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September 2, 2022

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

VIA ELECTRONIC FILING

**RE: The Borough of Ambler Supplement No. 40 to Tariff Water – PA. P.U.C. No. 5;
Docket No. R-2022-3031704**

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Joint Petition for Settlement of Rate Investigation in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a horizontal line.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to the Borough of Ambler

c: Steven K. Haas, Administrative Law Judge (via e-mail)
John Coogan, Administrative Law Judge (via e-mail)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

Sharon E. Webb
Assistant Small Business Advocate
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
swebb@pa.gov

Allison C. Kaster
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
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Ambler PA 19002
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PA Office of Consumer Advocate
555 Walnut Street
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Adeolu A. Bakare

Counsel to the Borough of Ambler

Dated this 2nd day of September, 2022, in Harrisburg, Pennsylvania.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2022-3031704
 :
 Borough of Amber – Water Department :

**JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

**TO THE HONORABLE STEVEN K. HAAS AND JOHN COOGAN, ADMINISTRATIVE
LAW JUDGES:**

On this 2nd day of September, 2022, the Borough of Ambler – Water Department ("Ambler"), the Bureau of Investigation & Enforcement ("I&E"), and the Office of Consumer Advocate ("OCA") (all such parties collectively referred to as the "Joint Petitioners"), by their respective counsel, respectfully submit this Joint Petition for Settlement of Rate Investigation ("Joint Petition") and respectfully request that the Administrative Law Judges ("ALJs"): (1) approve settlement of this proceeding as set forth in this Joint Petition (the "Settlement"); and (2) recommend the Pennsylvania Public Utility Commission ("PUC" or "Commission") adopt the Settlement, permit the Borough to file the tariff supplement attached hereto as Appendix A to become effective pursuant to the terms set forth therein, terminate its investigation at Docket No. R-2022-3031704 and mark the consolidated docket closed.¹ In support of their request, the Joint Petitioners state as follows:

I. BACKGROUND

1. On March 31, 2022, the Borough filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 40 to Tariff Water – PA. P.U.C. No. 5

¹ The and the Office of Small Business Advocate ("OSBA") and pro se Complainant Richard Shorin do not oppose the Settlement.

("Supplement No. 40") requesting an increase in its total annual operating revenues from Outside-Borough customers to become effective May 30, 2022. The Borough provides water service to 2,151 total Inside-Borough customers, of which 1,968 are Residential customers. Additionally, the Borough provides PUC-jurisdictional water service to 3,644 total Outside-Borough customers, of which 3,541 are Residential customers. The amount of the requested increase to the Outside-Borough customers equaled \$637,691.

2. On April 14, 2022, OSBA filed a Complaint in this proceeding. I&E filed Notices of Appearance on April 22, 2022, and OCA filed a Notice of Intervention and Public Statement on May 19, 2022. A formal Complaint was also filed by Richard Shorin on May 23, 2022. Pursuant to 52 Pa. Code § 5.61(d), the Borough elected not to file answers to OSBA's or Richard Shorin's Complaints.

3. On May 12, 2022, the Commission suspended Supplement No. 40 for investigation. The filing was referred to the Office of Administrative Law Judge for Alternative Dispute Resolution or hearings.

4. On May 18, 2022, the Commission issued a Prehearing Conference Notice to the Borough and to all parties scheduling the Prehearing Conference for June 6, 2022, before ALJs Steven K. Haas and John Coogan.

5. A telephonic Prehearing Conference was held on June 6, 2022, before ALJs Haas and Coogan. No public input hearings were requested. The ALJs proceeded to adopt a schedule for submission of written direct, rebuttal, surrebuttal, and rejoinder testimony in advance of hearings. Telephonic Evidentiary hearings were scheduled for August 1 through August 3.

6. After filing Supplement No. 40, which included the supporting information required by the Commission's regulations for rate filings requesting less than \$1 million of

additional operating revenues, (52 Pa. Code § 53.52 et seq.) for the twelve months ended September 30, 2021, and September 30, 2023. The Borough furnished additional information in response to formal interrogatories and data requests and informal requests. Further, in accordance with the previously established schedule, on June 2, 2022, the Borough served direct testimony and exhibits supporting the information set forth in Supplement No. 40. I&E and OCA subsequently served direct testimony on July 1, 2022. On July 15, 2022, the Borough and I&E served rebuttal testimony. I&E and OCA served surrebuttal testimony on July 27, 2022. Finally, the Borough served rejoinder testimony on July 29, 2022 and the Errata to its direct testimony on August 1, 2022.

7. The parties also conducted an initial Settlement Conference on June 20, 2022. Following the initial conference, the parties proceeded to hold various conferences by telephone to try to achieve a settlement of some or all of the issues in this case.

8. Per request of the parties, the presiding ALJs cancelled the evidentiary hearing scheduled for August 1, 2022. On August 2, 2022, an evidentiary hearing was held, all testimony and exhibits were placed on the record, and witnesses were presented for cross-examination. As hearings concluded on August 2, 2022, the August 3, 2022, hearing was also cancelled.

9. Following the evidentiary hearings, the parties continued settlement discussions.

10. As a result of these discussions, the Borough, I&E, and OCA were able to agree to settlement terms, which OSBA and Mr. Shorin did not oppose. Accordingly, on August 22, 2022, the Borough notified the ALJs that the parties had reached a settlement-in-principle.

11. While the Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able to agree upon, the specific rate case

adjustments which support their respective conclusions, they are in full agreement that this Settlement is in the public interest.

II. TERMS AND CONDITIONS

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

a. Upon the Commission's approval of this Settlement, the Borough will be permitted to charge the rates for water service set forth in the proposed Tariff Supplement annexed hereto as Appendix A (hereafter, the "Settlement Rates"). The Settlement Rates reflect a annual revenue increase of \$424,948 from Outside-Borough customers, as shown on the proof of revenues annexed hereto as Appendix B. The Tariff Supplement set forth in Appendix A has been reviewed by the Joint Petitioners and complies with the terms of the Settlement.

b. The Borough agrees to a two-year "stayout." The Borough will not file a distribution base rate case within two years from the effective date of new rates. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy or statutes which directly and substantially affect the Borough's rates, this Settlement shall not prevent the Borough from filing tariff supplements to the extent necessitated by such action. The Joint Petitioners further agree this provision shall not prevent the Borough from filing a rate increase to recover additional revenues necessary to address extraordinary or unanticipated events beyond the Borough's control.

c. The Borough will provide I&E and OCA with an update to Tables 2 and 3 of Ambler Exhibit JJS-2 no later than January 1, 2024, which shall include actual capital expenditures, plant additions and retirements for the twelve months ending September 30, 2023.

d. Annual Reports: The Borough will continue to file Annual Reports with the PUC and will file the missing 2019 report within 90 days of a Final PUC Order approving the Settlement.

e. Customer Complaint Log: The Borough will continue complying with the customer complaint log requirement contained in 52 Pa. Code § 65.3(b). The customer complaint log will give the parties information about customer service and water quality issues going forward. The Borough agrees to provide the customer complaint log annually by April 15 to the parties and agrees to file the customer complaint log for the future test year to date at the time of its filing in its next base rate case. For each complaint log, the Borough agrees to identify the utility-side customer complaints regarding pressure and the resolution of those complaints. The Borough agrees that if its recordkeeping changes to permit providing the customer complaint log in a live Excel format it will do so at the first possible filing deadline.

f. Pressure survey: The Borough will continue conducting an annual pressure survey as required by 52 Pa. Code § 65.6. This provision will allow OCA to monitor the pressures in the system and to help identify pressure problems. The Borough agrees to provide the annual pressure surveys in a live Excel format with its filing in its next base rate case.

g. Unaccounted for Water Calculations: The Borough will continue providing separate volumes for the amount of water used for flushing and backwashing when preparing Unaccounted for Water calculations. This provision will make the Borough's method of calculating Unaccounted for Water consistent with the method the Commission uses for calculating Unaccounted for Water.

h. System Flushing: The Borough agrees to continue flushing its entire system annually. This provision will ensure that regular flushing of the distribution system occurs and that customers will not experience lower quality of water at the tap due to distribution system issues.

i. The Borough agrees to continue its exercise program and further exercise all 10-inch or larger valves in the jurisdictional service area each year. In its next base rate case, the Borough agrees to update its capital plan to include replacement of at least 30 valves that cannot be exercised each year. The Borough will accelerate valve replacements subject to recovery of such costs through the Distribution System Improvement Charge if it is implemented in accordance with all applicable provisions of the Public Utility Code, applicable regulations, and implementation orders. The Borough also agrees to continue preparing an exercising and replacement schedule that tabulates the following information on all isolation valves within its system:

- (i) Location
- (ii) Size
- (iii) Date installed
- (iv) Municipality
- (v) Dates exercised, opened/closed for any reason, and notes of any difficulties.

j. The Borough further agrees to continue providing the schedule for the actual exercising and replacing of valves to OCA and I&E by March 1 of each year for the preceding calendar year.

k. Fire Hydrants: The Borough agrees to test the 56 fire hydrants that are connected to less than 6-inch water mains by measuring the flow with a pilot gauge and using a pressure gauge mark (or other similar method). Any of these hydrants that have not been tested and found to meet a minimum fire flow of 500 gpm within 120 days of the Final Order in this proceeding would be marked to be used for flushing and blow-offs until a successful test has been registered.

1. Meter Testing: Within 90 days following the entry of an Order in this proceeding, the Borough will provide a schedule of proposed meter testing/replacements to the parties.

m. Cost of Service Study Issues: The Borough will file a fully allocated cost of service study with its next base rate case. At least 3 months prior to filing the base rate case, the Borough will provide the cost of service study to I&E, OCA, and OSBA for purposes of determining whether the cost of service study supports elimination of the Second Block rate. When preparing the Customer Notices for its next base rate case, the Borough will directly notify customers that the elimination of the Second Block Rate is an issue reserved for discussion and potential implementation in the rate case.

n. The Settlement Rates set forth in Appendix A reflect the Joint Petitioners' agreement with regard to rate structure, rate design and the distribution of the increase in revenues in this case, as follows:

(1) The monthly cost of water service to an Outside-Borough Commission jurisdictional residential usage customer using 4,000 gallons per quarter is presently \$31.08. Under the initially filed Supplement No. 40 to Tariff Water – Pa. P.U.C. No. 5, the monthly cost of water service to the same residential usage customer would have increased by approximately \$13.25 or 42.6%, from \$31.08 to \$44.34. Under the Joint Petition, the monthly cost of water service to the same Outside-Borough Commission jurisdictional residential usage customer would increase by \$8.95 or 28.8%, from \$31.08 to \$40.03. The monthly charge for water usage service at current, proposed, and settlement rates to an Outside-Borough Commission jurisdictional residential usage customer using 4,000 gallons per month, is therefore as follows:

Current Rates	\$31.08
Proposed Rates	\$44.34
Settlement Rates	\$40.03

(2) Residential, commercial, industrial, and other class revenue increases will be in accordance with tariff supplement attached as Appendix A.

(3) The percentage increases to each customer class under the Settlement Rates are shown in Appendix B.

