

**LAW OFFICES
OF
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October 31, 2011

Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: PA PUC v. Corner Water Supply
and Service Corporation
Docket No. R-2011-2238120**

Dear Ms. Chiavetta:

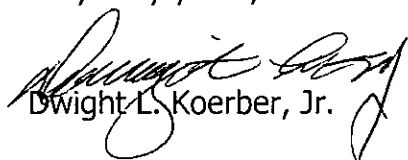
I represent Corner Water Supply and Service Corporation, and I am enclosing herewith the Joint Petition for Settlement of Rate Proceeding, which has been executed on behalf of Corner Water Supply and Service Corporation and the Bureau of Investigation & Enforcement. As Appendices to the Settlement Petition are the following:

1. Appendix A – Proposed tariff pages
2. Appendix B – Company Statement in Support
3. Appendix C – I&E Statement in Support

I have also enclosed a copy of the letter sending a copy of this information to Dr. Pierre and Mm. Marie Jose-Fortis.

Please be advised that I have mailed a copy of the Petition, with Appendices to Administrative Law Judge Conrad, the Bureau of Investigation and Enforcement, the Complainants, and the Mediator, as shown below.

Very truly yours,


Dwight L. Koerber, Jr.

DLK/sah
Enclosure: As Noted
cc: The Honorable Conrad A. Johnson, Administrative Law Judge
Charles Daniel Shields, I&E Senior Prosecutor
Cynthia Lehman, Mediator
Dr. Pierre Fortis and Mm. Marie Jose-Fortis
Corner Water Supply and Service Corporation

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :	:	
	:	
v. :	:	Docket Nos. R-2011-2238120
	:	
	:	C-2011-2248101
Corner Water Supply and Service :	:	
Corporation :	:	

**JOINT PETITION FOR SETTLEMENT
OF RATE PROCEEDING**

TO ADMINISTRATIVE LAW JUDGE CONRAD A. JOHNSON:

AND NOW, this 31st day of October, 2011, the two active parties ("Parties" or "Joint Petitioners") to the litigation of this instant base rate proceeding, consisting of the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission") by and through its Senior Prosecutor, Charles Daniel Shields and Chief Prosecutor Johnnie E. Simms and Corner Water Supply and Service Corporation ("Corner Water" or "Company") by and through its attorney, Dwight L. Koerber, Jr., hereby respectfully submit the following Joint Petition for Settlement of Rate Investigation for approval with the representation that such approval would be and is in the public interest:

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1. The Company is a jurisdictional public utility duly certified by the Commission to provide water service to a portion of Paint Township, Clarion County, Pennsylvania.

2. Corner Water has a total of 415 accounts, which consist of 336 residential, 67 commercial, 6 industrial, 3 trailer parks and 3 public accounts.

3. On May 26, 2011, Corner Water filed Supplement No. 59 to Tariff Water - Pa. P.U.C. No. 1, to become effective August 1, 2011, containing proposed changes in rates, rules, and regulations calculated to produce \$38,719 (11.8%) in additional annual revenues based on a historic test year ending December 31, 2010. By letter dated April 29, 2011, the Commission granted the Company an extension of time for filing the general rate increase request.

4. By Order entered July 28, 2011, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by operation of law on August 1, 2011, until March 1, 2012, unless permitted by Commission Order to become effective at an earlier date.

5. By further Supplement issued August 1, 2011, Corner Water cancelled Supplement No. 59 and voluntarily postponed the proposed rate increase for an additional period of sixty (60) days beyond the statutory end of suspension date, as required to avail itself of the Commission's mediation process provided by the Office of Administrative Law Judge ("OALJ").

6. The Commission received a formal Pro Se complaint against the proposed rate increase from Pierre and Marie Jose-Fortis.¹

7. The Prehearing Conference was conducted by presiding Administrative Law Judge Conrad A. Johnson (“ALJ” or “ALJ Johnson”) on September 16, 2011. I&E counsel, Company counsel and Complainant Pierre and Marie Jose-Fortis participated in the Prehearing Conference by telephone, with counsel for I&E and the Company in a hearing room in Harrisburg.

