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August 7, 2018

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P. O. Box 3265
Harrisburg, PA 17105-3265

Re: Docket No. R-2017-2631441
Pa. P.U.C. v. Reynolds Water Company

Dear Secretary Chiavetta:

We are counsel to Reynolds Water Company in the above matter and, in compliance with the Order of the Public Utility Commission entered August 2, 2018, are submitting with this letter via electronic filing Supplement No. 8 to the Company's Tariff Water - Pa. P.U.C. No. 4. Please contact me if anything further is required in regard to this matter.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Thomas T. Niesen

Encl.

cc: Certificate of Service (w/encl.)
Bradley R. Gossler, CPA (via email, w/encl.)
Dennis Kalbarczyk (via email, w/encl.)

180807-Chiavetta (Compliance Supplement).wpd

CERTIFICATE OF SERVICE

I hereby certify that I have this 7th day of August 2018, served a true and correct copy of the foregoing letter and Supplement No. 8 to Reynolds Water Company's Tariff Water - Pa. P.U.C. No. 4, upon the persons and in the manner indicated below:

VIA FIRST CLASS MAIL, POSTAGE PREPAID

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REYNOLDS WATER COMPANY

GREENVILLE, MERCER COUNTY, PENNSYLVANIA,

RATES, RULES, AND REGULATIONS

IN

PYMATUNING, DELAWARE, AND HEMPFIELD TOWNSHIPS,

MERCER COUNTY, PENNSYLVANIA

Filed in compliance with the Order of the Pennsylvania Public Utility Commission entered August 2, 2018 at R-2017-2631441, *et al.*

BY: BRADLEY R. GOSSER
EXECUTIVE DIRECTOR
301 ARLINGTON DRIVE
GREENVILLE, PA 16125

NOTICE

This Tariff makes Increases and Changes in Existing Rates (See Page 2)

ISSUED: August 7, 2018

EFFECTIVE: August 2, 2018

LIST OF CHANGES MADE BY THIS TARIFF

This Tariff Supplement No. 8 to Tariff Water – Pa. P.U.C. No.4, pursuant to Commission Rules and Regulations associated with a general rate increase application at Docket No. R-2017-2631441 increases rates for all water service in all rate classes to produce a net annual revenue increase of \$158,600, or by approximately 30.40%.

The rate increase will be implemented in two Phases:

Phase-I - Annual revenue increase of \$111,198 which will increase rates for water service in all rate classes by approximately 21.31%.

Phase-II – Annual revenue increase of \$47,402 which will increase rates for water service in all rate classes by approximately 7.49% over Phase-I rates. Phase-II rates will become effective upon written confirmation of completion of 3 major water improvement projects: installation of approximately 500 LF of 8” water main; installation of a clearwell liner; and, completion of the waterproofing of sedimentation basin walls.

Additionally, this Tariff Supplement addresses the effect of the Federal Tax Cuts and Jobs Act of 2017, which reduced the Federal corporate income tax rate to 21% commencing on January 1, 2018. The Tariff rates in this Supplement are based upon the new 21% Federal tax rate. The reduction in the Federal tax rate to 21% also impacted the Federal corporate accumulated deferred income tax (ADIT) balance as of 12/31/17 which will require a refund to customers of \$20,784 to be normalized over a 15 year period, an annual normalization reduction of \$1,400. The annual revenue increase noted above incorporates the \$1,400 annual normalization reduction within the respective new tariff rates upon their effective date, a \$160,000 increase less the ADIT credit of \$1,400 or a net increase of \$158,600.

This Supplement also addresses the impact of the ADIT \$1,400 annual normalization reduction during the suspension period. In brief, on the first billing cycle following the effective date of the new rates. A one-time bill credit of \$1.00 will be issued to each customer to refund an amount of \$700 associated with this six month period.

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| Flat Rates – Public Fire Protection Service – Phase I | 7 | 4 th Revised | (C) |
| Flat Rates – Public Fire Protection Service – Phase II | 7A | 1 st Revised | (C) |
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(C) Indicates Changes

SCHEDULE OF METER RATES
PHASE IApplication

This schedule is applicable to all classes of customers.

