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October 17, 2014

Served Via Electronic and First Class Mail

Honorable Darlene D. Heep
Administrative Law Judge
Pennsylvania Public Utility Commission
Office of Administrative Law Judge
801 Market Street, Suite 4063
Philadelphia, PA 19107

Honorable Christopher P. Pell
Administrative Law Judge
Pennsylvania Public Utility Commission
Office of Administrative Law Judge
801 Market Street, Suite 4063
Philadelphia, PA 19107

RE: Pennsylvania Public Utility Commission, *et al.* v. Pocono Waterworks Company, Inc.
(Water Division); Docket Nos. R-2014-2420204, C-2014-2431197 and C-2014-2434257;
JOINT PETITION FOR FULL SETTLEMENT OF RATE PROCEEDING

Dear Judges Heep and Pell,

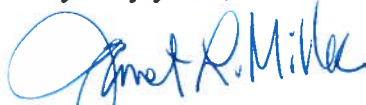
In connection with the above-captioned matters, enclosed is a Joint Petition for Full Settlement of Rate Proceeding ("Joint Petition"). The Joint Petition has been executed on behalf of the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Pennsylvania Office of Consumer Advocate ("OCA"), and Pocono Waterworks Company, Inc. (Water Division) ("Pocono Water"). I&E, OCA and Pocono Water are the only active parties to this proceeding. The parties' Statements in Support of the settlement set forth in the Joint Petition are attached as Appendices C, D and E.

Copies of the Joint Petition are being filed with the Commission's Secretary's Bureau, served on Mr. and Mrs. Attilio Giannotti, and provided to the parties as indicated on the attached Certificate of Service.

Honorable Darlene D. Heep
Honorable Christopher P. Pell
Administrative Law Judges
Pennsylvania Public Utility Commission
October 17, 2014
Page Two

Thank you for your attention to this matter. If you have any questions, feel free to contact me.

Very truly yours,



Janet L. Miller
Attorney ID # 63491

Counsel for Pocono Waterworks Company, Inc.

JLM
Enclosure

cc: Per Certificate of Service
Rosemary Chiavetta, Secretary

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

**JOINT PETITION FOR
FULL SETTLEMENT OF RATE PROCEEDING**

TO ADMINISTRATIVE LAW JUDGES HEEP AND PELL:

AND NOW, this 16th day of October, 2014, all three active parties (“Parties” or “Joint Petitioners”) to the above proceeding, consisting of the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) by and through its Prosecutor, Carrie B. Wright; the Pennsylvania Office of Consumer Advocate (“OCA”) by and through its attorney, Christine Maloni Hoover; and Pocono Waterworks Company, Inc. (Water Division) (“Pocono Water” or “Company”) by and through its attorney, Janet L. Miller, hereby respectfully submit the following Joint Petition for Full Settlement of Rate Proceeding (“Joint Petition”):

1. Pocono Water is a Pennsylvania public utility subject to the jurisdiction of the Commission that provides water treatment and distribution services in portions of Damascus,

Lake and Salem Townships, Wayne County, and in portions of Jefferson Township, Lackawanna County, Pennsylvania.

2. The Company currently provides water service to a total of 313 customers. The following table provides a breakdown of the number of customers within each respective customer class.

<u>Customer Class</u>	<u>No. of Customers</u>
Residential – Pine Grove Area Customers ¹	135
Residential – Non Pine Grove Area Customers	124
Commercial Customers	54
Total	313

3. On May 30, 2014, Pocono Water filed Supplement No. 1 to Tariff Water – PA P.U.C. No. 2 (Supplement No. 1) to become effective August 4, 2014, proposing (a) an annual increase in base rate revenues of \$60,456, or an increase of 52%; (b) elimination of the 14,000 gallon quarterly minimum water allowance for Pine Grove Area Customers; and (c) a change from quarterly to monthly billing for Pine Grove Area Customers to coincide with the Company’s billing of Non Pine Grove Area Customers (“Rate Filing”). The Company provided all customers with notice of the Rate Filing as required by the Commission’s Regulations.

4. On June 26, 2014, Carrie B. Wright, Esquire, filed a Notice of Appearance on behalf of I&E. Christine Maloni Hoover, Esquire filed a Notice of Appearance on behalf of OCA on July 21, 2014.

¹ The “Pine Grove Area Customers” include those water service customers located in the Pine Grove Estates Development in Damascus Township, Wayne County. All other water customers served by the Company are referred to as the “Non Pine Grove Area Customers.”

5. The OCA filed a Formal Complaint against the proposed rate increase on July 9, 2014; the Company filed a response on July 21, 2014.

6. One (1) customer filed a Formal Complaint in opposition to the Company's Rate Filing. This Formal Complaint was filed by Mr. and Mrs. Attilio Giannotti on July 28, 2014. By letter dated August 7, 2014, the Company notified the Commission that a response to the Formal Complaint would not be filed, as permitted by the Commission's Regulation at 52 Pa. Code § 5.61(d). Mr. and Mrs. Giannotti elected to be non-active participants in this rate proceeding.

7. By Order entered July 24, 2014, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations contained in the Rate Filing. Pursuant to Section 1308 of the Pennsylvania Public Utility Code ("Code"), 66 Pa.C.S. §1308(d), the Rate Filing was suspended by operation of law until March 4, 2015, unless permitted by Commission Order to become effective at an earlier date. Pocono Water filed Supplement No. 2 to Tariff Water – PA P.U.C. No. 2 on July 28, 2014 (Supplement No. 2) to reflect the suspension of rates initiated by the July 24, 2014 Order.

8. An Initial Prehearing Conference was conducted by presiding Administrative Law Judges Darlene D. Heep and Christopher P. Pell (collectively, the "ALJs") on August 7, 2014, at which time a procedural schedule for this proceeding was established. The procedural schedule was memorialized in the ALJs' August 12, 2014 Prehearing Conference Order #1. In accordance with this schedule, the Company served the Direct Testimony and Exhibits of Dennis M. Kalbarczyk on August 25, 2014 (Pocono Water Statement DMK-1, Pocono Water Exhibit No. 1W and Pocono Water Exhibit No. 2W). Pursuant to the ALJs' September 29, 2014

Order Suspending Schedule, the balance of the procedural schedule has been suspended pending approval of this Joint Petition by the ALJs and the Commission.²

9. The Company has responded to discovery requests propounded by I&E and OCA.

10. As a result of informal discussions, the Parties have reached agreements in settlement of the issues raised in the Rate Filing (“Settlement”).

