

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

**RATES, RULES AND REGULATIONS
GOVERNING THE FURNISHING OF SEWER SERVICE
IN PORTIONS OF
FOSTER TOWNSHIP, BUTLER TOWNSHIP,
AND DENNISON TOWNSHIP
COUNTY OF LUZERNE, PENNSYLVANIA**

ISSUED: March 29, 2002

EFFECTIVE: July 1, 2002

BY: Paul Maeder, Chief Executive Officer

THIS TARIFF MAKES INCREASES IN EXISTING RATES

CHANGES MADE BY THIS TARIFF

Supplement No. 1 requests a limited general rate increase solely related to the increase in cost of wastewater treatment service provided by Butler Township Authority.

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RULES AND REGULATIONS

1. Definitions

Unless the context clearly indicates otherwise, the following words and phrases shall have the meanings assigned below whenever they are used throughout this Tariff.

Availability Service	shall mean service that is reserved to be available to a customer upon application and installation of company's main to serve lot.
Commercial Service	shall mean service to a property used for commercial purposes.
Company	shall mean Four Seasons Sewer Company, Inc. and its duly authorized officers, agents and employees, each acting within their scope of employment.
Company's Service Line	shall mean the connecting facilities between the Company's collection main to the customer's service line at the customer's property line.
Contributor	shall mean a person who requests a sewer main extension and agrees to the terms for a sewer main extension agreement.
Customer	shall mean a person having a legal right to occupy property receiving service from the Company served by the Company's lines upon request. If collection activity is undertaken by the Company against an availability service customer for nonpayment of bills, such an account will no longer be a customer after two years of nonpayment.
Customer's Service Line	shall mean the service line extending from the point where the sewage is discharged into the Company's service line.
Dwelling or Dwelling Unit	shall mean any living area including separate kitchen and bathroom facilities.
Main	shall mean the pipe facilities system that provides utility service under this tariff, located in a public highway, street, alley, or private right-of-way.

Property	shall mean a single lot or subdivision parcel of land to which sewage service is provided or which service is available to be provided upon application.
Residential Service	shall mean service to a property for present or future residential purposes.
Tariff	shall mean the original tariff issued by Company, and any supplements or revisions subsequently issued.
Usage Service	shall mean the service provided to a customer upon the connection of a customer's service line to the Company's service line.

2. Filing, Posting and Effect

2.1 A copy of this tariff comprising the Rates, Rules and Regulations governing the distribution of utility service by the Company is on file with the Commission and is posted and available for inspection at the Company's office. These rates, rules and regulations are part of the contract with every customer, and every customer, by taking utility service, agrees to be bound hereby.

3. Application Procedure for Service, Change in Customer or Service, and Main Extensions

3.1 Apply For New Service: Before new service is provided by the Company, a prospective customer shall complete and submit to the Company a written application for service. Service will be provided if the applicant satisfies the credit regulations and this tariff. The customer's application, if accepted by the Company, and these Rules and Regulations constitute the contract between the customer and Company; by taking of utility service, agrees to be bound thereby.

3.2 Customer's Duty to Notify Company of Change in Service: It shall be the obligation of each customer to provide the Company seven days' notice of changes in service. The notice should include discontinuation of service, change in billing address or change in type of service. If service is to be discontinued, then upon receipt of such notice the Company shall submit to the customer a final bill for the service to be discontinued.

3.3. Main Extensions:

Definitions

1. Annual Line Extension Costs: The sum of a company's additional annual operating and maintenance costs, debt costs, and depreciation charges associated with the construction, operation, and maintenance of the line extension.
2. Annual Revenue: (For Line Extension Purposes) The company's expected additional annual revenue from the line extension based on the company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the bona fide service applicant.
3. Bona Fide Service Applicant: (For Line Extension Purposes) A person or entity applying for sewer service to an existing or proposed structure within the utility's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An application shall not be deemed a bona fide service applicant if:
 - (a) applicant is requesting sewer service to a building lot, subdivision, or a secondary residence;

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- (b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or
 - (c) the applicant is requesting special utility service.
4. Company Service Line: The sewer line from the distribution facilities of the company which connects to the customer service line at the hypothetical or actual line or the actual property line, including the control valve and valve box. The control valve and valve box determine the terminal point for the company's responsibility for the street service connection.
 5. Customer: A person or entity who is an owner or occupant and who contracts with the company for sewer service.
 6. Customer Service Line: The sewer line extending the curb, property line, or utility connection to a point of consumption.
 7. Debt Costs: The company's additional annual cost of debt associated with financing the line extension investment based on the current debt ratio and weighted long-term debt cost rate for the utility or that of a comparable jurisdictional sewer utility.
 8. Depreciation Charges: The utility's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates for that company or that of a comparable jurisdictional sewer company.
 9. Line Extension: (For Line Extension Purposes) An addition to the company's main line which is necessary to serve the premises of a customer.
 10. Operating and Maintenance Costs: (For Line Extension Purposes) The utility's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, sewer purchased, power purchased, chemicals, and other variable costs based on the current total company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

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11. Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for diverting, developing, pumping, impounding, distributing, or furnishing sewer to or for the public for compensation.
 12. Short-term Supply Shortage: An emergency which causes the total sewer supply of a company to be inadequate to meet maximum system demand.
 13. Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in the main extension portion of this tariff.

