



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

THOMAS T. NIESEN
Direct Dial: 717.255.7641
tniesen@tntlawfirm.com

May 7, 2019

Via Electronic Filing

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

In re: PaPUC Docket No. R-2019-3007103
Pa. P.U.C. v. Buck Hill Water Company

Dear Secretary Chiavetta:

We are counsel to Buck Hill Water Company in the above referenced rate investigation and are submitting, via electronic filing with this letter, a Joint Petition for Settlement of Rate Investigation signed by the Company and the Office of Consumer Advocate. Copies of the Joint Petition for Settlement are being served upon the persons and in the manner set forth on the certificate of service attached to it. Please contact me with any questions concerning this matter.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By 

Thomas T. Niesen

Encl.

cc: Certificate of Service (w/encl.)
Michael Linko (via email, w/encl.)
Dennis Kalbarczyk (via email, w/encl.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2019-3007103
Office of Consumer Advocate	:	C-2019-3007947
	:	
v.	:	
	:	
Buck Hill Water Company	:	

**JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

This Joint Petition for Settlement is made and entered into by and between the Office of Consumer Advocate (“OCA”) and Buck Hill Water Company (“BHWC”), parties to the above captioned rate proceeding (hereinafter collectively referred to as "Joint Petitioners"), and is hereby submitted for consideration and recommended approval by the Administrative Law Judge for the purpose of settling the proceeding under the terms and conditions set forth below.

Background

1. BHWC is a Pennsylvania public utility that provides water service to the public in Buck Hill Falls and vicinity, the Township of Barrett, Monroe County, Pennsylvania.
2. On January 11, 2019, BHWC filed Supplement No. 32 to Tariff Water-Pa. P.U.C. No. 3 (“Supplement No. 32”) to be effective April 1, 2019. If approved, Supplement No. 32 would increase BHWC’s annual water revenue by \$106,458, or 34.57%, based on a future test year ending September 30, 2019.

3. BHWC subsequently reduced the proposed increase to \$103,985, or 33.5%, to correct an understatement of \$2,473 in commercial customer revenue at present rates.

4. The rate filing was assigned Docket No. R-2019-3007103.

5. A formal Complaint against Supplement No. 32 was filed by the Office of Consumer Advocate at C-2019-3007947.

6. A formal Complaint against Supplement No. 32 was filed by the Office of Small Business Advocate at C-2019-3008081 and subsequently withdrawn.

7. The Bureau of Investigation and Enforcement did not participate in the proceeding.

8. By Order entered March 14, 2019, the Commission suspended Supplement No. 32 and instituted an investigation into the reasonableness of the proposed rates. BHWC filed Supplement No. 33 to suspend the application of the proposed water rates until November 1, 2019.

9. The case was assigned to Administrative Law Judge F. Joseph Brady.

10. A Telephonic Prehearing Conference was held on March 27, 2019. Counsel for OCA and BHWC participated in the telephonic conference.

Terms and Conditions of Settlement

11. Joint Petitioners agree that this rate proceeding can be settled without the need for formal litigation. The terms and conditions comprising this Joint Petition, to which Joint Petitioners agree, are as follows:

(a) Revenue Increase

Joint Petitioners respectfully request that the Commission act as soon as possible to approve this Joint Petition and grant BHWC special permission to file a tariff supplement in the form attached hereto as Appendix A, to become effective for

service on one day's notice, following the entry of a Commission Order approving this Settlement. The settlement provides for a \$76,000, or 24.5%, increase in annual revenue. The proof of revenue for the settlement rate increase is attached hereto as Appendix B.

(b) Stay Out

BHWC will not file a general rate increase, as that term is defined in Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d), until 3 years following the effective date of rates pursuant to this settlement; provided, however, that this provision shall not prevent BHWC from filing a tariff or tariff supplement proposing a general increase in base rates in compliance with Commission orders or in response to fundamental changes in regulatory policies or federal or state tax policies affecting BHWC's rates.

Other Provisions

12. Under the presently suspended Supplement No. 32, the quarterly cost of water service to a typical residential customer using 7,000 gallons per quarter would have increased by approximately \$71.84, or 34.57%, from \$207.80 to \$279.64. Correcting for the understatement of commercial customer revenue, the quarterly cost of water service to a typical residential customer using the same 7,000 gallons per quarter would have increased by approximately \$69.59, or 33.5%, from \$207.80 to \$277.39. Under the Joint Petition, the quarterly cost of water service to such residential customer would increase by approximately \$50.86, or 24.5%, from \$207.80 to \$258.66.

13. Although Joint Petitioners are not in agreement with respect to each claim in the ratemaking process and would not be able to agree upon the specific rate adjustments that may

support their respective conclusions, their agreement as to the amount of increase in BHWC's annual water revenue, coupled with the stay-out provision, provides an appropriate basis for resolution of the instant rate litigation.

14. The Joint Petition is in the public interest because it (a) minimizes cost-prohibitive litigation and administrative burden; (b) recognizes ratepayer concerns; and (c) provides BHWC with additional and necessary cash flow. The statements of BHWC and OCA supporting the Joint Petition are attached as Appendices C and D.

15. Joint Petitioners have also agreed that it would be appropriate for the Company's rate filing, submitted to the Commission on January 11, 2019, along with appropriate updated revisions noted above, be admitted into the evidentiary record of this proceeding. A copy of the rate filing along with updated revisions is attached as Appendix E.

16. This Joint Petition is proposed to settle the instant matter and is made without any admission against or prejudice to any positions that any Joint Petitioner might adopt during subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. Joint Petitioners agree that the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding and agree not to contend otherwise in any subsequent proceeding. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint Petition may be withdrawn by any Joint Petitioner upon written notice to the Commission and all parties within three business days by any of the Joint Petitioners. In such event, the Joint Petition shall be of no force and effect.

17. In the event that the Commission does not approve the Joint Petition or any Joint Petitioner elects to withdraw as provided above and the proceeding continues to hearing, the Joint Petitioners reserve their respective right to produce, distribute and offer into the record direct testimony as well as rebuttal and surrebuttal testimony and to conduct full cross-examination of other parties witnesses at hearing, briefing and argument in this rate proceeding.

18. If the Administrative Law Judge in his Recommended Decision recommends that the Commission adopt the Joint Petition without modification as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their right to file Exceptions with respect to any modifications to the terms and conditions of this Joint Petition, or any additional matters, proposed by Administrative Law Judge Brady in his Recommended Decision. The Joint Petitioners reserve their rights to file Reply Exceptions to any Exceptions which may be filed.

19. In recognition of the foregoing, the Joint Petitioners respectfully request that:
- (a) Administrative Law Judge Brady recommend approval of and the Public Utility Commission approve this Joint Petition for Settlement of Rate Investigation;
 - (b) BHWC be granted special permission to file a tariff supplement in the form attached hereto as Appendix A to become effective for service on one day's notice, following entry of a Commission Order;
 - (c) The Company's Rate Study, attached hereto as Appendix E, filed with the Public Utility Commission on January 11, 2019, along with appropriate updated revisions, be admitted into the evidentiary record;

- (d) The Commission's investigation at R-2019-3007103 be terminated and marked closed; and
- (e) The Complaint of the Office of Consumer Advocate at C-2019-3007947 be dismissed consistent with this Joint Petition for Settlement and marked closed.

IN WITNESS WHEREOF, the Joint Petitioners hereto have duly executed this Joint Petition for Settlement as of the date indicated herein.

OFFICE OF CONSUMER ADVOCATE

By: Christine Maloni Hoover
Christine Maloni Hoover
Senior Assistant Consumer Advocate

BUCK HILL WATER COMPANY

By: Thomas T. Niesen
Thomas T. Niesen

APPENDIX A
Settlement Supplement

BUCK HILL WATER COMPANY
RATES, RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION OF WATER
TO THE PUBLIC IN BUCK HILL FALLS AND VICINITY,
THE TOWNSHIP OF BARRETT,
MONROE COUNTY, PENNSYLVANIA

ISSUED:

EFFECTIVE:

BY: MICHAEL R. O'SHEA, PRESIDENT
BUCK HILL WATER COMPANY
P.O. Box 426
Buck Hill Falls, PA 18360

(C)

NOTICE

This Tariff makes increases and changes in existing rates, rules and regulations
(See Page No. 2)

LIST OF CHANGES

INCREASE:

This tariff increases existing jurisdictional metered water rates by approximately 24.5% or an overall annual revenue increase of \$76,000.

CHANGE:

This tariff identifies a change in the Company president.

