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August 25, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**RE: Pennsylvania Public Utility Commission, et al. v. Borough of Schuylkill Haven
Water Department
Docket Nos. R-2015-2470184, C-2015-2476077, C-2015-2480397, C-2015-2475347, C-
2015-2477011**

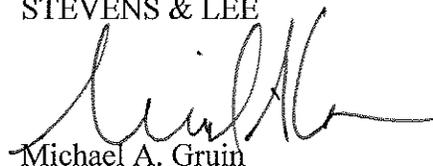
Dear Secretary Chiavetta:

Enclosed for filing please find a Joint Petition for Settlement and attachments in the above-captioned matter, including statements in support from all signatories. Copies of this filing have been served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter, and if you have any questions, please feel free to contact me.

Best Regards,

STEVENS & LEE



Michael A. Gruin

Enclosures

cc: Administrative Law Judge Elizabeth Barnes (via electronic mail and U.S. Mail)
Certificate of Service

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SL1 1380636v1 006963.00030

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

BOROUGH OF SCHUYLKILL HAVEN
WATER DEPARTMENT

:
:
:
: Docket No. R-2015-2470184
:
: C-2015-2476077
:
: C-2015-2480397
:
: C-2015-2475347
:
: C-2015-2477011
:
:

**JOINT PETITION FOR FULL SETTLEMENT
OF RATE INVESTIGATION**

TO THE HONORABLE ELIZABETH BARNES, ADMINISTRATIVE LAW JUDGE:

The Borough of Schuylkill Haven (“Borough”); the Bureau of Investigation & Enforcement (I&E); the Office of Consumer Advocate (“OCA”); Sapa Extrusions, Inc. (“Sapa”), the Borough of Cressona (“Cressona”) and North Manheim Township (“North Manheim”) (hereinafter collectively referred to as the “Joint Petitioners”), by their respective counsel, respectfully submit this Joint Petition for Full Settlement of Rate Investigation (“Joint Petition”) and request that Administrative Law Judge Elizabeth Barnes (“ALJ Barnes”) recommend approval of the settlement of this proceeding (“Settlement”) as set forth in this Joint Petition. Joint Petitioners also request that the Pennsylvania Public Utility Commission (“Commission”) adopt ALJ Barnes’ recommended approval of the Settlement, permit the Borough to file the Tariff Supplement annexed hereto as Appendix A to become effective pursuant to the terms set forth therein, terminate its investigation at Docket R-2015-2470184, and mark the Formal

Complaints filed at Docket Nos. C-2015-2476077, C-2015-2480397, C-2015-2475347, and C-2015-2477011 as satisfied and closed. In support of their request, the Joint Petitioners state as follows:

I. BACKGROUND

1. The Borough provides water service to approximately 3,221 residential, commercial, industrial, public and private fire protection customers in the Borough of Schuylkill Haven, the Borough of Cressona, and North Manheim Township. Pursuant to Section 1301 of the Public Utility Code, 66 Pa. C.S.A § 1301, water service rendered by the Borough outside of its municipal limits is subject to rate regulation by the Commission. Of the total customers served by Borough, 1,091 are located outside of the Borough's municipal limits.

2. On March 3, 2015 the Borough filed Supplement No. 43 to Tariff Water-Pa. P.U.C. No. 3, to become effective May 4, 2015, containing proposed changes in rates, rules and regulations calculated to produce \$283,079 in additional jurisdictional revenues, based upon the level of operations for a pro forma future test year ending September 30, 2015.

3. Four (4) complaints were filed against the proposed rate increase by the following parties: the Office of Consumer Advocate (C-2015-2476077); Cressona Borough (C-2015-2477011); North Manheim Township (C-2015-2475347); and Sapa Extrusions, Inc. (C-2015-2480397). In addition, the Bureau of Investigation & Enforcement filed a Notice of Intervention in this matter.

4. By Order entered April 23, 2015, the Commission suspended the implementation of Tariff Supplement No. 43 until December 4, 2015 and instituted an investigation to determine the lawfulness, justness, and reasonableness of the Borough's proposed rates, rules and regulations. The Order directed the Office of Administrative Law Judge to assign the matter to

Alternative Dispute Resolution, if possible, or to schedule such hearings as are necessary for the ALJ to render a Recommended Decision.

5. Subsequent to the Commission's entered April 23, 2015 Order, the Borough filed Tariff supplement No. 44 evidencing the extension of the suspension period, copies of which were served on the parties.

6. On May 14, 2015, a Prehearing Conference was conducted by ALJ Barnes. In advance of the Prehearing Conference, all of the parties submitted Prehearing Conference Memoranda. All of the parties were represented by their respective counsel at the Prehearing Conference, and at the Conference a schedule was established for the submission of testimony and the conduct of evidentiary hearings.

7. On May 15, 2015, ALJ Barnes issued the Procedural Order for this proceeding, which set forth the agreed-upon schedule for the service of all written direct, rebuttal and surrebuttal testimony, evidentiary hearings, briefs, and reply briefs. The evidentiary hearings were scheduled for August 12-13, 2015, at which time all previously served testimony and exhibits would be offered into the record and the parties' individual witnesses would be made available for cross-examination.

8. The Procedural Order also directed the parties to make a request for public input hearings and file a protective order within a reasonable time frame.

9. No party requested a public input hearing in this proceeding, thus, no public input hearing was held.

10. On May 29, 2015, the Borough filed a Motion for Protective Order, which Motion was granted by Order also dated May 29, 2015.

11. On May 22, 2015, in accordance with the procedural schedule, the Borough served the Direct Testimony of Dennis M. Kalbarczyk of Utility Rate Resources, which provided support for the Borough's proposed \$283,079 jurisdictional revenue requirement increase.

12. In addition to providing the supporting information required by the Commission's regulations, the Borough provided responses to data requests, interrogatories and requests for production of documents, which provided considerable additional information about the Borough's operations and the basis for its requested jurisdictional rate increase.

13. The parties also held informal discovery discussions and participated in a site visit to the Borough's Tumbling Run Reservoir, Water Treatment Plant, and other related water system facilities as requested.

14. Following the submission of the Borough's Direct Testimony, negotiations took place among the parties seeking to achieve a full settlement of the rate case.

15. During settlement discussions, the parties jointly requested several modifications to the procedural schedule, which requests were granted by ALJ Barnes.

16. As a result of the afore-mentioned negotiations, the parties were able to agree to resolve all issues in the case, resulting in the comprehensive settlement terms and conditions set forth herein.

17. On July 10, 2015, the parties notified ALJ Barnes that a full and unanimous settlement had been reached.

18. On July 10, 2015, ALJ Barnes issued an Order which suspended the remainder of the litigation schedule, cancelled the evidentiary hearings set for August 12-13, 2015, and directed the parties to file a Joint Stipulation for Admission of Evidence and a Joint Petition for Approval of Settlement by September 1, 2015.

19. Filed contemporaneously with this Joint Petition is a Joint Stipulation for Admission of Evidence, in which the parties move for the admission into the record of the Direct Testimony of Dennis M. Kalbarczyk and an accompanying Exhibit, in support of the Joint Petition.

20. The Joint Petitioners acknowledge that, while they have not sought, nor would they be able to agree upon the specific rate case adjustments which support their respective conclusions, they are in full agreement that adoption of this instant Settlement in its entirety is in the best interest of the Borough and its jurisdictional customers, therefore is in the public interest.

II. TERMS AND CONDITIONS

21. The Settlement consists of the following terms and conditions:

(a) Upon the Commission's approval of this Settlement, the Borough will be permitted to charge the rates for water service set forth in the proposed Tariff Supplement annexed hereto as Appendix A (hereafter, the "Settlement Rates"), to become effective upon one day's notice, but no later than December 4, 2015. The Settlement Rates are designed to produce additional annual operating revenue from the sale of water of \$230,966 as shown on the Proof of Revenues annexed hereto as Appendix B. The Tariff Supplement set forth in Appendix A complies with the terms of the Settlement.

(b) Upon approval and implementation of the rates set forth in Appendix A, the Borough will not file for another general water rate increase under Section 1308(d) of the Public Utility Code prior to twelve (12) months after the new rates go into effect. However, if a legislative body, the judiciary, or an administrative agency, including the Commission, enacts or orders any fundamental changes in policy or statutes that directly and substantially affect the Borough's jurisdictional cost of service, the Settlement shall not prevent the

Borough from filing a tariff or tariff supplement to the extent necessitated by such action. In addition, this provision shall not preclude the Borough from seeking extraordinary rate relief under Section 1308(e) of the Public Utility Code.¹

(c) The Borough will create and maintain a complaint log to record all complaints from jurisdictional customers, which shall include, at a minimum, the date of contact, issue(s) in question, and steps taken, if necessary, to resolve the issue(s).

(d) The Borough will test all jurisdictional meters that are 1 inch or larger at least every 8 years. For meters that are larger than one inch in size and have not been tested or installed in the last eight years, the Borough will begin testing of those meters no later than December 1, 2015 and will conclude such testing by April 1, 2016.

(e) The Borough will update its website with a section explaining the recommended specifications for pressure valves as being “working pressure rated for 300 psi that can reduce pressures down to a minimum of 40 psi.” The information will also be included in the written building code materials that are provided to contractors.

(f) If in the Borough’s judgment the installation of a new public fire hydrant is appropriate in Cressona or North Manheim Township, the Borough agrees to inform Cressona/North Manheim Township as such, and provide a brief explanation of the engineering and public safety basis for the Borough’s determination. The Borough would provide this information to Cressona/North Manheim Township in writing, and would ask Cressona/North Manheim Township to inform the Borough, in writing, whether they consent or object to the installation of the hydrant as proposed. Cressona/North Manheim will provide its consent or objection to the Borough in writing within 45 days, and provide a copy of such written consent or objection to OCA, I&E, the Commission’s Bureau of Technical

¹ 66 Pa.C.S. § 1308(e).

