

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

----- X
 Pennsylvania Public Utility Commission: Docket Nos.
 et al. v. Pennsylvania American Water : R-2010-2166212,
 Company - Coatesville Wastewater : C-2010-2177165,
 Operations : et al.
 Rate Increase
 Public Input Hearing
 ----- X

Pages 338 to 447

Parkesburg Borough
 Municipal Building
 315 West First Avenue
 Building 1
 Parkesburg, Pennsylvania

Tuesday, August 31, 2010

Met, pursuant to notice, at 1:00 p.m.

BEFORE:

CHARLES E. RAINEY, JR., Administrative Law
 Judge

APPEARANCES:

ANTHONY C. DeCUSATIS, ESQUIRE
 Morgan Lewis & Bockius LLP
 1701 Market Street
 Philadelphia, Pennsylvania 19103-2921
 (For Pennsylvania American Water Co.)

SETH A. MENDELSON, ESQUIRE
 800 W. Hersheypark Drive
 Hershey, Pennsylvania 17033
 (For Pennsylvania American Water Co.)

Commonwealth Reporting Company, Inc.
 700 Lisburn Road
 Camp Hill, Pennsylvania 17011

1	EXHIBIT INDEX		
2	NUMBER	FOR IDENTIFICATION	IN EVIDENCE
3	PENNSYLVANIA AMERICAN WATER		
4	Public Input Exhibit No. 2 (Proposed Rates)	348	348
5	Public Input Exhibit No. 3 (Proof of Publication)	348	348
6	Senator Rafferty Statement No. 1	361	361
7	Representative Schroder Statement No. 1	366	366
8	Representative Tom Houghton Statement No. 1	380	380
9	Councilperson Keen Statement No. 1	388	388
10	Margaret Piper Statement No. 1	400	400
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

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PA. P.U.C.
v.
**PENNSYLVANIA-AMERICAN WATER COMPANY
(COATESVILLE WASTEWATER OPERATIONS)**

DOCKET NO.
R-2010-2166212

8/31/10 1:00pm
RH/ Parkersburg
C. Rauey

PAWC Public Input Exhibit No. 2
Supplement No. 2 to Tariff Wastewater PA P.U.C. No. 8
Setting Forth The Proposed Rates, By Class

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Pennsylvania-American Water Company
City of Coatesville Division
(Hereinafter referred to as the "Company")

D/B/A

Pennsylvania American Water

RATES, RULES AND REGULATIONS
GOVERNING THE FURNISHINGS OF
WASTEWATER COLLECTION AND DISPOSAL SERVICE
IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED
THERE TO IN CHESTER COUNTY.

ALL IN THE COMMONWEALTH OF PENNSYLVANIA

This tariff makes increases, decreases and changes to existing rates.

Issued: April 23, 2010

Effective: June 22, 2010

By: Kathy Pape, President
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

LIST OF CHANGES

Increases/Decreases

This tariff supplement provides rates for the Company's Coatesville Wastewater Operations.

All metered and unmetered charges have been increased for an overall increase of 197.37%. Service charges and volumetric charges for each bill class are increased.

The rate for Rider VR has been removed. The Company has complied with the terms of the Joint Petition for Settlement at Docket No. R-2008-2032689, which established the rate to be used until the terms of the settlement were met.

The Parkesburg bond payment has been satisfied. The customers of the Parkesburg Area Wastewater Service District no longer pay a debt service charge and there are no additional conveyance fees. As such, Section F on page 4F has been removed.

The Company is reducing the fee paid by private contractors to the Company to dispose of private residential septage and commercial waste at the Company's wastewater treatment plant.

The Company is adding a service charge discount of 65% for qualifying low income customers. This is shown on page 4F.

TABLE OF CONTENTS

Page Number

Title Page	1 2nd Revised
List of Changes	2 2nd Revised
Table of Contents	3 1st Revised 3A 1st Revised
Territories Served	3B
Part I - Rates	
Metered and Unmetered Charges	4 1st Revised
Schedule of Miscellaneous Fees and Charges	4A
Schedule of Miscellaneous Fees and Charges	4B
Schedule of Miscellaneous Fees and Charges	4C
Schedule of Miscellaneous Fees and Charges	4D
Schedule of Miscellaneous Fees and Charges	4E 1st Revised
Low Income Tariff	4F 1st Revised
State Tax Adjustment Surcharge	5
Part II - Definitions	6 6A 6B 6C
Part III - Rules and Regulations	
Section A - Applications for Service	7
Section B - Construction and Maintenance of Facilities	8 9
Section C - Discontinuance, Termination and Restoration of Service	10 11
Section D - Billing and Collection	12
Section E - Deposits	13 14

