested at a 5 percent discount to the market price. A new prospectus for the DRP has been filed by Aqua America with the SEC and is enclosed with this mailing. A copy of the prospectus is also available at <http://ir.aquaamerica.com/downloads/prospectus2008.pdf>. Please read the prospectus carefully before you make a decision to invest.

Thank you.

Nicholas DeBenedictis
Chairman and President

AQUA AMERICA, INC. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME (Unaudited)**
(In thousands, except per share amounts)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating revenues	\$ 150,751	\$ 150,624	\$ 290,034	\$ 287,925
Costs and expenses:				
Operations and maintenance	65,146	63,334	129,450	123,629
Depreciation and amortization	21,631	21,689	44,285	43,034
Taxes other than income taxes	10,845	10,831	22,954	22,747
	<u>97,622</u>	<u>95,854</u>	<u>196,689</u>	<u>189,410</u>
Operating income	53,129	54,770	93,345	98,515
Interest expense and other	15,963	15,699	32,137	31,527
Gain on sale of other assets	(553)	(319)	(553)	(388)
Income before income taxes	37,719	39,390	61,761	67,376
Provision for income taxes	15,167	15,663	24,888	26,791
Net income	<u>\$ 22,552</u>	<u>\$ 23,727</u>	<u>\$ 36,873</u>	<u>\$ 40,585</u>
Comprehensive income	<u>\$ 22,741</u>	<u>\$ 23,940</u>	<u>\$ 37,062</u>	<u>\$ 40,803</u>
Net income per common share:				
Basic method	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.28</u>	<u>\$ 0.31</u>
Diluted method	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.28</u>	<u>\$ 0.30</u>
Average common shares outstanding:				
Basic method	<u>133,683</u>	<u>132,652</u>	<u>133,549</u>	<u>132,504</u>
Diluted method	<u>134,060</u>	<u>133,520</u>	<u>133,998</u>	<u>133,404</u>

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands of dollars)

	June 30, 2008	December 31, 2007
Net property, plant and equipment	\$ 2,872,247	\$ 2,792,794
Current assets	119,862	115,511
Regulatory assets and other assets	302,128	318,607
	<u>\$ 3,294,237</u>	<u>\$ 3,226,912</u>
Common stockholders' equity	\$ 1,022,114	\$ 976,298
Long-term debt, excluding current portion	1,212,423	1,215,053
Current liabilities	163,564	183,212
Deferred credits and other liabilities	896,136	852,349
	<u>\$ 3,294,237</u>	<u>\$ 3,226,912</u>

This release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, management's focus on rate relief and the anticipated revenue from completed and planned rate cases, the timing of the expected impact of rate increases, our plans for capital investment, anticipated needs for new equity, the company's plans to expand its operations, the impact of its growth ventures and the impact of the S&P rating on borrowing costs. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions; housing and customer growth trends; unfavorable weather conditions; the success of certain cost containment initiatives; the extent to which rate increase requests are granted and the timing of rate awards; changes in regulations or regulatory treatment; availability and the cost of capital; the success of growth initiatives; and other factors discussed in our Annual Report on Form 10-K which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

AGREEMENT

THIS AGREEMENT, effective as of the 1st day of April, 2008, by and between AQUA OHIO, INC., its successor or successors, of Boardman Township, Mahoning County, Ohio, herein called the "COMPANY", and UTILITY WORKERS UNION OF AMERICA (AFL-CIO) for and on behalf of Aqua Ohio Joint Council composed of Locals #425, 427 and 428 of Utility Workers of America, herein called the "UNION".

ARTICLE I RECOGNITION AND RESPONSIBILITY

SECTION 1. Recognition and Responsibility

Subject to the provisions of the National Labor Relations Act, as amended, and for the purpose of this Agreement, the Company recognizes that the employees who are, on the date of the execution of this Agreement, included in the job classifications listed in Exhibit A, Union Wage Rates, for Lake Shore Division, Stark Regional Division and Struthers Division, respectively, and those employees who may hereafter be assigned to the job classifications in such Divisions, respectfully constitute appropriate collective bargaining units and the Company recognizes that Aqua Ohio Joint Council composed of Locals #425, 427 and 428 of Utility Workers of America as the exclusive bargaining agent for all such employees in such collective bargaining units concerning wages, hours and other conditions of employment during the term of this Agreement and during any period in which it shall remain in full force and effect, pending negotiations for a continuance, change or renewal thereof.

SECTION 2. Recognition and Responsibility

The parties hereto recognize that the Company is engaged in providing an essential public service which vitally affects the health, safety, comfort and well being of a large number of residents of the areas served by the Company. They, therefore, agree that under no circumstances shall there be any work stoppages, interference with, or impeding of work or like drastic action by either party hereto during the life of this Agreement for any reason whatsoever, and finally that the provisions of this Agreement shall provide the sole and exclusive remedies of the parties.

SECTION 3. Recognition and Responsibility

The parties recognize that because of the foregoing responsibilities to furnish at all times a safe and adequate supply of water to the areas served and their inhabitants, there can be no division of this responsibility. The parties agree, therefore, that the Company has the sole and exclusive right to manage the plant and properties of the Company; assign, direct and determine the size of the working forces; the exclusive right to hire, suspend or discharge for proper cause, or transfer or relieve employees of duties because of lack of work or other legitimate reasons, provided, however, that the foregoing rights shall not be exercised for the purpose of discrimination against any employee by reason of his being a member of the Union, or because of sex, race, color, creed, national origin, age, or handicap.

SECTION 4. Recognition and Responsibility

The Company agrees that during the term hereof, it will not make any agreement with any other union or organization representing it, or purporting to represent the employees in this bargaining unit.

SECTION 5. Recognition and Responsibility

The Union agrees that its officers and members will comply with all the Company's rules and regulations relating to the operation of its plants, the continuity and efficiency of service to the public, the safety of employees and the protection of the property of the Company. The Union agrees that there shall be no intimidation or coercion of employees into joining the Union or continuing their membership therein.

ARTICLE II UNION SECURITY

SECTION 1. Membership

Any employee who is now a member of the Union, shall as a condition of employment, maintain membership in the Union to the extent of at least paying the periodic membership dues uniformly required of all Union members.

SECTION 2. Membership

Any employee hereafter hired shall, as a condition of employment, within thirty (30) work days following the beginning of his employment, acquire and maintain membership in the Union to the extent of paying the initiation fee and the periodic dues uniformly required of all Union members.

SECTION 3. Union Dues

The Company agrees, upon specific written authorization of each individual employee, to deduct Union dues from the pay of each employee so authorizing such action. The Company will remit to the Union Treasurer (whose official designation shall be furnished to the Company in writing by the officers of the Union) once each month all dues thus deducted and none of such monies shall be withheld from the Union by the Company. This authorization is limited to the Union dues only. The form of the check-off authorization to be used under this Agreement shall be substantially as follows:

"CHECK-OFF AUTHORIZATION"

I hereby assign to Utility Workers Union of America (AFL-CIO) Local #_____, an amount equal to my monthly dues.

I authorize AQUA OHIO, INC. to deduct said amount from the wages payable to me in each pay period of each calendar month. I authorize the Company to pay over said amount so deducted to the Treasurer of the Union as provided in the formal agreement.

This authorization shall become effective on the first day of the month succeeding the date of delivery of this card to the Company and shall continue in force for a period of one year after the date thereof and thereafter from year to year concurrently with the life of said formal agreement, or any extension thereof, unless revoked by me in writing, or unless I go on military leave, resign, am laid off, discharged or transferred out of the bargaining unit. Such revocation shall be signed by me and shall be filed with the Company not more than seventy (70) days and not less than sixty (60) days prior to the effective date of such revocation. Such revocation may be forwarded to the Company by registered or certified mail addressed to the Division Manager at the office of the Company.

Dated _____, 20____
Effective _____, 20____

SECTION 4. Liability Harmless Clause

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise by reason of action taken or not taken by the Company for the purpose of complying with the provisions of this Article.

ARTICLE III SENIORITY

SECTION 1. Recognition of Seniority

The parties recognize that promotional opportunity and job security in the event of promotion, decrease of forces and rehiring after layoffs, should increase in proportion to Division seniority, and that in the administration of this Article, it is the intent of the parties that wherever practicable, first consideration should be given to Division seniority in all such situations. The Lake Shore Division will have one seniority roster for all purposes except overtime, for which there shall be two rosters. Division seniority shall commence on the last date the employee is hired or transferred into a Division.

SECTION 2. Recognition of Continuous Service

For the purposes of this Agreement, "continuous service" for each employee shall commence with the last date of hiring of the employee by the Company, and shall be used as the basis for computing employee benefits and rights not based upon Division seniority.

SECTION 3. Probationary Employees

New employees and those hired after a break in continuous service will be regarded as probationary employees for a period of six (6) months after first employment of each by the Company and will receive no continuous service credit during such probationary period. The service of any probationary employee may be terminated by the Company at any time without explanation for so doing; however, the reasons for such termination will be provided to the Union upon request. Probationary employees continued in the service of the Company subsequent to said six (6) month period after their employment shall receive full continuous service credit from the date of original hiring.

SECTION 4. Continuous Service

Continuous service shall be broken and an employee shall lose his Division seniority for any of the following reasons:

- (a) Voluntary termination of his employment.
- (b) Discharge for proper cause.
- (c) Failure to make application to return to work within five (5) days after notice of his recall

after layoff has been forwarded to him by registered mail to his latest address as shown on the Company records.

- (d) Layoff for a period of time equal to 50% of his service at the time of layoff, or three (3) years, whichever is shorter.
- (e) Promotion to position excluded under Section 1 of Article I hereof, provided, however, an employee so promoted shall be entitled to a thirty (30) working day trial period in the new position. If during the trial period, the employee decides to return to his former position, or if the Company determines that he is unable to perform satisfactorily the duties of the new job, the employee shall be returned to his former position and wages, and without loss of continuous service or Division seniority, including that time accrued during the period of the promotion.

SECTION 5. Job Vacancies

It is the policy of the Company to fill vacancies from the ranks of employees so far as feasible. The Company will post notice of a job vacancy on all bulletin boards at the office of the Company in the Division where the vacancy exists, and will furnish a copy to the President of the Union. The Company shall also post all bargaining unit jobs in all Divisions throughout the Company. Employees interested shall make their application with Human Resources within the time period specified in the job posting.

Selection for a vacant job within the bargaining unit will be made on the basis of qualifications, physical fitness and Division seniority. Where qualifications and physical fitness are relatively equal, Division seniority will be the determining factor. In addition to considering the employee's record and past performance, the Company may require the employee to pass reasonable tests--oral, written or practical--to determine his qualifications.

A job shall be filled by an employee in the Division in which the vacancy exists, but if there are no bidders in that Division, then the Company shall consider other Company employees who have bid for the job under the terms of Section 10 of this Article.

A job vacancy will be filled whenever possible within ten (10) working days after the end of the period when the applications may be filed.

SECTION 6. Trial Period

An employee who is selected to fill a vacancy shall be entitled to a thirty (30) working day trial period in the new job exclusive of vacation and sick leave. If during the trial period the employee decides to return to his former position, or if the Company determines that he is unable to perform satisfactorily the duties of the new job, the employee shall be returned to his former position and wages, and without loss of Division seniority.

SECTION 7. Job Elimination

- A. The Company shall notify the Union (thirty) days prior to the elimination of any job or jobs in the bargaining unit. In the event of an unexpected vacancy in a job that the Company was planning to eliminate, the thirty-day period shall be waived.
- B. In the event of a consolidation, merger or other significant change which may result in the relocation, reassignment or elimination of any job or jobs in the bargaining unit, the Company shall notify the Union at least thirty (30) days prior to the implementation of said change. During said time period, the Company will agree to meet with the Union to discuss the status of employees who may be affected by said change.
- C. The Company shall notify the Union at least sixty (60) days prior to the date of a sale or transfer of all or

substantially all of a Division's assets under threat of condemnation. Such notice shall be given to each bargaining unit member in the Division affected, with copies furnished to the National Union Representative, the Aqua Ohio Joint Council President, and division local president. For an employee who is not retained by the acquiring entity, cannot bump within the Company or is not retirement eligible, the employee would receive a \$5,000 severance or may elect to have the Company pay for an employment search of equal value. The Company will notify severed employees of any future job opportunities for a period of three years. Notification will be made by mail to the employee's last known address. If an employee accepts employment in another division within six (6) months of his severance date, it is understood that said employee will repay a pro-rated share of severance benefits received.

SECTION 8. Layoff Procedure.

- A. When a layoff must occur, the Company shall meet with the Union to explain the reasons for such layoff and to review the proposed jobs in which the layoff is planned.
- B. When a decrease in the number of employees in a given job is necessary, the surplus employee or employees in that job with the least division seniority shall be first released from the job and offered employment in any other job for which he or she has division seniority and subject to a thirty (30) working day trial period. This process shall continue until the reduction and layoffs are completed.
- C. Employees who do not have enough division seniority to retain a job shall retain their division seniority and continue to accumulate both continuous service and division seniority for a period of time equal to fifty percent (50%) of their continuous service at the time of layoff, or two (2) years, whichever is shorter.
- D. See Article XV, Section 4.
- E. In the event of a layoff, the position of Crew Leader shall be looked upon as a Distribution Technician position, not a separate classification.

SECTION 9. Recall Procedure.

- A. Employees who are laid off shall be placed on a recall list for a period of two (2) years. If there is a recall, employees who are still on the recall list shall be recalled in accordance with their division seniority, most senior first.
- B. Notice of recall shall be sent to the employee by registered mail, return receipt requested, and such notice shall be directed to the last mailing address provided by the employee. The Company shall provide the Union with copies of all such recall notices. The employee shall have five (5) workdays following mailing to notify the Company of his intentions regarding his return to work.
- C. A recalled employee shall have fifteen (15) work days following the date of mailing of the recall notice to return to work, unless a later date for returning to work is specified in the notice. An employee failing to return to work during such fifteen (15) day period shall be considered terminated.

SECTION 10. Bid to Another Division

An employee with six (6) months or more of continuous service in accordance with the provisions of this Article may be considered for a bargaining unit job for which he is qualified in another division, provided: (a) he moves into the service area of that division or to a location mutually agreed upon in writing between the Company and employee; and (b) no employee in that division has bid for such job.

An employee's refusal to accept such an offer shall not affect the employee's recall rights or division seniority status within said employee's division. This Section shall not be deemed to create Company-wide seniority, as seniority is on a division basis (Struthers Division, Stark Regional Division, Lake Shore Division, each being separate divisions), provided, however, if an employee transfers to another division under this Section, he shall retain his continuous service earned prior to the transfer.

SECTION 11. Crew Leader Position

The position of Crew Leader will be filled using the criteria established in Section 5 of this Article. However, if no one qualified bids or accepts the position, the lay-off procedure as described in Article III, Section 8, of this Agreement will apply.

SECTION 12. Seniority List

A schedule identifying each employee with the job classification applicable to such employee and his continuous service date will be posted annually by the company.

ARTICLE IV GRIEVANCES

SECTION 1. Procedure

It is the purpose of this Article to provide procedure for the settlement of any grievance claimed by any employee or the Company.

SECTION 2. Steps

Step One: Any employee who believes he has a justifiable complaint or grievance shall discuss the grievance with his immediate supervisor, either personally or with or through the shop steward in an attempt to settle, the same within twenty (20) days after the event giving rise to the complaint or grievance has occurred.

Step Two: Any grievance not settled satisfactorily within two (2) days after a discussion with the supervisor under Step One may be reduced to writing by the employee involved and presented within five (5) days thereafter to the Division Manager and a meeting shall be held within ten (10) days for discussion and settlement. The employee, if he so elects, may be accompanied by a steward in this step.

Step Three: Any grievance not satisfactorily settled by the Division Manager under Step Two within five (5) days after presentation to the Division Manager may be presented in writing by the employee and the President of the Union and/or the National Representative within five (5) days thereafter by certified mail to the Division Manager and President or other designated representative of the Company at 6650 South Avenue, Boardman, Ohio 44512. A meeting shall be scheduled within twenty (20) days between the grieved employee, President of the Local Union, National Union Representative, and the President of the Aqua Ohio Joint Council, if the Union desires his attendance, and the President of the Company or other designated representative to discuss and resolve the grievance if possible.

Within fifteen (15) days of the conclusion of the Step Three meeting, the President or other designated representative shall send his written answer to the President of the Local Union, the President of the Aqua Ohio Joint Council, and the National Union Representative.

Step Four: Any grievance not satisfactorily settled under Step Three within thirty (30) days may be appealed to arbitration. Such appeal shall be sent by certified mail to the Company at 6650 South Avenue, Boardman, Ohio 44512, or the National Union Representative.

The appealing party shall request the Federal Mediation & Conciliation Service to submit to both parties a list of seven (7) names of possible arbitrators, all of whom are members of the National Academy of Arbitration. Within one (1) week after receipt of the list, the parties shall meet or communicate to alternately strike names from the list until one name remains. If that person is not acceptable to either of the parties, the appealing party shall request a second list of seven (7) names. Within one (1) week after receipt of the second list, the parties shall meet or correspond and follow the above procedure until one name remains. That person shall be the arbitrator. The appealing party shall contact the arbitrator within fifteen (15) days of the date the arbitrator is chosen to arrange the arbitration proceedings.

SECTION 3. Arbitration

The arbitrator shall have authority only to interpret, apply or determine compliance with the provisions of this Agreement insofar as necessary to the determination of the grievance submitted to him. The arbitrator shall not have authority to add to, detract from or alter in any way the provisions of this Agreement.

SECTION 4. Arbitration

The arbitrator shall afford the Company and the Union a reasonable opportunity to present evidence and to be heard in support of their respective positions.

SECTION 5. Arbitration

The decision of the arbitrator on any issue submitted to him shall be final and binding upon the Company, the Union and all employees concerned herewith.

SECTION 6. Procedure

Any grievance claimed by any employee shall be presented and disposed of only as provided in this Article. There shall be no suspension of work on account of any grievance or grievances, nor during the presentation and settlement thereof.

SECTION 7. Procedure

Grievances at Step One and Step Two may be presented and discussed during working hours if it does not unduly interrupt production. Employees shall not be paid for time involved in employee or Union grievances subsequent to Step Two, unless the parties agree otherwise. The Company and the Union shall share the expenses and fees of an arbitrator jointly and equally.

SECTION 8. Procedure

The grievance procedure shall be available to the Company for the purpose of filing and processing Company grievances. In the event that the Company files such grievances, it shall be submitted in writing to the Grievance Committee of the Union who shall consider and determine the same with or without the representative of the

International being present as they may elect. Upon decision by the Grievance Committee, with or without consultation with the National Representative, or in the event of no decision within five (5) days after submission, the matter may be appealed to arbitration by the Company filing a written notice of appeal with the President of the Union within ten (10) days thereafter. If such appeal is taken, the same procedure shall be followed as is provided in Sections 5 to 10 inclusive hereof, in accordance with the applicable provisions of this Article, which provisions shall govern the arbitration of such an issue.

