COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
ISSUED: May 27, 2005

IN REPLY PLEASE
REFER TO OUR FILE

JEFFREY A FRANKLIN ESQUIRE
CARL J ENGLEMAN JR ESQUIRE
RYAN RUSSELL OGDEN & SELTZER LLP
1105 BERSHIRE BOULEVARD STE 330
WYOMISSING PA 19610-1222

DOCUMENT
FOLDER

Application of Hidden Valley Utility Services, L.P., for approval to begin to offer, render, furnish or supply water service to the public in Hidden Valley, Pennsylvania — A-210117

Application of Hidden Valley Utility Services, L.P., for approval to begin to offer, render, furnish or supply wastewater service to the public in Hidden Valley, Pennsylvania — A-230101

BTL

TO WHOM IT MAY CONCERN:

Enclosed is a copy of the Recommended Decision of Administrative Law Judge John H. Corbett, Jr. This decision is being issued and mailed to all parties on the above specified date.

If you do not agree with any part of this decision, you may send written comments (called Exceptions) to the Commission. Specifically, an original and nine (9) copies of your signed exceptions MUST BE FILED WITH THE SECRETARY OF THE COMMISSION 2nd FLOOR KEYSTONE BUILDING, NORTH STREET, HARRISBURG, PA OR MAILED TO P.O. BOX 3265, HARRISBURG, PA 17105-3265, within twenty (20) days of the issuance date of this letter. The signed exceptions will be deemed filed on the date actually received by the Secretary of the Commission or on the date deposited in the mail as shown on U.S. Postal Service Form 3817 certificate of mailing attached to the cover of the original document (52 Pa. Code §1.11(a)) or on the date deposited with an overnight express package delivery service (52 Pa. Code 1.11(a)(2), (b)). If your exceptions are sent by mail, please use the address shown at the top of this letter. A copy of your exceptions must also be served on each party of record. 52 Pa. Code §1.56(b) cannot be used to extend the prescribed period for the filing of exceptions/reply exceptions. A certificate of service shall be attached to the filed exceptions.

Replies to exceptions, if any, must be served on the Secretary of the Commission, in the manner described above, within ten (10) days of the date that the exceptions are due.

Exceptions and reply exceptions shall obey 52 Pa. Code 5.533 and 5.535 particularly the 40-page limit for exceptions and the 25-page limit for replies to exceptions. Exceptions should clearly be labeled as "EXCEPTIONS OF (name of party) - (protestant, complainant, staff, etc.)". Any reference to specific sections of the Administrative Law Judge's Recommended Decision shall include the page number(s) of the cited section of the decision. All timely filed exceptions and replies thereto will be attached to the decision for consideration at Public Meeting. Late filed exceptions and/or late filed replies might not be considered by the Commission.

Very truly yours,

James J. McNulty
Secretary

Enclosure
Certified Mail
jeh
See Attached Listing For Additional Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Hidden Valley Utility Services, L.P., for approval to begin to offer, render, furnish or supply water service to the public in Hidden Valley, Pennsylvania.	:	A-210117
and	:	
Application of Hidden Valley Utility Services, L.P., for approval to begin to offer, render, furnish or supply wastewater service to the public in Hidden Valley, Pennsylvania.	:	A-230101

DOCUMENT
FOLDER

RECOMMENDED DECISION

DOCKETED
JUN 1 2005

Before
John H. Corbett, Jr.
Administrative Law Judge

HISTORY OF THE PROCEEDING

This decision recommends approval of a Joint Petition for Settlement that the active parties have submitted in this consolidated proceeding. On February 12, 2004, Hidden Valley Utility Services, L.P. ("Applicant" or "HVUS") filed two applications with this Commission seeking approval to begin to offer, render, furnish or supply water and wastewater service to the public for compensation in Hidden Valley, Pennsylvania. The settlement urges approval of these applications upon the terms and conditions set forth in the petition.

On March 4, 2004, Angela M. and H. David Boyter petitioned to intervene in this proceeding alleging they are homeowners residing in the proposed service territory of HVUS.[1]

[1] The present applications were filed as the direct result of an agreement to settle a complaint that the Boyters filed at Docket No. C-20028823 and the Commission's Office of Trial Staff ("OTS") instituted at Docket No. C-20039320 against Hidden Valley Resort, L.P. ("HVR"). There, the Boyters and the OTS alleged that

On March 4, 2004, Edwin C. Miller, Jack Mautino, Jr., Douglas Brown, John Fiesta, Richard Brown and Edward Mackenzie ("Group Protestants") filed a complaint/protest. The OTS filed a protest to the applications on March 18, 2004. The Office of Consumer Advocate ("OCA") followed with its intervention in this proceeding on March 19, 2004. HVUS did not object to the protests of the OTS and OCA or to the Boyters' petition to intervene. An Interim Order granting the petition of the Boyters to intervene was issued on July 14, 2004.

On June 22, 2004, HVUS answered the Group Protest with new matter and moved to dismiss it. On July 1, 2004, the Group Protestants answered HVUS' motion. On July 14, 2004, I issued an Initial Decision granting HVUS' motion dismissing the Group Protest. The Commission on October 6, 2004 entered an Opinion and Order reversing this decision and remanding the Group Protest for disposition as a part of the instant proceeding.

During the interim, a telephonic prehearing conference was held on August 5, 2004. With the agreement of all active parties,[2] a litigation schedule was established, which was memorialized in a Prehearing Order issued the same day. The then active parties consented to use the Commission's mediation process in an attempt to resolve the issues in both applications. On August 5, 2004, I issued a Second Interim Order referring this case to the Mediation Unit of the Office of Administrative Law Judge ("OALJ").

On August 18, 2004, the OCA moved to join HVR and HVF as indispensable parties to this proceeding. Since they were unopposed, a Third Interim Order was issued on September 1, 2004 granting these motions.

