Morgan Lewis

Anthony C. DeCusatis
Of Counsel
+1.215.963.5034
anthony.decusatis@morganlewis.com

November 13, 2017

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

Re: Pennsylvania Public Utility Commission v. Pennsylvania-American Water Company
Docket Nos. R-2017-2595853, *et al.*

Dear Secretary Chiavetta:

Enclosed please find the **Response of Pennsylvania-American Water Company to the Additional Objections to the Joint Petition for Settlement of Rate Investigation** (the "Response") in the above-captioned proceeding.

As evidenced by the enclosed Certificate of Service, copies of the Response are being served upon the presiding Administrative Law Judges, Dennis J. Buckley and Benjamin J. Myers, and all active parties.

If you have any questions, please do not hesitate to contact me directly at 215.963.5034.

Very truly yours,

Anthony C. DeCusatis

ACD/ap

c: The Honorable Dennis J. Buckley (w/encls.)
The Honorable Benjamin J. Myers (w/encls.)
Per Certificate of Service (w/encls.)

Morgan, Lewis & Bockius LLP

1701 Market Street
Philadelphia, PA 19103-2921
United States

T +1.215.963.5000
F +1.215.963.5001

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
v.	:	**DOCKET NOS. R-2017-2595853, *et al.***
PENNSYLVANIA-AMERICAN WATER COMPANY	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Response of Pennsylvania-American Water Company to the Additional Objections to the Joint Petition for Settlement of Rate Investigation** on the following persons, in the manner specified below, in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC AND FIRST CLASS MAIL

The Honorable Dennis J. Buckley
Administrative Law Judge
Office of Administrative Law Judge
400 North Street
P.O. Box 3265
Harrisburg, PA 17105
debuckley@pa.gov

The Honorable Benjamin J. Myers
Administrative Law Judge
Office of Administrative Law Judge
400 North Street
P.O. Box 3265
Harrisburg, PA 17105
benmyers@pa.gov

Christine Maloni Hoover
Erin L. Gannon
Christy M. Appleby
Lauren M. Burge
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
choover@paoca.org
egannon@paoca.org
cappleby@paoca.org
lburge@paoca.org

Elizabeth Rose Triscari
Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101
etriscari@pa.gov

Gina L. Miller
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
ginmiller@pa.gov

Charis Mincavage
Adeolu A. Bakare
Matthew L. Garber
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108-1166
cmincavage@mcneeslaw.com
abakare@mcneeslaw.com
mgarber@mcneeslaw.com
Counsel for PAWLUG

David F. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@bkllawfirm.com
Counsel for AK Steel Corporation

Joseph L. Vullo
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@aol.com
Counsel for Commission on Economy Opportunity

VIA FIRST CLASS MAIL ONLY

Noel Netel
4167 Brook Court
Tobyhanna, PA 18466-3051

Casey Hogan
337 East Chestnut Street
Coatesville, PA 19320

Barry Fenicle
P.O. Box 405
Benyou Lane
New Cumberland, PA 17070

Virginia H. Cozzi
2213 Scarborough Way
Bushkill, PA 18324-8936

Raymond Saunders
5123 Oakley Ct.
Bushkill, PA 18324

Linda Waddington-Tully
and Robert Tully
P.O. Box 573
Bushkill, PA 18324

Christopher E. Visco
916 Harrison Avenue
Scranton, PA 18570

Stephen R. Schwarz
9756 Leland Terrace
Tobyhanna, PA 18466

Fred W. Wesner
P.O. Box 61
5 Walnut Street
McEwensville, PA 17749

Alice Piper
2211 Exeter Court
Bushkill, PA 18324

Ronald Russo
1172 Audubon Drive
So. Abington Twp., PA 18411

Michael Saville
1126 Wyoming Avenue
Exeter, PA 18643

Paul James Walaski
65 Depot Street
Forest City, PA 18421

Shannon Brown
406 Highland Avenue
Clarks Summit, PA 18411

Respectfully submitted,

Anthony C. DeCusatis (PA I.D. No. 25700)
Catherine G. Vasudevan (PA I.D. No. 210254)
Brooke E. McGlinn (PA I.D. No. 204918)
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
215.963.5034 (bus)
anthony.decusatis@morganlewis.com
catherine.vasudevan@morganlewis.com
brooke.mcglinn@morganlewis.com

Susan Simms Marsh (PA I.D. No. 44689)
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
717.531.3362 (bus)
susan.marsh@amwater.com

David P. Zambito (PA I.D. No. 80017)
George A. Bibikos (PA I.D. No. 91249)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
717.703.5892 (bus)
dzambito@cozen.com
gbibikos@cozen.com

Counsel for
Pennsylvania-American Water Company

Dated: November 13, 2017

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
v.	:	DOCKET NOS. R-2017-2595853, et al.
PENNSYLVANIA-AMERICAN WATER COMPANY	:	

RESPONSE OF PENNSYLVANIA-AMERICAN WATER COMPANY TO ADDITIONAL OBJECTIONS TO THE JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

November 13, 2017

TABLE OF CONTENTS

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
v.	:	**DOCKET NOS. R-2017-2595853, et al.**
PENNSYLVANIA-AMERICAN WATER COMPANY	:	

RESPONSE OF PENNSYLVANIA-AMERICAN WATER COMPANY TO ADDITIONAL OBJECTIONS TO THE JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

On October 16, 2017, Pennsylvania-American Water Company ("PAWC" or the "Company"), the Bureau of Investigation and Enforcement ("BI&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), AK Steel Corp. ("AK Steel"), the Commission on Economic Opportunity ("CEO") and the Pennsylvania-American Water Large Users Group ("PAWLUG") (collectively, the "Joint Petitioners"), representing all of the parties that participated actively in this case, filed with the Pennsylvania Public Utility Commission ("PUC" or the "Commission") a Joint Petition for Settlement of Rate Investigation ("Joint Petition"). If approved, the settlement set forth in the Joint Petition ("Settlement") would resolve all of the issues in this case.