SECTION 9. Procedure

All references to days in this Article IV shall be deemed to mean working days. The grievance shall be deemed to no longer exist if the Union fails to process it within the specified time limits, excepting that any of the time limits or steps of the preceding can be waived by mutual written consent of the parties.

ARTICLE V SUSPENSIONS AND DISCHARGES

SECTION 1. Procedure

Prior to the suspension or discharge of an employee by the Company, the Union President or, in his absence, another Union officer shall be notified and requested to be present at the meeting when the Company notifies the employee of this action. Within five (5) working days of such suspension or discharge, the Union may appeal by filing a written grievance pursuant to Article IV, Section 3 hereof, if it believes that such suspension or discharge was unjust. It is recognized by the parties hereto that such grievance should be settled at the earliest time possible and take precedence over all other grievances, and both parties shall do everything feasible to expedite settlement of such grievance. The initial grievance meeting will be at the Step 3 level of the grievance procedure as described in Section 2, Article IV.

SECTION 2. Procedure

In the event that such grievance be not otherwise settled and is submitted to arbitration, and it is determined by the arbitrator that the employee has been suspended or discharged without cause, the Company shall reinstate the employee and pay him compensation for his time lost at straight time rates. Should it be determined that an employee has been suspended or discharged for proper cause, the arbitrator shall not have jurisdiction to modify the degree of discipline imposed by the Company.

SECTION 3. Review of Employee's Work Record

Each employee's file shall be reviewed by the Company on April 1 of each year, and if no disciplinary action (written or oral reprimand or suspension) has been taken against the employee (except for discipline involving violent or hostile acts or discipline as a result of damage caused by the employee to company property in excess of \$2,000) during the three calendar years immediately preceding such review, all records of prior disciplinary actions against the employee shall be removed from his file.

SECTION 4. Time Limits

Any of the time limits or steps preceding can be waived by mutual written consent of the parties.

ARTICLE VI SICK LEAVE

SECTION 1. Schedule of Benefits

Sick leave benefits in each benefit year shall be available to each employee covered by this Agreement who is absent from work during his scheduled work week because of bona fide illness or injury in accordance with the following schedule:

<u>Continuous Service</u>	<u>Full Pay</u>	<u>Half Pay</u>
Six months to one year	1 week	1 week
One year to two years	2 weeks	2 weeks
Two years to three years	3 weeks	3 weeks
Three years to four years	4 weeks	4 weeks
Four years to five years	5 weeks	5 weeks
Five years to six years	6 weeks	6 weeks
Six years to seven years	7 weeks	7 weeks
Seven years to eight years	8 weeks	8 weeks
Eight years to nine years	9 weeks	9 weeks
Nine years and over	10 weeks	10 weeks

SECTION 2. Definition of Terms

The phrase "full pay" as used in the foregoing Section, means forty (40) hours straight time pay as applicable to an employee in question.

SECTION 3. Definition of Terms

The phrase "benefit year" as used in Section 1 hereof, shall be a period of one (1) year commencing on the date of employment or anniversary thereof.

SECTION 4. Condition of Payment

Sick leave benefits stipulated in Section 1 hereof are subject to the following conditions: That an employee having already had two (2) sick leave occurrences within a calendar year (as specified in A. or B. below) shall thereafter receive no pay for the first day off during subsequent occurrences unless the employee is hospitalized that day. "Occurrences" for the purpose of this Section shall mean single workdays or more than one contiguous workday taken off for sick leave.

In conjunction with receiving sick pay benefits for the first two sick leave occurrences in a calendar year, an employee shall select one of the following options:

- A. Recognize an occurrence as being absent from work for a full day which shall consist of the employee's regularly scheduled hours of work for that day.
- B. Recognize an occurrence as being absent from work for any portion of a day, and receive sick pay benefits for the first sixteen (16) hours of such absences. It is understood that utilization of the 16 hours may occur over more than two days.

Said selection shall be made no later than the first sick leave occurrence.

SECTION 5. Additional Condition of Payment

Each employee absent from duty because of sickness or injury must notify his supervisor, if possible, at least one hour before his starting time. The Company may require a physician's certificate, or other evidence, satisfactory to the Company, covering each sick leave (whether for sickness or accident) and may require the employee to submit to a physical examination by a physician chosen by or satisfactory to the Company.

SECTION 6. Worker's Compensation

An employee absent from work due to an injury or illness received in the course of and arising out of his employment with the Company, and for which injury or illness he is receiving or will receive weekly benefits under Workers' Compensation Law of the State of Ohio, shall be paid the full difference between the amount received or to be received under Workers' Compensation Law and his regular straight time rate of pay, and one-half (½) of the difference for the respective periods set forth in the following schedule, provided, however, in the event the Company contests the employee's Workers' Compensation claim and the employee appears to have insufficient accumulated sick leave to cover the absence from work involved, the Company may require the employee at or near the time of application for Workers' Compensation benefits to sign a wage assignment and an interest free loan agreement to repay the Company for benefits paid by the Company under this Section in the event the Workers' Compensation claim is denied:

<u>Continuous Service</u>	<u>Full Difference</u>	<u>Half Difference</u>
6 months to 1 year	0 week	1 week
1 to 2	1 week	2 weeks
2 to 3	2 weeks	3 weeks
3 to 4	3 weeks	4 weeks
4 to 5	4 weeks	5 weeks
5 to 6	5 weeks	6 weeks
6 to 7	6 weeks	7 weeks
7 to 8	7 weeks	8 weeks
8 to 9	8 weeks	9 weeks
9 to 10	9 weeks	10 weeks
10 to 11	10 weeks	11 weeks
11 to 12	11 weeks	12 weeks
12 and over	12 weeks	13 weeks

The first week of absence due to compensable injury or illness will be compensated in an amount equal to forty (40) hours straight time pay.

An employee will receive from the Company the applicable portion of the difference between Workers' Compensation benefits and straight time pay, plus an amount equal to Workers' Compensation benefits payable, subject to the following conditions.

- (a) The employee shall submit to the Division Manager's office a Report of Injury and request any necessary injury leave before leaving work the same day that the injury occurs, or, if unable to do so, the employee's immediate supervisor may submit the report;
- (b) The employee shall sign in duplicate an appropriate Assignment of Benefits form, thereby assigning his Workers' Compensation benefits directly to the Company. Such Assignment shall be signed at the same time the employee reports the injury;
- (c) To be eligible for such injury leave, the employee shall first sign a consent to release of

information form, which will authorize the Company to examine the employee's medical records, and obtain medical reports from the employee's physician. An employee requesting such injury leave may also be required to submit to a physical examination by a physician or physicians selected by the Company, for the purpose of establishing the validity of the employee's claim and extent of disability;

- (d) The employee shall promptly file an application for Workers' Compensation benefits for the period he is unable to work, as certified by a physician;
- (e) The employee shall pay to the Company all Workers' Compensation benefits paid him for the period during which he receives such benefits;
- (f) If the employee is deemed ineligible for Workers' Compensation benefits, or, if his application therefore is denied for any reason, including the Company's contesting such application, the employee shall be deemed ineligible for any injury leave benefits, and a period equivalent to the period of absence taken by the employee shall be deducted from the employee's accrued sick leave, subject to the provisions regarding sick leave set forth in this Agreement;
- (g) During the recovery period, the Company may require the employee to perform any duties available within the limitations of the employee's injury or resulting disability;
- (h) The Company shall not be required to continue payments hereunder if the employee resigns, accepts other employment, or becomes self-employed during the period of injury leave.

SECTION 7. Duration of Benefits

If an employee's absence from work due to bona fide illness or injury shall continue beyond the end of a benefit year, the employee shall continue to receive sick leave benefits until he returns to work or until he has received the maximum number of days of sick leave to which he was entitled for the benefit year in which the absence for illness or injury commenced. He shall not then be entitled to further payments until he returns to active employment for at least one (1) day, nor shall he be entitled to further payment for the same or related disability until he has returned to active employment for two (2) weeks. Under no circumstances shall sick leave benefits be cumulative.

SECTION 8. Pay Rate

An employee's pay rate shall not change while he is receiving sick leave benefits.

SECTION 9. Hires after 4/1/06

All employees hired after April 1, 2006 shall be under the Aqua Blue Star Plan as to any benefits set forth in this article.

ARTICLE VII HOURS OF WORK

SECTION 1. Crew Leaders, Distribution Technicians, Utility Servicemen, Meter Readers and Division Mechanics.

- A. The standard work week shall start on Monday at 12:01 a.m. and shall consist of seven (7) consecutive days.
- B. The normal work week for employees covered by this Section shall be forty (40) hours.
- C. Employees covered by this Section shall be scheduled on the basis of eight (8) hours a day, Monday through Friday, provided, however, Utility Servicemen and Meter Readers may be scheduled up to seven (7) weeks per year as follows:

Upon at least seven (7) days prior notice, such employees may be scheduled Tuesday through Saturday, with four consecutive 9-hour days and one 4-hour day on Saturday, with no premium pay during such scheduled times.

- D. Between April 1 and October 31, Utility Servicemen, Crew Leaders and Distribution Technicians may be scheduled as follows:

Upon at least (2) working days notice, such employees may be scheduled Monday through Thursday or Tuesday through Friday, with four consecutive 10-hour days with no premium pay during such scheduled hours. Ten hour days will be scheduled between 6:00 a.m. and 7:00 p.m. The Company will identify the classifications needed to work the 10-hour days and such needs will be staffed first with volunteers. In the event there are more volunteers than needed, the senior employees who volunteered will be assigned. In the event there are insufficient volunteers, the least senior employees in the needed classifications will be assigned.

SECTION 2. Water Treatment Technicians.

- A. The standard work week shall not commence prior to 11:00 p.m. Sunday, and shall consist of seven (7) consecutive days.
- B. The normal work week for employees covered by this Section shall be forty (40) hours consisting of five (5) work days of eight (8) hours each, which will not be necessarily consecutive.
- C. Employees covered by this Section shall be scheduled on the basis of eight (8) hours a day, with the Operators working a schedule established and approved by the Company.
- D. If the Company changes an employee's schedule without 48 hours prior notice, the Company will pay time and one-half for the first shift of the new schedule.

SECTION 3. Customer Service Specialists.

- A. The standard work week shall start on Monday at 12:01 a.m. and shall consist of seven (7) consecutive days.

- B. The normal work week for employees covered by this Section shall be forty (40) hours.
- C. Employees covered by this Section shall be scheduled on the basis of eight (8) hours a day, Monday through Friday.

SECTION 4. Straight Time and Overtime Pay.

- A. Straight time pay shall be paid for the first eight (8) hours worked in any twenty-four (24) hour period.
- B. Straight time shall be paid for the first forty (40) hours worked within employee's normal work week.
- C. Time and one-half shall be paid for all hours worked after the first eight (8) hours in a twenty-four (24) hour period. The starting time for a twenty-four (24) hour period shall be the regular starting time for the first shift at each filter plant or as set forth in Section 2 (a).
- D. Time and one-half shall be paid for all hours worked over forty (40) in a normal work week and for all hours worked outside employee's normal work week.
- E. Overtime shall be distributed as equally as is reasonably possible among qualified employees in the classification who should normally perform the work that is the subject of the overtime. For the purposes of overtime, the position of Crew Leader shall be classified as a Distribution Technician. In the event a Crew Leader is unavailable for overtime, the position will be assigned in accordance with the procedure outlined in Article X, Section 2. A record of overtime hours worked shall be kept by the Company and furnished to the Union on a weekly basis.

When additional qualified employees are needed for the Distribution Crew, Servicemen shall be the first called, then Division Mechanics, then Meter Readers, and then Water Treatment Technicians. A qualified employee for the Distribution Department must possess a Commercial Drivers License and shall be qualified to operate a backhoe. When additional employees are needed as Servicemen, the senior employee on the Distribution Crew shall be the first called, if unavailable, the second senior, etc. In the case of a severe emergency, available employees from other divisions may be utilized.

Scheduled Overtime:

When scheduled overtime (overtime assigned during normal department hours) is required, the employee who is low in hours shall be first offered such overtime; if the assignment is not accepted, the next low employee shall be offered, and this process shall continue until the overtime assignment is filled. In the event sufficient employees do not accept the overtime assignment, the employee(s) with the least amount of overtime worked (in the department which normally performs the work) must accept the assignment.

Unscheduled Overtime – Voluntary:

When unscheduled overtime is required, the employee who is low in hours shall be first offered such overtime; if the assignment is not accepted, the next low employee shall be offered, and this process shall continue until the overtime assignment is filled. In attempting to fill an unscheduled overtime assignment, the individual making the calls will go through the callout list of employees as necessary, up to two (2) times or for 45 minutes, whichever is shorter. The Company will furnish a dedicated phone line for employees to respond. In the event sufficient qualified employees do not accept the overtime assignment, the Company shall institute the "Unscheduled Overtime - Required" procedure, for that department, as outlined as follows:

- 1st Event: 60 days
- 2nd Event: 120 days
- 3rd Event: Balance of Contract

Before implementing the "Unscheduled Overtime - Required" procedure, the Company will advise the local union president of the event leading to the "Required Overtime" status. When three or more employees are needed in the Distribution Department, at least two "qualified" employees and one or more other employees must respond in order to keep the department from going to the "Unscheduled Overtime - Required" procedure.

Unscheduled Overtime – Required:

The following employees will be available by department at each operating location at all times: three (3) Distribution Technicians and one (1) Service Technician. Employees in this program will be provided with pagers or cell phones and must accept the work assignment when called. For the distribution and service departments, the pagers or cell phones will be assigned on a weekly basis. The pagers or cell phones will be offered and assigned using the process described in the above paragraph for Scheduled Overtime. The involuntary assignment of pagers or cell phones will be limited to 50% of department staffing in the operating location.

Division Mechanic: The Division Mechanic will be expected to respond at least 50% of the time when called for Division Mechanic responsibilities. This will be measured on a quarterly basis with a minimum of six calls. In the event there are less than six calls, the measurement will carry over and be included with the next quarter.

- F. Double time shall be paid for hours worked after an employee has worked in excess of sixteen (16) hours in a twenty-four hour period without eight (8) hours of rest or when the employee has been called out. An employee shall be deemed to have been called out when such employee has quit for the day, has left the Company premises, and is then notified that his services will be required for special or emergency duty. However, Water Treatment Technicians who are called at least 48 hours in advance for an overtime assignment will be paid time and one half. A call out does not occur when work outside of an employee's regular work schedule is prearranged while the employee is at work, or when an employee is held over at the end of his regular work hours. Such call-out premium pay shall commence from the time the employee clocks in.
- G. Any employee called out on an emergency or otherwise, shall be paid a minimum of two (2) hours pay at double time. Minimum call-outs that overlap the employee's starting time shall be backed up to assure that the employee receive the two (2) hour call-out and his regular eight (8) hour work day, provided the employee works his entire work day. No one hour worked shall be the basis for computing pay under more than one of the foregoing provisions. While on overtime status, the employee(s) will respond to additional assignments subject to their ability to perform the work in a reasonable period of time.
- H. If an employee is notified while on duty that he is to appear for work at a time not contiguous to his normal scheduled work day, he shall be paid for a minimum of two hours pay for such appearance at time and one half.
- I. If the Company contacts an employee, while off duty, in order to offer a non-emergency overtime assignment, such offer shall be made at least 16 hours in advance of the starting time of the overtime assignment. All hours worked on such assignment before his regular reporting time, if any, shall be paid at time and one-half the employee's regular straight time rate. In no event will an employee accepting such assignment be paid less than two hours at the rate of time and one-half.
- J. In no event shall employees be required to take time off without pay during scheduled working hours for overtime worked or to be worked.

SECTION 5. Flexible Work Schedule.

The Company may schedule certain employees for work schedules other than the standard work weeks set forth above, subject to the following conditions:

- (a) This provision shall apply only to the following positions for the hours indicated:
 - (i)

Distribution Technician }	
Crew Leader	} Around the clock.
Division Mechanic	}
 - (ii)

Customer Service	
Specialists	} 6 a.m. to 9 p.m. only
- (b) An employee may be placed on a flexible work schedule only one week per contract year (September 1 through August 31) for a five (5) consecutive day period (Monday through Friday, except as provided above) for the same eight (8) consecutive hour period each day.
- (c) An employee on a flexible work schedule will be paid a shift differential pursuant to Notes Relating to Wage Rates, Note No. 2, for any hours not falling within the standard day shift period. The employee will be paid straight time for the first eight (8) hours worked, and overtime thereafter in the manner described in Section 4 above. Usual vacation and holiday provision will be observed as set forth in Article XI and XII of this Agreement.
- (d) Normal call-out procedures (Section 4(f) and (g) above) shall apply to employees on a flexible work schedule, and employees on a flexible schedule will not be required to perform work outside their normal job classifications unless there is an emergency.
- (e) An employee shall be given at least seven (7) calendar days prior written notice before the commencement of a flexible work schedule. Notice shall be by either certified mail, return receipt requested, or by the employee's having an opportunity to sign-off on a written notice form. If such notice is not timely offered to the employee, the employee must work his normal schedule.
- (f) An employee assigned to work under a flexible work schedule under this Section may not request vacation time or personal leave time during the flexible work schedule period after the Company has given the employee written notice of the flexible work schedule, absent an emergency.
- (g) The Company will not require distribution employees to work in one-person crews after dark while on flex time. A one-person crew consists of a single employee working under circumstances where he is not in close proximity to another employee or employees on a certain job.

ARTICLE VIII SAFETY, HEALTH AND UNIFORMS

SECTION 1. Mutual Safety Responsibilities

The Company will make reasonable provision for the safety and health of its employees during the hours of their employment.

SECTION 2. Mutual Safety Responsibilities

The parties agree that they will comply with the provisions of the Federal Occupational Safety and Health Act and other laws regarding safety practices or procedures, together with the regulations thereunder.

SECTION 3. Mutual Safety Responsibilities

The Division Manager shall meet with representatives of the Union at reasonable intervals to discuss feasible and desirable methods of carrying out the safety and health program.

SECTION 4. Foul Weather Gear

The Company will furnish to the crew leaders, distribution technicians, servicemen and meter readers foul weather equipment, including raincoats or rainsuits, rain hats and boots, and will furnish to the distribution technicians suitable arctics. Replacements will be furnished upon the return of worn out items. The Company will also furnish coveralls to the distribution technicians and will pay the cost of laundering the same at reasonable intervals. The Company will furnish a jacket or coveralls in the filter plant for use by the technicians when handling chemicals.

