

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 5, 2018

Re: Pennsylvania Public Utility Commission  
v.  
Aqua Pennsylvania, Inc. and  
Aqua Pennsylvania Wastewater, Inc.  
Docket Nos. R-2018-3003558  
R-2018-3003561

Dear Consumer Colleague:

On August 17, 2018, Aqua Pennsylvania, Inc. (Aqua or Company) filed a request with the Pennsylvania Public Utility Commission (PUC) to increase the level of rates that it charges for providing water and wastewater service to its ratepayers. Aqua provides water service to approximately 430,000 customers in portions of 32 counties throughout Pennsylvania. Aqua also provides wastewater service to approximately 30,000 customers in portions of 15 counties throughout Pennsylvania. You are receiving this letter because Aqua provides water and/or wastewater service to you.

If Aqua's rate increase request is granted as proposed by the Company, Aqua will be permitted to recover an estimated annual increase in base rate revenues of \$71.8 million, which would be a 16.13% increase over present annual revenues. Aqua also proposes to implement a provision of legislation, referred to as Act 11. Act 11 went into effect on April 15, 2012. Act 11, among other things, enables water and wastewater operations under a single corporate ownership to petition the PUC for permission to allocate a portion of the wastewater cost of service to the water customer base where it has demonstrated it is in the public interest. Through this filing, Aqua has proposed to allocate a portion of the wastewater cost of service to the water customer base under the public interest standard.

Enclosed you will find two tables that represent Aqua's proposed rate increases for water and wastewater service. Please note these are proposed rates and any actual increase is pending approval by the Pennsylvania Public Utility Commission.

We have filed a Formal Complaint and have asked the PUC to suspend the proposed rate increase, pending a thorough investigation of Aqua's request. During the next several months, our Office will represent the interests of consumers and participate fully in the case. Our expert witnesses will review Aqua's filing, including costs and expenses claimed. We will also review

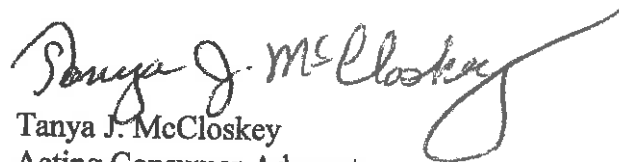
Aqua's claimed revenue requirements, rate of return, operation and maintenance expenses, income tax expense, and quality of service.

This Office will also request that the PUC schedule public input hearings, providing you an opportunity to express your views on the proposed rate increase if you desire. Requests for a public input hearing will be granted if the PUC determines that there is substantial interest. If you want a hearing in your area, please contact this Office as soon as possible. If the PUC schedules such hearings, we will notify you of the date, time and location. We will also post public input hearing information on the Pennsylvania Office of Consumer Advocate's Facebook page at [www.facebook.com/pennoca](http://www.facebook.com/pennoca) and on Twitter @pa\_oca.

The Office of Consumer Advocate will be represented in this proceeding by Christine Maloni Hoover, Senior Assistant Consumer Advocate and Phillip Demanchick, Assistant Consumer Advocate.

If you need additional information, please do not hesitate to contact my Office's Consumer Liaison, Heather Yoder at 1-800-684-6560. Also, if you are aware of any relevant information related to the proposed rate increase or the Company's quality of service, please contact us.

Sincerely,

  
Tanya J. McCloskey  
Acting Consumer Advocate

Enclosure

00258284

**Aqua Pennsylvania, Inc. Proposed Water Rates**

According to the customer notices included in the Company's filing, if the full rate increase is approved a typical residential water customer with a 5/8" meter using 4,080 gallons per month would see the following increases in their monthly bill as provided in the following table:

