

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

October 16, 2017

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Pa. Public Utility Commission
v.
Pennsylvania-American Water Company
Docket No. R-2017-2595853

Dear Secretary Chiavetta:

Attached for electronic filing is a sample of the letter sent out by our office to all pro se Formal Complainants regarding the Joint Petition for Settlement in the above proceeding.

Very truly yours,

A handwritten signature in blue ink that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Attachment

cc: Honorable Dennis Buckley, ALJ
Honorable Benjamin Myers, ALJ
Certificate of Service (active parties only)

240932

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket No. R-2017-2595853
Pennsylvania-American Water Company :
(Water & Wastewater) :

I hereby certify that I have this day served a true copy of the following documents, the Office of Consumer Advocate's letter to all pro se Formal Complainants, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 16th day of October 2017.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Gina Miller, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Elizabeth Rose Triscari, Esquire
Daniel G. Asmus, Esquire
Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, P A 17101

Anthony C. DeCusatis, Esquire
Thomas P. Gadsden, Esquire
Catherine G. Vasudevan, Esquire
Brooke E. McGlinn, Esquire
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

David P. Zambito, Esquire
George A. Bibikos, Esquire
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101

Joseph L. Vullo, Esquire
1460 Wyoming Avenue
Forty Fort, PA 18704

Richard A. Baudino
J. Kennedy & Associates
1347 Frye Road
Westfield, NC 27053

David F. Boehm, Esquire
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Charis Mincavage
Adeolu A. Bakare
Matthew L. Garber
McNEES WALLACE & NURICK LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108

Susan Simms Marsh
Pennsylvania-American Water Co.
800 West Hershey Park Drive
Hershey, PA 17033

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720-T
St. Louis, MO 63105

/s/Christy M. Appleby

Christy M. Appleby

Assistant Consumer Advocate

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Senior Assistant Consumer Advocate

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E-Mail: CHoover@paoca.org

Counsel for Office of Consumer Advocate

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5th Floor, Forum Place

Harrisburg, PA 17101-1923

Phone: (717) 783-5048

Fax: (717) 7152

Dated: October 16, 2017

*240895

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October 16, 2017

Dolores Ferrara
1447 Elizabeth St.
Scranton, PA 18504

Re: Your Complaint in Pennsylvania Public Utility
Commission v. Pennsylvania American Water Co.,
Docket No. R-2017-2595853
Docket No. C-2017-2608009

Dear Dolores Ferrara:

We are sending this letter to you, as a Pennsylvania American Water Co. (PAWC or Company) customer who filed a Formal Complaint with the Public Utility Commission (PUC) in the current rate case. We want to notify you that the Company, the Commission's Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate (OCA), and other active parties have proposed a Joint Petition for Settlement (Settlement) to the Commission to resolve the issues raised in this case. **If you have any comments regarding the Settlement, you must submit them to Administrative Law Judges Dennis J. Buckley and Benjamin J. Myers, and the Secretary of the PUC, postmarked no later than October 26, 2017.**

On October 16, 2017, the Company filed the proposed Settlement with the PUC and served a copy of the proposed Settlement on Judges Buckley and Myers. Due to the voluminous nature of the Settlement and supporting documents, we have made them available on the OCA website at the following web address:

www.oca.state.pa.us/industry/water/PAWC2017Settlement.html

If, however, you would like a paper copy, please contact our office at 1-800-684-6560 (toll free) or 717-783-5048 and one can be provided to you.

This brief summary of some of the points of the Settlement is provided for your convenience. However, I encourage you to please review the Settlement in its entirety, especially the terms and conditions at page 5-19. The Settlement, if approved, would do the following:

- Allow the Company to increase revenues by \$61.85 million, or by 9.41% over current levels. The Company originally proposed an increase in annual revenues of \$107.9 million, or a 16.4% increase over current levels. The Company's original request included an increase of approximately \$90 million for the

Company's water operations, approximately \$7.5 million for its wastewater operations (excluding Scranton), and approximately \$10.4 million for its Scranton wastewater operations. New rates will go into effect on January 1, 2018.