The Joint Petition was accompanied by Statements in Support in which the Joint Petitioners expressed their full support for the Settlement and explained why they believe the Settlement is in the public interest and should be approved by the Administrative Law Judges ("ALJs") and the Commission. Additionally, a hearing was held on September 26, 2017, at which the Joint Petitioners moved into evidence the extensive, detailed testimony and numerous accompanying exhibits that comprise the evidentiary record in this case. Significantly, PAWC

and other Joint Petitioners, in their respective Statements in Support, carefully reviewed the record evidence and provided record citations for evidence supporting all of the substantive terms of the Settlement. Thus, although the Settlement is – at least in part – a "black box" settlement – the Statements in Support provide a well-defined roadmap of the copious record evidence that underlies and supports the Settlement.

Also on October 16, 2017, the OCA served the Joint Petition and a summary of the terms of the Settlement upon the forty-one persons that had filed Complaints in this case and are not signatories to the Joint Petition.[1] The OCA's letter also provided the web address at which interested parties could access the Joint Petition together with all of its accompanying appendices and exhibits, including the Joint Petitioners' Statements in Support. The parties served with the OCA's letter had not participated actively in the case up to that time and some of them had chosen, instead, to testify at one of the nine public input hearings held across the Commonwealth, which included a "smart hearing" held on July 27, 2017.[2] Comments on the Settlement by persons entitled to file objections – which would not include Attorney Brown, for the reasons set forth in note 1 and Section II.B.1., *infra* – were required to be served on the ALJs and post-marked no later than October 26, 2017.

---

[1] A copy of the OCA's letter was also sent to Attorney Shannon Brown. Attorney Brown had filed a Complaint on his own behalf, which the Commission docketed at C-2017-2611572 and served on the Company on June 27, 2017. However, on July 28, 2017, Attorney Brown filed a Petition to Withdraw his Complaint, a copy of which is attached as Appendix A. The Company does not object to the withdrawal nor is there any indication that any other party objects to such withdrawal. Unfortunately, Attorney Brown neglected to serve his pleading on the presiding officers, as he was required to do by the Commission's regulations and the Prehearing Order in this case (52 Pa. Code § 1.54(a); Second Prehearing Conference Order, p. 2). Nonetheless, as a consequence of having filed a Petition to Withdraw and in the absence of any objection to his withdrawal, Attorney Brown's Petition to Withdraw should be granted by the ALJs *nunc pro tunc* as of a date ten days after its filing (*see* 52 Pa. Code § 5.94(a)), and his objections should be stricken because they were submitted by a person who is not a complainant or intervenor in this case. *See* Section II.B.1., *infra*. Attorney Brown should not be permitted to benefit from his dereliction of his legal obligation to serve the ALJs with his Petition to Withdraw – a violation of one of the most fundamental requirements of practice before the PUC.

[2] A list of all of the public input hearings held in this case is set forth at pages 3-4 of the Joint Petition.

On October 30, 2017, the ALJs forwarded to the Joint Petitioners the objections that had been filed by ten *pro se* Complainants and issued an Order allowing the Joint Petitioners to file and serve responses to those objections by November 3, 2017. Pursuant to that Order, PAWC filed, and served upon the ALJs, the Joint Petitioners and the objecting Complainants, its responses to those objections.

Subsequently, the ALJs learned that four other persons had filed objections to the Settlement but had not served either the ALJs or the other parties. Accordingly, on November 9, 2017, the ALJs forwarded the four objections to the Joint Petitioners and issued an Order permitting parties to submit responses by close of business on November 13, 2017. Pursuant to that Order, PAWC is hereby responding to the additional objections.

I. OVERVIEW

As previously indicated, on November 3, 2017, PAWC filed responses to the ten objections noted in the ALJs' Order of October 30, 2017. As explained therein, many of those objections contained general averments opposing the terms of the Settlement because the objecting parties believe that the revenue increase agreed to in the Settlement had not been justified; was allegedly excessive because it exceeded their perception of the annual rate of "inflation;" and may pose a hardship for retirees and persons on a fixed income. The Company addressed all of those averments in detail in its response filed on November 3, 2017. Consequently, in lieu of repeating PAWC's earlier response, the Company incorporates that response herein by reference as if set forth at length. (A copy of the Company's earlier response will be served on the persons identified in the ALJs' November 9 Order along with this response.)

II. THE ADDITIONAL OBJECTIONS

A. The Objections Of Messrs. Russo, Saville And Waleski

The additional objections were filed by Ronald Russo, Michael Saville, Paul James Waleski, and Attorney Shannon Brown (who is representing himself). As noted in the ALJ's November 9 Order, Mr. Russo signed the OCA-provided form indicating that he objects to the terms of the Settlement, but did not provide any additional statement elaborating on this objection.

Mr. Saville's objection was accompanied by a statement noting his general opposition to any increase and questioning the rigor with which the statutory parties investigated the Company's need for rate relief. Mr. Saville's objections are fully addressed by the response the Company provided on November 3, 2017, which is incorporated herein by reference.

Mr. Waleski's objection is also accompanied by a brief statement. His general opposition to the Commission granting any increase to PAWC is fully refuted by the Company's November 3 response. In addition, Mr. Waleski, a customer in Forest City, avers that "since 1977, this Company has not provided a 'drinkable' water product to my residence."

First – and to set the record straight – PAWC has not owned or operated the water system that furnishes service in the Forest City area "since 1977." PAWC acquired the Forest City system as part of the water utility assets it purchased, with the Commission's prior approval, from the former Pennsylvania Gas and Water Company ("PG&W") in 1996. Since its acquisition of the PG&W water assets, the Company has made significant improvements to all of the former PG&W systems, including the water system serving Forest City.

