

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

**Pennsylvania Public Utility
Commission, et al.**
vs.
Aqua Pennsylvania, Inc.

Public Meeting of May 12, 2022
3027385-OSA
Docket Nos. R-2021-3027385, et al.
R-2021-3027386, et al.

STATEMENT OF CHAIRMAN GLADYS BROWN DUTRIEUILLE

Before the Commission are the Exceptions of Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (collectively, Aqua or the Company), the Commission's Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate, the Office of Small Business Advocate, *et al.*, to the Recommended Decision issued on February 18, 2022, at the above-captioned docket. This matter concerns Aqua's proposed combined water and wastewater rate increase filing.

Aqua requests a management performance adjustment to its return on equity (ROE). The Company contends that it continues to assist the Commonwealth in dealing with problems created by small, troubled, or non-viable water and wastewater systems. Of note, I reference the Company's assistance with North Heidelberg Sewer Company, Twin Lakes Utilities, Inc., and James Black Water Service Company.¹ In each instance the Company is serving as receiver, assisting this Commission to ensure the public in these service areas is provided safe and adequate service. As well, the Company has shown that it provided COVID-19 assistance to its customers and other utilities. The record here indicates the Company provided assistance to low-income customers via arrearage forgiveness while also distributing over 50,000 masks to other water and wastewater utilities in the state. Further, the Company details its continued diligence in managing emerging contaminants. Aqua explains that it has committed to installing mitigation technology at its water treatment facilities where sources of supply exceed 13 parts per trillion (ppt) for any per and poly-fluor-alkyl substance. This level is below the United States Environmental Protection Agency's present health advisory level of 70 ppt.

This Commission has granted management performance adjustments to ROE in previous rate cases. As the Company's expert witness states, increments for management performance granted by the Commission have ranged from 0.05% to 0.25%.² Here, I do believe the results of Aqua's management performance, as acknowledged herein and on the record, justify an adjustment of ROE by 0.10%, or 10 basis points upwards. This would result in an overall ROE

¹ Aqua Pennsylvania Statement No. 1 at 40; Aqua Pennsylvania Main Brief at 133-134.

² Aqua Statement No. 7 at 7-8.

of 9.85%, which still remains in the range of reasonableness detailed by I&E.³ The adjustment would increase annual revenues by approximately \$2.9 million. I believe such an adjustment appropriately acknowledges the performance of the utility while also taking into account the cost burden placed on customers.

Further, I would like to take the time to acknowledge the commitments Aqua has made in this proceeding toward implementation of a comprehensive universal service program. Aqua proposes to replace its existing 'Helping Hands' program with a tiered customer assistance program (CAP). The proposed CAP, quite similar in design to those offered by energy utilities, will provide tiered bill discounts and arrearage forgiveness to low-income customers in order to tackle household water and wastewater affordability. The tiers would be set at 100% Federal Poverty Level (FPL), 150% FPL, and 200% FPL; with the highest level of discounts provided to the first tier and gradually reducing. The Company also proposes to include an Emergency Repair Program at a \$100,000 annual budget focused on distributing conservation kits and providing customers with emergency leak repairs. I am pleased to see these significant expansions in customer assistance programs.

Finally, I would like to acknowledge the hard work and commitment of the Commission's Office of Special Assistants (OSA). The OSA Management Team and Staff have worked diligently to shepherd this very dynamic and voluminous proceeding to conclusion in a timely manner; a feat worthy of recognition.



MAY 12, 2022
DATE

Gladys Brown Dutrieuille, Chairman

³ I&E Discounted Cash Flow and Capital Asset Pricing Model analysis produced a range of reasonableness for ROW of 8.9% to 9.89%.