The OALJ assigned Mediator Herbert R. Nurick ("Mediator Nurick") to the proceedings and he conducted a first mediation session on August 30, 2004 with all parties

---

HVR had provided water and wastewater service to about 1000 residents of the Hidden Valley community using the Hidden Valley Foundation ("HVF") as a billing agent since approximately 1985 without having obtained the requisite certificates of pubic convenience. The Commission entered an Order on November 14, 2003 approving the settlement. In its Order at page 4, the Commission noted that the settlement required the applicant to file separate applications for certificates of public convenience to provide water and wastewater service within ninety days of the entry of its final Order approving the settlement.

[2] As noted *infra*, HVR, HVF and the Group Protestants became parties later in the proceeding.

participating, except the Group Protestants. A second mediation session with Mediator Nurick and all parties was held on September 21, 2004.

Due to the progress of the mediation sessions, HVUS, with the consent and agreement of all parties except the Boyters, requested a suspension of the litigation schedule on September 22, 2004 pending completion of the mediation process. A Fourth Interim Order suspended the litigation schedule on September 24, 2004.

A public input hearing was held on October 7, 2004 at Hidden Valley Resort, Hidden Valley, Pennsylvania to solicit input from individuals to be served by the Company, if the Commission granted the applications. Twelve individuals testified at this session. On December 21, 2004, the parties participated in a third and final mediation session.

As a result of extensive discussions at the mediation sessions, as well as exhaustive formal and informal discovery, the Joint Petitioners on March 23, 2005 filed a Joint Petition for Settlement of the water and wastewater applications of HVUS. All active parties, with the exception of Richard Brown, an individual Protestant, joined in this settlement. No briefs were filed. The OCA and OTS submitted independent statements in support of the settlement (Appendices E and F, respectively, to the Joint Petition). Altogether, the prehearing conference and the public input hearing generated 138 pages of notes of testimony.

On April 1, 2005, Mediator Nurick issued his final report that the mediation phase of this case was concluded. On May 2, 2005, I wrote to Richard Brown, Protestant, enclosing a copy of the Joint Petition and advising him that he must file a written comment to the proposed settlement by May 13, 2005, otherwise I would consider the Joint Petition without his input. As of this date, I have received no word from this individual. Hence, the Joint Petition for Settlement is now ripe for consideration.

TERMS AND CONDITIONS OF THE SETTLEMENT

A true and correct copy of the Joint Petition for Settlement is attached hereto as Appendix A and incorporated herein by reference thereto. The following subsections A, B and C taken directly from the corresponding sections of the Joint Petition declare the agreed upon terms and conditions for water service. The remaining subsections D, E, F and G, also taken from the Joint Petition, generally relate to both water and wastewater service, unless otherwise stated.

A. Water Distribution System Modifications and Improvements

1. HVUS will replace the 2-inch galvanized pipe serving Lakeview Drive with a 6-inch main prior to December 1, 2007.

2. Beginning on the entry date of a Commission Order approving the Settlement and the initial rates proposed therein ("Effective Date"), HVUS will install blow-off valves on all dead-ends and at all low points in roads and stream or swale crossings at a rate of three valves per year until completed.

3. If the Effective Date of the Settlement occurs prior to June 30, 2005, the Company will replace the existing 3-inch line running approximately 1,600 feet along Gardner Road between Hightop Drive and Highland Drive with a new 6-inch supply main located at the rear of the properties prior to December 31, 2005. This new main will be installed at the appropriate depth to prevent freezing. If the Effective Date of this Settlement occurs on or after June 30, 2005, the Company will complete its obligations under this paragraph by December 31, 2006.

4. Prior to December 1, 2006, the Company will connect the 6-inch main currently serving the Ski Lodge with the 3-inch main on Parke Drive.

5. Within ten (10) years of the Effective Date, the Company will replace all mains smaller than 6-inch with 6-inch or larger pipe, with the following exceptions: lines less

than 250 feet long at cul-de-sacs, lines with the sole purpose of looping dead ends and lines that serve structures that are (or can be) within 500 feet of fire hydrant(s) on 6-inch or larger main(s). Within six (6) months of the Effective Date, and every year thereafter, HVUS will prepare, and submit to the Commission's Bureau of Fixed Utility Services ("FUS") and Joint Petitioners, a schedule ("Replacement Schedule") that forecasts which mains will be replaced within the next two (2) years. HVUS will provide this Replacement Schedule for planning purposes only and it is not binding upon HVUS. The Joint Petitioners recognize that unforeseen events could alter the start/completion dates for the portion of the main replacement described on the Replacement Schedule.

B. Water Pressure Improvement Activities

6. Within one (1) month of the Effective Date, the Company will advise customers in Snowfield Court and on Powder Ridge Road, in writing, copied to FUS and all parties, that replacement/repair of in-home booster pumps may improve pressure problems.

C. Water Quality Improvement Activities

7. Within two (2) months of the Effective Date, using a bill insert or a repeated line item on water bills, the Company will advise all customers, copied to FUS and all parties, that setting hot water heaters to a temperature less than 140 degrees may reduce the settling of iron and manganese, to help reduce tea-colored water problems. Prior to distribution, the Company will provide a draft of the bill insert or line item to the OCA for review.

8. Beginning on the Effective Date, the Company will use its smaller capacity pump inside the water supply pump house to reduce the number of on/off cycles on its larger pump.

9. With its next rate filing, but in no case later than two (2) years from the Effective Date, the Company will submit a report to FUS and all parties reassessing the need,

size and cost of a treatment plant to permanently solve the problems caused by the levels of iron and manganese in its water.

10. Beginning on the Effective Date and until the Company submits the report required by the preceding paragraph, the Company will test its source water for iron and manganese levels three times per year. Each set of test results will be submitted promptly to FUS and all parties.

11. Within two (2) years of the Effective Date, the Company will find and reduce its unaccounted-for water levels to 20%. For purposes of the Settlement, unaccounted-for water levels will exclude water loss attributed to system flushing. Leaks will be found as soon as possible and prioritized so that larger leaks are repaired first. In January 2006 and January 2007, the Company will provide a report to FUS and all parties stating the level of unaccounted-for water and listing the date and location of leaks that have been repaired in the previous twelve (12) months.