Second, in his Complaint, which was served on the Company on May 31, 2017, Mr. Waleski also alleged that his water was "undrinkable" because of "chlorine" and "at times,

sediment." Upon receiving Mr. Waleski's Complaint, the Company had its water quality specialist try to contact Mr. Waleski to take a water sample from his home for testing and to further investigate his issues and concerns. The Company's water quality specialist called Mr. Waleski six times over an approximately five-day period and left voice-mail messages each time asking Mr. Waleski to call back. The Company's water quality specialist also left his cell phone number and told Mr. Waleski to feel free to call him in the evening if that was more convenient for Mr. Waleski. Mr. Waleski did not respond. Since receiving Mr. Waleski's objections, the Company again tried to contact Mr. Waleski to take a water sample and follow-up on his water quality concerns. This time, Mr. Waleski acquiesced to talk to the Company's water quality specialist, but passed on the opportunity to have his water tested. He explained to the Company's water quality specialist that, in effect, he can perceive a chlorine taste in his water, which he dislikes, and, even though he understands that the Company needs to chlorinate the water it supplies to customers to comply with regulatory requirements, he will continue to get his drinking water from another source where chlorine is not present.

Third, the Company has reviewed its records of formal and informal complaints and customer contacts looking for any pattern of water quality complaints in the general service area of Mr. Waleski's residence. There has not been any pattern of water quality complaints, inquiries or other contacts about taste or odor in that area. Mr. Waleski's dissatisfaction with the Company's water service is, apparently, a function of his heighted sensitivity to chlorine.

B. Shannon Brown

1. Attorney Brown's Petition To Withdraw His Complaint Should Be Granted

To recap, Attorney Brown filed a Complaint, which was served on the Company by the Commission on June 27, 2017, and docketed at C-2017-2611572. On July 28, 2017, Attorney

Brown filed a pleading at Docket No. C-2017-2611572 styled as a Petition to Withdraw (*see* Appendix A). In relevant part, the Petition to Withdraw states: "I, Shannon Brown, filed a complaint in the above rate action on June 27, 2017 . . . I petition to withdraw my complaint."

Attorney Brown did not serve his Petition to Withdraw on the ALJs or any of the parties. Under the Commission's docketing system, the Petition to Withdraw was not docketed at the rate case "R" docket (R-2017-2595853). It was, instead, posted at the "C" docket that had initially been assigned to Attorney Brown's Complaint (C-2017-2611572). The Company only became aware of the Petition to Withdraw after Attorney Brown filed his objections because the separate statement accompanying his objections bears his Complaint's "C" docket number.

The Commission's regulation at 52 Pa. Code § 5.94(a) provides as follows:

> Except as provided in subsection (b) [pertaining to withdrawal of a protest to an application], a party desiring to withdraw a pleading in a contested proceeding may file a petition for leave to withdraw the appropriate document with the Commission and serve it upon the other parties. The petition must set forth the reasons for the withdrawal. A party may object to the petition within 10 days of service. After considering the petition, an objection thereto and the public interest, the presiding officer or the Commission will determine whether the withdrawal will be permitted.

No party objected to Attorney Brown's withdrawal,[3] nor is there any reason to believe that any party would object. Moreover, there is no basis to conclude that the public interest would require the denial of Attorney Brown's voluntarily-filed Petition to Withdraw. It appear that the reason the Petition to Withdraw was not granted in the ordinary course before now is that

[3] The OCA notified all parties and the ALJs of the Petition to Withdraw in its e-mail to the ALJs and the parties on November 8, 2017.

Attorney Brown neglected to serve his legal pleading on the ALJs, as he was required to do by the Commission's regulations and by the Second Prehearing Order in this case.[4]

Attorney Brown filed objections while, at the same time, failing to reveal to the parties or the ALJs that he had previously petitioned to withdraw his Complaint. Thus, in summary: (1) Attorney Brown's Petition to Withdraw is still pending; (2) no party has objected to the withdrawal of Attorney Brown's Complaint; (3) there is no basis to assert that the public interest in any way requires denial of the Petition to Withdraw; (4) Attorney Brown failed to serve his Petition to Withdraw upon the ALJs and, had he done so, there is little doubt it would have been granted in the ordinary course long before now; and (5) because of Attorney Brown's prior, inexcusable failure to comply with Commission regulations, he comes to this matter with decidedly "unclear hands." Given those factors, Attorney Brown's Petition to Withdraw should now be granted by the ALJs *nunc pro tunc* as of a date approximately ten days after its date of filing. And, based on granting Attorney Brown the relief he specifically asked for – namely, withdrawal of his Complaint – he would not be a Complainant in this case and would not be entitled to file objections to the Settlement, and, therefore, his objections should be disregarded or stricken. To do otherwise would simply reward Attorney Brown for his unexcused failure to serve his Petition to Withdraw upon the ALJs (or, for that matter, on anyone else).

[4] *See* 52 Pa. Code § 1.54(a) ("Pleadings, submittals, briefs and other documents, filed in proceedings pending before the Commission shall be served upon parties in the proceeding and upon the presiding officer, if one has been assigned.").

2. Attorney Brown's Objections Should Be Disregarded Or Stricken For The Additional Reason That They Are An Improper And Untimely Attempt To Introduce Factual Matters Outside Of The Authorized Procedures And In Contravention Of The Approved Schedule That Controls In This Case

Attorney Brown's statement accompanying the "Objections Page" is replete with extra-record factual assertions and citations to documents that are not in evidence. In this case, the *bona fide* non-signatory Complainants were given the opportunity to note their objections to the Settlement to the ALJs and the Commission – *not* a "second bite at the apple" to present an entire evidentiary case-in-chief long after the deadlines that applied to all the other litigants. Thus, not only is Attorney Brown not a *bona fide* Complainant, he is trying to appropriate the opportunity to file objections in order to "game the system" by hanging back, failing to submit testimony and other evidence at the time and in the manner required by the procedural schedule, and then, at the eleventh hour, presenting to the ALJs and the Commission a host of untested factual averments.

The parties that appeared at the Prehearing Conference in this case expended a great deal of time and attention to developing, on a collaborative basis, a reasonable procedural schedule that conformed to the time constraints imposed by 66 Pa.C.S. § 1308(d). That schedule was reviewed and approved by the ALJs and memorialized in their Second Prehearing Order. Under the approved schedule, the direct testimony of the statutory parties and other Complainants and Intervenors had to be served on all parties and the ALJs by close of business on August 9, 2017. All of the other parties that participated actively in this case met that deadline. Additionally, under applicable Commission regulations, testimony had to be submitted in writing, in question and answer form, accompanied by any exhibits referenced therein, and authenticated by a

verification meeting the Commission's requirements.[5] Again, the other active participants complied with those requirements.