Utility Services, and the Pennsylvania Department of Environmental Protection. Any objections to a proposed installation must be reasonable in nature and specifically address the engineering and public safety issues referenced by the Borough. If Cressona/ North Manheim Township acknowledges its consent to the installation in writing, the Borough would proceed with the installation, and Cressona/North Manheim Township will be responsible for payment of the Borough's tariffed public fire hydrant rate, beginning on the date when the public hydrant is placed into service.

(g) Residents of Cressona and North Manheim Township who are Borough water service customers will continue to be able to contact the Borough's Water Department directly with any questions or concerns about the Borough's water service, via telephone, mail, or in-person. The Borough will also implement a web-based portal for the submission of comments or concerns via the Borough's website. In addition, the Borough will hold one public forum per year, during which Cressona and North Manheim Township residents can ask questions or submit comments regarding the Water System. Notice of the forum will be provided to customers and to Cressona Borough and North Manheim Township, and will be attended by representatives of the Borough who have responsibility for the water system, including at least one Borough Council Member.

(h) The Borough currently provides Consumer Confidence Reports ("CCRs") to the public by publishing them on the Borough's website, which is a method approved by the PA DEP. The Borough will continue its practice of uploading CCRs to its website, and will notify customers when new reports are uploaded via customer bill messaging. The Borough will maintain the current year report and prior two years on its website. Additionally, the Borough will provide Cressona and North Manheim with a paper copy of the CCRs.

(i) The Borough will provide notice of its next jurisdictional rate case filing to all parties to this case thirty days prior to the filing of the rate case. Furthermore, the Borough will include all of the parties in this case on the service list for the Borough's next rate case filing.

(j) If the Borough holds a pre-rate case filing meeting with any party in advance of the filing of its next rate case, the Borough will extend an invitation to all current parties in this proceeding to attend and participate in such meeting.

(k) The Settlement Rates set forth in Appendix A reflect the Joint Petitioners' agreement with regard to rate design, rate design, and the distribution of the jurisdictional rate increase. Appendix B hereto reflects the Proof of Revenue for the \$230,966 in additional annual operating revenue that the Borough would receive under this Settlement. The jurisdictional rate design agreed upon by the parties is reflected in Appendix C hereto.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

22. The Joint Petitioners believe that the Settlement is fair, just, reasonable, nondiscriminatory, and lawful and should be approved in its entirety by the presiding Administrative Law Judge and the Commission as being in the public interest.

23. The Borough, I&E, OCA, Sapa, Cressona, and North Manheim have each prepared, and attached to this Joint Petition, their respective Statements in Support identified as Appendices D, E, F, G, H and I, respectively, setting forth the bases upon which they believe that the Settlement, including the Settlement Rates is fair, just, reasonable, non-discriminatory, lawful and in the public interest.

24. The Joint Petitioners submit that the Settlement is in the public interest for the following reasons:

(a) The Settlement provides an increase in annual operating revenues of \$230,966 in lieu of the \$283,079 increase originally requested. A comparison of an average monthly water bill of residential customer consuming 3000 gallons of water under current rates, the rates initially proposed by the Borough, and under the Settlement Rates is shown below:

CURRENT RATES	PROPOSED RATES	SETTLEMENT RATES
\$25.86	\$33.20	\$31.26

(b) As stated in Paragraph 20(b) herein, the Borough has agreed to not file another general base rate case under Section 1308(d) of the Public Utility Code for twelve (12) months after the new rates become effective.

(c) Acceptance of the Settlement will avoid the necessity of further administrative and possible appellate proceedings at substantial cost to the Joint Petitioners and the Borough's customers.

(d) The Settlement Rates will allocate the agreed-upon revenue requirement among the jurisdictional customer classes in a manner that is reasonable in light of the rate structure and cost of service evidence submitted by the Borough in the proceeding.

IV. ADDITIONAL TERMS AND CONDITIONS

25. This Settlement, proposed by the Joint Petitioners to settle the instant case, is made without any admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation, including further litigation of this case if this Joint Petition is rejected by ALJ Barnes or the Commission or withdrawn by any of the Joint Petitioners as provided below.

26. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without any modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, then this Settlement may be withdrawn upon written notice to the Commission and all active parties within five (5) business days following entry of the Commission's Order by any of the Joint Petitioners. In such event, the Settlement shall be of no force and effect. In the event that the Commission disapproves the Settlement, or the Borough or any other Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including, but not limited to, filing testimony, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

27. If, in her Recommended Decision, Administrative Law Judge Barnes recommends that the Commission adopt the Settlement as herein proposed without modification, then the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by Administrative Law Judge Barnes in her Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

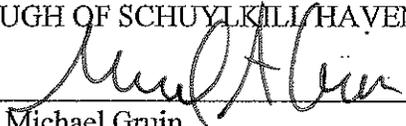
1. That Administrative Law Judge Elizabeth Barnes and the Commission approve the Settlement embodied in this Joint Petition, including all terms and conditions thereof.

2. That the Commission find the Settlement Rates to be just and reasonable and issue an Order granting the Borough of Schuylkill Haven permission to file the Tariff Supplement attached hereto as Appendix A, to become effective pursuant to the terms set forth therein.

3. That the Commission terminate its investigation at Docket R-2015-2470184, and mark the Formal Complaints filed at Docket Nos. C-2015-2476077, C-2015-2480397, C-2015-2475347, and C-2015-2477011 as satisfied and closed.

Respectfully submitted,

BOROUGH OF SCHUYLKILL HAVEN

By:  _____

Michael Gruin
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17 North Second Street, 16th Floor
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Tel: (717) 255-7365
Counsel for the Borough of Schuylkill Haven

BUREAU OF INVESTIGATION &
ENFORCEMENT

By:  _____

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*Attorney for The Bureau of
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Dated: August 25, 2015

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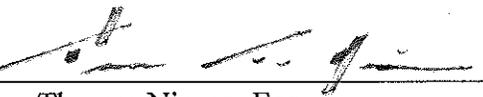
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Counsel for the North Manheim Township

Dated: August 25, 2015

LIST OF APPENDICES

APPENDIX A.....Proposed Tariff Supplement Reflecting Settlement Rates
APPENDIX B.....Proof of Revenues
APPENDIX C.....Rate Design
APPENDIX D.....Borough Statement in Support
APPENDIX E.....I&E Statement in Support
APPENDIX F.....OCA Statement in Support
APPENDIX G.....Sapa Statement in Support
APPENDIX H.....Cressona Statement in Support
APPENDIX I.....North Manheim Statement in Support

APPENDIX A

BOROUGH OF SCHUYLKILL HAVEN
WATER DEPARTMENT;

Rates, Rules and Regulations
Governing the Distribution of Water
in the Borough of Cressona,
And
North Manheim Township,
Schuylkill County, Pennsylvania

NOTICE

This Tariff Increases Rates

Issued: _____, 2015

Effective: _____, 2015

BY: Scott Graver
Borough Administrator
Borough of Schuylkill Haven
Water Department
12 West Main Street
Schuylkill Haven, PA 17972

LIST OF CHANGES MADE BY THIS SUPPLEMENT

This filing increases jurisdictional rates by \$230,966 or 25.427%. Volumetric rates, customer charges, and private fire protection rates are increased.

SCHEDULE OF RATES AND CHARGES

Section 1. METER RATES

Section 2. APPLICATION OF SCHEDULE (C)

This Schedule is applicable to all metered rate customers outside the Borough limits, including municipal authorities for resale purposes.

Section 3. CONSUMPTION CHARGE shall be applied to all consumption in the customer's billing period.

<u>Residential</u>				<u>\$/1000 gallons</u>	
	<u>Usage</u>				
	All Volumes			\$8.2525	(I)
<u>All Other Customers Except Large Industrial</u>				<u>\$/1000 gallons</u>	
	<u>Usage in Gallons</u>	<u>MONTHLY</u>	<u>QUARTERLY</u>		
	First	33,333	100,000	\$8.2525	(I)
	Next	133,333	400,000	\$7.8138	(I)
	All over	166,666	500,000	\$4.8928	(I)
<u>Large Industrial Customers</u>				<u>\$/1000 gallons</u>	
	<u>Usage in Gallons</u>	<u>MONTHLY</u>			
	First	100,000		\$8.2525	(I)
	Next	400,000		\$7.8138	(I)
	All over	500,000		\$3.4163	(I)

Residential

Residential shall apply to customers who receive water exclusively for residential purposes. All residential customers have monthly or quarterly billing periods.

All Other Customers except Large Industrial

Commercial shall apply to customers who receive water for business including not for profit business and government offices purposes, including businesses operated from residences. All commercial customers have monthly or quarterly billing periods.

Public/Other shall apply to public and private schools, hospitals, and all other customers not otherwise classified. All customers in this classification have monthly or quarterly billing periods.

Large Industrial

Industrial shall apply to customers who receive water used for agricultural or manufacturing business purposes. Large Industrial rates shall apply to those industrial customers consuming greater than 500,000 gallons per month. All Large Industrial customers have monthly billing periods.

(I) Indicates Increase

(C) Indicates Change

SCHEDULE OF RATES AND CHARGES

Section 1. CUSTOMER CHARGE (C)

Each customer shall be billed the monthly customer charge set forth below based on the size of the meter installed to serve the customer.

<u>Size of Meter</u>	<u>Monthly Charge</u>	
5/8 inch	\$6.50	(I)
3/4 inch	\$6.50	(I)
1 inch	\$6.50	(I)
1 1/2 inch	\$10.00	(I)
2 inch	\$15.00	(I)
3 inch	\$20.00	(I)
4 inch	\$25.00	(I)
6 inch	\$30.00	(I)
8 inch	\$35.00	(I)
10 inch	\$40.00	(I)
12 inch	\$45.00	(I)

Section 2. APPLICATION OF SCHEDULE

This schedule applies to all public and private fire protection service tendered outside the Borough limits.