12. Beginning on the Effective Date, leak detection will be performed on the entire system at least once each year.

13. Within three (3) months of the Effective Date, the Company will submit to FUS and all parties a written recommendation from its consulting engineer detailing the proper procedure for flushing the system, including but not limited to which hydrants and blow-off valves should be flushed in what sequence and for what length of time. The Company will also request its consulting engineer to estimate how much water should be used to comply with the flushing recommendation and include that estimate in the written recommendation. Within four (4) months of the Effective Date, the Company will fully implement the flushing procedures recommended by its consulting engineer, subject to any changes by FUS and the parties. In the interim, HVUS will continue HVR's current flushing practices.

14. The engineering recommendation obtained pursuant to the preceding paragraph will include and address the requirement that the Company flush the 3-inch Valley

View Road line every other month when the quarry is in operation. If more or less frequent flushings are needed on that line (based on the condition of the water noted when flushing is performed and customer complaints), the Company will provide a report to FUS and all parties explaining the basis for the change.

15. Beginning on the Effective Date, the Company will measure and record how much water is flushed from each hydrant and blow-off valve. The Company will include those measurements with the water test results reported to FUS and all parties pursuant to the terms of paragraph 10 above.

16. Beginning on the Effective Date, the Company will advise all customers in advance of all scheduled flushings, by posting and by either bill insert or a line item on the water bill. The Company will also advise HVF in advance of all scheduled flushings, in writing.

D. Rates for Both Water and Wastewater Service

17. The Company will file a proof of revenues with the Joint Petition that reflects rates designed to recover annual revenues of $392,000.00 for wastewater operations and $182,500.00 for water operations, as provided in Appendix A to the Joint Petition. All wastewater customers will pay a $27.00 per quarter customer charge and a $15.60 volumetric charge up to 30,000 gallons and $12.52 volumetric charge over 30,000 gallons. All water customers will pay a $12 per quarter customer charge and $6.97 per thousand gallons volumetric charge up to 30,000 gallons and $5.75 volumetric charge over 30,000 gallons. "Availability customer" will be defined as the owner of a lot with no structures connected to the water or wastewater system, to whom the Company's water or wastewater service line, respectively, is available. Each water availability customer will pay $9.00 per quarter and a wastewater availability customer will pay $15.00 per quarter.

E. Water and Wastewater Stay Out Provision

18. The Company will not file for a rate increase for an eighteen (18)-month period beginning on the Effective Date.

F. Water and Wastewater Refunds

19. Beginning on the Effective Date, the Company will refund $4 per quarter per current water customer for three (3) years and $4 per quarter per current wastewater customer for three (3) years. For refund purposes, the term "customer" excludes all properties owned by HVR, HVUS, or any availability customer. The payment of these refunds is not an admission by HVUS or HVR of any violation of any law, including but not limited to the Public Utility Code, or of any Commission regulation. Conversely, the level of refunds is not a concession by any Joint Petitioner that the law does not entitle customers to a greater level of refunds.

G. Additional Terms Applicable to Water and Wastewater Services

20. Within 60 days of the Effective Date, the Company will file an affiliated interest agreement between HVUS and HVR. In the future, HVUS will continue to comply with the requirements of the Public Utility Code with regard to affiliated interest agreements.

21. Beginning on the Effective Date, utility bills will be due thirty (30) days from the date the utility mails bills to customers; late payment charges will apply only to payments received five (5) or more days after the due date. Late charges will apply only to portions of a bill that are overdue, consistent with 52 Pa. Code §56.22.

22. Beginning on the Effective Date, the Company will establish a call center to assist its customers in the event of an emergency. The call center will have at least one person answering the phone at all times, as well as an automated answering system, so that customers can report any problems or emergencies to the Company. The call center will have the capacity

to contact field repair personnel to report service disruptions, outages or any other emergency. Call center personnel will disclose to customers the nature of known problems, as well as an estimated time for service restoration, if available.

23. Final proposed water and wastewater tariffs are attached to the Joint Petition as Appendices B and C, respectively.

24. Consistent with 52 Pa. Code §53.54, at least 60 days prior to the Effective Date, the Company will file a water and wastewater tariff supplement incorporating the proposed initial rates for availability customers. The effective date of the proposed availability rates contained in the tariff supplements will be the Effective Date of this Settlement. On the same date the tariff supplements are filed with the Commission, the Company will mail a written notice to all availability customers of the proposed initial rates, which contains the language specified by 52 Pa. Code §§53.54 and 53.45. The Company will consult with the OCA regarding the content of the notice prior to service. A copy of the notice and proof of service are attached to the Joint Petition as Appendix D.

25. Within seven (7) days of the Effective Date, the Company will mail a notice to all customers, in writing at their billing address, of their new, Commission-approved rates. The notice will list the rates and advise customers that they can call the Company, the OCA or the Commission's Bureau of Consumer Services with any questions and provide information for customers to contact the OCA.

26. Beginning on the Effective Date and continuing until such time as the Company fulfills its obligations as delineated in paragraph 5 above, each spring and fall, one or more Company representatives with authority and knowledge to speak and answer questions on behalf of the Company will participate in a meeting, held in the service territory and open to all customers. At least thirty (30) days in advance of the meeting, the Company will notify all customers of the date, time and location of the meeting using a bill insert or a line item on water bills. The Company will also advise HVF at least thirty (30) days in advance of all such scheduled meetings, in writing.

27. This Settlement shall be deemed to constitute full and complete satisfaction by the Company of its obligations with respect to these applications. The Joint Petitioners acknowledge and agree that this Settlement will have the same force and effect as if they had fully litigated this proceeding.