Attorney Brown did not comply with either the approved litigation schedule or the applicable regulations for presentation of evidence. This is a serious matter because it deprives the Company and other parties of their fundamental rights – under the Public Utility Code, the Commission's regulations and Constitutional principles of notice and due process – to obtain discovery, cross-examine witnesses and submit their own testimony and other evidence in rebuttal. In short, allowing Attorney Brown to submit "objections" containing numerous factual averments, inferences from those factual averments and alleged statements of public policy would simply condone his attempt to do an end-run around the evidentiary procedures and the approved litigation schedule established for this case. And, in so doing, he would be authorized to make the kinds of shockingly inaccurate statements with which his objections are replete without ever having to respond to interrogatories or submit to any cross-examination while, at the same time, the Company and other parties would be denied the opportunity to submit their own testimony and other evidence to rebut his assertions. The opportunity given to *bona fide* Complainants to note their objections to a settlement should not be abused in that fashion.

In short, the ALJs and the Commission need to make clear that permitting *bona fide* Complainants to submit objections to a settlement should not be converted into a mechanism for a customer who, having deliberately chosen *not* to participate in the established litigation process – indeed, having petitioned to withdraw his Complaint – is permitted to sand-bag all the other parties (and the ALJs) and dump a host of factual averments at the feet of the ALJs and the Commission at the very end of the process in flagrant derogation of approved deadlines,

[5] *See* 52 Pa. Code § 5.412 and Second Prehearing Order, p. 2.

applicable regulatory procedures and fundamental principles of notice and due process. For all of these reasons – in addition to the fact that Attorney Brown is not a *bona fide* Complainant – Attorney Brown's objections should be disregarded or stricken.

3. Attorney Brown's Objections Advance Profoundly Erroneous Statements Of Law, Fact And Fundamental Ratemaking Principles

For the reasons set forth above, the ALJs and the Commission do not need to address the various averments set forth by Attorney Brown as the alleged basis for his objections because those objections should simply be disregarded or stricken. In addition, Attorney Brown's objections contain – and attempt to advance – profoundly erroneous statements of the applicable law, the relevant facts and fundamental principles of ratemaking. While there is no need to laboriously catalogue all of the errors in Attorney Brown's objections, the Company will address the principal errors and misstatements therein, which is sufficient to demonstrate that Attorney Brown's objections are entirely without merit.

As a preliminary matter, it is worth noting that Attorney Brown's objections simply ignore the extensive evidentiary record that has been developed in this case, the key components of which are summarized in the Statements in Support submitted as Appendices to the Joint Petition. Indeed, his objections consist largely of: (1) cutting and pasting into his objections various isolated statements or phrases from the Public Utility Code and court decisions; (2) providing his "spin" on the quoted statement or phrase, which generally reflects a basic misunderstanding, erroneous interpretation or fundamental mischaracterization of the relevant legal proposition; and (3) without any reference to – or even acknowledgment of – any part of the extensive evidentiary record, asserting in a broad and conclusory fashion that the Company failed to comply with his misguided vision of what his quoted fragments allegedly require in order to support a utility rate increase.

Because he did not review the evidentiary record, Attorney Brown is, apparently, unaware of the conclusions reached by the independent expert witnesses presented by BI&E and the OCA in this case. After extensively reviewing the finances and operations of the Company, the opposing parties' *own* expert witnesses articulated their parties' *litigation positions* that the Company should be entitled to a material increase in rates.[6] In short, the totality of the evidentiary record thoroughly refutes Attorney Brown's unsupported assertion that PAWC has failed to demonstrate that its existing rates are providing an inadequate return. Indeed, the statutory advocates' expert witnesses affirmed that PAWC's existing rates will produce considerably less than a "fair return" during the fully projected future test year ("FPFTY") and beyond. That result is not unexpected given the undisputed fact that PAWC will have added over $743 million in new plant and equipment during the future test year ("FTY") (2017) and the FPFTY (2018).[7]

Given the discursive and unfocused nature of Attorney Brown's objections, it is difficult to structure a response. Consequently, the Company has determined that the most intuitive approach is probably the most understandable and accessible and, therefore, the balance of this section will provide a more or less seriatim refutation of Attorney Brown's major points.

Brown Objections, p. 1. Mr. Brown states: "PAWC receives a current guaranteed rate of return of 10.25%, but still claims that an *anticipated* 7.20% return on common equity 'is obviously less than required, by any standard, to permit a reasonable rate of return on such common equity . . .'" There are three glaring errors in that sentence.

[6] *See, e.g.*, BI&E St. 2-SR, pp. 55-60.

[7] *See* PAWC St. 3, pp. 4-5.

First, neither PAWC nor any other public utility is "guaranteed" any rate of return, as explained in a leading treatise on PUC ratemaking:[8]

> The shareholders/owners are not guaranteed a profit by utility regulators. They are given an opportunity, under prudent and reasonable management, to earn the return allowed by the PUC. Actual performance may, and usually does, fall short of the allowed return. . . . [R]ates are set on the basis of the operating results of an historical period and on future test year projections (See, Concept of the Test Year, page 150). With ever higher fuel bills, higher wages, equipment additions, and general inflation occurring during the prospective period for which rates are set, it is virtually guaranteed that that the utility will not earn its allowed return.[9]

Second, Attorney Brown repeats a 10.25% return on equity figure from an SEC Form 8-K that American Water Works Company, Inc. ("American Water") filed on December 15, 2016,[10] while inexplicably failing to note the clearly stated caveat and explanation that American Water attached to that figure. Specifically, American Water made it plain that "the ROE listed is the Company's view of the ROE allowed in the case, the ROE was not disclosed in the Order or the applicable settlement agreement." In other words: (1) PAWC's relevant (2013) rate case had been resolved by a "black box" settlement; (2) neither the settlement nor the Commission's order approving it determined – or even stated – a rate of return on equity underlying the calculation of the settlement rates; (3) each party to the settlement was free to do its own assessment of what

---

[8] Cawley, James H. and Norman James Kennard, *Rate Case Handbook – A Guide To Utility Ratemaking Before The Pennsylvania Public Utility Commission* (1983) ("The Rate Case Handbook"), pp. 141-142. James H. Cawley is a former Chairman of the PUC and was a Commissioner of the PUC at the time he authored the Rate Case Handbook. As of the Rate Case Handbook's publication date, Mr. Kennard had been a trial attorney with the OCA, legal counsel to PUC Commissioner Clifford L. Jones and a member of a law firm practicing public utility law.

