



February 4, 2019

**VIA E-FILE**

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

**Re: Pennsylvania Public Utility Commission v. Hidden Valley Utility Services, L.P.  
(Wastewater and Water); Docket Nos. R-2018-3001307 and R-2018-3001306**

**EXCEPTIONS OF HIDDEN VALLEY UTILITY SERVICES, L.P.**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission are the Exceptions of Hidden Valley Utility Services, L.P., in the above-referenced proceeding. Copies of the Exceptions are being served on the Presiding Officers, Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Katrina L. Dunderdale, and on all parties, as indicated on the enclosed Certificate of Service.

Thank you for your attention to this filing. Should you have any questions or concerns, please contact me.

Sincerely,

COZEN O'CONNOR

By: Jonathan P. Nase  
Counsel for *Hidden Valley Utility Services, L.P*

JPN:kmg  
Enclosure

cc: Honorable Mark A. Hoyer  
Honorable Katrina L. Dunderdale  
Per Certificate of Service  
James M. Kettler  
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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, et al.	:	
	:	Docket No. R-2018-3001306,
v.	:	R-2018-3001307 <i>et al.</i>
	:	
Hidden Valley Utility Services, L.P	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing **Exceptions of Hidden Valley Utility Services, L.P.**, upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**VIA E-MAIL AND FIRST CLASS MAIL:**


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Dated: February 4, 2019

  
\_\_\_\_\_  
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## I. INTRODUCTION AND STATEMENT OF THE CASE

AND NOW COMES Hidden Valley Utility Services, L.P. (“Hidden Valley” or the “Company”), pursuant to 52 Pa. Code § 5.533, to file these Exceptions to the Recommended Decision (“Recommended Decision” or “R.D.”) issued by Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Katrina L. Dunderdale (the “ALJs”) on January 25, 2019.

In these consolidated cases, Hidden Valley originally requested a water rate increase of \$150,629 over present rates and a wastewater rate increase of \$185,432 over present rates. Hidden Valley subsequently reached a non-unanimous settlement (the “Settlement”) with the Bureau of Investigation and Enforcement (“I&E”) – the prosecutory arm of the Pennsylvania Public Utility Commission (“Commission”), charged with protecting the public interest in Commission proceedings. That Settlement proposes:

- (1) a water rate increase of \$65,557; and
- (2) a stepped increase in wastewater rates. Initially, rates would increase by \$82,227.

When the Company documents that it has made the improvements to its wastewater system that the Commission ordered in *McCloskey v. Hidden Valley Utility Services, L.P.*, Docket Nos. C-2014-2447138 and C-2014-2447169 (“*McCloskey*”),<sup>1</sup> wastewater rates would increase again, so that the Company would have the opportunity to collect a total increase of \$145,824.

The ALJs recommended that the Commission approve the Settlement, with modifications. The primary modification that the ALJs recommended was to eliminate the second step of the two-

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<sup>1</sup> For ease of reference, the various decisions in *McCloskey* will be referenced as follows: the Initial Decision will be referenced as the “September 2016 I.D.”, the Commission’s Order on Exceptions will be referenced as the “January 2018 Order,” the Commission’s Order on the merits regarding Hidden Valley’s Petition for Clarification, Reconsideration or Amendment will be referenced as the “May 2018 Order,” and the January 2018 Order and the May 2018 Order will be referenced collectively as the “*McCloskey* Decisions.”

step increase in wastewater rates. Hidden Valley respectfully submits that this was error. Hidden Valley respectfully submits that the Commission should approve the revenue requirement proposal in the Settlement. In the alternative, Hidden Valley recommends that the second step of the wastewater rate increase be triggered by a finding, pursuant to Ordering Paragraph 20 of the May 2018 Order, that Hidden Valley is providing reasonable and adequate wastewater service.

Additionally, although Hidden Valley does not except to the ALJs' recommendation that the Company complete a financial audit for the period 2015-2018, Hidden Valley requests that the Commission modify the Recommended Decision to establish a reasonable deadline for completing that audit.

## **II. PROCEDURAL HISTORY**

On April 27, 2018, Hidden Valley filed proposed Supplement No. 1 to Water – Pa. P.U.C. No. 1 (“Water Supplement No. 1”), to be effective July 1, 2018, proposing an increase in rates designed to produce an increase in base rate revenues of approximately \$150,629 per year. The average residential bill for water service would have increased from \$26.64 per quarter to \$54.72 per quarter (or an increase of \$28.08 per quarter). HVUS Statement No. 2 (Water), Direct Testimony of Paul R. Herbert, Appendix, p. 14. This rate request was based on a 2017 historic test year. This matter was docketed at R-2018-3001306.

Also on April 27, 2018, Hidden Valley filed proposed Supplement No. 1 to Wastewater – Pa. P.U.C. No. 1 (“Wastewater Supplement No. 1”) to be effective July 1, 2018, proposing an increase in rates designed to produce an increase in base rate revenues of approximately \$185,432 per year. The average residential bill for wastewater service would have increased from \$56.76 per quarter to \$96.42 per quarter (or an increase of \$36.66 per quarter). HVUS Statement No. 2

(Wastewater), Direct Testimony of Paul R. Herbert, Appendix, p. 14. This rate request was also based on a 2017 historic test year. This matter was docketed at R-2018-3001307.

Although Hidden Valley filed a rate increase request for its wastewater system at the same time that it filed a rate increase request for its water system, the Company did not seek to combine its water and wastewater revenue requirements pursuant to 66 Pa. C.S. § 1311(c). HVUS Statement No. 2 (Wastewater), Direct Testimony of Paul R. Herbert, p. 6.

On May 14, 2018, the OCA filed a Notice of Appearance and a Formal Complaint against the wastewater rate increase, which was docketed at C-2018-3001843, as well as a Notice of Appearance and a Formal Complaint against the water rate increase, which was docketed at C-2018-3001841.

By Orders entered May 17, 2018, the PUC suspended Water Supplement No. 1 and Wastewater Supplement No. 1 by operation of law until February 1, 2019, unless permitted by Commission Order to become effective at an earlier date.

Hidden Valley and the OCA agreed to enter into mediation in an attempt to resolve these proceedings. Consequently, on May 23, 2018, Hidden Valley filed Water Supplement No. 2 and Wastewater Supplement No. 2, suspending the rates in Water Supplement No. 1 and Wastewater Supplement No. 1 until April 1, 2019. Mediation ultimately proved unsuccessful.

On May 30, 2018, Counsel for I&E filed her Notice of Appearance in both Hidden Valley's proposed water rate increase proceeding and Hidden Valley's proposed wastewater rate increase proceeding. In addition, several customers filed complaints against the proposed water rate increase and/or the proposed wastewater rate increase.

A Prehearing Conference was held telephonically on June 19, 2018. On June 15, 2018, Hidden Valley filed a Petition for Protective Order in both the water rate increase proceeding and



the wastewater rate increase proceeding. Hidden Valley filed revised Petitions for Protective Order on June 20, 2018.

DCALJ Hoyer issued the First Prehearing Order on June 27, 2018 memorializing decisions rendered at the Prehearing Conference. *Inter alia*, this Order consolidated Hidden Valley's water and wastewater rate increase proceedings and adopted modifications to the Commission's Rules of Administrative Practice and Procedure regarding discovery.