28. This Settlement reflects significant compromises between the Joint Petitioners and (a) is proposed solely for the purpose of settling the present proceeding, (b) is made without any admission by any party hereto as to any matter of fact or law, and (c) is without prejudice to any position advanced by any Joint Petitioner on the record in this proceeding or that might be adopted by any Joint Petitioner during subsequent litigation. Notwithstanding the foregoing, however, if this Settlement is approved and implemented, the Joint Petitioners will not in any subsequent proceeding take any action or advocate any position inconsistent with the terms of this Settlement.

29. If the presiding ALJ recommends that the Commission adopt this Settlement in its totality without modification, the Joint Petitioners agree to waive their rights to file exceptions to that Initial Decision. The Joint Petitioners do not waive their rights to reply to exceptions, if any, filed by any other individual or organization.

30. The Joint Petition and Settlement is conditioned upon the Commission's approval of all of the Settlement terms. If the Commission modifies or fails to approve any of the Settlement terms, upon written notice to the Commission and all parties within five (5) business days, any Joint Petitioner may elect to withdraw from the Settlement. The Joint Petitioners reserve their respective rights to resume litigation regarding their respective positions. The Joint Petitioners claim the privilege reserved in 52 Pa. Code §5.231 that no part of an unaccepted settlement shall be admissible in evidence at any time against any Joint Petitioner. No adverse inference shall be drawn against any Joint Petitioner as a result of any matter set forth therein. The OTS posits that any required further hearing in this proceeding would constitute a modification to the Settlement.

31. The Joint Petitioners may enforce the Joint Petition through any appropriate action before the Commission or through any other available remedy in law, equity or otherwise.

32. The Joint Petitioners agree that the Settlement may be executed in one or more counterparts each of which shall be deemed an original and all of which taken together constitute one and the same agreement.

33. The Joint Petitioners expressly understand and agree that this Settlement constitutes a negotiated resolution solely of this proceeding.

34. If the Commission does not approve this Settlement for any reason, the Joint Petitioners reserve their respective rights to present, among other things, additional testimony, cross-examination, briefing and argument on all issues this Settlement addresses and any others needed to complete this proceeding.

35. The Joint Petitioners will use their best efforts to support this Joint Petition and Settlement and to secure the Commission's approval.

DISCUSSION

The Commission encourages parties in contested on-the-record proceedings to settle cases. See, 52 Pa. Code §5.231. Settlements eliminate the time, effort and expense of litigating a matter to its ultimate conclusion, which may entail not only litigation before the Commission, but also review of the Commission's decision by the appellate courts of this Commonwealth. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails.

By definition, a "settlement" reflects a compromise of the positions that the parties of interest have held, which arguably fosters and promotes the public interest. When

active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest. Pa. P.U.C. v. CS Water and Sewer Associates, 74 Pa. P.U.C. 767, 771 (1991). In their supporting statements, the Joint Petitioners declare this settlement is in the public interest and should be approved.

Initially, the Joint Petitioners suggest the settlement results in the formation of a Commission-regulated public utility in the Company's designated service area providing both water and wastewater service through separate tariffs on file with the Commission. The settlement tenders a refund to customers for a portion of the rates that HVR charged for water and wastewater service during a period that it operated without the requisite certificates of public convenience. The Joint Petitioners note substantial litigation and associated costs will be avoided by this settlement, which resolves a number of important and contentious issues fairly, by balancing the interests of HVUS and its ratepayers.

Moreover, the Joint Petitioners proclaim the settlement is consistent with the Commission's policies promoting negotiated settlements. The Joint Petitioners arrived at this settlement after a number of meetings, discussions, formal and informal discovery and mediation proceedings. They believe the settlement's terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues therein addressed. Thus, they claim the settlement is consistent with the Commission's rules and practices encouraging negotiated settlements. *See*, 52 Pa. Code §§5.231, 69.391 and 69.401.

The OTS submits a separate statement in support of the settlement.[3]

A. The OTS' Position

During the course of this proceeding and in the prior consolidated complaint case at Docket Nos. C-20028823 and C-20039320, the OTS thoroughly reviewed the Company's water and wastewater application filings, conducted an inspection tour of the facilities, analyzed all supporting information, including discovery responses, submitted filing data, and participated

[3] *See*, Appendix F to the Joint Petition.

in lengthy discussions amongst the parties during the three mediation sessions that eventually resulted in the proposed terms for system improvements and initial Commission-approved rates for both water and wastewater service. The OTS posits the instant settlement, if approved, will serve the public interest.

As a part of the settlement, the OTS notes the Company has agreed to: (1) make extensive water distribution system modifications and improvements; (2) advise customers regarding water pressure improvements; (3) take specific steps to improve water quality; (4) make certain refunds to customers; and (5) file a proof of revenues that reflects rates designed to recover annual revenues of $182,500 for water operations and $392,000 for wastewater operations. In consideration for approval of the settlement, the Company will not file a general rate increase, as that term is defined in Section 1308(d) of the Public Utility Code, 66 Pa. C.S. §1308(d), within 18 months of the Effective Date of the Commission's Order approving the settlement.

Further, the OTS considers Commission approval of the terms and conditions of this settlement to have the same effect as full and complete litigation. It further recognizes that final resolution of this proceeding by approval of the settlement will result in Commission-made rates. The OTS, nevertheless, asserts that the rates for water and wastewater contained in the Joint Petition are just, reasonable, nondiscriminatory, lawful and in the public interest.

Furthermore, the OTS alleges the terms and conditions of the settlement are in the public interest, because the settlement results in the formation of a Commission-regulated public utility in the Company's designated service area providing both water and wastewater service through separate tariffs. The settlement provides timeframes for required Company actions designed to improve service to the Company's customers. It creates an opportunity for a level of operating revenues that the Joint Petitioners agree is reasonable and lawful. It gives customers a refund for a portion of the rates charged them for uncertificated water and wastewater service. Finally, the settlement avoids the necessity of further administrative and possible appellate court proceedings, which would have incurred substantial cost for the Joint Petitioners and the Company's ratepayers, thereby conserving time and expenses for all parties involved.