11. The specific terms of the Parties’ Settlement are set forth below:

(a) The Settlement provides that the Company’s originally proposed \$60,456 increase will be reduced by \$12,456 to reflect an increase of \$48,000 over current annual revenues from rates of \$116,948, for a total allowed annual revenue stream from rates of \$164,948, or an increase of 41% in lieu of the originally proposed rate increase of 52%.

(b) Upon entry of a Commission Order approving a recommendation by the ALJs to adopt the terms of the Settlement set forth in this Joint Petition, Pocono Water will be authorized to file the compliance tariff attached to and incorporated into this Joint Petition as **Appendix A**, to become effective upon one (1) day’s notice.

(c) The typical monthly bill for a residential Non Pine Grove Area Customer with a 5/8” meter and using 3,639 gallons of water in a month under current, proposed and Settlement rates are as follows:

Current Rates	\$ 35.39
Proposed Rates	\$ 48.87, an increase of \$13.48 or by 38%
Settlement Rates	\$ 45.97, an increase of \$10.58 or by 30%

² Should the ALJs and/or the Commission recommend denial of the Settlement set forth in this Joint Petition, the procedural schedule will be revised and reinstated and the Company agrees to voluntarily extend the end of the suspension period to allow for full litigation of all matters associated with its Rate Filing. Any new procedural schedule will afford the Parties and the ALJs the same amount of time for preparation and submission of prepared testimony, briefs, and the Recommended Decision as allowed under the originally established schedule.

(d) The typical quarterly bill for a residential Pine Grove Area Customer with a 5/8" meter and using 8,125 gallons of water in a quarter under current, proposed and Settlement rates are as follows:

Current Rates	\$ 35.50
Proposed Rates	\$ 67.34, an increase of \$31.84 or by 90%
Settlement Rates	\$ 60.76, an increase of \$25.26 or by 71%

(e) Billing for Pine Grove Area Customers will be changed from quarterly to monthly so as to coincide with the Company's billing of Non Pine Grove Area Customers. Under monthly billing, the typical bill for a residential Pine Grove Area Customer with a 5/8" meter and using 2,708 gallons of water per month under current, proposed and Settlement rates are as follows:

Current Rates	\$ 11.83
Proposed Rates	\$ 22.45, an increase of \$10.62 or by 90%
Settlement Rates	\$ 20.25, an increase of \$8.42 or by 71%

(f) The Company will not file a general base rate increase, as that term is defined by Section 1308(d) of the Code, 66 Pa.C.S. § 1308(d), within 24 months after the entry date of the Commission Order approving this Joint Petition. This stay-out provision has no application to rate changes proposed as a result of changes in fundamental regulatory policies affecting the Company's base rates or surcharge(s) or proposed as a result of emergency circumstances in the Company's service territory, pursuant to Section 1308(e) of the Code, 66 Pa.C.S. § 1308(e).

(g) Pocono Water will maintain records for each Company employee, which records will include the dates and hours worked, the Company division for which the work was performed and the rate of compensation. Copies of these records will be provided to I&E and OCA at the time of the Company's next general base rate increase filing.

12. The Joint Petitioners submit that this Settlement is in the public interest because it: (a) provides the Company with immediate additional financial relief; (b) provides for the maintenance of safe and adequate service to the Company's customers; (c) avoids the additional costs associated with litigation and the administrative burdens of continuing this proceeding; and (d) reduces the amount of the rate increase requested by the Company to approximately 79% of the original request.

13. This Settlement is proposed by the Joint Petitioners as a black box settlement that is a compromise of the Parties' positions on various issues associated with the Company's Rate Filing and is made without any admissions against or prejudice to any position(s) that any Joint Petitioner may adopt during subsequent litigation, including further litigation in this case if this Settlement is rejected by the ALJs or the Commission.

14. This Settlement is conditioned upon the ALJs' and the Commission's approval of all terms and conditions contained in this Joint Petition. If the ALJs or the Commission should fail to grant such approval, or should modify the terms and conditions set forth in this Joint Petition, this Settlement may be withdrawn by any Joint Petitioner upon written notice to the ALJs, the Commission and all other Parties within three (3) business days of the event denying such approval, and this Settlement shall be of no force and effect. In the event the ALJs or the Commission do not approve this Settlement, or any Joint Petitioner elects to withdraw as described above, and this proceeding continues to hearing, I&E and OCA reserve their rights to submit direct testimony, and all Joint Petitioners reserve their respective rights to submit rebuttal and surrebuttal testimony and to conduct full cross-examination, briefing and argument in this rate proceeding.

15. A copy of this Joint Petition is being served on Mr. and Mrs. Attilio Giannotti, who will be afforded an opportunity to object and/or comment on the terms of the Settlement proposed by the Joint Petitioners.

16. If the ALJs, in their Recommended Decision, recommend that the Commission adopt the Settlement as proposed in this Joint Petition, the Joint Petitioners agree to waive the filing of Exceptions. However, the 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 ALJs in their 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 setting forth the Settlement rates are attached as **Appendix A**. A proof of revenue is attached as **Appendix B**. The Statements in Support of I&E, OCA and Pocono Water supporting this Joint Petition for Full Settlement of Rate Proceeding are attached respectively as **Appendices C, D and E**. A Joint Stipulation for admission of Pocono Water Statement DMK-1, Pocono Water Exhibit No. 1W and Pocono Water Exhibit No. 2W into the evidentiary record of this proceeding is attached as **Appendix F**.³ All the Appendices attached to this Joint Petition are incorporated herein by reference.

18. This Joint Petition may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

³ The original "Joint Stipulation for Admission of Testimony and Exhibits into the Evidentiary Record" is being submitted concurrently with this Joint Petition.

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

1. That the ALJs and the Commission approve the Settlement embodied in this Joint Petition, including all terms and conditions thereof without modification.

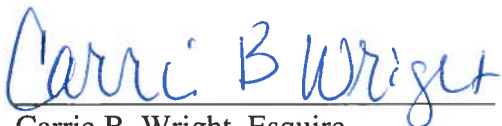
2. That the Commission grant the Company permission to file the Tariff Supplement annexed hereto as Appendix A, to become effective in accordance with its terms on one (1) day's notice, for service rendered on and after the entry date of a Commission Order approving the terms of the Settlement set forth in this Joint Petition, which Supplement increases water rates in the manner described herein.