TABLE OF CONTENTS

	<u>Page Number</u>
Section F - Wastewater Control Regulations	15
	16
	17
	18
	19
Section G - Line Extensions	20
Section H - Service Continuity	21
Section I - Waivers	22
Section J - Amendment of Commission Regulations	22
Section K - Industrial/Commercial Service Limitations	22
	23
	24
Section L - Privilege to Investigate/Rights of Access	25

Pennsylvania-American Water Company

PART I: RATES

Metered Charges

A. Residential (Based on Water Usage)

Service Charge per month: \$20.00 (I)

Usage Charge \$1.6520 per 100 gallons (I)

B. Commercial, Municipal and Industrial (Based on Water Usage)

Service Charge per month: \$40.00 (I)

Usage Charge \$1.161 per 100 gallons (I)

C. Special Rate Charges

1. Bulk Metered Usage

Caln Township, Sadsbury Township, Valley Township, V.A. Hospital and West Brandywine Township - One Monthly Service Charge Per Customer of \$300.00 in addition to \$1.051 per 100 gallons of metered water usage. (I)

Mittal Steel - Monthly Service Charge of \$300.00 in addition to \$.690 per 100 gallons of metered water usage. (I)

Unmetered Charges

This charge is a flat rate fee for customers not metered for water consumption.

Residential \$90.26 per month, per EDU (I)

Commercial \$90.26 per month, per EDU (I)

Schedule of Miscellaneous Fees and Charges

E. Wastewater Plant, Residential Septage and Commercial Waste Disposal Fee.

The Fee to be paid by private contractors to the Company to dispose of private residential septage and commercial Wastes at the Company's wastewater treatment plant.

The following rates shall be charged to haulers of residential septic waste who deliver waste: (C) (D)

<u>%Solids</u>	<u>% Solids</u>	<u>Cost Per Gallon</u>
	< = 1%	\$.0250
> 1%	< = 2%	.0300
> 2%	< = 3%	.0345
> 3%	< = 4%	.0395
> 4%	< = 5%	.0445
> 5%	< = 6%	.0495
> 6%	< = 7%	.0545
> 7%	< = 8%	.0590

1. The Company reserves the right to limit the total amount of residential septage received in a day and /or the total numbers of loads received from a single hauler on a per day basis based on maintaining proper operation of the Company's wastewater treatment plant.

2. At the discretion of the Company, the Company reserves the right to accept or reject commercially generated waste based on the amount and constituents in the waste. The cost as determined by the Company for testing and disposal will be a multiple of the residential septage fee based on the type and strength of the waste.

Schedule of Rates Applicable to All Rate Zones
For Qualifying Low-Income Customers

Tariff Qualifications

In order to qualify to be billed under this tariff, a customer must meet the low-income criteria of 150% based on the Federal Poverty Level. After qualifying to be billed under this tariff, customers must continually make timely payments on the discounted bills.

Rates for Service

The rates for the service charge or minimum bill under this tariff will be 35% of the prevailing service charge or minimum bill in the rate zone where service is received. (C)

The rate for wastewater usage shall be billed at the existing rates applicable to the rate zone where service is received.

PA. P.U.C.
v.
PENNSYLVANIA-AMERICAN WATER COMPANY
(COATESVILLE WASTEWATER OPERATIONS)

DOCKET NO.
R-2010-2166212

8/31/10 1:00 PM
RH / Parkesburg
C Rainey

PAWC Public Input Exhibit No. 3
(Notice Of Parkesburg Public Input Hearing And Publication Dates)

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PA PUC
SECRETARY'S BUREAU

PAWC Public Input Exhibit No. 3

The attached "NOTICE OF PUBLIC INPUT HEARING" of the Parkesburg public input hearing was published in the *Daily Local News*, a newspaper of general circulation, on August 21 and 26, 2010.

Pennsylvania-American Water Company worked with the Office of Consumer Advocate (OCA) to develop the aforementioned Notice, and the form and content of the Notice was acceptable to the OCA.

NOTICE OF PUBLIC INPUT HEARING

Parkesburg, Chester County

Tuesday, August 31, 2010 at 1 p.m. and 7 p.m.

Parkesburg Borough Municipal Building

315 West First Avenue, Building 1, Parkesburg, PA 19365

A public input hearing on Pennsylvania American Water's proposed wastewater rate increase will be held on the date, at the start time and location shown above.

At this hearing you will have the opportunity to present your view in person to the Public Utility Commission judge hearing the case and company representatives.

You may contact Pennsylvania American Water at 1-800-565-7292 to request a copy of the Statement of Reasons explaining why the rate case has been requested.

