

**OBJECTIONS PAGE**

Please sign this sheet if you would like to **oppose** the Joint Petition for Settlement signed by Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., the PUC's Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate, and other active parties in the case of Pennsylvania Public Utility Commission v. Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Docket Nos. R-2018-3003558 and R-2018-3003561. You are encouraged to provide written comments below and/or attach additional pages, setting forth any facts and explanation for your objections.

By adding my signature below, I am indicating that I have read the terms of the Settlement Agreement and wish to **OPPOSE** the Settlement. I understand that I may file objections (below and/or by attachment to this Objections Page) to the Settlement and exceptions to a Recommended Decision and that my complaint will be resolved as part of the PUC order resolving this case.

Brian Sheppard  
Please Print Your Full Name

Brian Sheppard  
Please Sign Your Full Name

Date: 2/24/2019

Please Write Your Address Here:

1477 Riverwood Lane  
Phoenixville, PA, 19460

Docket Number of Your Complaint(s)

C-2018-3004748

Written Comments (may attach additional sheets):

Attached sheet

RECEIVED  
2019 FEB 27 AM 10:10  
PA PUC  
SECRETARY'S BUREAU

**To: Office of Administrative Law Judge, Pennsylvania Public Utility Commission, Specifically Judges Angela T. Jones and Joseph Brady**

**From : Brian Sheppard**

**Subject: PUC's Settlement with Aqua concerning Rate Increases**

I am writing to object to the settlement the PUC has negotiated with Aqua Pennsylvania. I will keep this brief as it is not a complex case, but as in many local public initiatives such as these, most residents have no idea about it or choose not to engage themselves as their lives dictate their attention to other more important and direct matters. Thus, organizations like the PUC are in place to serve these residents to protect their interest because their attention is directed elsewhere. The PUC is funded by taxes paid for by these residents. Every expense the PUC incurs, every PUC employees' salary, every third-party lawyer or other professional service the PUC utilizes is paid for by these taxes, by these residents. I am one of those residents, and what I see here is the PUC being complacent. I am writing this letter and opposing this settlement because I believe the PUC is not doing its job well in this case, so I, a resident, now have to divert my attention to this case in addition to my taxes. It is easy for an organization like the PUC to become complacent in its role, this is the Achilles heel in many government agencies, and I believe that is what is happening here. I am going to lay out, in bullets, why Aqua is raising its rates, and why I feel PUC is not doing its job.

**1) Why Aqua Is Increasing Its Rates:**

- **Aqua has expanded significantly very recently.** The Act 12 act passed in 2016 opened the door to private companies buying municipal owned utilities; Aqua took full advantage of this, as is their right, and over the last two yeas alone they have acquired \$500 million of new infrastructure and water rights by buying existing townships and county infrastructures. This included the county I now live in, Chester, which was acquired for \$350 million along with two other counties. Bottom line, Aqua has expanded very significantly in a very short amount of time very recently (past one to two years)
- **Aqua is Hurting.** Aqua's Q4 2018 results were less than appealing and trended below what they had forecasted to investors. In addition, in recent weeks, it has become public that Aqua squandered around \$60 million in a Pittsburg area gas utility investment gone wrong. But Aqua's real problem is its debt from its recent acquisitions, and it needs a return on these investments to recoup these costs and return profitability to shareholders. Thus, as is their right as a private company, they are proposing a rate increase.

**Aqua is increasing its rates to customers to primarily fund its growth, not for infrastructure investments in communities that are seeing the rate increase.** I consider this fact self-evident and clear, just read the news. I don't blame Aqua for this, this is their right, where this falls now is to our governing body and consumer advocacy groups (the Pennsylvania PUC) to challenge this on behalf of its constituents (me).

2019 FEB 27 AM 10:10  
PA PUC  
SECRETARY'S BUREAU

RECEIVED

## 2) What the PUC has done and why it is not sufficient to its constituents:

The PUC did challenge Aqua over the rate increase. As a formal objector, I was mailed documents related to the case and on February 11<sup>th</sup>, a letter was sent explaining the settlement the PUC had reached with Aqua in its challenge. (by the way, that letter was well written and clear, so kudos to effectively summarizing the case in a few bullets). The settlement, for a residential customer, basically boiled down to this:

- Aqua proposed a 15% water rate increase for average residential consumer, the PUC settled this rate down to 10%.
- Aqua is now going to allocate wastewater costs to its customer water base (everybody), which was not done previously. Aqua wanted to allocate \$8M, the PUC settled them down to \$7M of costs allocation.
- Aqua cannot increase rates again before April 30, 2021.