SECTION 5. Shoe Allowance

The Company shall pay one-half (1/2) of the cost (maximum Sixty Dollars (\$60.00) Company payment) for one pair per year or one half of the cost, up to Thirty Dollars (\$30.00) per pair for two pair per year of safety shoes worn by employees and required by the Occupational Safety and Health Administration of the U.S. Government.

SECTION 6. Gloves

The Company shall furnish to the employees appropriate gloves where weather and other conditions warrant the need for such gloves as determined by Management.

SECTION 7. Shower Facilities

The Company will maintain suitable shower facilities for filter plant and service department personnel. The Company will not be required to provide shower facilities at acquired systems which do not already have such facilities.

SECTION 8. Uniforms

The Company will furnish to the meter readers and servicemen a uniform consisting of:

1 jacket	2 summer weight trousers or slacks
1 pea jacket	2 winter weight trousers or slacks
4 shirts or blouses	1 cap

The Company will furnish to all plant employees a uniform consisting of:

- 1 lab jacket (except Division Mechanic)
- 2 summer weight trousers or slacks
- 2 winter weight trousers or slacks
- 4 shirts or blouses

The Company will furnish replacements when necessary. Laundering, dry cleaning, pressing and care of the uniform will be furnished by each meter reader, serviceman and plant employee.

SECTION 9. Wearing of Clothing

Clothing furnished by the Company shall be worn by the employees while at work or on the way to and from work only.

ARTICLE IX LICENSING REQUIREMENTS

SECTION 1. Water Treatment Technicians and Division Mechanics

The Ohio Environmental Protection Agency, having heretofore established requirements for qualifications of water and sewage treatment plant operators (Class I, Class II, Class III and Class IV), the active operators of the filter plant (including Water Treatment Technicians, Provisional Water Treatment Technicians, and Division Mechanics) shall be required to meet the requirements of certificates as hereinafter set forth including operational certification or any other requirement of the Ohio Environmental Protection Agency. Failure of an employee to maintain or meet requirements, or the indication from the Ohio Environmental Protection Agency that an employee may not meet requirements will cause such an employee to be subject to layoff according to Article III of this Agreement.

SECTION 2. Water Treatment Technicians

- (a) Water Treatment Technicians must be the holder of a Class I Water certificate as issued by the Ohio Environmental Protection Agency. An applicant for the position of Water Treatment Technician otherwise qualified but not yet possessing a Class I certificate shall be appointed as a Provisional Water Treatment Technician and shall be allowed up to two (2) opportunities to take the Ohio Environmental Protection Agency examination, and shall be allowed a period of two (2) years from the date of his appointment or until the results of the last examination taken by the applicant are announced, whichever is longer, to qualify for the Class I Certificate, provided, however, that the applicant agrees to attend the first operator's school available in his area or to apply for and complete the appropriate correspondence course available after his appointment to the position of Provisional Water Treatment Technician. The Company shall pay the employee's straight time rate for the day (and second day, if a second opportunity is necessary) for an employee to take the Class I examination. If the applicant qualifies for such certificates within said period of time, he shall be appointed as a Water Treatment Technician. If the applicant fails to so qualify, he shall return to the job, if any, which he held at the time of his application, and the provisions of Article III, Section 6, shall not apply to him. If the applicant fails to so qualify as stated above, he shall not be allowed to bid back into a job requiring a Class I Certificate as issued by the Ohio Environmental Protection Agency until such time as he has received such Certificate.
- (b) For employees appointed to the position of Water Treatment Technician on or after December 1, 1998, the following certifications must be obtained within the following periods after appointment:

Operational	2 months
Laboratory	6 months
Class II Water Certificate	4 years

If such employee fails to timely obtain and maintain said certifications, he shall return to the job, if any, which he held in the company at the time of his application for a position as Water Treatment Technician, and the provisions of Article III, Section 6, shall not apply to him.

Employees in the position of Water Treatment Technician prior to December 1, 1998, will not be required to obtain a Laboratory or Class II Water Certificate certification subject to Article IX, Section 3.

- (c) For employees hired prior to April 1, 2008, upon attaining and maintaining a Class III certificate, and subject to the provisions of Article X, Section 4, the employee may be advanced to the seventh (7th) wage step after 30 months of employment. For employees hired on or after April 1, 2008, upon attaining and maintaining a Class III certificate, and subject to the provisions of Article X, Section 4, the employee may be advanced to the sixth (6th) wage step after 48 months of employment. Employees at the seventh (7th) step prior to April 1, 2008, will be grandfathered at that step even though they may not hold a Class III certificate.

SECTION 3. Water Treatment Technician - Laboratory Certified Position

An employee holding this position must meet all current Water Treatment Technician requirements set forth above, and in addition, must maintain bacteriology and chemical laboratory certifications as required by the Ohio Environmental Protection Agency, with the following conditions applicable:

- (a) A minimum of two (2) such positions will exist in each Division. The existence of the positions will not result in an increase in the total number of bargaining unit employees. One (1) Company non-bargaining unit employee in each Division may also meet qualifications for this position, provided that such employee shall not operate the plant under non-emergency conditions, cause the loss of a bargaining unit position, or replace an existing bargaining unit employee.
- (b) Vacancies in the Water Treatment Technician - Laboratory Certified position may be posted if practicable six months prior to the expiration of the current Division Lab certification. First consideration will be given to employee applicants with a Class I or higher water treatment license; second consideration will be given to employee applications not holding such a license, and if no satisfactory applications are received, the Company may then seek outside applicants. Otherwise, the provisions of Article III, Section 6, of this Agreement will apply.
- (c) As Article X, Section 3 of this Agreement applies to employees bidding for a Water Treatment Technician - Laboratory Certified position, "experience" shall be defined as experience as a Water Treatment Technician while holding Ohio EPA bacteriology and chemistry certifications.
- (d) An applicant taking the position must obtain all required certifications within six (6) months, or sooner, if appropriate certification procedures are available. Until fully licensed and certified, the employee will be qualified as a Provisional Water Treatment Technician - Laboratory Certified. In the event the employee fails to obtain certification within the six (6) month period, or if the employee loses certification, he will be subject to layoff according to Article III of this Agreement.
- (e) The Company will pay for lab certification training upon documentation of successful completion by the employee. The Company will arrange employee scheduling to accommodate such training,

if possible, and will allow paid time off to attend certification training, if such training falls during working hours.

- (f) Schedules and shifts will be determined by the Company, with hours of work to be the same as those of the Water Treatment Technician (Article VII, Section 2). When a vacancy occurs in this classification, except when the position is rotated, the employee having the greatest seniority shall have the option of the day shift.

SECTION 4. Division Mechanics

An employee holding this position must obtain either a Class I Water or Class II Distribution Certificate within two (2) years of the date of his appointment, subject to the time provisions as outlined in Section 5 of this Article.

For employees appointed to the position of Division Mechanic on or after December 1, 1998, the following certifications must be obtained within the following periods after appointment:

Operational	2 months
Electronics, Electrical, Mechanical	3 years

Upon attaining all of the certifications listed above, and subject to the provisions of Article X, Section 4, the employee may be advanced to the seventh (7th) wage step if hired prior to April 1, 2008 and upon having completed 30 months of employment or the sixth (6th) wage step if hired on or after April 1, 2008 and having completed 48 months of employment.

If such employee fails to timely obtain said certifications, he shall return to the job, if any, which he held in the company at the time of his application for a position as Division Mechanic, and the provisions of Article III, Section 6, shall not apply to him.

Employees in the position of Division Mechanic prior to December 1, 1998 are deemed qualified in the Electronics, Electrical and Mechanical certifications and are required to obtain Operational Certification within two (2) months of the date of this Agreement.

SECTION 5. Distribution Technicians and Utility Servicemen

All employees hired on or after September 1, 1986 who are employed in either the Distribution Technician or Utility Serviceman job classification shall be required to obtain a Class I Distribution Certificate as issued by the Ohio Environmental Protection Agency. Such an employee shall be allowed up to two (2) opportunities to take the Ohio Environmental Protection Agency examination, and shall be allowed a period of two (2) years from the date of his appointment or until the results of the last examination taken by the applicant are announced, whichever is longer, to qualify for the Class I Distribution Certificate, provided, however, that the applicant agrees to take the next available test for such Certificate, and in the event he fails such test, that the applicant take the first test available thereafter. The Company will pay an employee straight time for the first time the employee takes a Class I Distribution examination. For any other attempts at the Class I examination or other Distribution examinations, the Company will pay the employee's time on a straight time basis only if the test is passed. If such employee fails to timely obtain said Certificate, he shall return to the job, if any, which he held in the company at the time of his application for a position as Distribution Technician or Utility Serviceman, and the provisions of Article III, Section 6, shall not apply to him.

SECTION 6. Class 2 And 3 Licenses

An employee shall be paid his straight time hourly rate for the day required for taking a Class II or a Class III test, if the employee passes the test.

SECTION 7. Commercial Drivers License

Commercial Drivers Licenses (CDL) will be required for any employee whose job would normally include operating a qualifying vehicle in accordance with applicable laws.

The Company will pay for any required physical examination, including drug screening, CDL license and renewal fees, and up to \$100 for a CDL training program for an employee required to hold a CDL. An employee will be allowed necessary physical examinations, one skills test, one written test, and renewals of current CDL's on Company time. In addition, the Company will provide Company vehicles for skills testing, as well as practicing on the employee's own time. An employee shall take any training course, testing after the first test, and practicing on the employee's own time.

An employee whose position requires a CDL shall either have the CDL prior to being hired, or shall obtain the CDL within six months.

If an employee required to have a CDL fails to obtain and/or maintain such license, the layoff provisions of Article III, Section 8 will be applied.

SECTION 8. Competent Person

A Distribution Technician position requires competent person certification. Within one year of obtaining the position, the employee must receive training and pass a written test on Excavation and Trenching Safety. The employee shall receive training and be provided two opportunities to pass the test. If a Distribution Technician fails to pass said test as described herein, he shall return to the job, if any, which he held at the time of application.

If he did not hold another job prior to becoming a Distribution Technician, the lay-off provisions of Article III, Section 8 shall apply.

SECTION 9. License Renewal Fees

The Company will pay the license renewal fee for all licenses listed above.

ARTICLE X WAGES, LICENSE & SHIFT PREMIUMS

SECTION 1. Wage Rates

Wage rates applicable hereunder during the life of this Agreement and covering all job classifications, as well as the progression steps within the ranges indicated, are set forth in the schedule of wage rates in Exhibit A attached hereto and made a part hereof. Said wage rates shall become effective at the beginning of the pay period next following the scheduled date of the pay increases in odd-numbered years; the wage rates shall become effective at the beginning of the pay period next preceding the scheduled date of pay increases in even-numbered years.

SECTION 2. Temporary Assignments

When an employee is temporarily assigned to higher rated work, he will receive the starting rate for the new job, except where he is already receiving a rate equal to or in excess of said starting rate. In such event, he will receive an increase sufficient to bring him to the progression step in the new job next above his old rate, but not higher than the maximum rate for the new job. In cases of temporary assignment to higher rated work, the employee will revert to his old rate upon conclusion of such assignment.

When it is necessary to temporarily assign an employee to the position of Crew Leader, the assignment will be offered to qualified members of the work team in order of seniority. If the senior members of the work team refuse the assignment, it will automatically go to the least senior qualified member of the team.

SECTION 3. Job Bidding

When an employee bids from one job to another, he shall receive the rate of pay for the next lower progression step or the progression step he had achieved, if higher, if he had previously held that job classification. For an employee who has bid from a job at which he held the top progression step, he may be advanced to the top progression step in his new job classification upon successful demonstration of ability and performance.

SECTION 4. Progression Review

A review of the employee's development and progress in the job will be made by his supervisors in advance of the date scheduled for each progression step. If his progress, measured by demonstrated ability and performance, has been satisfactory, an increase to the next progression step will be made effective on the first day of the payroll period next following expiration of that particular interval, until his rate equals the maximum rate for the particular job. If the employee's progress has not been satisfactory, the Company shall notify such employee in writing, at least seven (7) days in advance, of its reasons for not advancing the employee to the next progression step.

SECTION 5. Pay Periods

Wages shall be paid every other Friday. Changes to the above shall only be with prior notification and with good and sufficient reason.

SECTION 6. License and Shift Premiums

The Company will pay the following hourly premiums, based upon the highest certificate held, for employees who hold the listed certificates as shown below:

Distribution I	\$0.35
Water I	\$0.45
Distribution II	\$0.70
Water II	\$0.80
Water III	\$0.95

Maximum premiums by job classification are as follows:

Meter Reader, Customer Service Specialist	\$0.35
Distribution Technician, Service Person, Crew Leader	\$0.70
Water Treatment Technicians, Division Mechanic	\$0.95

All employees who are, as of 4/1/03, receiving a license premium above the maximums listed in the schedule above are grandfathered at that level unless they lose certification.

Distribution Technicians and Crew Leaders are the only job classifications eligible for a \$0.25 per hour CDL license premium. CDL license premiums are paid in addition to the maximum eligible premium payments listed above.

Water Treatment Technicians working what are commonly referred to as the afternoon or midnight shifts shall be accorded an additional \$0.50 per hour for every hour worked during such shift.

ARTICLE XI VACATIONS

SECTION 1. Schedule of Benefits

Each employee during each calendar year shall receive an annual vacation with pay based upon continuous service computed as of the last employment anniversary date preceding said vacation as follows:

One year and up to two years	One week
Over two years and up to six years	Two weeks
Over six years and up to fifteen years	Three weeks
Fifteen years	Four weeks
Sixteen years	Four weeks and one day
Seventeen years	Four weeks and two days
Eighteen years	Four weeks and three days
Nineteen years	Four weeks and four days
Twenty years and over	Five weeks

Employees, who during the calendar year qualify for an additional period of vacation, will become entitled to that period of vacation as of the first day of the month following the month in which their anniversary date occurs. If the anniversary date occurs in December, then an employee who becomes entitled to an additional period of vacation in December will receive it in December.

SECTION 2. Vacation Pay

Vacation pay will be computed for the period to which each employee is entitled at his straight time rate of pay.

SECTION 3. Scheduling

Each vacation shall consist of consecutive days for the period stated, subject only to the right of recall by the Company in the event of any emergency. However, an employee may elect to take one week of vacation in periods of one or two days, and at the Company's discretion, more than one week in such manner, provided the Company is given a minimum of one day's prior notice, except that in the event of an emergency, two of the days may be taken with less than one day's prior notice. Where employees are working 12-hour shifts, such employees shall give the

Company at least seventy-two (72) hours advance notice. Should more than one employee request the same days off under this provision, the employee making the first request shall be granted the time off.

SECTION 4. Accumulation

Employees' vacation allowances shall not accumulate from one calendar year to another.

SECTION 5. Posting

Vacations will be scheduled and posted on or before April 1 of each year for the time requested by the employees as far as practicable, but with the final right to allot the same remaining with the Company. More than one employee shall be allowed to be on vacation at one time in each of the operating departments upon obtaining approval of management. Management shall consider the number of employees in each department and the total vacation allowed for all employees in that department in order that each employee may take some vacation during the time of year desired by the employee. During the second week of April, the Company shall notify any employee whose requested vacation is in conflict with the requested vacation of another employee with greater seniority.

Any employee may change his vacation that has been scheduled by giving notification to his supervisor at least seven (7) days prior to the start of the scheduled vacation. The employee may reschedule his vacation and the provisions set forth in the first paragraph of this Section 5 shall apply in granting such vacation.

SECTION 6. Limits

In order to assure that the maximum number of employees may enjoy a vacation during the prime vacation period, it is agreed that all vacation time taken by any employee during the period from May 1 to September 30, will be limited to three weeks, unless such employee has a good and sufficient cause or special plan which requires a longer period.

SECTION 7. Forfeiture

An employee will forfeit any right of such vacation if:

- (a) He quits without giving two weeks written notice; or
- (b) He is discharged for cause prior to receiving vacation pay or vacation allowance.

SECTION 8. Company Emergency

In case of emergency, the company reserves the right to grant the employee vacation allowance in lieu of actual vacation.

SECTION 9. Call Back

In the event an employee shall be called back from a vacation, the Company agrees, so far as feasible, to grant an additional day off to such employee for each day of the vacation lost by reason of such call back.

SECTION 10. Reimbursement

In the event the Division Manager finds it necessary to call back an employee from his vacation and such employee is unable to otherwise secure reimbursement of vacation expense money reasonably incurred, the Company shall reimburse such employee for such reasonable expense money.

SECTION 11. Hires after 7/1/03

For those employees hired after 7/1/03, the Blue Star Benefit Plan will apply.

ARTICLE XII HOLIDAYS

SECTION 1. Schedule of Holidays

The following holidays will be recognized:

New Year's Day	Thanksgiving Day
Good Friday	Day after Thanksgiving
Memorial Day	Day before Christmas
July 4th	Christmas Day
Labor Day	

Three (3) paid absence days will be recognized as holidays that may be taken after giving the Company at least forty-eight (48) hours advance notice. Where employees are working 12-hour shifts, such employees shall give the Company at least seventy-two (72) hours advance notice. Employees may use two (2) paid absence day to be broken down in hours, and shall give the required advance notice for such hours they wish to be off.

Employees hired during a year will be given the following paid absence days based upon the quarter in which they are hired:

First quarter	3 days
Second quarter	2 days
Third quarter	1 day
Fourth quarter	0 days

SECTION 2. Weekend Observances

A holiday falling on Saturday, with the exception of the Day before Christmas, will be observed on the preceding day and a holiday falling on a Sunday will be observed on the following day except that shift employees shall observe all holidays on the calendar day on which the holidays fall. When the Day before Christmas holiday falls on a Saturday or Sunday, it shall be observed on the following Monday and Christmas Day shall be observed on the following Tuesday.

SECTION 3. Rate of Pay

Each employee of the Company who does not work on a holiday listed above, shall be paid eight (8) times his straight time hourly rate of pay, provided that if he is scheduled to work on that holiday and fails to do so, he shall be ineligible for such pay unless his failure to work was for sickness or other proper cause. Each employee who does work on a holiday listed above shall receive, in addition to the holiday pay specified in the preceding

sentence, one and one half (1-1/2) times his straight time hourly rate of pay for all hours worked on said holiday during the employee's regular work schedule and double time for all hours worked outside of the employee's regular work schedule.

SECTION 4. Holidays during Vacation

If a holiday for which an employee is entitled to straight time pay as provided in this Article falls within his scheduled vacation period, he shall be given an additional day off with pay, or at the discretion of the Company, a day's pay in lieu thereof.

SECTION 5. For those employees hired after 7/1/03, the Blue Star Benefit Plan will apply.

ARTICLE XIII PENSION AND RETIREMENT PROGRAM

During the period of this Contract, the retirement plan for the Company shall be applicable to employees covered by this Contract.