All persons with disabilities should contact the Pennsylvania Public Utility Commission if they need alternative arrangements to participate in the public input hearings.

Scheduling office: 717-787-1399

AT&T Relay Service number for persons who are deaf or hearing-impaired: 1-800-654-6388



PENNSYLVANIA
AMERICAN WATER

Senator Rafferty
Statement 1 # 27 11
RH/ 8/31/10 1:00 pm
Parkesburg PA
C. Rauney R-2010-216622
COMMITTEES

44TH DISTRICT
JOHN C. RAFFERTY, JR.

- SENATE BOX 203044
20 EAST WING
HARRISBURG, PA 17120-3044
(717) 787-1398
FAX (717) 783-4587
- COLLEGEVILLE PROFESSIONAL CENTER
3770 RIDGE PIKE, SUITE 5
COLLEGEVILLE, PA 19426
(610) 831-8890
FAX (610) 831-8837
- THE SHOPPES AT PUGHTOWN
2325 POTTSTOWN PIKE
POTTSTOWN, PA 19465
(610) 469-8390
FAX (610) 469-8394



Senate of Pennsylvania

June 23, 2010

- TRANSPORTATION, CHAIRMAN
- APPROPRIATIONS
- BANKING & INSURANCE
- CONSUMER PROTECTION & PROFESSIONAL LICENSURE
- JUDICIARY
- LAW & JUSTICE
- ADVISORY COUNCIL FOR THE SOUTHEASTERN VETERANS' CENTER
- JOINT STATE GOVERNMENT COMMISSION, VICE CHAIRMAN
- PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY
- TARGETED COMMUNITY REVITALIZATION AND CRIME PREVENTION ADVISORY COMMITTEE
- STATE TRANSPORTATION COMMISSION

INTERNET E-MAIL ADDRESS:
jrafferty@psen.gov

WEBSITE:
www.senatorrafferty.com

Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Dear Commissioners:

I write to express my deep concern over Pennsylvania American Water Company's application for the suspension of proposed rates and the subsequent wastewater rate increases slated for the residents served by Coatesville Waste Operations. Such a potentially high increase in the rates will leave many residents unable to afford their sewer bills. These rate increases should not be borne by these residents at a time when economic conditions within this community are already at a tipping point.

I strongly support the opinion of Commissioner Rob Powelson in his statement of June 16, 2010. Thank you for your consideration.

Very Truly Yours,

John C. Rafferty, Jr.

JCR/sgm

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PA PUC

Respond to: CURT SCHRODER, MEMBER
ROOM 41 A, EAST WING
PO BOX 202155
HARRISBURG, PA 17120-2155
PHONE: (717) 783-2520
FAX: (717) 705-1994

DISTRICT OFFICE:
315 GORDON DRIVE
EXTON, PA 19341
PHONE: (610) 524-5595
FAX: (610) 524-5667

E-mail: cschrode@pahousegop.com
Website: www.curttschroder.com



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

GAMING OVERSIGHT, CHAIRMAN
INSURANCE

Representative Schroder
Statement 1
RH/8/31/10 1:00pm
Parkeeburg PA
C Rainey
R-2010-2166212

Statement of State Representative Curt Schroder

August 31, 2010

Pennsylvania Public Utility Commission, *et al.*

v.

Pennsylvania-American Water Company
Coatesville Wastewater Operations
Docket no. R-2010-2166212

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Pennsylvania American Water Company has a request before this body for a 200 percent increase in residential sewer rates to cover the \$55 million cost of modernizing and expanding its Coatesville Wastewater Treatment facility.

The company argues that the facility was out of compliance with Department of Environmental Protection requirements and upgrades were necessary. However, the company based the size and scope of this project on anticipated growth and development in the area that has not materialized, and in a down economy, it is unlikely to occur in the foreseeable future. Furthermore, present customers should not have to shoulder the burden that increased development will bring. That merely benefits developers at the expense of current customers.

What we have here is a poor business decision, and now the company wants its ratepayers to bear the brunt of its mistake. It is simply not right to expect residential and business customers to suffer a 200 percent hit so the company's shareholders are not inconvenienced. Shareholders share in the company's profits and they should expect to share in the losses as well. This is yet another attempt to privatize profits and socialize losses. It's not right when the federal government does it and it is not right in this situation.

The last rate increase for Pennsylvania American Water Company's residential customers was granted in November of 2003. While any company may be justified in raising rates to help defray the rising "usual and customary" cost of doing business, this certainly is not the situation. A rate increase of this nature during a time of high unemployment and economic difficulty is uncalled for.