13. The Borough, I&E, and OCA have each prepared, and attached to this Joint Petition, Statements in Support identified as Appendices C, D, and E made by the parties specifically to settle this case, setting forth the basis upon which they believe that the Settlement, including the Settlement Rates, is fair, just, reasonable, non-discriminatory, lawful and in the public interest.

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

a. The Settlement provides for an increase in annual operating revenue from Outside-Borough customers of \$424,948, or 30.1%, in lieu of the \$637,691, or 45.4%, originally requested increase.

b. Acceptance of the Settlement will avoid the necessity of further administrative and possible appellate proceedings at substantial cost to the Joint Petitioners, the other parties, and the Borough's customers.

c. The Settlement Rates will allocate the agreed upon revenue requirement to each customer class in a manner which is reasonable in light of the rate structure and rate design positions of all parties.

III. ADDITIONAL TERMS AND CONDITIONS

15. This Settlement is proposed by the Joint Petitioners to settle the instant case and is made without any admission against, or prejudice to, any position which any Joint Petitioner might adopt during subsequent litigation. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within three business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission denies the Settlement, or the Borough or any other Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including but not limited to presentation of witnesses, conduct of cross-examination and presentation of legal arguments through submission of Briefs, Exceptions and Replies to Exceptions.

16. If the ALJs, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the ALJs in their Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

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

1. That Administrative Law Judges Steven K. Haas and John Coogan and the Commission approve the Settlement embodied in this Joint Petition, including all terms and conditions thereof;

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Borough permission to file the Tariff Supplement attached hereto as Appendix A to become effective on upon one day's notice, after entry of the Commission Order, which Tariff Supplement, *inter alia*, increases the Borough's rates so as to produce an increase in annual operating revenues of \$424,948 in lieu of the \$637,691 originally requested; and

3. That the Commission terminate its inquiry and investigation at Docket No. R-2022-3031704, and mark the file closed.

Respectfully submitted,

THE BOROUGH OF AMBLER – WATER DEPARTMENT

OFFICE OF CONSUMER ADVOCATE

By: _____

By: _____

Adeolu A. Bakare
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Christine Maloni Hoover
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101 1921

BUREAU OF INVESTIGATION & ENFORCEMENT

By: _____

Allison C. Kaster
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Borough permission to file the Tariff Supplement attached hereto as Appendix A to become effective on upon one day's notice, after entry of the Commission Order, which Tariff Supplement, *inter alia*, increases the Borough's rates so as to produce an increase in annual operating revenues of \$424,948 in lieu of the \$637,691 originally requested; and

3. That the Commission terminate its inquiry and investigation at Docket No. R-2022-3031704, and mark the file closed.

Respectfully submitted,

THE BOROUGH OF AMBLER – WATER
DEPARTMENT

OFFICE OF CONSUMER ADVOCATE

By: _____

Adeolu A. Bakare
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

By: _____

Christine Maloni Hoover
555 Walnut Street
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Harrisburg, PA 17101 1921

BUREAU OF INVESTIGATION &
ENFORCEMENT



By: _____

Allison C. Kaster
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Borough permission to file the Tariff Supplement attached hereto as Appendix A to become effective on upon one day's notice, after entry of the Commission Order, which Tariff Supplement, *inter alia*, increases the Borough's rates so as to produce an increase in annual operating revenues of \$424,948 in lieu of the \$637,691 originally requested; and

3. That the Commission terminate its inquiry and investigation at Docket No. R-2022-3031704, and mark the file closed.

Respectfully submitted,

THE BOROUGH OF AMBLER – WATER
DEPARTMENT

OFFICE OF CONSUMER ADVOCATE

By: _____
Adeolu A. Bakare
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By: Christine Maloni Hoover
Christine Maloni Hoover
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ENFORCEMENT

By: _____
Allison C. Kaster
Pennsylvania Public Utility Commission
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Harrisburg, PA 17105-3265

Appendix A

THE BOROUGH OF AMBLER RATES AND RULES GOVERNING THE
FURNISHING OF WATER SERVICE TO CONSUMERS LOCATED OUTSIDE
OF THE BOROUGH OF AMBLER IN THE TOWNSHIPS OF UPPER DUBLIN,
WHITEMARSH, WHITPAIN AND LOWER GWYNEDD, ALL IN
MONTGOMERY COUNTY, PENNSYLVANIA

NOTICE

Supplement No. XX increases rates to all water customers under Commission rules and regulations pursuant to a general rate increase application to produce an annual revenue increase of \$424,948.00.

By: Steve Smallberger
Water Superintendent
Borough of Ambler Water Department
131 Rosemary Avenue
Ambler, PA 19002

(C)

(C)

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

LIST OF CHANGES

Supplement No. XX increases rates to all water customers under Commission rules and regulations pursuant to a general rate increase application to produce an annual revenue increase of \$424,948.00.

Specifically, Supplement No. XX makes the following changes:

- Page No. 4: For Customer Charges, increased Meter Size rates per month and per quarter. For Consumption Charges, increased block rates per 1,000 gallons of water.
- Page Nos. 5: For Fire Protection Service, increased public and private hydrant rates per month, per quarter and per annum and increased Sprinkler System rates per month, per quarter and per year.
- Page No. 5A: For Fire Protection Service, increased Fire Hose Connection rates per month, per quarter and per year. For Domestic Multiple Meter Sets, increased rates per month and per quarter.
- Page No. 5B: For the Distribution System Improvement Charge, added language stating that a surcharge of 0.00% will apply to all bills issued, excluding public fire hydrants, on or after “the effective date shown on the bottom of this page.”
- Page No. 5B1 For the Distribution System Improvement Charge, added definitions for “Depreciation,” “Pre-Tax Return” and “DSIC Surcharge Amount.”
- Page No. 5C: For the Distribution System Improvement Charge, updated the definition of “Rate of Return on Equity.”
- Page No. 8: For the “Refund of Deposit” section, added a reference to 52 Pa. Code § 56.305.
- Page No. 9: For the “Refund of Deposit” section, added references to 52 Pa. Code § 56.283 and 52 Pa. Code § 56.305.
- Page No. 11: Increased the fee for Discontinuance of Service, increased the fee for Renewal of Service After Discontinuance and added an Emergency Shut Off Fee.
- Page Nos. 18-19: Deleted the “Water Conservation Tariff” section of the Tariff.

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(C) Indicates Change

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METER SERVICE RATE SCHEDULE

Applicable for all metered services to Domestic, Commercial, Industrial, and Public Customers.

CUSTOMER CHARGE

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

METER SIZE

	<u>PER MONTH</u>	<u>PER QUARTER</u>	
5/8"	\$5.24	\$15.72	(I)
3/4"	\$6.42	\$19.25	
1"	\$8.07	\$24.20	
1 1/2"	\$18.49	\$55.47	
2"	\$25.81	\$77.43	
3"	\$83.38	\$250.15	
4"	\$211.09	\$633.28	
6"	\$332.81	\$998.44	
8"	\$438.96	\$1,316.88	
10"	\$578.77	\$1,736.32	
12"	\$763.15	\$2,289.44	(I)

CONSUMPTION CHARGE

The following rates apply for all consumption.

<u>GALLONS IN BLOCKS</u>			<u>RATE PER 1,000 GAL</u>	
<u>BLOCK:</u>	<u>MONTH</u>	<u>QUARTER</u>		
First	36,667	110,000	\$6.0772	(I)
All over	36,667	110,000	\$5.3512	(I)

This rate will apply for all consumption including customers taking "Single Point Service" at a building housing two or more (multiple) dwelling Units.

SINGLE POINT SERVICE

The above customer charge and consumption charge is applied based upon the applicable meter size and total consumption as recorded by the single meter regardless of the number of units, with the rate as noted above applicable to the gallons of the total consumption.

(I) Indicates Increase

ISSUED: XXXXX

EFFECTIVE: XXXXX

FLAT RATE SCHEDULE

<u>FIRE PROTECTION SERVICE Public</u> <u>- per hydrant</u>	<u>RATES PER</u>			(I)
	<u>Month</u>	<u>Quarter</u>	<u>Annum</u>	
	\$17.17	\$51.52	\$206.07	

Applicable for hydrants furnished and maintained by the Borough of Ambler Water Department within the Townships of Upper Dublin, Whitpain, Whitmarsh, and Lower Gwynedd.

<u>Private – per hydrant</u>	\$69.16	\$207.49	\$829.97	(I)
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Applicable for hydrants furnished and maintained by the Borough of Ambler Water Department to individual customers located outside the limits of the Borough of Ambler.

Meters for private fire service will be furnished and maintained by the Borough of Ambler Water Department. Meters will be set in vaults constructed from masonry materials with drainage capability on the property of the customer. The vaults are to be constructed and maintained at the expense of the customer.

Sprinkler System (I)

For each service line of the sizes stated below connected to mains of the Borough of Ambler’s Water System, the following rates apply:

<u>SIZE</u>	<u>RATES PER</u>			(I)
	<u>MTH</u>	<u>QTR</u>	<u>YEAR</u>	
1”	\$19.79	\$59.36	\$237.44	(I)
2”	\$41.53	\$124.60	\$498.40	
4”	\$52.23	\$156.69	\$626.76	
6”	\$69.16	\$207.49	\$829.97	
8”	\$112.84	\$338.51	\$1,354.04	
10”	\$149.20	\$447.61	\$1,790.43	
12”	\$190.38	\$571.14	\$2,284.56	

(I) Indicates Increase

ISSUED: XXXXX

EFFECTIVE: XXXXX

FIRE PROTECTION SERVICE, continued

Fire Hose Connections

For each non-sprinkler fire system consisting of only an exterior fire hose connection with a service line of the sizes stated below connected to mains of the Borough of Ambler’s Water System, the following rates apply:

<u>SIZE</u>	<u>MTH</u>	<u>RATES PER</u>		
		<u>QTR</u>	<u>YEAR</u>	
1”	\$19.79	\$59.36	\$237.44	(I)
2”	\$41.53	\$124.60	\$498.40	
4”	\$52.23	\$156.69	\$626.76	
6”	\$69.16	\$207.49	\$829.97	
8”	\$112.84	\$338.51	\$1,354.04	
10”	\$149.20	\$447.61	\$1,790.43	
12”	\$190.38	\$571.14	\$2,284.56	

DOMESTIC MULTIPLE METER SETS

<u>SIZE</u>	<u>MTH</u>	<u>RATES PER</u>		
		<u>QTR</u>	<u>YEAR</u>	
1”	\$19.79	\$59.36		(I)
2”	\$41.53	\$124.59		(I)

Where two meters serve a domestic premise from a single service, and one meter is for normal domestic service and the second meter is for fire protection service, billing will be based on the customer charge applicable to the smaller of the two meters plus the above applicable Fire Protection Domestic Multiple Meter Set Size Charge. The maximum size meter, in the instance of fire protection domestic multiple meter sets, shall be 2 inch. Includes 1st 10,000 gallons of usage.

(I) Indicates Increase

ISSUED: XXXXX

EFFECTIVE: XXXXX

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (“DSIC”)

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% will apply to all bills issued, excluding public fire hydrants, on or after the effective date shown on the bottom of this page. (C)

1. General Description

Purpose: To recover the fixed costs (depreciation and return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed and placed in-service and to be recorded in the individual accounts, as noted below, between base rate cases and to provide the Borough with the resources to accelerate the replacement of its aging water distribution infrastructure, to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act and to develop and implement solutions to regional water supply problems. PENNVEST funded distribution projects, if any are not DSIC eligible.

