

From: **Delaney, Daniel P.** <Daniel.Delaney@klgates.com>

Date: Tuesday, May 10, 2016

Subject: Project Revenues and Expenses HO Report

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Water Board Members and Case Participants,

I am sending this email at the request of Hearing Officer Brockway. I have reviewed the HO report on Projected Revenues and Expenses and request a revision and an addition to that report. On page 29 of the report, PECO and Exelon's final position on the PWD's proposed Chemical Cost Adjustment is misstated. As stated on page 7 of our brief and our proposed finding of fact 16, the Companies final proposal on the issue is that the PWD's FY 2017 and FY 2018 chemical expense reflect the actual paid FY 2015 chemical expense of \$19.3 million with the PWD escalation factor of 3.3%. The result would be a FY 2017 chemical cost of \$19,936,900 and an FY 2018 chemical cost of \$ 20, 594,818. Also, I could not find in the report any mention of our primary proposal that PWD's proposed revenue increases for water and sewer service for FY 2017 and FY 2018 be switched which we argued would improve PWD's financial coverages. This issue is discussed on pages 7-13 of our brief and is discussed in our proposed findings of fact 3-15 in our brief. I respectfully request that you include this information in your review of the report and consider it in your rate determination.

Thanks for your assistance. Please call me if you have any questions.

Dan Delaney



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