

March 19, 2014

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Via Electronic Filing

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Bldg., 2nd Floor  
400 North Street  
Harrisburg, PA 17120

Re: Public Utility Commission v. Penn Estates Utilities, Inc. - Sewer Division  
Docket No. R-2013-2370455

Dear Secretary Chiavetta:

Enclosed please find Penn Estates' reply to the comments filed to the Joint Petition for Settlement of Rate Investigation in the above-captioned matter. As indicated on the enclosed certificate of service, copies of this document have been served upon the Presiding Officer and all parties to this proceeding.

Very truly yours,



Daniel P. Delaney  
Counsel for Penn Estates - Sewer Division

c: Hon. Elizabeth H. Barnes  
Certificate of Service

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES PRESIDING**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2013-2370455
	:	C-2013-2378500
v.	:	C-2013-2375469
	:	C-2013-2376185
Penn Estates Utilities, Inc. - Sewer	:	C-2013-2375482
Division	:	C-2013-2375673
	:	

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**CERTIFICATE OF SERVICE**

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I hereby certify that I have this day served true and correct copies of the foregoing document upon the individuals listed by U.S Mail and email in accordance with the requirements of Section 1.54 (relating to service by a party).

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Bureau of Investigation and Enforcement  
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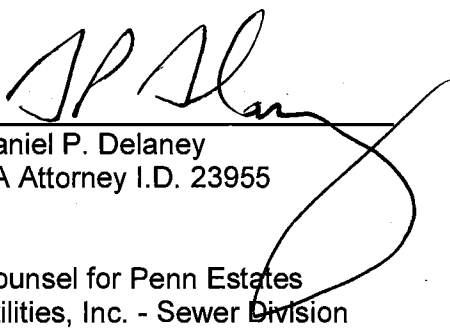
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Dated: March 19, 2014

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Luna Mishoe  
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Utilities, Inc. - Sewer Division

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION  
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**PENN ESTATES REPLY TO THE COMMENTS FILED TO THE  
JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION**

Penn Estates Utilities, Inc. - Sewer Division ("PEUI") files this reply to the comments filed by the inactive complainants in this case to the Joint Petition for Settlement of Rate Investigation pursuant to Section 69.406 of the Public Utility Commission's ("Commission's") regulations, 52 Pa. Code § 69.406.

1. On February 21, 2014, the Joint Petition for Settlement of Rate Investigation ("Settlement") signed by PEUI, the Bureau of Investigation and Enforcement and the Office of Consumer Advocate was filed with the Presiding Officer and served on all of the parties to this case. On February 25, 2014, the Presiding Officer served a Settlement Letter on the parties which provided instructions on the filing of comments or objections to the Settlement by March 7, 2014 with instructions that the comments be filed with the Commission Secretary and served on all other parties to the case. The Settlement Letter provided that other parties would then have until March 14, 2014 to file any responses to the comments or objections received. By e-mail dated March 17, 2014, the Presiding Officer informed the parties that she had received some comments which had not been served on the other parties to the case and provided an additional opportunity to file responsive comments by March 21, 2014. PEUI appreciates this opportunity to file replies to the comments filed to the Settlement in this proceeding.

**Response to Settlement Comments of Jody Perkin and Luna Mishoe**

2. Neither Ms. Perkin nor Mr. Mishoe oppose the Settlement. Ms. Perkin states that she is in favor of the Settlement and Mr. Mishoe states that the Settlement is reasonable and

acceptable. Ms. Perkin also comments in her letter that the increase in wastewater rates may be difficult for Penn Estates residents who are living on a fixed income. The Settlement, however, does provide some relief to these Penn Estates residents since they will pay less for sewer service under the proposed settlement rates than they would have under the originally requested rates. The reduced proposed sewer rates identified in the settlement provide a benefit to these customers. Ms. Perkin has also commented on the Company's use of a flat rate in billing for wastewater services. Penn Estates has used a flat rate for its wastewater billing in the period that it has owned the Company. No record has been developed in this proceeding on using an alternative billing method. PEUI is willing to evaluate Ms. Perkin's comments in designing the rate structure for its next rate case.

#### Response to Settlement Comments of Richard D. Way

3. Mr. Way's comments do not object to the rate increase identified in the Settlement. He does, however, object to the one year stay out provision because, in his opinion, it is too short. PEUI disagrees with Mr. Way's objection. Initially it must be noted that the length of the stay out provision was a negotiated issue in the Settlement discussions. The Settlement terms and conditions are the product of several settlement discussions and meetings, and two mediation sessions. It is an important part of the compromise the parties reached concerning the terms and conditions of the Settlement.

4. PEUI submits that a one year stay out is a reasonable term of the Settlement. The Company has not filed a request for a rate increase since 2009 and it has not increased its rates since 2010. The stay out provision will provide a period of rate stability for Penn Estates customers. Assuming that the Commission adopts and enters a recommended decision approving the Settlement at its public meeting scheduled for May 22, 2014,<sup>1</sup> under the proposed stay out provision the earliest that PEUI could file a rate case would be May 23, 2015.

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<sup>1</sup> The rates proposed in Supplement 7 have been suspended until May 28, 2014 to permit the mediation. See ¶ 3 of Settlement. May 22, 2014 is the last scheduled public meeting before the end of the suspension period.

Assuming that the next case is fully litigated, Penn Estates Sewer's rates would not be increased until February 2016 at the earliest. This is a reasonable stay out provision which should be approved by the Presiding Officer.


5. It should also be noted that Mr. Way's objection to the stay out provision reflects only his opinion. The regulation promulgated by the Commission concerning objections to proposed settlements at 52 Pa. Code § 69.406 provides that the parties objecting to a proposed settlement are encouraged to set forth facts, affidavits and arguments in support of their objection. Mr. Way's objection only offers his unsupported opinion. The one year stay out provision is a significant part of the compromise reached by the parties in this settlement and Mr. Way fails to provide any substantial reason why it should be rejected. All of the parties to the Settlement have agreed in their statements of support that the stay out provision provides a level of rate stability that would not exist if the case were fully litigated. PEUI respectfully requests the Presiding Officer not to modify the stay out provision of the Settlement as suggested by Mr. Way.

6. The terms and conditions of the Settlement reflect a carefully balanced compromise of the interests of all the active parties in this proceeding. Those parties have unanimously agreed in their Statements in Support that the Settlement is in the public interest and in the best interest of Penn Estates' customers. PEUI respectfully requests the Presiding Officer to recommend approval of the Settlement as a just and reasonable resolution of this case.

WHEREFORE, for all of the foregoing reasons, PEUI respectfully requests the Presiding Officer to issue a Recommended Decision which:

1. Recommends that the Commission approve the Joint Petition for Settlement of Rate Investigation as filed on February 21, 2014; and
2. Provides whatever additional relief is just and reasonable under the circumstances.

Respectfully submitted,



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Daniel P. Delaney  
PA Attorney I.D. 23955  
*Counsel for Penn Estates, Utilities, Inc.*  
*- Sewer Division*

Dated: March 19, 2014