

COMMONWEALTH OF PENNSYLVANIA



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May 17, 2023

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

Re: Pennsylvania Public Utility Commission
v.
Columbia Water Company
Docket No. R-2023-3040258

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this matter.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Barrett C. Sheridan
Barrett C. Sheridan
Assistant Consumer Advocate
PA Attorney I.D. # 61138
BSheridan@paoca.org

Enclosures

cc: The Honorable Charles E. Rainey, Jr. (**email only:** crainey@pa.gov)
Bureau of Technical Utility Services (**email only:** pdiskin@pa.gov)
Office of Special Assistants (**email only:** ra-OSA@pa.gov)
Certificate of Service

*346216

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2023-3040258
 :
 Columbia Water Company :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below. This document was filed electronically on the Commission's electronic filing system.

Dated this 17th day of May 2023.

SERVICE BY E-MAIL ONLY

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(717) 783-5048
Dated: May 17, 2023
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FORMAL COMPLAINT
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

1. COMPLAINANT

Patrick M. Cicero, Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: 717-783-5048

2. UTILITY NAME

Columbia Water Company

3. TYPE OF UTILITY

Water

4. COMPLAINT

A. On April 28, 2023, Columbia Water Company (CWC or Company) filed proposed Supplement No. 121 to its Water Service Tariff – Pa. P.U.C. No. 7 (Supplement No. 121) requesting to increase rates by \$999,900, effective June 30, 2023.

B. The Company's proposed increase in rates represents an approximate 15.52% increase in the Company's annual revenues at present rates, excluding surcharge revenues.

C. CWC provides water service to approximately 12,154 customers, as of December 31, 2022. That tally of customers includes a total of 11,440 residential customers, distributed among three rate divisions: Columbia 8,742, Marietta 1,152, and East Donegal 1,546. The Company provides service in the Townships of West Hempfield, Rapho, East Donegal and Manor as well as

the Boroughs of Columbia, Mountville and Marietta in Lancaster County and Hellam Township in York County.

D. The Company's proposed increase in rates would apply to all customers in the Columbia rate division and the Marietta rate division. The proposed rate increase would not apply to customers in the East Donegal rate division (formerly the East Donegal Township Municipal Authority).

E. CWC's proposed increase for residential rates in the Columbia rate division includes a proposed increase in the fixed customer charge from \$10.31 per month to \$15.31, a 48.5% increase. Residential customers in the Marietta rate division would see an increase in the fixed customer charge from \$8.20 to \$15.31, an 86.7% increase.

F. The Company's cost of capital claim is based upon a capital structure comprised of 36.66% debt and 63.34% equity. The Company's cost of debt is 3.15% with a claimed 11.25% return on equity for an overall weighted cost of capital of 8.28%.

G. CWC proposes to consolidate and unitize rates for the Columbia and Marietta divisions. The Company projects the impact of the filed-for revenue increase on the bill for a typical metered residential customer using 3,800 gallons of water per month would be an increase from \$37.67 to \$40.04, or 6.3%, for customers in the Columbia rate division. Similarly, the impact for the typical residential customer in the Marietta division would be to increase bills from \$32.57 to \$40.04 per month, or by 22.9%. These amounts do not include the surcharge for CWC's PENNVEST loan repayment. The Company has proposed no change to that surcharge, which currently adds \$9.69 per month to residential customer bills in Columbia and Marietta rate divisions.

H. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the Pennsylvania General Assembly, 71 P. S. §§ 309-1 *et seq*, as enacted July 9, 1976.

I. A preliminary examination of the Company's rate increase request indicates that the Company's present rates and proposed charges, increases and changes in rates, rules, and regulations contained within the request are or maybe unjust, unreasonable, and in violation of law; will or may allow the Company the opportunity to recover an excessive rate of return on its utility property investment, in violation of the Public Utility Code; will or may discriminate against certain customers; will or may compensate the Company for providing inadequate service to some or all of its customers; and otherwise may be contrary to sound ratemaking principles and public policy.

J. The Company's proposal to increase rates only for the Columbia and Marietta division customers, but not the East Donegal rate division customers, may be unjust, unreasonable, and/or discriminatory. Based on preliminary review, the Company's proposed increase in rates for two rate divisions is pro formed based upon the Company's cost of serving all three rate divisions.

K. The Company's proposed increases to the residential customer charge for Columbia division (48.5%) and Marietta division (86.7%) are high and may be unjust and unreasonable or otherwise contrary to law and sound ratemaking practices.

L. The Company's cost of capital and return claim requires further investigation, given the high equity ratio and high requested cost of equity, to assure that excessive costs are not imposed upon ratepayers.

M. The Consumer Advocate files this Formal Complaint to ensure that the Company's requests are granted only to the extent they are found to be just and reasonable or otherwise compliant with applicable statutes, Commission regulations, or policy.

5. RELIEF

The Consumer Advocate respectfully requests that the Public Utility Commission:

A. Suspend and investigate the operation of the proposed tariff, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

B. Require Columbia Water to provide notice to customers in its East Donegal division that rates may increase as a result of this filing;

C. Consolidate all complaints filed against Tariff Supplement No. 121;

D. Hold full evidentiary hearings examining the reasonableness of the Company's requests;

E. Hold public input hearings in the Company's service territory, by telephone, virtually, or in person as may be needed to provide its customers with an opportunity to be heard on the record, if consumer interest arises;

F. Modify or reject the proposed rate increase and tariff changes which cannot be fully justified by the Company and shown to be just and reasonable and in the public interest, or which are otherwise contrary to the Public Utility Code, sound ratemaking principles, and public policy; and

G. Grant any other relief deemed necessary.

6. VERIFICATION AND SIGNATURE

Verification:

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

/s/ Patrick M. Cicero
(Signature)

May 17, 2023
(Date)

7. LEGAL REPRESENTATION

Erin Gannon
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PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the current base rate filing made by Columbia Water Company (CWC or Company).

The objective of the Consumer Advocate in this matter is to protect the interests of CWC's customers. CWC's proposed rate increase would increase rates for approximately 9,900 residential customers in CWC's Columbia and Marietta rate divisions, in portions of Lancaster and York Counties. Fixed monthly charges would increase by 48% to 86%. Bills for residential customers would increase by 6.3% in the Columbia rate division and 22.9% in the Marietta rate division. CWC proposes no rate changes for customers in its East Donegal rate division. The Consumer Advocate has filed this Complaint with the Commission to ensure that each aspect of CWC's request is scrutinized and not approved unless shown to be fully justified in law, and consistent with the Public Utility Code and sound public policy.

The Company provides water service to approximately 12,154 customers in the Townships of West Hempfield, Rapho, East Donegal and Manor as well as the Boroughs of Columbia, Mountville and Marietta in Lancaster County and Hellam Township in York County.