This tariff clarifies the rule concerning Service Termination and Resumption Rates for Bonn Hill section customers.

This tariff makes minor changes to format.

(C)

TABLE OF CONTENTS

	Page No.
Title Page (Supplement No. 34)	1 (C)
List of Changes	Seventeenth Revised Page No. 2 (C)
Table of Contents	Seventeenth Revised Page No. 3 (C)
Schedule of Rates	Sixteenth Revised Page No. 4 (C)
Reserved Page for Future Use	Eleventh Revised Page No. 4A (C)
Rules and Regulations	Original Page 5
Definitions	Original Page No. 5
Company's Service Lines	Fifth Revised Page No. 6
Customer's Service Lines	Fifth Revised Page No. 6
Bills and Notices to Customers	Fifth Revised Page No. 6
Discontinuance of Service	Original Page No. 7
Limitation of Liability of Company	First Revised Page No. 8
Extensions	First Revised Page No. 8
General	First Revised Page No. 8
Complaints	Original Page No. 9
Changing Rates, Rules and Regulations	Original Page No. 9
Water Conservation Contingency Plan	Original Page No. 10
Authority to Impose Conservation Measures	Original Page No. 10
Curtailement of Nonessential Use	Original Page No. 10
Priorities and Procedures	Original Page No. 11
Water Rationing Plan – Pennsylvania Emergency Management Council	Original Page No. 13

BUCK HILL WATER COMPANY Canceling Fourteenth and Fifteenth Revised Page No. 4

SCHEDULE OF RATES AND CHARGES

Rates for Metered Service

Customer Charge: Every customer shall be assessed a customer service charge for each service line connected to the Company’s system based on the size of the diameter of the service meter serving the customer, as follows:

<u>Service/Meter Diameter (inches)</u>	<u>\$/Quarter</u>	
0.75 or less	\$ 188.10	(I)
1.00	\$ 239.38	(I)
2.00	\$ 495.82	(I)
4.00	\$2,393.84	(I)
6.00	\$3,590.59	(I)
8.00	\$4,958.43	(I)

Consumption Charge: In addition to the customer charge, the following water consumption charges will apply to all customers:

Rate per 1000 gallons	\$10.08 / 1000 gallons	(I)
-----------------------	------------------------	-----

Bulk Rate Water Sale: Bulk rate sales of water shall be charged at the following metered rate per quarter.

Rate per 1000 gallons	\$ 5.05 / 1000 gallons	(I)
-----------------------	------------------------	-----

SPECIAL SEASONAL PROVISION FOR BONN HILL CUSTOMERS ONLY: (C)
 Customers in the Bonn Hill section shall be billed at the prevailing rates for two quarters per year only. These quarters shall be the quarter May 1 to July 31, and the quarter August 1 to October 31.

SERVICE TERMINATION OR RESUMPTION RATES: The fee for shut-off or turn-on of service shall be \$50.00 per occurrence. Customers in the Bonn Hill section only may be (C) billed for shut-off or for turn-on only during the seasonal billing period of May 1 through October 31.

LATE-PAYMENT CHARGE: All amounts not paid when due shall accrue a late-payment Charge at the rate not to exceed one and one-half percent (1.5%) per billing period, not to exceed eighteen percent (18%) per year.

(I) Indicates increase, (C) Indicates change

Issued:

Effective:

BUCK HILL WATER COMPANY

RESERVED PAGE FOR FUTURE USE

(C)

Issued:

Effective:

RULES AND REGULATIONS (Continued)

Company's Service Lines

1. Company's Service Lines of a size and location determined by the Company will be installed and maintained by the Company at its own expense as an integral part of its distribution system and are the property of the Company and under its exclusive control. Where the Company will install the larger service, provided the Customer pays the additional cost for the larger service.

Customer's Service Lines

2. Each Customer's Service Line shall be installed and maintained by or on behalf of such Customer at customer's expense. Customer's Service Line shall be of a material and at a location approved by the Company and shall be equipped at an accessible point within the Premises with a stop and waste cock of a pattern and material approved by the Company.

Bills and Notices to Customers

3. The Company will render bills quarterly or monthly for use of service during the preceding monthly or quarterly billing period upon the annual rates schedule contained herein. Customers have the option of receiving monthly bills, if they so desire. A customer (C) requesting a monthly bill will be charged one-third of the current quarterly customer charge, rounded up to the nearest cent with usage charged at the applicable current volumetric rate.

4. All bills shall be due and payable as indicated on current billing. All bills unpaid 30 days after same may result in a notice sent to Customer that the service will be discontinued within ten (10) days unless the undisputed portion of the bill is paid. If bill is still unpaid after 30 days after the notice is sent, then Company shall proceed to terminate water service to the premises of such delinquent Customer pursuant to the procedures established by the Pennsylvania Public Utility Commission. Such Customer will not again be supplied except upon payment of all arrearages, and for the expense incurred.

5. A late payment charge shall be applied to any outstanding bill unpaid for (C) 20 days after the date of the bill.

BUCK HILL WATER COMPANY

RULES AND REGULATIONS (Continued)

Limitation of Liability of Company

8. The Company shall not be liable for any damage or injury to any (C) person or property caused by the discontinuance of water service for any reasons for the purpose of making necessary repairs or connections or to meet any emergency or caused by failure of a Customer to maintain Customer's Service Line or caused by water escaping from Customer's Service Line or caused by the total or partial failure of water service or pressure for any cause beyond the control of the Company. The Company shall be under no liability for damage or injury by fire to any person or property caused by the total or partial failure of water service or pressure for any cause whether within or beyond the control of the Company.

Extensions

9. The Company will extend its mains of proper size, considering the future growth and additions, within its chartered territory only on public roads, streets, alleys and lanes, upon application, when in the judgment of the Company the annual revenue assured is sufficient to pay the annual operating costs and to provide a reasonable return on the investment.

General

10. The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs and tanks to provide for emergencies, or may restrict or regulate the quantity of water used by Customers in case of scarcity, or whenever the public welfare may require it.

Appendix B
Settlement Rates and Proof Of Revenues

BUCK HILL WATER CO.

Current, Revised Proposed, and Settlement Quarterly Rates And Typical Quarterly Bills

	Meter Size	Current Quarterly	Revised ** Proposed Quarterly	% Increase	Settlement Proposed Quarterly	% Increase
<u>Customer Charge *</u>						
	3/4"	\$151.10	\$201.72	33.5%	\$188.10	24.5%
	1"	\$192.30	\$256.72	33.5%	\$239.38	24.5%
	2"	\$398.30	\$531.73	33.5%	\$495.82	24.5%
	4"	\$1,923.00	\$2,567.22	33.5%	\$2,393.84	24.5%
	6"	\$2,884.35	\$3,850.64	33.5%	\$3,590.59	24.5%
	8"	\$3,983.15	\$5,317.55	33.5%	\$4,958.43	24.5%

Residential*/Commercial Volumetric Sales:

Consumption Charge per 1,000 gallons	\$8.10	\$10.81	33.5%	\$10.08	24.4%
--------------------------------------	--------	---------	-------	---------	-------

Bulk Rate Water Volumetric Sales:

Consumption Charge per 1,000 gallons	\$4.06	\$5.42	33.5%	\$5.05	24.4%
--------------------------------------	--------	--------	-------	--------	-------

Pro Forma Typical Quarterly Bill:

3/4" Residential

Typical Quarterly Gallon Usage	7,000	7,000		7,000	
Cust. Charge	\$ 151.10	\$ 201.72	33.5%	\$ 188.10	24.5%
Usage Charge	56.70	75.67	33.5%	70.56	24.4%
Typical Quarterly Bill	<u>\$ 207.80</u>	<u>\$ 277.39</u>	33.5%	<u>\$ 258.66</u>	24.5%
\$/Increase over Current		\$ 69.59	33.5%	\$ 50.86	24.5%

3/4" Commercial

Typical Quarterly Gallon Usage	117,000	117,000		117,000	
Cust. Charge	\$ 151.10	\$ 201.72	33.5%	\$ 188.10	24.5%
Usage Charge	947.70	1,264.77	33.5%	1,179.36	24.4%
Typical Quarterly Bill	<u>\$ 1,098.80</u>	<u>\$ 1,466.49</u>	33.5%	<u>\$ 1,367.46</u>	24.5%
\$/Increase over Current		\$ 367.69	33.5%	\$ 268.66	24.5%

*Note: Residential Bonn Hill Seasonal Customers are billed 2 quarters per year.