8. Immediately following the conclusion of the Prehearing Conference, a mediation session with Mediator Cynthia Lehman was commenced in the hearing room in Harrisburg with counsel for I&E and the Company both participating in person and the Pro Se Complainant participating by telephone.

9. Representatives from the Company and the assigned I&E technical staff experts also actively participated in the discussions at the initial mediation. Subsequent to the initial mediation, and as part of the mediation process, I&E and the Company agreed to amicably settle the matter under the conditions delineated herein.

10. The Parties agree that the Corner Water will file compliance tariffs in the event that a Commission Order approves a recommendation by ALJ Johnson to adopt this instant Settlement without modification. The compliance tariff for the Corner

¹ Given that Pierre and Marie Jose-Fortis together filed a single complaint and to avoid confusion, they will be referred to using the singular term “Complainant” rather than “Complainants.”

Water shall be designed to produce no more than an increase of \$34,900 (10.64%) in annual revenues.

11. On the date the original signed settlement documents are mailed to the Commission Secretary, with copies to the ALJ and Mediator, a full and complete copy of the settlement package will be also be mailed to the Complainant with a cover letter from the Company outlining their response options to the ALJ regarding the submission and contents of the settlement documents.

12. Additional specific terms of the Settlement are as follows:

A. Corner Water will not file for another general rate increase under Section 1308(d) of the Public Utility Code prior to January 1, 2014. If, however, a legislative body or administrative agency, including the Pennsylvania Public Utility Commission or the Department of Environment Protection, orders or enacts fundamental changes in policy or statutes which directly and substantially affect Corner Water's rates or revenues, this Settlement shall not prevent Corner Water from filing a tariff or] tariff supplements proposing a general rate increase to the extent necessitated by such action.

B. Corner Water will seek future debt requirements from a variety of sources, including financial institutions, and utilize the lowest and best available interest rate; and will be expected to provide evidence demonstrate such efforts

in any future Commission proceeding, including a subsequent base rate case filing;

C. Corner Water will maintain all salaries at current levels until at least January 2014;

D. Corner Water will immediately begin a record accounting (date, time, purpose) for each hour of any claimed overtime.

13. Upon approval of this instant Settlement, the annual charge for water usage service at current, proposed and settlement rates for a typical residential customer would thus be as follows:

Current Rates	\$ 33.70
Proposed Rates	\$ 37.68
Settlement Rates	\$ 37.29

14. The parties submit that this instant settlement is in the public interest because it: (i) provides for the maintenance of safe and adequate service; (ii) avoids the additional cost associated with litigation and the administrative burdens of continuing this proceeding; (iii) reduces the amount of the rate increase requested by the Corner Water as a result of the discussions and negotiations involved in the mediation process; and provides for rate stability by virtue of the stay-out provision for filing a future base rate case; (iv) caps salaries and labor costs for a specified period; (v) and requires that Corner Water seek the best available debt cost rate for any loans that may be required.

15. This settlement is proposed by the Joint Petitioners to settle the instant case and is made without any admissions against or prejudice to any positions which any Joint Petitioner might adopt during subsequent litigation, including further litigation in this case if this settlement is rejected by the Commission. This settlement is conditioned upon the Commission's approval of all terms and conditions contained herein. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission within three (3) business days by either of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission does not approve this Settlement or that either Joint Petitioner elects to withdraw as approved above and the proceeding continues to hearing, the Joint Petitioners each reserve their respective rights to submit direct testimony as well as rebuttal and surrebuttal testimony and conduct full cross-examination, briefing and argument in this rate proceeding.

16. If ALJ Johnson, in his Recommended Decision, recommends that the Commission adopt the settlement as herein proposed without modification, Joint Petitioners agree to waive the filing of Exceptions. However, Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the ALJ in his Recommended Decision. The Joint Petitioners reserve the right to file Reply Exceptions to any Exceptions that may be filed.

17. The proposed Tariff Supplement pages are attached as Appendix A. The Statements in Support of the Company and I&E supporting the approval of this Joint Petition for Settlement of Rate Proceeding are attached respectively as Appendices B and C. The Parties again represent herein and in the Statements in Support that approval of the instant Petition without modification is in the public interest.