For those employees hired after 7/1/03, the Blue Star Benefit Plan will apply.

ARTICLE XIV GROUP LIFE, SHORT AND LONG TERM DISABILITY INSURANCE

The Company has in effect Group Life, Short Term and Long Term Disability Insurance Plans. The Company pays the entire cost of the Group Life, Short and Long Term Disability insurance. The short term disability plan shall be applicable to employees who continue to have an extended injury or illness and have exhausted the benefits as outlined in Article VI, Section 1. An employee with 2 to 5 years of service will receive 50% of his pay until the qualifying disability ends or he is eligible for LTD. An employee with over 5 years of service will receive 66.6% of his pay until the qualifying disability ends or he is eligible for LTD. The Long Term Disability Plan maintained by the Company shall be applicable to employees covered by this contract. Regular full time employees of Aqua America are eligible to participate in the life and AD&D plan described in this section. Coverage begins on the first day of the month after the completion of six (6) months of active work with Aqua America. The company will pay the full cost of life and AD&D coverage. An employee's life insurance benefit is based on annual earnings. Annual earnings are regular pay, not including overtime, bonuses, commissions, or any special compensation. The employee benefit is equal to 1.0 times annual earnings, rounded to the next higher multiple of \$1,000 to a maximum benefit of \$200,000. The Company reserves the right to change insurance carriers without approval or concurrence of the union.

All employees in the bargaining unit and new employees will be covered by the Plans subject to the eligibility provisions thereof. It is the plan of the Company to continue these Plans in effect for the duration of this Agreement, subject, of course, to applicable governmental rules and regulation.

For each employee retiring between October 1, 1980 and September 1, 1995, life insurance shall be \$3,000. For employees who retire after September 1, 1995, life insurance shall be \$5,000.

For those employees hired after 7/1/03, the Blue Star Benefit Plan will apply.

ARTICLE XV HOSPITALIZATION AND MEDICAL INSURANCE

SECTION 1. Provisions of Plan

The Company shall provide a comprehensive medical, vision, dental and prescription drug insurance plan for its employees covered under this agreement. The medical program options offered are a PPO and a Flex PPO. The schedule of benefits provided by Aqua must remain in effect for the duration of the contract, and any changes must be mutually agreed upon. Aqua reserves the right to offer additional plan designs during the course of this contract which may present a cost savings to the employees and the Company. It must be understood that choosing these optional plans is an irrevocable election, and the employee would not be allowed to re-elect his previous plan until the next Plan year's open enrollment.

The plan shall be subject to the provisions of Article XV, Sections two through six. Coverage under such plan is limited to one of the following:

- (a) A single employee; or
- (b) An employee and his dependent spouse
- (c) An employee and his dependent child
- (d) An employee and his dependent children
- (e) An employee, his dependent spouse and dependent children. Dependent children will be removed from the benefit plan on the first of the month following their 19th birthday, or if a full-time student, on the first of the month following college graduation or their 23rd birthday, if still a full-time student.

Employees with eligible dependents may opt out of hospitalization and medical insurance upon the terms and conditions outlined in Exhibit D. The opt-outs amounts will be the same as those available to all employees in Ohio.

SECTION 2. Worker's Compensation

The Company will provide insurance as referred to in Section 1, paying the full amount of premium therefore, for an employee (and his dependents) during the first twelve (12) months that such employee is on Worker's Compensation.

SECTION 3. Retirees

The Company will provide for employees retiring after August 31, 1992, at the normal retirement date (as defined in the Hourly Employees Pension Plan) Medicare supplemental insurance which, with Medicare, will equal single employee coverage provided to employees under Section 1 hereof. The Company and the employee will share equally in the premium as of September 1, 1992. Premium increases thereafter will be paid by the retired employee. Such an employee shall have the option of picking up dependent spouse coverage at the employee's cost.

For employees who retire under Early Retirement under the Pension Plan definitions (rule of 95), and for employees who retire between the ages of 60 and 62, the Company will make available employee and dependent spouse coverage. An employee retiring under the rule of 95 shall pay 55% of the combined premium therefore until the employee reaches age 62, or dies (whichever is earlier). Employees retiring between the ages of 60 and 62 and not covered under the rule of 95 will pay 75% of the combined premium therefore until the employee reaches age 62, or dies (whichever is earlier).

Upon such employee's reaching age 62, and for current employees retiring at or after age 62, but before age 65, the Company will pay the premium in effect when the employee reaches age 62 or when the employee retires before age 65 for employee and dependent spouse coverage, which with Medicare, will equal coverage provided to employees under Section 1 hereof up until the employee reaches age 65 or dies (whichever is earlier). Premium increases thereafter will be paid by the retired employee.

Employees hired prior to 7/1/03 and retiring after 4/1/08 will be required to accept Flex Plan coverage if offered.

For those employees hired after 7/1/03, the Blue Star Benefit Plan will apply to any benefits set forth in this article.

SECTION 4. Laid-off Employees

The Company will provide health insurance benefits for a laid-off employee with seven (7) or more years of continuous service, and all other employees, to the extent required by applicable federal and state laws. The Company will also continue to provide life insurance as referred to in Article XIV, as described above.

SECTION 5. Payment of Premiums

Bargaining unit employees will contribute toward the premiums for health care and dental insurance as shown below:

	<u>Effective 4/1/08</u>	<u>Effective 1/1/09</u>	<u>Effective 1/1/10</u>
Universal Plan	20% subject to caps from 2006 agreement	20%	20%
Flex Plan	N/A	13%	15%

SECTION 6. Long Term Disability

The Blue Star Plan offers medical coverage to employees that are on approved LTD for up to 5 years provided they pay the contribution amounts required and they are deemed totally disabled and continue on LTD for that period of time.

SECTION 7. Employees Hired After 7/1/03

For those employees hired after 7/1/03, the Blue Star Benefit Plan will apply.

ARTICLE XVI SUNDRY PROVISIONS

SECTION 1. Meal Allowances

When an employee is required to work more than two (2) hours in addition to his scheduled day, the Company shall reimburse the employee up to \$15 for a meal to be eaten at the jobsite. Additional meals shall be reimbursable up to \$15 after each five (5) hours of continuous work following the previous meal.

If an employee is called out to work without advance notice under Article VII, Section 4 (f) of this Agreement, the Company shall reimburse the employee up to \$15 for a meal to be eaten at the jobsite after three (3) hours of continuous work, and additional meals shall be reimbursable up to \$15 after each five (5) hours of continuous work following the previous meal.

In lieu of electing to eat a meal as described above, the employee may elect to be paid an additional one hour for each meal not taken, once the work assignment has been completed and the employee has clocked out.

SECTION 2. Rest Periods

If an employee has worked sixteen (16) hours or more in a twenty-four (24) hour period, he shall not, after being released, be permitted to work until he has had eight (8) hours rest. In the event any part of the eight (8) hour rest period coincides with his normal schedule of hours, he shall receive his straight time pay for such hours. The company will make every effort, where practicable, to insure said employee's release at the earliest time possible.

In the event an employee is released at the beginning of his regularly scheduled shift and is entitled to an eight (8) hour rest period, as provided in the paragraph above, the employee may elect to have his lunch period moved to the end of the shift so he receives eight (8) hours of pay during his rest period and is not required to return to work.

A distribution employee who has worked four (4) or more hours within a period beginning ten (10) hours before such employee's regularly scheduled starting time shall be entitled, when released from such work, to a rest period of five (5) hours. Hours worked into the regularly scheduled day in connection with this paragraph shall be paid at the straight time hourly rate. In the event that any part of said rest period coincides with the employee's regular schedule of hours, the employee shall receive his straight time rate of pay for said time. This provision shall not apply to employees called out less than four (4) hours prior to their regular starting time.

Immediately upon being released from work, as outlined in paragraph three of this section, the employee may select from the following options:

1. The employee may elect to work the appropriate number of hours at straight time so that the conclusion of the rest period coincides with the end of his regularly scheduled day.
2. The employee may elect to take his rest period and return to work within the appropriate number of hours in order to complete his regularly scheduled day.
3. The employee may elect to take his rest period and be excused without pay for the remainder of his regularly scheduled day.
4. The employee may elect to utilize his paid absence or vacation days in order to complete his regularly scheduled day if he elects not to return to work.

The employee's immediate supervisor or designee must agree upon the choice of the preceding options.

SECTION 3. Mileage Allowance

- A. Where the Company expressly authorizes an employee to use his private automobile on Company business, he will be paid at the rate as is authorized as a business deduction by Internal Revenue Service regulations.
- B. In the Lake Shore Division, if employees are assigned on a regularly scheduled work day to other than their normal reporting location, and such assignment requires an employee to drive an additional distance than he would normally drive to his/her normal reporting point, he/she will be compensated for the additional miles driven at the rate authorized as a business deduction by the Internal Revenue Service regulations.
 1. Employees will be required to notify the company of the distance from their home to their normal reporting location and the distance from their home to the other reporting locations in the Division. When claiming mileage reimbursement, employees will be required to submit a voucher indicating additional miles traveled when traveling to and from work.
 2. The foregoing shall not apply to employees hired after the signing of this agreement. In addition, current employees who move their residence after December 31, 1998 will become ineligible for mileage payments.

3. Employees offered the opportunity to work either call-out or prescheduled overtime that requires them to report to other than their normal reporting location, shall not be eligible for travel pay if the opportunity is accepted.
4. When an employee changes job duties or the Company changes the employee's normal reporting site, he/she will not be eligible for mileage reimbursement unless traveling to a non-normal reporting site, which is an additional distance from his/her residence than his/her normal reporting site.
5. Normal reporting sites for the purposes of the article and section will be the Ashtabula County Service Office, the Lake County Service Office and the Lake County Treatment facility.

SECTION 4. Leave of Absence

A leave of absence from work without pay may be granted an employee for personal reasons with the consent of both the Company and the Union, provided the employee submits in writing the reasons for such leave, and such employee shall give the Company a minimum of five (5) working days advance notice.

In the event an employee's ability to properly perform the duties of his job is impaired by either illness or accident (said impairment being established by a doctor's certificate) so that a leave of absence becomes necessary and the employee thereafter seeks reinstatement, it is agreed that, provided he is qualified to resume the duties of his former job, or is accepted on some other job, and said leave of absence has not exceeded six (6) months, said employee will not lose his division seniority and continuous service as existing at the time said leave of absence commences, though he will not accumulate any additional seniority, nor will he receive any pay or benefits unless otherwise mutually agreed.

SECTION 5. Funeral Leave

In the event of the death of the father, mother, spouse, child, or grandchild, time off from an employee's basic work week will be allowed not exceeding a total of four days with straight time pay for the days for which he was otherwise scheduled to work. In the event of the death of the brother, sister, grandparent, stepfather, stepmother, stepgrandparent, stepgrandchild, stepchild, mother-in-law, father-in-law, brother-in-law or sister-in-law of an employee, time off from an employee's basic work week will be allowed not exceeding a total of two days with straight time pay for the days for which he was otherwise scheduled to work.

SECTION 6. Jury Duty

In the event that an employee shall be called to serve on jury duty, the Company agrees to make up to such employee the difference between his regular straight time pay and that received by him as a juror during his period of service as such juror.

SECTION 7. Inclement Weather

Employees shall not be required to work outdoors in extremely inclement weather unless such work is required to protect life or property, or to maintain service. The Division Manager or Supervisor, during such weather, shall assign such employees work indoors insofar as such work is available.

SECTION 8. Outside Contractors

It is the policy of the Company to maintain a working force of sufficient size to perform the regular work of the Company bearing in mind the objective of providing stable and regular employment for the employees. The Company will not employ outside contractors to perform work which will result in the discharge or laying off of employees who ordinarily or customarily perform such work. However, the Company may employ outside contractors, or rent needed equipment, or hire temporary employees to meet an emergency endangering life, property or the maintenance of service.

SECTION 9. Pyramiding of Pay

Under no circumstances shall an hour worked be the basis for computation and payment of overtime or premium pay on more than one basis; in other words, there shall be no pyramiding of premium pay in any form.

SECTION 10. Gender

Whenever the masculine gender is used herein, it shall be deemed to include the masculine and/or feminine gender, as the context may require.

SECTION 11. Temporary Employees

Other than persons employed under high school programs and persons employed seasonally to cut grass or to paint hydrants, temporary employees will do no bargaining unit work.

SECTION 12. "Emergency" Definition

"Emergency" as used throughout this Agreement means a situation or occurrence which could not have been reasonably foreseen or anticipated, or a sudden, unexpected occurrence demanding immediate action to restore operations or to prevent danger.

SECTION 13. Copies of Labor Agreement

The Company will submit to each Local Union a copy of the labor agreement as revised to reflect all changes agreed upon at any negotiation or renegotiations of the terms thereof prior to execution by the parties, and will provide copies of the executed Contract to each Local Union within ninety (90) days after the conclusion of such negotiation or renegotiations and execution of the Contract by the Union.

SECTION 14. Union Officer Notification

The names of all Local officers and stewards shall be furnished to the Company immediately after their election or appointment.

SECTION 15. Negotiation Pay

The Company will pay for straight time up to 80 hours per division with a maximum of two people attending per session and a maximum of 40 hours per employee. Time will only be paid for negotiations held during an employee's scheduled work hours.

SECTION 16. Supervisor Work

A supervisor may do work reasonably and properly called for to meet an emergency, to protect the life or property or to maintain service. A supervisor should have reasonable latitude in determining when he should do work himself and when he shall direct the employees to do that work, it being expressly understood that no supervisor shall do work himself for the purpose of depriving an employee of work otherwise customarily done by that employee.

In checking plants and pipelines and supervising pumping, purification and distribution of water and checking samples, gauges and charts, the supervisor may make incidental tests for himself and may change charts when making supervisory checks. In supervising transmission and distribution lines, the supervisor may investigate leaks and breaks and determine the work to be done and the personnel to be used. He may shut off service pending repairs.

The foregoing is intended to exemplify the distinction called for by this Agreement and is not an all-inclusive statement of the work intended to be included in, or excluded from, proper supervisory duties.

SECTION 17. Drug & Alcohol Policy

The Aqua America Alcohol and Drug Policy, attached as Exhibit B and made a part hereof, shall be applicable to employees covered by this Agreement.

ARTICLE XVII INFORMAL AGREEMENTS

Informal agreements, attached as Exhibit C, are made a part of this Agreement.

ARTICLE XVIII

CONCLUSION

This Agreement shall become effective as of April 1, 2008, and shall continue in effect through March 31, 2010, and thereafter from year to year; provided that either party may terminate any or all of the provisions hereof as of March 31, 2010, or any anniversary date thereafter, by notifying the other party, in writing, at least sixty (60) days before the anniversary date, of the changes or additions desired by such party. Except as to the changes and additions in such notice, the Agreement shall continue as stated herein. Negotiations shall begin not later than forty-five (45) days prior to the anniversary of the Agreement.

The Aqua America Alcohol and Drug Policy, attached as Exhibit B and made a part hereof, shall be applicable to employees covered by this Agreement.

ARTICLE XVII INFORMAL AGREEMENTS

Informal agreements, attached as Exhibit C, are made a part of this Agreement.

ARTICLE XVIII

CONCLUSION

This Agreement shall become effective as of April 1, ~~2008~~ and shall continue in effect through March 31, ~~2009~~ and thereafter from year to year; provided that either party may terminate any or all of the provisions hereof as of March 31, ~~2009~~ or any anniversary date thereafter, by notifying the other party, in writing, at least sixty (60) days before the anniversary date, of the changes or additions desired by such party. Except as to the changes and additions in such notice, the Agreement shall continue as stated herein. Negotiations shall begin not later than forty-five (45) days prior to the anniversary of the Agreement.

This agreement supersedes any and all prior agreements, understandings, letters or informal arrangements of any kind or character relating to the subject matter hereof, except those appearing within this contract.

IN WITNESS WHEREOF, the parties have affixed their signatures as of the 4th day of August, 2008.

UTILITY WORKERS UNION OF AMERICA

By: [Signature]
Donald P. Opatka, National Representative

AQUA OHIO, INC.

By: [Signature]
Walter J. Pishkur, President

LOCAL #425 UTILITY WORKERS UNION
OF AMERICA

By: [Signature]
President

And: [Signature]
Vice President

LOCAL #428 UTILITY WORKERS UNION
OF AMERICA

By: [Signature]
President

And: [Signature]
Vice President

LOCAL #427 UTILITY WORKERS UNION
OF AMERICA

By: [Signature]
President

And: [Signature]
Vice President

EXHIBIT C
INFORMAL AGREEMENTS

WORKER'S COMPENSATION WAGE ASSIGNMENT

Assignment pursuant to Article 6, Section 6(C) of the Agreement between Aqua Ohio, Inc. and Utility Workers Union of America AFL-CIO, Aqua Ohio Joint Council.

I, _____, employee of Aqua Ohio, Inc., hereby assign all my rights to lost time wage benefits from Ohio Workers' Compensation to my employer, Aqua Ohio, Inc., by reason of an injury or accident taking place on _____ for which I have filed, or am promptly filing, an application for Workers' Compensation benefits.

This assignment is pursuant to a bargaining agreement dated September 1, 1986 between Aqua Ohio, Inc. and the Utility Workers Union of America of which Union the undersigned is a member.