On July 23, 2018, DCALJ Hoyer granted Hidden Valley's Motion for Protective Order. On that same date, DCALJ Hoyer issued the Second Interim Order Consolidating Additional Complaints. On July 24, 2018, DCALJ Hoyer issued the Revised Second Interim Order Consolidating Additional Complaints.

A Further Prehearing Conference was held on July 26, 2018. Two public input hearings were held on July 27, 2018. DCALJ Hoyer issued a Further Prehearing Order dated July 31, 2018. Among other things, this order established a full service list and a limited service list. Robert J. Kollar ("Mr. Kollar") and the Hidden Valley Foundation (the "Foundation") were initially included on the limited service list, but subsequently requested to be included on the full service list.

An evidentiary hearing was held on November 16, 2018. Hidden Valley, the OCA, I&E, and the Foundation were present and represented by counsel. At the hearing, the parties introduced a Joint Stipulation for the Admission of Evidence, stipulating to the authenticity and admission into the record of testimony and exhibits pertaining to capital structure and rate of return. Hidden Valley and I&E also introduced the Settlement, which was subsequently served on all persons on the limited service list and the full service list. Finally, the parties introduced a Joint Stipulation preserving certain issues for litigation in this proceeding. The Settlement and the Joint Stipulation,

read together, ask that the ALJs and the Commission approve a certain revenue requirement and rate structure. The revenue requirement is a “ceiling” on the Company’s rate increase, but the OCA and the Foundation wish to preserve certain issues for litigation, including the claim that Hidden Valley should receive less than the agreed-to revenue requirement based on the quality of service rendered to customers.

On November 21, 2018, the OCA filed a Motion to Admit into Evidence the Record of Other Proceedings Pursuant to 52 Pa. Code § 5.407, seeking to incorporate evidence from the *McCloskey* proceedings into the record in this proceeding. This motion was unopposed, and was granted by Interim Order Admitting Hearing Record from Related Proceedings dated November 29, 2018.

Hidden Valley, I&E, the OCA and the Foundation filed Main Briefs on December 11, 2018, and Reply Briefs on December 21, 2018.<sup>2</sup> The ALJs issued their Recommended Decision on January 25, 2018. The Parties were given eleven days to file Exceptions and four days to file Replies to Exceptions.

### **III. DESCRIPTION OF THE SETTLEMENT**

The Settlement proposes to resolve both the water rate proceeding and the wastewater rate proceeding. It addresses three topics: the Company’s revenue requirement, the Company’s rate structure, and the Company’s filing of corrected annual reports.

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<sup>2</sup> In the interest of brevity, Hidden Valley incorporates those briefs by reference, but some repetition of those arguments is unavoidable here.

## A. REVENUE REQUIREMENT

With respect to the Company's water system, the Settlement proposes a rate increase of \$65,557, or approximately 46.6% over present rates (as opposed to the increase of \$150,629, or approximately 107.2% over present rates, originally proposed by the Company). For the average residential water customer, the Settlement would result in a rate increase of \$12.06 per quarter (or \$4.02 per month). Hidden Valley's Main Brief, Appendix E. Although the Settlement is a "black box" settlement, it should be noted that the amount of the increase is virtually identical to I&E's primary litigation position. I&E Statement No. 1-SR (Water), Surrebuttal Testimony of John Zalesky p. 2. As I&E witness Kubas explained, I&E's primary litigation position was to "allow the Company to recover operating expenses and plant claimed in the base rate filing (subject to [certain ratemaking adjustments]) but will not allow the Company to earn a profit" because the Commission found in *McCloskey* that the Company is not providing adequate and reasonable water service. I&E Statement No. 3 (Water), Direct Testimony of Joseph Kubas, p. 5.

With respect to the Company's wastewater system, the Settlement proposes a stepped increase in rates. Initially, rates would increase by \$82,227, or approximately 28.0% over present rates (as opposed to the increase of \$185,432, or approximately 63.1% over present rates, originally proposed by the Company). For the average residential wastewater customer, this step increase would be \$15.82 per quarter (or approximately \$5.27 per month) over present rates. Hidden Valley's Main Brief, Appendix E. Although the Settlement is a "black box" settlement, it should be noted that the amount of the initial step increase is virtually identical to I&E's primary litigation position. I&E Statement No. 1-SR (Wastewater), Surrebuttal Testimony of John Zalesky p. 2. As I&E witness Kubas explained, I&E's primary litigation position was to "allow the Company to recover operating expenses and plant claimed in the base rate filing (subject to [certain ratemaking adjustments]) but will not allow the Company to earn a profit" because the

Commission found in *McCloskey* that the Company is not providing adequate and reasonable wastewater service. I&E Statement No. 3 (Wastewater), Direct Testimony of Joseph Kubas p. 5.

When the Company documents that it has made the improvements to its wastewater system that were ordered in the *McCloskey* Decisions, rates would increase again, so that the Company could then recover a total increase of \$145,824, or approximately 49.7% over present rates. For the average residential wastewater customer, the two-step increase would result in a total increase of \$28.65 per quarter (or \$9.55 per month) over present rates. Hidden Valley's Main Brief, Appendix E. Although the Settlement is a "black box" settlement, it should be noted that the amount of the second step of the increase is very close to I&E's secondary litigation position. I&E Statement No. 1-SR (Wastewater), Surrebuttal Testimony of John Zalesky p. 4. I&E's secondary litigation position, unlike its primary litigation position, allows the Company to obtain a return on equity.

#### **B. RATE STRUCTURE**

The Settlement proposes a proportionate scale-back of the rates proposed in the Company's initial filing. Settlement, Paragraph B. The Settlement included a monthly bill comparison, showing the difference between present customer bills and the bills under the rates as proposed in the Settlement. The Settlement also included a proof of revenue calculation for both the water system and the wastewater system.

#### **C. ANNUAL REPORTS**

The *McCloskey* Decisions required the Company to file corrected annual reports with the Commission by July 17, 2018. May 2018 Order, Ordering Paragraph 14. On July 17, 2018, Hidden Valley filed fourteen corrected annual reports with the Commission. Status Report dated

July 17, 2018. These corrected annual reports were prepared by the president of the Company, who is not an accountant. Tr. 248.

At the public input hearing, Mr. Kollar testified that he believed the corrected annual reports contained errors. Tr. 167-170. I&E's witness John Zalesky concurred with Mr. Kollar. I&E Statement 1-SR (Water), Surrebuttal Testimony of John Zalesky, p. 19.

The Settlement includes a provision to address this issue. Settlement, Paragraph C. The Settlement provides that Hidden Valley will submit further corrected annual reports for 2015-2018. To ensure that these annual reports are correct, they are to be prepared or reviewed by a rate consultant prior to submission to the Commission. In addition, for annual reports submitted to the Commission during the period 2019-2023, or until the Company's next rate case (whichever is earlier), Hidden Valley is to have its annual reports prepared or reviewed by a rate consultant.

#### IV. EXCEPTIONS

**A. EXCEPTION 1: THE ALJS ERRED BY MODIFYING THE SETTLEMENT TO FURTHER REDUCE HIDDEN VALLEY'S WASTEWATER RATE RELIEF**

In the Settlement, Hidden Valley agreed to reduce its request for water and wastewater rate relief. The question presented for the Commission is whether Hidden Valley's request for rate relief should be reduced further, beyond the reduction agreed-to in the Settlement.