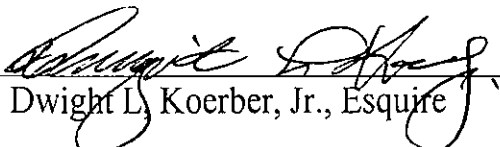
WHEREFORE, Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Administrative Law Judge Conrad A. Johnson and the Commission approve the Settlement embodied in this Joint Petition for Settlement of Rate Proceeding as being in the public interest, including all terms and conditions thereof.

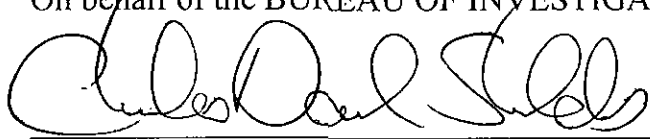
2. That the Commission grant Corner Water Supply and Service Corporation permission to file the Tariff Supplement annexed hereto as Appendix A to become effective in accordance with its terms on one day's notice, for service rendered on and after the entry date of a Commission Order approving this Joint Petition, which Supplement increases water rates in the manner described herein.

3. The Commission's investigation at Docket No. R-2011-2238120 be terminated and marked closed and the Complaint of Pierre and Marie Jose-Fortis at Docket No. C-2011-2248101 be dismissed and marked closed.

On behalf of CORNER WATER SUPPLY AND SERVICE CORPORATION

 10/31/11
Dwight L. Koerber, Jr., Esquire

On behalf of the BUREAU OF INVESTIGATION AND ENFORCEMENT

A handwritten signature in black ink, appearing to read "Charles Daniel Shields". The signature is written in a cursive style with large, looping letters. It is positioned above a horizontal line.

Charles Daniel Shields, Senior Prosecutor

Dated: October 26, 2011

APPENDIX A

Attached hereto as Appendix A are the Proposed Tariff Pages.

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A-87253

Supplement No. 61 to
Pa.P.U.C. No. 1

CORNER WATER SUPPLY & SERVICE CORP.

RATES AND RULES
GOVERNING THE FURNISHING OF WATER SERVICE
IN A PORTION OF
PAINT TOWNSHIP, CLARION COUNTY, PENNSYLVANIA

ISSUED: _____, 2011

EFFECTIVE: _____, 2011

This tariff supplement cancels and supersedes Supplement No. 59 to Water-Pa.P.U.C. No. 1, and is being filed pursuant to Order of the Pennsylvania Public Utility Commission in R-2011-2238120, Order Adopted _____, 2011, Order Entered _____, 2011.

ISSUED BY:

Thomas Weaver, President
CORNER WATER SUPPLY & SERVICE CORPORATION
113 Oakwood Lane, Box 40
Shippenville, PA 16254

Corner Water Supply & Service Corp.
Box 40, Shippenville, PA 16254

Supplement No. 61
Water-Pa.P.U.C. No. 1
Forty-fourth Revised
Page No. 1A
Canceling
Forty-third Revised
Page No. 1A

List of changes made by this supplement

INCREASES: Rates are increased by 10.64%.

ISSUED: _____, 2011

EFFECTIVE: _____, 2011

Corner Water Supply & Service Corp.
Box 40, Shippenville, PA 16254

Supplement No. 61 to
Water-Pa.P.U.C. No. 1
Forty-third Revised
Page No. 2
Canceling
Forty-second Revised Page
Page No. 2