- Allow the Company to allocate a portion of the wastewater cost of service to the combined water and wastewater customer base, as per Act 11, in the amount of \$4.7 million. The Company originally proposed to shift approximately \$13.8 million.
- According to the customer notices included in the Company's filing, a typical Zone 1 residential water customer with a 5/8" meter using 3,630 gallons per month would have seen their rates increase from \$55.53 to \$65.12, or by \$9.49 or 17.06%. The Company's proposed increase in the average monthly bill for each of PAWC's water rate zones is provided in the following table:

Rate Zone	Water Territory	Present Rates	Company's Originally Proposed Rates	Company's Originally Proposed Increase Amount	Company's Originally Proposed Increase Percentage
1	General	\$55.63	\$65.12	\$9.49	17.06%
40	Nittany*	\$33.20*	\$48.84/\$65.12*	\$31.92*	96.14%*
41	Sutton Hills	\$43.77	\$65.12	\$21.35	48.78%
44	Wildcat	\$46.70	\$65.12	\$18.42	39.44%
46	All Seasons	\$42.43	\$65.12	\$22.69	53.48%
47	Balsinger	\$40.27	\$65.12	\$24.85	61.71%
50	Acquisitions	\$50.24	\$65.12	\$14.88	29.62%
51	Berry Hollow	\$41.80	\$65.12	\$23.32	55.79%
52	McEwensville*	\$21.78*	\$45.58/\$65.12*	\$43.34*	198.99%*

*Rates will go to Zone 1 by phase-in in 2018 and 2019.

- Under the Settlement, on a total bill basis, a typical residential water customer in Zone 1 with a 5/8" meter using 3,630 gallons of water of per month would see an increase from \$55.63 to \$60.85 per month, or by \$5.22, or 9.38%. This is less than the Company's proposal which would have increased the customer's monthly bill by \$9.49, or 17.06%. The Company's proposed increase in the average monthly bill for each of PAWC's water rate zones is provided in the following table:

New Rate Zone	Water Territory	Present Rates	Settlement Rates	Increase Amount	Increase Percentage
1	General	\$55.63	\$60.85	\$5.22	9.38%
2	Nittany*	\$33.20	\$41.18/\$49.17	\$15.97	48.11%
2	Sutton Hills	\$43.77	\$49.17	\$5.40	12.33%
2	All Seasons	\$42.43	\$49.17	\$6.74	15.88%
2	Balsinger	\$40.27	\$49.17	\$8.90	22.10%
1	Wildcat & Acquisitions	\$50.24	\$60.85	\$10.61	21.12%
2	Berry Hollow	\$41.80	\$49.17	\$7.37	17.63%
3	McEwensville**	\$21.78	\$28.12/\$34.65	\$12.87	59.09%

*Nittany average monthly bill will increase to \$49.17 in January 2019.

**McEwensville average monthly bill will increase to \$34.65 in January 2019.

- Under the Company's originally proposed filing, a typical residential wastewater customer with a 5/8" meter using 3,630 gallons per month would have seen the following increases to monthly bills:

Rate Zone	Wastewater Territory	Present Rates	Company's Originally Proposed Rates	Company's Originally Proposed Increase Amount	Company's Originally Proposed Increase Percentage
1	Coatesville, Claysville, Clean Treatment/NE	\$56.96	\$70.11	\$13.15	23.09%
2	Clarion/Pocono	\$46.50	\$70.11	\$23.61	50.77%
3	LP, Winona, Blue Mt.	\$56.90	\$70.11	\$13.21	23.22%
4	Koppel	\$38.36	\$61.34	\$22.98	59.91%
5	Franklin	\$85.00	\$70.11	\$(14.89)	-17.52%
6	Paint Elk	\$61.41	\$70.11	\$8.70	14.17%
7	Hamiltonban	\$50.00	\$70.11	\$20.11	40.22%
8	Shippenville	\$52.60	\$70.11	\$17.51	33.29%
9	McEwensville	\$48.00	\$70.11	\$22.11	46.06%
10	Fairview	\$64.00	\$70.11	\$6.11	9.55%
11	New Cumberland	\$42.79	\$43.85	\$1.06	2.48%
12	Scranton	\$37.65	\$37.65	\$0.00	0%

- Under the Settlement, a typical residential wastewater customer with a 5/8" meter using 3,630 gallons per month will see the following increases to the monthly bill:

New Rate Zone	Wastewater Territory	Present Rates	Settlement Rates	Settlement Increase Amount	Settlement Increase Percentage
1	Coatesville, Claysville, Clean Treatment/NE	\$56.96	\$64.93	\$7.97	13.99%
1	Clarion/Pocono	\$46.50	\$64.93	\$18.42	39.62%
1	LP, Winona, Blue Mt.	\$56.96	\$64.93	\$7.97	13.99%
4	Koppel	\$38.36	\$53.60	\$15.24	39.72%
5	Franklin	\$85.00	\$75.10	(\$9.90)	-11.65%
1	Paint Elk	\$61.41	\$64.93	\$3.52	5.73%
1	Hamiltonban	\$50.00	\$64.93	\$14.93	29.86%
1	Shippenville	\$52.60	\$64.93	\$12.33	23.45%
1	McEwensville	\$48.00	\$64.93	\$16.93	35.27%
1	Fairview	\$64.00	\$64.93	\$0.93	1.45%
2	New Cumberland	\$42.79	\$47.96	\$5.18	12.10%
3	Scranton	\$37.65	\$41.91	\$4.26	11.31%