[9] *See also* Phillips, Charles F., *The Regulation Of Public Utilities* (Public Utility Reports, Inc. 1984), p. 373 (providing empirical evidence that utilities' actual, achieved returns on equity fairly consistently fail to reach the levels allowed by their regulators in rate orders).

[10] American Water's December 15, 2016 Form 8-K filed with the SEC its presentation to an Investor Conference that was held on that date. (Hereafter, citations to that Form 8-K should be understood to refer to the Investor Conference presentation.) The relevant SEC Form 8-K is *not* part of the record in this case, which means that Attorney Brown could – as he, indeed, actually did – quote *only* selectively from the parts of the Form that he believes supports his arguments while remaining silent as to the rest.

combination of rate base, expenses, taxes and rate of return it believed supported the settled outcome; and (4) solely for purposes of trying to analyze the elements of the revenue requirement underlying the settlement increase, PAWC decided to use 10.25% as a benchmark. Simply stated, the Commission did not identify a 10.25% rate of return on equity in approving the 2013 settlement, let alone "guarantee" that PAWC would achieve that rate of return during the subsequent four years that the settlement rates would be in effect.

Third, the fact that PAWC's rate of return on equity during the FPFTY – which formed the basis for its rate request – would be as low as 7.20% is not a mere "claim" by PAWC. It is demonstrated by the extensive supporting data, testimony and exhibits submitted by the Company.[11] Just as important, the financial analyses submitted by the expert witnesses for BI&E and the OCA also showed that PAWC was not earning, and could not be expected to earn during the FPFTY, anything close to 10.25% on common equity.[12]

Brown Objections, pp. 1-2. Attorney Brown notes that American Water stated in its December 15, 2016 Form 8-K that it could increase the debt portion of its total consolidated capitalization (i.e., the capitalization of American Water and *all* of its subsidiaries) by $1.4 billion before its borrowings would diminish current credit ratings. Based on that statement, Attorney Brown asks the ALJs and the Commission to conclude that PAWC is not entitled to an increase in revenues in this case. At the outset, it must be emphasized that PAWC's entitlement to a rate increase must be based on the finances and operations of PAWC – not the finances and

[11] *See* PAWC Hearing Exhibit No. 1, which summarizes the testimony and exhibits submitted for the evidentiary record by the Company.

[12] *See, e.g.*, BI&E St. 2-SR, pp. 56-58, Table 1, respectively, for water operations, wastewater operations excluding Scranton and Scranton wastewater operations.

operations of its corporate parent or of other subsidiaries of American Water.[13] Furthermore, the fact that a utility – or its corporate parent – has the capacity to borrow funds without thereby degrading its credit rating is not the threshold for determining if the utility should be entitled to a rate increase. Applying that standard, a utility would have to show that both it and its corporate parent had exhausted their respective capacities to obtain capital from potential lenders before a rate increase could be justified. That proposition is entirely contrary to the "fair return" legal standard as well as a clear violation of applicable constitutional mandates.

At page 2 of his objections, Attorney Brown makes the first of several references to American Water allegedly increasing its dividends by "415% between 2008 and 2017." That assertion is wrong arithmetically, factually and conceptually, as will be explained in more detail in the discussion, hereafter, of the numerous errors in Attorney Brown's statements regarding American Water's "dividend practices" and their alleged relevance to determining the allowed revenue requirement for PAWC. Suffice it to say that Attorney Brown's arguments are based on extra-record factual averments and citations to non-record documents – a breach of legal and regulatory requirements that, in itself, requires his allegations to be rejected out of hand.

Brown Objections, p. 3. Attorney Brown cites *Arrowhead Pub. Serv. Corp. v. Pa. P.U.C.*[14] for the proposition that "a public utility must exclude from its rate-base any non-investor supplied funds when calculating returns." In *Arrowhead*, the issue was whether the utility had properly excluded from its rate base all of the property constructed with contributions in aid of construction ("CIAC"). There was no comparable issue in this case – all of the parties

[13] *See Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-2011-2267958, 2012 WL 2154278, at **15-16 (Order entered June 7, 2012) ("*Aqua 2012*") ("What [complainant] Mr. Linden has not considered is that Aqua's base rates are developed using only Aqua's financial data and that the ROE, or in this proceeding, the settlement revenue level, is specifically attributable to Aqua and not the parent company.").

[14] 600 A.2d 251, 255-56 (Pa. Cmwlth. 1991).

agreed that PAWC has, in fact, properly excluded from its rate base both CIAC and customer advances for construction. More importantly, and contrary to Attorney Brown's assertions, there is absolutely nothing in the *Arrowhead* decision that even remotely resembles the proposition he ascribes to it, i.e., that only "truly cash-starved public utilities" with "heavy debt loads" can "justify rate increases." Indeed, there is no precedent of any kind from either Pennsylvania's appellate courts or the Commission itself that says anything of the kind.[15]

Attorney Brown also repeats the accepted ratemaking principle that "[f]undamentally, the analytical focus remains on the rate-of-return *to the public utility* . . ." (emphasis added). The Commission has articulated and applied that principle many times.[16] Yet, Attorney Brown no sooner states that principle than he violates it, at pages 4-5 of his objections, by trying to shift the focus from PAWC's revenue requirement to the dividend practices of PAWC's parent company.