Eligible DSIC Property: Distribution System Facilities Defined as Follow:

Distribution Main Extensions installed to eliminate dead ends and to implement solutions to regional water supply problems that have been documented as presenting a significant health and safety concern for customers currently receiving service from the Borough.

Distribution Main and Valve Replacement for existing facilities that have worn out, are in deteriorated condition, or upgraded to meet Chapter 65 regulations of Title 52:

Services, Meters, and Hydrants installed as in-kind replacements for customers to improve safe, reliable and adequate service.

Formula: Calculation of DSIC surcharge is as follows:

$$DSIC = \frac{(DSI \times PTRR) + Dep + e}{PQR}$$

Where:

DSI = Original cost of eligible project(s), net of accumulated depreciation.

PTRR = Pre-tax return rate applicable to eligible project(s).

Dep = Depreciation expense related to project(s).

e = Calculated annual reconciliation feature described more fully below.

PQR = Non-DSIC Projected quarterly revenue from customer subject to DSIC.

* * *

(C)
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(C)

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (“DSIC”) (continued)

Depreciation:

The depreciation expense will be calculated by applying to the original cost of DSIC eligible property to the annual accrual rates employed in the Company’s last base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded.

Pre-Tax Return:

The pre-tax return will be calculated using the state and federal income tax rates, the hypothetical capital structure approved as part of the Borough’s most recent base rate case and actual cost rates for long-term debt as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Borough’s last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission Staff in the latest Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

DSIC Surcharge Amount:

The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for service under the Borough’s otherwise applicable rates and charges, excluding amounts billed for public fire protection service. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Borough’s projected revenue for sales of water (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of revenues from public fire protection service.

Quarterly Filings: Data to be submitted to appropriate offices before DSIC effect dates.

Sufficient data setting forth the underlying values in the above formula will be filed for each quarterly update with the Commission and served upon the Bureau of Investigation and Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (“DSIC”) (continued)

2. Commission Rules and Regulatory Oversight

Cap: Under Commission rules and regulation, the DSIC surcharge will not exceed 5% of the amount billed to customers under otherwise applicable approved rates and charges.

DSIC Subject to Audit: The DSIC will be subject to audit at intervals determined by the Commission.

DSIC Subject to Reconciliation: The DSIC revenues billed/collected will be subject to an annual reconciliation based on a reconciliation period consisting of the twelve month period ending December 31, of each year. The revenue received under the DSIC will be compared to the eligible costs for that period. Differences between revenue and costs, i.e., over/under collections will be recouped or refunded, as appropriate, as a reconciliation factor “e” to be included in the above referenced formula. In addition, if DSIC revenues exceed DSIC-eligible costs, such overcollections will be refunded with interest at the Borough applicable PLIGIT interest rates. The DSIC and its related over/under collections shall be handled in accordance with Section 1307(e).

Resetting DSIC: The DSIC charge, if any, will be rest at zero as of the effective date of new Commission approved base rates, in that such base rates will provide for the prospective recovery of the annual costs that had until such time been included under the DSIC. Thereafter, only those eligible costs, that have not previously been reflected in the Borough’s rate base would be reflected in the quarterly updates of the DSIC.

Rate of Return on Equity: The DSIC charge will also be rest at zero, if, in any quarter, data filed with the Commission in the Borough’s then most recent Annual or Quarterly Earnings reports show that the Borough will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-Tax Return section. The Borough shall file a tariff supplement implementing the reset to zero due to overearnings on one-days’ notice, and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Borough has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed cost.

(C)
|
(C)

Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanation insert shall also be included with the first billing.

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

DEPOSITS

Deposits may be required from ratepayer taking service for less than 30 days, in an amount equal to the estimated use for such temporary period. Deposits may be secured from all other rate-payers provided that, in no instance shall deposits be required in excess of the estimated gross billing for a single billing period plus one month (the maximum not to exceed four months) with a minimum deposit of \$5.00.

The amount of any cash deposit may be adjusted at the request of the ratepayer or Water Department whenever the character or degree of the ratepayer's usage has materially changed, or when it is clearly established that the character or degree of service will materially change in the immediate future.

If a ratepayer has failed to pay an undisputed bill, or portion of an undisputed bill, immediately prior to the termination of service to that ratepayer, the Water Department shall apply that ratepayer's deposit insofar as it is necessary to satisfy such bill and to avoid termination, and may require that the deposit be restored to its original amount. When a deposit is applied to satisfy unpaid bills, the Water Department shall mail or deliver a statement showing the amount of the original cash deposit, accrued interest, the amount of any unpaid bills satisfied, and balance remaining.

REFUND OF DEPOSIT

A cash deposit will be refunded under the following conditions:

- Upon termination or discontinuance of service, the Water Department will apply the ratepayer's deposit, including accrued interest, to any outstanding balance for water service and refund the remainder to the ratepayer. A transfer of service from one location to another within a service area shall not be deemed discontinuance.
- When a ratepayer establishes his credit pursuant to 52 Pa. Code § 56.305 or its successor (relating to credit standards) the Water Department shall refund any cash deposit plus accrued interest. (C)

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

- When a customer becomes a bona fide member of a composite credit group, the Water Department shall refund any cash deposit plus accrued interest unless the customer requests that it be transferred to the credit group.
- When a customer substitutes a third-party guarantor in accordance with the provisions of 52 Pa. Code § 56.283 or its successor (relating to composite group; cash deposits; third party guarantor), the Water Department shall refund any cash deposit, plus accrued interest, up to the limits of the guarantee. (C)
- After a customer has paid bills for service for 12 consecutive months without having service terminated and without having paid his bill subsequent to the due date or other permissible period as stated in this Chapter on more than two occasions, the Water Department shall refund any cash deposit, plus accrued interest, so long as the customer is not delinquent. (C)
- At the option of the Water Department, a cash deposit, including accrued interest, may be refunded in whole or in part at any time earlier than the time stated in this section.
- The customer may elect to have a deposit applied to reduce bills for utility service in lieu of a cash refund.

If a customer is not entitled to refund as outlined above and pursuant to 52 Pa. Code § 56.305 or its successor, the Water Department will review the customer's account each succeeding month and shall make appropriate disposition of the deposit. (C)

REFUND STATEMENT

When a cash deposit is refunded, the Water Department will mail or deliver to the customer a written statement showing the amount of the original deposit plus all accrued interest, the application of the deposit to any bill which had previously accrued, the amount of unpaid bills liquidated by the deposit and the remaining balance. (C)

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

- a. For refusal to have water pipes properly arranged for meter installation.
- b. If water bills have not been paid within thirty (30) days following presentation, water service may be discontinued by the Borough in compliance with such regulations as the Pennsylvania Public Utility Commission shall from time to time adopt.
- c. For violation of any rules of the Borough as filed with the Public Utility Commission.

Service termination will be performed in the manner prescribed by the Commission’s regulations. In addition, service may be terminated for nonpayment of a sewer bill upon proper request of the Sewer System and receipt of a \$50.00 fee per account. (I)

TURN OFF WATER WITHOUT AUTHORITY:

The customer shall not turn the water off or on at any corporation stop or curb stop or disconnect or remove the meter or permit its disconnection or remove without the consent of the Borough in writing. As necessity may cause, the Borough shall have the right to cut-off the water supply temporarily in order to make the necessary repairs, connections, etc.; but, the Borough will use all reasonable and practical measures to notify the customer of such discontinuance of service. IN such case, the Borough shall not in any way possible be found liable for any damage or any inconvenience suffered by the customer or any claim against it at any time for interruption in service, lessening of the supply, in adequate pressure, poor quality for water, or for any other cause beyond its control. When a supply of water is to be temporarily cut-off, notice will be given when practicable, to all customers affected by the shutting off, stating the probable duration of the interruption of service, and also the purpose for which the shut-off is made.

RESERVE SUPPLY:

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

RENEWAL OF SERVICE AFTER DISCONTINUANCE:

Service will be renewed under a proper application when the conditions under which such service was discontinued are corrected and upon the payment of all proper charges or amounts provided in the schedule of rates or rules of the Borough due from the applicant. When water has been turned off from any premises because of violation of the Borough’s Rules and Regulations, including non-payment of a bill, a charge of \$50.00 payable in advance will be made for again turning on the water. Water service will be restored only during regular business hours. (I)

EMERGENCY SHUT OFF FEE

A \$75.00 fee will be applied for any shut offs requested by customer after hours or on weekends. (C)

(I) Indicates Increase (C) Indicates Change

[RESERVED FOR FUTURE USE]

(C)

* * *

(C)

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

THE BOROUGH OF AMBLER

SUPPLEMENT NO. XX TO
TARIFF WATER – PA. P.U.C. NO. 5
XX REVISED PAGE NO. 19
CANCELLING XX REVISED PAGE NO. 19

[RESERVED FOR FUTURE USE]

(C)

* * *

(C)

(C) Indicates Change

ISSUED: XXXXX

EFFECTIVE: XXXXX

Appendix B

BOROUGH OF AMBLER - BUREAU OF WATER

STATEMENT OF OPERATING REVENUES FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2023
AND THE CALCULATION OF THE SETTLEMENT REVENUE INCREASE FROM INSIDE-BOROUGH CUSTOMERS BY CUSTOMER CLASSIFICATION

Pursuant To Subsection 53.52 (b)(4) and (c)(5) of Tariff Regulations

Line No.	Customer Classification (1)	Revenues Per Books, 12 Months Ended 30-Sep-21 (2)	Historic Test Year Pro Forma Adjustments Under Present Rates		Pro Forma, Present Rates, 30-Sep-21 (5)	Future Test Year Pro Forma Adjustments Under Present Rates		Pro Forma, Present Rates, 30-Sep-23 (8)	Under Settlement Rates, Supplement No. 22 to Tariff Water Pa-PUC No. 4		Pro Forma, Settlement Rates 30-Sep-23 (11)
			Ref. (3)	Amount (4)		Ref. (6)	Amount (7)		Increase		
									Percent (9)	Amount (10)	
1											
2	OUTSIDE-Borough										
3	Sales of Water										
4	Residential	\$ 1,137,643	R2	\$ 3,519	\$ 1,141,162	R5	\$ 12,904	\$1,154,066	30.4%	\$ 350,857	\$ 1,504,923
5	Commercial/Public	154,113	R2	1,843	155,956	R5	8,418	164,374	30.9%	50,790	215,164
6	Private Fire	59,021			59,021			59,021	24.7%	14,570	73,591
7	Public Fire	35,368			35,368			35,368	24.7%	8,731	44,099
8											
9	Total Outside-Borough Sales of Water	1,386,144		5,363	1,391,507		21,322	1,412,829	30.1%	424,948	1,837,777