All metered customers shall be subject to a quarterly minimum charge based upon the required size of meter needed to render adequate service plus a quarterly consumption charge determined by applying volumetric rates to the sum of total gallons consumed less an allowance, in gallons, associated with the applicable minimum charge.

| <u>Meter Size</u> | <u>Quarterly Charge</u> | <u>Water Allowance</u> | |
|-------------------|-------------------------|------------------------|-----|
| 5/8" | \$49.69 | 2,000 | (I) |
| 3/4" | 74.54 | 3,000 | (I) |
| 1" | 124.23 | 5,000 | (I) |
| 1½" | 248.46 | 10,000 | (I) |
| 2" | 397.55 | 16,000 | (I) |
| 3" | 745.39 | 30,000 | (I) |
| 4" | 1,242.32 | 50,000 | (I) |
| 6" | 2,484.67 | 100,000 | (I) |
| 8" | 3,975.46 | 160,000 | (I) |

VOLUMETRIC RATES

| | <u>Per 1,000 Gallons</u> | |
|--|--------------------------|-----|
| | | (C) |
| For the first 20,000 gallons per quarter | \$8.9773 | (I) |
| For the next 480,000 gallons per quarter | 8.2251 | (I) |
| All over 500,000 gallons per quarter | 4.7919 | (I) |

(I) Indicates Increase
(C) Indicates Change

SCHEDULE OF METER RATES

PHASE II – EFFECTIVE UPON WRITTEN CONFIRMATION OF PROJECT COMPLETION (C)

Application

This schedule is applicable to all classes of customers.

All metered customers shall be subject to a quarterly minimum charge based upon the required size of meter needed to render adequate service plus a quarterly consumption charge determined by applying volumetric rates to the sum of total gallons consumed less an allowance, in gallons, associated with the applicable minimum charge.

Phase-II rates will become effective upon written confirmation of completion of 3 major water improvement projects: installation of approximately 500 LF of 8” water main; installation of a clearwell liner; and, completion of the waterproofing of sedimentation basin walls. (C)

| <u>Meter Size</u> | <u>Quarterly Charge</u> | <u>Water Allowance</u> | |
|-------------------|-------------------------|------------------------|-----|
| 5/8” | \$53.41 | 2,000 | (I) |
| 3/4” | 80.12 | 3,000 | (I) |
| 1” | 133.53 | 5,000 | (I) |
| 1½” | 267.07 | 10,000 | (I) |
| 2” | 427.33 | 16,000 | (I) |
| 3” | 801.22 | 30,000 | (I) |
| 4” | 1,335.37 | 50,000 | (I) |
| 6” | 2,670.76 | 100,000 | (I) |
| 8” | 4,273.21 | 160,000 | (I) |

VOLUMETRIC RATES

| | <u>Per 1,000 Gallons</u> | |
|--|--------------------------|-----|
| For the first 20,000 gallons per quarter | \$9.6497 | (I) |
| For the next 480,000 gallons per quarter | 8.8411 | (I) |
| All over 500,000 gallons per quarter | 5.1508 | (I) |

- (I) Indicates Increase
- (C) Indicates Change

ONE-TIME BILL CREDIT OR NEGATIVE SURCHARGE

Application

This one-time bill credit or negative surcharge is applicable to all customers as noted below.

One-time bill credit of \$1.00, or negative surcharge, will be issued to Each Customer on the first billing cycle after the effective date of Phase I rates contained in Supplement No. 8.

The Federal Tax Cuts and Jobs Act, effective January 1, 2018 has resulted in a credit to be refunded to customers. The one-time bill credit of \$1.00, or negative surcharge, addresses the impact of the ADIT \$1,400 annual normalization reduction during the suspension period at R-2017-2631441, *et al.* Thus, a one-time bill credit of \$1.00, or negative surcharge will be issued to each customer on the first billing cycle after the effective date of Phase I rates contained in Supplement No. 8.

SCHEDULE OF FLAT RATES

PHASE I

PUBLIC FIRE PROTECTION SERVICE

Application

This schedule is applicable to all public fire protection service.