Brown Objections, pp. 3-4. Attorney Brown cites and quotes 66 Pa.C.S. § 2101 in connection with his statement that "a public utility cannot make payments to an affiliated entity without satisfactorily establishing the reasonableness of the payment." While the import of that averment to this case is far from clear, it should be noted that charges by American Water Service Company ("Service Company") to PAWC for services provided by the Service Company are made pursuant to a Service Agreement that has previously been approved by the Commission pursuant to Section 2101.[17] Furthermore, Service Company services and charges were rigorously reviewed by the opposing parties in this case – just as they were in many prior

[15] For an explanation of why Attorney Brown's contention is not only contrary to the law but would be contrary to customers' interests in obtaining safe, adequate and reliable service at reasonable rates, refer to The Rate Case Handbook, pp. 142-144.

[16] *See Aqua 2012, supra.*

[17] PAWC St. 6, p. 7. *See* Final Order entered Nov. 2, 1989 at Docket No. G-880131, approving the current Service Agreement.

base rate cases – and are regularly reviewed in Management Audits conducted by the PUC. There is nothing to suggest that PAWC's charges from the Service Company are improper or unreasonable.

Brown Objections, pp. 4-5. At pages 4-5 of his objections, Attorney Brown tries to argue that because American Water pays dividends to its public shareholders, PAWC does not need a rate increase notwithstanding record evidence in this case – including the analyses of opposing party witnesses – showing that the Company's existing rates will not produce a fair return on its investment during the FPFTY and the subsequent rate application period. The Company's Statement in Support explains in detail the factors driving the Company's revenue deficiency and need for rate relief – not the least of which is the $1.26 billion in new plant and equipment that PAWC will have added between the end of the FPFTY in its last (2013) base rate case and the end of the FPFTY in this case.[18] Attorney's Brown's argument based on American Water's "dividend practices" is riddled with conceptual, factual and arithmetic errors. We will start with the conceptual errors.

To begin, the Commission has firmly held that a utility's entitlement to a rate increase is to be determined on the basis of its finances and operations, not those of its parent or any affiliated company. As previously noted in *Aqua 2012*, *supra*, the Commission applied this well-established principle in approving a rate case settlement, stating: "Aqua's base rates are developed using only Aqua's financial data and . . . the ROE [return on equity], or in this proceeding, the settlement revenue level, is specifically attributable to Aqua and not the parent company." In so holding, the Commission was relying on a line of precedent dating back to 1920 in which the United States Supreme Court has held that only the financial results of the

[18] *See* PAWC Statement in Support, pp. 3, 17-18, and record citations set forth therein.

utility whose rates are in question may determine whether the utility's business is earning a fair return.[19]

Moreover, the very same argument advanced by Attorney Brown has previously been considered and soundly rejected in proceedings before this Commission. National Fuel Gas Distribution Corporation's ("NFGDC") 1993 base rate case at Docket No. R-932548 was resolved by a settlement. Kenneth C. Springirth, a complainant in that case, filed extensive objections to the settlement, including his primary contention that NFGDC was not entitled to a rate increase because it contributed substantial net income to its parent company which, in turn, had provided its public shareholders twenty-three consecutive increases in dividends on its common stock. Administrative Law Judge Michael Schnierle, following well-settled ratemaking principles and long-standing legal precedent, rejected the complainant's argument, finding and determining as follows:

> Assuming, solely for the sake of argument, that Mr. Springirth is correct that NFGDC provides a positive cash flow to its parent, that is no reason to deny the rate increase. Similarly, the fact that NFGDC's parent, National Fuel Gas Co., has consistently paid and increased its dividends is not a reason to deny a rate increase that is otherwise justified on the record. As the *Kentucky Department of Motor Transportation* [the state agency that regulated public utility motor carriers in that state] noted: 'It is regretted if any rate otherwise just and reasonable inflicts a hardship on any individual or class of individuals, but a public utility is not an eleemosynary institution and cannot be compelled to devote its property to a public use except upon the well-recognized basis of a fair and reasonable return therefor.' *Re: Louisville Transit Co.*, 82 PUR3rd 1, 7 (1969). Simply put, if NFGDC does not contribute to its parent, its parent may be unable to pay dividends. If NFGDC's parent does not pay dividends, it will soon find that it has no shareholders. If there are no

[19] *Brooks-Scanlon Co. v. R.R. Comm'n of Louisiana*, 251 U.S. 396 (1920) (Holding that the financial results of affiliated business enterprises cannot be used to justify maintaining the inadequately compensated service of a regulated railroad.) *Brooks-Scanlon* was a landmark decision that retains its validity and has been applied to strike down laws that would attribute to a regulated public utility any portion of the income of parent or affiliated lines of business. *Michigan Bell Tel. Co. v. Engler*, 257 F.3d 587 (6th Cir. 2001).

> shareholders who are willing to contribute their capital to the enterprise, there will be no public utility and no gas service.[20]

While the foregoing legal principles show that there is no validity in Attorney Brown's arguments, it should be noted that he also got the facts wrong. He asserts that "American Water's dividends increased 415% between 2008 and 2017 – from $0.40 per share to $1.66 per share per year." However, the starting point for Attorney Brown's arithmetic exercise is simply not correct. The dividend figure of $0.40 per share he cites represents only *one-half* of the annual dividends because American Water only emerged as a public company in mid-2008 pursuant to an initial public offering by which it was divested from RWE AG. 2009 was the first year American Water paid a full year's (four quarterly) dividends. And, as clearly shown by the same reference document cited by Attorney Brown, the annual dividend was $0.82 per share in that year. Consequently, using the first full year of American Water's existence as a public company as the starting point, the increase in the annual dividend is 102% ($1.66 – $0.82/$0.82 = 1.02), which is far less than the 415% Attorney Brown hypothesized.[21] However, that bare percentage does not provide an accurate picture of what was happening at the time because it ignores two important factors – the broader economic context and American Water's circumstances as a new publicly traded company.

2008 marked the beginning of the Great Recession – the deepest recession in post-World War II history in this country. The recession and its after-effects continued well beyond 2008,

---

[20] *Pa. P.U.C. v. Nat. Fuel Gas Distribution Corp.*, Docket No. R-932548, 1993 WL 855858, at *10 (Recommended Decision issued Oct. 8, 1993). Judge Schnierle's Recommended Decision was adopted by the Commission in its Final Order entered Dec. 1, 1993. The principle articulated in the NFGDC case is expanded upon in The Rate Case Handbook, pp. 142-144 ("Investors are those people who buy utility bonds (debt), preferred stock or common stock (equity). The investment, made with the expectation that the money will be returned later and earn a return in the meantime, provides the capital necessary to build new generating plant, drill new wells or lay new mains.").