INDEX

Title	Page No.
List of changes made by this tariff	Supplement No. 61
Index	1A Forty-third Revised
Schedule of Rates	
1. Meter Rates	3 Thirty-seventh Revised
2. Private Fire Protection	3A Twentieth Revised
3. Public Fire Hydrants	3A Twentieth Revised
4. Bills Due and Payable	4 First Revised
5. Bland for Future Use	4A Seventh Revised
Rules and Regulations	
1. Definitions	5 Second Revised
2. Application for Water Service	6 Original
3. Special Applications for Water Service	6 Original
4. Customers' Liability for Changes	6 Original
5. Customer Deposits	7 Third Revised
6. Street Service Connections	8 Original
7. Customers' Service Pipes	9 Original
8. Meters and Meter Installations	10 Original
9. Meter Tests and Test Fees	11 Original
10. Public Fire Hydrants	11 Original
11. Private Fire Service	12 Original
12. Discontinuance of Water Service	13 Original
13. Renewal of Water Service After Discontinuance	14 Original
14. Turn on Charge	14 Original
15. Bills for Water Service	15 Original
16. Terms of Payment	15 Original
17. Abatements and Refunds	16 Original
18. Boiler and Engine Water Supply	16 Original
19. Interruptions in Water Supply	17 Original
20. Liability of Company	17 Original
21. General	17 Original
22. Main Extensions	18-23 First Revised
23. Cross Connections and Interconnections	24-31 Original
24. Water Conservation Plan	32 Original
25. Collection of Excess-Use Charges	33 Original
26. Drought Emergency	34 Original
27. Extension of Service/CIAC	35-38 Second Revised

ISSUED: _____, 2011

EFFECTIVE: _____, 2011

Corner Water Supply & Service Corp.
Box 40, Shippenville, PA 16254

Supplement No. 61 to
Water-Pa.P.U.C. No. 1
Thirty-seventh Revised Page
No. 3
Canceling
Thirty-sixth Revised Page
No. 3

SCHEDULE OF RATES

CUSTOMER CHARGES (ALL CLASSES):

<u>Meter Size</u>	<u>Monthly Customer Charge</u>
5/8" and 3/4"	\$ 4.45
1"	\$ 11.15
1 1/2"	\$ 22.32
2"	\$ 35.70
3"	\$ 66.95

CONSUMPTION CHARGES (ALL CLASSES):

<u>Usage Block</u>	<u>Rate Per 1,000 Gallons</u>
0-10,000 gallons	\$9.90
10,001-120,000 gallons	\$8.49
Over 120,000 gallons	\$6.74

TERMS AND CONDITIONS:

Single billing to a mobile home park will be calculated by dividing the total monthly consumption of the park equally between all mobile homes. The resultant consumption/unit will be billed through the rate blocks as an individual residential bill to develop per unit revenue. The per unit revenue shall be multiplied by the number of units and billed to the park after applying a factor of 75% to the product.

ISSUED: _____, 2011

EFFECTIVE: _____, 2011

Corner Water Supply & Service Corp.
Box 40, Shippenville, PA 16254

Supplement No. 61 to
Water-Pa.P.U.C. No. 1
Twentieth Revised Page
No. 3A
Canceling
Nineteenth Revised Page
No. 3A

PRIVATE FIRE PROTECTION:

	<u>Allowable Rate</u>	
	<u>Per Quarter</u>	<u>Per Annum</u>
For each private fire hydrant	\$57.91	\$231.64
<u>Sprinkler Fire Service</u>		
<u>Size of Connection</u>		
2"	\$ 6.95	\$ 27.79
3"	\$ 14.66	\$ 58.64
4"	\$ 25.82	\$103.29
6"	\$ 57.91	\$231.64
8"	\$102.92	\$411.67

PUBLIC FIRE PROTECTION:

	<u>Allowable Rate Per Annum</u>
For each hydrant installed after April 24, 1961, on mains existing at that date or on mains 4" or larger in diameter laid after that date	\$ 389.65

ISSUED: _____, 2011

EFFECTIVE: _____, 2011

APPENDIX B

Attached hereto as Appendix B is the Company Statement In Support of Joint Petition for Settlement.

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SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission
Pierre Fortis and Marie-Jose Fortis

v.

Docket No. R-2011-2238120

Corner Water Supply and Service Corporation

**THE CORNER WATER SUPPLY AND SERVICE CORPORATION'S
STATEMENT OF SUPPORT OF
JOINT PETITION FOR SETTLEMENT OF RATE PROCEEDING**

**TO THE HONORABLE CONRAD A. JOHNSON,
ADMINISTRATIVE LAW JUDGE**

COMES NOW, Corner Water Supply and Service Corporation, ("Corner Water"), by and through its attorney, and respectfully submits the within Statement in Support of the Joint Petition for Settlement of Rate Investigation ("Joint Settlement") filed in the above-captioned rate investigation proceeding with the Pennsylvania Public Utility Commission ("Commission") by the Bureau of Investigation and Enforcement ("I&E") and Corner Water.

I. INTRODUCTION

1. Corner Water is a Pennsylvania public utility that provides water service to the public, principally in Paint Township, with 11 units in Elk Township, all of which are in Clarion County, Pennsylvania.

2. On May 22, 2011, Corner Water filed Supplement No. 59 to Tariff Water-Pa. P.U.C. No. 1, to become effective August 1, 2011. If approved, Supplement No. 59 would increase Corner Water's annual water revenue by \$38.719.00 (11.8%).

3. The additional revenues sought through the instant rate proceeding are based upon a historical test year ending December 31, 2010. By letter dated April 29, 2011, the Commission approved Corner Water's request for an extension of time for filing a general rate increase based upon the test year ending December 31, 2010.

4. By Order entered July 28, 2011, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, and the filing was thereby suspended by operation of law on August 11, 2011 until March 1, 2012. Corner Water thereafter filed Supplement No. 60 to Water-Pa. P.U.C. No. 1, so as to voluntarily postpone the proposed rate increase for an additional 60 days beyond the statutory suspense period. In opposition to the proposed rate increase, the Commission received a formal complaint against Corner Water, as filed by Pierre Fortis and Marie Jose-Fortis.

5. The parties hereunto chose to avail themselves of the mediation process offered by the Office of Administrative Law Judge ("OLJ"), and thereafter engaged in mediation, the effect of which was to produce a settlement agreement between Corner Water and I&E.

6. On September 16, 2011, all of the parties herein participated in a Pre-Trial Conference before the presiding officer, Administrative Law Judge Conrad A. Johnson, with Corner Water and I&E participating by telephone in a hearing room in Harrisburg, PA, and the Fortis' participating from their home in Clarion County, PA, by telephone.

7. After an exchange of information and proceeding through mediation procedures with mediator Cynthia Lehman, the parties hereunto agreed that Corner Water would attempt to meet in person with the Complainants, so as to review the details of their past bills and to provide adequate information and assurances that the billings that have been assessed and paid were in accordance with the terms and conditions of the prevailing tariff on file with the Commission.

8. On September 16, 2011, after the mediation, Corner Water sent a letter and information sheet to the Fortis', a copy of which is attached hereto as Exhibit A, outlining the rates that applied to the Fortis' residential bill for the period January 31, 2010 to May 21, 2011.

9. On September 29, 2011, Corner Water met with the Fortis' and explained the information sheet. As a result of the meeting between Corner Water and the Fortis', the Fortis' have communicated to Corner Water that they now understand that their past billings have been computed in accordance with the pertinent tariff and the Fortis' have represented to Corner Water that they do not challenge the lawfulness of the past billings that have occurred.

10. Corner Water and I&E now agree that this rate proceeding can be settled without further litigation under the terms set forth in the Joint Settlement Petition. The proposed Settlement Agreement calls for an increase of \$34,900.00 (10.64%) in annual revenues, and Corner Water and I&E have jointly agreed that an increase of this amount is a reasonable and appropriate resolution of this rate proceeding. Included in the Settlement Agreement is a stay out provision until the period of January 1, 2014; a requirement that Corner Water maintain present salary levels until at least January 1, 2014; and certain documentation requirements for future debt and claimed overtime.

II. FACTORS IN SUPPORT OF PROPOSED INCREASE

11. Through the mediation process, Corner Water has presented a detailed and meaningful explanation of the procedures it followed in an effort to reduce and minimize its healthcare insurance expenses, these explanations establishing that the substantial increases that have occurred are above and beyond the control of Corner Water and as such are reasonable and necessary.

12. We would point out that through the meeting between Corner Water and the Fortis', Corner Water is able to represent that the Fortis' acknowledge that the past billings they have received were calculated in accordance with the then prevailing tariff. This factor, along with the 2-year stay out provision that the parties have agreed upon, during which Corner Water will not seek additional rate increases except under

restricted and clearly defined circumstances, militates in favor of approving the joint petition that has been presented herein.

13. Also significant herein is the fact that Corner Water is a small operating entity, with revenues during its 2010 base test year being \$327,994.00. The effect of litigation would be to produce considerable additional legal and accounting expenses that would consume revenues that would otherwise be used or useful in the operations of the company. It is the stated policy of the Commission to encourage parties in a contested proceeding to enter into settlements. 52 Pa. Code § 5.231(a). The proposed settlement herein is in harmony with that policy, and if approved would produce a benefit for all parties concerned.

14. In summary, it is the position of Corner Water that in view of the resolution achieved between Corner Water and I&E that the public interest will be promoted by approving the Joint Settlement Petition and the implementation of the specified rate increase. The "stay out" provision, as noted herein, further insures that the rates now jointly agreed upon will continue without further increase for 2 years, as specified.

15. It is the position of Corner Water that it is contrary to the public interest to have continued litigation, when Corner Water and I&E have reached a settlement agreement, because these added expenses would be factored into the rate base and would serve to demonstrate a basis for a higher rate level to the public.

WHEREFORE, Corner Water Supply and Service Corporation respectfully requests Administrative Law Judge Conrad A. Johnson and the Pennsylvania Public Utility Commission to accept the foregoing Statement in Support of the Joint Petition for Settlement.

Respectfully submitted,
Corner Water Supply and Service Corporation

By: _____
Dwight L. Koerber, Jr., Esquire

KOERBER & CUMMINGS, LLC
110 North Second Street
P.O. Box 1320
Clearfield, PA 16830

DATED: October 31, 2011

EXHIBIT A

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**LAW OFFICES
OF
KOERBER & CUMMINGS, LLC**

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Facsimile (814) 765-9503

September 16, 2011

Dr. Pierre Fortis
Mademoiselle Marie Jose-Fortis
417 Ridgewood Road
Shippenville, PA 16254

Via E-Mail Only

**Re: Pennsylvania Public Utility Commission and
Pierre Fortis and Marie-Jose Fortis v. Corner
Water Supply and Service Corporation
Docket No. C-2011-2248101**

Dear Dr. Fortis and Mademoiselle Fortis:

As counsel for Corner Water I am following up from the mediation session we had earlier today with the PUC.

I would like to begin by stating that I am pleased that we had an opportunity to speak and am hopeful that we can continue to have a meaningful dialogue and to get correct information in front of you. Pursuant to that, I am presenting a copy of the summary that Mary Beth Hagan prepared where she showed the water charges that you have been billed and have actually paid during the period presented. I would ask that you carefully review that to see whether you can confirm the accuracy of the information.

Mary Beth Hagan would very much welcome the opportunity to meet with you, as we discussed during mediation, to review the information sheet that we have attached. Hopefully, you can call her this coming Monday, to set up a suitable time.

It would be my recommendation to Mary Beth that she contact you on Tuesday if you have not had a chance to call her so as to set up a suitable time for a review of this document.

Dr. Pierre Fortis
Mademoiselle Marie Jose-Fortis
September 16, 2011
Page 2

We look forward to having this discussion occur between you and the Corner Water representative.

Very truly yours,


Dwight L. Koerber, Jr.

DLK/sah

Enclosure: Copy of Summary
cc: Corner Water Supply and Service Corporation (Via Facsimile Only)
Charles Daniel Shields, Esquire (Via E-Mail Only)
Cynthia Lehman, Mediator (Via E-Mail Only)
Douglas G. Shimmel, C.P.A. (Via E-Mail Only)

Corner Water Supply & Service
Historical Billing Report Sorted by Account#
Summary Version