With regard to revenue requirement, the Settlement proposes the following:

(1) Following entry of a Commission final order approving this Settlement, Hidden Valley will file compliance tariffs as follows:

(a) A water tariff with new rates designed to produce \$65,557 in additional annual operating revenue over present rates; and

(b) A wastewater tariff with new rates designed to produce \$82,227 in additional annual operating revenue over present rates.

(2) In addition, upon submission of Hidden Valley's report and verification from its engineer stating that all repairs, modifications and improvements to Hidden Valley's wastewater system have been completed, as required by Ordering Paragraphs 11 and 19 of the Commission's May 3, 2018 Order on Reconsideration in *McCloskey v. Hidden Valley Utility Services, L.P.*, Docket Nos. C-2014-2447138 and C-2014-2447169, Hidden Valley will file a compliance tariff designed to produce a total of \$145,824 in additional annual operating revenue over present rates.

Hidden Valley's Main Brief, Appendix D, Section A (note omitted).

In its Main Brief, Hidden Valley explained the two-step wastewater rate increase as follows:

Although the Settlement is a "black box" settlement, it should be noted that the amount of the initial step increase is virtually identical to I&E's primary litigation position. I&E Statement No. 1-SR (Wastewater), Surrebuttal Testimony of John Zalesky p. 2. As I&E witness Kubas explained, I&E's primary litigation position was to "allow the Company to recover operating expenses and plant claimed in the base rate filing (subject to [certain ratemaking adjustments]) but will not allow the Company to earn a profit" because the Commission found in *McCloskey* that the Company is not providing adequate and reasonable wastewater service. I&E Statement No. 3 (Wastewater), Direct Testimony of Joseph Kubas p. 5.

When the Company documents that it has made the improvements to its wastewater system that were ordered in the *McCloskey* Decisions, which is expected to occur on or about January 31, 2019, rates would increase again, so that the Company can now recover a total increase of \$145,824, or approximately 49.7% over present rates. For the average residential wastewater customer, the two-step increase would result in a total increase of \$28.65 per quarter (or \$9.55 per month) over present rates. Appendix E, Tables, Quarterly Sewer Bill Comparison Phase II. Although the Settlement is a "black box" settlement, it should be noted that the amount of the second step of the increase is very close to I&E's secondary litigation position. I&E Statement No. 1-SR (Wastewater), Surrebuttal Testimony of John Zalesky p. 4. I&E's secondary litigation position, unlike its primary litigation position, allows the Company to obtain a return on equity.

Hidden Valley's Main Brief, pp. 2-3.

The ALJs recommended that the Company be permitted to raise water rates by \$65,557 following entry of a Commission final order in this proceeding, as proposed in the Settlement at Section A(1)(a). The ALJs also recommended that the Company be permitted to raise its

wastewater rates by \$82,227 following entry of a Commission final order in this proceeding, as proposed in the Settlement at Section A(1)(b). The ALJs, however, recommended that the Commission not approve the second step of the proposed wastewater rate increase. R.D. p. 46. For the reasons explained below, Hidden Valley submits that the ALJs' conclusion was error, and requests that the Commission approve the entire wastewater rate increase proposed in the Settlement. In the alternative, the Company proposes that a different trigger be used for the second step of the wastewater rate increase.

**1. The ALJs Erred in Further Reducing Hidden Valley's Wastewater Rate Relief Based on Hidden Valley's Water Service**

The ALJs explained the reason for their modification of the Settlement as follows:

This modification is in the public interest and justified because Hidden Valley failed for over thirteen years to provide adequate water and wastewater services. As of the closing date in this proceeding, Hidden Valley continues to provide inadequate service with water that is unfit for household purposes and which no person should be forced to drink.

Recommended Decision, pp. 49-50. This explanation indicates that the ALJs reduced the Company's wastewater rate increase, in part, because of the quality of Hidden Valley's water service. This was error.

Although these two rate cases have been consolidated for purposes of hearing and adjudication, Hidden Valley's wastewater system is distinct from its water system. The Company is not seeking to allocate any of the costs of operating its wastewater system to water customers, as allowed by 66 Pa. C.S. § 1311(c). The revenue requirement for the wastewater system should be established based on the costs and revenues of operating that system, not on the costs and revenues of operating the water system. Similarly, the amount of rate relief for the wastewater system should be based on the quality of wastewater service rendered, not the quality of water service rendered.

To the extent that the ALJs further reduced Hidden Valley’s wastewater rate relief based on the quality of Hidden Valley’s water service, the ALJs erred and the Commission should modify the Recommended Decision to approve the revenue requirement in the Settlement.

**2. The ALJs’ Decision to Further Reduce Hidden Valley’s Wastewater Rate Relief is not Supported by Substantial Evidence**

If the Commission only considers the quality of Hidden Valley’s wastewater service – as it should – the Commission should find that the ALJs’ decision is not supported by substantial evidence. Although the Commission found, in its January 2018 Order, that the Company is not providing reasonable and adequate wastewater service, not every violation of Section 1501 merits a reduction in a utility’s request for rate relief; the Commission has held that this remedy is only warranted where the Commission finds serious deficiencies in the utility’s service. *See e.g., Pa. Pub. Util. Comm’n v. Pennsylvania Gas & Water Co.*, 1986 Pa. PUC LEXIS 113 (Opinion and Order entered April 25, 1986) at \* 30 (“PG&W IP”); *Pa. Pub. Util. Comm’n v. National Utilities, Inc.*, 1997 Pa. PUC LEXIS 1000 (Opinion and Order entered January 16, 1997) at \* 9 and \* 15. The ALJs correctly stated that the question presented in this case is whether the Company’s quality of service is sufficiently egregious to warrant a further reduction in the Company’s rate relief. R.D. p. 31.

The ALJs found a further reduction in Hidden Valley’s wastewater rate relief is warranted because “Hidden Valley has been given over thirteen years in which to correct the issues with its water and wastewater quality – and its failure to do so is deemed to be a refusal.” R.D. p. 33. The ALJs also stated “Hidden Valley failed for over thirteen years to provide adequate water and wastewater services.” R.D. p. 50. As argued above, the Company’s wastewater rate relief should not be further reduced based on the quality of its water service. With regard to the quality of its wastewater service, the ALJs’ decision is not supported by substantial evidence.



The Company received its certificate of public convenience to operate a wastewater system in 2005. *Application of Hidden Valley Utility Services, L.P.*, Docket Nos. A-210117 and A-230101 (Initial Decision issued May 27, 2005, Final Order entered July 15, 2005) (“2005 Application Proceeding”). In that case, the Commission did not find that Hidden Valley failed to provide reasonable and adequate wastewater service. Although the 2005 Application Proceeding required several improvements in Hidden Valley’s water system, that proceeding did not require any improvements in Hidden Valley’s wastewater system. In fact, the Commission never found the Company was providing inadequate wastewater service until the January 2018 Order. The ALJs’ statement that the wastewater system has provided inadequate service for an extended period, and concluding that the Company had refused to make the necessary improvements, is not supported by the record.