[21] Attorney Brown's calculation, in addition to using the wrong starting point, reflects an error of simple arithmetic. Even if the 2008 annual dividend rate were $0.40 (which it is not), the increase would have been 315%, not 415%: $1.66 – $0.40/$0.40 = 3.15 (315%).

and their impact on all of American business is well documented. American Water's initial public offering (and a subsequent secondary offering by which RWE completed its divestiture) occurred during this period. Thus, beginning in 2008, American Water emerged as a stand-alone publicly-traded company, and that factor impacted the level of dividends it would – or could – pay until it matured as a public company. And, this period coincided with a deep economic recession. In short, the first several years of American Water's post-IPO history are not appropriate for use as the starting point in measuring "increases" in its dividend rate. Indeed, doing so gives the appearance of a dramatic "increase" in the annual dividend rate when, in fact, the magnitude of that increase is a function of the understandably lower level of dividends during the first several years of American Water's existence as a new public company coinciding with broader economic headwinds. While Attorney Brown tosses out dividend rates and alleged increases in dividends, he does not provide any financial benchmarks that might put the level of American Water's dividend in the proper context. For example, American Water's current annual dividend of $1.66 per share actually represents a dividend yield of 1.87%.[22] By comparison, the current yield on ten-year Treasury Bonds is 2.40%.[23] Of course, that is precisely the kind of factual context that is missed when a putative litigant evades the regular process for introducing evidence and makes broad factual assertions based on non-record documents, as has occurred here.

Brown Objections, pp. 5-6. As explained in the Joint Petition and PAWC's Statement in Support (p. 10), the Company has committed to increase its shareholders' contributions to the hardship grant programs administered by the state-wide Dollar Energy Fund from the current

[22] *See* https://finance.yahoo.com/quote/AWK?p=AWK.

[23] *See* https://finance.yahoo.com/.

level of $300,000 per year to $400,000 per year for water operations and from $10,000 per year to $50,000 per year for wastewater operations. As also explained, while this commitment is part of the Settlement, the Joint Petitioners are not asking the PUC to approve it because, as a voluntary contribution by shareholders – i.e., none of the grant money has been, or will be, included in revenue requirement – this is not a PUC-jurisdictional matter. The statutory parties and CEO (which represents the interests of low-income customers) fully support this increase and have lauded the Company's efforts to help payment-troubled and low-income consumers. Attorney Brown, on the other hand, makes the puzzling assertion that this provision of the Settlement "violates state and federal Equal Protection."

It is axiomatic that the Equal Protection Clause of the 14th Amendment to the U.S. Constitution only applies to state action ("No State shall . . . deny to any person within its jurisdiction the equal protection of the laws").[24] Action by a private actor cannot violate the Equal Protection Clause. There is no state action involved in the Company's commitment to voluntarily contribute shareholders' money to the hardship grant program. Indeed, as previously noted, this provision is not even subject to the PUC's jurisdiction and does not require PUC approval. Thus, there is no nexus to any state action.

Perhaps Attorney Brown is struggling to articulate the argument that the Company's voluntary contribution of shareholder funds to its hardship grant programs somehow constitutes "discrimination" in contravention of 66 Pa.C.S. § 1304. That argument fails for two reasons. First, Section 1304 only applies to "discrimination in rates," and non-PUC-jurisdictional voluntary contributions to hardship grant programs do not implicate any issue as to rates.

[24] Attorney Brown's equally puzzling reference to "state . . . Equal Protection" ignores the fact that the Pennsylvania Constitution does not contain an Equal Protection Clause, nor need it do so, because the 14th Amendment, by its terms, applies to the states.

Moreover, even if Section 1304 did apply, Pennsylvania appellate courts have long held that it prohibits only invidious discrimination – i.e., discriminating between customers or classes of customers based on criteria for which there is no reasonable basis.[25] However, the Commission has held many times that it is reasonable to distinguish between customers for purposes of providing bill-paying assistance based on their income status, such as whether customers' household incomes are less than 150% of the Federal Poverty Guidelines. In fact, virtually all major utilities offer some form of assistance for customers below that threshold. And, the General Assembly affirmed the validity of low-income programs in the legislation it adopted to implement electric and gas restructuring.[26] In short, any claim that implementing, continuing or expanding a low-income customer assistance program discriminates against customers that are not "low-income" is contrary to both the Public Utility Code and long-standing precedent.

Brown Objections, p. 6. Although Attorney Brown correctly notes that "the Proposed Settlement bars PAWC from filing for rate increases before March 31, 2020," he makes the totally inaccurate claim that this restriction is a "two-year bar on rate increases." In fact, the stay-out provision, coupled with the notice and suspension requirements of 66 Pa.C.S. § 1308(d), precludes another base rate increase by PAWC prior to January 2021 – a period of three years, not two, as Attorney Brown erroneously claims.

Brown Objections, p. 7. At page 7 of his objections, Attorney Brown's alludes to "service quality" without making any averment that PAWC has failed to provide customers safe, adequate, reasonable and reliable service. In fact, the record in this case would refute any such broad-based accusation. The nine public input hearings held across the Commonwealth revealed

[25] *E.g., Peoples Nat'l Gas, Co. v. Pa. P.U.C.*, 409 A.2d 446 (Pa. Cmwlth. 1979).

[26] *See* 66 Pa.C.S. §§ 1403, 1410.1, 2202, 2203(3), 2803, 2804(8), 2804(9).

no major service problems.[27] Attorney Brown does, however, assert – based solely on his unsupported and decidedly un-expert opinion – that the rate at which the Company is replacing its existing mains is insufficiently aggressive and, for that purported reason, the Commission should find that PAWC's "service quality" falls short of some unidentified threshold that must be hurdled in order for a water company to obtain a rate increase. Those assertions make no sense on several levels.