- The Company has agreed to spend \$2.2 million for main extensions including specific main extensions identified in the case. The parties will develop a timeframe for completion of the projects.
- The Company has agreed not to file for another rate increase before March 31, 2020.
- The Company agreed that it will increase its shareholder contribution to the hardship fund from \$300,000 to \$400,000 annually for water operations and from \$10,000 to \$50,000 for wastewater operations. The parties agreed that the monthly service charge discount will increase from 80% to 85% for low-income water customers. The Parties agreed that the residential low-income discount will increase from 15% to 20% of the wastewater bill.

Because you filed a Formal Complaint in this case, you have the following options (please see pages 6 and 7):

- You may join in the proposed Settlement. To do so, please sign and return the enclosed **SIGNATURE PAGE** (page 6 of this document) to the Secretary of the Commission with copies to Judges Buckley and Myers **postmarked no later than October 26, 2017**. Signing the Signature Page means that you agree to have your Formal Complaint discontinued with the approval of the proposed Settlement.
- You may object to the Settlement. To do so, please sign and return the enclosed **OBJECTIONS PAGE** (page 7 of this document) to the Secretary of the Commission with copies to Judges Buckley and Myers **postmarked no later**

than October 26, 2017. If you object to the Settlement, **you are encouraged to provide written comments** setting forth any facts and explanation for your objections.

- You may choose to do nothing.

This is your opportunity to express your opinion, if you wish, on the proposed Settlement before Judges Buckley and Myers issue their Recommended Decision for the PUC's consideration. Your original objections or signature page must be **postmarked no later than October 26, 2017** and sent to the Commission's Secretary, with copies to Judges Buckley and Myers. The Secretary's address is:

Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

The Judges' address is:

Honorable Dennis J. Buckley and Honorable Benjamin J. Myers
Office of Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120.

Any correspondence postmarked later than **October 26, 2017** will not be reviewed by the Judges.

Once the Judges issue the Recommended Decision, you may file exceptions to the Recommended Decision, if you disagree with it. You may not file exceptions if you have signed the Signature Page indicating your agreement with the Settlement, and the Judges then approve the Settlement without any changes.

Please carefully review the proposed Settlement. If you have any questions, please feel free to contact me at 717-783-5048 or toll-free at 1-800-684-6560. Thank you for your time and your interest in this matter.

Very truly yours,



Christine Maloni Hoover
Senior Assistant Consumer Advocate

SIGNATURE PAGE

Please sign this sheet if you would like to **join** in the Joint Petition for Settlement signed by Pennsylvania American Water Co., the PUC's Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate, and other active parties in the case of Pennsylvania Public Utility Commission v. Pennsylvania American Water Co., Docket No. R-2017-2595853.

By adding my signature below, I am indicating that I have read the terms of the Settlement Agreement and wish to JOIN in the Settlement. I am willing to allow the terms of the Settlement resolve my Formal Complaint in this matter if the Public Utility Commission approves the Settlement without modification.

Please Print Your Full Name

Please Sign Your Full Name

Date: _____

Please Write Your Address Here:

Docket Number of Your Complaint

C-2017-2608009

OBJECTIONS PAGE

Please sign this sheet if you would like to **oppose** the Joint Petition for Settlement signed by Pennsylvania American Water Co., the PUC's Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate, and other active parties in the case of Pennsylvania Public Utility Commission v. Pennsylvania American Water Co., Docket No. R-2017-2595853. **You are encouraged to provide written comments below and/or attach additional pages**, setting forth any facts and explanation for your objections.

By adding my signature below, I am indicating that I have read the terms of the Settlement Agreement and wish to OPPOSE the Settlement. I understand that I may file objections (below and/or by attachment to this Objections Page) to the Settlement and exceptions to a Recommended Decision and that my complaint will be resolved as part of the PUC order resolving this case.

Please Print Your Full Name

Please Sign Your Full Name

Date: _____

Please Write Your Address Here:

Docket Number of Your Complaint

C-2017-2608009

Objections: