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November 18, 2013

VIA ELECTRONIC FILING

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

Re: Docket No. R-2013-2355276, *et al.*
Pa. P.U.C., *et al.* v. Pennsylvania American Water Company

Dear Secretary Chiavetta:

We are counsel to the Pittsburgh Water and Sewer Authority in the above matter and are submitting via e-filing with this letter the Authority's Exceptions to the Recommended Decision of Administrative Law Judges Angela T. Jones and Darlene D. Heep. Copies of the Exceptions are being served upon the persons and in the manner set forth on the certificate of service attached to them.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By 
Thomas T. Niesen

Encls.

cc: Certificate of Service (w/encl.)
ra-OSA@pa.gov (w/encl.)
James L. Good (w/encl.) (via email only)

proceeding as an active party and addressed the Joint Settlement in a Statement of Non-Opposition and Request for Bill Message Re Wastewater Cost Recovery discussed at pages 41 and 42 of the Recommended Decision.

II. EXCEPTIONS

EXCEPTION NO. 1 PWSA excepts to the finding that its non-opposition to the Joint Settlement is “compelling” and to the conclusion that PWSA finds the resolution to pay a portion of wastewater service costs in water services rates as “palatable.” Recommended Decision at 41.

The Recommended Decision describes PWSA’s non-opposition to the Joint Settlement as follows:

PWSA filed a statement of non-opposition to the Joint Settlement on October 18, 2013. PWSA stated specifically that it, “does not oppose the proposed allocation of \$5.4 million of wastewater revenue requirement to water customers as identified [in the Joint Settlement].” (PWSA Stmt. of Non-Opposition, at 2-3, ¶ 5).

We find the non-opposition of PWSA compelling. PWSA is allocated costs of the wastewater service as part of the rate increase that it is knowingly not opposing. This revelation alone is evidence that an industrial customer of PAWC that receives only water service from the Company finds the resolution to pay a portion of the wastewater service palatable considering the totality of the resolution for this proceeding through the Joint Settlement.¹

PWSA disagrees with the discussion presented in the second of the two paragraphs reproduced above. PWSA did not oppose the settlement terms or the settlement allocation of wastewater costs for recovery through water service rates. It is incorrect, however, to characterize its non-opposition as “compelling” in support of the settlement or for any other purpose. It is also incorrect to view PWSA’s non-opposition as a finding that PWSA considers the payment of a portion of wastewater service costs through water rates as “palatable.” PWSA’s position in regard to the settlement revenue terms and the allocation of a portion of wastewater costs to water rates is

¹ Recommended Decision at 41.

simply one of “non-opposition,” no more, no less. Characterization of PWSA’s position other than one of simply “non-opposition” should not be part of the Commission’s final order in this matter.

EXCEPTION NO. 2 The discussion of PWSA’s non-opposition to the Joint Settlement should also be modified to remove the identification of PWSA as an industrial customer of PAWC. Recommended Decision at 41.

Additionally, in the second of the two paragraphs from page 41 reproduced above in Exception No. 1, the Recommended Decision mischaracterizes PWSA as an industrial customer of PAWC. PWSA intervened in the proceeding, not as a customer, but rather to minimize equalization payments made by PWSA for the benefit of PAWC water customers who reside in the City’s South Hills area. The equalization payments are directly impacted by increases in PAWC’s water service rates. It would be incorrect to identify PWSA as an industrial customer in the final order in this matter.

WHEREFORE the Pittsburgh Water and Sewer Authority requests that the Public Utility Commission grant the foregoing Exceptions and modify the Recommended Decision as aforesaid.

Respectfully submitted,

By  _____

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November 18, 2013

Before The
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, *et al.* :
v. : Docket No. R-2013-2355276, *et al.*
Pennsylvania-American Water Company :

CERTIFICATE OF SERVICE

I hereby certify that I have this 18th day of November, 2013, served a true and correct copy of the foregoing Exceptions of the Pittsburgh Water and Sewer Authority, upon the persons and in the manner set forth below:

BY EMAIL AND FIRST CLASS MAIL, POSTAGE PREPAID

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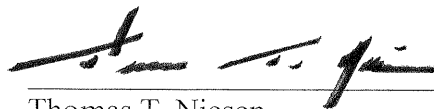
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