3. That the Commission's investigation at Docket No. R-2014-2420204 be terminated and marked closed.

4. That the OCA's Formal Complaint at Docket Number C-2014-2431197 be marked closed.

5. That the Formal Complaint filed by Mr. and Mrs. Attilio Giannotti at Docket No. C-2014-2434257 be marked closed.

ON BEHALF OF THE BUREAU OF INVESTIGATION AND ENFORCEMENT


Carrie B. Wright, Esquire


Date

[SIGNATURES CONTINUED ON PAGE 9]

[SIGNATURES CONTINUED FROM PAGE 8]

ON BEHALF OF THE OFFICE OF CONSUMER ADVOCATE

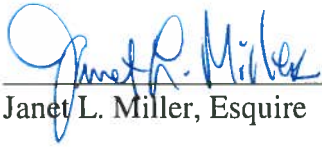


Christine Maloni Hoover, Esquire

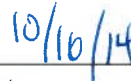


Date

ON BEHALF OF POCONO WATERWORKS COMPANY, INC.
(WATER DIVISION)



Janet L. Miller, Esquire



Date

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

APPENDIX A

TARIFF SUPPLEMENT FOR SETTLEMENT RATES

POCONO WATERWORKS COMPANY, INC.
HAMLIN AND PINE GROVE ESTATES WATER DIVISIONS

**Rates, Rules and Regulations
Governing the Distribution of Water in**

**Town of Hamlin, Salem Township, Wayne County
Other Portions of Salem Township, Wayne County
Portions of Lake Township, Wayne County
Portions of Jefferson Township, Lackawanna County
Town of Beach Lake, Damascus Township, Wayne County
Pennsylvania**

By: Joseph Bonamico, President
P.O. Box 189
Hamlin, PA 18427-0189

Phone: (570) 689-4017
Fax: (570) 689-4700

NOTICE
THIS TARIFF INCREASES EXISTING RATES

**This Supplement No. 3 to Tariff Water – PA P.U.C. No. 2 is filed in accordance with the
_____, 2014 Order entered by the Pennsylvania Public Utility Commission
at Docket No. R-2014-2420204**

ISSUED: _____, 2014

EFFECTIVE: _____, 2014

Pocono Waterworks Company, Inc.

List of Additions and Changes made by this Tariff Supplement

1. Increases the Company's overall annual revenues by \$48,000, or by 41%.
2. For residential customers not living in the Company's Pine Grove Estates service area, increases metered rates by 30%.
3. Increases metered rates for non-residential customers by 42%.
4. Eliminates a separate rate class for public use customers.
5. Increases unmetered service rates for residential customers from \$19.00 to \$35.00 per month.
6. Eliminates a separate rate class for unmetered commercial customers.
7. For residential customers living in the Company's Pine Grove Estates service area:
(a) changes billing from quarterly to monthly to coincide with other customer billings;
(b) eliminates the quarterly 14,000 gallon minimum water allowance; and (c) increases metered rates by 71%.
8. Increases the reconnection fee from \$10.00 to \$50.00.

Pocono Waterworks Company, Inc.

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Title Page	Supplement No. 3
List of Changes Made by this Tariff Supplement.....	2 nd Revised Page 2
Index	2 nd Revised Page 4
Schedule of Rates	
Metered Rate Service.....	2 nd Revised Page 5
Unmetered Rate Service	2 nd Revised Page 6
Pine Grove Estates Division	2 nd Revised Page 6
I. Definitions	Original Pages 7-11
II. Application for Service.....	Original Page 12
III. Line Extensions	Original Pages 12-20
IV. Service Lines	Original Pages 24-26
V. Meters	Original Pages 26-28
VI. Cross Connections	Original Pages 28-29
VII. Credit and Deposits.....	Original Page 29
VIII. Billing and Payment	Original Pages 29-31
IX. Interruption of Service.....	Original Pages 31-32
X. Discontinuance of Service	Original Pages 32-33
XI. Termination of Service	Original Pages 33-38
.....	2 nd Revised Page 39
XII. Private Fire Service.....	Original Pages 39-40
XIII. Water Conservation Contingency Plan.....	Original Pages 40-42
XIV. Miscellaneous	Original Pages 42-43

Pocono Waterworks Company, Inc.

Metered Service for Residential Customers

<u>Meter Size</u>	<u>Monthly Water Allowance</u>	<u>Monthly Customer Charge</u>	
All Sizes	No Water Allowance	\$20.50	(I)
		<u>Consumption Charge</u>	<u>Price Per 1,000 Gallons</u>
All Volumes		\$7.0000	(I)

Metered Service for Non-Residential Customers

<u>Meter Size</u>	<u>Monthly Water Allowance</u>	<u>Monthly Customer Charge</u>	(C)
½" and ¾"	No Water Allowance	\$50.00	(I)
1"	No Water Allowance	\$60.00	(I)
2"	No Water Allowance	\$183.50	(I)
		<u>Consumption Charge</u>	<u>Price Per 1,000 Gallons</u>
All Volumes		\$7.0000	(I)

Pocono Waterworks Company, Inc.

Unmetered Service for Residential Customers

<u>Meter Size</u>	<u>Monthly Customer Charge</u>	
All Sizes	\$35.00	(I)
		(C)

Pine Grove Estates Division

Metered Service for Residential Customers

<u>Meter Size</u>	<u>Monthly Water Allowance</u>	<u>Monthly Customer Charge</u>	(C)
All Sizes	No Water Allowance	\$14.00	(I)
<u>Consumption Charge</u>		<u>Price Per 1,000 Gallons</u>	
All Volumes		\$2.3093	(I)

Pocono Waterworks Company, Inc.

4. The Company shall not terminated or refuse to restore, service to any premises when any occupant therein is certified by a physician to be seriously ill or affected with a medical condition which will be aggravated by a cessation of service or failure to restore service. Procedures set forth in 52 Pa. Code §56.111-56.118 will be followed. Whenever service is restored or termination postponed pursuant to the medical emergency procedures, the ratepayer shall retain a duty to equitably arrange to make payment on all bills.
5. The COMPANY will comply with the provisions of 52 Pa. Code §§56.121-56.126 prior to termination of service at a residential dwelling where service is in the name of the landlord.
6. When service to a dwelling-has been terminated, the COMPANY shall reconnect service by the end of the first full working day after receiving:
 - a. Full payment of any outstanding charges plus a reasonable reconnection fee of \$50.00 or that which may be subject to an amortization agreement; or (I)
 - b. Payment of all amounts currently due according to a settlement or amortization agreement, plus a reasonable reconnection fee which may be a part of the settlement or amortization agreement; or
 - c. Adequate assurances that any unauthorized use or practice will cease, plus full payment of the COMPANY'S reasonable reconnection fee which may be subject to an amortization agreement, and
 - d. Compliance or adequate assurance of compliance with any applicable provision for the establishment of credit, posting of deposits
 - e. In cases where it becomes necessary to remove and reinstall a meter, the charge will be \$25.00.