Summary Annual Revenues by Customer Group Outside/Inside Buck Hills Falls Community

	Current Rates	Revised ** Proposed Rates	% Increase	Settlement Proposed Rates	% Increase
<u>Customers Outside Buck Hill Falls Community</u>					
Residential - Year Round	\$ 3,665	\$ 4,892	33.5%	\$ 4,562	24.5%
Residential - Seasonal	2,196	2,932	33.5%	2,734	24.5%
Total Customers Outside BHFC	<u>\$ 5,861</u>	<u>\$ 7,824</u>	33.5%	<u>\$ 7,296</u>	24.5%
<u>Customers Inside Buck Hill Falls Community</u>					
Residential - Year Round	\$ 233,461	\$ 311,645	33.5%	\$ 290,602	24.5%
Commercial - Non-BHF Post Office	613	818	33.4%	762	24.3%
Commercial - Owned by Buck Hill Falls Company	70,458	94,039	33.5%	87,688	24.5%
	<u>\$ 304,532</u>	<u>\$ 406,502</u>	33.5%	<u>\$ 379,052</u>	24.5%
Total Outside/Inside Buck Hill Falls Community	<u>\$ 310,393</u>	<u>\$ 414,326</u>	33.5%	<u>\$ 386,348</u>	24.5%
\$/Increase over Current		\$ 103,933	33.5%	\$ 75,955	24.5%
% Outside BHFC to Total Revenues	1.89%	1.89%		1.89%	
% Inside BHFC to Total Revenues	98.11%	98.11%		98.11%	
Totals	<u>100.00%</u>	<u>100.00%</u>		<u>100.00%</u>	

** Note: The as-filed revenue increase of \$106,458 was reduced to \$103,985 as commercial revenues under current rates were inadvertently understated. Thus, proposed rates were reduced accordingly.

BUCK HILL WATER COMPANY

Proof of Revenue - Pro Forma Analysis of Annualized Revenues Under Current, Revised Proposed, and Settlement Rates for the Pro Forma Twelve Months Ended September 30, 2019

	Annual Bills/Usage Totals	Current Rates	Revised** Pro Forma Revenues	Revised ** Proposed Rates	Proposed** Pro Forma Revenues	Proposed** Pro Forma \$/ Increase	Proposed Pro Forma %/ Increase	Settlement Proposed Rates	Settlement Pro Forma Revenues	Settlement Pro Forma \$/ Increase	Settlement Pro Forma %/ Increase
Customers Outside Buck Hill Falls Community											
Residential - Year Round											
3/4" Meter Size	16	\$151.10	\$ 2,417.60	\$201.72	\$ 3,227.52	\$ 809.92	33.5%	\$188.10	\$ 3,009.60	\$ 592.00	24.5%
Gallons	154,000	\$8.10	1,247.40	\$10.81	1,664.74	417.34	33.5%	\$10.0800	1,552.32	304.92	24.4%
Subtotal Residential Year Round			\$ 3,665.00		\$ 4,892.26	\$ 1,227.26	33.5%		\$ 4,561.92	\$ 896.92	24.5%
Residential - Seasonal											
3/4" Meter Size	14	\$151.10	\$ 2,115.40	\$201.72	\$ 2,824.08	\$ 708.68	33.5%	\$188.10	\$ 2,633.40	\$ 518.00	24.5%
Gallons	10,000	\$8.10	81.00	\$10.81	108.10	27.10	33.5%	\$10.08	100.80	19.80	24.4%
Subtotal Residential Seasonal			\$ 2,196.40		\$ 2,932.18	\$ 735.78	33.5%		\$ 2,734.20	\$ 537.80	24.5%
Total Customers Outside Buck Hill Falls Community											
3/4" Meter Size	30	\$151.10	\$ 4,533.00	\$201.72	\$ 6,051.60	\$ 1,518.60	33.5%	\$188.10	\$ 5,643.00	\$ 1,110.00	24.5%
Gallons	164,000	\$8.10	1,328.40	\$10.81	1,772.84	444.44	33.5%	\$10.08	1,653.12	324.72	24.4%
Totals Residential Outside BHF Community			\$ 5,861.40		\$ 7,824.44	\$ 1,963.04	33.5%		\$ 7,296.12	\$ 1,434.72	24.5%
Customers Inside Buck Hill Falls Community											
Residential - Year Round											
Residential											
3/4" Meter Size	1131	\$151.10	\$170,894.10	\$201.72	\$228,145.32	\$ 57,251.22	33.5%	\$188.10	\$212,741.10	\$ 41,847.00	24.5%
Gallons	7,724,300	\$8.10	62,566.83	\$10.81	83,499.68	20,932.85	33.5%	\$10.08	77,860.94	15,294.11	24.4%
Totals Residential Inside BHF Community			\$233,460.93		\$311,645.00	\$ 78,184.07	33.5%		\$290,602.04	\$ 57,141.11	24.5%
Total Pro Forma Residential Customers											
Meter/ Meter Charge	1161		\$175,427.00		\$234,197.00	\$ 58,770.00	33.5%		\$218,384.00	\$ 42,957.00	24.5%
Gallons	7,888,300		63,895.00		85,273.00	21,378.00	33.5%		79,514.00	15,619.00	24.4%
Total Residential Revenues			\$239,322.00		\$319,470.00	\$ 80,148.00	33.5%		\$297,898.00	\$ 58,576.00	24.5%
Residential Average Usage	7,000										
Commercial - Year Round Inside Buck Hill Falls Community											
Commercial - Non-BHF Post Office											
3/4" Meter Size	4	\$151.10	\$ 604.40	\$201.72	\$ 806.88	\$ 202.48	33.5%	\$188.10	\$ 752.40	\$ 148.00	24.5%
Gallons	1,000	\$8.10	8.10	\$10.81	10.81	2.71	33.5%	\$10.08	10.08	1.98	24.4%
Total Comm Non-BHF 3/4"			\$ 612.50		\$ 817.69	\$ 205.19	33.5%		\$ 762.48	\$ 149.98	24.5%
Commercial - Owned by Buck Hill Falls Company											
3/4" Meter Size	36	\$151.10	\$ 5,439.60	\$201.72	\$ 7,261.92	\$ 1,822.32	33.5%	\$188.10	\$ 6,771.60	\$ 1,332.00	24.5%
Gallons	1,071,000	\$8.10	8,675.10	\$10.81	11,577.51	2,902.41	33.5%	\$10.08	10,795.68	2,120.58	24.4%
1" Meter Size	4	\$192.30	769.20	\$256.72	1,026.88	257.68	33.5%	\$239.38	957.52	188.32	24.5%
Gallons	27,000	\$8.10	218.70	\$10.81	291.87	73.17	33.5%	\$10.08	272.16	53.46	24.5%
2" Meter Size	8	\$398.30	3,186.40	\$531.73	4,253.84	1,067.44	33.5%	\$495.82	3,966.56	780.16	24.4%
Gallons	3,913,000	\$8.10	31,695.30	\$10.81	42,299.53	10,604.23	33.5%	\$10.08	39,443.04	7,747.74	24.4%
4" Meter Size	4	\$1,923.00	7,692.00	\$2,567.22	10,268.88	2,576.88	33.5%	\$2,393.84	9,575.36	1,883.36	24.5%
Gallons	1,578,000	\$8.10	12,781.80	\$10.81	17,058.18	4,276.38	33.5%	\$10.08	15,906.24	3,124.44	24.4%
Total Commercial - Owned by Buck Hill Falls Company											
No. Meters	52		\$ 17,087.20		\$ 22,811.52	\$ 5,724.32	33.5%		\$ 21,271.04	\$ 4,183.84	24.5%
Gallons	6,589,000		53,370.90		71,227.09	17,856.19	33.5%		66,417.12	13,046.22	24.4%
Total Comm BHFCompany			\$ 70,458.10		\$ 94,038.61	\$ 23,580.51	33.5%		\$ 87,688.16	\$ 17,230.06	24.5%
Total Pro Forma Commercial Revenues											
Meter/ Meter Charge	56		\$ 17,692.00		\$ 23,618.00	\$ 5,926.00	33.5%		\$ 22,023.00	\$ 4,331.00	24.5%
Gallons	6,590,000		53,379.00		71,238.00	17,859.00	33.5%		66,427.00	13,048.00	24.4%
Total Commercial Revenues			\$ 71,071.00		\$ 94,856.00	\$ 23,785.00	33.5%		\$ 88,450.00	\$ 17,379.00	24.5%
Commercial Average Usage	117,000										
Total Pro Forma Revenues											
Meter/ Meter Charge	1217		\$193,119.00		\$257,815.00	\$ 64,696.00	33.5%		\$240,407.00	\$ 47,288.00	24.5%
Gallons	14,478,300		117,274.00		156,511.00	39,237.00	33.5%		145,941.00	28,667.00	24.4%
Total Revenues			\$310,393.00		\$414,326.00	\$103,933.00	33.5%		\$386,348.00	\$ 75,955.00	24.5%
Revenue Increase Per Rate Study, Updated Sch H-1 / Settlement Increase						103,985.00				76,000.00	
Proof of Revenue Difference						\$ (52.00)				\$ (45.00)	