Significantly, the January 2018 Order was based on the record in a hearing held in November 2015. Hidden Valley’s wastewater rate relief should not be further reduced in 2019 based on such a stale record. This is particularly true considering that Hidden Valley has made many improvements in its wastewater system since November 2015. Hidden Valley’s Main Brief p. 31. Glenn Fodor testified that all of the pump houses now have duplicate pumps and working alarms. HVUS Statement No. 4-R (Wastewater), Rebuttal Testimony of Glenn Fodor p. 2.<sup>3</sup> Mr. Kettler testified that in 2016, the Company replaced the pump at the North Summit Lagoon, installed four liquid chlorine pumps and replaced the flow charge, and installed a new pressure transducer and pump controller for the equalization tank. HVUS Statement No. 1-R (Wastewater),

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<sup>3</sup> It should be noted that the ALJs stated “The evidence provided by Hidden Valley contained so many inaccuracies that the presiding officers did not find it to be credible.” R.D. p. 50. Hidden Valley submits that the ALJs erred in failing to consider *any* of Hidden Valley’s evidence. Most if not all of the evidence that Hidden Valley introduced regarding the quality of its wastewater service, particularly with regard to improvements in the wastewater system since the date of the hearing in *McCloskey*, is uncontradicted.

Rebuttal Testimony of James M. Kettler, p. 9. In addition, the ALJs found that, of the closing of the record in this proceeding, Hidden Valley had completed some (but not all) of the tasks in the improvement plan established by the Commission in the *McCloskey* Decisions. I.D. pp. 31, 47.

If the Commission focuses on the quality of wastewater service being provided by Hidden Valley at the present time, as it should, the Commission should conclude that the record does not demonstrate that Hidden Valley's wastewater service is so egregious as to warrant a further reduction in rate relief. The record in the *McCloskey* case was incorporated by reference in this case. The record in that case did not demonstrate that the quality of Hidden Valley's wastewater service was so egregious as to warrant a reduction in rate relief as of November, 2015. Moreover, the Company produced evidence in this case to demonstrate that the quality of its wastewater facilities and service has improved since the hearing in *McCloskey*. The Company has satisfied its burden of coming forward with evidence to satisfy its burden of proof supporting its request for a rate increase. Neither the OCA nor the Foundation introduced sufficient evidence to rebut the Company's evidence.

There was very little testimony at the public input hearings regarding the quality of wastewater service. Similarly, OCA witness Terry L. Fought testified about customer complaints. He stated that the Company received 45 customer complaints from January 1, 2015 to June 22, 2018. Thirty-seven of these complaints concerned dirty water. In addition, the OCA received copies of 25 informal complaints to the PUC, of which 23 concerned dirty water. OCA Statement No. 3 (Water), Direct Testimony of Terry L. Fought, p. 12. Mr. Fought does not mention a single complaint regarding the wastewater system.

Mr. Fought offered his own testimony about the quality of wastewater service being provided by Hidden Valley. Most of that testimony concerns events that occurred prior to 2015.

OCA Statement 3 (Wastewater), Direct Testimony of Terry L. Fought; OCA Statement 3S (Wastewater), Surrebuttal Testimony of Terry L. Fought. Mr. Fought also discussed potential problems that could occur at the wastewater system (*e.g.*, sewage flowing out of a pumping station and contaminating the ground and groundwater, OCA Statement 3 (Wastewater), Direct Testimony of Terry L. Fought p. 4), but the events he described could occur at any wastewater system. In any event, there is no evidence that those events ever occurred at Hidden Valley. To the contrary, Mr. Kettler testified that those events did not occur. HVUS Statement No. 1-R (Wastewater), Rebuttal Testimony of James M. Kettler, p. 16.

Moreover, Mr. Fought admitted at the hearing that Hidden Valley's wastewater system is not under a moratorium banning additional connections, Tr. 309, distinguishing the instant case from cases such as *Pa. Pub. Util. Comm'n v. Clean Treatment Sewage Company*, Docket Nos. R-2009-2121928 (Opinion and Order entered April 22, 2010) ("*Clean Treatment*"), which involved much more significant failures by the utility in providing reasonable and adequate wastewater service.

The preponderance of the evidence regarding the quality of wastewater service presently being rendered by Hidden Valley does not support the ALJs' decision to further reduce Hidden Valley's wastewater rate relief.

**3. The Commission-Mandated Improvement Plan was Intended to Result in Reasonable and Adequate Wastewater Service. The Completion of the Plan is therefore an Appropriate Trigger for the Second Step in Hidden Valley's Wastewater Rate Increase**

The Settlement allowed Hidden Valley to implement the second step of its wastewater rate increase when the Company submitted a report, together with a verification from its engineer, stating that Hidden Valley had completed the wastewater improvement plan established by the Commission in the *McCloskey* Decisions. The Company and I&E selected the completion of the

Commission-mandated improvement plan as the triggering event for the second step of the Company's wastewater rate increase because the Commission-mandated improvement plan was intended to result in reasonable and adequate wastewater service.

The ALJs, however, distinguished the completion of the improvement plan from the provision of reasonable and adequate wastewater service. They stated:

While the presiding officers agree with BIE's assertions in support of the Partial Settlement for water revenue, the presiding officers do not agree with BIE about the need for a two-tier process to implement a revenue increase that results in a 47.9% increase in wastewater rates and permits Hidden Valley to obtain an unknown return on equity. As of the date the hearing record closed in this proceeding, Hidden Valley had not implemented the totality of the wastewater improvements mandated by the Commission to be done. Once those improvements have been made – and verified as having been made – then Hidden Valley may be able to justify the second step increase. However, the presiding officers disagree with Hidden Valley and BIE. *If Hidden Valley wants to realize the second step increase in wastewater revenue, then Hidden Valley needs to provide quality wastewater service.*

R.D. p. 50 (emphasis added).

Hidden Valley submits that this was error. Ordering Paragraph 11 of the May 2018 Order states "That Hidden Valley Utility Services shall comply with all recommendations from the engineer with regard to wastewater services in order to ensure that customers shall receive adequate and reasonable wastewater service, on or before January 31, 2019."<sup>4</sup> Clearly, the intent of the Commission in *McCloskey* was to mandate that the Company complete an improvement plan that would result in the provision of reasonable and adequate wastewater service. As a result, the Settlement chose an appropriate event for triggering the second step in the Company's

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<sup>4</sup> The Settlement intentionally did not incorporate the January 31, 2019 date from Ordering Paragraph 11. The Parties intended to give Hidden Valley an incentive to complete the improvement plan mandated by the Commission – and thereby provide reasonable and adequate wastewater service -- as quickly as possible, even if it did not occur until after January 31, 2019. Considering that the Commission will not enter its final order in this case until well after January 31, 2019, there would be no need for a two-step increase if the parties intended to permit Hidden Valley to implement the second step of the increase on January 31, 2019.

wastewater rate increase. The Commission should not adopt the ALJs' recommended modification to the revenue requirement section of the Settlement.

**4. If the Commission Decides to Modify the Settlement, it Should Use Paragraph 20 of the May 2018 Order to Determine When Hidden Valley may Implement the Second Step of its Wastewater Rate Increase.**

In the event that the Commission agrees with the ALJs that the Settlement should be modified, the Settlement should not be modified to remove the second step of the wastewater rate increase. Instead, the Commission should modify the event that triggers that rate increase based on the quality of wastewater service, as suggested by the ALJs. This can be done easily, using the *McCloskey* Decisions.