XIII. PRIVATE FIRE SERVICE

- A. For automatic sprinklers, other automatic fire service devices, or fire hydrants, a service line will be required, to be used exclusively for fire service.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

APPENDIX B

PROOF OF REVENUE

POCONO WATERWORKS COMPANY, INC.
 Water / Wastewater Division Current and Proposed As-Filed and Settlement Rates
 Typical Customer Bill Analysis

Water Division Rates, Excluding Pine Grove Division

	Meter Size	Current	As-File Proposed			Proposed Settlement		
		Rates	% Change	\$ Change	Rates	% Change	\$ Change	Rates
		Monthly		Monthly	Monthly		Monthly	Monthly
Residential - No Water Allowance	1/2" & 3/4"	\$ 20.00	10.00%	\$ 2.00	\$ 22.00	2.50%	\$ 0.50	\$ 20.50
All Volumes	Per 1,000 Gal	\$ 4.2300	74.55%	\$ 3.1536	\$ 7.3836	65.48%	\$ 2.7700	\$ 7.0000
Commercial - No Water Allowance	1/2" & 3/4"	\$ 43.00	27.91%	\$ 12.00	\$ 55.00	16.28%	\$ 7.00	\$ 50.00
Commercial - No Water Allowance	1"	\$ 60.00	0.00%	\$ -	\$ 60.00	0.00%	\$ -	\$ 60.00
Commercial - No Water Allowance	2"	\$ 183.50	0.00%	\$ -	\$ 183.50	0.00%	\$ -	\$ 183.50
All Volumes	Per 1,000 Gal	\$ 3.3200	122.40%	\$ 4.0636	\$ 7.3836	110.84%	\$ 3.6800	\$ 7.0000

Pine Grove Division

	Meter Size	Quarterly	Quarterly	Quarterly
Residential - Water Allowance	1/2" & 3/4"	\$ 35.50	n/a	n/a
Volumes over 14,000 Gallons	Per 1,000 Gal	\$ 1.5000	n/a	n/a
Residential - No Water Allowance	1/2" & 3/4"		Monthly	Monthly
All Volumes	Per 1,000 Gal		\$ 2.7500	\$ 2.3093

Water Division Typical Bill Analysis - Current vs. Proposed Rates

Monthly Bill Charges		Current	As-File Proposed			Proposed Settlement		
		Rates	% Change	\$ Change	Rates	% Change	\$ Change	Rates
Residential	1/2" & 3/4"	\$ 20.00	10%	\$ 2.00	\$ 22.00	3%	\$ 0.50	\$ 20.50
All Volumes	3,639	15.39	75%	11.48	26.87	65%	10.08	25.47
		<u>\$ 35.39</u>	38%	<u>\$ 13.48</u>	<u>\$ 48.87</u>	30%	<u>\$ 10.58</u>	<u>\$ 45.97</u>
Commercial	1/2" & 3/4"	\$ 43.00	28%	\$ 12.00	\$ 55.00	16%	\$ 7.00	\$ 50.00
All Volumes	3,453	11.46	123%	14.04	25.50	111%	12.71	24.17
		<u>\$ 54.46</u>	48%	<u>\$ 26.04</u>	<u>\$ 80.50</u>	36%	<u>\$ 19.71</u>	<u>\$ 74.17</u>
Commercial	1"	\$ 60.00	0%	\$ -	\$ 60.00	0%	\$ -	\$ 60.00
All Volumes	24,708	82.03	122%	100.41	182.44	111%	90.93	172.96
		<u>\$ 142.03</u>	71%	<u>\$ 100.41</u>	<u>\$ 242.44</u>	64%	<u>\$ 90.93</u>	<u>\$ 232.96</u>
Commercial	2"	\$ 183.50	0%	\$ -	\$ 183.50	0%	\$ -	\$ 183.50
All Volumes	52,097	172.96	122%	211.70	384.66	111%	191.72	364.68
		<u>\$ 356.46</u>	59%	<u>\$ 211.70</u>	<u>\$ 568.16</u>	54%	<u>\$ 191.72</u>	<u>\$ 548.18</u>

Typical Qtr Bill-Pine Grove 14,000 Qtr. Min. Allow /Proposed 0 Allow-Sum 3 Mth Bills for Comparative Purposes

Residential	1/2" & 3/4"	\$ 35.50	27%	\$ 9.50	\$ 45.00	18%	\$ 6.50	\$ 42.00
Quarterly Volumes	8,125		#DIV/0!	22.34	22.34	#DIV/0!	18.76	18.76
Volumes over 14,000 Gallons	0	-	#DIV/0!	-	-	#DIV/0!	-	-
		<u>\$ 35.50</u>	90%	<u>\$ 31.84</u>	<u>\$ 67.34</u>	71%	<u>\$ 25.26</u>	<u>\$ 60.76</u>

Wastewater Division Quarterly Rates - Pine Grove

	Meter Size	Quarterly	Quarterly	Quarterly
Residential - Water Allowance	1/2" & 3/4"	\$ 78.00	n/a	n/a
Volumes over 14,000 Gallons	Per 1,000 Gal	\$ 3.2500	n/a	n/a
Residential - No Wastewater Allowance	1/2" & 3/4"		Monthly	Monthly
All Volumes	Per 1,000 Gal		\$ 6.5102	\$ 5.7765

Wastewater Division Typical Quarterly Bill Analysis - Current vs. Proposed Rates

Typical Qtr Bill-Pine Grove 14,000 Qtr. Min. Allow /Proposed 0 Allow-Sum 3 Mth Bills for Comparative Purposes

Residential	1/2" & 3/4"	\$ 78.00	-23%	\$ (18.00)	\$ 60.00	-32%	\$ (24.75)	\$ 53.25
Quarterly Volumes	9,189		#DIV/0!	59.82	59.82	#DIV/0!	53.08	53.08
Volumes over 14,000 Gallons	0	-	#DIV/0!	-	-	#DIV/0!	-	-
		<u>\$ 78.00</u>	54%	<u>\$ 41.82</u>	<u>\$ 119.82</u>	36%	<u>\$ 28.33</u>	<u>\$ 106.33</u>

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
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Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

APPENDIX C

**STATEMENT IN SUPPORT
BUREAU OF INVESTIGATION AND ENFORCEMENT**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2014-2420204
	:	
Pocono Waterworks Company, Inc.	:	
Water Division	:	

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

TO ADMINISTRATIVE LAW JUDGES HEEP AND PELL:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through its Prosecutor Carrie B. Wright, 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 interest of the Pocono Waterworks Company, Inc. – Water Division ("Pocono Water" or "Company") and its customers.