The company may have put itself in a tough situation, but many people in our area have been experiencing hardships of their own. With the unemployment rate in the Coatesville area at more than 9 percent, many families are wondering how they are going to keep a roof over their heads and food on the table. For many companies, business is slow and, in some cases, further layoffs are possible. For both residents and businesses, it is all about survival.

In a down economy, you don't add insult to injury by hiking prices on something your customers cannot live without. Some companies get this. Over the weekend, I saw a television ad for a national pizza chain that has lowered its everyday prices. Granted, pizza is not a necessity, but the lower prices were a clear indication the company – in a competitive environment – recognizes its customers are hurting.

Pennsylvania American Water Company must do the same. Imposing such an extreme rate increase on Coatesville area residential and business customers will only serve to further strain family budgets and put added stress on the companies that employ them.

I respectfully ask that members of the Pennsylvania Public Utilities Commission reject this rate increase. Pennsylvania American Water Company has placed its interests and the interests of its shareholders ahead of its customers, and its request should be denied.

###

Councilperson Keen
Statement 1
RH/ 8/31/10 1:00pm
Parkesburg PA
C. Harney R-2010-216622

My testimony will focus on the service fees PAWC customers pay in addition to the fees for metered usage.

At the end of the first quarter of 2004 PAWC went to monthly billing from quarterly billing. The immediate impact was higher service charges. To be fair, the wastewater service charge did not go up at this point.

PAWC did however raise the service charge during the second quarter of 2004 for freshwater. The service fee went from \$5.85 a quarter to \$11.50 a month, a 589.74% increase. Talk about fee shock!

More service charge increases have occurred. In December of 2008 the wastewater charge was increased to \$4.50 a month, a 241.5% increase. The freshwater service charge has since been increased to \$13.00 a month, another 113% increase. In summery, the combined service charge increases for both fresh and wastewater average 458.92% since 2004.

I paid \$ 113.56 for 12000 gallons of water the first quarter of 2004. I currently pay \$44.47 a month for 2000. This totals \$133.41 a quarter for half as much water used.

I would ask that the PUC to carefully consider the TOTAL increase of ALL fees paid by PAWC customers in the past six years when making a decision.

Parkesburg has some of the lowest rents in Chester County. Many senior citizens live here. We have three over 55 living complexes, two are income restricted. More over 55 living complexes are planned. Because our rents are lower we attract a large number of residents without an education beyond high school. This is the group that has seen unemployment spike the past two years and from the economic news out of Washington is not likely to see a re-bound soon.

In Parkesburg, commercial vacancies are staggering and if residents flee the financial hardship would be crippling. Moreover, vacant properties and stalled development don't flush toilets and generate no revenue for PAWC. Be very careful what you ask for.

Melinda Keen
619 W. First Avenue
Parkesburg, Pa 19365
610-857-3018

Margaret P. Per
Statement 1
RH / 8/31/10 1:00pm
Parkersburg PA
C. Rainey
R-2010-2166212

in savings accounts, C.D.'s, etc. are low -
in many cases less than 1%

When you ride through many of our
local communities you will see several
For Sale signs in the front yards. Many
people have been laid off, lost jobs or
have had their work hours decreased. On
Aug. 20th Washington noted it had been
the highest number of layoffs in 9 months.
Stocks are down - stimulus money is
drying up. Taxes and health premiums
have also showed a marked increase.

I spoke recently with a lady who volunteers
at a food distribution center and said the
number of participants had increased 50%

Do those in charge of Pa. American
Water Co. and the Coatesville Wastewater
Operations receive yearly cost of living
increases and bonuses? If so, why?, if
the funding is not available. Those in
such a position obviously did not plan
the maintenance of the system very
well if we have to pay for this with
such a large increase. This cost
should have been planned for and saved
for prior to the work being completed.

How can a 200⁺% increase be warranted to cover this cost all at one time? I read in the Daily Local News that Terry Maena, a spokesman for Pw. American Water, said "the investment was necessary to make sure the community has a wastewater system that complies with the current environmental regulations." The paper also, stated Terry Maena said, "We believe it's only fair that we be allowed to recover our investments." There has been no mention in the papers how long this marked increase in our bills would last. Just last October '09, we finished paying a Parkersburg sewer debt which lasted 11 years.

With the economy in the state it is - how can the homeowner take on such an increase? We've all been informed that come January we will see a marked increase in our electric bill. I'm sure most of you have seen your weekly grocery bill going up. For those of us on Social Security, we have not had an increase in our pay for the past 3 years. Our last increase being 3%. Investments

For those of us who take part in the customer protection program, is the money invested to earn interests? If so what are these earnings used for?

Thank you for allowing me to express my thoughts.

Margaret A. Liper