Ordering Paragraphs 19 and 20 of the May 2018 Order state:

19. That on or before January 31, 2019, or as soon as all repairs, modifications and improvements have been made, as ordered herein, Hidden Valley Utility Services, L.P., shall file a final detailed status report with the Secretary of the Commission, along with a verification from its engineer outlining the details of what has and has not been completed, and provide copies to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, at the time of filing, identifying in detail the extent of compliance and any incomplete matters as ordered herein. If any matters ordered herein have not been completed, Hidden Valley Utility Services, L.P., and its engineer shall state in said report, in detail, the reasons for the same.

20. That on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer, the Bureau of Technical Utility Services shall investigate the quality of the water as well as of the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers. *If the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein, or if the water quality or water and wastewater service as reported by the Bureau of Technical Utility Services is not adequate and reasonable*, an evidentiary hearing shall forthwith be scheduled by the Office of Administrative Law Judge for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley Utility Services, L.P., the appropriateness of ratepayer refunds, and any other issue relative to these ordering paragraphs. The burden of proof in the

evidentiary hearing as to these issues shall be upon Hidden Valley Utility Services, L.P. The Commission shall retain jurisdiction for that purpose.

On January 31, 2019, Hidden Valley submitted its engineer's report and verification, indicating that several items in the April 2018 wastewater engineer's report were not yet complete. As a general rule, of course, new evidence should not be appended to Exceptions. The Commission, however, can take judicial notice of its own records, and the parties have incorporated the record in the *McCloskey* case into the record in this case. Therefore, for the convenience of the Commission, the Company's January 31, 2019 filing is attached hereto as **Attachment A**.

Pursuant to Ordering Paragraph 20, the Bureau of Technical Utility Services ("TUS") must determine by March 31, 2019 whether Hidden Valley is providing reasonable and adequate wastewater service. If TUS determines that Hidden Valley is in fact providing reasonable and adequate wastewater service, the Company should be permitted to implement the second step of its wastewater rate increase at that time. Similarly, if an evidentiary hearing is required, and the ALJ ultimately concludes that Hidden Valley is providing reasonable and adequate wastewater service, Hidden Valley should be permitted to implement the second step of its wastewater rate increase at that time.

This approach is consistent with Sections 523 and 526 of the Code, which give the Commission discretion to disapprove a rate increase request, in whole or in part, based on the utility's quality of service. When Hidden Valley is found to be providing reasonable and adequate wastewater service, these sections provide no basis for a reduction in Hidden Valley's wastewater rates. Therefore, if TUS or the ALJ find that the Company is providing reasonable and adequate wastewater service, the Company should be permitted to implement the second step of its wastewater rate increase at that time.

**B. EXCEPTION 2: THE ALJS ERRED BY SETTING AN UNREASONABLE DEADLINE FOR HIDDEN VALLEY TO COMPLETE AN INDEPENDENT FINANCIAL AUDIT FOR THE YEARS 2015-2018**

In its testimony, I&E recommended an independent financial audit of the Company. I&E Statement No. 1-SR (Water), Surrebuttal Testimony of John Zalesky, pp. 17-22. I&E did not provide details as to the scope of the audit or the deadline for completing the audit. I&E did not address this issue in its briefs. I&E's Main Brief p. 9; I&E's Reply Brief p. 3.

At the hearing, Mr. Kettler testified that the Company does not oppose the financial audit proposal. Tr. 278. Hidden Valley's Main Brief discussed such details as who should conduct the audit and who should receive copies of the audit report. In its Proposed Ordering Paragraphs, Hidden Valley recommended that the ALJs direct that this financial audit be completed within 12 months after entry of the Commission's final order in this proceeding. Hidden Valley's Main Brief Appendix C ¶ 12.

In its Main Brief, the Foundation suggested a six-month deadline for the completion of this financial audit. Foundation's Main Brief, Appendix C. ¶ 3. The Company objected to the suggested six-month deadline in its Reply Brief. Hidden Valley argued:

The Company also believes that it should have twelve months, rather than six months, to complete the audit. Hidden Valley's Proposed Ordering Paragraph 12. The Settlement proposes that the Company file corrected annual reports within six months of the Commission's Final Order in this proceeding. By giving the Company twelve months to complete the audit, the Company would have the flexibility to complete the audit after filing the corrected annual reports, rather than performing both tasks at the same time.

Hidden Valley's Reply Brief p. 28.

In their Recommended Decision, the ALJs recommended the following:

7. That, within 90 days after the entry of the Commission's final order in this proceeding, Hidden Valley Utility Services, L.P. shall submit to the Commission's Secretary's Bureau and the Commission's Bureau of Technical Utility Services corrected annual reports for the years 2015-2018. These annual

reports will be prepared or reviewed by a rate consultant prior to submission to the Commission.

9. That, within 120 days after the entry of the Commission's final order in this proceeding, Hidden Valley Utility Services, L.P., shall cause to be conducted an independent financial audit of its records from 2015 through 2018 by an outside independent financial accounting firm or office which has not previously provided auditing services to Hidden Valley Utility Services, L.P.

Hidden Valley respectfully submits that the ALJs erred by establishing an unreasonably short deadline for the completion of the audit. Hidden Valley does not object to the requirement that it obtain an outside independent financial accounting firm that has not previously provided auditing services to Hidden Valley, but Hidden Valley notes that the process of identifying and retaining a satisfactory firm takes time. Hidden Valley also notes that the Commission order will be issued in February or March, when many accounting firms are busy preparing tax returns. Auditing three years of data and drafting a report showing the results also takes time.

In addition, it should be noted that the ALJs modified the Settlement to shorten the time period for filing corrected annual reports for the period 2015-2018. The Settlement proposed that these reports would be due within six months after the entry of the Commission's order in this proceeding, Settlement at Section C(1), but the Recommended Decision requires that they be filed within 90 days. R.D. at Ordering Paragraph 7. Hidden Valley has not excepted to this recommendation, but Hidden Valley continues to argue (as it did in its Reply Brief) that the Company should have the flexibility to prepare the financial audit after the submission of its corrected annual reports, rather than being required to prepare both at the same time.

The ALJs' Recommended Decision provides no basis for requiring the audit to be completed within 120 days. That deadline is arbitrary and capricious. It is shorter than recommended by any of the Parties to this proceeding. Hidden Valley understands the need to complete the audit in a timely manner, but submits that the 120 day deadline is unreasonably short,



considering the requirement that the Company select a new auditor and prepare an audit of three years of financial data. As a practical matter, the 120 day deadline is impossible to meet, which is a denial of the Company's due process.

Hidden Valley requests that the Commission revise the deadline for completing this audit. Specifically, Hidden Valley requests that the deadline for completing this audit be 12 months after the entry of the Commission's final order in this proceeding.

#### V. REQUEST FOR RELIEF

For the reasons set forth above, Hidden Valley Utility Services, L.P., respectfully requests that the Commission modify the ALJs' Recommended Decision to:

(1) Approve the revenue requirement section of the Settlement, as submitted. In the event that the Commission agrees with the ALJs to modify the revenue requirement section of the Settlement, the Commission should permit Hidden Valley to file a compliance tariff designed to produce a total of \$145,824 in additional annual operating revenue over present rates, when the Bureau of Technical Utility Services or an ALJ finds the Company is providing reasonable and adequate wastewater service, pursuant to Ordering Paragraph 20 of the May 2018 Order.

