

February 15, 2007

VIA OVERNIGHT MAIL

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

Re: Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56
to Comply with the Provisions of 66 Pa.C.S., Chapter 14; General
Review of Regulations
Docket No. L-00060182

Dear Secretary McNulty:

Enclosed please find an original and fifteen (15) copies along with a
diskette of Pennsylvania-American Water Company's comments in the above-
captioned matter.

If you have any questions, please feel free to contact me.

Sincerely,



Susan Simms Marsh

Enclosures

cc: Terrence J. Buda (via email)
Cyndi Page (via email)
Daniel Mumford (via email)

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**Before the
Pennsylvania Public Utility Commission**

In Re: Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Provisions of 66 Pa.C.S., Chapter 14; General Review of Regulations

Docket No. L-00060182

**Comments of
Pennsylvania-American Water Company**

Pennsylvania-American Water Company (“PAWC” or “Company”) respectfully submits these comments in response to the Pennsylvania Public Utility Commission's (“PUC” or “Commission”) advance notice of proposed rulemaking regarding amendments to Chapter 56 of Title 52 of the Pennsylvania Code pertaining to standards and billing practices for residential customers.

I. INTRODUCTION AND GENERAL COMMENTS

On November 30, 2004, Governor Edward Rendell signed into law the Responsible Utility Consumer Protection Act which became effective on December 14, 2004. The Act, more commonly known as and hereafter referred to as Chapter 14, served as the mechanism for the modernization of utility customer service and collections rules and procedures.

PAWC is a public utility authorized to provide water and wastewater services in various communities within the Commonwealth of Pennsylvania. Currently, the Company provides water service to 626,107 residential customers and wastewater service to 14,406 residential customers. Most PAWC wastewater customers also receive water service from the Company.

Chapter 14 defines public utility to include water distribution utilities within the jurisdiction of the Commission. The Act further defines a water distribution utility as “an entity owning or operating equipment or facilities for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.” The

term “wastewater” or the more common used term “sewer” is not referenced in the law; therefore, Chapter 14 is not applicable to wastewater residential customers. Accordingly, residential customers who receive water and wastewater services from a public utility are guided by Chapter 56 regulations for wastewater service and Chapter 14 for water service.

The General Assembly passage of the Act was intended to provide utility companies with an “equitable means” to reduce uncollectible accounts by modifying collection procedures and increasing collections while ensuring the availability of service to all customers. Moreover, the legislature saw a need to prevent chronic and habitual delinquent ratepayers from being a burden on those ratepayers who pay their utility bills in a timely manner. While the Act does not specifically reference wastewater, from an engineering and billing perspective, it is difficult to separate water and wastewater.

The administrative functionality in handling customer accounts in cases where the Company provides the customer both water and wastewater services are complex. In these cases, Chapter 14 would govern the water portion of the customer account and the Commission regulations would govern all aspects of the wastewater portion of said account. This approach could cause customer confusion. Additionally, the Company’s current customer service support system cannot simultaneously implement Chapter 14 for the water component of the account while implementing Chapter 56 for the wastewater component. It would require the Company to manually process these customer accounts.

From a practical and administrative perspective, it is reasonable to utilize the same application, deposit, payment agreement, collection and termination standards as outlined in Chapter 14 for residential water customers and maintain the same standards for residential water/wastewater customers. This approach would limit customer confusion as well as eliminate the need to allocate Company resources for manual processing.

PAWC had hope the Commission, at the time it undertook revisions to Chapter 56 regulations, would incorporate the standards of Chapter 14 that are applicable to residential water customers and applicants and made said standards applicable to residential wastewater customers and applicants. To do so would make good business and regulatory sense. Accordingly, PAWC respectfully requests this honorable

Commission to consider incorporating the standards provided for in the Responsible Utility Customer Protection Act for application to residential wastewater customers and applicants.