1. I&E is charged with the representation of the public interest in proceedings relating to rates, rate-related services and application 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.

2. Prior to agreeing to the instant settlement, I&E conducted a thorough review of the Company's filing and supporting information, discovery responses and submitted filing data and contributed to the forthright discussions amongst the parties during settlement talks. 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 indicated.

3. On May 30, 2014, Pocono Water filed Supplement No. 1 to Tariff Water-Pa. P.U.C. No. 2, containing proposed changes in rates, rules, and regulations calculated to produce \$60,456 in additional annual revenues in additional annual revenues.

4. By Order entered July 24, 2014, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations.

5. Pursuant to 66 Pa. C.S. §1308(d), the filing was suspended by operation of law until March 4, 2015, unless permitted by Commission Order to become effective at an earlier date.

6. Administrative Law Judges Darlene Heep and Christopher Pell conducted a Prehearing Conference on August 7, 2014.

7. I&E considers Commission approval of the terms and conditions of the settlement to have the same effect as full and complete litigation and further recognizes

that final resolution of this proceeding by approval of the settlement shall result in Commission-made rates.

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

- (a) the settlement provides for a level of additional operating revenues of \$48,000. I&E, as one of the Joint Petitioners, agrees this is reasonable and lawful. The proposed rate increase is in the public interest because it allows the Company additional annual revenue needed in order to provide safe and reliable service, while moderating the amount of the increase for Pocono Water ratepayers;
- (b) the settlement 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. This thereby conserves time and expenses for all involved;
- (c) the settlement provides that Pocono Water will not file another base rate increase prior to 24 months after the new rates go into effect – a provision that provides a level of rate stability that would not exist if the case were fully litigated;
- (d) the settlement provides that customers in the Pine Grove are will be changed from quarterly billing to monthly billing. Pine Grove was the only area of the Company's territory where the customers were billed on a quarterly basis instead of a monthly basis. This helps to ensure uniformity with the Company's billing practices;
- (e) the settlement provides that Pocono Water will maintain records for each of its employees that will include the dates and hours worked, whether the work was for the water or wastewater division, and the hourly rate for the employee. This will provide I&E with the most accurate information available to use in the next base rate proceeding;
- (f) I&E represents that all issue have been satisfactorily resolved through discovery and discussions with the Company and are incorporated in the settlement. Line by line identification of the ultimate resolution of the disputed issues is not necessary as I&E represents that the settlement

maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

9. In conclusion, the Bureau of Investigation and Enforcement has been thoroughly involved in the instant base rate proceeding for water service provided by Pocono Water. I&E reiterates that it fully supports the settlement as being in the public interest and respectfully requests that Administrative Law Judges Heep and Pell 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 with the proposed settlement.

Respectfully submitted,

A handwritten signature in blue ink that reads "Carrie B. Wright". The signature is written in a cursive style and is positioned above a horizontal line.

Carrie B. Wright
Prosecutor

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 787-1976

Dated: October 16, 2014

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

APPENDIX D

**STATEMENT IN SUPPORT
OFFICE OF CONSUMER ADVOCATE**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

Docket No. R-2014-2420204
C-2014-2431197

POCONO WATERWORKS COMPANY
(Water Division)

**STATEMENT IN SUPPORT OF SETTLEMENT PETITION
ON BEHALF OF THE
OFFICE OF CONSUMER ADVOCATE**

The Office of Consumer Advocate (OCA), one of the signatory Parties to the Settlement Petition (Settlement), finds that the terms and conditions of the proposed settlement are in the public interest. The OCA respectfully requests that the Pennsylvania Public Utility Commission (PUC or Commission) approve the Petition without modification for the following reasons:

I. INTRODUCTION

On May 30, 2014, Pocono Waterworks Company (Waterworks Division) (Pocono Water) filed Supplement No. 1 to Tariff Water - Pa. P.U.C. No. 2, to become effective August 4, 2014. The Company, by filing this tariff supplement, sought Commission approval of rates and rate changes that would increase the level of rates that it charges for providing service to its customers. If the proposed tariff supplement were to become effective, Pocono Water would have benefited from an opportunity to recover an estimated annual increase in base rate revenues

of \$60,456 from its customers. This represents an approximate 52% increase in Pocono Water's annual revenues at present rates. The Company also proposed elimination of the 14,000 gallon minimum water allowance for Pine Grove customers, and a change from quarterly to monthly billing for the Pine Grove customers. Under Pocono Water's proposal, the bill would have increased from \$35.50 to \$67.34 per quarter, or by 90% for the typical Pine Grove residential customer using 8,125 gallons of water per quarter. For non Pine Grove customers, the bill would have increased from \$35.39 to \$48.87 per month, or by 38% for the typical non Pine Grove residential customer using 3,639 gallons of water per month. Pocono Water serves 313 customers in portions of Damascus, Lake and Salem Townships, Wayne County, and in portions of Jefferson Township, Lackawanna County, Pennsylvania.

On June 26, 2014, I&E filed a Notice of Appearance. On July 9, 2014, the Office of Consumer Advocate filed a Formal Complaint and Public Statement. In its Formal Complaint, the OCA submitted that a preliminary examination of Pocono Water's rate increase request indicated that present rates and proposed charges, increases and changes in rates, rules and regulations contained within the request may be unjust, unreasonable, and in violation of law; may allow the Company an opportunity to recover an excessive rate of return in violation of the Public Utility Code; may discriminate against certain customers; may compensate the Company for providing inadequate service to some or all of its customers; and otherwise may be contrary to sound ratemaking principles and public policy. On July 28, 2014, a customer filed a formal complaint.

Pursuant to 66 Pa.C.S. §1308(d), by Order entered on July 24, 2014, the filing was suspended by operation of law until March 4, 2015, unless permitted by Commission Order to become effective at an earlier date, and instituted an investigation into the lawfulness, justness,

and reasonableness of the rates, rules, and regulations proposed in the Tariff Filing.

The proceeding was assigned to Administrative Law Judges (ALJs) Heep and Pell. On August 7, 2014, a prehearing conference was held and a litigation schedule was established. On August 25, 2014, Pocono Water filed the direct testimony and exhibits of Dennis Kalbarczyk.

Pursuant to the Commission's policy of encouraging settlements that are in the public interest, the Joint Petitioners held discussions regarding the possibility of settlement. These discussions resulted in this proposed comprehensive Settlement. As discussed below, the OCA submits that the proposed Settlement is in the interests of the Company's ratepayers and is in the public interest.