B. The OCA's Position

The OCA also writes separately to support the settlement.[4]

1. The Water Distribution System

The OCA opines the settlement imposes numerous requirements on HVUS to improve its water distribution system and, ultimately, the quality of water it supplies to its customers. The settlement provides that within ten years, HVUS will replace all under-sized mains with six-inch or larger mains. In addition, the main serving Lakeview Drive, an area with significant low pressure and tea-colored water problems, will be replaced by December 2005. A second main along Gardner Road is buried too shallowly and as a result, breaks often and causes outages to many homes. The main also has a faulty pressure-reducing valve that causes outages during repair. The Company will replace this main by December 2007. Finally, there are many dead-end lines in the HVUS system that do not have blow-off valves, which prevent proper flushing of the system. Under the terms of the settlement, HVUS will install all the necessary blow-off valves at a rate of three valves per year.

2. Water Pressure

Two areas of the system on Snowfield Court and Powder Ridge Road pose particular pressure problems. When many of these houses were built, in-home-booster-pumps were installed, but many have been abandoned or removed. The OCA posits their replacement or repair could improve water pressure. Pursuant to the settlement, the Company agrees to provide this information in writing to the affected customers.

3. Water Quality

The OCA notes settling of iron and manganese in the HVUS distribution system causes numerous complaints and concerns for customers, including discolored water, discolored

[4] *See*, Appendix E to the Joint Petition.

fixtures, discolored laundry, excessive replacement of bathroom fixtures, hot water tanks and filters, and the cost of buying alternative drinking water. The OCA posits the settlement terms may help to reduce some of the symptoms. The OCA hopes the problem may be addressed more fully by the installation of a treatment plant, which is also mentioned in the Joint Petition.

First, the OCA notes higher water temperatures may exacerbate the settling problem. Setting hot water heaters to a temperature less than 140° may help reduce settling. The settlement requires HVUS to inform its customers of this solution in the form of a bill insert or repeated line item on water bills. Second, every time the Company's pump cycles on and off, the flow in the distribution system reverses and stirs up sediment in the pipeline. HVUS agrees to use a second, smaller capacity pump to reduce the number of on/off cycles. Third, the Company will solicit an engineer's recommendation on how to flush the distribution system with the best results and least loss of water. A proper flushing regimen should help to clean sediment from the system on a regular basis. In response to complaints, HVUS agrees to notify customers in writing in advance of all scheduled flushings. Finally, to address specific problems on Valley View Road, an area that is affected by blasting in a nearby quarry, the Company will flush the line every other month while the quarry is in operation.

With regard to the iron and manganese content of the water, HVUS will reduce water loss to acceptable levels and continue entire-system leak detection on a yearly basis. Then, with a more accurate measure of system demands, the Company will reassess the treatment plant necessary to permanently solve the problems caused by iron and manganese. This report is required within two years from the effective date of settlement rates. Until then, HVUS will test its water three times per year for iron and manganese levels and report the results. In combination, the OCA believes these measures will reduce water quality complaints until a permanent solution is in place.

4. Reporting

The OCA notes the settlement mandates significant reporting requirements that will allow the parties and the Commission to closely oversee the Company's compliance with the

settlement provisions and to monitor the status of improvements. In addition to the treatment plant and iron/manganese test result reports, HVUS must report on the schedule of undersized main replacement, its engineer's recommendation for flushing procedures and estimated water requirements, and measurements of how much water is flushed from each hydrant and blow-off valve for comparison with its engineer's estimates.

5. Education and Outreach

In addition to the notice requirements regarding in-home booster pumps, water heater temperatures, and scheduled flushings, the settlement requires the Company to comply with Commission regulations regarding notice to availability customers of the proposed initial availability rates contained in the settlement. The Company also agrees that if the Commission approves the settlement rates, it will mail notice to all customers listing the new rates and providing contact information for HVUS, the OCA and the BCS. The settlement also creates a 24-hour call center for water and wastewater-related problems or emergencies and establishes semi-annual meetings in the service territory to meet with Company representatives. These measures are intended to improve the exchange of information between HVUS and its customers.

6. Miscellaneous

Pursuant to the settlement, the OCA notes the Company will file an affiliated interest agreement between HVUS and HVR, which share common ownership. To accommodate the large number of customers who reside outside of its service territory on a part-time basis and the related potential for delays in mail service, HVUS agrees that late payment charges will apply only to payments received five days or more after the due date.

7. Revenues

The OCA notes the proposed settlement provides for overall annual revenues not in excess of $182,500 for water operations and $392,000 for wastewater operations, or $575,000

in total annual revenues. This amount represents approximately a 22.4% reduction from the total annual revenues of $741,356 that HVUS proposed in its applications, and an approximate 18.5% increase above revenues currently billed for water and wastewater service. Under the settlement rates, a residential customer using 5,000 gallons per month will pay $116.55 per quarter for water service and $234.00 per quarter for wastewater service, compared to $126.45 per quarter for water service and $288.00 per quarter for wastewater service as HVUS originally proposed. The settlement also creates an availability charge for water and wastewater customers of $9.00 per quarter and $15.00 per quarter, respectively.

Based upon its analysis of the Company's filings, the OCA finds the proposed settlement rates to be within the range of likely outcomes in a fully litigated case.

8. Refunds

The OCA believes the settlement is a fair resolution of the refund issue. The OCA posits the billing and collection of any rates prior to the Commission's approval of certificates of public convenience and the filing of initial tariffs was unlawful. Pursuant to the Joint Petition, HVUS agrees to refund a total of $96.00 per current customer, excluding properties owned by HVUS, HVR, HVF and any availability customers, over the next three years. The OCA opines this amount represents a reasonable compromise, because it addresses its concern regarding the operation of *de facto* public utilities, as well as the financial condition of the Company, and avoids further litigation costs that HVUS could seek to pass on to its ratepayers.