Date: 6/27/2011 Page: 1

<u>Account #</u>	<u>Name</u>	<u>Bill Date</u>	<u>Prior Reading</u>	<u>Current Reading</u>	<u>Gallons Used</u>	<u>Prior Billing</u>	<u>Payment Received</u>	<u>Arrearage</u>	<u>Water Charges</u>	<u>Misc Charge</u>	<u>All Others</u>	<u>Svc. Charges</u>	<u>Tax</u>	<u>Current Billing</u>	<u>Total Due</u>
0134	Fortis, Dr. Pierre	01/31/10	722	725	3000	46.27	46.27	0.00	29.29	0.00	0.00	0.00	0.00	29.29	29.29
		02/28/10	725	729	4000	29.29	29.29	0.00	37.78	0.00	0.00	0.00	0.00	37.78	37.78
		03/31/10	729	732	3000	37.78	37.78	0.00	29.29	0.00	0.00	0.00	0.00	29.29	29.29
		04/30/10	732	736	4000	29.29	29.29	0.00	37.78	0.00	0.00	0.00	0.00	37.78	37.78
		05/31/10	736	740	4000	37.78	37.78	0.00	37.78	0.00	0.00	0.00	0.00	37.78	37.78
		06/30/10	740	744	4000	37.78	37.78	0.00	37.78	0.00	0.00	0.00	0.00	37.78	37.78
		08/01/10	744	748	4000	37.78	37.78	0.00	37.78	0.00	0.00	0.00	0.00	37.78	37.78
		08/31/10	748	752	4000	37.78	37.78	0.00	37.78	0.00	0.00	0.00	0.00	37.78	37.78
		09/30/10	752	756	4000	37.78	37.78	0.00	39.82	0.00	0.00	0.00	0.00	39.82	39.82
		10/31/10	756	761	5000	39.82	39.82	0.00	48.77	0.00	0.00	0.00	0.00	48.77	48.77
		11/30/10	761	765	4000	48.77	48.77	0.00	39.82	0.00	0.00	0.00	0.00	39.82	39.82
		12/31/10	765	770	5000	39.82	39.82	0.00	48.77	0.00	0.00	0.00	0.00	48.77	48.77
		01/31/11	770	774	4000	48.77	48.77	0.00	39.82	0.00	0.00	0.00	0.00	39.82	39.82
		02/28/11	774	778	4000	39.82	39.82	0.00	39.82	0.00	0.00	0.00	0.00	39.82	39.82
		03/31/11	778	783	5000	39.82	39.82	0.00	48.77	0.00	0.00	0.00	0.00	48.77	48.77
		04/30/11	783	787	4000	48.77	48.77	0.00	39.82	0.00	0.00	0.00	0.00	39.82	39.82
		05/31/11	787	791	4000	39.82	39.82	0.00	39.82	0.00	0.00	0.00	0.00	39.82	39.82
					69000		676.94	0.00	670.49	0.00	0.00	0.00	0.00	670.49	670.49

APPENDIX C

Attached hereto as Appendix C is the Bureau of Investigation and Enforcement Statement In Support of Joint Petition for Settlement.

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F.A.P.U.S.
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
:
v. :
:
Corner Water Supply and Service :
Corporation :

Docket No. R-2011-2238120

**INVESTIGATION AND ENFORCMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT
OF RATE PROCEEDING**

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TO ADMINISTRATIVE LAW JUDGE CONRAD A. JOHNSON:

The Investigation and Enforcement bureau ("I&E") of the Pennsylvania Public Utility Commission, ("Commission") by and through Senior Prosecutor Charles Daniel Shields and Chief Prosecutor Johnnie E. Simms hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement of Rate Proceeding ("Settlement") are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of Corner Water Supply and Service Corporation ("Corner Water" or "Company") and its customers.

1. The Bureau of Investigation and Enforcement and the Company participated in the mediation process and as result, have agreed upon the terms embodied in the foregoing Settlement.

2. The Bureau of Investigation and Enforcement is charged, inter alia, with the representation of the public interest in proceedings relating to rates, rate-related services and a variety of other proceedings affecting the public interest held before the Commission. Consequently, in negotiated settlements, it is incumbent upon I&E to ensure that the public interest is served and to quantify to what extent amicable resolution of any such proceeding will benefit the public interest. I&E has met that responsibility here and has vigorously represented the public interest at all times during this base rate proceeding.

3. Prior to agreeing to the instant settlement, I&E conducted a thorough review of the Company's filing and supporting information, discovery responses, submitted filing data and participated in the mediation session. The provisions of this settlement represent a revenue increase that I&E agrees is just and reasonable and in the public interest, but is not based upon any specific adjustments or ratemaking approach, unless otherwise specifically noted.