II. Technology Advancement

PAWC agrees with the Commission's assessment of the advancement in technology particularly in the area of online customer service options, internet and electronic mail. Technology advancement is an ever changing facet of our society. Regulations by their very nature lag behind technology advancements. Therefore, it will be incumbent upon the Commission to promulgate regulations, particularly billing and payment, in such a manner as to promote the continued investment in this every changing technology.

III. Appendix A

1. Rules that apply to victims with a protection from abuse (PFA) order and to customers of steam heating, wastewater and small natural gas companies.

For purposes of wastewater residential customers, Chapter 56 should be amended to include a separate chapter for wastewater customers to be consistent with the rules applicable to water residential customers. Water and wastewater are closely aligned. Wastewater has been an area of opportunity and growth for the water industry. PAWC submits the alignment of the two industry regulations relative to residential customer billing and collection practices makes good regulatory and business sense. This approach would eliminate customer confusion. Moreover, PAWC is unaware of any statutory provision which would prohibit the Commission from taking this approach for wastewater residential customers. Accordingly, as previously stated herein, PAWC respectfully requests this honorable Commission to consider incorporating the standards provided for in the Responsible Utility Customer Protection Act for application to residential wastewater customers and applicants.

10. Reporting requirements.

The Commission proposes to amend 52. Pa. Code § 56.231 to include Class A water utilities. The rationale for the proposed amendment as provided for in the Order is “[w]ater utility rates have increased significantly since this section was first promulgated

and concerns with collection issues in the water industry are now sufficient to amend this section to include major water utilities.”

If one looks at our society from a historical perspective, every segment of society has experienced increases. Concomitantly, the same time period reflects increases to wages and salaries. PAWC respectfully submits that the issue is not whether water utility rates have increased since 1979 thereby necessitating monthly reporting to the Commission on residential ratepayer collection activity. With respect to the rationale relative to the concerns with the water industry collections issues, there have been no rulings or findings which suggest the water industry conducted its collection activities outside of the parameters of Chapter 14.

It is important, however, to examine Section 56.231 in context with the Commission’s activity in 1979 and today’s activity. At the Public Meeting of April 12, 1978, the Commission adopted its Order which promulgated the final Regulations for Chapter 56. Section 56.231 was not part of the original Chapter 56. At its Public Meeting held September 13, 1979, the Commission amended Section 55.5. The Commission also adopted a new regulation at Section 56.231. This rulemaking was "inspired" by two reasons. “First, the reporting requirements of § 55.5 require revision to ensure that reporting requirements for residential ratepayers are consistent with the provisions of Chapter 56. Second, the existing regulations at § 55.5 require revision in order to provide the Commission with uniform, accurate and intelligible information.”

At the Public Meeting of July 20, 2006, the Commission adopted a Final Order establishing the reporting requirements for the Commission’s biennial report to the General Assembly on the effect of the implementation of Chapter 14. The Commission undertook a collaborative process in the development of Collection Data Dictionary which includes residential collections reporting. Class A water utilities beginning in 2007 are required to submit to the Commission the data for the Residential Collections Data Reporting Requirements of the Electric, Natural Gas and Water Distribution Companies in Accordance with the Provisions of Chapter 14 at § 1415. Rather than revising Section 56.231 to include Class A water utilities, PAWC suggest the Commission require the Company to submit the same data as provided for in the Collection Data Dictionary. This approach would relieve undue burden to the company

to establish a new process that will require additional resources. Moreover, the recent activities from the collaborative process in response to the Commission's reporting requirements to the General Assembly pursuant to Chapter 14 is more closely align with where we are today as society rather than 1979.

Conclusion.

Pennsylvania-American Water Company appreciates the opportunity to present comments on the Advance Notice of Proposed Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to comply with the Provisions of 66 Pa.C.S., Chapter 14; General Review of Regulations and requests that the Commission consider its comments on these issues.

Respectfully submitted,



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Date: February 15, 2007