9. Stay-Out Provision

Under the proposed settlement, the OCA notes HVUS cannot file for a rate increase for at least 18 months following the entry date of the Commission's Order approving the settlement. The proposed stay-out provision, in the OCA's view, should prevent another rate increase before July 2007, assuming the Company files as soon as the stay-out expires and

assuming this case ends in April 2005 and the next case is fully litigated. Thus, the OCA believes HVUS' ratepayers will be assured of some level of rate stability.

C. Recommendation

The case *sub judice* serves as a quintessential example of how reasonable people with widely divergent views on difficult, substantial issues can achieve an accommodation resolving their dispute. Under the auspices of an experienced and extremely capable Mediator, the parties were able to settle serious, complex issues concerning system improvements, water pressure and water quality, reporting and regulatory oversight, information sharing, creating a repair call center, filing an affiliated interest agreement, extending customer monthly payment periods, establishing service rates, granting refunds for uncertificated service, and maintaining rate stability. One may glean somewhat of an understanding of the depth of sentiment that people nurtured about these questions by observing that while only twelve people testified at the public input session, more than a hundred people overflowed the hearing room at Hidden Valley on October 7, 2004. This settlement addresses the concerns these people expressed during this public input session. No doubt exists that full litigation would have entailed many days of hearings and perhaps years of appeals before this utility and its customers could have experienced any semblance of relief — let alone a decision satisfactory to anyone.

On its face, the settlement is reasonable. It incorporates reasonable solutions to issues that the parties deemed important after extensive investigation. Therefore, their proposed settlement appears to be in the public interest.

Finally, the only party not joining in the settlement is Protestant Richard Brown. As noted, I mailed Richard Brown a true and correct copy of the proposed settlement on May 2, 2005. As explained in my letter, Mr. Brown's comments to the settlement were due by May 13, 2005. As of this date, he has not responded.

Because the Joint Petition for Settlement of these applications raises questions of law and Protestant Richard Brown has been accorded an opportunity to submit in writing his

arguments in opposition, he has received due process of law. Dee-Dee Cab, Inc. v. Pa. P.U.C., 817 A.2d 593 (Pa. Cmwlth. 2003); Diamond Energy, Inc. v. Pa. P.U.C., 653 A.2d 1360 (Pa. Cmwlth. 1995); and Lehigh Valley Power Comm. v. Pa. P.U.C., 563 A.2d 548 (Pa. Cmwlth. 1989). A hearing is necessary only to resolve disputed questions of fact, but is not required to decide questions of law, policy or discretion. *Id.* at 556. To reiterate, the Joint Petitioners find the proposed settlement to be just and reasonable. They urge its acceptance as in the public interest. Protestant Richard Brown offers nothing to the contrary. Accordingly, his complaint/protest will be dismissed.

Upon due consideration of the terms and conditions of the Joint Petition for Settlement, including the supporting statements of the OTS and OCA, this settlement constitutes a fair, just and reasonable resolution of these applications. Therefore, the Joint Petition for Settlement is in the public interest and should be approved.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa. C.S. §§501, *et seq.*

2. The Commission should approve the Joint Petition for Settlement that Hidden Valley Utility Services, L.P., the Office of Trial Staff, the Office of Consumer Advocate and Edwin C. Miller, Jack Mautino, Jr., Douglas Brown, John Fiesta and Edward Mackenzie have submitted at these dockets as in the public interest.

3. The due process rights of the Protestant Richard Brown have been fully protected in this proceeding.

4. The formal complaint/protest that Richard Brown filed in this proceeding should be denied for his failure to prosecute.

RECOMMENDED ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement that Hidden Valley Utility Services, L.P., the Office of Trial Staff, the Office of Consumer Advocate and Edwin C. Miller, Jack Mautino, Jr., Douglas Brown, John Fiesta and Edward Mackenzie have submitted at Docket Nos. A-210117 and A-230101, is hereby approved.

2. That the application of Hidden Valley Utility Services, L.P. at Docket No. A-210117, seeking approval to begin to offer, render, furnish or supply water service to the public for compensation in Hidden Valley, Pennsylvania, is hereby approved.

3. That the application of Hidden Valley Utility Services, L.P. at Docket No. A-230101, seeking approval to begin to offer, render, furnish or supply wastewater service to the public for compensation in Hidden Valley, Pennsylvania, is hereby approved.

4. That Hidden Valley Utility Services, L.P. shall file tariff supplements identical to the ones set forth as Appendices B and C to the Joint Petition for Settlement submitted in this proceeding, to become effective fifteen (15) days after entry of a final Commission Order not subject to appeal or other legal challenge, and provided that said tariff supplements shall contain provisions for rates designed to recover annual revenues of $182,500 for water operations and $392,000 for wastewater operations as set forth in the terms and conditions of the Joint Petition for Settlement.

5. That the protests of the Office of Trial Staff, the Office of Consumer Advocate, and Edwin C. Miller, Jack Mautino, Jr., Douglas Brown, John Fiesta, Richard Brown and Edward Mackenzie filed in this proceeding are hereby dismissed.

6. That Hidden Valley Utility Services, L.P., the Office of Trial Staff, the Office of Consumer Advocate, and Edwin C. Miller, Jack Mautino, Jr., Douglas Brown, John Fiesta, Richard Brown and Edward Mackenzie shall comply with the terms and conditions of the Joint Petition for Settlement submitted in this proceeding as though each and every term and condition stated therein had been the subject of an individual ordering paragraph.

7. That in the event Hidden Valley Utility Services, L.P. fails to file the requisite tariff supplements as set forth in the foregoing ordering paragraphs, its applications at Docket Nos. A-210117 and A-230101 shall be dismissed without further action.

8. That upon acceptance and approval by the Commission of the tariff supplements and supporting data filed by Hidden Valley Utility Services, L.P., as being consistent with this Order and the Joint Petition for Settlement, the proceeding at Docket Nos. A-210117 and A-230101 shall be terminated and the dockets marked closed.