Section 3. PUBLIC FIRE PROTECTION	PER MONTH	PER QUARTER
Fire hydrants, each	\$22.10	\$66.28

Section 4. PRIVATE FIRE PROTECTION (C)

	PER MONTH	
(1) Fire hydrants, each	\$55.55	(I)
(2) Sprinkler systems, each	\$55.55	(I)

Section 5. LATE PAYMENT CHARGE If not paid within 30 days from mailing of bill:

Residential customers only	1.25% per billing period
Other than Residential customers	5.00% per billing period

(I) Indicates Increase (C) Indicates Change

APPENDIX B

APPENDIX B

BOROUGH OF SCHUYLKILL HAVEN - WATER DEPARTMENT
 Joint Proposal - Jurisdictional Proof Of Revenue - Units Billed and Revenues Under Settlement vs. Current Rates

		Outside						
Avg # Cust.	# Bills	1st Blk	2nd Blk	3rd Blk	Total Blks		Avg. Usage	
		All Volumes						
Residential								
5/8"	949	11,392	39,138,000	-	-	39,138,000	39,138,000	3,436 Typical bill
3/4"	7	81	466,000	-	-	466,000	466,000	5,753
1"	2	24	58,000	-	-	58,000	58,000	2,417
1 1/2"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
4"	-	-	-	-	-	-	-	-
6"	-	-	-	-	-	-	-	-
10"	-	-	-	-	-	-	-	-
	958	11,497	39,662,000	-	-	39,662,000	39,662,000	
Commercial								
		# Bills	1st 33,333	next 133,333	over 166,667			
5/8"	19	225	757,000	-	-	757,000	757,000	3,364
3/4"	14	168	560,000	-	-	560,000	560,000	3,333
1"	18	214	1,959,996	700,004	-	2,660,000	2,660,000	12,430
1 1/2"	13	156	2,321,328	175,672	-	2,497,000	2,497,000	16,006
2"	25	300	6,130,968	3,726,360	547,672	10,405,000	10,405,000	34,683 Typical bill
3"	-	-	-	-	-	-	-	-
4"	2	24	554,996	1,599,996	1,929,008	4,084,000	4,084,000	170,167
6"	-	-	-	-	-	-	-	-
10"	-	-	-	-	-	-	-	-
	91	1,087	12,284,288	6,202,032	2,476,680	20,963,000	20,963,000	19,285
Public								
		# Bills	1st 33,333	next 133,333	over 166,667			
5/8"	1	14	16,000	-	-	16,000	16,000	1,143
3/4"	1	12	44,000	-	-	44,000	44,000	3,667
1"	2	24	86,000	-	-	86,000	86,000	3,583
1 1/2"	-	-	-	-	-	-	-	-
2"	2	24	662,000	-	-	662,000	662,000	27,583 Typical bill
3"	1	12	158,000	-	-	158,000	158,000	13,167
4"	-	-	-	-	-	-	-	-
6"	-	-	-	-	-	-	-	-
10"	-	-	-	-	-	-	-	-
	7	86	966,000	-	-	966,000	966,000	11,233
Industrial								
		# Bills	1st 33,333	next 133,333	over 166,667			
5/8"	-	-	-	-	-	-	-	-
3/4"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1 1/2"	-	-	-	-	-	-	-	-
2"	1	12	180,000	-	-	180,000	180,000	15,000 Typical bill
3"	-	-	-	-	-	-	-	-
4"	-	-	-	-	-	-	-	-
6"	-	-	-	-	-	-	-	-
10"	-	-	-	-	-	-	-	-
	1	12	180,000	-	-	180,000	180,000	15,000
Lg Industrial								
		# Bills	1st 100,000	next 400,000	over 500,000			
5/8"	-	-	-	-	-	-	-	-
3/4"	-	-	-	-	-	-	-	-
1"	-	-	-	-	-	-	-	-
1 1/2"	-	-	-	-	-	-	-	-
2"	-	-	-	-	-	-	-	-
3"	-	-	-	-	-	-	-	-
4"	2	24	2,400,000	5,200,000	19,090,000	26,690,000	26,690,000	1,112,083
6"	2	24	1,200,000	4,800,000	1,501,000	7,501,000	7,501,000	312,542
10"	1	12	1,200,000	4,800,000	68,739,000	74,739,000	74,739,000	6,228,250 Typical bill
	5	60	4,800,000	14,800,000	89,330,000	108,930,000	108,930,000	1,815,500
Totals								
	Avg # Cust.	# Bills	1st Blk	2nd Blk	3rd Blk			
5/8"	969	11,631	39,911,000	-	-	39,911,000	39,911,000	
3/4"	22	261	1,070,000	-	-	1,070,000	1,070,000	
1"	22	262	2,103,996	700,004	-	2,804,000	2,804,000	
1 1/2"	13	156	2,321,328	175,672	-	2,497,000	2,497,000	
2"	28	336	6,972,968	3,726,360	547,672	11,247,000	11,247,000	
3"	1	12	158,000	-	-	158,000	158,000	
4"	4	48	2,954,996	6,799,996	21,019,008	30,774,000	30,774,000	
6"	2	24	1,200,000	4,800,000	1,501,000	7,501,000	7,501,000	
10"	1	12	1,200,000	4,800,000	68,739,000	74,739,000	74,739,000	
	1,062	12,742	57,892,288	21,002,032	91,806,680	170,701,000	170,701,000	
Total Annual Units Billed								
FP-Pub Hyd	108	1,301						
FP-Priv Hyd	95	1,136						

BOROUGH OF SCHUYLKILL HAVEN - WATER DEPARTMENT
Joint Proposal - Jurisdictional Proof Of Revenue - Units Billed and Revenues Under Settlement vs. Current Rates

	Settlement Proposed Rates	Cust. Chrg Revenue	Outside			Total Usage Revenue	Total Revenues	Pro Forma Current Rates 9/30/2015	Settlement Proposed Base Rate Increase
			Usage Revenue By Block						
			1st Blk	2nd Blk	3rd Blk				
Residential	Rates		\$ 8,2525						
5/8"	\$ 6.50	\$ 74,048.00	\$ 322,986.35		\$ 322,986.35	\$ 397,034.35			
3/4"	\$ 6.50	526.50	3,845.67		3,845.67	4,372.17			
1"	\$ 6.50	156.00	478.65		478.65	634.65			
1 1/2"	\$ 10.00	-	-		-	-			
2"	\$ 15.00	-	-		-	-			
3"	\$ 20.00	-	-		-	-			
4"	\$ 25.00	-	-		-	-			
6"	\$ 30.00	-	-		-	-			
10"	\$ 40.00	-	-		-	-			
		74,730.50	\$ 327,310.67	\$ -	\$ -	\$ 327,310.67	\$ 402,041.17	\$ 332,356.04	\$ 69,685.13
Commercial	Rates		\$ 8,2525	\$ 7,8138	\$ 4,8928				
5/8"	\$ 6.50	1,462.50	6,247.14	-	-	6,247.14	7,709.64		
3/4"	\$ 6.50	1,092.00	4,621.40	-	-	4,621.40	5,713.40		
1"	\$ 6.50	1,391.00	16,174.87	5,469.69	-	21,644.56	23,035.56		
1 1/2"	\$ 10.00	1,560.00	19,156.76	1,372.67	-	20,529.43	22,089.43		
2"	\$ 15.00	4,500.00	50,595.81	29,117.03	2,679.65	82,392.49	86,892.49		
3"	\$ 20.00	-	-	-	-	-	-		
4"	\$ 25.00	600.00	4,580.10	12,502.05	9,438.25	26,520.40	27,120.40		
6"	\$ 30.00	-	-	-	-	-	-		
10"	\$ 40.00	-	-	-	-	-	-		
		10,605.50	\$ 101,376.08	\$ 48,461.44	\$ 12,117.90	\$ 161,955.42	\$ 172,560.92	\$ 138,331.13	\$ 34,229.79
Public	Rates		\$ 8,2525	\$ 7,8138	\$ 4,8928				
5/8"	\$ 6.50	91.00	132.04	-	-	132.04	223.04		
3/4"	\$ 6.50	78.00	363.11	-	-	363.11	441.11		
1"	\$ 6.50	156.00	709.72	-	-	709.72	865.72		
1 1/2"	\$ 10.00	-	-	-	-	-	-		
2"	\$ 15.00	360.00	5,463.16	-	-	5,463.16	5,823.16		
3"	\$ 20.00	240.00	1,303.90	-	-	1,303.90	1,543.90		
4"	\$ 25.00	-	-	-	-	-	-		
6"	\$ 30.00	-	-	-	-	-	-		
10"	\$ 40.00	-	-	-	-	-	-		
		925.00	\$ 7,971.93	\$ -	\$ -	\$ 7,971.93	\$ 8,896.93	\$ 7,153.69	\$ 1,743.24
Industrial	Rates		\$ 8,2525	\$ 7,8138	\$ 4,8928				
5/8"	\$ 6.50	-	-	-	-	-	-		
3/4"	\$ 6.50	-	-	-	-	-	-		
1"	\$ 6.50	-	-	-	-	-	-		
1 1/2"	\$ 10.00	-	-	-	-	-	-		
2"	\$ 15.00	180.00	1,485.45	-	-	1,485.45	1,665.45		
3"	\$ 20.00	-	-	-	-	-	-		
4"	\$ 25.00	-	-	-	-	-	-		
6"	\$ 30.00	-	-	-	-	-	-		
10"	\$ 40.00	-	-	-	-	-	-		
		180.00	\$ 1,485.45	\$ -	\$ -	\$ 1,485.45	\$ 1,665.45	\$ 1,323.37	\$ 342.08
Lg Industrial	Rates		\$ 8,2525	\$ 7,8138	\$ 3,4163				
5/8"	\$ 6.50	-	-	-	-	-	-		
3/4"	\$ 6.50	-	-	-	-	-	-		
1"	\$ 6.50	-	-	-	-	-	-		
1 1/2"	\$ 10.00	-	-	-	-	-	-		
2"	\$ 15.00	-	-	-	-	-	-		
3"	\$ 20.00	-	-	-	-	-	-		
4"	\$ 25.00	600.00	19,806.00	40,631.76	65,217.17	125,654.93	126,254.93		
6"	\$ 30.00	720.00	9,903.00	37,506.24	5,127.87	52,537.11	53,257.11		
10"	\$ 40.00	480.00	9,903.00	37,506.24	234,833.05	282,242.29	282,722.29		
		\$ 1,800.00	\$ 39,612.00	\$ 115,644.24	\$ 305,178.09	\$ 460,434.33	\$ 462,234.33	\$ 352,139.45	\$ 110,094.88
Totals									
5/8"	\$ 75,601.50	\$ 329,365.53	\$ -	\$ -	\$ 329,365.53	\$ 404,967.03			
3/4"	1,696.50	8,830.18	-	-	8,830.18	10,526.68			
1"	1,703.00	17,363.24	5,469.69	-	22,832.93	24,535.93			
1 1/2"	1,560.00	19,156.76	1,372.67	-	20,529.43	22,089.43			
2"	5,040.00	57,544.42	29,117.03	2,679.65	89,341.10	94,381.10			
3"	240.00	1,303.90	-	-	1,303.90	1,543.90			
4"	1,200.00	24,386.10	53,133.81	74,655.42	152,175.33	153,375.33			
6"	720.00	9,903.00	37,506.24	5,127.87	52,537.11	53,257.11			
10"	480.00	9,903.00	37,506.24	234,833.05	282,242.29	282,722.29			
Totals CC & Usage	\$ 88,241.00	\$ 477,756.13	\$ 164,105.68	\$ 317,295.99	\$ 959,157.80	\$ 1,047,398.80	\$ 831,303.68	\$ 216,095.12	
FP-Pub Hyd	\$ 22.10	\$ 28,752.10				\$ 28,752.10	\$ 28,752.10	\$ -	
FP-Priv Hyd	\$ 55.55	63,104.80				48,245.92	14,858.88	14,858.88	
		\$ 91,856.90	\$ -	\$ -	\$ -	\$ 91,856.90	\$ 76,998.02	\$ 14,858.88	
Total Revenue From Rates	\$ 180,097.90	\$ 477,756.13	\$ 164,105.68	\$ 317,295.99	\$ 959,157.80	\$ 1,139,255.70	\$ 908,301.70	\$ 230,954.00	
						\$ 1,139,268.00	\$ 908,302.00	\$ 230,966.00	
						\$ (12.30)	\$ (0.30)	\$ (12.00)	

