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October 8, 2010

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Second Floor
P.O. Box 3265
Harrisburg, PA 17105-3265

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SECRETARY'S BUREAU

RE: Pennsylvania Public Utility Commission v. Total Environmental Solutions, Inc. –
Treasure Lake Sewer Division; Docket No. R-2010-2171924; **STIPULATION
REGARDING RATE OF RETURN**

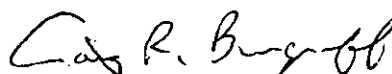
Dear Secretary Chiavetta:

Enclosed please find an original and three (3) copies of a Stipulation Regarding Rate of Return entered into by Total Environmental Solutions, Inc., the Office of Trial Staff and the Office of Consumer Advocate in the above-captioned proceeding.

Copies have been served pursuant to the attached Certificate of Service.

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

Respectfully,



Craig R. Burgraff
Counsel for Total Environmental Solutions, Inc.

CRB/bks
Enclosures
cc: Per Certificate of Service

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2010-2171924
	:	
Total Environmental Solutions, Inc. -	:	
Treasure Lake Wastewater Division	:	

STIPULATION REGARDING RATE OF RETURN

WHEREAS, Total Environmental Solutions, Inc. – Treasure Lake Wastewater Division (“TESI”) filed a request with the Pennsylvania Public Utility Commission (“Commission”) on June 30, 2010, containing proposed changes in rates calculated to produce \$268,150 in additional annual revenues. By Order entered on August 18, 2010, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates. Unless permitted to become effective at an earlier date by Commission Order, new rates may not go into effect until March 29, 2011.

WHEREAS, the Pennsylvania Office of Consumer Advocate (“OCA”) and the Commission’s Office of Trial Staff (“OTS”) are active participants in this proceeding; and

WHEREAS, TESI, the OCA and OTS ("Party or collectively, the "Parties") have agreed to enter into a Stipulation with regard to the level of return that TESI has an opportunity to earn as a result of this proceeding.

NOW, THEREFORE, desiring to enter into this Stipulation in order to reduce the number of issues to be litigated in this case and to conserve the resources and time of the Commission, the Administrative Law Judge and all Parties, and intending to be bound hereby, the Parties stipulate to the following with respect to the rate of return to be used for purposes of this proceeding only.

- A. TESI, the OCA and OTS agree that the cost of capital or total rate of return for purposes of this proceeding shall be 8.23%; and
- B. The OCA and OTS reserve the right to argue that, due to quality of service and other factors, the rate of return may be something other than the 8.23% cost of capital set forth in Item A, above.
- C. TESI reserves the right to respond to any adjustments proposed by the OCA or OTS. Such response by TESI cannot argue that the adjustment is inappropriate for any reason based upon the development of the actual cost of capital or rate of return. TESI reserves the right to argue that the opposing party's adjustment is wrong, not warranted, creates financial or operational hardship, or is inappropriate for other reasons.

By entering into this Stipulation, no Party makes any admission as to the facts or sufficiency upon which the other Parties' positions in this matter may be based. In addition, the Parties agree that this Stipulation may not be cited as precedent in any future proceeding, except to the extent required to implement the Stipulation.

By their signatures below, the Parties consent to the terms of this Stipulation and represent that they are authorized to execute this Stipulation on behalf of the respective clients for whom they sign.

10/5/10
Date _____

Christ Maloni Hoover

Christine Maloni Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1921

For the Pennsylvania Office of Consumer Advocate

10/5/10
Date _____

Allison C. Kaster

Allison C. Kaster, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

For the Office of Trial Staff

10.5.10
Date _____

Thomas J. Sniscak

Thomas J. Sniscak, Esquire
Craig R. Burgraff, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
P.O. Box 1778
Harrisburg., PA 17105-1778

For Total Environmental Solutions, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in the manner indicated below, and in accordance with the requirements of 52 P.A. Code §1.54 (relating to service by a party).

VIA ELECTRONIC & FIRST CLASS MAIL

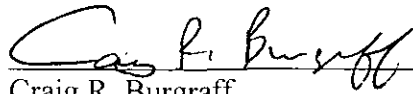
Honorable Katrina L. Dunderdale
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
301 Fifth Avenue
Pittsburgh, PA 15222

VIA FIRST CLASS MAIL

Allison C. Kaster, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
400 North Street
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Christine Maloni Hoover, Esquire
Senior Assistant Consumer ADvocate
Office of Consumer Advocate
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Harrisburg, PA 17101-1923

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Craig R. Burgraff

Dated this 8th day of October 2010