Date: May 16, 2005

John H. Corbett, Jr.
Administrative Law Judge

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Hidden Valley Utility Services, L. P. for approval to begin to offer, render, furnish or supply water service to the public in Hidden Valley, Pennsylvania	:	Docket No. A-00210117
Application of Hidden Valley Utility Services, L. P. for approval to begin to offer, render, furnish or supply wastewater service to the public in Hidden Valley, Pennsylvania	:	Docket No. A-00230101

JOINT PETITION FOR SETTLEMENT OF SEPARATE WATER AND WASTEWATER APPLICATION PROCEEDINGS

TO ADMINSTRATIVE LAW JUDGE JOHN H. CORBETT:

All the parties to the two instant proceedings involving the separate water and wastewater Applications of Hidden Valley Utility Services, L.P. ("HVUS" or "Company"), which include the Office of Trial Staff ("OTS"), the Office of Consumer Advocate ("OCA"), Hidden Valley Resort, L.P. ("HVR"), Hidden Valley Foundation, Inc. ("HVF"), Edwin C. Miller, Jack Mautino Jr., Douglas Brown, John Fiesta, Richard Brown and Edward Mackenzie ("Group Protestants"), and H. David Boyter and Angela M. Boyter ("Boyters") hereby submit this Joint Petition for Settlement ("Joint Petition" or "Settlement").

The Company, OTS, OCA, HVR, HVF, the Group Protestants and the Boyters are collectively referred to herein as the "Joint Petitioners" and constitute all active parties to these two water and wastewater application proceedings.

Joint Petitioners note that this single Joint Petition is filed seeking a complete resolution of both the water application and initial rate proceeding docketed at A-00210117 and the wastewater application and initial rate proceeding docketed at A-00230101.[1]

Joint Petitioners respectfully submit that the terms and conditions of this Joint Petition represent a comprehensive settlement which resolves all issues presently raised or otherwise pending in each proceeding. The Joint Petitioners further aver that this comprehensive settlement is in the public interest and therefore request that the Commission (1) approve, without modification, the proposed settlement as set forth in the Joint Petition; (2) approve the respective tariff supplements necessary to implement the proposed settlement as appended hereto; and (3) issue an individual Certificate of Public Convenience to the Company for water service at Docket No. A-00210117 and another for wastewater service at Docket No. A-00230101.

In support of this request, the Joint Petitioners respectfully state as follows:

[1] The parties sought and received approval from the presiding Administrative Law Judge to file one Settlement Petition to attempt to resolve both application proceedings.

I. BACKGROUND

1. On February 12, 2004, HVUS filed the two applications captioned above with the Pennsylvania Public Utility Commission ("Commission") for approval to begin to offer, render, furnish or supply water and wastewater service to the public in Hidden Valley, Pennsylvania.[2]

2. Timely Protests were filed by the OTS, OCA and the Group Protestants ("Group Protest"), individually or collectively. The Boyters filed a timely Petition to Intervene. HVUS did not object to the Protests of OTS and OCA or to the Boyters' Petition to Intervene. On June 22, 2004, HVUS filed an Answer with New Matter with a Motion to Dismiss the Group Protest. On July 1, 2004, the Group Protestants filed an Answer to HVUS' Motion. On July 14, 2004, Administrative Law Judge John H. Corbett ("ALJ Corbett") issued an Initial Decision granting HVUS' Motion dismissing the Group Protest.

3. On August 5, 2004, ALJ Corbett held a Prehearing Conference with all then active parties present.[3] The parties present at the Prehearing Conference agreed on a litigation schedule.

4. The then active parties consented to the use of the Commission's mediation process to attempt to resolve the issues in both proceedings.

5. On August 18, 2004, OCA filed Motions to Join HVR and HVF as indispensable parties to these proceedings, which were unopposed and subsequently granted by ALJ Corbett.

6. The Commission's Office of Administrative Law Judge assigned Mediator Herbert R. Nurick ("Mediator Nurick") to the proceedings and he conducted a first mediation

---

[2] The filing of the water and wastewater service applications was required by the terms and conditions of a settlement entered into by OTS, separate Complainants Angie and David Boyter, and the present Applicant on June 19, 2003. The Commission's Order entered November 14, 2003, at Docket Nos. C-20028823 and C-20039320, approved said settlement as submitted to the presiding Administrative Law Judge. As noted on page 4 of the Order, the settlement required the applicant to file separate applications for certificates of public convenience to provide water and wastewater service within ninety days of the entry of a final Order approving the Settlement Stipulation.

[3] As noted below, HVR, HVF and the Group Protestants became parties later in the proceedings.

session on Monday, August 30, 2004, with all the present Joint Petitioners except for the Group Protestants participating. On August 31, 2004, the Boyters filed Answers in Support of OCA's Motions to join HVR and HVF. On September 1, 2004, the ALJ issued a Third Interim Order granting OCA's Motions. On October 6, 2004, the Commission entered an Opinion and Order reversing the July 28, 2004 Initial Decision and remanding the Group Protest for disposition as part of the instant proceeding.

7. All of the present Joint Petitioners participated in a second mediation session with Mediator Nurick on September 21, 2004.

8. On September 22, 2004, due to the orderly progression of mediation proceedings, HVUS with the consent and agreement of all parties except the Boyters, requested that ALJ Corbett suspend the litigation schedule established in the August 5, 2004 Prehearing Order pending completion of the mediation process. ALJ Corbett suspended the litigation schedule on September 24, 2004.

9. A Public Input Session was held on October 7, 2004 in the Summit Highlands Room at Hidden Valley Resort, Hidden Valley, Pennsylvania, to solicit input from individuals to be served by the Company if properly certificated by the Commission. Twelve (12) individuals who are current customers of HVF/HVR and future customers of the proposed regulated entity, HVUS, presented testimony at that session.

10. Six weeks after the Public Input Session on December 21, 2004, the Joint Petitioners participated in a third and final mediation session.