APPENDIX C

APPENDIX C

**Borough Of Schuylkill Haven - Water Department
Joint Proposal - Jurisdictional Settlement Rate Design**

Jurisdictional As-Filed Rate Case Revenue From Rates

Current Revenues	Proposed Increase	Proposed % Increase	Proposed Revenues
\$ 908,302	\$ 283,079	31.1657%	\$ 1,191,381

Jurisdictional Settlement Rate Case Revenue From Rates

\$ 908,302	\$ 230,966	25.4283%	\$ 1,139,268
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Ratio of Settlement To As-Filed Revenues

Jurisdictional Settlement Proof Of Revenue From Rates

\$ 908,302	\$ 230,954	25.4270%	\$ 1,139,256
Over/(Under)	\$ (12)		\$ (12)

Typical 5/8" Residential Bill For Customer using 3,000 Gallons Per Month

	Current Rates	Increase Over Current Rates	As-Filed Proposed Rates	Increase Over Current Rates	Joint Settlement Rates
5/8" Meter Charge	\$ 5.50	\$ 1.00	\$ 6.50	\$ 1.00	\$ 6.50
Usage Rate	\$ 6.7854	\$ 2.1146	\$ 8.9000	\$ 1.4671	\$ 8.2525
Meter Charge	\$ 5.50	\$ 1.00	\$ 6.50	\$ 1.00	\$ 6.50
Usage Charge	20.36	6.34	26.70	4.40	24.76
Total Charge	<u>\$ 25.86</u>	<u>\$ 7.34</u>	<u>\$ 33.20</u>	<u>\$ 5.40</u>	<u>\$ 31.26</u>
% Increase Over Current Rates		<u>28.38%</u>		<u>20.88%</u>	

Appendix C

BOROUGH OF SCHUYLKILL HAVEN - WATER DEPARTMENT
Joint Proposal - Summary of Current, As-Filed and Settlement Rates

	Current Rates	As-Filed		Settlement	
		% Increase	Proposed Rates	% Increase	Proposed Rates
<u>Customer Charge</u>					
<u>Meter Size</u>					
5/8"	\$ 5.50	18.18%	\$ 6.50	18.18%	\$ 6.50
3/4"	\$ 5.50	18.18%	\$ 6.50	18.18%	\$ 6.50
1"	\$ 5.50	18.18%	\$ 6.50	18.18%	\$ 6.50
1 1/2"	\$ 7.00	42.86%	\$ 10.00	42.86%	\$ 10.00
2"	\$ 8.50	76.47%	\$ 15.00	76.47%	\$ 15.00
3"	\$ 10.00	100.00%	\$ 20.00	100.00%	\$ 20.00
4"	\$ 11.50	117.39%	\$ 25.00	117.39%	\$ 25.00
6"	\$ 14.49	107.04%	\$ 30.00	107.04%	\$ 30.00
8"	\$ 15.99	118.89%	\$ 35.00	118.89%	\$ 35.00
10"	\$ 15.99	150.16%	\$ 40.00	150.16%	\$ 40.00
12"	\$ 15.99	181.43%	\$ 45.00	181.43%	\$ 45.00
<u>Volumetric Rates Per 1,000 Gallons:</u>					
<u>Residential</u>					
All Volumes	\$ 6.7854	31.16%	\$ 8.9000	21.62%	\$ 8.2525
<u>Commercial, Industrial, and Public</u>					
First 33,333	\$ 6.7854	31.16%	\$ 8.9000	21.62%	\$ 8.2525
Next 133,333	\$ 6.1280	30.55%	\$ 8.0000	27.51%	\$ 7.8138
Over 166,666	\$ 3.9225	27.47%	\$ 5.0000	24.74%	\$ 4.8928
<u>Large Industrial rate</u>					
First 100,000	\$ 6.7854	31.16%	\$ 8.9000	21.62%	\$ 8.2525
Next 400,000	\$ 6.1280	30.55%	\$ 8.0000	27.51%	\$ 7.8138
Over 500,000	\$ 2.5530	37.68%	\$ 3.5150	33.82%	\$ 3.4163
<u>Fire Protection</u>					
Public Fire Protection	\$ 22.10	0.00%	\$ 22.10	0.00%	\$ 22.10
Private Fire Protection	\$ 42.47	34.21%	\$ 57.00	30.80%	\$ 55.55

APPENDIX D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:		
	:		
	:	Docket No.	R-2015-2470184
	:		C-2015-2476077
	:		C-2015-2480397
v.	:		C-2015-2475347
	:		C-2015-2477011
BOROUGH OF SCHUYLKILL HAVEN WATER DEPARTMENT	:		

**STATEMENT OF THE BOROUGH OF SCHUYLKILL HAVEN IN SUPPORT OF THE
JOINT PETITION FOR FULL SETTLEMENT OF RATE INVESTIGATION**

TO THE HONORABLE ELIZABETH BARNES, ADMINISTRATIVE LAW JUDGE

The Borough of Schuylkill Haven (“Borough”) hereby files this Statement in Support of the Joint Petition for Full Settlement of Rate Investigation (“Joint Petition”). The Settlement reflected in the Joint Petition provides for an appropriate level of jurisdictional revenues to allow the Borough to recover the cost of operating its Water System, it provides for an appropriate rate design, and it provides for appropriate additional conditions that were unanimously supported by all stakeholders who participated in this proceeding. The Settlement is in the best interests of the Borough and its customers, and therefore it is in the public interest for the Settlement to be approved by the Pennsylvania Public Utility Commission (“Commission”). As such, the Borough respectfully requests that the Settlement be expeditiously approved by the presiding Administrative Law Judge and the Commission, for the reasons set forth below and in the Joint Petition.

On March 3, 2015 the Borough filed Supplement No. 43 to Tariff Water-Pa. P.U.C. No. 3, to become effective May 4, 2015, containing proposed changes in rates calculated to produce \$283,079 in additional jurisdictional revenues, based upon the level of operations for a pro forma future test year ending September 30, 2015. Prior to the current request for a general rate increase, the last time the Borough filed a request for a general rate increase was in 2002. The filing of Supplement No. 43 was required in order to recover increases in operating expenses since the Borough's last rate case and to include in rates facilities that are currently used in providing water service to the Borough's jurisdictional customers but not reflected in current rates.

The Settlement provides for an increase in jurisdictional operating revenue from the sale of water of \$230,966 (approximately 25.42% over current rates), in lieu of the \$283,079 increase (approximately 31.16% over current rates) proposed by the Borough in its initial filing. A comparison of an average monthly water bill of residential customer consuming 3000 gallons of water under current rates, the rates initially proposed by the Borough, and under the Settlement Rates is shown below:

CURRENT RATES	PROPOSED RATES	SETTLEMENT RATES
\$25.86	\$33.20	\$31.26

The additional jurisdictional revenue that the Borough would receive under the Settlement is less than initially requested, but will still provide the Borough with adequate jurisdictional revenues to cover its expenses associated with providing water service to its jurisdictional customers. The rate increase reflected the Settlement will restore the Borough's

net operating income from sales of water to an appropriate level to recover the Borough's increased investment in water plant since its last rate increase. The Borough also respectfully submits that the average monthly water bills for residential customers under the Settlement rates will compare very favorably to the average monthly water bills for residential customers served by other water authorities and utilities in the vicinity of the Borough.