II. RATES

A. Revenue Increase

The proposed settlement is designed to produce an increase in annual revenue of \$48,000 (41%), in lieu of the originally proposed \$60,456 increase (52%). ¶11(a). This compromise represents a reduction from Pocono Water's original rate increase request. Based on the OCA's analysis of the Company's filing, and discovery responses, the rate increase under the proposed Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. This increase is appropriate when accompanied by other important conditions contained in the Settlement and yields a result that is just and reasonable.

In its rate filing, the Company proposed the elimination of the minimum usage allowance for the Pine Grove customers. Currently, the minimum charge includes 14,000 gallons of water per quarter. The proposed rates and the settlement rates reflect a zero allowance and the establishment of a customer charge for the Pine Grove customers. The rates for a typical residential customer as a result of the proposed settlement are shown below:

	Pine Grove Residential Customer		Non Pine Grove Residential Customer
	(8,125 gallons/quarter)	(2,708 gallons/month)	(3,639 gallons/month)
Current Rates	\$35.50	\$11.83	\$35.39
Proposed Rates	\$67.34(90%)	\$22.45(90%)	\$48.87(38%)
Settlement Rates	\$60.76(71%)	\$20.25(71%)	\$45.97(30%)

B. Stay Out

The proposed settlement prevents the Company from filing a general rate increase, as that term is defined in Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d), prior to twenty-four (24) months after the entry date of the Commission’s Order approving this Joint Petition for Settlement. Settlement ¶11(f). The proposed stay-out provision should prevent another rate increase before September 2017, assuming the Company files as soon as the stay-out expires and assuming the next case is fully litigated. Thus, the Company’s ratepayers will be assured of some level of rate stability.

C. Other Issue

The proposed settlement requires the Company to maintain records for each employee that show the dates and hours worked, the company division for which the work was performed, and the rate of compensation. Settlement ¶11(g). These records will be provided to I&E and OCA at the time of the Company’s next general rate increase filing. Id. Based on OCA’s analysis of the Company’s filing and discovery responses, the records will permit OCA to analyze the reasonableness of employee expenses for Pocono Water which will help to ensure that ratepayers only bear a reasonable level of employee expenses.

III. CONCLUSION

For the foregoing reasons, the OCA respectfully requests that the Administrative Law Judges and the Public Utility Commission approve the terms and conditions of the Settlement Petition submitted in this proceeding without modification as being in the public interest.

Respectfully Submitted,



Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-Mail: CHoover@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

October 15, 2014
192981

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

APPENDIX E

**STATEMENT IN SUPPORT
POCONO WATERWORKS COMPANY, INC.**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

**STATEMENT OF POCONO WATERWORKS COMPANY, INC.
IN SUPPORT OF JOINT PETITION
FOR FULL SETTLEMENT OF RATE PROCEEDING**

TO ADMINISTRATIVE LAW JUDGES HEEP AND PELL:

Pocono Waterworks Company, Inc. (Water Division) (“Pocono Water” or “Company”) hereby submits its Statement in Support of the Settlement set forth in the “Joint Petition for Full Settlement of Rate Proceeding” (“Joint Petition” or “JP”) reached between Pocono Water, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) and the Pennsylvania Office of Consumer Advocate (“OCA”) (collectively, the “Joint Petitioners”).¹ The Joint Petitioners are the only active parties in this matter.² Pocono Water urges the Administrative Law Judges and the Commission to consider

¹ Terms not specifically defined in this Statement in Support shall have the meanings set forth in the Joint Petition.

² Mr. and Mrs. Giannotti filed a Formal Complaint opposing the amount of the rate increase sought by Pocono Water; however, they requested to be non-active participants in this proceeding and are not a party to the Joint Petition. A copy of the Joint Petition is being served on Mr. and Mrs. Giannotti, who will be afforded an opportunity to object and/or comment on the terms of the Settlement.

and approve the terms and conditions of the Settlement contained in the Joint Petition without modification, and to allow the Settlement rates set forth in the compliance tariff attached to the Joint Petition as Appendix A to become effective at the earliest possible date. In support of the Settlement, Pocono Water states and avers as follows:

I. BACKGROUND

1. Pocono Water currently furnishes water treatment and distribution services to a total of 313 customers (259 residential and 54 commercial) in portions of Damascus, Lake and Salem Townships, Wayne County, and in portions of Jefferson Township, Lackawanna County, Pennsylvania.³ The Company's last general rate increase became effective on February 1, 2008.⁴

2. On May 30, 2014, Pocono Water filed Supplement No. 1 to Tariff Water – PA P.U.C. No. 2 (Supplement No. 1) to become effective August 4, 2014, proposing (a) an annual increase in base rate revenues of \$60,456, or an increase of 52%; (b) elimination of the 14,000 gallon quarterly minimum water allowance for Pine Grove Area Customers;⁵ and (c) a change from quarterly to monthly billing for Pine Grove Area Customers to coincide with the Company's billing of Non Pine Grove Area Customers ("Rate Filing").⁶

3. By Order entered July 24, 2014, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations contained in the Rate Filing and, pursuant to Section 1308 of the Pennsylvania Public Utility Code ("Code"),⁷ the rates proposed in Supplement No. 1 were suspended by operation of

³ JP at ¶1 and ¶2; Pocono Water Exhibit No. 1W.

⁴ Tariff Water – PA P.U.C. No. 2.

⁵ The "Pine Grove Area Customers" include those water service customers located in the Pine Grove Estates Development in Damascus Township, Wayne County. All other water customers served by the Company are referred to as the "Non Pine Grove Area Customers."

⁶ JP at ¶3; Pocono Water Exhibit No. 1W.

⁷ 66 Pa.C.S. § 1308(d).

law until March 4, 2015, unless permitted by Commission Order to become effective at an earlier date.

4. Based on terms and conditions agreed to by the Joint Petitioners, the Company has accepted a total additional annual revenue increase in the amount of \$48,000, an average increase of 41%, in full settlement of its rate increase request (“Settlement”).⁸

5. Pocono Water believes the Settlement is in the interest of the Company and its ratepayers because it will result in rates that are just and reasonable, and will conserve the time and resources of the Administrative Law Judges assigned to this proceeding, the Commission, and the Joint Petitioners by avoiding litigation of the issues involved in this matter. The Settlement further provides Pocono Water with much needed revenue to cover increased operating expenses and to allow the Company to continue to provide safe, adequate and reasonably continuous service to its customers.