3.4 Line Extension

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

1. Requests by Bona Fide Service Applicant: Each company shall file with the Commission, as part of its tariff, a rule setting forth the conditions under which facilities will be extended to supply service to an applicant within its service area. Upon request by a bona fide service applicant, a utility shall construct line extensions within its franchised territory consistent with the following directives:
 - (a) Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the company's annual line extension costs.
 - (b) If the annual revenue for the line extension will not equal or exceed the company's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the utility's cost of construction for the line extension. The utility's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension. The customer advance amount shall be determined by subtracting the utility's investment for the line extension from the total construction costs.

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

X = (AR-OM) divided by (I + D); and,
AR = the company's annual revenue
OM = the company's operating and maintenance costs
I = the company's current debt ratio multiplied by the company's weighted long-term debt cost rate
D = the company's current depreciation accrual rate

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

- (b) When a customer advance is required of a service applicant and an additional customer or customers attached service lines to the line extension within ten years, the utility shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension, such as booster pumps, storage tanks, and the like, are Contributions in Aid of construction and need not be refunded.
- (c) The company will refund to the applicant, during a period of ten (10) years from the date of the extension deposit, a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension as distinguished from extensions or branches thereof. Provided, however, that the total amount refunded shall not exceed the original deposit without interest, and provided that all or any part of the deposit not refunded within said 10 year period shall become the property of the company and shall be treated as Contributions in Aid or Construction for rate making purposes.
- (d) A utility shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

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- (d) Special Utility Service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section G (1) parts (a) through (c) of this tariff does not apply to special utility service. By way of illustration and not limitation, special utility service shall include: the installation of facilities such as oversized mains, booster pumps, and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large sewer consuming commercial and industrial facilities. An otherwise bona fide applicant requesting service which includes a “special utility service” component is entitled to Bona Fide applicant status, including the corresponding company contribution toward the costs to the line extension which do not meet the special utility service criteria.
3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the company pursuant to Rule 1 of this Section, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition extending the facilities. Upon notice that the company is preparing and able to go forward with the work, the applicant will deposit with the company the amount specified in the Extension Deposit Agreement.
4. Size of Line: The company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. However, where the company decides to install a pipe larger than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate. The minimum pipe size for main extension will be six (6) inches pursuant to Commission Regulation at 52 Pa. Code § 65.17(b).

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

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

4. Customer Deposit

4.1 Company's Right to Require Deposit: The Company may require an applicant or customer to post a cash deposit equal to the estimated bill for one billing period plus one month. The Company shall first provide written notice of its intent to require a cash deposit. For an existing customer, the Company shall require a deposit when the customer has been delinquent in payment of any two consecutive bills or three or more bills within the proceeding twelve months or an applicant unable to satisfy the credit requirements for new service. The Customer's deposit shall be maintained by the Company. After written notification by Company that a deposit is required, the Customer may elect to pay the deposit in full within 21 days or up to three installments, with 50% due upon Company's notification that a deposit is required, 25% due thirty days after Company's notice and the 25% due sixty days after Company's notice. Interest at the rate authorized by the Commission regulation at 52 Pa. Code § 56.57, shall be paid annually to the customer, or, at the option of either the Company or the customer, shall be applied to reduce bills for water service in lieu of a cash refund. The Company will refund to customer the deposit received from customer, plus interest upon a) customer's notice to discontinue service and after payment in full has been made for all service rendered, b) the customer's timely payment of undisputed bills for service in ten months out of the past twelve consecutive months, and is not currently delinquent.

5. Service Connections

5.1 Company Shall Establish All Connections To Its Lines: The Company shall make all connections to its mains and will furnish, install and maintain all service lines from the main to customer's property line, which shall be the property of the Company and be accessible to and under its control at all times.

5.2 Customer Shall Inspect All Installations Of Customer's Service Line: All customer service lines from the curb to the real property shall be of pipe approved by the Company, and kept in good repair at the expense of the customer. The Customer shall notify the Company of the installation of the customer's service line and Company shall inspect the installation prior to its enclosure. Customer shall pay a fee of \$25 for the inspection that shall be paid at time of customer's request for usage service. Customer's service line shall be kept in good repair at the customer's expense.