In addition to providing for an appropriate amount of jurisdictional revenue to allow the Borough to provide safe, reliable and adequate water service to its jurisdictional customers, the Settlement provides for reasonable conditions that were agreed upon by the parties who participated in the proceeding. The Settlement includes a 12-month "stay-out" provision, during which time the Borough will not file a general water base rate case under Section 1308(d) of the Public Utility Code. The Settlement also includes commitments by the Borough to create and maintain a complaint log, to conduct testing of meters that are one-inch or larger in accordance with a schedule, to provide additional information about pressure reduction valves on its website, and to address concerns raised by the Borough of Cressona and North Manheim Township regarding the installation of public fire hydrants and about communication with jurisdictional customers. The Borough submits that all of the aforementioned conditions are reasonable and in the public interest.

Resolution of this rate investigation by settlement rather than by full litigation will avoid substantial expense and time associated with full litigation, which will directly benefit ratepayers. The Settlement also avoids the uncertainty inherent in litigation, which serves the interests of all parties to the proceeding. The Settlement is fair, just, reasonable, nondiscriminatory, and lawful, in that it allows the Borough to recover the full amount of operating expenses that the Borough incurs for operating the water system and to include in rates

all facilities that are currently used and useful in providing safe, reliable and adequate water service to the Borough's jurisdictional customers. The Settlement also provides for a rate design that fairly and reasonably implements the agreed-upon rate increase and that reflects no increase in public fire protection rates. For these reasons, the Borough respectfully requests that the Presiding Administrative Law Judge and the Commission approve the Joint Petition without modification.

Respectfully submitted,

BOROUGH OF SCHUYLKILL HAVEN

By: _____



Michael Gruin

Stevens & Lee, P.C.

17 North Second Street, 16th Floor

Harrisburg, PA 17101

Tel: (717) 255-7365

Counsel for the Borough of Schuylkill Haven

Date: August 25, 2015

APPENDIX E

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**BOROUGH OF SCHUYLKILL
HAVEN WATER DEPARTMENT**

:
:
:
:
:
:
:
:

**DOCKET NO.
R-2015-2470184**

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor, Phillip C. Kirchner, hereby respectfully submit that the terms and conditions of the foregoing *Joint Petition For Settlement Of Rate Investigation* (“Joint Petition” or “Settlement Agreement”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of the Borough of Schuylkill Haven Water Department (“Borough”) and its customers. The parties to this Settlement Agreement have conducted extensive Formal and Informal

Discovery and have participated in numerous Settlement Conferences. The extensive discussions and sharing of information has culminated in the submission of the attached Settlement Agreement. The request for approval of the *Joint Petition For Settlement Of Rate Investigation* is based on the I&E conclusion that the Settlement Agreement meets all the legal and regulatory standards necessary for approval. “The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest.”¹ The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”² The Settlement Agreement in the instant proceeding protects the public interest in that a comparison of the original filing submitted by the Company and the negotiated agreement reflects the compromises throughout the Joint Petition.

The Bureau of Investigation and Enforcement maintains that the terms and conditions of the Joint Petition are in the public interest. In support of this position, I&E respectfully submits the following:

I. INTRODUCTION

1. On March 3, 2015, the Borough filed Supplement No. 43 to Tariff Water-Pa. P.U.C. No. 3 to become effective May 4, 2015. This supplement contained proposed changes to rates, rules and regulations intended to produce approximately \$283,000 in additional revenues from consumers outside the limits of the Borough of Schuylkill Haven. This is approximately a 31% increase to current rates.

¹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

² *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

2. This filing was suspended by law effective May 4, 2015 by the Pa. Public Utility Commission in order to determine if the proposed modifications are just, reasonable, lawful, and in accordance with the public interest.

3. The Commission assigned the Company's filing to the Office of Administrative Law Judge ("OALJ") for the development of an evidentiary record culminating in a Recommended Decision ("RD"). The OALJ subsequently assigned the suspended proceeding to Administrative Law Judge Elizabeth H. Barnes for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company's Rate increase request.

4. Pursuant to its charge to represent the public interest in matters impacting rates, I&E filed its initial Notice of Appearance in this matter. In addition to I&E, appearances were entered by Office of Consumer Advocate ("OCA"), SAPA Extrusions ("SAPA"), along with North Manheim and Cressona Townships ("Townships").

II. DISCUSSION

5. In accordance with the Commission's policy at 52 Pa. Code §5.231 that encourages settlements over costly and time consuming litigation, I&E, OCA, SAPA the Borough and Townships ("Joint Petitioners") were successful in achieving a Settlement Agreement of all issues through comprehensive Discovery and several Settlement Conferences.

6. The Settlement Agreement provides for a jurisdictional revenue increase of \$230,966. The additional revenue in this proceeding is base rate revenue and has been

agreed to in the context of a “Black Box” settlement with limited exceptions. A “Black Box” agreement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. A “Black Box” settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. I&E maintains that an agreement as to the resolution of each and every disputed issue in this proceeding between all the parties would have been highly unlikely. The involvement of the ALJ would have added time and expense to a proceeding that is already burdensome. Avoiding this necessity will benefit ratepayers by keeping the expenses associated with this filing at a reasonable level. Former Chairman of the Commission Powelson has commented on “Black Box” settlements in his statement that the “[d]etermination of a company’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company’s cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.”³

This increased level of “Black Box” revenue adequately balances the interests of ratepayers and the Company. The Borough shall receive sufficient operating funds in order

³ See, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662. See also, Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens’ Electric Company of Lewisburg, PA*, Docket No. R-2010-2172665.

to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the initial proposal. The negotiated compromise represents approximately 80% of the filed request. Mitigation of the level of the rate increase benefits ratepayers and results in rates that satisfy the regulatory standard. As such, this element supports the standard for approval of a settlement as the resulting rates are just and reasonable and in accordance with the Public Utility Code and all pertinent case law.

8. The Settlement Agreement provides that the Customer Charges in the Company's proposed tariff will be modified to reflect the mitigated level of the overall increase. The customer charges outlined in the bill impact statement provided by the company reflect the jointly agreed upon figures. It is important to allow the utility to recover the fixed portion of providing service through the implementation of the proper Customer Charge. This charge provides the Company with a steady, predictable level of income which will allow for the proper maintenance and upkeep of the system. Establishing the proper levels protects ratepayers by ensuring that the Company is not being overcompensated. Moderating the requested increase in this proceeding also benefits ratepayers as it allows them to reap a greater portion of the benefit of conservation. Shifting costs to the volumetric portion of a customer's bill allows for the immediate realization of the benefit of conserving usage. Designing rates to allow customers to have greater control of their water bills is in the public interest. The mitigated level of Customer Charge demonstrates a compromise of the interests of the parties. As such, this provision is in the public interest.

9. The Company also agrees that it will not file a base rate case, as defined in 66 Pa. C.S. §1308, for at least one year from the effective date of the rates being approved in this case. This provision, however, may be circumvented if necessary due to drastic changes in regulatory or federal policies that may impact the Company.

This “stay-out” provision will benefit ratepayers by providing a level of stability in their rates, which is a benefit to all impacted parties. The Borough can make operational plans based on certain rates while customers can budget their activities knowing that the cost of their services will not fluctuate until years in the future.

10. Furthermore, the Joint Petition for Settlement provides that the Borough will maintain a complaint log to monitor and consolidate all complaints and issues in a single location, which will be useful to the advocates and regulatory agencies in future matters.

11. This settlement will further ensure that meter testing is standardized and appropriately frequent throughout the Borough’s service area and also that information regarding pressure valves and regulators will be promulgated to consumers and contractors in the service territory

12. The remaining issues raised in the I&E Prehearing Memo have been satisfactorily resolved through Discovery and discussions with the Borough and are incorporated into the “Black Box” resolution of the revenue requirement in this proceeding. The very nature of a settlement agreement incorporates compromise on the part of all parties. This particular Settlement Agreement exemplifies this principle. In addition, a

“Black Box” settlement makes the specific identification of the resolution of disputed issues impossible. Each signatory acknowledges the ultimate revenue allowance but makes no representation as to how this addition to base rate revenue was achieved. Because of the characteristics of “Black Box” settlements, no representation of the resolution of any issue not specifically identified is possible in future proceedings.

III. CONCLUSION

13. Based on I&E’s analysis of the base rate revenue increase requested by United, acceptance of this proposed Joint Petition is in the public interest. Resolution of these provisions by settlement rather than continued litigation will avoid the additional time and expense involved in formally pursuing all issues in this proceeding. Pursuing litigation through to its conclusion would have driven expenses even higher which may have impacted the agreed upon increase in revenue. As litigation of this rate case is a recoverable expense, curtailment of these charges is in the public interest.

14. I&E further submits that acceptance of the foregoing Settlement Agreement will negate the need to engage in additional litigation including the preparation of multiple levels of testimony as well as Main Briefs, Reply Briefs, Exceptions and Reply Exception. The avoidance of further rate case expense by settlement of these provisions in this Base Rate Investigation proceeding best serves the interests of the Company and its customers.

15. The Settlement Agreement is conditioned upon the Commission’s approval of all terms and conditions contained therein and should the Commission fail to grant

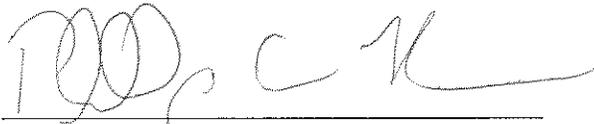
such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by I&E, or any of the signatories.

16. I&E agrees to settle the disputed issue as to the proper level of additional base rate revenue through a “Black Box” agreement with limited exceptions. I&E’s agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

17. If the ALJ recommends that the Commission adopt the Settlement Agreement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the Settlement Agreement, or any additional matters, that may be proposed by the ALJ in her Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any active party to this proceeding.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the *Joint Petition For Settlement Of Rate Investigation* as being in the public interest and respectfully requests that Administrative Law Judge Elizabeth H. Barnes recommend, and the Commission subsequently approve, the foregoing Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. C. Kirchner", written over a horizontal line.