6. Pocono Water submits it is desirable both to the Company and its ratepayers for this rate case to be resolved without litigation because the time and expense incurred by small utilities such as Pocono Water to fully litigate a rate case is substantial. The Settlement benefits both the Company and its ratepayers by (a) minimizing rate case expense; (b) allowing new rates to go into effect at an earlier date; (c) maintaining the agreed-upon rates for a specific period of time to provide rate stability for Pocono Water’s customers; and (d) eliminating the possibility of appellate proceedings in response to a Commission Order.

⁸ JP at ¶11(a).

II. SUMMARY OF SETTLEMENT TERMS

Revenues

7. Upon entry of a Commission Order approving the Settlement set forth in the Joint Petition without modification, Pocono Water will be permitted to establish rates that provide an opportunity for the Company to generate a total allowed annual revenue stream from rates of \$164,948, which is an increase of \$48,000 over present rate revenue, as compared to the \$60,456 in annual increased revenue originally proposed in the Company's Rate Filing.⁹

8. The Settlement allows the new rates to go into effect on one (1) day's notice,¹⁰ thereby providing Pocono Water with a much needed operating revenue increase at an earlier date than if full litigation of this case were necessary.

9. Under the terms of the Settlement, the typical monthly bill for a residential Non Pine Grove Area Customer with a 5/8" meter and using 3,639 gallons of water in a month will increase from \$35.39 per month to \$45.97 per month, an increase of \$10.58 per month or by 30%.¹¹ The typical bill for a residential Pine Grove Area Customer with a 5/8" meter and using 2,708 gallons of water in a month will increase from \$11.83 per month to \$20.25 per month, an increase of \$8.42 per month or by 71%.¹² These rate increases are substantially less than the rates set forth in the Company's original Rate Filing, which proposed increases for these residential customers of 38% and 90%, respectively.¹³

10. Pocono Water submits that the rates agreed to in the Settlement and set forth in the Joint Petition are just, reasonable, non-discriminatory, and lawful. Pocono Water's customers will benefit from the Settlement in that the rates agreed to by the parties are

⁹ JP at ¶11(a) and Appendix B; Pocono Water Exhibit No. 1W at A-4.

¹⁰ JP at ¶11(b).

¹¹ JP at ¶11(c).

¹² JP at ¶11(e).

¹³ JP at ¶11(c) and ¶11(e).

substantially lower than those proposed in the Company's Rate Filing. Also, the additional revenue provided by the agreed-upon rates will result in increased operating revenues for the Company that will allow it to continue furnishing safe, adequate, and reasonably continuous water service to its customers.

Monthly Billing for Pine Grove Area Customers

11. The Settlement includes the Company's proposal to change the frequency of billing for its Pine Grove Area Customers from quarterly to monthly and to eliminate the quarterly 14,000 gallon minimum water allowance currently included in rates for these customers.¹⁴ These changes provide uniformity with the Company's billing of its Non Pine Grove Area Customers and allow Pocono Water to be more compliant with general Commission rate setting policies.

Stay-Out

12. The Settlement contains a "stay-out" period precluding Pocono Water from filing another general rate case, as defined by Section 1308(d) of the Public Utility Code,¹⁵ within twenty-four (24) months after the entry date of the Commission Order approving the Settlement contained in the Joint Petition.¹⁶ This stay-out period provides Pocono Water's customers with rate stability for a specific period of time and is, therefore, in the public interest.

Recordkeeping

13. The Settlement requires that Pocono Water maintain certain records with respect to work performed by Company employees and to provide these records to I&E and OCA at the time the Company files its next general base rate increase request.¹⁷ This Settlement provision

¹⁴ JP at ¶11(e).

¹⁵ 66 Pa.C.S. § 1308(d).

¹⁶ JP at ¶11(f).

¹⁷ JP at ¶11(g).

specifically addresses a concern raised by the advocates concerning Pocono Water's current recordkeeping procedures and ensures that future records will provide more complete information about Company expenses.

III. APPROVAL OF THE SETTLEMENT IS IN THE PUBLIC INTEREST

14. The Settlement is the result of negotiations between the Company, I&E and OCA and was achieved after service of the Company's written direct testimony and after the Company responded to discovery conducted by I&E and OCA related to Pocono Water's Rate Filing.

15. The Settlement fully and adequately addresses all issues presented in the Company's base rate case filing and fairly compromises the opposing interests of the parties, while also taking into account the interests of Pocono Water's customers.

16. The Settlement resulted from a compromise by all parties that is in the public interest because it (a) establishes rates that are reasonable, non-discriminatory and lawful; (b) provides increased operating revenues for Pocono Water; (c) gives the Company's customers rate stability for a specific period of time; and (d) allows the Company to continue to provide safe, adequate and reasonably continuous service to its customers.

17. The Commission has an established policy to encourage settlements and has memorialized that policy in its Regulations.¹⁸ Pocono Water believes that approval of the Settlement in its entirety and without modification by the Administrative Law Judges and the Commission is in the public interest as it will avoid the necessity of further administrative proceedings and litigation (including possible appeals), which will conserve the valuable resources of the Administrative Law Judges, the Commission and all of the parties and will minimize rate case expense associated with this case.

¹⁸ 52 Pa. Code § 5.231 ("It is the policy of the Commission to encourage settlements.").

WHEREFORE, for all of the foregoing reasons, and for those reasons set forth in the Joint Petition for Full Settlement of Rate Proceeding, Pocono Waterworks Company, Inc. submits that the Settlement is in the interest of all parties, as well as in the public interest, and requests that the Administrative Law Judges and the Commission approve the Joint Petition for Full Settlement of Rate Proceeding in its entirety and without modification.

Respectfully submitted,



Janet L. Miller, Attorney No. 63491
JL Miller Consulting, LLC
413 Mountain Road
Millerstown, PA 17062
717-329-6213 (Voice)
Janetmiller84@gmail.com

Counsel for Pocono Waterworks Company, Inc.