Rate Zone	Water Territory	Present Rates	Proposed Rates	Increase Amount	Increase Percentage
1	Main Division	\$59.85	\$69.07	\$9.22	15.41%
1	Beech Mountain*	\$21.45	\$35.37	\$13.92	64.90%
1	Bristol*	\$55.80	\$69.07	\$13.27	23.78%
1	Bensalem*	\$24.24	\$38.90	\$14.66	60.48%
-	Bunker Hill	\$12.88	\$27.36	\$14.48	112.42%
2	Chalfont	\$47.27	\$69.07	\$21.80	46.12%
1	Clarendon	\$51.05	\$69.07	\$18.02	35.30%
2	Concord Park	\$30.88	\$45.43	\$14.55	47.12%
1	CC Gardens*	\$40.29	\$55.04	\$14.75	36.61%
3	Eagle Rock	\$59.85	\$69.07	\$9.22	15.41%
1	East Cameron	\$57.02	\$69.07	\$12.05	21.13%
1	Honesdale	\$52.20	\$69.07	\$16.87	32.32%
1	Kratzerville*	\$52.29	\$69.07	\$16.78	32.09%
3	Masthope	\$49.36	\$69.07	\$19.71	39.93%
1	Mifflin*	\$37.11	\$51.14	\$14.03	37.81%
1	Mt. Jewett*	\$45.95	\$69.07	\$23.12	50.32%
3	Oakland	\$57.04	\$69.07	\$12.03	21.09%
1	Robin Hood Lakes*	\$40.16	\$55.02	\$14.86	37.00%
1	Sand Springs*	\$40.73	\$55.04	\$14.31	35.13%
-	Sun Valley	\$15.00	\$19.50	\$4.50	30.00%
2	Superior	\$57.02	\$69.07	\$12.05	21.13%
2	Treasure Lake	\$27.20	\$43.31	\$16.11	59.23%

\* Consumption Charge exceptions, Private Fire Service Charge exceptions, and Public Fire Service Charge exceptions apply

**Aqua Pennsylvania Wastewater, Inc. Proposed Wastewater Rates**

According to the customer notices included in the Company's filing, if the full rate increase is approved a typical residential wastewater customer\* would see the following increases to their monthly bill:

Rate Zone	Wastewater Territory	Present Rates	Proposed Rates	Increase Amount	Increase Percentage
3	Beech Mountain	\$56.04	\$80.00	\$23.96	42.76%
5	Brandywine	\$106.43	\$125.84	\$19.41	18.24%
2	Bridlewood	\$45.46	\$74.88	\$29.42	64.72%
1	Bunker Hill	\$31.92	\$61.40	\$29.48	92.36%
3	Chesterdale	\$54.92	\$72.35	\$17.43	31.74%
3	Deerfield	\$57.87	\$71.50	\$13.63	23.55%
2	Eagle Rock	\$39.67	\$51.39	\$11.72	29.54%
3	Emlenton	\$45.00	\$80.00	\$35.00	77.78%
5	Greens	\$106.38	\$107.60	\$1.22	1.15%
4	Honeycroft	\$66.67	\$100.00	\$33.33	49.99%
4	Kidder	\$47.07	\$70.65	\$23.58	50.10%
4	Lake Harmony	\$65.63	\$100.00	\$34.37	52.37%
3	Laurel	\$51.49	\$81.70	\$30.21	58.67%
4	Links at Gettysburg	\$63.58	\$87.65	\$24.07	37.86%
5	Little Washington	\$98.05	\$106.64	\$8.59	8.76%
1	Masthope	\$28.99	\$40.88	\$11.89	41.01%
1	Media	\$42.19	\$62.92	\$20.73	49.13%
4	New Daleville	\$74.17	\$100.00	\$25.83	34.83%
5	Newlin	-	-	-	-
4	Peddlers View	\$78.44	\$100.95	\$22.51	28.70%
3	Penn Township	\$40.70	\$74.90	\$34.20	84.03%
2	Pinecrest	\$44.05	\$68.40	\$24.35	55.28%
5	Plumsock	\$107.02	\$124.88	\$17.86	16.69%
3	Rivercrest	\$45.22	\$73.20	\$27.98	61.88%
5	Sage Hill	-	-	-	-
3	Stony Creek	\$54.86	\$67.25	\$12.39	22.58%
3	Thornhurst	\$52.36	\$68.10	\$15.74	30.06%
4	Tobyhanna	\$66.67	\$100.00	\$33.33	49.99%
1	Treasure Lake	\$40.52	\$53.80	\$13.28	32.77%
4	Twin Hills	\$70.15	\$101.90	\$31.75	45.26%
3	Woodloch Springs	\$51.87	\$63.00	\$11.13	21.46%

\* The amounts listed in the customer notices use different sets of assumptions. For example, Brandywine is calculated based on 5,400 gallons of monthly usage, whereas Penn Township is calculated based on 3,400 gallons of monthly usage.