BOROUGH OF AMBLER - BUREAU OF WATER
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation					Adjustment Increase (Decrease)
R1	To adjust Inside-Borough Operating Revenues for the gain in the number of customers during the twelve months ended 09/30/2021					
	Customer Classification (1)	Number of Customers 31-Dec-20 (2)	30-Sep-21 (3)	Customer Gain/(Loss) (4)	Average Annual Bill, Present Rates (6)	Annualized Revenue Adjustment (Qtr Year) (7)
	Residential	1,960	1,968	8	\$ 319.00	\$ 1,276
	Commercial	168	166	(2)	741.42	(556)
	Industrial	14	13	(1)	1,194.87	(448)
	Public	4	4	-	242.77	-
	Total	2,145	2,151	6		272
R2	To annualize Outside-Borough Operating Revenues for the gain or loss in the customers during the twelve months ended 09/30/2021					
	Customer Classification (1)	Number of Customers 31-Dec-20 (2)	30-Sep-21 (3)	Customer Gain/(Loss) (4)	Annual Bill, Present Rates (6)	Average Revenue Adjustment (Qtr Year) (7)
	Residential	3,519	3,541	22	\$ 319.92	\$ 3,519
	Commercial	82	87	5	737.35	1,843
	Industrial	3	3	-		-
	Public	13	13	-		-
	Total	3,617	3,644	27		5,363
R3	To impute revenue for Inside-Borough public fire at present Outside Borough hydrant rates.					
		Number of Hydrants	Annual Rate	Imputed Revenue		
	Public Fire	79	\$ 165.27	\$ 13,056		\$ 13,056
	Total Historic Test Year, Pro Forma Operating Revenue Adjustments Under Present Rates					<u>\$ 18,691</u>

BOROUGH OF AMBLER - BUREAU OF WATER
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation					Adjustment Increase (Decrease)
R4	To adjust Inside-Borough Operating Revenues for the projected gain in the number of customers during the twelve months ended 09/30/2023					
	Customer Classification	Increase in Number of Customers		Average Customer Gain/(Loss)	Average Annual Bill, Present Rates	2022-2023 Annualized Revenue Adjustment
		31-Dec-20	30-Sep-21			
	Residential	1	8	6	\$ 319.00	\$ 3,722
	Commercial	1	(2)	(1)	741.42	(926)
	Industrial	(0)	(1)	(1)	1,194.87	(1,494)
	Public	-	(1)	(1)	242.77	(324)
	Total	2	5	4		978
R5	To adjust Outside-Borough Operating Revenues for the projected gain in the number of customers during the twelve months ended 09/30/2023.					
	Customer Classification	Increase in Number of Customers		Average Customer Gain/(Loss)	Annual Bill, Present Rates	2022-2023 Annualized Revenue Adjustment
		31-Dec-20	30-Sep-21			
	Residential	11	22	20	\$ 319.92	\$ 12,904
	Commercial	5	5	6	737.35	8,418
	Industrial	-	-	-		-
	Public	-	-	-		-
	Total	16	27	26		21,322
R6	To adjust for fewer water tower rentals during the twelve months ended 09/30/2023					
	Projected twelve months of Water Tower Revenue					\$ 163,728
	Less: Water Tower Revenue - per books 09/310/2021					<u>#REF!</u>
	Adjustment					#REF! #REF!
	Total Future Test Year, Pro Forma Operating Revenue Adjustments Under Present Rates					<u>#REF!</u>

BOROUGH OF AMBLER - BUREAU OF WATER

SUMMARY OF APPLICATION OF PRESENT AND PROPOSED RATES TO CONSUMPTION ANALYSIS AS OF 9/30/2021
AND PRO FORMA REVENUES UNDER SETTLEMENT RATES AS OF 9/30/2023

Customer Classification	Revenues Per Books, 9/30/2021	Application of Present Rates to Bill Analysis	Adjustment Factor	Application of Settlement Rates to Bill Analysis	Adjusted Revenues Under Settlement Rates	Historic Test Year Pro Forma Adjustments Under Settlement Rates		Pro Forma, Settlement Rates, 9/30/2021	Future Test Year Pro Forma Adjustments Under Settlement Rates		Pro Forma, Settlement Rates, 9/30/2023
						Ref.	Amount		Ref.	Amount	
(1)	(2)	(3)	(4)=(2)/(3)	(5)	(6)=(5)x(4)	(7)	(8)	(9)=(6)+(8)	(10)	(11)	(12)
INSIDE-CITY											
Residential	\$ 625,804	\$ 625,553	1.000402	\$ 779,921	\$ 780,234	R7	\$ 1,591	\$ 781,825	R10	\$ 4,640	\$ 786,465
Non-Residential	136,607	138,370	0.987258	172,522	170,324	R7	(1,252)	169,072	R10	(3,422)	165,650
Private Fire	25,235	25,235	1.000000	31,465	31,465			31,465			31,465
Public Fire	-	-				R9	16,280	16,280			16,280
Total Inside	787,647	789,158		983,908	982,023		16,618	998,642		1,218	999,860
OUTSIDE-CITY											
Residential	\$ 1,137,643	\$ 1,138,487	0.999258	\$ 1,485,549	\$ 1,484,447	R8	\$ 4,388	\$ 1,488,835	R11	\$ 16,088	\$ 1,504,923
Non-Residential	154,113	153,944	1.001098	202,148	202,370	R8	2,298	204,668	R11	10,496	215,164
Private Fire	59,021	59,021	1.000002	73,591	73,591			73,591			73,591
Public Fire	35,368	35,368	1.000000	44,099	44,099			44,099			44,099
Total Outside	1,386,144	1,386,819		1,805,387	1,804,507		6,686	1,811,193		\$ 26,584	1,837,777
Total	\$ 2,173,791	\$ 2,175,978		\$ 2,789,295	\$ 2,786,530		\$ 23,304	\$ 2,809,835		\$ 27,802	\$ 2,837,637

BOROUGH OF AMBLER - BUREAU OF WATER
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation						Adjustment Increase (Decrease)
R7	To annualize Inside-Borough Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 09/30/2021						
	Customer Classification (1)	Number of Customers 31-Dec-20 (2)	30-Sep-21 (3)	Customer Gain/(Loss) (4)	Average Annual Bill, Settlement Rates (6)	Annualized Revenue Adjustment (Qtr Year) (7)	
	Residential	1,960	1,968	8	\$ 397.72	\$ 1,591	1,591
	Commercial	168	166	(2)	924.39	(693)	(693)
	Industrial	14	13	(1)	1,489.74	(559)	(559)
	Public	4	4	-	302.68	-	-
	Total	2,145	2,151	6		339	
R8	To annualize Outside-Borough Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 09/30/2021						
	Customer Classification (1)	Number of Customers 31-Dec-20 (2)	30-Sep-21 (3)	Customer Gain/(Loss) (4)	Average Annual Bill, Settlement Rates (6)	Annualized Revenue Adjustment (Qtr Year) (7)	
	Residential	3,519	3,541	22	\$ 398.87	\$ 4,388	\$ 4,388
	Commercial	82	87	5	919.32	2,298	2,298
	Industrial	3	3	-		-	-
	Public	13	13	-		-	-
	Total	3,617	3,644	27		6,686	
R9	To impute revenue for Inside-Borough public fire at present Outside Borough hydrant rates.						
		Number of Hydrants	Annual Rate	Imputed Revenue			
	Public Fire	79	\$ 206.07	\$ 16,280			\$ 16,280
	Total Historic Test Year, Pro Forma Operating Revenue Adjustments Under Settlement Rates						<u>\$ 23,304</u>

BOROUGH OF AMBLER - BUREAU OF WATER
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation						Adjustment Increase (Decrease)
R10	To adjust Inside-Borough Operating Revenues for the projected gain in the number of customers during the twelve months ended 09/30/2023.						
		Change in Number of Customers		Average Customer Gain/(Loss)	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment	
		31-Dec-20	30-Sep-21				
	Residential	1	8	6	\$ 397.72	\$ 4,640	\$ 4,640
	Commercial	1	(2)	(1)	924.39	(1,156)	(1,156)
	Industrial	(0)	(1)	(1)	1,489.74	(1,862)	(1,862)
	Public	-	(1)	(1)	302.68	(404)	(404)
	Total	2	5	4		1,218	
R11	To adjust Outside-Borough Operating Revenues for the projected gain in the number of customers during the twelve months ended 09/30/2023.						
		Change in Number of Customers		Average Customer Gain/(Loss)	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment	
		31-Dec-20	30-Sep-21				
	Residential	11	22	20	\$ 398.87	\$ 16,088	\$ 16,088
	Commercial	5	5	6	919.32	10,496	10,496
	Industrial	-	-	-		-	-
	Public	-	-	-		-	-
	Total	16	27	26		26,584	
Total Future Test Year, Pro Forma Operating Revenue Adjustments Under Settlement Rates						<u>\$ 27,802</u>	

BOROUGH OF AMBLER - BUREAU OF WATER
INSIDE & OUTSIDE-BOROUGH
 COMPARISON OF PRESENT AND SETTLEMENT RATES

	Present	Settlement	Increase
<u>Quarterly Customer Charge</u>			
5/8	\$ 12.61	\$ 15.72	24.7%
3/4	15.44	19.25	24.7%
1	19.41	24.20	24.7%
1 1/2	44.49	55.47	24.7%
2	62.10	77.43	24.7%
3	200.62	250.15	24.7%
4	507.90	633.28	24.7%
6	800.77	998.44	24.7%
8	1,056.16	1,316.88	24.7%
10	1,392.56	1,736.32	24.7%
12	1,836.18	2,289.44	24.7%
<u>Quarterly Domestic Multiple Meter</u>			
1	\$ 47.61	\$ 59.36	24.7%
2	99.93	124.59	24.7%
<u>Inside Consumption Charge per Quarter</u>		<u>Per Thousand Gallons</u>	
First 110,000 gallons	4.6176	5.7572	24.7%
Over 110,000 gallons	4.0351	5.0312	24.7%
<u>Outside Consumption Charge per Quarter</u>			
First 110,000 gallons	4.6176	6.0772	31.6%
Over 110,000 gallons	4.0351	5.3512	32.6%
<u>Fire Protection - Annual Charge:</u>			
	Present	Settlement	Increase
Public Fire Hydrant	\$ 165.27	\$ 206.07	24.7%
Private Fire Hydrant	665.65	829.97	24.7%
<u>Private Fire - Annual Charge:</u>			
1	\$ 190.43	\$ 237.44	24.7%
2	399.73	498.40	24.7%
4	502.67	626.76	24.7%
6	665.65	829.97	24.7%
8	1,085.97	1,354.04	24.7%
10	1,435.96	1,790.43	24.7%
12	1,832.26	2,284.56	24.7%