DATED: October 15, 2014

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

APPENDIX F

**JOINT STIPULATION FOR ADMISSION OF TESTIMONY AND
EXHIBITS INTO THE EVIDENTIARY RECORD**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**HONORABLE DARLENE D. HEEP
HONORABLE CHRISTOPHER P. PELL**

Pennsylvania Public Utility Commission	:	Docket No. R-2014-2420204
Office of Consumer Advocate	:	Docket No. C-2014-2431197
Mr. and Mrs. Attilio Giannotti	:	Docket No. C-2014-2434257
	:	
v.	:	
	:	
Pocono Waterworks Company, Inc.	:	
(Water Division)	:	

**JOINT STIPULATION FOR ADMISSION
OF TESTIMONY AND EXHIBITS INTO THE EVIDENTIARY RECORD**

TO ADMINISTRATIVE LAW JUDGES HEEP AND PELL:

This Joint Stipulation for Admission of Testimony and Exhibits into the Evidentiary Record (“Joint Stipulation”) is entered into by the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Pennsylvania Office of Consumer Advocate (“OCA”) and Pocono Waterworks Company, Inc. (Water Division) (“Pocono Water” or “Company”) in connection with the above-captioned matter. I&E, OCA and Pocono Water are collectively referred to in this Joint Stipulation as the “Joint Petitioners.”¹ The Joint Petitioners respectfully request that the Administrative Law Judges admit into the evidentiary record of this proceeding the previously distributed written

¹ Although Mr. and Mrs. Giannotti filed a Formal Complaint opposing the amount of the rate increase sought by Pocono Water, they requested to be non-active participants in this proceeding and are not a party to this Joint Stipulation.

testimony and exhibits prepared by Pocono Water and identified below. In support of this request, the Joint Petitioners aver and state as follows:

1. On May 30, 2014, Pocono Water filed Supplement No. 1 to Tariff Water – PA P.U.C. No. 2 to become effective August 4, 2014, proposing (a) an annual increase in base rate revenues of \$60,456, or an increase of 52%; (b) elimination of the 14,000 gallon quarterly minimum water allowance for Pine Grove Area Customers; and (c) a change from quarterly to monthly billing for Pine Grove Area Customers so as to coincide with the billing of Pocono Waterworks Company, Inc. customers not located within the Pine Grove Estates Development.

2. By Order entered July 24, 2014, the Commission instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations contained in the Company's rate increase request. Pursuant to Section 1308 of the Pennsylvania Public Utility Code ("Code"), 66 Pa.C.S. §1308(d), the Company's rate increase request was suspended by operation of law until March 4, 2015, unless permitted by Commission Order to become effective at an earlier date.

3. The Commission assigned Administrative Law Judges Darlene D. Heep and Christopher P. Pell ("ALJs") as the presiding officers in this case.

4. During an Initial Prehearing Conference held on August 7, 2014, the ALJs and the Joint Petitioners mutually agreed upon a procedural schedule for, *inter alia*, the submission of prepared testimony and the holding of evidentiary hearings. The procedural schedule was set forth in the ALJs' Prehearing Conference Order #1 dated August 12, 2014.

5. On August 25, 2014, in accordance with the established procedural schedule and in preparation for the evidentiary hearings to be held in this matter, Pocono Water served the ALJs, I&E and OCA with copies of the Direct Testimony and Exhibits of Dennis M. Kalbarczyk

(Pocono Water Statement DMK-1, Pocono Water Exhibit No. 1W and Pocono Water Exhibit No. 2W).

6. On September 12, 2014, the Joint Petitioners were able to reach a comprehensive settlement of all issues raised in connection with Pocono Water's rate increase request ("Settlement"). On the basis of the Settlement, the balance of the procedural schedule has been suspended pursuant to the ALJs September 29, 2014 Order Suspending Schedule.

7. The Joint Petitioners have entered into a "Joint Petition for Full Settlement of Rate Proceeding" ("Joint Petition") setting forth the terms and conditions of their agreements. A copy of this Joint Stipulation will be attached to and will be incorporated into the Joint Petition.

8. In support of the Settlement, each Joint Petitioner will submit, as an appendix to the Joint Petition, individual Statements in Support of the Settlement. If the ALJs and the Commission approve the terms and conditions set forth in the Joint Petition without modification, this matter will be deemed to be fully resolved and no hearings will be held in connection with Pocono Water's rate increase request.

9. In order to further support the Settlement, the Joint Petitioners stipulate to the admission of the written Direct Testimony and Exhibits prepared and submitted by Pocono Water into the record of this proceeding. For this purpose, the Company will file one (1) verified copy of Pocono Water Statement DMK-1, Pocono Water Exhibit No. 1W and Pocono Water Exhibit No. 2W with the Commission's Secretary's Bureau.

10. This Joint Stipulation may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

NOW, THEREFORE, desiring to enter into this Joint Stipulation and intending to be bound hereby, the Joint Petitioners agree and stipulate to the following with respect to this proceeding:

- A. That, upon the issuance of an Order or the inclusion of a provision in the Recommended Decision to be issued by Administrative Law Judges Darlene D. Heep and Christopher P. Pell in the above-captioned matter, the written testimony statement and the exhibits of Pocono Water referenced in Paragraph 5 of this Joint Stipulation shall be deemed to be made a part of the official record of this proceeding and may be used for all proper and legal purposes permitted; and
- B. By entering into this Joint Stipulation, no Joint Petitioner makes any precedential concession or admission as to the sufficiency of the law, facts, positions or assumptions upon which the written testimony and exhibits referenced in Paragraph 5 of this Joint Stipulation are based; and
- C. In the event the terms of the Settlement set forth in the Joint Petition are not approved or are modified by the ALJs or the Commission and this proceeding continues to hearing, the Joint Petitioners reserve their respective rights to submit additional testimony and exhibits as appropriate and in accordance with any revised procedural schedule established by the ALJs; and
- D. The Joint Petitioners agree that this Joint Stipulation may not be cited as precedent in the continuation of this or in any future proceeding, except to the extent required to implement and enforce the Joint Stipulation.

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

ON BEHALF OF THE BUREAU OF INVESTIGATION AND ENFORCEMENT

Carrie B. Wright 10/16/14
Carrie B. Wright, Esquire Date

ON BEHALF OF THE OFFICE OF CONSUMER ADVOCATE

Christine Maloni Hoover 10/16/14
Christine Maloni Hoover, Esquire Date

ON BEHALF OF POCONO WATERWORKS COMPANY, INC.
(WATER DIVISION)

Janet L. Miller 10/16/14
Janet L. Miller, Esquire Date

Pennsylvania Public Utility Commission, *et al.*
v.
Pocono Waterworks Company, Inc. (Water Division)
Docket Nos. R-2014-2420204, C-2014-2431197 and C-2014-2434257

CERTIFICATE OF SERVICE

I hereby certify that I have this day served true copies of the foregoing document upon the parties listed below, in accordance with the requirements of §1.54 (relating to service by a party):

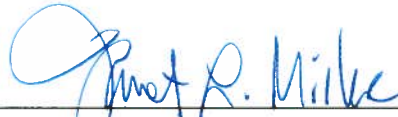
Service Via Electronic and First Class Mail:

Christine M. Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
717-783-5048 (phone); 717-783-7152 (fax)
choover@paoca.org

Carrie B. Wright, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
PO Box 3265
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