

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility
Commission, Office of
Consumer Advocate v.
Pennsylvania-American Water
Company, Northeast Wastewater
Operations**

**Public Meeting December 16, 2010
2166214-OSA
Docket No. R-2010-2166214**

**Pennsylvania Public Utility
Commission, Office of
Consumer Advocate v.
Pennsylvania-American Water
Company, Clarion Wastewater
Operations**

**2166208-ALJ
Docket No. R-2010-2166208**

**Pennsylvania Public Utility
Commission, Office of
Consumer Advocate v.
Pennsylvania-American Water
Company, Claysville Wastewater
Operations**

**2166210-ALJ
Docket No. R-2010-2166210**

**Pennsylvania Public Utility
Commission, Office of
Consumer Advocate v.
Pennsylvania-American Water
Company, Coatesville
Wastewater Operations**

**2166212-ALJ
Docket No. R-2010-2166212**

**STATEMENT OF
COMMISSIONER ROBERT F. POWELSON**

Before the Commission today for consideration are settlements in four Pennsylvania American Water (PAWC) wastewater rate increase Applications. In a Statement I made at the Public Meeting on June 16, 2010, regarding these cases, I noted that balancing the need to raise capital on reasonable terms to replace aging infrastructure with the expectations of customers for manageable increases in rates is always challenging. Today's cases are an illustration of striking that appropriate balance.

The settlements before us reflect careful consideration of the difficult challenges these cases present and show a strong commitment to an outcome that demonstrates compromise and innovation. Three of the settlements reflect a rate phase-in period of six years, with no interest or carrying costs incurred as a result of the phase-in, a new low-income customer assistance program; and a six-year stay-out provision.

With respect to Coatesville, I had the opportunity to be present during the Public Input Hearings held on August 24, 2010, at Rainbow Elementary School. This case presented additional challenges related to customer growth expectations in the area. The settlement includes two creative mechanisms to reduce customer bills in the future, a customer growth credit adjustment and a capacity fee credit adjustment. As noted by the Office of Consumer Advocate, these crediting mechanisms offer the benefits of rate increase mitigation as well as a more appropriate assignment of the costs of the facilities designed to meet future growth in the Coatesville area.

To summarize, I would like to thank all parties in these cases for their efforts that led to four settlements which include a number of provisions that effectively mitigate the rate increase requested, particularly for low-income customers. I would also like to specifically recognize Kathy Pape, President of PAWC for her active involvement and leadership and Chief Administrative Law Judge Charles Rainey, Jr., for his oversight and outstanding work behind his recommended decisions.

DATE: December 16, 2010



ROBERT F. POWELSON
COMMISSIONER