5.3 Location: Customer service lines shall be laid consistent with sound engineering practices and in conformance with all governmental regulations and ordinances. Each property served shall be individually supplied through a separate service pipe from the sewer main, unless the Company approves some other arrangement because of special circumstances.

5.4 Customer's Duty To Maintain Customer's Service Line: All leaks in customer's service lines from the curb to, and in and upon, the customer's premises shall be promptly repaired. On customer's failure to make such repairs within a reasonable time, the Company may turn off water service to the property to prevent a public health hazard. The Company shall in no event be responsible for maintenance of, or for damage done by sewage escaping from, the service pipe; and the customer shall, at all times, comply with regulations and shall make any changes thereon required on account of change of grade, relocation of mains, or otherwise.

6. Grinder Pumps

6.1 Installation: Each customer shall be required to install and maintain a grinder pump that is compatible with connection to the Company's sewer system. The Customer shall notify the Company of the installation and the Company shall inspect the installation. The Company shall charge \$25 for the inspection. The failure of a customer to properly install and maintain a grinder pump, including replacement, shall constitute grounds for the Company to terminate service. In addition, the Company reserves the right to recover any damage to Company's facilities caused by a customer's grinder pump.

6.2 Customer's Duty To Maintain: In order to maintain the grinder pump, customers should not introduce grease, plastic, rubber or other articles that may cause the pump to malfunction as set forth in the manufacturer's specifications.

7. Billing and Payment

7.1 Time of Rendering Bills: Bills for service shall be prepared and sent by the Company at least every three months for service in the past billing period.

7.2 Due Date: The due date for payment of bills shall be twenty (20) days from the date the bill is mailed, unless another later date is specified on the bill. Payments mailed, as evidenced by the United States Post Office mark, shall be deemed received by the due date.

7.3 Late Payment Charge: A late payment charge shall be assessed as provided by Rule 11 shall be calculated on the overdue portion of the Customer's delinquent bill. Late payment charge shall be imposed when payments for service are received in person at the Company office or at the office of an authorized collection agent after the due date. Such penalties will be calculated each billing period thereafter only on the overdue portions of the bills.

7.4 Customer Responsible for Billings: The customer served by the Company shall be responsible to the Company for payment for service furnished to the property irrespective of any agreement between the customer and a third party, and the bill shall in all cases be rendered to the customer unless the Company is notified by said customer to render the bill to some other party acting in a formal capacity as an agent of the customer, in which case the customer shall nevertheless remain liable for the payment of all water bills.

7.5 Failure to Receive Bill: Failure to receive a bill will not exempt the customer from the terms of payment, or constitute a waiver of these Rules. Customer shall be responsible to notify the Company within fifteen (15) days of the end of any billing period if no bill has been received and the Company shall send a new bill to the customer upon such notice.

8. Discontinuance of Residential Service

8.1 Grounds for Termination of Service: The Company has the right to terminate service for any of the following reasons:

- a) nonpayment of an undisputed account
- b) failure to post a cash deposit.
- c) unreasonable refusal to permit access to meters, service connections and other property of the utility for the purpose of maintenance, repair or meter reading
- d) unauthorized use of the utility service
- e) failure to comply with a material term of a settlement, payment agreement, or tariff provision
- f) fraud or misrepresentation of identity for the purpose of obtaining utility service

8.2 Written Notice Of Termination: The Company shall mail or deliver written notice to the customer at least ten (10) days prior to the date of the proposed termination date. No notice of termination shall be based on a bill that the customer has disputed oral or written unless the dispute has been resolved.

8.3 Termination Dates: The termination date in the Company's notice shall not be a Friday, Saturday, Sunday, bank holiday and immediately preceding day, holiday observed by the Company or immediately preceding day, or holiday observed by the Commission or immediately preceding day.

8.4 Personal Notice Of Termination: The Company shall after the written notice personally contact the customer or a responsible adult occupant at least three (3) days prior to termination. If personal contact is made, then the Company shall explain to the customer the following: a) the reasons for the proposed termination, b) methods to avoid termination, including payment in full or scheduling payments as a settlement, c) the customer's right to file a dispute with the Company and an informal complaint with the Commission, and the dispute procedures, d) the duty of the customer to pay the portion of the bill not disputed, and e) the emergency medical procedures.

8.5 Termination Procedures For Tenant Occupied Structure: The Company shall employ the procedures set forth in the Commission's regulations and Public Utility Code to terminate residential service at a structure occupied by tenants.