Phillip C. Kirchner – Attorney ID# 313870
Prosecutor
Bureau of Investigation and Enforcement

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 783-6151

Dated: August 20, 2015

APPENDIX F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
	:	Docket No. R-2015-2470184
	:	C-2015-2476077
	:	C-2015-2480397
v.	:	C-2015-2475347
	:	C-2015-2477011
BOROUGH OF SCHUYLKILL HAVEN WATER DEPARTMENT	:	

**STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF
JOINT PETITION FOR FULL SETTLEMENT OF RATE INVESTIGATION**

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Full Settlement of Rate Investigation (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

The Borough of Schuylkill Haven Water Department (Schuylkill Haven or the Borough) provides water service to approximately 3,221 residential, commercial, industrial, public and private fire protection customers in the Borough of Schuylkill Haven, the Borough of Cressona, and North Manheim Township in Schuylkill County. On March 3, 2015, the Borough filed Supplement No. 43 to Tariff Water – Pa. P.U.C. No. 3 with the Pennsylvania Public Utility Commission (Commission), to become effective May 4, 2015. In its filing, Schuylkill Haven requested an annual increase in base rate revenues of \$283,079 per year from outside-Borough customers, or an approximate 31.17% increase. Under the Company’s filing, a typical outside-

Borough, residential customer, using 3,000 gallons of water per month, would see a total increase from \$25.86 to \$33.20 per month, or 28.4%.

On April 9, 2015, the OCA filed a Formal Complaint and Public Statement. The Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on April 7, 2015. North Manheim Township, the Borough of Cressona, and Sapa Extrusions, Inc. also filed Formal Complaints against the proposed rate increase on April 3, 2015, April 15, 2015, and May 5, 2015, respectively.

By Order entered April 23, 2015, the Commission initiated an investigation into the lawfulness, justness and reasonableness of the proposed rate increase and suspended the effective date of Tariff Water – Pa. P.U.C. No. 3 until December 4, 2015, by operation of law. The Commission assigned the case to Administrative Law Judge Elizabeth H. Barnes (ALJ Barnes).

ALJ Barnes conducted a Prehearing Conference on May 14, 2015, at which time a procedural schedule was established. Pursuant to the procedural schedule, on May 22, 2015, the Borough served the Direct Testimony of Dennis M. Kalbarczyk of Utility Rate Resources.

The parties engaged in a number of settlement discussions during the course of the proceeding. During settlement discussions, the parties jointly requested several modifications to the procedural schedule, which were granted by ALJ Barnes. As a result of the settlement discussions and meetings, the parties were able to agree to resolve all issues, resulting in the comprehensive settlement terms and conditions set forth herein. As discussed below, the OCA submits that the Settlement is in the public interest and should be adopted.

II. REVENUES

The proposed Settlement provides for an overall annual revenue increase for outside-Borough customers of \$230,966, or 25.43%. See Settlement ¶ 21; see also Appendix A. Under

the proposed Settlement, a typical residential customer using 3,000 gallons of water per month would see an increase from \$25.86 to \$31.26, or approximately 21%. See Settlement ¶ 24.

Based on the OCA's analysis of the Borough's filing, the proposed increase under the Settlement represents an amount which, in the OCA's view, would be within the range of the likely outcomes in the event of full litigation of the case.

III. STAY-OUT PROVISION

Under the proposed Settlement, the Borough cannot file for another general rate increase prior to twelve (12) months after the new rates go into effect. Settlement ¶ 21(b). If the Borough files as soon as the stay out expires and if the next case is fully litigated, then the current rates would be in effect for approximately 21 months. Thus, the stay out will provide for rate stability for the Borough's customers residing outside the Borough.

IV. OTHER PROVISIONS

- **Customer Complaint Log**

Under the terms of the proposed Settlement, the Borough will create and maintain a complaint log to record all complaints from jurisdictional customers, which shall include, at a minimum, the date of contact, issue(s) in question, and steps taken, if necessary, to resolve the issue(s). Settlement ¶ 21(c). The OCA submits that it is essential for the Borough to maintain a record of customer complaints to monitor safety and quality issues and ensure adequate resolutions of those issues. This Settlement provision is also consistent with the Commission's regulations, which require public utilities to preserve written service complaints. See 52 Pa. Code § 65.3(b). Thus, this provision is in the public interest.

- **Meter Testing**

The Settlement also requires the Borough to test all jurisdictional meters that are 1 inch or larger at least every 8 years. Settlement ¶ 21(d). This Settlement provision is consistent with

the Commission's regulations governing meters. See 52 Pa. Code § 65.8. For meters that are larger than one inch in size and have not been tested or installed in the last eight years, the Borough will begin testing of those meters no later than December 1, 2015 and will conclude such testing by April 1, 2016. Settlement ¶ 21(d). This provision is in the public interest, as it will help to ensure compliance with the Commission's regulations and, in doing so, will facilitate accurate meter readings and help to prevent overcharges.

- **Pressure Valves**

Additionally, the Borough will update its website with a section explaining the recommended specifications for pressure valves as being "working pressure rated for 300 psi that can reduce pressures down to a minimum of 40 psi." Settlement ¶ 21(e). The information will also be included in the written building code materials that are provided to contractors. Id. The OCA submits that this provision is also in the public interest, as it will help to ensure that contractors are made aware of the recommended specifications regarding pressure valves and, in doing so, will ensure that the Borough's water customers are receiving adequate water pressure.

- **Public Fire Hydrant Installation in Cressona and North Manheim Townships**

The Settlement also establishes terms for the installation of public fire hydrants in Cressona and North Manheim Townships. See Settlement at ¶ 21(f). Specifically, if in the Borough's judgment the installation of a new public fire hydrant is appropriate in Cressona or North Manheim Township, the Borough agrees to inform Cressona/North Manheim Township in writing as such and provide a brief explanation of the engineering and public safety basis for the Borough's determination. Id. Cressona/North Manheim Township will have the opportunity to provide a written consent or objection to the installation of the hydrant as proposed within 45 days. Id. Any objections to a proposed installation must be reasonable in nature and specifically address the engineering and public safety issues referenced by the Borough. Id. Under the terms

of the Settlement, if Cressona/North Manheim Township acknowledges its consent to the installation in writing, the Borough would proceed with the installation, and Cressona/North Manheim Township will be responsible for payment of the Borough's tariffed public fire hydrant rate, beginning on the date when the public hydrant is placed into service. Id. This provision will help to facilitate open communication between the Borough and customers of Cressona/North Manheim Townships. In addition, this provision will help to ensure that any engineering or public safety issues regarding the installation of fire hydrants in those municipalities are brought to the Borough's attention and properly considered prior to the installation of any new hydrants. Thus, the OCA submits that this provision is in the public interest.

- **Cressona and North Manheim Townships Customer Contacts**

The Settlement specifically provides that the Borough's customers from Cressona and North Manheim Township will continue to be able to contact the Borough's Water Department directly with any questions or concerns about the Borough's water service, via telephone, mail, or in-person. Settlement at ¶ 21(g). Additionally, the Borough will implement a web-based portal for the submission of customer comments or concerns. Id. Furthermore, the Settlement provides that the Borough will hold one public forum per year, during which Cressona and North Manheim Township residents can ask questions or submit comments regarding the Water System. Id. This provision of the Settlement will also enable better communication between the Borough and customers of Cressona/North Manheim Townships. Further, this Settlement provision provides those customers with additional means of contacting the Borough's Water Department with questions or concerns. Thus, the OCA submits that this provision is in the public interest.

- **Consumer Confidence Reports**

The Settlement also specifically provides that the Borough will continue its practice of uploading Consumer Confidence Reports (CCRs) to its website, and will notify customers when new reports are uploaded via customer bill messaging. Settlement at ¶ 21(h). The Borough will maintain the current year report and prior two years on its website. *Id.* Additionally, the Borough will provide Cressona and North Manheim with a paper copy of the CCRs. *Id.* This provision is in the public interest, as it helps to ensure that consumers have continued access to important information about the quality of their water.

- **Notice of Rate Case Filing**

Under the terms of the Settlement, the Borough will also provide notice of its next jurisdictional rate case filing to all parties to this case thirty days prior to the filing of the rate case and will include all the parties on its service list for said filing. Settlement at ¶ 21(i). Finally, if the Borough holds a pre-rate case filing meeting with any party in advance of the filing of its next rate case, the Borough will extend an invitation to all current parties in this proceeding to attend and participate in such meeting. Settlement at ¶ 21(j). These provisions are in the public interest, as interested parties will have advanced notice of the Borough's next jurisdictional rate case filing.

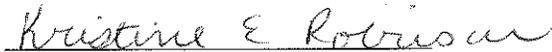
V. CONCLUSION

The terms and conditions of the proposed Settlement of this rate proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement would provide for an increase of approximately \$230,966 from outside-Borough customers in annual revenues. This amount is reduced from the \$283,079 annual increase from outside-Borough customers proposed in the Borough's filing. In addition, the ratepayers will benefit from the stay-out and other provisions addressing ratemaking issues.

Finally, the Commission and all parties would benefit from the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the public interest.