Name: _____

Date: _____

05/29/09

EXHIBIT A
AQUA OHIO, INC.
UNION WAGE RATES

FOR EMPLOYEES HIRED PRIOR TO 4/1/08														FOR EMPLOYEES HIRED AFTER 4/1/08					
POSITION	BEGIN	6 MOS.	12 MOS.	18 MOS.	24 MOS.	30 MOS.	7TH STEP	BEGIN	12 MOS.	24 MOS.	36 MOS.	48 MOS.	6TH STEP						
UTILITY SERVICEMAN AND DISTRIBUTION TECHNICIAN																			
4/1/2008	\$13.92	\$15.77	\$17.61	\$19.50	\$21.35	\$23.19		\$13.92	\$16.05	\$18.18	\$20.32	\$23.19							
4/1/2009	\$14.34	\$16.24	\$18.14	\$20.09	\$21.99	\$23.89		\$14.34	\$16.64	\$18.73	\$20.93	\$23.69							
UTILITY METER READER																			
4/1/2008	\$12.65	\$14.40	\$16.10	\$17.91	\$19.60	\$21.37													
4/1/2009	\$13.03	\$14.83	\$16.58	\$18.45	\$20.19	\$22.01													
UTILITY METER READER (for employees hired after 4/1/03 and prior to 4/1/08)																			
4/1/2008	\$12.65	\$14.69	\$16.21	\$18.05				\$12.65	\$13.89	\$15.13	\$16.39	\$18.05							
4/1/2009	\$13.03	\$15.13	\$16.70	\$18.59				\$13.03	\$14.31	\$15.59	\$16.87	\$18.59							
PROVISIONAL WATER TREATMENT TECHNICIAN - OPERATIONAL CERTIFICATION																			
WATER TREATMENT TECHNICIAN - OPERATIONAL CERTIFICATION																			
4/1/2008	\$14.91	\$16.68	\$18.23	\$19.95	\$21.66	\$23.33	\$24.33	\$14.91	\$16.66	\$18.78	\$20.72	\$23.33	\$24.33						
4/1/2009	\$16.36	\$17.08	\$18.78	\$20.55	\$22.31	\$24.03	\$25.06	\$15.36	\$17.35	\$18.35	\$21.34	\$24.03	\$25.06						
PROVISIONAL WATER TREATMENT TECHNICIAN - LABORATORY CERTIFICATION																			
WATER TREATMENT TECHNICIAN - LABORATORY CERTIFICATION																			
4/1/2008	\$15.64	\$17.31	\$18.95	\$20.71	\$22.39	\$24.08	\$25.09	\$15.64	\$17.58	\$18.52	\$21.46	\$24.08	\$25.09						
4/1/2009	\$16.11	\$17.83	\$19.52	\$21.33	\$23.06	\$24.80	\$25.84	\$16.11	\$18.11	\$20.11	\$22.11	\$24.80	\$25.84						
DIVISION MECHANIC																			
4/1/2008	\$15.83	\$17.42	\$19.06	\$20.70	\$22.32	\$23.94	\$25.09	\$15.83	\$17.70	\$18.56	\$21.43	\$23.94	\$25.09						
4/1/2009	\$16.30	\$17.94	\$19.53	\$21.32	\$22.99	\$24.66	\$25.84	\$16.30	\$18.22	\$20.15	\$22.07	\$24.66	\$25.84						
CUSTOMER SERVICE SPECIALIST																			
4/1/2008	\$10.83	\$12.36	\$13.85	\$15.39	\$16.83	\$18.38		\$10.83	\$12.57	\$14.30	\$16.04	\$18.38							
4/1/2009	\$11.15	\$12.73	\$14.27	\$15.82	\$17.33	\$18.93		\$11.15	\$12.84	\$14.73	\$16.52	\$18.93							
CREW LEADER																			
4/1/2008	\$24.63	NO STEPS FOR THIS POSITION						\$24.63	NO STEPS FOR THIS POSITION										
4/1/2009	\$25.37							\$25.37											

A Check if: 1a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instr.) <input type="checkbox"/> 4 Schedule M-3 attached <input checked="" type="checkbox"/>	Use IRS label. Other- wise, print or type.	Name: Aqua Ohio Inc Number, street, and room or suite no. If a P.O. box, see instructions. 6650 SOUTH AVENUE BOX 5230 City or town, state, and ZIP code POLAND OH 44514	B Employer identification number 34-1121305 C Date incorporated 12/29/1972 D Total assets (see instructions) \$ 227,148,622
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change			

Income	1 a	Gross receipts or sales	40,179,597	b	Less returns and allowances		c	Bal ▶	1c	40,179,597
	2	Cost of goods sold (Schedule A, line 8)							2	10,069,902
	3	Gross profit. Subtract line 2 from line 1c							3	30,109,695
	4	Dividends (Schedule C, line 19)							4	0
	5	Interest							5	114,597
	6	Gross rents							6	360
	7	Gross royalties							7	
	8	Capital gain net income (attach Schedule D (Form 1120))							8	18,390
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)							9	0
	10	Other income (see instructions - attach schedule)			See Stmt 1				10	1,483,628
	11	Total income. Add lines 3 through 10							11	31,726,670
Deductions	12	Compensation of officers (Schedule E, line 4)							12	0
	13	Salaries and wages (less employment credits)							13	2,392,555
	14	Repairs and maintenance							14	
	15	Bad debts							15	367,687
	16	Rents							16	168,906
	17	Taxes and licenses			See Stmt 2				17	9,661,420
	18	Interest							18	3,242,447
	19	Charitable contributions							19	35,767
	20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)							20	8,520,722
	21	Depletion							21	
	22	Advertising							22	31,418
	23	Pension, profit-sharing, etc., plans							23	648,399
	24	Employee benefit programs							24	99,224
	25	Domestic production activities deduction (attach Form 8903)							25	
	26	Other deductions (attach schedule)			See Stmt 3				26	4,607,604
	27	Total deductions. Add lines 12 through 26							27	29,776,149
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11							28	1,950,521
	29	Less: a Net operating loss deduction (see instructions)			29a					
		b Special deductions (Schedule C, line 20)			29b	0			29c	0
Tax Refundable Credits	30	Taxable income. Subtract line 29c from line 28 (see instructions)							30	1,950,521
	31	Total tax (Schedule J, line 10)							31	669,397
	32a	2007 overpayment credited to 2008	32a							
	b	2008 estimated tax payments	32b							
	c	2008 refund applied for on Form 4466	32c	()						
		d Bal ▶	32d							
	e	Tax deposited with Form 7004	32e							
	f	Credits: (1) Form 2439 (2) Form 4136	32f							
	g	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g						32h	0
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached							33	
	34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed							34	669,397
	35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid							35	NONE
	36	Enter amt from line 35 you want: Credited to 2009 estimated tax NONE Refunded							36	NONE

Sign Here
Signature of officer _____ Date _____ Title _____

Paid Preparer's Use Only
Preparer's signature _____ Date _____
Firm's name (or yours if self-employed), address, and ZIP code _____
Check if self-employed ☐ EIN _____
Phone no. _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
May the IRS discuss this return with the preparer shown below (see instr.)? ☐ Yes ☐ No

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	0
2	Purchases	2	
3	Cost of labor	3	2,624,289
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule) See Stmt. 4	5	7,445,613
6	Total. Add lines 1 through 5	6	10,069,902
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	10,069,902

9 a Check all methods used for valuing closing inventory:

(i) ☒ Cost(ii) ☐ Lower of cost or market(iii) ☐ Other (Specify method used and attach explanation.) ▶b Check if there was a writedown of subnormal goods. ▶ ☐c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage

(or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?

If "Yes," attach explanation

☐ Yes ☐ No**Schedule C Dividends and Special Deductions**

(see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	Total. Add lines 1 through 8. See instructions for limitation		0
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4	0	
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		0

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1	INFORMATION AVAILABLE PER REQUEST	%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2	Total compensation of officers				0
3	Compensation of officers claimed on Schedule A and elsewhere on return				
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12				0

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2 663,177
3	Alternative minimum tax (attach Form 4626)		3 6,220
4	Add lines 2 and 3		4 669,397
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	0
7	Subtract line 6 from line 4	7	669,397
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)	9	NONE
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31.	10	669,397

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. <input type="checkbox"/> 221300		
b	Business activity <input type="checkbox"/> PUBLIC UTILITY		
c	Product or service <input type="checkbox"/> WATER SUPPLY		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation <input type="checkbox"/> AQUA AMERICA INC 23-1702594	X	
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v).	X	

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv).		
---	---	--	--

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

Schedule K Continued**5** At the end of the tax year, did the corporation:

Yes	No
	X

- a** Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on **Form 851, Affiliations Schedule**? For rules of constructive ownership, see instructions
- If "Yes," complete (i) through (iv).

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

- b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions
- If "Yes," complete (i) through (iv).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

	X
--	----------

If "Yes," file **Form 5452, Corporate Report of Nondividend Distributions**.

If this is a consolidated return, answer here for the parent corporation and on **Form 851** for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?

	X
--	----------

For rules of attribution, see section 318. If "Yes," enter:

(i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____

(c) The corporation may have to file **Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business**. Enter the number of Forms 5472 attached ▶ _____

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐

If checked, the corporation may have to file **Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments**.

9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ NONE

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☐

If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____

13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?

	X
--	----------

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____

Schedule L Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		2,947,056		1,057,486
2 a Trade notes and accounts receivable	4,844,966		3,839,005	
b Less allowance for bad debts	(346,465)	4,498,501	(294,454)	3,544,551
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) See Stmt. 5		3,600,541		3,581,266
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule) See Stmt. 6		36,277		46,092
10 a Buildings and other depreciable assets	236,799,871		259,006,505	
b Less accumulated depreciation	(50,947,530)	185,852,341	(54,358,202)	204,648,303
11 a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)		4,798,815		
13 a Intangible assets (amortizable only)	6,519,215			
b Less accumulated amortization	()	6,519,215	()	
14 Other assets (attach schedule) See Stmt. 7		13,657,545		14,270,924
15 Total assets		221,910,291		227,148,622
Liabilities and Shareholders' Equity				
16 Accounts payable		3,994,473		2,346,354
17 Mortgages, notes, bonds payable in less than 1 year See Stmt. 8		8,594,500		10,594,500
18 Other current liabilities (attach schedule)		8,996,314		8,852,397
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 yr or more		58,896,980		57,845,246
21 Other liabilities (attach schedule) See Stmt. 9		90,212,281		94,981,060
22 Capital stock: a Preferred stock				
b Common stock	2,598,000	2,598,000	2,598,000	2,598,000
23 Additional paid-in capital		11,223,341		11,588,365
24 Retained earnings - Appropriated (attach schedule)		0		0
25 Retained earnings - Unappropriated		37,394,402		38,342,700
26 Adjustments to shareholders' equity (attach schedule)		0		0
27 Less cost of treasury stock		()		()
28 Total liabilities and shareholders' equity		221,910,291		227,148,622

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books		Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Charitable contributions \$		b Charitable contributions \$	
c Travel and entertainment \$			
6 Add lines 1 through 5		9 Add lines 7 and 8	
		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	37,394,402	5 Distributions: a Cash	2,632,000
2 Net income (loss) per books	3,580,307	b Stock	
3 Other increases (itemize):		c Property	
		6 Other decreases (itemize):	
		See Stmt 10	9
	0	7 Add lines 5 and 6	2,632,009
4 Add lines 1, 2, and 3	40,974,709	8 Balance at end of year (line 4 less line 7)	38,342,700

Alternative Minimum Tax - Corporations

OMB No. 1545-0175

2008Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to the corporation's tax return.

Name

Aqua Ohio Inc

Employer identification number

34-1121305

Part I Alternative Minimum Tax Computation**Note:** See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

1	Taxable income or (loss) before net operating loss deduction	1	1,950,521
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	1,401,137
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	
f	Long-term contracts	2f	
g	Merchant marine capital construction funds	2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h	
i	Tax shelter farm activities (personal service corporations only)	2i	
j	Passive activities (closely held corporations and personal service corporations only)	2j	
k	Loss limitations	2k	
l	Depletion	2l	
m	Tax-exempt interest income from specified private activity bonds	2m	
n	Intangible drilling costs	2n	
o	Other adjustments and preferences	2o	
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	3	3,351,658
4	Adjusted current earnings (ACE) adjustment:		
a	ACE from line 10 of the ACE worksheet in the instructions	4a	3,345,439
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b	-6,229
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	4,672
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You must enter an amount on line 4d (even if line 4b is positive)	4d	375,000
e	ACE adjustment.		
	<ul style="list-style-type: none"> • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount 	4e	-4,672
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT.	5	3,346,986
6	Alternative tax net operating loss deduction (see instructions)	6	
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	7	3,346,986
8	Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
a	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a	
b	Multiply line 8a by 25% (.25)	8b	
c	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8c	0
9	Subtract line 8c from line 7. If zero or less, enter -0-	9	3,346,986
10	If the corporation had qualified timber gain, complete Part II and enter the amount from line 24 here. Otherwise, multiply line 9 by 20% (.20)	10	669,397
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)	11	
12	Tentative minimum tax. Subtract line 11 from line 10	12	669,397
13	Regular tax liability before applying all credits except the foreign tax credit	13	663,177
14	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return.	14	6,220

For Paperwork Reduction Act Notice, see the instructions.

Form 4626 (2008)

Part II **Alternative Tax for Corporations with Qualified Timber Gain.** Complete Part II only if the corporation had qualified timber gain under section 1201(b). See instructions.

15	Enter qualified timber gain from Schedule D (Form 1120), line 15, as refigured for the AMT, if necessary. If you are filing Form 1120-RIC, see instructions for the amount to enter	15	0
16	Enter the amount from Schedule D (Form 1120), line 13, as refigured for the AMT, if necessary.	16	0
17	Enter the amount from Part I, line 9	17	0
18	Enter the smallest of the amount on line 15, line 16, or line 17	18	0
19	Multiply line 18 by 15% (.15)	19	
20	Subtract line 18 from line 17	20	
21	Multiply line 20 by 20% (.20)	21	
22	Enter the total of line 19 and line 21	22	
23	Multiply line 17 by 20% (.20)	23	
24	Enter the smaller of line 22 or line 23 here and on Part I, line 10.	24	

Adjusted Current Earnings (ACE) Worksheet

▶ See ACE Worksheet Instructions. (which begin on page 8).

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626	1	3,351,658
2	ACE depreciation adjustment:		
a	AMT depreciation	2a	7,119,585
b	ACE depreciation:		
(1)	Post-1993 property	2b(1)	
(2)	Post-1989, pre-1994 property	2b(2)	
(3)	Pre-1990 MACRS property	2b(3)	
(4)	Pre-1990 original ACRS property	2b(4)	
(5)	Property described in sections 168(f)(1) through (4)	2b(5)	
(6)	Other property	2b(6)	7,125,814
(7)	Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)	7,125,814
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a	2c	-6,229
3	Inclusion in ACE of items included in earnings and profits (E&P):		
a	Tax-exempt interest income	3a	
b	Death benefits from life insurance contracts	3b	
c	All other distributions from life insurance contracts (including surrenders)	3c	
d	Inside buildup of undistributed income in life insurance contracts	3d	
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list)	3e	
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e	3f	0
4	Disallowance of items not deductible from E&P:		
a	Certain dividends received	4a	
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b	
c	Dividends paid to an ESOP that are deductible under section 404(k)	4c	
d	Nonpatronage dividends that are paid and deductible under section 1382(c)	4d	
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e	
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e	4f	0
5	Other adjustments based on rules for figuring E&P:		
a	Intangible drilling costs	5a	
b	Circulation expenditures	5b	
c	Organizational expenditures	5c	
d	LIFO inventory adjustments	5d	
e	Installment sales	5e	
f	Total other E&P adjustments. Combine lines 5a through 5e	5f	0
6	Disallowance of loss on exchange of debt pools	6	
7	Acquisition expenses of life insurance companies for qualified foreign contracts	7	
8	Depletion	8	
9	Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property	9	
10	Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626	10	3,345,429

For Paperwork Reduction Act Notice, See Instructions.

**SCHEDULE D
(Form 1120)**

Department of the Treasury
Internal Revenue Service

Name

Aqua Ohio Inc

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L,
1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ See separate instructions.

OMB No. 1545-0123

2008

Employer identification number

34-1121305

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					
2	Short-term capital gain from installment sales from Form 6252, line 26 or 37				2
3	Short-term gain or (loss) from like-kind exchanges from Form 8824				3
4	Unused capital loss carryover (attach computation)				4 ()
5	Net short-term capital gain or (loss). Combine lines 1 through 4.				5 0

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

6					
7	Enter gain from Form 4797, line 7 or 9.				7 18,390
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37				8
9	Long-term gain or (loss) from like-kind exchanges from Form 8824.				9
10	Capital gain distributions (see instructions)				10
11	Net long-term capital gain or (loss). Combine lines 6 through 10				11 18,390

Part III Summary of Parts I and II

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)				12 0
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)				13 18,390
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns. If the corporation has qualified timber gain, also complete Part IV.				14 18,390

Note: If losses exceed gains, see **Capital losses** in the instructions.

Part IV Alternative Tax for Corporations with Qualified Timber Gain. Complete Part IV only if the corporation has
qualified timber gain under section 1201(b). Skip this part if you are filing Form 1120-RIC. See instructions.

15	Enter qualified timber gain (as defined in section 1201(b)(2))				15	
16	Enter taxable income from Form 1120, page 1, line 30, or the applicable line of your tax return.				16	
17	Enter the smallest of: (a) the amount on line 15; (b) the amount on line 16; or (c) the amount on Part III, line 13				17	
18	Multiply line 17 by 15%				18	
19	Subtract line 13 from line 16. If zero or less, enter -0-				19 0	
20	Enter the tax on line 19, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed				20	
21	Add lines 17 and 19				21	
22	Subtract line 21 from line 16. If zero or less, enter -0-				22 0	
23	Multiply line 22 by 35%				23	
24	Add lines 18, 20, and 23				24	
25	Enter the tax on line 16, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed				25	
26	Enter the smaller of line 24 or line 25. Also enter this amount on Form 1120, Schedule J, line 2, or the applicable line of your tax return.				26	

**SCHEDULE M-3
(Form 1120)**

Department of the Treasury
Internal Revenue Service

**Net Income (Loss) Reconciliation for Corporations
With Total Assets of \$10 Million or More**

▶ Attach to Form 1120 or 1120-C.

▶ See separate instructions.

OMB No. 1545-0123

2008

Name of corporation (common parent, if consolidated return)

Aqua Ohio Inc

Employer identification number

34-1121305

Check applicable box(es):

(1) ☐ Non-consolidated return

(2) ☐ Consolidated return (Form 1120 only)

(3) ☐ Mixed 1120/L/PC group

(4) ☐ Dormant subsidiaries schedule attached

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

1 a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?

☐ Yes. Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.

☒ No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.

b Did the corporation prepare a certified audited non-tax-basis income statement for that period?

☐ Yes. Skip line 1c and complete lines 2a through 11 with respect to that income statement.

☒ No. Go to line 1c.

c Did the corporation prepare a non-tax-basis income statement for that period?

☐ Yes. Complete lines 2a through 11 with respect to that income statement.

☒ No. Skip lines 2a through 3c and enter the corporation's net income (loss) per its books and records on line 4a.

2 a Enter the income statement period: Beginning _____ Ending _____

b Has the corporation's income statement been restated for the income statement period on line 2a?

☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)

☐ No.

c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?

☐ Yes. (If "Yes," attach an explanation and the amount of each item restated.)

☐ No.

3 a Is any of the corporation's voting common stock publicly traded?

☐ Yes.

☐ No. If "No," go to line 4a.

b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock

c Enter the nine-digit CUSIP number of the corporation's

primary publicly traded voting common stock

4 a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1.

4a

b Indicate accounting standard used for line 4a (see instructions):

(1) ☐ GAAP (2) ☐ IFRS (3) ☐ Statutory (4) ☐ Tax-basis (5) ☐ Other (specify) _____

5 a Net income from nonincludible foreign entities (attach schedule)

5a

b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount).

5b

6 a Net income from nonincludible U.S. entities (attach schedule)

6a

b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)

6b

7 a Net income (loss) of other includible foreign disregarded entities (attach schedule)

7a

b Net income (loss) of other includible U.S. disregarded entities (attach schedule).