Let's start with the first bullet: The PUC knocked off 5% of Aqua's proposed rate increase. This settlement is success for Aqua, the PUC can say they did their job, so success there as well, and for millions of residents like me, this is failure. A 10% increase is unacceptable. This is 7% higher than standard inflation (3%). Aqua went into these proposed rate increases knowing they would go through this process with the PUC and be knocked down. **Thus, they didn't plan on getting 15%.** They probably planned on 5-10% using corporate price simulators. So, in all likelihood they got the higher end of what they wanted. So, **SUCCESS AQUA.** These rate increases will pay for their expansions, it's not for our existing infrastructure. **Judge Brady and Jones** - That's like putting on three huge additions to a house you own and then a year later charging tenants that use the old part of the house more in rent and claiming to them it's to improve their old portion and it has nothing to do with the three huge costly additions you just put on that they cannot use and don't benefit from. This is what the PUC should have been getting at. With a private company like Aqua in place, the PUC needs to be focused and aware of these practices and challenge accordingly. **A 10% increase is not acceptable and is not a successful challenge.**

Second Bullet: In terms of waste water allocation, I pay a separate bill for waster water to the Valley Forge Sewer Authority. Now a small portion of my water bill from Aqua will be for waste water charged. I am now double paying. I don't care how small it is that's not right and again, the PUC was short in its challenge here.

Third Bullet: This one angers me the most. The PUC is saying here that they managed to hold Aqua to these rates for a whopping two years. Two years is only one more than one year or "next year". This after a healthy 10% increase. In two years Aqua can go through the same process and successfully settle another 10% increase. At this rate I will see my bill climb by 50% in eight years. **How do you settle for only two years?!?!?!?** Most basic business pricing negotiations are far more successful than this. In addition, since the PUC is a government agency with unique powers and in this case Aqua is providing a utility service to millions of customers who fall into the PUC sphere of influence, the leverage the PUC has over Aqua is unique and greater than most other companies enjoy in similar negotiations. It is a poor settlement; the PUC should have done much better here and this drives to my conclusion: **The PUC is being complacent here.**

In summary, Aqua is raising its rates to fund its expansion plans and other woes. It is not raising rates solely, or even primarily, to fix existing infrastructure in its former customer base. In response, The Pennsylvania Public Utility Commission took Aqua to court to challenge these rate increases. They did this because this is their job and if they didn't then it would be obvious that they were not doing their job. But a job done and a job well done are two different things. The settlement reached here with Aqua is a job done, not well done. For reasons I already stated, I believe the settlement was a victory for Aqua as the PUC's challenge was weak and fraught with complacency. This was a check-the-box job done by the PUC. Perhaps they are too involved in the details but a high-level look at the original proposal and settlement shows that clearly the PUC's challenge was a weak one. As a result, I oppose this settlement. I would ask of the **Pennsylvania Public Utility Commission honorable Judges Angela T. Jones and Joseph Brady to please consider these positions and before accepting this settlement to really take a look at it and take a look at the organization (PUC) and only accept it if you both respectively feel that the PUC did the best job it could and thoroughly researched and aggressively negotiated terms on the behalf of its constituents.** I look forward to any kind of response to this letter, and would absolutely be open to any communication with anybody in the PUC who reads this letter and wants to discuss further. I would very much rather get a negative response than no response at all. I hope the merits in this letter are considered and I want to thank you all for the time invested in this case.

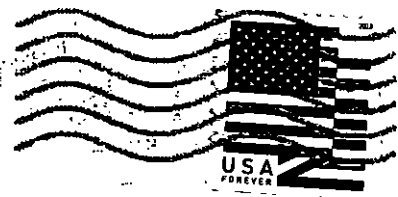
Sincerely,

Brian Sheppard

Mr. Brian Sheppard  
1477 Riverwood Ln.  
Phoenixville, PA 19460

PHILADELPHIA PA 190

25 FEB 2019 PM 9 L



Secretary's Bureau  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

17120-007999