PUBLIC FIRE PROTECTION SERVICE RATE

| | <u>Rate Per Quarter</u> | |
|--------------------------|-----------------------------|-----|
| Each Public Fire Hydrant | \$193.29 | (I) |

(I) Indicates Increase

SCHEDULE OF FLAT RATES

PHASE II – EFFECTIVE UPON WRITTEN CONFIRMATION OF PROJECT COMPLETION (C)

PUBLIC FIRE PROTECTION SERVICE

Application

This schedule is applicable to all public fire protection service.

Phase-II rates will become effective upon written confirmation of completion of 3 major water improvement projects: installation of approximately 500 LF of 8” water main; installation of a clearwell liner; and, completion of the waterproofing of sedimentation basin walls. (C)

PUBLIC FIRE PROTECTION SERVICE RATE

| | <u>Rate Per Quarter</u> | |
|--------------------------|-----------------------------|-----|
| Each Public Fire Hydrant | \$207.77 | (I) |

- (I) Indicates Increase
- (C) Indicates Change

SCHEDULE OF FLAT RATES
PHASE IPRIVATE FIRE PROTECTION SERVICEApplication

This schedule is applicable to all private fire protection service.

PRIVATE FIRE PROTECTION SERVICE RATE

| | <u>Rate</u> <u>Per Quarter</u> | |
|---|-----------------------------------|-----|
| Each Private Fire Hydrant, installed by Company | \$ 193.29 | (I) |
| Each Private Fire Hydrant, installed by Customer | 169.09 | (I) |
| Automatic Sprinklers or Standpipe Connections: | | |
| For each 4-inch connection or less to main This charge includes installation of 250 sprinkler heads of approved type. | 240.68 | (I) |
| For next 100 heads or less, each | 1.20 | (I) |
| For next 100 heads or less, each | 0.73 | (I) |
| For all over 450 heads, each | 0.47 | (I) |
| For each 6-inch connection or less to main This charge includes the installation of 450 sprinkler heads of approved type. | 312.87 | (I) |
| For all over 450 heads, each | 0.47 | (I) |
| For each 8-inch connection or less to main This charge includes the installation of 850 sprinkler heads of approved type. | 361.01 | (I) |
| For next 850 heads, each | 0.24 | (I) |

Private fire protection service will not be rendered for any period of less than three years and no deduction or allowances will be made during the initial three-year period.

(I) Indicates Increase

SCHEDULE OF FLAT RATES

PHASE II –EFFECTIVE UPON WRITTEN CONFIRMATION OF PROJECT COMPLETION (C)

PRIVATE FIRE PROTECTION SERVICE

Application

This schedule is applicable to all private fire protection service.

Phase-II rates will become effective upon written confirmation of completion of 3 major water improvement projects: installation of approximately 500 LF of 8” water main; installation of a clearwell liner; and, completion of the waterproofing of sedimentation basin walls. (C)

PRIVATE FIRE PROTECTION SERVICE RATE

| | <u>Rate</u> <u>Per Quarter</u> | |
|--|-----------------------------------|-----|
| Each Private Fire Hydrant, installed by Company | \$ 207.77 | (I) |
| Each Private Fire Hydrant, installed by Customer | 181.75 | (I) |
| Automatic Sprinklers or Standpipe Connections: | | |
| For each 4-inch connection or less to main | 258.71 | (I) |
| This charge includes installation of 250 sprinkler heads of approved type. | | |
| For next 100 heads or less, each | 1.29 | (I) |
| For next 100 heads or less, each | 0.78 | (I) |
| For all over 450 heads, each | 0.51 | (I) |
| For each 6-inch connection or less to main | 336.30 | (I) |
| This charge includes the installation of 450 sprinkler heads of approved type. | | |
| For all over 450 heads, each | 0.51 | (I) |
| For each 8-inch connection or less to main | 388.05 | (I) |
| This charge includes the installation of 850 sprinkler heads of approved type. | | |
| For next 850 heads, each | 0.26 | (I) |

Private fire protection service will not be rendered for any period of less than three years and no deduction or allowances will be made during the initial three-year period.

(I) Indicates Increase

(C) Indicates Change