BOROUGH OF AMBLER - BUREAU OF WATER
INSIDE THE BOROUGH

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Present Revenue (5)	Settlement Rates (6)	Settlement Revenue (7)
<u>Residential - Quarterly</u>						
Water Fund Surcharge						
5/8	7,678		\$ 12.61	\$ 96,820	\$ 15.72	\$ 120,698
3/4	6		15.44	93	19.25	116
1	120		19.41	2,329	24.20	2,904
1 1/2	38		44.49	1,691	55.47	2,108
2	28		62.10	1,739	77.43	2,168
3			200.62	0	250.15	0
4			507.90	0	633.28	0
6			800.77	0	998.44	0
8			1,056.16	0	1,316.88	0
Subtotal	7,870			102,672		127,994
Consumption						
Up to 110,000 Gallons	-	104,918	4.6176	484,467	5.7572	604,031
Over 110,000 Gallons	-	9,520	4.0351	38,414	5.0312	47,896
Subtotal	-	114,437		522,881		651,927
Total	7,870	114,437		\$ 625,553		\$ 779,921
<u>Commercial - Quarterly</u>						
Water Fund Surcharge						
5/8	490		\$ 12.61	\$ 6,179	\$ 15.72	\$ 7,703
3/4	4		15.44	62	19.25	77
1	103		19.41	1,999	24.20	2,493
1 1/2	40		44.49	1,780	55.47	2,219
2	28		62.10	1,739	77.43	2,168
3			200.62	0	250.15	0
4			507.90	0	633.28	0
6			800.77	0	998.44	0
8			1,056.16	0	1,316.88	0
Subtotal	665			11,759		14,660
Consumption						
Up to 110,000 Gallons	-	13,449	4.6176	62,100	5.7572	77,426
Over 110,000 Gallons	-	11,432	4.0351	46,129	5.0312	57,517
Subtotal	-	24,881		108,229		134,943
Total	665	24,881		\$ 119,988		\$ 149,603

BOROUGH OF AMBLER - BUREAU OF WATER
INSIDE THE BOROUGH

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Present Revenue (5)	Settlement Rates (6)	Settlement Revenue (7)
<u>Industrial - Quarterly</u>						
Water Fund Surcharge						
5/8	24		\$ 12.61	\$ 303	\$ 15.72	\$ 377
1	8		19.41	155	24.20	194
1 1/2	8		44.49	356	55.47	444
2	8		62.10	497	77.43	619
3			200.62	0	250.15	0
4	4		507.90	2,032	633.28	2,533
6			800.77	0	998.44	0
8			1,056.16	0	1,316.88	0
Subtotal	52			3,343		4,167
Consumption						
Up to 110,000 Gallons	-	1,610	4.6176	7,434	5.7572	9,269
Over 110,000 Gallons	-	1,612	4.0351	6,505	5.0312	8,110
Subtotal	-	3,222		13,939		17,379
Total	52	3,222		\$ 17,282		\$ 21,546
<u>Public - Quarterly</u>						
Water Fund Surcharge						
5/8	4		\$ 12.61	\$ 50	\$ 15.72	\$ 63
3/4	1		15.44	15	19.25	19
1	8		19.41	155	24.20	194
1 1/2	4		44.49	178	55.47	222
2			62.10	0	77.43	0
3			200.62	0	250.15	0
4			507.90	0	633.28	0
6			800.77	0	998.44	0
8			1,056.16	0	1,316.88	0
Subtotal	17			398		498
Consumption						
Up to 110,000 Gallons	-	152	4.6176	702	5.7572	875
Over 110,000 Gallons	-	-	4.0351	0	5.0312	0
Subtotal	-	152		702		875
Total	17	152		\$ 1,100		\$ 1,373

BOROUGH OF AMBLER - BUREAU OF WATER
INSIDE THE BOROUGH

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Present Revenue (5)	Settlement Rates (6)	Settlement Revenue (7)
<u>Private Fire - Annually</u>						
<u>Sprinkler Charges</u>						
1"			\$ 190.43	\$ -	\$ 237.44	\$ -
2"			399.73	-	498.40	-
4"	17		502.67	8,545	626.76	10,655
6"	8		665.65	5,325	829.97	6,640
8"	5		1,085.97	5,430	1,354.04	6,770
10"			1,435.96	-	1,790.43	-
12"			1,832.26	-	2,284.56	-
Total	30	-		19,300		24,065
Hydrant		-	\$ 665.65	-	\$ 829.97	-
Total	-	-		0		0
<u>Public Fire - Annually</u>						
Hydrant	79	-	\$ 165.27	\$ 13,056	\$ 206.07	\$ 16,280
Total	79	-		13,056		16,280
Total - Inside	8,713	142,692		\$ 796,279		\$ 992,788

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE THE BOROUGH

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Rate Block 1000 Gallons (1)	Number Minimum Bills (2)	Total Consumption (3)	Present Rate (4)	Present Revenue (5)	Settlement Rate (8)	Settlement Revenue (9)
<u>Residential - Quarterly</u>						
<u>Customer Charges</u>						
5/8	13,157	-	\$ 12.61	\$ 165,910	\$ 15.72	\$ 206,828
3/4	5	-	15.44	77	19.25	96
1	892	-	19.41	17,314	24.20	21,586
1 1/2	89	-	44.49	3,960	55.47	4,937
2	22	-	62.10	1,366	77.43	1,703
3		-	200.62	0	250.15	0
4		-	507.90	0	633.28	0
6		-	800.77	0	998.44	0
8		-	1,056.16	0	1,316.88	0
Subtotal	14,165	-		188,627		235,150
<u>Consumption</u>						
Up to 110,000 Gallons	-	199,417	4.6176	920,826	6.0772	1,211,895
Over 110,000 Gallons	-	7,195	4.0351	29,034	5.3512	38,504
Subtotal	-	206,612		949,860		1,250,399
Total	14,165	206,612		\$ 1,138,487		\$ 1,485,549
<u>Commercial - Quarterly</u>						
<u>Customer Charges</u>						
5/8	200	-	\$ 12.61	\$ 2,522	\$ 15.72	\$ 3,144
1	88	-	19.41	1,708	24.20	2,130
1 1/2	36	-	44.49	1,602	55.47	1,997
2	21	-	62.10	1,304	77.43	1,626
3	4	-	200.62	802	250.15	1,001
4		-	507.90	0	633.28	0
6		-	800.77	0	998.44	0
8		-	1,056.16	0	1,316.88	0
10		-	1,392.56	0	1,736.32	0
Subtotal	349	-		7,938		9,898
<u>Consumption</u>						
Up to 110,000 Gallons		7,502	4.6176	34,640	6.0772	45,589
Over 110,000 Gallons	-	5,479	4.0351	22,108	5.3512	29,319
Subtotal	-	12,981		56,748		74,908
Total	349	12,981		\$ 64,686		\$ 84,806

* Includes a rate case surcharge.

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE THE BOROUGH

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Rate Block 1000 Gallons (1)	Number Minimum Bills (2)	Total Consumption (3)	Present Rate (4)	Present Revenue (5)	Settlement Rate (8)	Settlement Revenue (9)
<u>Industrial - Quarterly</u>						
<u>Customer Charges</u>						
5/8			\$ 12.61	\$ -	\$ 15.72	\$ -
1	8		19.41	155	24.20	194
1 1/2			44.49	0	55.47	0
2	4		62.10	248	77.43	310
3			200.62	0	250.15	0
4			507.90	0	633.28	0
6			800.77	0	998.44	0
8			1,056.16	0	1,316.88	0
Subtotal	12	-		403		504
<u>Consumption</u>						
Up to 110,000 gallons	-	786	4.6176	3,629	6.0772	4,777
Over 110,000 gallons	-	6,289	4.0351	25,377	5.3512	33,654
Subtotal	-	7,075		29,006		38,431
Total	12	7,075		\$ 29,409		\$ 38,935
<u>Public - Quarterly</u>						
<u>Customer Charges</u>						
5/8			\$ 12.61	\$ -	\$ 15.72	\$ -
1	4		19.41	78	24.20	97
1 1/2	20		44.49	890	55.47	1,109
2	20		62.10	1,242	77.43	1,549
3			200.62	0	250.15	0
4			507.90	0	633.28	0
6	4		800.77	3,203	998.44	3,994
8	4		1,056.16	4,225	1,316.88	5,268
Subtotal	52	-		9,638		12,017
<u>Consumption</u>						
Up to 110,000 Gallons	-	4,271	4.6176	19,722	6.0772	25,956
Over 110,000 Gallons	-	7,556	4.0351	30,489	5.3512	40,434
Subtotal	-	11,827		50,211		66,390
Total	52	11,827		\$ 59,849		\$ 78,407
<u>Private Fire - Annually</u>						
<u>Sprinkler Charges</u>						
1"	46		\$ 190.43	\$ 8,760	\$ 237.44	\$ 10,922
2"	3		399.73	1,199	498.40	1,495
4"	9		502.67	4,524	626.76	5,641
6"	13		665.65	8,653	829.97	10,790
8"	3		1,085.97	3,258	1,354.04	4,062
10"	1		1,435.96	1,436	1,790.43	1,790
12"			1,832.26	-	2,284.56	-
Total	75	-		27,830		34,700
Hydrant	34	-	\$ 665.65	22,632	\$ 829.97	28,219
Total	34	-		22,632		28,219

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE THE BOROUGH

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

Rate Block 1000 Gallons (1)	Number Minimum Bills (2)	Total Consumption (3)	Present Rate (4)	Present Revenue (5)	Settlement Rate (8)	Settlement Revenue (9)
Hydrant	214	-	\$ 165.27	\$ 35,368	\$ 206.07	\$ 44,099
Total	214	-		35,368		44,099
Total - Outside	14,901	238,495		\$ 1,378,261		\$ 1,794,715

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE-BOROUGH
 COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

RESIDENTIAL QUARTERLY - 5/8 INCH METER

Usage Gallons	Present Rates	Settlement Rates	Dollar Increase	Percentage Increase
-	\$ 12.61	\$ 15.72	\$ 3.11	24.7%
1,000	17.23	21.80	4.57	26.5%
2,000	21.85	27.87	6.03	27.6%
3,000	26.46	33.95	7.49	28.3%
4,000	31.08	40.03	8.95	28.8%
5,000	35.70	46.11	10.41	29.2%
10,000	58.79	76.49	17.71	30.1%
14,600 *	80.03	104.45	24.42	30.5%
15,000	81.87	106.88	25.00	30.5%
20,000	104.96	137.26	32.30	30.8%
25,000	128.05	167.65	39.60	30.9%
30,000	151.14	198.04	46.90	31.0%

* Average Usage.