(2) Establish a 12-month deadline, rather than a 120-day deadline, for the submission of the financial audit required by Ordering Paragraph No. 9 of the Recommended Decision.

Respectfully submitted,

  
Jonathan P. Nase (PA ID 44003)

Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101

Telephone: (717) 773-4191

E-mail: [jnase@cozen.com](mailto:jnase@cozen.com)

Counsel for *Hidden Valley Utility Services, L.P.*

Date: February 4, 2019

# **ATTACHMENT A**



January 31, 2019

**VIA HAND DELIVERY**

**Jonathan P. Nase**

Direct Phone 717-773-4191

Direct Fax 215-372-2340

[jnase@cozen.com](mailto:jnase@cozen.com)

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

**Re: Tanya J. McCloskey, Acting Consumer Advocate v. Hidden Valley Utility Services, L.P., (Water), Docket No. C-2014-2447138**

**Tanya J. McCloskey, Acting Consumer Advocate v. Hidden Valley Utility Services, L.P. (Wastewater), Docket No. C-2014-2447169**

**Engineer's Report and Verification**

Dear Secretary Chiavetta:

This correspondence is in response to certain ordering paragraphs in the Opinion and Order entered in this matter on May 3, 2018 ("May 2018 Order").

**Wastewater**

Ordering Paragraph 11 of the May 2018 Order states:

11. That Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer with regard to wastewater services in order to ensure that customers shall receive adequate and reasonable wastewater service, on or before January 31, 2019.

In addition, Ordering Paragraph 19 of the May 2018 Order states:

19. That on or before January 31, 2019, or as soon as all repairs, modifications and improvements have been made, as ordered herein, Hidden Valley Utility Services, L.P., shall file a final detailed status report with the Secretary of the Commission, along with a verification from its engineer outlining the details of what has and has not been completed, and provide copies to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, at the time of filing, identifying in detail the extent of compliance and any incomplete matters as ordered herein. If any matters ordered herein have not been completed,

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Hidden Valley Utility Services, L.P., and its engineer shall state in said report, in detail, the reasons for the same.

Attached as **Appendix A** is a detailed status report, along with a verification from the engineer, outlining the projects listed in the April 2018 engineer's report and the status of each as of January 16, 2019. Copies are being provided to TUS, OCA, and all other parties to this proceeding. Hidden Valley will file another detailed status report when all outstanding items on the engineer's report have been completed.

### **Water**

As stated above, Ordering Paragraph 19 states that Hidden Valley will file a final detailed status report "on or before January 31, 2019, or as soon as all repairs, modifications and improvements have been made, as ordered herein." However, Ordering Paragraph 8 of the May 2018 Order states:

8. That, within one (1) year [from] the date of the engineer's report, Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and (2) to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

One year from the date of the engineer's report regarding the water system is April 18, 2019. Consequently, Hidden Valley respectfully submits that the final detailed status report for its water system is not yet due.

### **Conclusion**

Thank you for your attention to this matter. Please contact me if you have any questions or concerns about this correspondence.

Sincerely,

COZEN O'CONNOR

  
By: Jonathan P. Nase

JPN  
Enclosures

cc: Per Certificate of Service  
Paul Diskin, Direct, Bureau of Technical Utility Services  
James M. Kettler, President, Hidden Valley Utility Services, L.P.

**VERIFICATION**

I, Bradley R. Stinebiser, hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 01/30/2019

  
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
	:	
and	:	
	:	
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **Engineer's Report and Verification** upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL AND FIRST CLASS MAIL:

Christine Maloni Hoover, Esq.  
Erin L. Gannon, Esq.  
Lauren M. Burge, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
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Harrisburg, PA 17101-1923  
Counsel for *Office of Consumer Advocate*

Hon. Jeffrey A. Watson  
Pennsylvania Public Utility Commission  
Piatt Place, Suite 220  
301 5<sup>th</sup> Avenue  
Pittsburgh, PA 15222

Robert J. Kollar, CPA and  
Kellie A. Kuhleman  
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Paige MacDonald-Matthes, Esq.  
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DATED: January 31, 2019

  
\_\_\_\_\_  
Jonathan P. Nase, Esquire  
Counsel for *Hidden Valley Utility Services, L.P.*

## APPENDIX A

# HIDDEN VALLEY UTILITY SERVICES ADDENDUM TO SANITARY SEWER SYSTEM FACILITIES STUDY

AS OF JANUARY 16, 2019

The purpose of this addendum is to provide a status update for recommended actions to address deficiencies identified in an April 2018 report prepared by the EADS Group, Inc. for the Hidden Valley Utility Services, L.P. On January 16, 2019, representatives of the EADS Group, Inc. conducted field inspections of both sewage treatment plants, effluent holding lagoon pump station, and six (6) sewage pumping stations. To indicate the status of each item identified in the April 2018 Report, we modified the Repair Tables from the Report and added notes as appropriate. Some of the items, such as those involving painting, cannot be completed until the current winter weather improves. The HVUS personnel are working to complete all items. From discussion with the System Operator completing the work, it is anticipated the pending work items will be completed in 60 – 90 days, dependent on weather conditions.

The EADS Group, Inc.  
Respectfully Submitted,



By: Bradley R. Stinebiser, P.E.



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# STP No. 1 – HEADWORKS AND EQUALIZATION TANKS

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the headworks and equalization facilities at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – HEADWORKS AND EQUALIZATION FACILITIES RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Equalization Pump #2	High	Install second equalization pump	At least two pumps shall be provided for each wetwell.	Completed as of 1/16/2019
Muffin Monster Power/Control Cables	High	Replace or repair existing muffin monster power/control cables	Each flexible cable, located in the wetwell, shall be provided with a water-tight seal.	Completed as of 1/16/2019
Muffin Monster Blades	High	Replace cutting cartridge	Not Applicable. General Maintenance.	Removed – See Note 1 Below
Equalization Splitter Box	High	Replace existing flow splitter box	Not Applicable. If structure collapses, STP operations would cease and an emergency situation would ensue.	Pending - See Note 2 Below
Equalization Pump Slide Rail System	High	Install new pump slide rail system for easy pump access	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.	Completed as of 1/16/2019
Bubbler Tubes	Moderate	Replace bubbler tubes in equalization facilities with float system	Not Applicable. If high influent BOD <sub>5</sub> becomes an issue bubbler tube replacement will help settle out some material.	Completed - Bubbler Tubes eliminated and replaced with Transducer
Equalization Pump Automatic Controls	Moderate	Replace automatic controls for equalization pumps	Provisions should be made to automatically alternate pumps.	Completed - Pressure transducer added with controller
Equalization Control Panel	Moderate	Minor repairs to existing control panel	Not Applicable.	Completed as of 1/16/2019
Equalization Tank Paint	Moderate	Repaint external and internal areas affected by corrosion	Not Applicable. General Maintenance.	Pending – See Note 3 Below

- Notes:**
1. Per discussion with the system Operator, the STP does not have issues with solids entering the treatment trains from flow equalization. This indicates the Muffin Monster blades are functioning adequately and grinding solid material entering the headworks.
  2. Per discussion with the system Operator, Equalization Box replacement has been ordered from Super City and is in fabrication.
  3. Tank painting cannot be completed due to weather conditions, to be completed during warmer weather.