7b

c Net income (loss) of other includible entities (attach schedule)

7c

8 Adjustment to eliminations of transactions between includible

entities and nonincludible entities (attach schedule)

8

9 Adjustment to reconcile income statement period to tax year (attach schedule)

9

10 a Intercompany dividend adjustments to reconcile to line 11 (attach schedule).

10a

b Other statutory accounting adjustments to reconcile to line 11 (attach schedule).

10b

c Other adjustments to reconcile to amount on line 11 (attach schedule).

10c

11 Net income (loss) per income statement of includible corporations. Combine lines 4 through 10

11

0

Note. Part I, line 11, must equal the amount on Part II, line 30, column (a), and Schedule M-2, line 2.

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

	Total Assets	Total Liabilities
a Included on Part I, line 4		
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Name of corporation (common parent, if consolidated return)

Employer identification number

Aqua Ohio Inc

34-1121305

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC groupCheck if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)		(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Section 78 gross-up				
5	Gross foreign distributions previously taxed				
6	Income (loss) from equity method U.S. corporations				
7	U.S. dividends not eliminated in tax consolidation				
8	Minority interest for includible corporations				
9	Income (loss) from U.S. partnerships				
10	Income (loss) from foreign partnerships				
11	Income (loss) from other pass-through entities				
12	Items relating to reportable transactions (attach details)				
13	Interest income (attach Form 8916-A)	114,597			114,597
14	Total accrual to cash adjustment				
15	Hedging transactions				
16	Mark-to-market income (loss)				
17	Cost of goods sold (attach Form 8916-A)	(9,106,922)	-962,980		(10,069,902)
18	Sale versus lease (for sellers and/or lessors)				
19	Section 481(a) adjustments				
20	Unearned/deferred revenue				
21	Income recognition from long-term contracts				
22	Original issue discount and other imputed interest				
23 a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	18,390	-18,390		
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities		18,390		18,390
c	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e	Abandonment losses				
f	Worthless stock losses (attach details)				
g	Other gain/loss on disposition of assets other than inventory				
24	Capital loss limitation and carryforward used				
25	Other income (loss) items with differences (attach schedule)	127,232	183,220		310,452
26	Total Income (loss) Items. Combine lines 1 through 25	-8,846,703	-779,760	0	-9,626,463
27	Total expense/deduction items (from Part III, line 36)	-15,921,671	-2,369,904	1,519,878	-16,771,697
28	Other items with no differences	28,348,681			28,348,681
29 a	Mixed groups, see instructions. All others, combine lines 26 through 28	3,580,307	-3,149,664	1,519,878	1,950,521
b	PC insurance subgroup reconciliation totals				
c	Life insurance subgroup reconciliation totals				
30	Reconciliation totals. Combine lines 29a through 29c	3,580,307	-3,149,664	1,519,878	1,950,521

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return)

Employer identification number

Aqua Ohio Inc

34-1121305

Check applicable box(es): (1) ☐ Consolidated group (2) ☐ Parent corp (3) ☐ Consolidated eliminations (4) ☒ Subsidiary corp (5) ☐ Mixed 1120/L/PC groupCheck if a sub-consolidated: (6) ☐ 1120 group (7) ☐ 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	1,450,881		-1,450,881	
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	3,242,447			3,242,447
9 Stock option expense	175,358	-169,869		5,489
10 Other equity-based compensation				
11 Meals and entertainment	26,776		-3,997	22,779
12 Fines and penalties			-65,000	-65,000
13 Judgements, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	629,554	18,845		648,399
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property	35,767			35,767
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	297,622	-625,924		-328,302
29 Section 198 environmental remediation costs				
30 Depletion				
31 Depreciation	5,371,670	3,149,052		8,520,722
32 Bad debt expense	315,676	52,011		367,687
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Other expense/deduction items with differences (attach schedule) See Stmt. 12	4,375,920	-54,211		4,321,709
36 Total expense/deduction items. Combine lines 1 through 35. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	15,921,671	2,369,904	-1,519,878	16,771,697

Supplemental Attachment to Schedule M-3

OMB No. 1545-2061

2008

► Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

Name of common parent

Employer identification number

Aqua Ohio Inc

34-1121305

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation.				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion.				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach schedule). See Stmt 13	1,948,610	962,980		2,911,590
7 Other items with no differences.	7,158,312			7,158,312
8 Total cost of goods sold. Add lines 1 through 7, in columns a, b, c, and d	9,106,922	962,980		10,069,902

For Paperwork Reduction Act Notice, see Instructions.

Form **8916-A** (2008)

Part II Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group				
5	Other interest income	114,597			114,597
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120-S) Part II, line 11.	114,597			114,597

Part II Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense	3,242,447			3,242,447
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120-S) Part III, line 26.	3,242,447			3,242,447

Form **4562****Depreciation and Amortization**
(Including Information on Listed Property)

OMB No. 1545-0172

2008Department of the Treasury
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No. **67**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

Aqua Ohio Inc

PUBLIC UTILITY

34-1121305

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-	5	250,000
If married filing separately, see instructions			
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	250,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	2,929,893
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	199,224

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	5,011,297
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B - Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property		1,288,182	3.0	S/L	S/L	159,286
b 5-year property		593,704	5.0	HY	200 DB	95,539
c 7-year property		142,775	7.0	HY	200 DB	17,060
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property See Stmt 14		7,433,493	25 yrs.		S/L	93,488
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20 a Class life				S/L	
b 12-year			12 yrs.	S/L	
c 40-year			40 yrs.	MM	S/L

Part IV Summary (See instructions)

See Stmt 15 14,935

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	8,520,722
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2008)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only

24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**24a** Do you have evidence to support the business/investment use claimed? ☒ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☒ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28	0	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	0

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32.												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		X
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the Instructions for vehicles used by corporate officers, directors, or 1% or more owners		X
39 Do you treat all use of vehicles by employees as personal use?		X
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	X	
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		X

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2008 tax year (see instructions):					
43 Amortization of costs that began before your 2008 tax year				43	
44 Total. Add amounts in column (f). See the instructions for where to report				44	0

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:57:25 PM

Form 1120, Page 1, Line 10, Other incomeStatement: 1

<u>Description</u>	<u>Amount</u>
Other income not included elsewhere	(250,742)
MISCELLANEOUS	78,877
ANTENNA INCOME	127,232
CIAC/ADVANCES	183,220
MERCHANDISING AND JOBBING REVENUE	1,345,041
Total	1,483,628

Form 1120, Page 1, Line 17, Taxes and licensesStatement: 2

<u>Description</u>	<u>Amount</u>
GROSS RECEIPTS TAX	18,782
EXCISE TAX	1,919,315
FEDERAL INCOME TAXES	(6,543)
PROPERTY TAXES	7,039,901
PAYROLL TAXES	461,373
MISCELLANEOUS	88,686
FEDERAL INCOME TAXES	6,543
OTHER TAXES	69,138
PUC ASSESSMENT	64,225
Total	9,661,420

Form 1120, Page 1, Line 26, Other deductionsStatement: 3

<u>Description</u>	<u>Amount</u>
Other deductions not included elsewhere	(19,101)
AMORTIZATION	(328,302)
BANK FEES	25,607
COMMUNICATIONS EXPENSE	21,108
CONFERENCES	6,947
CONTRACTED SERVICES	501,586
CUSTOMER BILLING/ACCOUNTING	1,350,213
DUES	76,436
FINES AND PENALTIES	(65,000)
G & A	(1,542,772)
INSURANCE	1,620,338
LICENSES	4,928
MANAGEMENT SERVICES (PARENT & AFFILIATES)	1,551,259
MATERIALS & SUPPLIES	35,135
MISC. EMPLOYEE EXPENSES	13,160

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:57:25 PM

MISCELLANEOUS	(35,700)
NON-OPERATING EXPENSES	529,682
OFFICE EXPENSES	29,364
OUTSIDE SERVICES & PROFESSIONAL FEES	238,451
POSTAGE	413,974
RATE CASE AMORTIZATION/EXPENSE	27,445
REMOVAL COSTS	(17,892)
SELLING EXPENSES	37,458
SUBSCRIPTIONS	1,076
TELEPHONE	79,876
TRAVEL & ENTERTAINMENT	22,779
TRUSTEE FEES	28,909
UTILITIES	640
Total	4,607,604

Form 1120, Page 2, Schedule A, Line 5, Other costs

Statement: 4

Description	Amount
CHEMICALS	105,887
TRANSPORTATION EXPENSES	30,725
VEHICLE & EQUIPMENT LEASES	41,210
TRANSMISSION & DISTRIBUTION	1,948,610
TANK PAINTING EXPENSE	962,980
MAINTENANCE	31
WATER PURCHASED	1,027,889
SOURCE OF SUPPLY	409,587
CUSTOMER ACCOUNTING	74,626
WATER TREATMENT	2,844,068
Total	7,445,613

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:58:03 PM

Form 1120, Page 5, Schedule L, Line 6, Other current assets**Statement: 5**

Description	Beginning Amount	Ending Amount
UNBILLED REVENUE	1,673,567	1,619,416
SPECIAL DEPOSITS	632,446	628,160
PREPAID TAXES	1,254,500	1,292,064
OTHER PREPAIDS	40,028	41,626
Total	3,600,541	3,581,266

Form 1120, Page 5, Schedule L, Line 9, Other investments**Statement: 6**

Description	Beginning Amount	Ending Amount
OTHER INVESTMENTS	36,277	46,092
Total	36,277	46,092

Form 1120, Page 5, Schedule L, Line 14, Other assets**Statement: 7**

Description	Beginning Amount	Ending Amount
Other assets	0	28,431
DEFERRED COSTS-SARASOTA RATE CASE	2,598,677	2,983,018
UNAMORTIZED DEBT EXPENSE	3,552,174	3,390,873
RATE CASE EXPENSE	52,516	97,512
MISCELLANEOUS	97,894	88,674
REGULATORY ASSET FAS109	(589,055)	1,524,694
CWIP	5,833,454	4,173,110
RETIREMENT WORK IN PROGRESS	7,919	(1,342)
DEFERRED CHARGES	2,103,966	1,985,954
Total	13,657,545	14,270,924

Form 1120, Page 5, Schedule L, Line 18, Other current liabilities**Statement: 8**

Description	Beginning Amount	Ending Amount
ACCRUED INTEREST	952,850	915,608
CUSTOMER DEPOSITS	35,920	31,524
P/R TAXES W/H	225,445	235,235
ACCRUED DIVIDEND EQUIVALENTS	31,871	15,398
ACCRUED PAYROLL	22,430	78,610
ACCRUED FIT	629,480	(307,519)

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:58:03 PM

OTHER ACCRUED LIABILITIES	800,513	846,626
ACCRUED AUDIT	58,057	65,181
ACCRUED PROPERTY TAXES	6,069,060	6,825,694
ACCRUED BONUS	143,992	112,610
ACCRUED 401(K)/SAVINGS	26,696	33,430
Total	8,996,314	8,852,397

Form 1120, Page 5, Schedule L, Line 21, Other liabilities

Statement: 9

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
CIAC	74,643,255	76,377,493
DEFERRED FIT	8,259,770	11,228,742
DEFERRED ITC	639,449	578,979
ACC POST RETIREMENT BENEFITS	2,964,598	2,945,753
MISCELLANEOUS	2,976,205	3,116,283
ACCRUED INSURANCE	101,930	106,736
ACC POST RETIREMENT BENEFITS	627,074	627,074
Total	90,212,281	94,981,060

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:58:31 PM

Form 1120, Page 5, Schedule M-2, Line 6, Other decreases**Statement: 10**

<u>Description</u>	<u>Amount</u>
ROUNDING	9
Total	9

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:58:35 PM

Form 1120, Schedule M-3, Page 2, Part II, Line 25, Other
income (loss) items with differences

Statement: 11

Description	Income (Loss) per Income Statement	Temporary Difference	Permanent Difference	Income (Loss) per Tax Return
CIAC/ADVANCES	0	183,220	0	183,220
ANTENNA INCOME	127,232	0	0	127,232
Total	127,232	183,220	0	310,452

Form 1120, Schedule M-3, Page 3, Part III, Line 35, Other
expense/deduction items with differences

Statement: 12

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
MISCELLANEOUS	300	(36,000)	0	(35,700)
INSURANCE	1,620,338	0	0	1,620,338
Salaries and wages	2,387,066	0	0	2,387,066
GROSS RECEIPTS TAX	0	18,782	0	18,782
MISCELLANEOUS	(78,877)	0	0	(78,877)
Rent expense	168,906	0	0	168,906
Other deductions not included elsewhere	0	(19,101)	0	(19,101)
Other income not included elsewhere	250,742	0	0	250,742
REMOVAL COSTS	0	(17,892)	0	(17,892)
RATE CASE AMORTIZATION/EXPENSE	27,445	0	0	27,445
Total	4,375,920	(54,211)	0	4,321,709

Aqua Ohio Inc

Tax Year 2008

EIN: 34-1121305

10/28/2009 3:58:44 PM

Form 8916-A, Line 6, Other items with differences**Statement: 13**

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
TANK PAINTING EXPENSE	0	962,980	0	962,980
TRANSMISSION & DISTRIBUTION	1,948,610	0	0	1,948,610
Total	1,948,610	962,980	0	2,911,590

Aqua Ohio Inc

Tax Year 2008

EIN 34-1121305
10/28/2009 3:58:47 PM

Statement: 14

Form 4562, Page 1, Part III, Section B, Line 19g, 25-year property

Row ID	Description	Basis Amount	Convention (HY, MQ, MM, S/L)	Depreciation Deduction
1	25 Yr. Utility Property	7,250,273	S/L	91,656
2	CIAC	183,220	S/L	1,832
Total		7,433,493		93,488

Statement: 15

Form 4562, Page 1, Part III, Section B, 50-year GDS property

Row ID	Description	MM/YYYY Placed in Service	Basis Amount	Recovery Convention Period (HY, MQ, MM, S/L)	Method (200 DB, 150 DB, S/L)	Depreciation Deduction
1	Buildings	06/2008	1,493,454	50.0 S/L	S/L	14,935
Total			1,493,454			14,935

Test Year is January 1, 2009 to December 31, 2009

ITEM C 38

G: Consumers Ohio Rates Filings/Masury/Supt Info/ Income Statement - 2009

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR END 2007
Utility Revenue	1,086,075	1,033,365	1,111,185	1,130,571	1,226,913	1,368,523	1,501,572	1,626,203	1,312,175	1,247,545	1,103,942	1,121,163	14,959,232
Other Revenue	2,700	2,800	2,900	2,800	2,800	2,800	2,800	2,900	2,800	2,800	2,800	2,700	33,600
Total Operating Revenue	1,088,775	1,036,165	1,114,085	1,133,371	1,229,713	1,371,323	1,504,372	1,629,103	1,314,975	1,250,345	1,106,742	1,123,863	14,992,832
Operating Revenue Deductions													
Operating Expenses	554,690	533,981	561,830	566,752	580,003	601,023	580,632	577,268	557,043	552,323	538,556	573,729	6,777,820
Depreciation	161,285	161,285	161,285	164,253	164,253	164,253	168,464	168,464	168,464	171,268	171,268	171,268	1,985,810
Amortization	27,902	27,902	27,902	23,812	23,812	23,812	23,812	23,812	23,812	23,812	23,812	23,812	286,014
Other Taxes	322,499	321,313	321,313	320,128	334,191	327,877	327,877	327,877	327,877	327,877	327,877	327,877	3,950,897
Income Taxes	(28,289)	(39,440)	(22,524)	(15,709)	9,161	53,819	137,636	150,098	47,474	25,450	(21,523)	(25,754)	296,379
Total Operating Revenue Deductions	1,037,077	1,005,041	1,045,806	1,059,238	1,111,420	1,170,784	1,238,411	1,247,509	1,124,870	1,100,730	1,039,990	1,077,248	13,281,920
Income from Operations	51,698	31,124	68,279	74,135	118,293	200,539	355,961	381,594	190,305	149,615	66,752	46,617	1,730,912
Non-Operating Income													
Gross Income	51,698	31,124	68,279	74,135	118,293	200,539	355,961	381,594	190,305	149,615	66,752	46,617	1,730,912
Income Deductions													
Interest on Long Term Debt	87,750	87,750	87,750	85,400	86,400	86,400	85,980	85,540	85,540	86,540	85,540	85,540	1,036,110
Amort. of Debt Discount & Expenses	4,060	4,050	4,050	4,340	4,040	4,040	4,610	4,030	4,030	4,030	4,030	4,030	49,330
Other Interest	14,810	13,070	14,810	13,070	11,340	10,850	10,300	13,770	13,070	13,280	11,340	11,690	151,200
Sub-Total	106,610	104,870	106,610	102,810	101,780	101,690	100,870	103,340	102,640	102,850	100,910	101,260	1,236,640
Allowance for Funds Used During Construction	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(6,000)
Total Income Deductions	106,110	104,370	106,110	103,310	101,280	100,590	100,370	102,840	102,140	102,350	100,410	100,760	1,230,640
Net Income	(54,412)	(73,246)	(41,831)	(28,175)	17,013	99,949	255,591	278,754	88,165	47,265	(33,658)	(54,143)	500,272
Preferred Dividend Requirements													
Net Income - Common	(54,412)	(73,246)	(41,831)	(28,175)	17,013	99,949	255,591	278,754	88,165	47,265	(33,658)	(54,143)	500,272

ITEM (c) (40)