** Note: The as-filed revenue increase of \$106,458 was reduced to \$103,985 as commercial revenues under current rates were inadvertently understated; thus, proposed rates were reduced

APPENDIX C
Statement in Support of Buck Hill
Water Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2019-3007103
Office of Consumer Advocate	:	C-2019-3007947
	:	
v.	:	
	:	
Buck Hill Water Company	:	

**STATEMENT IN SUPPORT OF
BUCK HILL WATER COMPANY**

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

AND NOW, comes Buck Hill Water Company (“BHWC” or “Company”), by its attorneys, and submits the following statement in support of the Joint Petition for Settlement of Rate Investigation (“Joint Petition for Settlement”) submitted to the Public Utility Commission (“Commission”) by BHWC and the Office of Consumer Advocate.

Introduction

BHWC is a Pennsylvania public utility that provides water service to the public in Buck Hill Falls and vicinity, the Township of Barrett, Monroe County, Pennsylvania.

On January 11, 2019, BHWC filed Supplement No. 32 to Tariff Water-Pa. P.U.C. No. 3 (“Supplement No. 32”) to be effective April 1, 2019. If approved, Supplement No. 32 would increase BHWC’s annual water revenue by \$106,458 based on a future test year ending September 30, 2019.

BHWC subsequently reduced the proposed increase to \$103,985, or 33.5%, to correct an understatement of \$2,473 in commercial customer revenue at present rates.

BHWC and the OCA (the “Settling Parties”) have agreed that this rate proceeding can be settled without further litigation under the terms set forth in the Joint Settlement Petition. The settlement provides for a \$76,000 increase in annual revenue. The settlement also provides for a Three Year Stay – Out.

The Proposed Settlement is Consistent with Commission Regulations and In the Public Interest. It Minimizes Cost Prohibitive Litigation and Administrative Burden.

It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements.¹ Settlements lessen the time and expense of litigating a case² and, at the same time, conserve administrative hearing resources. This directly benefits all parties concerned.³

The Joint Petition for Settlement proposes the resolution of all issues in this rate proceeding. Where the active parties in a proceeding have reached a settlement, the principal issue for Commission consideration is whether the agreement reached is in the public interest.⁴ The benchmark for

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

² The substantial cost of litigation avoided through settlement includes the cost of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the cost of preparing and serving briefs, reply briefs, exceptions and replies to exceptions, together with the cost of briefs and reply briefs necessitated by any appeal of the Commission’s decision.

³ *Pa. P.U.C. v. Timberlee Valley Sanitation Company*, Docket No. R-2018-3003104, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated October 16, 2018 (“*Recommended Decision of ALJ Dunderdale – TVSC*”), mimeo at 10; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2017-2631441, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated May 16, 2018 (“*Recommended Decision of ALJ Dunderdale – RWC 2018*”), mimeo at 23; *Pa. P.U.C. v. Imperial Point Water Service Company*, Docket No. R-2012-2315536, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated June 25, 2013 (“*Recommended Decision of ALJ Dunderdale – Imperial Point*”), mimeo at 11; *Pa. P.U.C. v. The Newtown Artesian Water Company*, Docket No. R-2011-2230259, Recommended Decision of Administrative Law Judge Elizabeth H. Barnes dated September 20, 2011 (“*Recommended Decision of ALJ Barnes*”), mimeo at 9; *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Conrad A. Johnson dated January 11, 2011, mimeo at 12; *Pa. P.U.C. v. Lake Spangenberg Water Company*, Docket No. R-2009-2115743, Recommended Decision of Administrative Law Judge Ember S. Jandebeur dated March 2, 2010, mimeo at 11; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated February 16, 2010 (“*Recommended Decision of ALJ Dunderdale – RWC 2010*”), mimeo at 5.

⁴ *Recommended Decision of ALJ Barnes*, mimeo at 9, citing *Pa. P.U.C. v. C S Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) and *Pa. P.U.C. v. Philadelphia Electric Co.*, 60 Pa. P.U.C. 1 (1985).

determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest.⁵

The Joint Petition for Settlement is in the public interest because it (a) minimizes cost-prohibitive litigation and administrative burden; (b) addresses, through the participation of the OCA, ratepayer questions concerning the proposed rate increase; and (c) provides BHWC with additional and necessary cash flow.⁶

Each of the foregoing considerations, which are traditionally recognized as matters that further the public interest in settlement of rate proceedings,⁷ applies here where the settlement minimizes cost prohibitive litigation and administrative burden as set forth above, addresses ratepayer questions and concerns and provides BHWC with additional and necessary cash flow as set forth below. BHWC and the OCA also filed individual statements in support of the Joint Petition.

Avoidance of litigation costs as a result of settlement is important to BHWC and, we submit, also important to rate paying customers as the cost of litigation may ultimately be reflected in higher rates for water service. The avoidance of further litigation expense is a recognized public interest benefit of settlement.

The Financial Data Submitted By BHWC Supports the Settlement Increase Which Will Provide the Company with Additional and Necessary Cash Flow

The Company is increasing its rates to bring its operating income to a reasonable level. Its

⁵ *Recommended Decision of ALJ Barnes*, mimeo at 9, citing *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996 and *Pa.P.U.C. v. CS Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991).

⁶ Joint Petition for Settlement, paragraph 14.

⁷ *Recommended Decision of ALJ Barnes*, mimeo at 9 – 10 wherein Judge Barnes concludes that the joint petition in settlement of a water rate proceeding is in the public interest because it (a) minimizes cost prohibitive litigation and administrative burden; (b) recognizes ratepayers' concerns; and (c) provides [the utility] with additional and necessary cash flow.

last rate increase was in 2004. On a pro forma basis, BHWC will experience a \$1,506 net income and a return of 0.11% at present rate levels. The Company is in need of immediate rate relief.

Under the presently suspended Supplement No. 32, the quarterly cost of water service to a typical residential customer using 7,000 gallons per quarter, after correction of the understatement of commercial customer revenue, would have increased by approximately \$69.59, or 33.5%, from \$207.80 to \$277.39. At the proposed rate level, the Company calculated pro forma net income to be \$98,813 with an overall return of 7.01%.

Under the Joint Petition for Settlement, the quarterly cost of water service to a typical residential customer using 7,000 gallons per quarter will increase by approximately \$50.86, or 24.5%, from \$207.80 to \$258.66.

As is common in general base rate proceedings, the settlement is “black box,” meaning that the Settling Parties have not negotiated each and every revenue and expense line item but rather have been able to agree upon a final revenue number based on their individual revenue and expense analysis.

The financial data submitted by BHWC in support of Supplement No. 32 fully supports the substantially reduced increase of \$76,000 provided for in the Joint Petition. The financial data was submitted in the form of a traditional rate base/rate of return analysis. The financial data submitted by BHWC supported a rate increase of \$103,985.

Although BHWC believes that it could have readily supported a higher revenue requirement if it had proceeded to litigation, its decision to avoid litigation and come to a settled resolution avoids costs and expenses as aforesaid. Under the totality of the circumstances, BHWC believes that cost avoidance is in its interest and also the interest of its customers. Although less than the increase supported by BHWC’s filing, the Company accepts the settlement increase as a reasonable and

appropriate resolution of this rate proceeding which should be sufficient to allow it to continue to provide reasonable and adequate water service.

The Settlement Provides for a Rate Case “Stay Out”

BHWC has agreed as part of the settlement to a three year rate case stay out. A rate case “stay out” gives ratepayers a specified level of rate security – three years here – that would not exist absent the stay out. A rate case “stay out” is a traditionally recognized part of the public’s interest in settlement of a rate proceeding.⁸

Conclusion

The settlement will provide BHWC with additional and necessary cash flow to meet operating expenses and the opportunity to earn a fair return. Through the settlement, ratepayer questions and matters of concern are addressed through the participation of the OCA and the cost and uncertainty of litigation are avoided. BHWC submits that the Joint Petition is reasonable and in the public interest and should be approved without modification.