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE-BOROUGH
 COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

COMMERCIAL QUARTERLY - 5/8 INCH METER

Quarterly Usage Gallons	Present Rates	Settlement Rates	Dollar Increase	Percentage Increase
-	\$ 12.61	\$ 15.72	\$ 3.11	24.7%
1,000	17.23	21.80	4.57	26.5%
2,000	21.85	27.87	6.03	27.6%
3,000	26.46	33.95	7.49	28.3%
4,000	31.08	40.03	8.95	28.8%
5,000	35.70	46.11	10.41	29.2%
10,000	58.79	76.49	17.71	30.1%
15,000	81.87	106.88	25.00	30.5%
20,000	104.96	137.26	32.30	30.8%
25,000	128.05	167.65	39.60	30.9%
30,000	151.14	198.04	46.90	31.0%
35,000	174.23	228.42	54.20	31.1%
37,200 *	184.38	241.79	57.41	31.1%
50,000	243.49	319.58	76.09	31.2%
60,000	289.67	380.35	90.69	31.3%
70,000	335.84	441.12	105.28	31.3%
80,000	382.02	501.90	119.88	31.4%
90,000	428.19	562.67	134.47	31.4%
100,000	474.37	623.44	149.07	31.4%
110,000	520.55	684.21	163.67	31.4%
120,000	560.90	737.72	176.83	31.5%
130,000	601.25	791.24	189.99	31.6%
140,000	641.60	844.75	203.15	31.7%
150,000	681.95	898.26	216.31	31.7%
160,000	722.30	951.77	229.47	31.8%
170,000	762.65	1,005.28	242.63	31.8%

* Average Usage

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE-BOROUGH
 COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

INDUSTRIAL QUARTERLY - 2 INCH METER

Quarterly Usage Gallons	Present Rates	Settlement Rates	Dollar Increase	Percentage Increase
-	\$ 62.10	\$ 77.43	\$ 15.33	24.7%
10,000	108.28	138.20	29.93	27.6%
20,000	154.45	198.97	44.52	28.8%
30,000	200.63	259.75	59.12	29.5%
50,000	292.98	381.29	88.31	30.1%
100,000	523.86	685.15	161.29	30.8%
150,000	731.44	959.97	228.53	31.2%
200,000	933.20	1,227.53	294.34	31.5%
250,000	1,134.95	1,495.09	360.14	31.7%
300,000	1,336.71	1,762.65	425.95	31.9%
400,000	1,740.22	2,297.77	557.56	32.0%
500,000	2,143.73	2,832.89	689.17	32.1%
589,600 *	2,505.27	3,312.36	807.09	32.2%
600,000	2,547.24	3,368.01	820.78	32.2%
700,000	2,950.75	3,903.13	952.39	32.3%
800,000	3,354.26	4,438.25	1,084.00	32.3%
900,000	3,757.77	4,973.37	1,215.61	32.3%
1,000,000	4,161.28	5,508.49	1,347.22	32.4%

* Average Usage

BOROUGH OF AMBLER - BUREAU OF WATER
OUTSIDE-BOROUGH
 COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

PUBLIC QUARTERLY - 8 INCH METER

Quarterly Usage Gallons	Present Rates	Settlement Rates	Dollar Increase	Percentage Increase
-	\$ 1,056.16	\$ 1,316.88	\$ 260.72	24.7%
100,000	1,517.92	1,924.60	406.68	26.8%
200,000	1,927.26	2,466.98	539.73	28.0%
227,400 *	2,037.82	2,613.60	575.79	28.3%
300,000	2,330.77	3,002.10	671.34	28.8%
400,000	2,734.28	3,537.22	802.95	29.4%
500,000	3,137.79	4,072.34	934.56	29.8%
630,000	3,662.35	4,768.00	1,105.65	30.2%
600,000	3,541.30	4,607.46	1,066.17	30.1%
700,000	3,944.81	5,142.58	1,197.78	30.4%
800,000	4,348.32	5,677.70	1,329.39	30.6%
900,000	4,751.83	6,212.82	1,461.00	30.7%
1,000,000	5,155.34	6,747.94	1,592.61	30.9%
1,100,000	5,558.85	7,283.06	1,724.22	31.0%
1,200,000	5,962.36	7,818.18	1,855.83	31.1%
1,300,000	6,365.87	8,353.30	1,987.44	31.2%
1,439,000	6,926.74	9,097.12	2,170.37	31.3%
1,400,000	6,769.38	8,888.42	2,119.05	31.3%
1,650,000	7,778.15	10,226.22	2,448.07	31.5%
1,900,000	8,786.93	11,564.02	2,777.10	31.6%
2,150,000	9,795.70	12,901.82	3,106.12	31.7%

* Average Usage

Appendix C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	
v.	:	DOCKET NO. R-2022-3031704
	:	
BOROUGH OF AMBLER – WATER DEPARTMENT	:	

**STATEMENT OF BOROUGH OF AMBLER – WATER DEPARTMENT
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

The Borough of Ambler – Water Department ("Ambler" or "Borough") believes that the proposed Settlement is in the best interests of the Borough and its customers and is, therefore, in the public interest. The Settlement was achieved only after extensive discovery, submission of direct, rebuttal and surrebuttal testimony by the parties on a wide range of issues, and negotiations among the Joint Petitioners as to the appropriate revenue level, rate structure, rate design and other matters. Ambler is in full agreement with each of the reasons set forth in the Joint Petition in support of the proposed Settlement. In addition, the Settlement is in the public interest and should be approved for the reasons set forth below.

I. OVERVIEW

1. The Settlement provides for an increase in Ambler's annual operating revenues of \$424,948, or approximately 30.1% for Outside-Borough customers. The Commission last approved an increase in base rates for Outside-City water customers on January 1, 2015. As a result, the annual increase must be viewed in the context of the seven-year period since the Borough's last rate increase. In addition, subject to certain limited exceptions, the Borough has

committed not to file another general base rate case for two years following the entry of a Commission Order concluding this proceeding.

2. Following its last rate case, the Borough has endeavored to limit discretionary expenditures, despite experiencing increases in costs of materials and supplies necessary to provide high quality public water service to Outside-City customers. Additionally, the Borough has made and continues to make very substantial investments in new and replacement utility plant in order to replace aging infrastructure, comply with applicable environmental regulations and meet customers' demands for water service.

3. Due primarily to the Borough experiencing higher levels of operation and maintenance expenses as a result of inflation and labor cost increases, the Borough's rate of return has been reduced to approximately -1.74%. The additional revenues from Settlement Rates are critical for the Borough to sustain water operations.

4. The rate structure aspect of this case was also the subject of extensive negotiations among the Joint Petitioners. The rate structure and rate design elements agreed to by the Joint Petitioners, which are set forth in detail in Paragraph No. 12 of the Joint Petition for Settlement of Rate Investigation ("Joint Petition"), provide a fair, reasonable and non-discriminatory distribution of the revenue increase among the various customer classes.

5. The Settlement contains additional terms designed to improve the Borough's reporting practices to facilitate review of subsequent rate cases filed with the Commission. Additionally, the Borough has voluntarily agreed to various reporting requirements which are expected to result in a more efficient review process for State Advocate parties and other intervenors.

II. SPECIFIC TERMS OF THE SETTLEMENT

6. **Paragraph 12.a.** This paragraph outlines the increase in annual revenues to which the Joint Petitioners have agreed and the specific rates set forth in the Tariff Supplement provided as Appendix A to the Joint Petition. Several parties to this proceeding proposed revenue adjustments to the claims set forth in the Borough's rate filing. The Settlement represents a black-box revenue requirement that the Joint Petitioners agree is reasonable in consideration of the various revenue issues raised and addressed in this proceeding. As explained in Paragraph 12(n)(3) of the Joint Petition, Joint Petitioners also provide, as Appendix B, a proof of revenues to demonstrate that the Settlement Rates produce no more than the annual revenue increase to which they have agreed. Under current rates, the Borough cannot earn a reasonable rate of return on its water utility assets. Borough Statement No. 1 at 4. Since the date of the last rate increase in 2015, the Borough has experienced higher levels of operation and maintenance expenses as a result of inflation and labor costs increases. Borough Statement No. 1 at 4. The effect of these increases has reduced the rate of return base to approximately negative 1.74%, which cannot sustain the Borough's water operations. Borough Statement No. 1 at 4-5. Approval of the Settlement Rates will afford the Borough an opportunity to achieve an adequate return on the original cost measure of the value of its used and useful property that services Outside-Borough customers. Borough Statement No. 1 at 4.

7. **Paragraph 12.b.** This paragraph sets forth the Joint Petitioners agreement to the Borough's two-year "stay-out", which includes the Borough's agreement to not file a distribution base rate case within two years from the effective date of the new rates. The two-year "stay-out" also includes a stipulation amongst the Joint Petitioners that the Borough will not be prevented

from filing a rate increase to recover additional revenues necessary to address extraordinary or unanticipated events beyond the Borough's control.

8. **Paragraph 12.c.** This paragraph provides that the Borough will provide I&E and OCA with an update to Tables 2 and 3 of Ambler Exhibit JJS-2 no later than January 1, 2024, which shall include actual capital expenditures, plant additions and retirements for the twelve months ending September 30, 2023.

9. **Paragraph 12.d.** This paragraph provides that the Borough will continue to file Annual Reports with the PUC and will file the missing 2019 report within 90 days of a Final PUC Order approving the settlement.

10. **Paragraph 12.e.** This provides that the Borough will continue complying with the customer complaint log requirement contained in 52 Pa. Code § 65.3(b). The Borough will continue to provide the customer complaint log annually by April 15 to the parties and agrees to file the customer complaint log for the future test year to date at the time of its filing in its next base rate case.

11. **Paragraph 12.f.** This paragraph provides that the Borough will continue conducting an annual pressure survey as required by 52 Pa. Code § 65.6. The Borough agrees to provide the annual pressure surveys in a live Excel format with its filing in its next base rate case.

12. **Paragraph 12.g.** This paragraph provides that the Borough will continue providing separate volumes for the amount of water used for flushing and backwashing when preparing Unaccounted for Water calculations. This provision will make the Borough's method

of calculating Unaccounted for Water consistent with the method the Commission uses for calculating Unaccounted for Water.

13. **Paragraph 12.h.** This paragraph provides that the Borough agrees to continue flushing its entire system annually. This provision will ensure that regular flushing of the distribution system occurs and that customers will not experience lower quality of water at the tap due to distribution system issues.

14. **Paragraph 12.i.** This paragraph provides that the Borough agrees to continue its exercise program and further exercise all 10-inch or larger valves in the jurisdictional service area each year. In its next base rate case, the Borough agrees to update its capital plan to include to include replacement of at least 30 valves that cannot be exercised each year. The Borough also agrees to continue preparing an exercising and replacement schedule that tabulates the following information on all isolation valves within its system:

- i. Location
- ii. Size
- iii. Date installed
- iv. Municipality
- v. Dates exercised, opened/closed for any reason, and notes of any difficulties

15. **Paragraph 12.j.** This paragraph provides that Borough will continue to provide the schedule for the actual exercising and replacing of valves to OCA and I&E by March 1 of each year for the preceding calendar year.

16. **Paragraph 12.k.** This paragraph provides that the Borough agrees to test the 56 fire hydrants that are connected to less than 6-inch water mains by measuring the flow with a pilot gauge and using a pressure gauge mark (or other similar method). Any of the hydrants that have not been tested and found to meet a minimum fire flow of 500 gpm within 120 days of the

Final Order in the current proceeding will be marked for flushing and blow-offs until a successful test has been registered.

17. **Paragraph 12.l.** This paragraph provides that within 90 days following the entry of an Order in this proceeding, the Borough will provide a schedule of proposed meter testing/replacements to the parties.

18. **Paragraph 12.m.** This paragraph provides that the Borough will file a fully allocated cost of service study with its next base rate case. At least 3 months prior to filing the base rate case, the Borough will provide the cost-of-service study to I&E, OCA, and OSBA for purposes of determining whether the cost-of-service study supports elimination of the Second Block rate.

19. **Paragraph 12.n.** This paragraph details the Settlement Rates set forth in Appendix A, which reflects the Joint Petitioner's agreement with regard to rate structure, rate design, and the distribution of the increase in revenues to include:

- i. The monthly charge for water usage service at current, proposed, and settlement rates to an Outside-Borough Commission jurisdictional residential usage customer using 4,000 gallons per month, is therefore as follows: Current Rates are \$31.08, Proposed Rates are \$44.34, and Settlement Rates are \$40.03.
- ii. Residential, commercial, industrial, and other class rates will be in accordance with the tariff supplement attached as Appendix A.
- iii. The percentage increases to each customer class under the Settlement Rates are shown in Appendix B.