# STP No. 1 – PRIMARY CLARIFIER AND AERATION TANKS

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the primary clarifier and aeration tanks at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – PRIMARY CLARIFIER AND AERATION TANKS RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Sludge Collector	High	Replace sludge collector chains	Not Applicable. Without the sludge collector chains the primary clarifier cannot remove sedimentation.	Removed - See Note 1 Below
Primary Clarifier Miscellaneous Repairs	Moderate	Miscellaneous repairs to sludge collector system and tank	Not Applicable. General Maintenance.	Removed - See Note 2 Below
Froth Spray System Tank No. 1	Moderate	Clean existing spray nozzles. Locate and replace damaged or clogged section of line	Not Applicable. Aeration Tank No. 1 does not have ability to spray down froth to help improve plant performance.	Completed – See Note 3 Below
Froth Spray System Tank No. 2	Low	Clean existing spray nozzles. Replace clogged nozzles.	Not Applicable. General Maintenance.	Completed as of 1/16/2019

- Notes:**
1. The system Operator has not utilized the primary clarifier for several years and assured us the level of treatment being provided has not been a problem.
  2. The system Operator has not utilized the primary clarifier for several years and assured us the level of treatment being provided has not been a problem.
  3. The system Operator indicated repairs were made but felt the line may be frozen due to the cold weather on the day of our visit.

# STP No. 1 – FINAL CLARIFIER, SLUDGE HOLDING, AND EFFLUENT TANKS

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the final clarifier, sludge holding, and chlorine contact tanks at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – FINAL CLARIFIER, SLUDGE HOLDING, AND EFFLUENT TANKS RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Effluent Strainer Grating	High	Replace effluent strainer grating	Not Applicable. General Maintenance.	Completed as of 1/16/2019
Old Sludge Holding Tank Walls	Moderate	Drain, inspect, repair, and repaint tank	Not Applicable. General Maintenance.	Pending - See Note 1 Below
New Sludge Holding Tank Walls	Moderate	Drain, inspect, repair, and repaint tank	Not Applicable. General Maintenance.	Pending - See Note 2 Below

- Notes: 1. Old Sludge Holding Tank painting cannot be completed due to weather conditions, to be completed during warmer weather.  
2. New Sludge Holding Tank painting cannot be completed due to weather conditions, to be completed during warmer weather.

# STP No. 1 – CONTROL BUILDING AND EQUIPMENT

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the control building at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – CONTROL BUILDING AND EQUIPMENT RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Effluent Pump No. 1	High	Replace existing split case pump with end suction pump	At least two pumps shall be provided.	Completed as of 1/16/2019
Effluent Pump No. 1	High	Proposed VFDs and Controls	Not Applicable.	Completed as of 1/16/2019
Equalization Blower	High	Repair Blower Motor and Starter	A minimum of two aerators shall be provided to permit continuity of service.	Completed as of 1/16/2019
Generator Batteries	High	Replace generator batteries	Not Applicable. General Maintenance.	Completed as of 1/16/2019
Aeration Blower	Moderate	Replace Blower	Not Applicable. Two (2) blowers operational. Repair to make an additional backup.	Pending - See Note 1 Below
Aeration Blower Room Vent & Fan	Moderate	Replace fan and vent controls	Mechanical ventilation is required.	Completed as of 1/16/2019
Equalization Blower Room Fan	Moderate	Replace fan and vent controls	Mechanical ventilation is required.	Completed as of 1/16/2019
Control Building Doors	Low	Replace doors due to corrosion from partially vented rooms.	Not Applicable. General Maintenance.	Pending - See Note 2 Below

- Notes: 1. Aeration Blower is pulled and repair is pending as of 1/16/2019.  
2. Control Building Doors replacement or repair is pending as of 1/16/2019.

# STP No. 2 – HEADWORKS, GENERATOR, AND FACULTATIVE LAGOON

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the headworks, generator, and aerated facultative lagoon at STP No. 2 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 2 – HEADWORKS, GENERATOR, AND FACULTATIVE LAGOON RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Generator Batteries	High	Replace generator batteries	Not Applicable. General Maintenance.	Completed as of 1/16/2019
Generator	High	Install coil heater for water line on radiator	Not Applicable. General Maintenance.	Completed as of 1/16/2019
Lagoon Liner	High	Repair hole in lagoon liner	Synthetic liners shall remain structurally sound during all anticipated working conditions.	Pending - See Note 1 Below
Lagoon Diffusors	Moderate	Flush diffusors to remove clogs and replace damaged diffusors	Not Applicable. General Maintenance.	Pending - See Note 2 Below
Parshall Flume Roof	Moderate	Replace roof over influent parshall flume channel	Not Applicable. General Maintenance.	Removed – See Note 3 Below
Equalization Wetwell Alarms	Moderate	Repair equalization pump alarm light	Appropriate high water and overflow detection devices such as visual and/or audio alarm shall be provided.	Completed as of 1/16/2019
Muffin Monster	Moderate	Replace or Repair existing cutting cartridge	Not Applicable. General Maintenance.	Removed – See Note 4 Below
Wetwell Fence	Low	Repair existing fence fabric	Not Applicable. General Maintenance.	Completed as of 1/16/2019

- Notes:**
1. A hole in the existing liner still needs repaired. Work to be completed during warmer weather.
  2. Two (2) nozzles remain clogged. Operator to repair or replace.
  3. Roof is not required for Parshall Flume operation. Operator removed damaged roof to eliminate potential conflict with Parshall Flume's operation.
  4. Per discussion with the system Operator, the STP does not have issues with solids entering the treatment trains from flow equalization. This indicates the Muffin Monster blades are functioning adequately and grinding solid material entering the headworks.

## STP No. 2 – CONTROL BUILDING AND CHLORINE CONTACT TANK

### SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the chlorine contact tank and control building at STP No. 2 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

<b>STP No. 2 – CONTROL BUILDING AND CHLORINE CONTACT TANK RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE</b>				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Effluent Pump	High	Install a second effluent pump	At least two pumps shall be provided.	Completed as of 1/16/2019
Effluent Pump Discharge Line Control Valve	High	Repair existing control valve	A check valve shall be placed on the discharge line of each pump.	Completed as of 1/16/2019 – See Note 1 Below
Weir Gate	High	Repair or replace weir gate to control effluent flow	Not Applicable. General Maintenance.	Completed as of 1/16/2019
Effluent Pump Room Conduit	Moderate	Replace existing conduit and damaged wiring	Not Applicable. General Maintenance.	Completed as of 1/16/2019

**Notes:** 1. In the original April 2018 Report, this item was mislabeled as an Effluent Pump Suction Line Gate Valve to be replaced. The corrected label reads as shown above, Effluent Pump Discharge Line Control Valve to be repaired. This work was completed as of 1/16/2019.

# EFFLUENT HOLDING LAGOON, SNOWMAKING SYSTEM AND SPRAY FIELD

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the effluent holding lagoon, pumps for the snowmaking system and spray field system, and spray field and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

EFFLUENT HOLDING LAGOON, SNOWMAKING SYSTEM AND SPRAY FIELD RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Effluent Pump	High	Replace existing effluent pump	At least two pumps shall be provided.	Completed as of 1/16/2019
Effluent Basket Strainer	Moderate	Replace existing basket strainer	Not Applicable. General Maintenance.	Pending - See Note 1 Below

Notes: 1. Operator to replace cover gasket.

