

Statement of the Scranton Sewer Authority, the City of Scranton, and the Borough of Dunmore

With today's recommendation by two Administrative Law Judges reviewing the proposed sale of the Scranton Sewer Authority to Pennsylvania American Water Company, we are pleased that the Judges found no fault with two critical features of the sale: the \$195 million purchase price and the 1.9% compound annual growth rate limitation on future rates.

While we are disappointed that the Judges did not ultimately recommend approval to the Pennsylvania Public Utility Commission, at this time, due to concerns over how the "Variance Adjustment" mechanism would operate, we are optimistic that with further explanation and clarification of the proposal, the Commission will approve it as filed. To be clear, the Pennsylvania Public Utility Commission itself has not yet considered or reviewed the proposed sale. The Commission has an obligation to make a decision independent of the Administrative Law Judges, and routinely modifies or rejects the recommendations of the Judges.

The Variance Adjustment was intended to help ensure that rates to Scranton and Dunmore customers after the sale would remain reasonable for a considerable time period – an aim that the Judges found "laudable". We will continue to work with the Parties to the case and the Commission to keep the transaction on schedule and obtain the authorizations needed to bring the benefits of the transaction to the Scranton and Dunmore areas