First, to reiterate, there are no service-related issues in this case that rise to the level of legal significance for purposes of affecting PAWC's entitlement to a rate increase. Second, what PAWC's main replacement rate is and whether it is appropriate given the geographic size and overall scope of the Company's water and wastewater operations are fundamentally factual issues. Attorney Brown's objections improperly attempt to introduce non-record facts and opinions. Moreover, since there is nothing that qualifies Attorney Brown as an expert in this highly-specialized field, he is has no valid basis to offer an opinion, in any event. Furthermore, the simple comparison Attorney Brown offers (miles of main replaced to the length of all mains owned and operated by PAWC) has little meaning without placing those figures in context – which cannot be done when such contentions surface long after the record has closed. For example, the mains that comprise PAWC's water distribution system are of various ages and exist under many different service conditions. As one would expect, PAWC's replacement efforts are focused on the mains that, based on detailed analyses, have been prioritized to assure that work is done in those locations where it is needed. In other words, the miles of main

[27] While there were isolated instances of customers who experienced service issues, it would be unreasonable to assume that a company that furnishes water and wastewater service to nearly 700,000 customers would achieve perfection in every instance. What is more important, however, is that in each of the relatively few instances of customer dissatisfaction, the Company worked with the OCA to assure any issues would be resolved promptly and, in fact, several were resolved even before the Joint Petition was filed. Joint Petition, Paragraph 27 and Appendix F. *See also* PAWC Statement in Support, pp. 9, 35-36

replaced should be compared to the subset of existing mains that have been properly prioritized for replacement or rehabilitation, not to all of the mains comprising PAWC's distribution system. That important factual depth and analytical context is totally absent from Attorney Brown's uninformed, unsupported and erroneous discussion of this matter.

Brown Objection, p. 7. Attorney Brown states: "Ratepayers should be expressly aware that, apparently, the rate increase contributes to the debt-financing capacity for the alleged, future, infrastructure upgrades – not direct payment for those upgrades." It appears that Attorney Brown was surprised to learn that PAWC – like other business enterprises – issues debt to finance its capital expenditures. While Attorney Brown may believe there is something untoward about this practice, all utilities issue debt, which comprises a substantial portion of their capitalization. Attorney Brown seems to believe that it would be preferable for utilities to recover their capital expenditures on a dollar-for-dollar basis as they are incurred. In addition to violating generally accepted accounting principles (GAAP) and contravening universally-accepted ratemaking principles, this approach is neither feasible nor beneficial to customers.

PAWC's FTY and FPFTY plant additions total more than $740 million. Capital expenditures of that level could not possibly be funded out of current revenues as Attorney Brown proposes. This intuitive and self-evident conclusion was explained in The Rate Case Handbook[28]:

> Investors are those people who buy utility bonds (debt), preferred stock or common stock (equity). The investment, made with the expectation that the money will be returned later and earn a return in the meantime, provides the capital necessary to build new generating plant, drill new wells or lay new mains. These items, for the most part, are not built out of current revenues from ratepayers. Without

[28] The Rate Case Handbook, pp. 142-143.

> investors' money, expansion or even improvement of existing facilities would be impossible.
>
> In the international market place of investment capital, there is an endless choice of opportunities and it is in this competitive environment that utilities must shop for money. No one can be forced to buy utility stocks and bonds. This is an irony of ratemaking – monopolies in a competitive market. Investors will not invest unless compensated for the temporary loss of the use of their money and the risk they assume of losing part or all of their investment permanently.

Furthermore, attempting to fund capital expenditures out of current revenues – i.e., treating capital expenditures like operating expenses and trying to recover them on a dollar-for-dollar basis as funds are expended – would not reduce customers' rates. To the contrary, it would increase customers' rates by nearly an order of magnitude. This is clearly depicted in a portion of the Form 8-K that Attorney Brown did not cite – and apparently did not review or did not understand. Page 64 of the Form 8-K shows that if capital expenditures were treated like an operating expense (i.e., recovered from customers as incurred rather than capitalized and depreciated while earning appropriate pre-tax debt and equity return rates on the unrecovered balance) the burden on customers would actually be seven times *higher*.

In conclusion, while Attorney Brown's objections should be stricken or disregarded for the reasons set forth in Sections II.B.1. and 2., *supra*, it is also clear that his objections are riddled with conceptual and factual errors and are totally devoid of merit.

III. CONCLUSION

For the reasons set forth above, the additional objections to the Settlement noted in the ALJs' November 9, 2017 Order should be rejected, the Joint Petition should be granted, and the Settlement approved by the ALJs and the Commission without modification.

Respectfully submitted,

Susan Simms Marsh (PA I.D. No. 44689)
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
717.531.3208 (bus)
susan.marsh@amwater.com

Anthony C. DeCusatis (PA I.D. No. 25700)
Catherine G. Vasudevan (PA I.D. No. 210254)
Brooke E. McGlinn (PA I.D. No. 204918)
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
215.963.5234 (bus)
215.963.5001 (fax)
anthony.decusatis@morganlewis.com
catherine.vasudevan@morganlewis.com
brooke.mcglinn@morganlewis.com

David P. Zambito (PA I.D. No. 80017)
George A. Bibikos (PA I.D. No. 91249)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
717.703.5892 (bus)
dzambito@cozen.com
gbibikos@cozen.com

Counsel for
Pennsylvania-American Water Company

Dated: November 13, 2017

DB1/ 94367279.1

APPENDIX A

Shannon Brown
Petition to Withdraw Complaint
Filed July 28, 2017

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	
v.	Docket No.: C-2017-2611572
Pennsylvania American Water Company	

Petition to Withdraw

I, Shannon Brown, filed a complaint in the above rate action on June 27, 2017 (BP8 2611572).

I petition to withdraw my complaint.

Signed

Shannon Brown
406 Highland Ave.
Clarks Summit, PA 18411

Dated

28 July 2017

VERIFICATION

I, ROD NEVIRAUSKAS, hereby state that the facts set forth in the foregoing Response to Additional Objections to the Joint Petition for Settlement of Rate Investigation are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Dated : November 13, 2017

Rod Nevirauskas
Senior Director of Rates and Regulations for
Pennsylvania-American Water Company