III. CONCLUSION

A settlement is the result of compromises by all parties, and that is the case with the Settlement set forth in the Joint Petition. The Borough believes that a fair and reasonable compromise has been achieved in this case, and fully supports the Settlement. The Borough respectfully requests the Commission's expeditious review and approval of the Settlement.

Respectfully submitted,



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Counsel to The Borough of Ambler – Water
Department

Dated: September 2, 2022

Appendix D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2022-3031704
	:	
Borough of Ambler - Water Department	:	

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

TO ADMINISTRATIVE LAW JUDGES STEVEN K. HAAS AND JOHN M. COOGAN:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through Prosecutor Allison C. Kaster, hereby respectfully requests that the terms and conditions of the foregoing Joint Petition for Settlement of Rate Investigation (“Joint Petition” or “Settlement”) be approved by Administrative Law Judges Steven Haas and John Coogan (“ALJs”) and the Commission without modification. I&E submits that the terms and conditions of the Settlement are in the public interest for the following reasons:

I. INTRODUCTION

On March 31, 2022, the Borough of Ambler – Water Department (“Ambler” or “Water Department”) filed Supplement No. 40 to Tariff Water – PA. P.U.C. No. 5 with the Commission to become effective May 30, 2022, seeking to increase Ambler’s total annual operating revenues for water service by approximately \$637,691, or 45.4%. By Order entered May 12, 2022, the Commission instituted an investigation into the

lawfulness, justness, and reasonableness of rates, rules, and regulations contained in Supplement No. 5 and suspended the filing by operation of law until December 30, 2022, unless permitted by Commission Order to become effective at an earlier date.

On April 14, 2022, the Office of Small Business Advocate filed a formal complaint. I&E filed a Notice of Appearance on April 22, 2022. The Office of Consumer Advocate intervened on May 19, 2022.

The matter was assigned to the Office of Administrative Law Judge for the prompt scheduling of hearings culminating in the issuance of a Recommended Decision. On May 18, 2022, the ALJs issued a Prehearing Conference Order requiring parties to file a prehearing memorandum on June 2, 2022. A Prehearing Conference was held on June 6, 2022 at which time litigation schedule was presented by the parties and approved by the ALJ.

Pursuant to the procedural schedule established at the Prehearing Conference, I&E served all parties the following pieces of testimony and accompanying exhibits:

I&E Statement No. 1 and I&E Exhibit No. 1 - the Direct Testimony of Christine Wilson

I&E Statement No. 1-SR- the Surrebuttal Testimony of Christine Wilson

I&E Statement No. 2 and I&E Exhibit No. 2 - the Direct Testimony and accompanying Exhibit of Christopher Keller

I&E Statement No. 2-R- the Rebuttal Testimony of Christopher Keller

I&E Statement No. 2-SR - the Surrebuttal Testimony of Christopher Keller

I&E Statement No. 3 and I&E Exhibit No. 3 - the Direct Testimony and accompanying Exhibit of Joseph Kubas

I&E Statement No. 3-SR - the Surrebuttal Testimony of Joseph Kubas

The testimony identified above was entered into the record at the evidentiary hearing held on August 2, 2022.

Pursuant to the Commission’s policy of encouraging settlements, the parties engaged in extensive settlement discussions during the course of litigation. I&E participated in those discussions to ensure that all interests, including those of Ambler and its customers, were represented. Through those discussions, the parties were able to reach a settlement of all issues.

II. SETTLEMENT TERMS

A. Commission Encourages Settlements

It is the policy of the Commission to encourage settlements.¹ The following policy statement articulates general settlement guidelines and procedures for major rate cases:

In the Commission’s judgment, the results achieved from a negotiated settlement or stipulation, or both, 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. It is also the Commission’s judgment that the public interest will benefit by the adoption of §§ 69.402—69.406 and this section which establish guidelines and procedures designed to encourage full and partial settlements as well as stipulations in major section 1308(d) general rate increase cases.²

This policy statement highlights the importance of settlement in Commission proceedings. The Commission has recognized that a settlement “reflects a compromise

¹ 52 Pa. Code § 5.231.

² 52 Pa. Code § 69.401.

of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”³ The negotiated Settlement demonstrates that compromises are evident throughout the Joint Petition. Accordingly, for the reasons articulated below to achieve the full scope of benefits addressed in the Settlement, I&E requests that the Settlement be recommended by the ALJs and approved by the Commission without modification.

B. Revenue Requirement Increase (Settlement at ¶ 12.a)

I&E fully supports the negotiated increase of approximately \$425,000 for Ambler’s jurisdictional customers in lieu of the \$637,691 requested in Ambler’s filing or the updated requested of \$557,193 as reflected in Ambler’s rebuttal testimony.⁴ I&E analyzed the ratemaking claims contained in the base rate filing including operating and maintenance expenses, rate base, taxes, cash working capital, rate structure, capital structure, and the cost of common equity and long-term debt. I&E’s stated recommendations on the identified issues were set forth in I&E’s extensive direct, rebuttal and surrebuttal testimony, which indicated an increase of \$310,620 for the Water Department’s jurisdictional customers.⁵ The overall revenue levels are within the levels advanced on the evidentiary record and reflect a full compromise of all revenue-related issues raised by the parties.

Due to the “black box” nature of the Settlement, there is no agreement upon individual issues; rather, the parties have agreed to an overall increase to base rates that is less than what was requested by the Water Department. Line-by-line identification and

³ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

⁴ Borough of Ambler St. No. 2-R, p. 2.

⁵ I&E St. No. 1-SR, p. 6.

ultimate resolution of every issue raised in the proceeding is not necessary to find that the Settlement satisfies the public interest, nor could such a result be achieved as part of a settlement. Black box settlements benefit ratepayers because they allow for the resolution of a contested proceeding at a level of increase that is below the amount requested by the regulated entity and in a manner that avoids the significant expenditure of time and resources related to further litigation. Black box settlements are commonly used in proceedings before this Commission. Indeed, the Commission has endorsed the use of black box settlements, as discussed in an Order approving such a settlement:

We have historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings. *See, Pa. PUC v. Wellsboro Electric Co.*, Docket No. R-2010-2172662 (Final Order entered January 13, 2011); *Pa. PUC v. Citizens’ Electric Co. of Lewisburg, PA*, Docket No. R-2010-2172665 (Final Order entered January 13, 2011). Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company’s revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company’s cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a “black box” settlement in this proceeding and, accordingly, deny this Exception.⁶

I&E individually, and the Joint Petitioners collectively, considered, discussed, and negotiated all issues of import in this Settlement. From a holistic perspective, each party has agreed that the Settlement benefits its particular interest. The Commission has

⁶ *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886, p. 28 (Order entered December 19, 2013).

recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁷ The Settlement in this proceeding promotes the public interest because a review of the testimony submitted by all parties demonstrates that the Joint Petition reflects a compromise of the litigated positions held by those parties. Therefore, I&E submits that the Settlement balances the interests of Ambler and its customers in a fair and equitable manner and respectfully requests that the revenue increase agreed upon in Joint Petition be approved without modification.

C. Stay Out (Settlement at ¶ 12.b)

With the exceptions noted in the Joint Petition, the Settlement provides that Ambler will refrain from filing a general rate increase prior to two years from the effective date of new rates. There is no restriction on when or how often utilities can seek to increase rates; therefore, this stay out provision benefits customers as it provides for a period of rate stability. At the same time, Ambler will not be prejudiced, as it would be able to seek a rate relief if it experiences unforeseeable hardship beyond its own control. For these reasons, the stay out provision of the Settlement is in the public interest and should be approved.

D. Reporting Requirements (Settlement at ¶ 12.c)

On or before January 1, 2023, the Water Department agrees to provide I&E and the OCA with an update to Tables 2 and 3 of Ambler Exhibit JJS-3 no later than January

⁷ *Pa. P.U.C. v. C S Water and Sewer Associates*, 74 Pa. PUC 767, 771 (1991).

1, 2024, which should include actual capital expenditures, plant additions, and retirements for the twelve months ending September 30, 2023. The updates are important because as I&E witness Kubas explained,

Through use of the FPFTY, a utility is allowed to require ratepayers to pre-pay a return on a utility's projected investment in future facilities that are not in place and providing service at the time the new rates take effect and are not subject to any guarantee of being completed and placed into service. While the FPFTY provides for such projections, there should be some timely verification of the projections.⁸

Accordingly, this term is in the public interest as it allows the parties and Commission to compare actual numbers to the Water Department's projections to gauge the accuracy of these projected investments in future proceedings.

E. Annual Reports (Settlement at ¶ 12.d)

During the course of this proceeding it was discovered that Ambler's 2019 Annual Report was not on file with the PUC. To remedy this, Ambler agrees that it will continue to file Annual Reports with the PUC and will file the missing 2019 report within 90 days of a Final Order approving the Settlement. This term is in the public interest as it ensures that Commission mandated reporting requirements will continue to be adhered to and that the Commission's files will be complete upon filing the missing 2019 report.

F. Cost of Service Study (Settlement at ¶ 12.m)

In the Settlement, Ambler agrees that it will file a fully allocated cost of service study with its next base rate case. Ambler did not file a cost of service study in this

⁸ I&E St. No. 3, p. 7.

proceeding and was not required to under Commission regulations given that the requested increase was less than the \$1 million threshold.⁹ However, I&E raised an issue with Ambler’s direct allocation of 100% of the rate case expense to jurisdictional customers because, absent a cost of service study, singling out one expense for direct allocation was improper given that all other expenses, costs and revenues could not be assigned to jurisdictional and non-jurisdictional customers.¹⁰ This settlement term resolves I&E’s concern as it ensures that all expenses, not just rate case expense, will be allocated by applicable function in the next base rate proceeding.

G. Rate Design and Structure (Settlement at ¶ 12.n)

Revenue allocation and rate design were fully discussed by the parties. The agreed upon revenue allocations and rate design are in the public interest as they represent a fair and reasonable rate increase to Ambler customers.

Ambler originally requested a revenue increase of \$637,691; however, through settlement, it agreed to a reduced increase of \$424,948. Rates were designed to produce moderated increase for jurisdictional customers, who will pay the following customer charge and usage rate under the Settlement rates:

	Present	Settlement	Overall Increase
Quarterly Customer Charge	\$12.61	\$15.72	24.7%
Usage Rate- First 110,000 gallons	\$4.6176/thousand gallons	\$6.0772/thousand gallons	31.6%
Usage Rate- Over 110,000 gallons	\$4.0351/thousand gallons	\$5.3512/thousand gallons	32.6%

⁹ 52 Pa. Code ¶ 53.53.

¹⁰ I&E St. No. 3, pp. 7-10.

As indicated in the Joint Petition, the monthly cost for a typical jurisdictional residential customer using 4,000 gallons of water service will increase from the present \$31.08 to \$40.03 at settlement rates in lieu of the \$44.34 proposed rates requested in the base rate filing.