⁸ See, for example, *Recommended Decision of ALJ Dunderdale – TVSC*, mimeo at 10-11; *Recommended Decision of ALJ Dunderdale – Imperial Point*, mimeo at 20; *Recommended Decision of ALJ Johnson*, mimeo at 16; and *Recommended Decision of ALJ Dunderdale – RWC 2010*, mimeo at 8-9.

WHEREFORE Buck Hill Water Company respectfully requests that Administrative Law Judge F. Joseph Brady and the Public Utility Commission accept the foregoing in support of the Joint Petition for Settlement of Rate Investigation and further that Administrative Law Judge Brady recommend approval of and the Public Utility Commission approve the Joint Petition for Settlement of Rate Investigation.

Respectfully submitted,

By 

Thomas T. Niesen, Esquire
THOMAS, NIESEN & THOMAS, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101

*Attorneys for
Buck Hill Water Company*

APPENDIX D
Statement in Support of the
Office of Consumer Advocate

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:		
	:		
v.	:	Docket No.	R-2019-3007103
	:		C-2019-3007947
Buck Hill Water Company	:		

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

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

I. INTRODUCTION

On January 11, 2019, Buck Hill Water Company (Buck Hill or Company) filed Supplement No. 32 to Tariff Water - Pa. P.U.C. No. 3, to become effective April 1, 2019. The Company, by filing this tariff supplement, sought Commission approval to make rate changes that would increase the level of rates that it charges for providing water service to its customers.

The proposed tariff contained changes in rates calculated to recover an estimated annual increase in base rate revenues of \$106,458. This represents an approximate 34.57% increase in the Company's annual revenues. Under the Company's proposal, the proposed base rates for an average customer using 7,000 gallons per quarter would increase

from \$207.80 to \$279.64, or by 34.57%.¹ The Company serves approximately 313 customers in the Township of Barrett, Monroe County.

On February 15, 2019, the OCA filed a Formal Complaint (C-2019-3007947) against the proposed increase in rates and a Notice of Appearance. The Office of Small Business Advocate filed a Formal Complaint on February 26, 2019. The OSBA complaint was subsequently withdrawn.

By Order entered on March 14, 2019, the Commission initiated an investigation into the lawfulness, justness and reasonableness of the proposed rates in Supplement No. 32 to Tariff Water - Pa. P.U.C. No. 3, and suspended the effective date until November 1, 2018 by operation of law.

The Commission assigned the case to Administrative Law Judge Brady. A telephonic prehearing conference was held on March 27, 2019. The parties had a series of discussions related to resolving the rate increase filing. As a result of the discussions, the signatory parties were able to reach an agreement in principle to resolve all issues, resulting in the comprehensive settlement terms and conditions set forth herein. As discussed below, the OCA submits that the Settlement is in the public interest and should be adopted.

II. SETTLEMENT TERMS AND CONDITIONS

A. Revenue Increase and Allocation

The proposed Settlement provides for an overall increase in annual revenues of \$76,000, or 24.5%, in lieu of the proposed \$106,458 increase originally proposed by Buck Hill. See Settlement ¶ 11(a); see also Appendices A and B. This compromise represents a 29% reduction from Buck Hill's original rate increase request.

¹ The Company corrected its original filing to reflect the understatement of commercial customer revenue, reducing the revenue requirement to \$103,985, or 33.5%. With this correction, the proposed base rates for an average customer using 7,000 gallons per quarter under the Company's proposal was \$277.39 rather than \$279.64 as originally proposed.

Under the proposed Settlement, the bill for the typical residential customer using 7,000 gallons of water per quarter would increase from \$207.80 to \$258.66 per quarter, or by 50.86 (24.5%) rather than \$69.59 (33.5%) as originally proposed by the Company. Settlement ¶ 12.

Based on the OCA's analysis of the Company's filing, and discovery responses, the rate increase under the proposed Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. This increase is appropriate when accompanied by other important conditions contained in the Settlement and yields a result that is just and reasonable.

B. Stay Out

Under the proposed settlement the Company has agreed not to file a general rate increase, as that term is defined in Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d), prior to three (3) years following the effective date of the rate increase. Settlement ¶ 10(b). This provision will provide a level of rate stability that benefits the ratepayers.

III. CONCLUSION

The terms and conditions of the proposed Settlement of this rate proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement would provide for an increase of approximately \$76,000 in annual revenues. This amount is reduced from the \$103,985 annual increase proposed in Buck Hill's corrected filing. In addition, the ratepayers will benefit from the stay-out. Finally, the Commission and all parties would benefit from the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

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

Respectfully Submitted,



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

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

May 7, 2019
271467

Appendix E
As-Filed Rate Study and Revised Schedules

BUCK HILL WATER CO.

Rate Base At Original Cost / Overall Rate of Return
Per Books September 30, 2018 and Pro Forma September 30, 2019

<u>Line</u>	<u>Description</u>	<u>Per Books</u> <u>09/30/2018</u>	<u>Pro Forma Rates</u>	
			<u>Current</u> <u>09/30/2019</u>	<u>Proposed</u> <u>09/30/2019</u>
1	Plant-In-Service (See Schedule E-1 and E-2)	\$ 2,515,879	\$ 2,875,879	\$ 2,875,879
2	Less: Accumulated Provisions For Depreciation (See Schedule E-1 and E-2)	1,412,087	1,500,501	1,500,501
3	Net Plant-In-Service (See Schedule E-1 and E-2)	\$ 1,103,792	\$ 1,375,378	\$ 1,375,378
Additions:				
4	Inventory	\$ -	\$ -	\$ -
5	Cash Working Capital (See Schedule F-2)	32,026	34,228	34,228
Deductions:				
6	Contributions In Aid Of Const. Net of Accumulated Depreciation (See Schedule E-1 and E-2)	\$ -	\$ -	\$ -
7	Total Rate Base	\$ 1,135,818	\$ 1,409,606	\$ 1,409,606
Rate of Return per books 9/30/18				
8	Income per Books Available for Return	\$ 39,385		
9	Overall Rate of Return (L9 / L8)	3.47%		
Pro Forma Rate of Return Under Current Rates 9/30/19				
10	Pro forma Income under existing rate available for return		\$ 1,506	
11	Overall Rate of Return (L11 / L8)		0.11%	
Pro Forma Rate of Return Under Proposed Rates 9/30/19				
12	Pro forma Income under proposed rates available for return		\$ 98,813	
13	Overall Rate of Return (L13/L8, See also Schedule F-3)			7.01%

BUCK HILL WATER CO.

Comparative Statement of Operating Revenues
Twelve Months Ended September 30, 2018 and Pro Forma September 30, 2019 Current and Proposed Rates

<u>Description</u>	<u>09/30/2018</u> <u>Per Books</u> (1)	<u>Pro Forma</u> <u>Adjustments *</u> (2)	<u>09/30/2019</u> <u>Pro Forma</u> <u>Adjusted</u> <u>Total</u> (3)	<u>09/30/2019</u> <u>Proposed</u> <u>Base Rate</u> <u>Increase</u> (4)	<u>09/30/2019</u> <u>Proposed</u> <u>Adjusted</u> <u>Total</u> (5)
<u>Operating Revenues</u>					
Residential	\$ 239,318	\$ 4	\$ 239,322	\$ 80,175	\$ 319,497
Commercial	68,591	2,480	71,071	23,810	94,881
Total Operating Revenues	\$ 239,318	\$ 4	\$ 310,393	\$ 103,985	\$ 414,378
Late Payment Charges	1,701	-	1,701	-	1,701
Total Customer Revenues	\$ 241,019	\$ 4	\$ 312,094	\$ 103,985	\$ 416,079
<u>Other Revenues:</u>					
Rental Income	77,341	-	77,341	-	77,341
Miscellaneous	2,160	-	2,160	-	2,160
Total Operating Revenues	\$ 320,520	\$ 4	\$ 391,595	\$ 103,985	\$ 495,580

*Refer to Schedules H-1,H-2, and Supporting Schedule I-1 regarding adjustments.

