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April 29, 2010

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Public Utility Commission
Philadelphia Office
Administrative Law Judge

Paul Kalna
1226 Oak Drive
Shavertown, PA 18708

Honorable Angela T. Jones
Administrative Law Judge
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Your Honor:

I am writing this letter to voice my opposition to the settlement of Docket No. R-2009-2132019. Throughout this whole process, I've continually heard the terms "average" and "typical", and have come to a very quick realization that as far as Aqua and the PUC are concerned, I am neither. I feel it is very important to explain to you how being neither is going to affect me and every other resident which is serviced by Aqua, as part of the old Garbush Water Company in Jackson Township, Luzerne County.

Upon receiving the Notice of Proposed Rate Changes from Aqua in the fall of 2009, I submitted a Formal Complaint. In the notice, the "typical" Garbush customer's monthly bill would increase from \$38.86 to \$52.08. This represents a 34.02% increase, which I felt was excessive, and quite frankly, outrageous. Even more outrageous was when I learned that the "average" proposed increase for Aqua customers was only 11.9%.

Under the proposed settlement, Aqua will increase its revenues by \$23,600,000, or 54% of the initial rate increase request. This equates to an approximate increase of 6.5% in an average customer's bill. If I use the 54% figure and apply it to the figures documented above, the % increase for the typical Garbush customer should be 18.37%, with the monthly bill going up \$7.17 to \$46.00. In the settlement, Jackson Township falls under the Main Division Townships, subject to the following charges:

Customer Charge -	\$15.00
Water consumed up to 2000 gallons -	\$7.980 per thousand gallons
Water consumed in excess of 2000 gallons -	\$9.105 per thousand gallons

Aqua defines a typical customer in our development as one who utilizes 4,200 gallons per month. If you apply these new rates to this level of usage, the typical Garbush customer bill will increase \$12.07 to \$50.93. This represents a 31.06% increase, far greater than the 6.5% referenced in the proposed settlement, and grossly unfair.

In our capitalistic society, businesses are required to compete, in order to attract consumers, who have choices, to purchase their product or service. Part of this competition is efficient investment which is referred to as the "cost of doing business". This investment is made to secure future profit, and from an accounting standpoint, is handled as a tax write-off, amortization, and/or depreciation. It is never passed directly on to the consumer. In the case of public utilities, not only do they use these accounting practices, they also have the ability to petition the PUC to pass on any cost to their consumer, who in this case has no choice. The problem I have with this is the rate increase remains forever, even though the expense ultimately goes away. Not only does it remain, it is compounded with every additional rate increase that the PUC subsequently grants.

In addition, there is no oversight as to whether the capital expenditure is warranted. Justification comes after the fact, which I feel gives the utilities an advantage when they petition the PUC for a rate increase. As the saying goes, it is easier to beg forgiveness, than ask permission. Unfortunately, the general public, me included, feels that this process overwhelmingly favors the utilities. I can't recollect a single instance where the petition was denied outright.

I am not naïve, and realize prices go up and portion sizes go down, but in most instances consumers have a choice as to whether or not they make a purchase. Unfortunately that is not the case here as we are a captured audience, at the mercy of both Aqua and the PUC. In addition, including our development in the Main Division Townships group is resulting in an undue burden on a small group of consumers.

It is my hope that the circumstances surrounding Garbush customers, as they relate to this increase, will be reviewed separately, resulting in a fairer and more equitable resolution, in line with the 6.5% average. If we are to be included in the Main Division Townships group, then a transition needs to be implemented over time, rather than hitting us all at once in one fell swoop.

Lastly, my cost of living tied to necessities is increasing dramatically, yet I have no recourse, or ability to pass on these increased costs to someone else. It is my hope that ultimately it will be remembered that the P in PUC stands for Public, not Corporate.

Thank you for your time and consideration regarding this matter, and if you have any questions or need any clarification, please feel free to contact me at 570-760-4964.

Sincerely,

A handwritten signature in cursive script that reads "Paul Kalna". The signature is written in black ink and is positioned below the word "Sincerely,".

Paul Kalna