8.6 Dispute Procedure: The Company shall consider a dispute any communication from the customer that disputes a determination that a deposit is required, the accuracy of the bill, or the identity of the customer. Upon receipt of a customer dispute, the Company shall

investigate the matter and make a diligent attempt to negotiate a reasonable payment agreement or explain the basis for the bill, and send to the customer a written report that describes the dispute, states the Company's position, indicates that service will not be terminated pending completion of the dispute process, informs the customer that an informal complaint must be filed within ten (10) days of the mailing date of the report in order to preserve all rights, and explains the complaint process.

8.7 Emergency or Scheduled Interruptions: The company may temporarily interrupt service; discontinue service without prior written notice; or terminate service within the purview of Subchapters D and E, Chapter 56, Title 52. Only the Company, through its proper agents, has the authority to turn off the connection at any corporation stop or curb stop, or to disconnect or remove the meter in order to disrupt sewer service. As necessity may arise in the case of a line break, emergency or other unavoidable cause, the Company shall have the right to temporarily terminate service in order to make necessary repairs, connections, etc.; but the Company will use all reasonable and practicable measures to notify the customer in advance of such discontinuance of service. In such case the Company shall not be liable for any damage or inconvenience suffered by the customer, nor in any case for any claim against it at any time for interruption in service.

9. Prohibited Discharges

9.1 Prohibited Discharges: No customer shall discharge or cause to be discharged any of the following described wastes or waters into the sewer system:

- (a) Roof drainage, surface water, or drainage from any cesspool or underground drainage field;
- (b) Any exhaust steam, gasoline, benzene, naphtha, oils, tar, grease or other combustible gases or liquids or any garbage, offal or other solid or viscous substances which are capable of causing obstructions to the flow in any sewer or which would adversely effect the proper operation of the sewer system or the processes of the company's sewage treatment plant;
- (c) Any industrial wastes unless prior application has been made to and approved by the company;
- (d) Any sudden emptying of a tank, reservoir, swimming pool (in less than 72 hours) or other container or any other discharge in such quantity that may tax the capacity or otherwise adversely effect the operation of the company's sewage system or treatment plant; or,
- (e) Any sanitary sewage or other wastes have undesirable ranges or color, ph or biochemical oxygen demand, or containing any toxic substances in quantities sufficient constitute a hazard to humans or animals or to interfere with the processes of the sewage treatment plant or which will pass through such plant in a condition which will exceed state, federal or other requirements for the receiving stream.
- (f) Any wastewater that has not been processed through a properly operating grinder pump approved by the Company.

9.2 Damages: If a customer discharges any prohibited discharges that the operation of treatment system is destroyed or impaired, then the Company may impose consequential reasonable charges, included the recovery of any fines or assessments imposed upon a finding of a violation of the Clean Water Act or Clean Stream Act, associated with the restoration of the system to its condition prior to the unlawful discharge.

10. General Liability for Damages

10.1 The Company's liability for any loss or damage from the service provided due to any cause other than willful misconduct or gross negligence by the Company, its agents, or employees, shall be limited to an amount no more than the customer charge or minimum bill for the period in question. The Company will undertake to use reasonable care and diligence in order to prevent and avoid disruptions in service, but it cannot and does not guarantee that such will not occur.

10.2 The Company shall in no event be liable for any loss or damage caused by reason of any break, leak, or other defect in customer's own service, line, grinder pump fixtures, or other installations.

10.3 The Company shall not be required to assume ownership, control, or maintenance responsibility for any mains or other pipes which were not installed by it, inspected by it, or which are not built to the Company's specifications.

11. Schedule of Rates and Charges for Service

- 11.1 Residential Usage Service shall be billed \$8.37 per month in addition to the treatment surcharge for each residential customer that receives usage service.
1. Settlement Credit The Company shall credit each residential usage customer as of July 1994 the amount of \$3.70 for twelve consecutive monthly bills following the effective date of Supplement No. 1.
- 11.2 Commercial Service shall be billed as follows.
- A monthly charge \$21.42 per equivalent dwelling unit as calculated for sewer treatment service provided by Butler Township Authority.
- 11.3 Treatment Surcharge shall be billed each Residential and Commercial usage customer monthly for each Equivalent Dwelling Unit (EDU) as calculated by Butler Township Authority for the cost of sewage treatment by Butler Township Authority. The surcharge shall be revised upward or downward based upon the per EDU charge billed by Butler Township Authority. The current EDU charge is \$75 a quarter, or \$25.00 a month. (I)
- 11.4 Availability Service shall be billed at the rate of \$6.38 per month for each lot that has a sewer main installed and available to serve the lot; however, contiguous lots with the same owner shall be considered one customer.
- 11.5 Late Payment Charge of 1.5% of the overdue bill shall be applied to any bill not paid by the due date.
- 11.6 Service Call The Company shall charge \$25.00 per each inspection the Customer has requested for a service call and when the Company, after inspection, determines that the service call is attributed to the Customer or the Customer's facilities.