GL291 - Date 10/05/09
Time 13:57

Company 23 - AQUA OHIO INC.
Trial Balance
For Period 3 Ending March 31, 2009

USD Base Currency Page 1
Amounts
Fiscal Year 2009

Company

Account Nbr	Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
105010-0000	CWIP	2,257,119.35			2,257,119.35
105020-0000	CWIP-Capital-Payroll-Rg	4,606,773.42	39,700.38		4,646,473.80
105029-0000	CWIP-Capital-Payroll-OT	275,699.68	4,706.55		280,406.23
105030-0000	CWIP-ACCOUNTS PAYABLE	73,915,342.77	495,932.47	6,888.85	74,404,386.39
105040-0000	CWIP-INVENTORY	6,382,549.15	13,241.16	1,891.23	6,393,899.08
105050-0000	CWIP-TRANSPORTATION	17,234,766.75			17,234,766.75
105060-0000	CWIP-GENERAL OVERHEAD	4,995,792.91	80,587.86		5,076,380.77
105070-0000	CWIP-PAYROLL OVERHEAD	2,453,706.50	32,390.45	11.83	2,486,096.95
105080-0000	CWIP-AFUDC	1,891,541.16	3,354.40		1,894,895.56
105090-0000	CWIP-CLOSING	109,179,942.29	129,478.74	1,532,056.78	110,582,520.33
108000-0000	AD-General	57,709,322.23	71,256.80	474,829.18	58,112,894.61
111400-0000	AD-FAS143	2,432,766.14	57,031.88		2,469,798.02
114000-0000	U Plant Acq Adj	51,647.00			51,647.00
121000-0000	Nonutility Property	204,452.35			204,452.35
125100-0000	Equity Investment in CoBank	46,092.47	11,615.99		57,708.46
131203-0000	Cash-ANDOVER - OHIO	110.05	750.12	764.17	95.00
131216-0000	Cash-CITIZENS - OHIO	1,086.20		281.78	814.42
131220-0000	Ohio NCB Cash Center Disb.	752,105.92	381.38	78,352.97	674,134.33
131221-0000	Cash-NCB MAIN ACCT-OHIO	337,807.25	1,001,923.10	974,625.55	365,104.80
131234-0000	Cash-Ohio-Lake National Bank	0.00	6,025.79	5,821.28	204.51
133010-0000	Oth Spec Dep-WORKER COMP	1,000.00			1,000.00
133020-0000	Oth Spec Dep-TANKS	275.00			275.00
133030-0000	Oth Spec Dep-POSTAGE	5,300.00			5,300.00
134000-0000	Working Funds	4,100.00			4,100.00
141000-0000	Customer Accounts Receivable	3,448,830.14	3,730,824.64	4,112,595.87	3,067,058.91
142000-0000	Other A/R	161,929.09	149,867.69	118,523.41	193,273.37
142020-0000	Other A/R-OFFICERS/EMPLOYEES	250.00			250.00
142050-0000	Other A/R-BUYPASS	16,950.00	31,443.46	21,592.05	7,098.59
142080-0000	Other A/R-Contract Ops	3,860.67	4,888.10	5,280.07	3,468.70
143000-0000	RESERVE-UNCOLLECTABLE ACCTS	294,454.13			294,454.13
151000-0000	Plant Material & Supplies	648,831.51	166,757.52	172,962.16	642,626.87
162000-0000	Other Prepaids	4,186.74		416.63	3,750.11
162030-0000	OTHER PFD-EXCISE	1,615,078.00		161,507.00	1,453,571.00
162080-0000	OTHER PFD-RENTS	37,500.00		3,750.00	33,750.00
162170-0000	OTHER PFD-RAWA DUES	.08		1,497.41	1,497.33
162190-0000	OTHER PFD-FIS SYSTEM	37,975.76	20,180.74	16,204.22	41,952.28
173000-0000	Unbilled-METERED	1,370,807.40	222,823.96	100,542.59	1,493,088.77
174000-0000	Misc Current & Accrued Assets	0.00	430.38		0.00
181000-0000	Unamortized Debt Expense	3,367,592.60		11,640.05	3,355,952.55
184000-0000	RWIP	11,970.83			11,970.83
184010-0000	RWIP-PAYROLL-Rg	13,648.90			13,648.90
184020-0000	RWIP-ACCOUNTS PAYABLE	249,982.14			249,982.14
184030-0000	RWIP-INVENTORY	139.16			139.16
184050-0000	RWIP-GENERAL OVERHEAD	16,710.77			16,710.77
184060-0000	RWIP-PAYROLL OVERHEAD	4,962.43			4,962.43
184070-0000	RWIP-CASH SALVAGE	383,455.47		204.75	383,670.22
184099-0000	RWIP-CLOSING	105,013.53			106,013.53
184203-0000	Clearing-FRANCHISE TAX	73,895.14			66,505.63
184401-0000	Clearing-CENTRAL COLLECTION	2,388.34	25,073.20	7,389.51	27,461.47
184501-0000	Clearing-CENTRAL BILL/M&S	106.00	212.00	318.00	0.00
184801-0000	Clearing-I/C	0.00	291,686.95		291,686.95
184803-0000	Clearing-MAE TWP CUST ACCT	0.00	18.21	18.21	0.00

Company

Account Nbr	Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
186101-0000	Deferred Rate Case Exp-1	90,546.53		3,482.55	87,064.08
186102-0000	Deferred Rate Case Exp-2	29,545.10			29,545.10
186103-0000	Deferred Rate Case Exp-3	1,795.00	7,675.00		9,470.00
186200-0000	Other Deferred DB-MISC	755,003.11		1,462.06	753,541.05
186270-0000	Other Deferred DB-SERVICE LINE	1,196,439.23		24,831.38	1,174,018.18
186302-0000	Deferred Tank Painting-2	2,877,494.89	2,410.33	52,761.48	2,824,733.21
186330-0000	Reg Asset-TAXES(FAS 109)	1,524,694.36			1,524,694.36
201000-0000	Common Capital Stock	2,598,000.00			2,598,000.00
207010-0000	Premium On Common Stock	7,452,797.52			7,452,797.52
211000-0000	Other Paid-In Capital	2,465,513.28	5,021.14	27,828.34	2,488,320.48
211100-0000	Other Paid-In Cap-TRAN COST	1,114,720.00		11,360.00	1,126,080.00
211500-0000	Other Paid-In Cap-Stock Option	589,333.25		23,030.66	682,363.91
215000-0000	Unappropriated Retained Earning	38,342,700.14			38,342,700.14
215300-0000	Dividend Appropriation Common	0.00	95,000.00		95,000.00
224050-0000	Long-Term Debt-OTHER	52,935,000.00	494,500.00		52,440,500.00
231000-0000	A/P	6,073.56	1,331,911.43	1,369,772.25	43,934.38
231001-0000	A/P-Accrued Trade	41,987.62	10,230.33	6,806.41	38,563.70
231002-0000	A/P-Accrued Purchased Water	110,998.21	110,958.21	145,812.55	145,812.55
231300-0000	A/P-Contractors Retainage	71,477.63			71,477.63
231300-0000	A/P-Received, Not Invoiced	133,476.86	130,952.17	376,639.94	379,164.63
231603-0000	A/P-WATER	31,644.60	32,385.41	16,107.28	15,366.47
231606-0000	A/P-ST Cash Ctr Collections	752,072.28	6,072,067.31	5,994,095.72	674,100.69
231608-0000	A/P-SEWER--STRUTHERS	49,316.01	105,655.52	68,374.58	86,596.95
231609-0000	A/P-SEWER--MAHONING	499,652.38	608,575.04	663,313.43	554,390.77
231610-0000	A/P-SEWER--LOWELLVILLE	189,576.72	12,720.82	14,629.34	191,485.24
231611-0000	Customer Collections Due Devel	30,153.75		1,000.00	31,163.75
232004-0000	Loans Payable-NATIONAL CITY	4,700,000.00			4,700,000.00
232006-0000	Loans Payable-COBANK	5,100,000.00			5,100,000.00
232590-0000	Current Portion Ltd-OTHER	794,500.00			794,500.00
235030-0000	Customer Dep-JOBING	32,802.15			32,802.15
235040-0000	Customer Dep-UNCLAIMED ADVREF	1,291.09			1,291.09
236111-0000	Accrued Tax-Oth-PROPERTY	5,358,518.85	866,729.25	651,912.94	5,143,702.54
236112-0000	Accrued Tax-Oth-PUC ASSESSMENT	10,614.00		5,307.00	15,921.00
236121-0000	Accrued Tax-Fed-UNALLOD	147,065.63	98,100.00		245,165.63
236130-0000	Accrued Tax Federal-Options	163,052.77			163,052.77
236201-0000	Accrued Tax-Oth-EMPLOYER FICA	15,950.00	15,950.00	9,720.00	9,720.00
237190-0000	Accrued Int LTD-OTHER	379,426.82	216,101.25	252,920.63	416,246.20
237250-0000	Accrued Int-Other-STD	10,065.33	12,900.95	14,902.94	12,067.32
241001-0000	Accrued Liab-OTHER	221,874.37	13,370.72	7,035.00	215,538.65
241005-0000	Accrued Liab-LEGAL FEES	33,186.15	6,368.52	4,000.00	30,817.63
241006-0000	Accrued Liab-AUDIT FEES	84,152.00	46,267.00	11,764.00	49,649.00
241009-0000	Accrued Liab-MAINT. -SLUDGE	649,274.60		9,100.00	658,374.60
241012-0000	Accrued Liab-OPER CONTRACT SUSP	1,872.07	2,200.48	3,577.32	3,248.91
241014-0000	Accrued Liab-404 Fees	1,811.13		1,004.00	2,815.13
243030-0000	ACCURED BONUS	137,744.00	149,151.06	49,108.06	37,701.00
243040-0000	ACCURED DIVIDEND EQUIVNET	15,398.30	15,398.30		0.00
243130-0000	ACCURED SALARIES AND WAGES	95,840.00	518,547.05		126,960.00
243140-0000	PAYROLL CLEARING	0.00			0.00
252055-0000	Adv Cust-CASH BUILDER OR DEVEL	900,868.81			900,868.81
252057-0000	Adv Cust-CASH DEVELOPER DEPOSIT	115,920.87			115,920.87
253110-0000	Reg Liabilities	703,516.79			703,516.79
253200-0000	OPEB Reserve - Non Current	640,913.95		6,920.00	647,833.95

Company

Account Nbr Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
23250-0000 Pension Reserve - Non Current	2,761,479.12	183,467.00	184,370.00	2,762,382.12
23340-0000 Reg Liab-FAS143	2,412,766.14		57,031.88	2,469,798.02
255100-0000 ACCUM DEFER ITC-UTIL OPS	569,174.59	4,902.44		564,272.15
261003-0000 Accrued Insur Liab-UMBRELLA	69,560.00		34,780.00	0.00
261006-0000 Accrued Insur Liab-ELTH & WELF	0.00	104,340.00		0.00
261007-0000 Accrued Insur Liab-WC	37,400.00	99,979.57	99,979.57	0.00
261008-0000 Accrued Insur Liab-VEHICLE	2,980.00		18,700.00	56,100.00
261010-0000 Accrued Insur Liab-LIFE	0.00	4,470.00	1,490.00	0.00
263103-0000 EMPLOYEE PROFIT SHARING	35,429.54	4,346.15	4,346.15	0.00
271301-0000 CIAC-NON CASH TRANSFERS FROM C	59,196,480.82	8,895.34	1,000.00	27,534.30
271302-0000 CIAC-NON CASH REFUNDABLE DEVEL	3,538,362.16			59,196,480.82
271306-0000 CIAC-CASH DEVELOPER DEPOSITS F	12,167,281.59			3,538,362.16
271307-0000 CIAC-CASH CUSTOMER DEPOSITS FO	434,128.34		26,752.00	12,194,033.59
271308-0000 CIAC-CASH NON REFUNDABLE BUILD	62,003.90			434,128.34
282020-0000 Deferred FIT Depreciation	11,646,260.12			62,003.90
282040-0000 Deferred FIT-Adv Deprec	1,090,730.91	325.00	185,489.00	11,831,424.12
282050-0000 Deferred FIT Rel Pac Deprec	247,881.55	1.00	2,909.00	1,093,638.91
282060-0000 Deid FIT Non Reind Rel Pac Dep	992,363.11		772.00	248,653.55
282070-0000 Deferred FIT Contr Deprec	4,599,199.29		3,499.00	995,862.11
282090-0000 Deferred FIT - Stock Option	16,764.76	1,296.53	17,998.00	4,617,197.29
283020-0000 Deferred FIT-Advances	752,547.41			18,061.29
283030-0000 Deferred FIT-Reltd Facilities	141,533.50			752,547.41
283040-0000 Deferred FIT-Contributions	6,942,349.09			141,533.50
283050-0000 Federal Deferred Tax-Other	582,698.63			6,942,349.09
283080-0000 Maintenance	1,044,056.18			582,698.63
283090-0000 Excise Tax	226,111.20			1,044,056.18
283100-0000 Bad Debts	103,058.78			226,111.20
283110-0000 Pensions	1,004,120.74			103,058.78
283120-0000 Deferred Compensation	44,080.29			1,004,120.74
283130-0000 Post Retirement Benefits	213,443.57			44,080.29
283140-0000 Finance Costs	165,404.45			213,443.57
283150-0000 Marysville Sale	1,228,684.89			165,404.45
283160-0000 Washington C.H. Sale	565,248.58	3,007.00		1,225,677.89
283170-0000 Perry Sale	38,408.15	7,404.00		557,844.68
283180-0000 Ashtabula Sale	2,884,389.10	84.00		38,324.15
300000-0000 PPE-Utility Plant in Service	258,853,700.41	6,749.00		2,877,640.10
403000-0000 Deprec Exp-Utility Plant	938,354.23	1,567,303.96	230,343.92	260,190,660.45
407500-0000 Amort-Transaction Costs	22,720.00	556,955.77	87,765.39	1,407,544.61
408101-0000 Assessment-PUC	10,614.00	11,360.00		34,080.00
408110-0000 Property Taxes	1,209,676.00	5,307.00		15,921.00
408121-0000 Payroll Taxes-FICA	68,420.71	643,534.22	206,013.40	1,647,196.82
408122-0000 Payroll Taxes-PUTA	3,329.25	83,418.44	51,199.22	100,639.93
408123-0000 Payroll Taxes-SUTA	737.97	304.24	152.12	3,481.37
408139-0000 Other Taxes-Misc	14,778.98	396.72	109.53	450.78
408203-0000 Other Taxes-Excise Tax	323,018.00	7,389.51		22,168.49
408208-0000 Other Taxes-Other Misc	1,420.00	161,507.00		484,525.00
409101-0000 Federal Income Tax	82,560.00	18,925.00	1,365.00	18,980.00
409102-0000 Federal Income Tax-OTHER	79,960.00	61,486.76	197,536.76	218,610.00
410101-0000 Deferred Federal Income Taxes	43,558.00	76,250.00	38,300.00	117,910.00
410103-0000 Deferred Fed Tax - Options	848.48	210,341.00	17,244.00	236,655.00
412100-0000 ITC-Def Future Periods	9,804.88		1,296.53	2,145.01
415000-0000 Rev-March, Job, Contract	2,921.38		4,902.44	14,707.32
		318.81	2,134.70	4,737.27

Company

Account Nbr Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
415010-0000 Rev-Contract-WW Billing	109,047.22		50,765.14	159,547.36
415020-0000 Rev-Contract-Lab Services	195.00	265.00	105.00	300.00
415030-0000 Rev-Contract-Base	93,069.36	915.55	47,653.73	139,807.54
415040-0000 Rev-Contract-Cost Plus	66,293.09	2,987.04	31,908.84	95,214.89
416000-0000 Exp-Merch,Job,Contract	18,257.64	10,442.98		28,700.62
419010-0000 Interest Inc-Other	9,081.96	119.63	4,664.86	13,627.19
419030-0000 Interest Inc-Service Lines	5,357.10	2,616.99	6,416.82	9,156.93
420000-0000 Allow Funds Used During Const	6,525.77		3,354.40	9,880.17
421030-0000 Nonutil Inc-Antennae	21,335.00		10,667.50	32,002.50
421900-0000 Nonutil Inc-Other	0.00		4,680.00	4,680.00
426040-0000 Misc NonUtil Exp-DEVELOPER-RG	32,736.55	16,145.32	2,505.46	46,376.41
426049-0000 Misc NonUtil Exp-DEVELOPER-OT	1,616.85	17.58		1,634.43
426050-0000 Misc NonUtil Exp-BOTTLE WATER	500.00			500.00
426060-0000 Misc NonUtil Exp-CHARIT CONTR	1,740.26	100.00		1,840.26
426900-0000 Misc NonUtil Exp-OTHER	9,559.77	11,463.05	682.11	20,340.71
427200-0000 Interest Expense-Short-Term De	26,391.30	33,188.53	51,057.49	8,522.34
427300-0000 Interest Expense-Long-Term Deb	505,841.26	505,841.26	252,920.63	758,761.89
428000-0000 Amort-Debt Disc & Expense	23,280.10	23,280.10	11,640.05	34,920.15
460100-0000 Unmetered Rev-RESIDENTIAL	51,782.04	878.90	26,250.63	77,153.77
460200-0000 Unmetered Rev-COMMERCIAL	274.34		137.17	411.51
460700-0000 Unmetered Rev-AVAILABILITY LOT	3,110.25	385.10	1,529.91	4,255.06
461100-0000 Metered Sales-Residential	4,714,737.88	408,973.73	2,849,963.48	7,155,727.63
461200-0000 Metered Sales-Commercial	733,003.72	154,027.83	543,779.20	1,121,753.09
461300-0000 Metered Sales-Industrial	105,656.18	19,330.47	92,857.09	179,182.80
461400-0000 Metered Sales-Public Authority	103,876.93	21,976.56	92,999.12	174,899.49
462100-0000 Public Fire Protection	11,788.96	443.21	10,546.50	21,892.25
462200-0000 Private Fire Protection	245,902.36	84,742.63	202,547.94	363,707.67
464000-0000 Other Sales-Public Authority	1,446.46	6,553.09	7,242.87	2,036.24
466000-0000 Sales for Resale-Metered	139,162.02	7,053.84	72,280.70	204,388.88
471010-0000 Misc Srv Rev-RECONNECTION FEE	6,368.69	25.00	4,818.00	1,575.69
471020-0000 Misc Srv Rev-CUST P MAINT CONT	24,310.00		11,799.00	36,109.00
471050-0000 Misc Srv Rev-LATE PAYMENT FEES	48,917.10	7,231.19	31,922.56	73,608.47
471060-0000 Misc Srv Rev-BAD CHECK FEE	1,855.22		1,076.60	2,931.82
471070-0000 Misc Srv Rev-NEW ACCT FEE	12,230.00	3,210.00	10,308.00	19,378.00
471081-0000 Misc Srv Rev-Home Service	4,478.58			4,478.58
471100-0000 Misc Srv Rev-DSIC IMPRV SURCH	2,331.63	347.92	2,219.02	4,194.73
474000-0000 Other Water Rev	647.61		1,903.57	2,551.18
601110-0000 WT-Source Oper LBR-Employ-Rg	1,998.41	1,121.64		3,120.05
601210-0000 WT-Source Maint LBR-Employ-Rg	1,523.50	993.82		2,517.32
601219-0000 WT-Source Maint LBR-Employ-OT	114.93			114.93
601310-0000 WT-WTRTRT Oper LBR-Employ-Rg	105,536.62	61,718.44	12,420.00	154,835.06
601319-0000 WT-WTRTRT Oper LBR-Employ-OT	11,978.36	6,348.86	1,680.00	16,647.22
601410-0000 WT-WTRTRT Maint LBR-Employ-Rg	52,634.12	34,743.99	6,730.00	80,648.11
601419-0000 WT-WTRTRT Maint LBR-Employ-OT	5,510.08	1,517.02	540.00	6,487.10
601510-0000 WT-T&D Oper LBR-Emp-Sys-GEN-Rg	64,047.31	40,186.21		95,856.83
601519-0000 WT-T&D Oper LBR-Emp-Sys-GEN-OT	4,068.71	1,462.66	8,376.69	5,531.37
601520-0000 WT-T&D Oper LBR-Emp-Sy-Main-Rg	3,078.99	8,286.67		11,365.66
601530-0000 WT-T&D Oper LBR-Emp-Sy-Srv-Rg	1,234.08	567.10		1,791.18
601539-0000 WT-T&D Oper LBR-Emp-Sy-Srv-OT	1,626.03	738.89		2,364.92
601540-0000 WT-T&D Oper LBR-Emp-Sy-Mtr-Rg	2,956.15	1,674.49		4,630.64
601549-0000 WT-T&D Oper LBR-Emp-Sy-Mtr-OT	689.83			689.83
601550-0000 WT-T&D Oper LBR-Emp-Sy-Hyd-Rg	1,035.30	566.69	570.00	1,021.99