Respectfully Submitted,



Kristine E. Robinson
Assistant Consumer Advocate
PA Attorney I.D. # 316479
E-mail: KRobinson@paoca.org

Christine Maloni Hoover
Senior Assistant Consumer Advocate
PA Attorney I.D. # 50026
E-mail: CHoover@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
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Phone: (717) 783-5048
Fax: (717) 783-7152

August 25, 2015

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APPENDIX G

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY	:	
COMMISSION	:	
	:	Docket No. R-2015-2470184
	:	C-2015-2476077
	:	C-2015-2480397
v.	:	C-2015-2475347
	:	C-2015-2477011
BOROUGH OF SCHUYLKILL HAVEN	:	
WATER DEPARTMENT	:	

**STATEMENT OF SAPA EXTRUSIONS, INC.
IN SUPPORT OF SETTLEMENT**

Sapa Extrusions, Inc. ("Sapa") by and through its counsel, submits that the Joint Petition for Complete Settlement ("Joint Petition" or "Settlement"), filed in the above-captioned proceeding with the Pennsylvania Public Utility Commission ("PUC" or "Commission"), reflects a settlement with respect to all issues in this proceeding. As a result of settlement discussions, Sapa, the Borough of Schuylkill Haven ("Borough"), the Bureau of Investigation & Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Borough of Cressona ("Cressona") and North Manheim Township ("North Manheim") (collectively, "Parties" or "Joint Petitioners") have agreed upon the terms embodied in the Joint Petition filed with the Commission on August 25, 2015. Sapa offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

I. BACKGROUND

1. On March 3, 2015, the Borough filed Supplement No. 43 to Tariff Water-Pa. P.U.C. No. 3, to become effective May 4, 2015, containing proposed changes in rates, rules and

regulations calculated to produce \$283,079 in additional jurisdictional revenues, based upon the level of operations for a pro forma future test year ending September 30, 2015.

2. Sapa filed a Complaint against the rate increase docketed at C-2015-2480397. The OCA, North Manheim, and Cressona also filed Complaints against the rate increase. In addition, I&E filed a Notice of Intervention in this matter.

3. By Order entered April 23, 2015, the Commission suspended the implementation of Tariff Supplement No. 43 until December 4, 2015, and instituted an investigation to determine the lawfulness, justness, and reasonableness of the Borough's proposed rates, rules and regulations.

4. On May 14, 2015, a Prehearing Conference was conducted by Administrative Law Judge ("ALJ") Elizabeth H. Barnes. In advance of the Prehearing Conference, each party submitted Prehearing Conference Memoranda. ALJ Barnes presided over the Prehearing Conference and approved a schedule for testimony, evidentiary hearings, and briefing.

5. On May 22, 2015, in accordance with the procedural schedule, the Borough served the Direct Testimony of Dennis M. Kalbarczyk.

6. Following submission of the Borough's Direct Testimony, parties engaged in settlement negotiations.

7. Following extensive negotiations, parties reached a comprehensive settlement.

8. On July 10, 2015, the parties notified ALJ Barnes that a full and unanimous settlement had been reached.

II. STATEMENT IN SUPPORT

6. The Commission has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's Policy, the Joint Petitioners engaged in several negotiations to resolve the issues raised by various parties. These ongoing discussions produced the foregoing Settlement.

7. The Joint Petitioners agree that approval of the proposed Settlement is overwhelmingly in the best interest of the parties involved.

8. The Joint Petition is in the public interest for the following reasons:

- a. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.
- b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Joint Petition.
- c. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

9. In addition, the Joint Petition reasonably addresses matters of interest to Sapa by: (1) reducing the revenue requirement proposed by the Borough from the original \$283,079 proposed rate increase to a more reasonable \$230,966 rate increase; (2) preserving a rate allocation reflecting principles of gradualism, particularly for the Borough's Large Industrial rates; and (3) ensuring that Sapa receives 30 days notice of any subsequent rate increase proposed by the Borough. Accordingly, Sapa supports the Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the ALJ or the

Commission, Sapa will resume its litigation position, which differs from the terms of the Joint Petition.

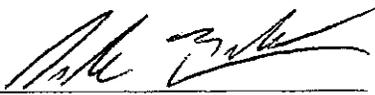
11. Sapa submits that the Settlement is in the public interest and adheres to the Commission policies promoting negotiated settlements. The Settlement was achieved after numerous settlement discussions. While Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the parties, and the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further current litigation of a number of major issues in this proceeding. *See* 52 Pa. Code § 69.391.

III. CONCLUSION

WHEREFORE, Sapa Extrusions, Inc. respectfully requests that the Pennsylvania Public Utility Commission approve the Joint Petition for Complete Settlement submitted in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

James P. Dougherty (Pa. I.D. No. 59454)
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Counsel to Sapa Extrusions, Inc.

Dated: August 25, 2015

APPENDIX H

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et</i>	:	
<i>al.</i>	:	
	:	Docket No. R-2015-2470184, <i>et al.</i>
v.	:	
	:	
Borough of Schuylkill Haven Water	:	
Department	:	

**STATEMENT OF THE BOROUGH OF CRESSONA IN SUPPORT OF JOINT
PETITION FOR FULL SETTLEMENT OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

AND NOW, comes the Borough of Cressona (“Cressona”), by its attorneys, and submits the following statement in support of the Joint Petition for Full Settlement of Rate Investigation (“Joint Petition”) submitted to the Public Utility Commission (“Commission”) by the Borough of Schuylkill Haven Water Department (“Schuylkill Haven”), the Public Utility Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, Cressona, North Manheim Township and SAPA Extrusions, Inc. (collectively the “Settling Parties”).

Introduction

1. This proceeding concerns Supplement No. 43 to Schuylkill Haven’s Tariff Water Pa. P.U.C. No. 3, which proposes to increase rates that Schuylkill Haven charges customers outside the limits of the Borough of Schuylkill Haven in the Borough of Cressona and North Manheim Township.

2. Schuylkill Haven provides public water service to 704 Cressona residents and 35 Cressona commercial establishments. Cressona is a public fire protection service customer of

Schuylkill Haven and a commercial customer of Schuylkill Haven at the Cressona Borough Hall.

3. Through Supplement No. 43, Schuylkill Haven proposes to increase the annual water service rates for “jurisdictional” service by \$283,070. The Joint Petition reduces the proposed annual increase to \$230,966.

4. Cressona participated in the proceeding out of concern with the amount of the proposed rate increase. It also expressed concern with the limited ability of Cressona residents to address matters of water service with Schuylkill Haven Borough Council and the fire hydrant installation practices of Schuylkill Haven outside the Schuylkill Haven Borough limits.

5. The Settling Parties have agreed that this rate proceeding can be settled without further litigation under the terms set forth in the Joint Petition.

The Settlement is Consistent with Commission Regulations and In The Public Interest

6. It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements.¹ Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative hearing resources.²

¹ 52 Pa. Code § 5.231(a). The Commission, moreover, has stated that the results achieved from a negotiated settlement or stipulation in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

² See *Pa. P.U.C. v. Imperial Point Water Service Company*, Docket No. R-2012-2315536, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated June 25, 2013, mimeo at 11; *Pa. P.U.C. v. The Newtown Artesian Water Company*, Docket No. R-2011-2230259, Recommended Decision of Administrative Law Judge Elizabeth H. Barnes dated September 20, 2011 (“*Recommended Decision of ALJ Barnes*”), mimeo at 9; *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Conrad A. Johnson dated January 11, 2011, mimeo at 12; *Pa. P.U.C. v. Lake Spangenberg Water Company*, Docket No. R-2009-2115743, Recommended Decision of Administrative Law Judge Ember S. Jandebeur dated March 2, 2010, mimeo at 11; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated February 16, 2010, mimeo at 5.

7. The Joint Petition proposes a settled resolution of all issues in the rate proceeding. The benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest.³

8. Cressona submits that the proposed comprehensive resolution of this proceeding, negotiated by the Joint Petitioners, is in the public interest and consistent with the requirements of the Public Utility Code and established Commission policy. Several settlement terms of special significance to Cressona are addressed hereinafter.

The Settlement Increase

9. The amount of the proposed rate increase to Cressona residents is a significant concern to Cressona. The Settling Parties have negotiated a substantial reduction in the rate request as part of the comprehensive resolution of this proceeding from the as-filed for annual increase of \$283,079 to the settlement annual increase of 230,966. In the context of a multi-part settlement package that includes, *inter alia*, the creation of a complaint log, an annual public forum, a procedure for fire hydrant installation and a rate case filing “stay-out,” Cressona supports the proposed settlement increase.

The Complaint Log

10. The Joint Petition requires Schuylkill Haven to create and maintain a complaint log to record all complaints from Cressona (and other jurisdictional) customers. It is important that this log be created and maintained to facilitate review of water quality and water service issues in future Schuylkill Haven proceedings. Cressona accepts the settlement term as part of the comprehensive resolution of this proceeding.

³ *Recommended Decision of ALJ Barnes*, mimeo at 9, citing *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996 and *Pa.P.U.C. v. CS Water and Sewer Associates*, 74 Pa. P.U.C.

The Annual Public Forum

11. Because they do not reside in Schuylkill Haven, residents of Cressona are not permitted to address matters of water service at Schuylkill Haven Borough Council meetings. The Joint Petition addresses this matter of limited accessibility by requiring Schuylkill Haven to implement a web-based portal for the submission of comments or concerns via the Borough's website. The Joint Petition also, significantly, requires Schuylkill Haven to hold one public forum per year during which Cressona residents can ask questions or submit comments regarding the Water System. Notice of the forum will be provided to water customers who are Cressona residents and to Cressona. The forum will be attended by representatives of Schuylkill Haven who have responsibility for the water system, including at least one Schuylkill Haven Council Member. Cressona looks forward to a worthwhile annual public forum for its residents with Schuylkill Haven and accepts the settlement term as part of the comprehensive resolution of this proceeding.

Public Fire Hydrant Installation

12. Cressona receives public fire protection service from Schuylkill Haven. Of special concern to Cressona is Schuylkill Haven's practice of installing public hydrants in Cressona without Cressona's direct involvement and then charging Cressona for the additional hydrants. The Joint Petition addresses this concern by creating a process for the installation of fire hydrants in Cressona that requires Schuylkill Haven to provide an explanation of the engineering and public safety basis for a proposed fire hydrant installation. Cressona then has the opportunity to consent or objection to the installation. Cressona looks forward to the implementation of this process for hydrant installation and accepts the settlement term as part of the comprehensive resolution of this proceeding.