4. On May 26, 2011, the Company filed Supplement No. 59 to Tariff Water - Pa. P.U.C. No. 1, to become effective August 1, 2011, containing proposed changes in rates, rules, and regulations calculated to produce \$38,719 (11.8%) in additional annual revenues based on a historic test year ending December 31, 2010. By letter dated April 29, 2011, the Commission granted the Company an extension of time for filing the general rate increase request.

5. By Order entered July 28, 2011, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and

regulations. As stated in the Order, pursuant to 66 Pa. C.S. § 1308(d), the filing will be suspended by operation of law on August 1, 2011, until March 1, 2012, unless permitted by Commission Order to become effective at an earlier date. Said Order provided that the case be assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary and culminating in the issuance of a Recommended Decision.

6. Presiding Administrative Law Judge Conrad A. Johnson (“ALJ” or “ALJ Johnson”) conducted the Prehearing Conference in this matter on September 16, 2011, with counsel for the parties and Formal Pro Se Complainants Pierre and Marie Jose-Fortis participating telephonically.

7. A mediation session with Mediator Cynthia Lehman was conducted in Harrisburg immediately following the conclusion of the Prehearing Conference with counsel for I&E and the Company participating in person and the Pro Se Complainant participating by telephone. The assigned I&E technical staff experts and financial representatives of the Company also actively participated in the mediation.

8. Formal and informal discovery to the Company was conducted by I&E during the course of the proceeding. I&E legal and technical staff scrutinized the provided responses in order to develop a thorough perspective and understanding of each relevant base rate issue.

9. I&E considers Commission approval of the terms and conditions of the settlement resulting from the mediation process to have the same effect as full and

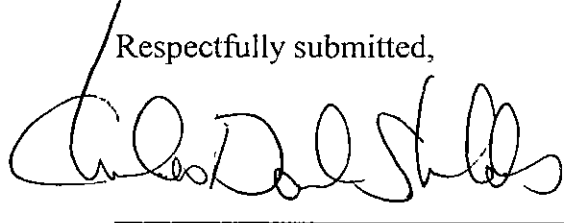
complete litigation and further recognizes that final resolution of this proceeding by approval of the settlement will result in Commission-made rates.

10. I&E agrees that the terms and conditions of the Settlement are in the public interest for a number of reasons, including that the settlement:

- (a) provides for a level of additional operating revenues that I&E, as one of the Joint Petitioners, agrees is reasonable and lawful;
- (b) avoids the necessity of further administrative and possible appellate court proceedings, which would have been at substantial cost to the involved parties and the Company's ratepayers and thereby conserves time and expenses for all involved. Acceptance of the foregoing settlement will eliminate the need for the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions and the filing of possible appeals;
- (c) effectively and successfully utilizes the Commission's invaluable mediation services provided by the Office of Administrative Law Judge;
- (d) ensures a reasonable level of debt interest by requiring that the Company seek future debt requirements from a variety of sources, including financial institutions, and utilize the lowest and best available interest rate;
- (e) caps employee expense levels by requiring the Company to maintain all salaries at current levels until at least January 2014;
- (f) provides for the immediately commencement of record accounting for submitted overtime hours; and
- (g) provides for a stay-out for any filing of another base rate case until at least January of 2014.

11. In conclusion, the Investigation and Enforcement bureau has been thoroughly involved in the instant base rate. Any issues raised in the I&E Prehearing Memorandum that have not been specifically addressed in the foregoing Joint Petition have been

satisfactorily resolved through discovery and/or the results of the mediation discussions with all parties. I&E reiterates that it fully supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judge Conrad A. Johnson recommend, and the Commission subsequently approve without modification, the proposed settlement as set forth in the Joint Petition and approve the respective tariff supplements as submitted therewith.

Respectfully submitted,


Charles Daniel Shields
Senior Prosecutor
Attorney ID No. 29363

Johnnie E. Simms
Chief Prosecutor
Pa. Attorney I.D. No. 33911

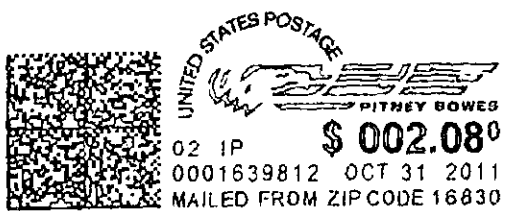
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