

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

**PENNSYLVANIA AMERICAN  
WATER CO-CITY OF  
COATESVILLE WASTEWATER  
OPERATIONS**

**Public Meeting June 16, 2010  
2166212-FUS  
Docket No. R-2010-2166212**

**PENNSYLVANIA AMERICAN  
WATER CO-CITY OF  
COATESVILLE WASTEWATER  
DIVISION**

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

**STATEMENT OF  
COMMISSIONER ROBERT F. POWELSON**

Before the Commission today for consideration is the recommendation for full and normal suspension of the proposed rates for several Pennsylvania American Water Company's (PAWC) wastewater rate increase applications, including that by Coatesville Wastewater Operations. The amounts of the increases for residential customers as a result of these proposals constitute "rate shock," ranging from 88 percent for Clarion to well over 200 percent for Coatesville, Lehman Pike and Blue Mountain. To be fair, the rates customers of these entities are currently paying are relatively low, which drives the rate increase percentage calculations higher, but the requested increases are still substantial under any measure and in these hard economic times, we must strike the appropriate balance so that customers receive safe and affordable service.

Increases of this magnitude on the wastewater side of the ledger point to the need for the benefits of economies of scale and use of "best practices" ratemaking mechanisms such as Single Tariff Pricing and the DSIC; these tools have proven to be effective in mitigating the cost impacts to customers of necessary infrastructure improvements.

In addition to utilizing these tools at some future point--which I hope will be sooner rather than later--PAWC's wastewater rate cases also demand exploration of other rate increase mitigation initiatives and tools. I expect these efforts to include minimizing capital expenditures in the planning and construction stages while keeping projects on schedule and under budget, maximizing the use of no-cost and low-cost financing options as well as comprehensive evaluation of rate phase-in plans.

Balancing the need to raise capital on reasonable terms to replace aging infrastructure with the expectations of customers for manageable and gradual changes in rates is always challenging. While the replacement of Pennsylvania's aging infrastructure is crucial, it is of the utmost importance that the rates resulting from these investments are not financially overwhelming. I encourage all parties in these rate cases to work hard and work creatively to strike a reasonable balance.

**DATE: June 16, 2010**

  
**ROBERT F. POWELSON  
COMMISSIONER**