Company

Account Nbr Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
601610-0000 WT-T&D Maint LBR-Emp-Sy-GEN-Rg	24,701.95	14,760.83	2,580.00	36,882.78
601619-0000 WT-T&D Maint LBR-Emp-Sy-GEN-OT	1,365.36	802.80		2,169.16
601620-0000 WT-T&D Maint LBR-Emp-Sy-Main-R	60,917.91	42,170.75	9,470.00	93,618.66
601629-0000 WT-T&D Maint LBR-Emp-Sy-Main-O	31,108.10	9,478.05	2,680.00	37,904.15
601630-0000 WT-T&D Maint LBR-Emp-Sy-Srv-Rg	18,620.05	13,403.64	2,600.00	29,423.69
601639-0000 WT-T&D Maint LBR-Emp-Sy-Srv-OT	803.69	634.57		1,438.26
601640-0000 WT-T&D Maint LBR-Emp-Sy-Mtr-Rg	1,284.87	545.57		1,830.44
601649-0000 WT-T&D Maint LBR-Emp-Sy-Mtr-OT	421.45			421.45
601650-0000 WT-T&D Maint LBR-Emp-Sy-Hyd-Rg	8,670.26	2,936.94	1,080.00	10,527.20
601659-0000 WT-T&D Maint LBR-Emp-Sy-Hyd-OT	190.32			190.32
601710-0000 WT-Cust Accts Labor-Employ-Rg	151,152.70	96,209.67	18,390.00	228,972.37
601719-0000 WT-Cust Accts Labor-Employ-OT	11,367.38	3,398.06		14,765.44
601810-0000 WT-A & G Labor-Employ-Rg	251,574.27	159,499.24	29,910.00	381,163.51
601819-0000 WT-A & G Labor-Employ-OT	1,074.48	132.56		1,207.04
603820-0000 WT-A & G Labor-Bonuses	25,134.00	12,567.00	40,252.47	2,551.47
603840-0000 WT-A & G Labor-Stock Option Co	23,597.32	24,316.70		47,914.02
604810-0000 WT-R&G Empl-HEALTH PLANS	2,261.48	2,057.64	926.90	3,392.22
604821-0000 WT-R&G Emp-POSTRT BEN(PAS 106)	9,599.57	5,785.89	1,068.16	14,317.30
604831-0000 WT-R&G Emp-Pension Paid	13,840.00	79,394.52	13,731.00	196,591.98
604833-0000 WT-R&G Empl-CONTRIB THRIFT PL	182,660.00	184,370.00		20,760.00
604840-0000 WT-R&G Empl-GROUP LIFE INS	27,480.23	19,073.18	8,083.71	367,030.00
604845-0000 WT-R&G Empl-EDUCATION	8,832.34	4,346.15		38,469.70
604853-0000 WT-R&G Emp-COFFEE & SUPPLIES	540.71	777.56		13,178.49
604857-0000 WT-R&G Emp-FLOWERS & FRUIT	86.00			1,318.27
604865-0000 WT-R&G Emp-SEMINARS	88.93			86.00
604870-0000 WT-R&G Emp-EMPLOY X-MAS GIFTS	135.00			88.93
604899-0000 WT-R&G Empl-MISC	615.00			270.00
610100-0000 WT-Purchased Water	1,228.24			615.00
615100-0000 WT-Purchased Power-SOURCE OPER	181,679.17	228,193.49	950.00	1,178.24
615300-0000 WT-Purchased Power-TREAT OPER	49,109.59	23,170.89	133,812.04	276,060.62
615500-0000 WT-Purchased Power-T&D OPER	127,263.92	79,537.02		72,280.48
615800-0000 WT-Purchased Power-A & G EXPS	91,665.47	49,336.83	5,000.00	206,906.94
616100-0000 WT-Fuel PWR Prod-SOURCE OPER	9,340.21	4,020.92		136,002.30
616300-0000 WT-Fuel PWR Prod-TREAT OPER	0.00	1,078.99		13,361.13
616700-0000 WT-Fuel PWR Prod-T&D OPER	24,890.33	10,223.66		1,078.99
616900-0000 WT-Fuel PWR Prod-CUST ACCTS	13,188.33	6,342.02		35,113.99
618300-0000 WT-Chem-WTRTRT-OPER-GENERAL	3,072.16	921.67		19,530.35
618310-0000 WT-Chem-WTRTRT-OPER-ALUM	299.29	320.80		3,993.83
618315-0000 WT-Chem-WTRTRT-OPER-LIQUID ALUM	2,521.27	1,883.13		620.09
618325-0000 WT-Chem-WTRTRT-OPER-CHLORINE	10,031.01	8,549.85		4,404.40
618335-0000 WT-Chem-WTRTRT-OPER-FLUORIDE	3,156.87	1,465.92		18,580.86
618340-0000 WT-Chem-WTRTRT-OPER-HYPOCHLOR	9,789.10	5,459.15		4,622.79
618345-0000 WT-Chem-WTRTRT-OPER-POLYPHOSPH	8,198.30	4,421.73		15,248.25
618350-0000 WT-Chem-WTRTRT-OPER-ZINC ORTHO	10,657.59	7,355.95		12,620.03
618353-0000 WT-Chem-WTRTRT-OPER-POLYMER	4,572.64	2,294.05		18,013.54
618355-0000 WT-Chem-WTRTRT-OPER-SODA ASH	2,582.40	3,236.72		6,866.69
618365-0000 WT-Chem-WTRTRT-OPER-LIME	68,063.22	26,708.70		5,819.12
618375-0000 WT-Chem-WTRTRT-OPER-CARBON	96,969.13	46,369.73		94,769.92
618380-0000 WT-Chem-WTRTRT-OPER-CO2	19,166.36	85,321.77	67,710.40	143,338.86
618390-0000 WT-Chem-WTRTRT-OPER-AMMONIA	7,112.14	3,596.63		36,777.73
	97.27			10,708.77
				97.27

Company

Account Nbr	Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
618395-0000	WT-Chem-WTRT-OPER-MISC Chem	1,102.68	749.47	1,620.05	232.10
620300-0000	WT-Mat&Sup-WTRT-OPER	11,417.85	21,069.10	5,175.66	27,311.29
620400-0000	WT-Mat&Sup-WTRT-MAINT	8,193.90	13,029.26	87.75	21,135.41
620500-0000	WT-Mat&Sup-T&D OPER-Gen	9,181.85	2,364.21	15.19	11,530.87
620512-0000	WT-Mat&Sup-T&D OP-MAINT SUPPLY	11,492.23	2,222.07		13,714.30
620513-0000	WT-Mat&Sup-T&D OP-SAFETY SUPPL	498.42	19.77		518.19
620514-0000	WT-Mat&Sup-T&D OP-TOOL PURCH	8.67	12.05		20.72
620600-0000	WT-Mat&Sup-T&D MAINT-Gen	668.34	694.13		1,362.47
620601-0000	WT-Mat&Sup-T&D MAINT-Mains	12,683.38	7,954.44	1.58	20,636.24
620602-0000	WT-Mat&Sup-T&D MAINT-Services	2,502.92	3,712.12		6,215.04
620603-0000	WT-Mat&Sup-T&D MAINT-Meters	0.00	150.00		150.00
620604-0000	WT-Mat&Sup-T&D MAINT-Hydrants	563.77	88.85		652.62
620605-0000	WT-Mat&Sup-T&D MAINT-BLACKTOP MAT	5,191.95	1,403.60		6,595.55
620614-0000	WT-Mat&Sup-T&D MAINT-TOOL PURCH	1,016.35	3,760.49		4,776.84
620700-0000	WT-Mat&Sup-Cust Accts	1,524.36	714.83		2,239.19
620800-0000	WT-Mat&Sup-A & G	4,924.74	1,966.68		6,891.42
622800-0000	WT-Cont Serv-Acct-A & G	25,536.00	12,768.00		38,304.00
633800-0000	WT-Cont Serv-Legl-A & G	8,087.00	4,451.00		12,538.00
634810-0000	State Billings Clearing	0.00	610,334.26	610,334.26	0.00
634900-0000	WT-Corp Mgmt Fees Only	283,630.70	203,777.07	16,249.00	471,158.77
635300-0000	WT-Cont Serv-Testg-WTRT-OPER	5,049.38	14,778.70	459.00	19,369.08
636100-0000	WT-Cont Serv-Oth-Source MAINT	93.82	42.67		136.49
636200-0000	WT-Cont Serv-Oth-Source MAINT	5,224.42	15,632.25		20,856.67
636300-0000	WT-Cont Serv-Oth-WTRT-OPER	20,345.04	14,300.74		34,645.78
636310-0000	WT-Cont Serv-Oth-Basin-Lag Cls	38,464.97	21,559.21	2,551.91	57,472.27
636400-0000	WT-Cont Serv-Oth-WTRT-MAINT	28,380.52	11,787.82		40,168.34
636500-0000	WT-Cont Serv-Oth-T&D OPER-Gen	32,388.96	10,919.14		43,308.10
636503-0000	WT-Cont Serv-Oth-T&D OPER-Metr	250.00	103.30		353.30
636500-0000	WT-Cont Serv-Oth-T&D MAINT-Gen	7,611.48	11,169.35	1,600.00	17,180.83
636601-0000	WT-Cont Serv-Oth-T&D MAINT-Mai	62,522.17	15,885.93	945.00	77,463.10
636602-0000	WT-Cont Serv-Oth-T&D MAINT-Srv	106.80			106.80
636610-0000	WT-Cont Serv-Oth-Build&Grounds	3,567.97	505.92		4,073.89
636700-0000	WT-Other ACO Direct costs	1,077.67	7,038.15	6,580.02	1,535.80
636710-0000	WT-WorkFlow Processing Fee	24,292.69	11,969.55		36,262.24
636720-0000	WT-WorkFlow Billing Postage	36,955.98	44,077.94	22,278.40	58,755.52
636730-0000	WT-ACO Allocation	167,500.44	183,271.95	91,635.97	259,136.42
636731-0000	WT-Struthers Cust Serv Allocat	20,142.77	12,682.22		32,824.99
636732-0000	WT-Other Non-ACO Cust Service	49,668.99	36,142.51	1,523.07	84,288.43
636740-0000	WT-ACO Lockbox Fees	5,411.80	6,254.49	3,127.25	8,539.04
636800-0000	WT-Cont Serv-Oth-A&G	52,836.37	27,862.59	14,764.88	65,934.08
636810-0000	WT-Cont Serv-Oth-A&G-HRDW MANT	14,911.92	4,146.67		19,058.59
636820-0000	WT-Cont Serv-Oth-A&G-SFTW MANT	17,998.70	27,910.17	11,939.52	33,969.35
636830-0000	WT-Cont Serv-Oth-A&G-DIS RECOV	0.00	1,126.20		1,126.20
641500-0000	WT-Rent Bldg/RF-T&D OPER	26,267.32	9,689.13		35,956.45
641800-0000	WT-Rent Bldg/RF-A & G	4,280.00	2,140.00		6,420.00
642300-0000	WT-Rent Equip-WTRT-OPER	196.88	33.17		196.88
642500-0000	WT-Rent Equip-T&D OPER	549.77	28.88		582.94
642700-0000	WT-Rent Equip-Cust Accts	505.36			534.24
642800-0000	WT-Rent Equip-A & G	315.00			315.00
650300-0000	WT-Trans-WTRT-OPER	3,900.15	1,681.77		5,581.92
650300-0000	WT-Trans-T&D OP-GENERAL	7,230.01	2,072.79		9,302.80
650511-0000	WT-Trans-T&D OP-OUTSIDE SVC	2,101.23	2,016.53		4,117.76

03/29/10 - Date 10/05/09
Time 13:57

Company 23 - AQUA OHIO INC.
Trial Balance
For Period 3 Ending March 31, 2009

USD
Base Currency Amounts
Page 7
Fiscal Year 2009

Company

Account Mbr Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
650515-0000 WT-Trans-T&D OP-LEASE	4,441.50	2,229.75		6,671.25
650532-0000 WT-Trans-T&D OP-GASOLINE	13,335.70	6,595.65		19,931.35
650540-0000 WT-Trans-T&D OP-PARTS AUTOMCH	153.73	154.08		307.81
650600-0000 WT-Trans-T&D MAINT	591.74	3,999.55		4,591.29
650700-0000 WT-Trans-Cust Accts	15,010.85	9,179.84		24,190.69
650800-0000 WT-Trans-A & G	12,021.89	6,723.56		18,745.45
657800-0000 WT-Ins-Gen Liab-A & G	2,980.00	1,490.00		4,470.00
657800-0000 WT-Ins-Work Comp-A & G	69,560.00	34,826.00		104,386.00
657800-0000 WT-Advertising-A & G	37,400.00	18,700.00	4,791.10	51,308.90
656800-0000 WT-Reg Com-Amort Rate Case-A&G	1,548.00	1,368.23		2,916.23
656800-0000 WT-Reg Comm-Other-T&D MAINT	6,965.10	3,482.55		10,447.65
657000-0000 WT-Bad Debt Expense-Cust Accts	105,522.96	52,761.48		158,284.44
657010-0000 WT-Recovery of Bad Debt	96,222.20	42,298.41		138,520.61
657100-0000 WT-Misc-SRC OPER	13,013.37		9,967.54	22,980.91
657300-0000 WT-Misc-WTRTUT OPER	138.29	90.99		229.28
657400-0000 WT-Misc-WTRTUT MAINT	7,359.84	3,309.12		10,668.96
657500-0000 WT-Misc-T&D OPER	837.47	102.62		940.09
657558-0000 WT-Misc-T&D MAINT-Mains	8,049.80	2,784.60	\$4.06	10,780.34
657700-0000 WT-Misc-Cust Accts	560.00			560.00
657800-0000 WT-Misc-A&G	3,837.33	1,909.46		5,746.79
657803-0000 WT-Misc-A&G-Chamber Commerce	176,093.70	2,713.40	135,273.96	308,654.26
657808-0000 WT-Misc-A&G-COMM EXP	0.00	4,000.00		4,000.00
657810-0000 WT-Misc-A&G-DATA LINES	15,963.09	5,889.00	27.32	21,824.77
657811-0000 WT-Misc-A&G-PC Support&SUPPLY	4,297.22	2,226.65		6,523.87
657818-0000 WT-Misc-A&G-COPIES	23.89	88.15		112.04
657819-0000 WT-Misc-A&G-Office Supplies	281.44	195.24	30.55	446.13
657824-0000 WT-Misc-A&G-DUES	3,605.23	1,504.24		5,209.47
657825-0000 WT-Misc-A&G-Promotional Items	5,258.69	29,142.78		34,401.47
657827-0000 WT-Misc-A&G-FINES&PENALTIES	5,931.55	362.31		6,293.86
657828-0000 WT-Misc-A&G-LIC&PER	0.00	682.11	682.11	0.00
657830-0000 WT-Misc-A&G-MAIL&POST	1,992.15	973.00		2,965.15
657831-0000 WT-Misc-A&G-MAIL OVERNIGHT	2,405.65	1,293.53	5.60	3,693.58
657832-0000 WT-Misc-A&G-MAINT	778.77	480.12		1,258.89
657834-0000 WT-Misc-A&G-MEALS 100% DED	255.60			255.60
657836-0000 WT-Misc-A&G-MEALS 50% DED	997.76	83.14		1,080.90
657840-0000 WT-Misc-A&G-SEMINARS	990.49	186.00		1,176.49
657842-0000 WT-Misc-A&G-SUBSCRIPT	25.00	335.00	75.00	285.00
657844-0000 WT-Misc-A&G-TRADE ASSC-PER EXP	384.14			384.14
657846-0000 WT-Misc-A&G-TRV	149.00			149.00
657847-0000 WT-Misc-A&G-TRV-Auto Mile Reim	28.00			28.00
657848-0000 WT-Misc-A&G-TRV-RENTAL CAR	720.13	506.48		1,326.61
657850-0000 WT-Misc-A&G-TRV-HOTEL	519.75			519.75
657855-0000 WT-Misc-A&G-HEAT OIL	847.08	1,229.24		2,076.32
657856-0000 WT-Misc-A&G-UNIFORMS	177.44			177.44
657857-0000 WT-Misc-A&G-Bond Trustee Fee	2,966.49	2,312.72	3.68	5,275.53
657858-0000 WT-Misc-A&G-Bank Fees	4,310.00	2,949.99		7,259.99
657860-0000 WT-Misc-A&G-Payroll Overhead	1,289.07	691.69		1,980.76
657863-0000 WT-Misc-A&G-INTEACQ CLEARING	61,394.51	170.14	32,560.59	93,784.96
657864-0000 WT-Misc-A&G-Claims	0.00	372,500.99	372,500.99	0.00
911000-0000 Sys IntComp Acct Co 10 - Corp	8,223.48			8,217.44
911100-0000 Sys IntComp Acct Co 11 - Serv	1,713,097.05	4,364,270.96	4,275,116.10	1,623,942.19
	208,300.27	219,630.27	361,041.95	349,711.95

Company

Account Nbr	Description	Beginning Balance	Debit Activity	Credit Activity	Ending Balance
911500-0000	Sys IntComp Acct Co 15 - PA	27,828.34	59,824.26	42,665.58	10,569.66
911800-0000	Sys IntComp Acct Co 18 - Cust	83,386.68	83,386.68	91,738.80	91,738.80
912400-0000	Sys IntComp Acct Co 24 - IL	12,124.66	15,210.26	12,124.66	15,210.26
912600-0000	Sys IntComp Acct Co 26 - ME	0.00		1,815.04	1,815.04
913200-0000	Sys IntComp Acct Co 32 - IN	4,028.65	4,310.41	4,028.65	4,310.41
913400-0000	Sys IntComp Acct Co 34 - VA	174.80		174.80	0.00
913700-0000	Sys IntComp Acct Co 37 - MO	817.69	988.57	817.69	988.57
*** Totals		0.00	31,029,359.91	31,029,359.91	0.00