# NORTH SUMMIT PUMPING STATION

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the North Summit Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

NORTH SUMMIT PUMPING STATION RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Pump #2	High	Repair existing sewage grinder pump	At least two pumps shall be provided for each wetwell.	Completed as of 1/16/2019
Flow Measurement	Moderate	Install device suitable for measuring flow	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.	Completed as of 1/16/2019. Installed pump run time meters.

Notes: None



# STONEWOOD LOTS PUMPING STATION

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Stonewood Lots Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STONEWOOD LOTS PUMPING STATION RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Access Steps	High	Remove rail blocking access or relocate steps	Suitable and safe means of access for persons wearing self-contained breathing apparatus shall be provided for both dry and wet wells.	Pending as of 1/16/2019
Control Panel Reef	Moderate	Replace roof above control panel	Not Applicable	Removed – See Note 1 Below
Pump Power and Controls Junction Box	Moderate	Relocate junction box to accessible location.	Not Applicable	Completed as of 1/16/2019
Flow Measurement	Moderate	Install device suitable for measuring flow	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.	Completed as of 1/16/2019. Installed pump run time meters.
Trash Rack	Moderate	Install trash rack	<del>Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.</del>	Removed – See Note 2 Below
Pump Wench/Hoist	Low	Install pump hoist	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.	Completed as of 1/16/2019. A portable hoist is available to all pump stations as needed.

**Notes:** 1. Roof over the panel is not required for Pump Station operation. Operator removed damaged roof.  
 2. The system Operator confirmed these are grinder pumps. Solids traditionally collected by a trash rack can pass through the pumps. The system Operator confirmed solids have not been a problem in the past. Installation of a trash rack is no longer required.

# FAIRWAYS LOTS PUMPING STATION

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Fairways Lots Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

FAIRWAYS LOTS PUMPING STATION RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Control Panel Structure	High	Replace control panel structure leg	Not Applicable. If structure collapses, pump station operations would cease and an emergency situation would ensue.	Completed as of 1/16/2019
Pump Power/Control Cables	High	Replace or repair existing pump power/control cables	Each flexible cable, located in the wetwell, shall be provided with a water-tight seal.	Pending – See Note 1 Below
Pump Power and Controls Junction Box	Moderate	Relocate junction box to accessible location	Not Applicable	Pending – See Note 1 Below
Shutoff Valves	Moderate	Relocate valves outside of wetwell	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.	Pending – See Note 1 Below
Flow Measurement	Moderate	Install device suitable for measuring flow	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.	Completed as of 1/16/2019. Installed pump run time meters.
Trash Rack	Moderate	Install trash rack	<del>Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.</del>	Removed – See Note 2 Below
Vent Pipe	Moderate	Install ventilation pipe	Ventilation shall be provided for all pump stations.	Completed as of 1/16/2019
Pump Wench/Hoist	Low	Install pump hoist	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.	Completed as of 1/16/2019. A portable hoist is available to all pump stations as needed.

**Notes:** 1. Operator is in the process of relocating pump power and controls junction box, and valves. Excavation around existing pump station wetwell was observed on 1/16/2019.

2. The system Operator confirmed these are grinder pumps. Solids traditionally collected by a trash rack can pass through the pumps. The system Operator confirmed solids have not been a problem in the past. Installation of a trash rack is no longer required.

# HIGHLAND TOWNHOUSE PUMPING STATION

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Highland Townhouse Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

HIGHLAND TOWNHOUSE PUMPING STATION RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Concrete Wetwell	High	Repair concrete wetwell to prevent groundwater infiltration	Not Applicable. Infiltration reduces the available capacity of the pumping station to convey sewage.	Completed as of 1/16/2019
Pump Power and Controls Junction Box	Moderate	Relocate junction box to accessible location.	Not Applicable	Completed as of 1/16/2019
Shutoff Valves	Moderate	Relocate valves outside of wetwell	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.	Pending as of 1/16/2019
Flow Measurement	Moderate	Install device suitable for measuring flow	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.	Completed as of 1/16/2019. Installed pump run time meters.
Trash Rack	Moderate	Install trash rack	<del>Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.</del>	Removed – See Note 1 Below
Vent Pipe	Moderate	Install ventilation pipe	Ventilation shall be provided for all pump stations.	Completed as of 1/16/2019
Pump Wench/Hoist	Low	Install pump hoist	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.	Completed as of 1/16/2019. A portable hoist is available to all pump stations as needed.

**Notes: 1. The system Operator confirmed these are grinder pumps. Solids traditionally collected by a trash rack can pass through the pumps. The system Operator confirmed solids have not been a problem in the past. Installation of a trash rack is no longer required.**

# WESTRIDGE PUMPING STATION #1

## SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Westridge Pumping Station #1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

<b>WESTRIDGE PUMPING STATION #1 RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE</b>				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Pump Lag Float	High	Replace pump lag float and controls	Not Applicable	Completed as of 1/16/2019
Pump #2	High	Repair existing sewage grinder pump	At least two pumps shall be provided for each wetwell.	Completed as of 1/16/2019
Electrical Disconnect Panel	High	Install disconnect panel prior to pump station control panel	Not Applicable	Completed as of 1/16/2019
Electrical Ground Wire	High	Install conduit protection for exposed section of ground wire	Not Applicable.	Completed as of 1/16/2019
Shutoff Valves	Moderate	Relocate valves outside of wetwell	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.	Pending as of 1/16/2019
Flow Measurement	Moderate	Install device suitable for measuring flow	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.	Completed as of 1/16/2019. Installed pump run time meters.
Trash Rack	Moderate	Install trash rack	<del>Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.</del>	Removed – See Note 1 Below
Vent Pipe	Moderate	Install ventilation pipe	Ventilation shall be provided for all pump stations.	Pending as of 1/16/2019
Pump Wench/Hoist	Low	Install pump hoist	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.	Completed as of 1/16/2019. A portable hoist is available to all pump stations as needed.

**Notes: 1. The system Operator confirmed these are grinder pumps. Solids traditionally collected by a trash rack can pass through the pumps. The system Operator confirmed solids have not been a problem in the past. Installation of a trash rack is no longer required.**

## WESTRIDGE PUMPING STATION #2

### SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Westridge Pumping Station #2 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

WESTRIDGE PUMPING STATION #2 RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE				
ASSET	PRIORITY	RECOMMENDATIONS	PA DEP MANUAL COMMENTS	STATUS
Pump #2	High	Replace existing sewage grinder pump	At least two pumps shall be provided for each wetwell.	Completed as of 1/16/2019
Access Steps	High	Remove rail blocking access or relocate steps	Suitable and safe means of access for persons wearing self-contained breathing apparatus shall be provided for both dry and wet wells.	Pending as of 1/16/2019
Shutoff Valves	Moderate	Relocate valves outside of wetwell	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.	Pending as of 1/16/2019
Trash Rack	Moderate	Install trash rack	<del>Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.</del>	Removed – See Note 1 Below
Vent Pipe	Moderate	Install ventilation pipe	Ventilation shall be provided for all pump stations.	Pending as of 1/16/2019
Pump Wench/Hoist	Low	Install ventilation pipe	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.	Completed as of 1/16/2019. A portable hoist is available to all pump stations as needed.

**Notes:** 1. The system Operator confirmed these are grinder pumps. Solids traditionally collected by a trash rack can pass through the pumps. The system Operator confirmed solids have not been a problem in the past. Installation of a trash rack is no longer required