The Stay-Out Provision

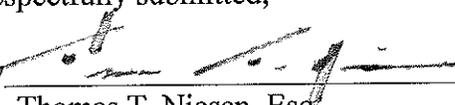
13. The Joint Petition provides for a twelve (12) month rate case stay out. The rate case “stay out” gives Cressona residents a specified level of rate security that would not exist absent the stay out. A rate case “stay out” is often recognized as part of the public’s interest in settlement of a rate proceeding.⁴ Cressona accepts the “stay-out” as part of the comprehensive resolution of this proceeding.

Conclusion

14. The Joint Petition, which arose only after discovery and discussion, is the result of negotiation by and among the Settling Parties. It addresses ratepayer, utility and regulatory concerns avoids the cost and uncertainty of litigation. Cressona submits that the Joint Petition is reasonable and in the public interest and should be approved without modification.

WHEREFORE, the Borough of Cressona presents the foregoing statement in support of the Joint Petition for Full Settlement of Rate Investigation.

Respectfully submitted,

By 

Thomas T. Niesen, Esq.
PA Attorney ID # 31379
THOMAS, NIESEN & THOMAS, LLC
212 Locust Street, Suite 600
Harrisburg, PA 17101

Attorneys for the Borough of Cressona

DATED: August 25, 2015

⁴ See, for example, *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Johnson, *supra*, mimeo at 16 and *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Dunderdale, *supra*, mimeo at 8-9.

APPENDIX I

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
	:	Docket No. R-2015-2470184, <i>et al.</i>
v.	:	
	:	
Borough of Schuylkill Haven Water Department	:	
	:	

**STATEMENT OF NORTH MANHEIM TOWNSHIP IN SUPPORT OF JOINT
PETITION FOR FULL SETTLEMENT OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE ELIZABETH H. BARNES:

AND NOW, comes North Manheim Township (“North Manheim”), by its attorneys, and submits the following statement in support of the Joint Petition for Full Settlement of Rate Investigation (“Joint Petition”) submitted to the Public Utility Commission (“Commission”) by the Borough of Schuylkill Haven Water Department (“Schuylkill Haven”), the Public Utility Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Borough of Cressona, North Manheim and SAPA Extrusions, Inc. (collectively the “Settling Parties”).

Introduction

1. This proceeding concerns Supplement No. 43 to Schuylkill Haven’s Tariff Water Pa. P.U.C. No. 3, which proposes to increase rates that Schuylkill Haven charges customers outside the limits of the Borough of Schuylkill Haven in North Manheim Township and the Borough of Cressona.

2. Schuylkill Haven provides public water service to 180 North Manheim residents and

63 North Manheim commercial establishments. North Manheim is also a public fire protection service customer of Schuylkill Haven.

3. Through Supplement No. 43, Schuylkill Haven proposes to increase the annual water service rates for “jurisdictional” service by \$283,070. The Joint Petition reduces the proposed annual increase to \$230,966.

4. North Manheim participated in the proceeding out of concern with the amount of the proposed rate increase. It also expressed concern with the limited ability of North Manheim residents to address matters of water service with Schuylkill Haven Borough Council and the fire hydrant installation practices of Schuylkill Haven outside the Schuylkill Haven Borough limits.

5. The Settling Parties have agreed that this rate proceeding can be settled without further litigation under the terms set forth in the Joint Petition.

The Settlement is Consistent with Commission Regulations and In The Public Interest

6. It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements.¹ Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative hearing resources.²

¹ 52 Pa. Code § 5.231(a). The Commission, moreover, has stated that the results achieved from a negotiated settlement or stipulation in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

² See *Pa. P.U.C. v. Imperial Point Water Service Company*, Docket No. R-2012-2315536, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated June 25, 2013, mimeo at 11; *Pa. P.U.C. v. The Newtown Artesian Water Company*, Docket No. R-2011-2230259, Recommended Decision of Administrative Law Judge Elizabeth H. Barnes dated September 20, 2011 (“*Recommended Decision of ALJ Barnes*”), mimeo at 9; *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Conrad A. Johnson dated January 11, 2011, mimeo at 12; *Pa. P.U.C. v. Lake Spangenberg Water Company*, Docket No. R-2009-2115743, Recommended Decision of Administrative Law Judge Ember S. Jandebur dated March 2, 2010, mimeo at 11; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated February 16, 2010, mimeo at 5.

7. The Joint Petition proposes a settled resolution of all issues in the rate proceeding. The benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest.³

8. North Manheim submits that the proposed comprehensive resolution of this proceeding, negotiated by the Joint Petitioners, is in the public interest and consistent with the requirements of the Public Utility Code and established Commission policy. Several settlement terms of special significance to North Manheim are addressed hereinafter.

The Settlement Increase

9. The amount of the proposed rate increase to North Manheim residents is a significant concern to North Manheim. The Settling Parties have negotiated a substantial reduction in the rate request as part of the comprehensive resolution of this proceeding from the as-filed for annual increase of \$283,079 to the settlement annual increase of 230,966. In the context of a multi-part settlement package that includes, *inter alia*, the creation of a complaint log, an annual public forum, a procedure for fire hydrant installation and a rate case filing “stay-out,” North Manheim supports the proposed settlement increase.

The Complaint Log

10. The Joint Petition requires Schuylkill Haven to create and maintain a complaint log to record all complaints from North Manheim (and other jurisdictional) customers. It is important that this log be created and maintained to facilitate review of water quality and water service issues in future Schuylkill Haven proceedings. North Manheim accepts the settlement term as part of the comprehensive resolution of this proceeding.

³ *Recommended Decision of ALJ Barnes*, mimeo at 9, citing *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996 and *Pa.P.U.C. v. CS Water and Sewer Associates*, 74 Pa. P.U.C.

The Annual Public Forum

11. Because they do not reside in Schuylkill Haven, residents of North Manheim are not permitted to address matters of water service at Schuylkill Haven Borough Council meetings. The Joint Petition addresses this matter of limited accessibility by requiring Schuylkill Haven to implement a web-based portal for the submission of comments or concerns via the Borough's website. The Joint Petition also, significantly, requires Schuylkill Haven to hold one public forum per year during which North Manheim residents can ask questions or submit comments regarding the Water System. Notice of the forum will be provided to water customers who are North Manheim residents and to North Manheim. The forum will be attended by representatives of Schuylkill Haven who have responsibility for the water system, including at least one Schuylkill Haven Council Member. North Manheim looks forward to a worthwhile annual public forum for its residents with Schuylkill Haven and accepts the settlement term as part of the comprehensive resolution of this proceeding.

Public Fire Hydrant Installation

12. North Manheim receives public fire protection service from Schuylkill Haven. Of special concern to North Manheim is Schuylkill Haven's practice of installing public hydrants in North Manheim without North Manheim's direct involvement and then charging North Manheim for the additional hydrants. From 2010 through 2014, Schuylkill Haven installed 29 public hydrants in North Manheim without the request of North Manheim. Each of these public hydrants is billed by Schuylkill Haven at a current rate of \$22.10 per month or \$265.20 per year, which, for 29 hydrant, totals \$7,690.80 on an annual basis. This is a significant amount of money for a small, rural

Township. The Joint Petition addresses North Manheim’s concern with fire hydrant installation by creating a process for the installation of fire hydrants in North Manheim that requires Schuylkill Haven to provide an explanation of the engineering and public safety basis for a proposed fire hydrant installation. North Manheim then has the opportunity to consent or objection to the installation. North Manheim looks forward to the implementation of this process for hydrant installation and accepts the settlement term as part of the comprehensive resolution of this proceeding.

The Stay-Out Provision

13. The Joint Petition provides for a twelve (12) month rate case stay out. The rate case “stay out” gives North Manheim residents a specified level of rate security that would not exist absent the stay out. A rate case “stay out” is often recognized as part of the public’s interest in settlement of a rate proceeding.⁴ North Manheim accepts the “stay-out” as part of the comprehensive resolution of this proceeding.

Conclusion

14. The Joint Petition, which arose only after discovery and discussion, is the result of negotiation by and among the Settling Parties. It addresses ratepayer, utility and regulatory concerns and avoids the cost and uncertainty of litigation. North Manheim submits that the Joint Petition is reasonable and in the public interest and should be approved without modification.

⁴ See, for example, *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Johnson, *supra*, mimeo at 16 and *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Dunderdale, *supra*, mimeo at 8-9.

WHEREFORE, North Manheim Township presents the foregoing statement in support of the
Joint Petition for Full Settlement of Rate Investigation.

Respectfully submitted,

By 

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DATED: August 25, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

BOROUGH OF SCHUYLKILL HAVEN
WATER DEPARTMENT

:
:
:
: Docket No. R-2015-2470184
: C-2015-2476077
: C-2015-2480397
: C-2015-2475347
: C-2015-2477011

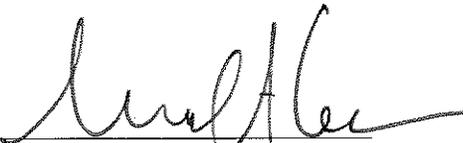
CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of August, 2015 copies of the foregoing Joint Settlement Petition have been served upon the persons listed below in accordance with the requirements of 52 Pa. Code §1.54.

VIA ELECTRONIC MAIL AND FIRST CLASS U.S. MAIL

Phillip Kirchner, Esq. Bureau of Investigation and Enforcement Pennsylvania Public Utility Commission Commonwealth Keystone Building P.O. Box 3265 Harrisburg, PA 17105-3265	Christine Hoover, Esq. Office of Consumer Advocate 555 Walnut Street Forum Place, 5th Floor Harrisburg, PA 17101-1921
Thomas Niesen, Esq. Thomas, Niesen & Thomas 212 Locust St., Suite 600 Harrisburg, PA 17108	Adeolu Bakare, Esq. James Dougherty, Esq. McNees, Wallace & Nurick 100 Pine Street Harrisburg, PA 17101

DATE: August 25, 2015


Michael A. Gruin, Esq.