I&E fully supports the settled upon revenue allocation and rates design as set forth in the Joint Petition and maintains that they are in the public interest as they represent a fair and reasonable rate increase to Ambler's jurisdictional customers.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

I&E represents that all issues have been satisfactorily resolved through discovery and discussions with Ambler or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving regulatory differences. The parties have carefully discussed and negotiated all issues raised in this proceeding and the Settlement maintains the proper balance of the interests of all parties.

Additionally, resolution of this case by Settlement rather than litigation avoids the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense and regulatory uncertainty. I&E further submits that the acceptance of this Settlement negates the need for the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the

disposition of issues and final resolution of this case which all the parties agree benefits their discrete interests.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judges Steven K. Haas and John M. Coogan recommend, and the Commission approve, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,



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Dated: August 31, 2022

Appendix E

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	
	:	
v.	:	Docket No. R-2022-3031704
	:	
Borough of Ambler – Water Department	:	

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE 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 March 31, 2022, the Borough of Ambler – Water Department (Ambler or Borough) filed Supplement No. 40 to Tariff Water – Pa. P.U.C. No. 5 (Supplement No. 40), to become effective May 31, 2022. Ambler requested an annual increase in base rate revenues of \$637,691, or an approximate 45.4% increase, for its outside-Borough customers. Under the Borough’s filing, the total bill for a residential customer using 4,000 gallons per month would increase from \$31.08 to \$44.34, or by \$13.25 or 42.6%.

The Borough serves 3,747 outside-Borough water customers, of which 3,541 are residential, in the Townships of Upper Dublin, Lower Gwynedd, Whitpain, and Whitemarsh, Montgomery County, in addition to providing public water service within the Borough of Ambler.¹

¹ The Borough provides water service to 2,151 total Inside-Borough customers, of which 1,968 are Residential customers.

On May 19, 2022, the OCA filed a Notice of Intervention and Public Statement. The Commission's Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on April 22, 2022. The Office of Small Business Advocate (OSBA) filed a Formal Complaint and Public Statement on April 14, 2022. Mr. Shorin filed a Formal Complaint on May 23, 2022.

By Order entered May 12, 2022, the Commission initiated an investigation into the lawfulness, justness and reasonableness of the proposed rate increase and suspended the effective date of Supplement No. 40 until December 30, 2022, by operation of law. The Commission assigned the case to the Office of Administrative Law Judge. Administrative Law Judges (ALJs) John Coogan and Steven Haas were assigned to the proceeding.

Ambler filed its direct testimony on June 2, 2022. A telephonic Prehearing Conference was held on June 6, 2022 where a procedural schedule was established and modifications to the Commission's discovery regulations were adopted. The OCA and I&E submitted Direct Testimony on July 1, 2022. The Borough and I&E submitted Rebuttal Testimony on July 15, 2022. On July 27, 2022, the OCA and I&E served Surrebuttal Testimony. Written rejoinder testimony was served by the Borough on July 29, 2022. A hearing was held on August 2, 2022.

As a result of the settlement 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. Mr. Shorin, does not oppose the settlement terms. As discussed below, the OCA submits that the Settlement is in the public interest and should be adopted.

II. SETTLEMENT TERM AND CONDITIONS

A. Revenue Increase and Allocation (Settlement ¶¶ 12.a., 12.n., App. B)

The proposed Settlement provides for an overall increase in annual revenues of \$424,948. Settlement ¶12.a.; Appendix B. This compromise represents a 33.3% reduction from the Borough's original rate increase request. Under the proposed Settlement, the bill for the typical residential customer using 4,000 gallons would increase from \$31.08 to \$40.03, or 28.8%, rather than from \$31.08 to \$44.34, or 42.6% as originally proposed by the Borough. Settlement ¶12.n. The rates as shown in Appendix A, and as calculated as shown in Appendix B, were based on the negotiations among the parties and represent a reasonable compromise of the parties' positions.

In general, the Settlement represents a "black box" approach to all individual revenue requirement issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue requirement adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on a variety of financial numbers. The OCA submits that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would likely have prevented any settlement from being reached.

Based on the OCA's analysis of the Company's filing, and discovery responses, the amount of the rate increase under the proposed Settlement represents a result that could 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 (Settlement ¶12.b.)

Under the proposed Settlement, the Borough has agreed not to file a general rate increase as defined in Section 1308 within two years from the effective date of new rates. New rates in this case are expected at the end of 2022. If the Borough files as soon as the stay out ends, or in early January 2025, the next change in rates would occur in early September 2025. The two year stay out for filing of the next rate case will provide an important level of rate stability that benefits ratepayers.

C. Cost of Service Study Issues (Settlement ¶12.m)

The Borough agrees that it will provide a fully allocated cost of service study (COSS) in its next base rate case. Settlement ¶12.m. The Borough also agrees that it will provide the cost of service study to the parties at least three months prior to its next rate filing. This provision will allow the parties to look at whether the COSS supports the elimination of the second block rate that is in the current and proposed tariff. Id. In addition, the Borough agrees that the notices in its next rate case will include the information that the elimination of the second block is an issue reserved for litigation and implementation in that rate case. Id.

These commitments are a compromise of the position taken by Mr. Shorin and the position set forth by Ms. DeAngelo in OCA Statements 1 and 1SR. The Settlement commitments will permit the parties to begin early discussions regarding the issues related to possible elimination of the second block in the next case. These provisions are in the public interest and should be adopted.

D. Other Provisions

1. Updates to Fully Projected Future Test Year Exhibits (Settlement ¶12.c.)

The Borough used a Fully Projected Future Test Year (FPFTY) ending September 30, 2023 in its rate filing. It has agreed to provide an update to Tables 2 and 3 of Ambler Exhibit JJS-2 no

later than January 1, 2024. Settlement ¶12.c. The update will include the actual capital expenditures, plant additions and retirements for the FPFTY. Id. This provision is important in cases where the utility has chosen to use the FPFTY, which provides for rates to be set based on a fully projected test year that starts at the time that rates go into effect.² This provision will permit the parties and the Commission to review the accuracy of the Borough's FPFTY projections. See 66 Pa. C.S. § 315(e).

2. Future Rate Case Information and Filings (Settlement ¶¶ 12.d., e., f., g., l.)

As detailed in the Settlement, the Borough will provide information after the effective date of rates in this case or in its next water base rate case regarding: a) annual reports; b) customer complaint log; c) pressure survey results, d) Lost and Unaccounted for Water calculations, and e) meter testing. Specifically, the Borough agrees to:

- a) Annual Reports Settlement ¶12.d. The Borough agrees to file its missing 2019 annual report within 90 days of the final order in this proceeding and it will continue to file its Annual Reports with the PUC. These commitments will ensure that Ambler will provide necessary information and reporting to the Commission.
- b) Customer Complaint Log Settlement ¶12.e. The Borough agrees to provide its customer complaint log to the parties by April 15 each year and it will provide the customer complaint log for the future test year with its next rate filing. In addition, in the customer complaint log, the Borough will identify utility-side pressure complaints and the resolution of those customer complaints. Finally, the Borough will provide the customer complaint log in a live Excel format if its recordkeeping changes. These provisions will allow the OCA to better monitor the complaints that the Borough is receiving about pressure and other issues not only in the next rate case but also on an annual basis starting in 2023. This review will assist the OCA in identifying issues or areas of concern regarding the service provided to Ambler's PUC-jurisdictional customers.
- c) Pressure Survey Settlement ¶12.f. The Borough will continue to conduct its annual pressure surveys in accordance with 52 Pa. Code § 65.6. It will provide those surveys, in live Excel format, with its next rate filing.

²In this case, the Borough used an FPFTY that ends nine months after the rates will go into effect.

This provision will allow an immediate and timely review of the pressure survey results and will assist the OCA in identifying concerns regarding pressure levels.

- d) Unaccounted for Water Calculations, Settlement ¶12.g. The Borough will continue to provide separate estimates for volumes of water used for flushing and backwashing when it prepares its Unaccounted for Water calculations. This provision will permit the OCA to review the Borough's ongoing calculations in a way that is comparable to its historic calculations.
- e) System flushing, Settlement ¶12.h. The Borough agrees to continue flushing its system annually. The regular flushing of the distribution system should help to ensure that the water at the customers' taps will not be impacted by distribution system issues.
- f) Meter testing, Settlement ¶12.i. The Borough will provide its schedule of meter testing and replacements to the parties within 90 days after the final order in this proceeding. This provision will permit the OCA to review the schedule and pace of meter testing and replacements by the Borough.

OCA witness Fought recommended many of these provisions as set forth in more detail in OCA Statements 2 and 2SR. The additional information will help the parties to more effectively evaluate important issues in the Borough's next base rate filing. The requested information is in the public interest and should be approved.

E. Quality of Service Issues (Settlement ¶¶12. i., j., k.)

1. Valve Exercising and Replacement Program (Settlement ¶¶12.i and j)

The Borough will continue its valve exercising program and will add to it the commitment to exercise the 10-inch and larger valves in the PUC-jurisdictional service area. Settlement ¶12.i. In its next filing, the Borough will include the capital expenditures associated with a commitment to replace at least 30 valves that cannot be exercised each year. Id. The Borough's commitment to accelerate the valve replacement will be accomplished through its existing Distribution System Improvement Charge (DSIC), so long as it is implemented in accordance with all applicable Public

Utility Code provisions, regulations and implementation order. Id. This provision to accelerate valve replacement is important for the operation of the distribution system. Although it represents a compromise of the OCA's litigation position it is a meaningful step forward by the Borough.

The Borough will continue to prepare an exercising and replacement schedule. As part of the proposed Settlement, Ambler agrees to tabulate information on all isolation valves (location, size, date installed, municipality, dates exercised, opened/closed and notes of any difficulties). Settlement ¶12.i. Finally, the Borough will continue to provide its schedule of valve exercising and replacement to the OCA and I&E by March 1 for the preceding calendar year. Settlement ¶12.j. This ongoing reporting requirement is helpful to the OCA to allow ongoing review of the Borough's efforts related to valve exercising and replacement and is in the public interest.

2. Hydrant Marking (Settlement ¶12.k)

OCA witness Fought testified that 56 fire hydrants cannot provide the minimum fire flow, based on accepted engineering analysis. OCA St. 2 at 7-8. Mr. Fought recommended that the fire hydrants be marked so that they will only be used for flushing and blow-offs. Id. OCA witness Fought testified "[t]his is important because it is generally accepted that (1) at least 500 gpm can be pumped from every fire hydrant and (2) if a fire company pumped 500 [gallons per minute] gpm from one of these 56 fire hydrants, it may cause negative pressures that contaminates other portions of the distribution system." Id. In the proposed Settlement, the Borough agrees to test the 56 hydrants. Settlement ¶12.k. If any of these hydrants have not been tested and found to meet the minimum fire flow of 500 gpm within 120 days of the final order in this proceeding, the Borough will mark the hydrant(s) for flushing and blow-off use only until a successful test has been completed. Id. The Settlement will provide an important protection for quality of service and safety and should be adopted as in the public interest.

III. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement of this rate investigation, taken as a whole, represent a fair and reasonable resolution of the issues raised by the OCA in this proceeding. Therefore, the OCA submits that the Settlement should be approved by the Commission without modification as being in the public interest.

Respectfully Submitted,

Christine Maloni Hoover

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