BUCK HILL WATER CO.Revenues Under Current and Proposed Rates and Percentage Increase by Customer Class

<u>Description</u>	<u>Pro Forma Revenues Existing Rates</u>	<u>Percentage Increase</u>	<u>Proposed Rates Revenue Increase</u>	<u>Proposed Rates Revenue Total</u>
<u>Operating Revenues</u>				
Residential	\$ 239,322	33.5%	\$ 80,148	\$ 319,470
Commercial	<u>71,071</u>	33.5%	<u>23,785</u>	<u>94,856</u>
Total Operating Revenues	\$ 310,393	33.5%	\$ 103,933	\$ 414,326
Late Payment Charges	<u>1,701</u>		<u>-</u>	<u>1,701</u>
Total Customer Revenues	\$ 312,094	33.3%	\$ 103,933	\$ 416,027
Other Revenues:				
Rental Income	77,341		-	77,341
Miscellaneous	<u>2,160</u>		<u>-</u>	<u>2,160</u>
Total Operating Revenues	\$ 391,595	26.5%	\$ 103,933	\$ 495,528
Rate Study Results (Sch H-1)	<u>391,595</u>		<u>103,985</u>	<u>495,580</u>
Over/(Under) Rate Study Results	<u>\$ -</u>		<u>\$ (52)</u>	<u>\$ (52)</u>

BUCK HILL WATER CO.

Number of Customers Served at
December 31, 2016 and 2017; and September 30, 2018 and Pro Forma September 30, 2019

	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>09/30/2018</u>	<u>Customer Additions</u>	<u>Pro Forma 09/30/2019</u>
<u>Customer Classifications:</u>					
Residential - Buck Hill Falls Community	288	284	289	0	289
Residential - Outside Buck Hill Falls Comm.	4	4	4	0	4
Residential - Bonn Hill Comm. Seasonal *	7	7	7	0	7
Total Residential	<u>299</u>	<u>295</u>	<u>300</u>	<u>0</u>	<u>300</u>
Commercial - Buck Hill Falls Community	14	14	14	0	14
Total Customers	<u>313</u>	<u>309</u>	<u>314</u>	<u>0</u>	<u>314</u>

* Note: Residential Bonn Hill Seasonal Customers are billed 2 quarters per year.

BUCK HILL WATER CO.Current and Proposed Quarterly Rates

	<u>Meter Size</u>	<u>Current Quarterly</u>	<u>Proposed Quarterly</u>	<u>% Increase</u>
<u>Customer Charge *</u>				
	3/4"	\$151.10	\$201.72	33.5%
	1"	\$192.30	\$256.72	33.5%
	2"	\$398.30	\$531.73	33.5%
	4"	\$1,923.00	\$2,567.22	33.5%
	6"	\$2,884.35	\$3,850.64	33.5%
	8"	\$3,983.15	\$5,317.55	33.5%
<u>Residential*/Commercial Volumetric Sales:</u>				
Consumption Charge per 1,000 gallons		\$8.10	\$10.81	33.5%
<u>Bulk Rate Water Volumetric Sales:</u>				
Consumption Charge per 1,000 gallons		\$4.06	\$5.42	33.5%

Note: Residential Seasonal Customers are billed 2 quarters per year.

BUCK HILL WATER CO.Typical Bills Under Current and Proposed Tariff Rates

	<u>Current</u>	<u>Proposed</u>	<u>\$ Increase</u>	<u>% Increase</u>
3/4" Customer Charge	\$151.10	\$201.72	\$50.62	33.5%
1" Customer Charge	\$192.30	\$256.72	\$64.42	33.5%
2" Customer Charge	\$398.30	\$531.73	\$133.43	33.5%
4" Customer Charge	\$1,923.00	\$2,567.22	\$644.22	33.5%
Usage Tariff Rate	\$8.10	\$10.81	\$2.71	33.5%
Bulk Usage Tariff Rate	\$4.06	\$5.42	\$1.36	33.5%

Pro Forma Typical Usage3/4" Residential

Typical Quarterly Gallon Usage	7,000	7,000		
Cust. Charge	\$151.10	\$201.72	\$50.62	33.5%
Usage Charge	56.70	75.67	18.97	33.5%
Typical Quarterly Bill	<u>\$207.80</u>	<u>\$277.39</u>	<u>\$69.59</u>	33.5%

3/4" Commercial

Typical Quarterly Gallon Usage	117,000	117,000		
Cust. Charge	\$151.10	\$201.72	\$50.62	33.5%
Usage Charge	947.70	1,264.77	317.07	33.5%
Typical Quarterly Bill	<u>\$1,098.80</u>	<u>\$1,466.49</u>	<u>\$367.69</u>	33.5%

Note: Residential Bonn Hill Seasonal Customers are billed 2 quarters per year.

BUCK HILL WATER CO.

Statement of Water Income & Deductions
For The Twelve Months Ended December 31, 2015 to 2017, and September 30, 2018 and Pro Forma Adjusted 2019 Rate Study

	Per Books				Pro Forma		Pro Forma	Rate Study	Pro Forma
	12/31/2015	12/31/2016	12/31/2017	09/30/2018	Adj.	(Ref.)	Adjusted 09/30/2019	Base Rate Increase (Ref.)	Adjusted Totals
Water Billings								33.50%	
Residential	\$ 247,306	\$ 251,379	\$ 240,040	\$ 239,318	\$ 4	(1)	\$ 239,322	\$ 80,175	\$ 319,497
Commercial	45,654	47,968	55,423	68,591	2,480	(1)	71,071	23,810	94,881
Total Water Billing	\$ 292,960	\$ 299,347	\$ 295,463	\$ 307,909	\$ 2,484		\$ 310,393	\$ 103,985	\$ 414,378
Late Payment Charges	2,405	1,761	1,503	1,701	-		1,701	-	1,701
Sub total Operating Revenues	\$ 295,365	\$ 301,108	\$ 296,966	\$ 309,610	\$ 2,484		\$ 312,094	\$ 103,985	\$ 416,079
Other Income									
Rental Income	\$ 69,152	\$ 70,807	\$ 72,528	\$ 77,341	\$ -		\$ 77,341	\$ -	\$ 77,341
Turn On/Off Charges	5,601	2,275	2,790	2,160	-		2,160	-	2,160
	-	-	-	-	-		-	-	-
Sub total Other Income	\$ 74,753	\$ 73,082	\$ 75,318	\$ 79,501	\$ -		\$ 79,501	\$ -	\$ 79,501
Operating Revenues	\$ 370,118	\$ 374,190	\$ 372,284	\$ 389,111	\$ 2,484		\$ 391,595	\$ 103,985	\$ 495,580
Operating Deductions									
Operating Expenses:									
	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Salaries	90,242	92,105	96,401	99,329	2,979	(3)	102,308	-	102,308
Payroll Taxes (FICA, Med, Unp)	8,099	8,449	8,176	8,687	227	(4)	8,914	-	8,914
Employee Benefits Exp.	11,600	11,729	11,154	11,390	63	(5)	11,453	-	11,453
Materials & Supplies	15,738	14,574	13,220	18,215	-		18,215	-	18,215
Maintenance & Repairs	28,676	22,214	19,656	27,502	-		27,502	-	27,502
Chemicals	12,189	9,180	10,435	12,656	-		12,656	-	12,656
Lab Fees	6,080	3,250	2,858	6,760	-		6,760	-	6,760
Electric	7,412	9,623	7,492	7,061	-		7,061	-	7,061
Fuel - Transp. Exp.	1,694	1,207	791	909	-		909	-	909
Propane	-	-	927	482	-		482	-	482
Vehicle Ins.	1,198	1,185	1,343	1,333	-		1,333	-	1,333
Gen. Liability Ins.	10,787	10,665	12,090	11,999	-		11,999	-	11,999
Workers Comp. Ins.	1,410	1,623	2,187	2,009	-		2,009	-	2,009
Telephone	3,212	2,949	2,354	2,644	-		2,644	-	2,644
Licenses and Permits	725	425	1,627	1,979	-		1,979	-	1,979
Dues and Subscriptions	1,034	556	877	300	-		300	-	300
Water Expenses	669	628	645	670	-		670	-	670
Legal Fees General	15,792	4,992	29,324	13,784	(8,784)	(6)	5,000	-	5,000
Accounting and Auditing	5,000	5,000	5,000	5,500	-		5,500	-	5,500
Professional Fees Eng.	3,089	3,938	6,854	3,439	-		3,439	-	3,439
Management Fee	6,996	5,500	3,000	5,500	-		5,500	-	5,500
Rate Case Expense	-	-	-	-	22,500	(7)	22,500	-	22,500
Office Rent	9,372	9,372	9,372	9,372	628	(2)	10,000	-	10,000
Administrative Cost	7,336	5,205	4,634	4,691	-		4,691	-	4,691
Bad Debt Expense	5,332	(2,387)	3,431	2,225	-		2,225	-	2,225
Operating Expenses	\$ 253,682	\$ 221,982	\$ 253,848	\$ 258,436	\$ 17,613		\$ 276,049	\$ -	\$ 276,049
Taxes-Other:									
PaPUC Asses	\$ 1,633	\$ 1,508	\$ 1,507	\$ 1,844	\$ -		\$ 1,844	\$ -	\$ 1,844
Capital Stk Tax	1,998	1,918	-	-	-		-	-	-
Prop. & PURTA Taxes	10,287	12,199	8,998	8,907	-		8,907	-	8,907
Total Operating Expenses	\$ 267,600	\$ 237,607	\$ 264,353	\$ 269,187	\$ 17,613		\$ 286,800	\$ -	286,800
Depreciation	74,753	73,579	74,120	74,677	28,612	(8)	103,289	-	103,289
Total Operating Expenses	\$ 342,353	\$ 311,186	\$ 338,473	\$ 343,864	\$ 46,225		\$ 390,089	\$ -	\$ 390,089
Net Income Before Taxes	\$ 27,765	\$ 63,004	\$ 33,811	\$ 45,247	\$ (43,741)		\$ 1,506	\$ 103,985	\$ 105,491
Corporate Income Taxes									
State	\$ 2,269	\$ 4,307	\$ 6,186	\$ 4,505	\$ (4,505)	(9)	\$ -	\$ 6,678 (10)	\$ 6,678
Federal	4,441	1,255	97	1,357	(1,357)	(9)	-	- (10)	-
Total Corp. Income Taxes	\$ 6,710	\$ 5,562	\$ 6,283	\$ 5,862	\$ (5,862)		\$ -	\$ 6,678	\$ 6,678
Net Income	\$ 21,055	\$ 57,442	\$ 27,528	\$ 39,385	\$ (37,879)		\$ 1,506	\$ 97,307	\$ 98,813

BUCK HILL WATER COMPANY

Pro Forma Adjustments to Operating Revenues and Expenses
For the Pro Forma Twelve Months Ended September 30, 2019

Pro Forma Operating Revenue Adjustments

- 1 Pro Forma Adjustment to reflect annualized level of revenues under current rates at pro forma annualized level of customers as of 9/30/19.

Residential - See Revised Sch. I-1	\$ 4
Commercial - See Revised Sch. I-1	\$ 2,480

Subsequent to the rate filing the Company advised that the Commercial customer count was understated as it failed to reflect a commercial customer know as the BHF Post Office, a 3/4" meter customer with only 1,000 gallons of annual usage. Additionally, the Company advised that the BHF Camp Club, a 3/4" commercial customers' usage was overstated by 910,000 gallons due to a meter reading error. Thus, a net reduction of 909,000 gallons to the as-filed 7,499,000 gallons for the commercial customer class or a revised 6,590,000 gallons. The Company also advised that 4 of the commercial accounts utilized meters greater than the as-filed 3/4" meter size. Revised Schedule I-1 makes the appropriate changes to the Commercial customer pro forma revenues under current rates noted above; thus, a pro forma commercial customer adjustment of \$2,480 rather than the as-filed \$7 adjustment. Lastly, Revised Schedule I-1 reflects a total residential and commercial usage of 14,478,300 gallons rather than the as-filed 15,387,300 gallons, a difference of 909,000 gallons as discussed above. Finally, Revised Schedule I-1 also provides a more detail summary of the number of customer bills and usage by customer groups, to also include the associated values on an inside/outside the Buck Hill Falls Community basis.

In summary, based upon the above noted corrections the Company's requested increase of \$106,458 or 34.57% increase has been reduced to \$103,985 or 33.5%. Thus, Schedules G-1 to G-5, H-1, and K-1 have also been revised to reflect the appropriate necessary changes to the Company's as-filed rate study. The Company notes that it has not revised the as-filed tariff rates contained in Section D to conform with the revised rates shown on Revised Schedule G-4, but submits that the appropriate rates will be so reflected at the conclusion of the pending rate case proceeding.

Total Pro Forma Operating Revenue Adjustments

\$ 2,484

BUCK HILL WATER COMPANY

Pro Forma Adjustments to Operating Revenues and Expenses
For the Pro Forma Twelve Months Ended December 31, 2004

Pro Forma Operating Expense Adjustments

2 Pro Forma Adjustment to reflect an annualized level of office rent expense as of 9/30/19 vs old rate which had remained unchanged since 2000. (See Schedule I-2)	\$ 628
3 Pro Forma Adjustment to reflect an annualized level of salaries and wages based upon 2019 salary and wage levels. (See Schedule I-3)	\$ 2,979
4 Pro Forma Adjustment to reflect an annualized level of employee payroll tax expenses based upon 2019 salary and wage levels. (See Schedule I-3)	\$ 227
5 Pro Forma Adjustment to reflect an annualized level of employee 401K Benefits expenses based upon 2019 salary and wage levels. (See Schedule I-3)	\$ 63
6 To minimize controvery, a Pro Forma Adjustment to reflect a normalized level of Legal Fees General expense based upon similar cost incurred in 2016. (See Schedule I-4)	\$ (8,784)
7 Pro Forma Adjustment to reflect the cost of a fully litigated rate case expense normalized over a 36 months or 3 year period. (See Schedule I-5)	\$ 22,500
8 Pro Forma Adjustment to reflect annualized level of depreciation expense. (See Schedule I-6)	\$ 28,612
9 Pro Forma Adjustments to 9/30/19 Income Taxes Under Current Rates	
State Income Taxes	\$ (4,505)
Federal Income Taxes	\$ (1,357)
(See Schedule I-7)	
10 Pro Forma Adjustments to 9/30/19 Income Taxes Under Proposed Rates	
To moderate impact on customers Company is only claiming State Income Taxes	
State Income Taxes	\$ 6,678
Federal Income Taxes	\$ -
(See Schedule I-7)	
 Total Pro Forma Operating Expense Adjustments	 <u><u>\$ 47,041</u></u>

BUCK HILL WATER COMPANY

Pro Forma Analysis of Annualized Revenues Under Existing Rates for the Twelve Months Ended September 30, 2018 and Pro Form September 30, 2019

	11/1/2017	2/1/2018	5/1/2018	8/1/2018	Annual Bills/Usage Totals	Current Rates	Current Pro Forma Revenues	Per Books Revenues	Pro Forma Adjustment
<u>Customers Outside Buck Hill Falls Community</u>									
<u>Residential - Year Round</u>									
3/4" Meter Size	4	4	4	4	16	\$151.10	\$ 2,418.00		
Gallons	65,000	31,000	31,000	27,000	154,000	\$8.10	1,247.00		
Subtotal Residential Year Round							<u>\$ 3,665.00</u>		
<u>Residential - Seasonal</u>									
3/4" Meter Size	7	0	0	7	14	\$151.10	\$ 2,115.00		
Gallons	9,000	0	0	1,000	10,000	\$8.10	81.00		
Subtotal Residential Seasonal							<u>\$ 2,196.00</u>		
<u>Total Customers Outside Buck Hill Falls Community</u>									
3/4" Meter Size	11	4	4	11	30	\$151.10	\$ 4,533.00		
Gallons	74,000	31,000	31,000	28,000	164,000	\$8.10	1,328.40		
Totals Residential Outside BHF Community							<u>\$ 5,861.40</u>		
<u>Customers Inside Buck Hill Falls Community</u>									
<u>Residential - Year Round</u>									
Residential									
3/4" Meter Size	284	275	283	289	1131	\$151.10	\$ 170,894.10		
Gallons	2,342,300	1,697,000	1,013,000	2,672,000	7,724,300	\$8.10	62,566.83		
Totals Residential Inside BHF Community							<u>\$ 233,460.93</u>		
<u>Total Pro Forma Residential Customers</u>									
Meter/ Meter Charge	295	279	287	300	1161		\$ 175,427.00		
Gallons	2,416,300	1,728,000	1,044,000	2,700,000	7,888,300		63,895.00		
Total Residential Revenues							<u>\$ 239,322.00</u>	\$ 239,318.00	\$ 4.00
Residential Average Usage					7,000				
<u>Commercial - Year Round Inside Buck Hill Falls Community</u>									
<u>Commercial - Non-BHF Post Office</u>									
3/4" Meter Size	1	1	1	1	4	\$151.10	\$ 604.40		
Gallons	0	0	1,000	0	1,000	\$8.10	8.10		
Total Comm Non-BHF 3/4"							<u>\$ 612.50</u>		
<u>Commercial - Owned by Buck Hill Falls Company</u>									
3/4" Meter Size	9	9	9	9	36	\$151.10	\$ 5,439.60		
Gallons	227,000	283,000	244,000	317,000	1,071,000	\$8.10	8,675.10		
1" Meter Size	1	1	1	1	4	\$192.30	769.20		
Gallons	27,000	0	0	0	27,000	\$8.10	218.70		
2" Meter Size	2	2	2	2	8	\$398.30	3,186.40		
Gallons	2,729,000	0	0	1,184,000	3,913,000	\$8.10	31,695.30		
4" Meter Size	1	1	1	1	4	\$1,923.00	7,692.00		
Gallons	905,000	0	0	673,000	1,578,000	\$8.10	12,781.80		
<u>Total Commercial - Owned by Buck Hill Falls Company</u>									
No. Meters	13	13	13	13	52		\$ 17,087.20		
Gallons	3,888,000	283,000	244,000	2,174,000	6,589,000		53,370.90		
Total Comm BHFCompany							<u>\$ 70,458.10</u>		
<u>Total Pro Forma Commercial Revenues</u>									
Meter/ Meter Charge	14	14	14	14	56		\$ 17,692.00		
Gallons	3,888,000	283,000	245,000	2,174,000	6,590,000		53,379.00		
Total Commercial Revenues							<u>\$ 71,071.00</u>	\$ 68,591.00	\$ 2,480.00
Commercial Average Usage					117,000				
<u>Total Pro Forma Revenues</u>									
Meter/ Meter Charge	309	293	301	314	1217		\$ 193,119.00		
Gallons	6,304,300	2,011,000	1,289,000	4,874,000	14,478,300		117,274.00		
Total Current Revenues							<u>\$ 310,393.00</u>	<u>\$ 307,909.00</u>	<u>\$ 2,484.00</u>

Note: The Company did not experience any net customer growth or loss of customers during the historic test year. The Company's pro forma September 30, 2019 future test period is based upon the results of the same September 30, 2018 Bill Analysis.

BUCK HILL WATER COMPANY

Pro Forma Analysis of Annualized Revenues Current and Proposed Rates for Pro Forma Twelve Months Ended September 30, 2019

	Annual Bills/Usage Totals	Current Rates	Current Pro Forma Revenues	Proposed Rates	Proposed Pro Forma Revenues	Proposed Pro Forma \$/ Increase	Proposed Pro Forma %/ Increase
<u>Customers Outside Buck Hill Falls Community</u>							
<u>Residential - Year Round</u>							
3/4" Meter Size	16	\$151.10	\$ 2,417.60	\$201.72	\$ 3,227.52	\$ 809.92	33.5%
Gallons	154,000	\$8.10	1,247.40	\$10.81	1,664.74	417.34	33.5%
Subtotal Residential Year Round			<u>\$ 3,665.00</u>		<u>\$ 4,892.26</u>	<u>\$ 1,227.26</u>	33.5%
<u>Residential - Seasonal</u>							
3/4" Meter Size	14	\$151.10	\$ 2,115.40	\$201.72	\$ 2,824.08	\$ 708.68	33.5%
Gallons	10,000	\$8.10	81.00	\$10.81	108.10	27.10	33.5%
Subtotal Residential Seasonal			<u>\$ 2,196.40</u>		<u>\$ 2,932.18</u>	<u>\$ 735.78</u>	33.5%
<u>Total Customers Outside Buck Hill Falls Community</u>							
3/4" Meter Size	30	\$151.10	\$ 4,533.00	\$201.72	\$ 6,051.60	\$ 1,518.60	33.5%
Gallons	164,000	\$8.10	1,328.40	\$10.81	1,772.84	444.44	33.5%
Totals Residential Outside BHF Community			<u>\$ 5,861.40</u>		<u>\$ 7,824.44</u>	<u>\$ 1,963.04</u>	33.5%
<u>Customers Inside Buck Hill Falls Community</u>							
<u>Residential - Year Round</u>							
Residential							
3/4" Meter Size	1131	\$151.10	\$ 170,894.10	\$201.72	\$ 228,145.32	\$ 57,251.22	33.5%
Gallons	7,724,300	\$8.10	62,566.83	\$10.81	83,499.68	20,932.85	33.5%
Totals Residential Inside BHF Community			<u>\$ 233,460.93</u>		<u>\$ 311,645.00</u>	<u>\$ 78,184.07</u>	33.5%
<u>Total Pro Forma Residential Customers</u>							
Meter/ Meter Charge	1161		\$ 175,427.00		\$ 234,197.00	\$ 58,770.00	33.5%
Gallons	7,888,300		63,895.00		85,273.00	21,378.00	33.5%
Total Residential Revenues			<u>\$ 239,322.00</u>		<u>\$ 319,470.00</u>	<u>\$ 80,148.00</u>	33.5%
Residential Average Usage	7,000						
<u>Commercial - Year Round Inside Buck Hill Falls Community</u>							
<u>Commercial - Non-BHF Post Office</u>							
3/4" Meter Size	4	\$151.10	\$ 604.40	\$201.72	\$ 806.88	\$ 202.48	33.5%
Gallons	1,000	\$8.10	8.10	\$10.81	10.81	2.71	33.5%
Total Comm Non-BHF 3/4"			<u>\$ 612.50</u>		<u>\$ 817.69</u>	<u>\$ 205.19</u>	33.5%
<u>Commercial - Owned by Buck Hill Falls Company</u>							
3/4" Meter Size	36	\$151.10	\$ 5,439.60	\$201.72	\$ 7,261.92	\$ 1,822.32	33.5%
Gallons	1,071,000	\$8.10	8,675.10	\$10.81	11,577.51	2,902.41	33.5%
1" Meter Size	4	\$192.30	769.20	\$256.72	1,026.88	257.68	33.5%
Gallons	27,000	\$8.10	218.70	\$10.81	291.87	73.17	33.5%
2" Meter Size	8	\$398.30	3,186.40	\$531.73	4,253.84	1,067.44	33.5%
Gallons	3,913,000	\$8.10	31,695.30	\$10.81	42,299.53	10,604.23	33.5%
4" Meter Size	4	\$1,923.00	7,692.00	\$2,567.22	10,268.88	2,576.88	33.5%
Gallons	1,578,000	\$8.10	12,781.80	\$10.81	17,058.18	4,276.38	33.5%
<u>Total Commercial - Owned by Buck Hill Falls Company</u>							
No. Meters	52		\$ 17,087.20		\$ 22,811.52	\$ 5,724.32	33.5%
Gallons	6,589,000		53,370.90		71,227.09	17,856.19	33.5%
Total Comm BHFCompany			<u>\$ 70,458.10</u>		<u>\$ 94,038.61</u>	<u>\$ 23,580.51</u>	33.5%
<u>Total Pro Forma Commercial Revenues</u>							
Meter/ Meter Charge	56		\$ 17,692.00		\$ 23,618.00	\$ 5,926.00	33.5%
Gallons	6,590,000		53,379.00		71,238.00	17,859.00	33.5%
Total Commercial Revenues			<u>\$ 71,071.00</u>		<u>\$ 94,856.00</u>	<u>\$ 23,785.00</u>	33.5%
Commercial Average Usage	117,000						
<u>Total Pro Forma Revenues</u>							
Meter/ Meter Charge	1217		\$ 193,119.00		\$ 257,815.00	\$ 64,696.00	33.5%
Gallons	14,478,300		117,274.00		156,511.00	39,237.00	33.5%
Total Revenues			<u>\$ 310,393.00</u>		<u>\$ 414,326.00</u>	<u>\$ 103,933.00</u>	33.5%
Revenue Increase Per Rate Study, Updated Sch H-1						103,985.00	
Proof of Revenue Difference						<u>\$ (52.00)</u>	

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2019-3007103
Office of Consumer Advocate	:	C-2019-3007947
	:	
v.	:	
	:	
Buck Hill Water Company	:	

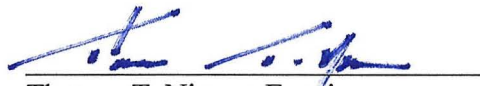
CERTIFICATE OF SERVICE

I hereby certify that I have this 7th day of May, 2019, served a true and correct copy of the foregoing Joint Petition for Settlement of Rate Investigation, upon the persons and in the manner indicated below:

VIA EMAIL AND FIRST CLASS MAIL, POSTAGE PREPAID

The Honorable F. Joseph Brady
Administrative Law Judge
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107
fbrady@pa.gov

Christine Maloni Hoover
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923



Thomas T. Niesen, Esquire
PA Attorney ID No. 31379