11. As a result of the extensive discussions at the mediation sessions, and extensive formal and informal discovery, the Joint Petitioners have agreed to the full Settlement detailed below regarding the water and wastewater Applications of HVUS. Although the parties have not

sought to identify, nor would they have been able to agree upon, the specific adjustments that support their respective conclusions underlying their agreement to these terms, they are in full agreement that the Joint Petition is in the interest of HVUS' customers and HVUS and respectfully submit this Joint Petition for Settlement as further detailed below.

II. TERMS AND CONDITIONS OF SETTLEMENT OF THE WATER AND WASTEWATER APPLICATIONS

Subsections A, B & C herein provide the agreed upon specific terms and conditions for water service. The remaining subsections D, E, F & G generally relate to both water and wastewater service unless provided otherwise. The entire content of the specific agreed-upon terms of this Settlement, are organized in the aforementioned subsections A though G, for which the Joint Petitioners seek approval by ALJ Corbett and the Commission, and are set forth below.

A. Water Distribution System Modifications and Improvements

12. HVUS will replace the 2-inch galvanized pipe serving Lakeview Drive with a 6-inch main prior to December 1, 2007.

13. Beginning on the entry date of a Commission Order approving this Settlement and initial rates proposed herein[4] ("Effective Date"), HVUS will install blow-off valves on all dead-ends and at all low points in roads and stream or swale crossings at a rate of three valves per year until completed.

14. If the Effective Date of this Settlement occurs prior to June 30, 2005, the Company will replace the existing 3-inch line running approximately 1,600 feet along Gardner Road between Hightop Drive and Highland Drive with a new 6-inch supply main located at the rear of the properties prior to December 31, 2005. This new main will be installed at the appropriate depth to prevent freezing. If the Effective Date of this Settlement occurs on or after

[4] In accordance with Paragraph 41 below.

June 30, 2005, the Company will complete its obligations under this paragraph by December 31, 2006.

15. Prior to December 1, 2006, the Company will connect the 6-inch main currently serving the Ski Lodge with the 3-inch main on Parke Drive.

16. Within ten (10) years of the Effective Date, the Company will replace all mains smaller than 6-inch with 6-inch or larger pipe, with the following exceptions: lines less than 250 feet long at cul-de-sacs, lines with the sole purpose of looping dead ends and lines that serve structures that are (or can be) within 500 feet of fire hydrant(s) on 6-inch or larger main(s). Within six (6) months of the Effective Date, and every year thereafter, HVUS will prepare, and submit to the Commission's Bureau of Fixed Utility Services ("FUS") and Joint Petitioners, a schedule ("Replacement Schedule") that forecasts which mains will be replaced within the next two (2) years. This Replacement Schedule is provided for planning purposes only and is not binding upon HVUS. The Joint Petitioners recognize that unforeseen events could alter the start/completion dates for the portion of the main replacement described on the Replacement Schedule.

B. Water Pressure Improvement Activities

17. Within one (1) month of the Effective Date, the Company will advise customers in Snowfield Court and on Powder Ridge Road, in writing, copied to the FUS and all parties, that pressure problems may be improved by the replacement/repair of in-home booster pumps.

C. Water Quality Improvement Activities

18. Within two (2) months of the Effective Date, using a bill insert or a repeated line item on water bills, the Company will advise all customers, copied to FUS and all parties, that setting hot water heaters to a temperature less than 140 degrees may reduce the settling of iron

and manganese, to help reduce tea-colored water problems. Prior to distribution, the Company will provide a draft of the bill insert or line item to the OCA for review.

19. Beginning on the Effective Date, the Company will use its smaller capacity pump inside the water supply pumphouse to reduce the number of on/off cycles on its larger pump.

20. With its next rate filing, but in no case later than two (2) years from the Effective Date, the Company will submit a report to FUS and all parties reassessing the need, size and cost of treatment plant to permanently solve the problems caused by the levels of iron and manganese in its water.

21. Beginning on the Effective Date and until the Company submits the report required by paragraph 20 above, the Company will test its source water for iron and manganese levels three times per year. Each set of test results will be submitted promptly to FUS and all parties.

22. Within two (2) years of the Effective Date, the Company will find and reduce its unaccounted-for water levels to 20%. For purposes of this Settlement, unaccounted-for water levels will exclude water loss attributed to system flushing. Leaks will be found as soon as possible and prioritized so that larger leaks are repaired first. In January 2006 and January 2007, the Company will provide a report to FUS and all parties stating the level of unaccounted-for water and listing the date and location of leaks that have been repaired in the previous twelve (12) months.

23. Beginning on the Effective Date, leak detection will be performed on the entire system at least once each year.

24. Within three (3) months of the Effective Date, the Company will submit to FUS and all parties a written recommendation from its consulting engineer detailing the proper

procedure for flushing the system, including but not limited to which hydrants and blow off valves should be flushed in what sequence and for what length of time. The Company will also request its consulting engineer to estimate how much water should be used to comply with the flushing recommendation and include that estimate in the written recommendation. Within four (4) months of the Effective Date, the Company will fully implement the flushing procedures recommended by its consulting engineer, subject to any changes by FUS and the parties. In the interim, HVUS will continue HVR's current flushing practices.

25. The engineering recommendation pursuant to item 24 will include and address the requirement that the Company flush the 3-inch Valley View Road line every other month when the quarry is in operation. If more or less frequent flushings are needed on that line (based on the condition of the water noted when flushing is performed and customer complaints), the Company will provide a report to FUS and all parties explaining the basis for the change.

26. Beginning on the Effective Date, the Company will measure and record how much water is flushed from each hydrant and blow off valve. The Company will include those measurements with the water test results reported to FUS and all parties pursuant to item 21.

27. Beginning on the Effective Date, the Company will advise all customers in advance of all scheduled flushings, by posting and by either bill insert or a line item on the water bill. The Company will also advise the Hidden Valley Foundation, Inc. in advance of all scheduled flushings, in writing.

D. Rates for Both Water and Wastewater Service

28. The Company will file a proof of revenues with this Joint Petition that reflects rates designed to recover annual revenues of $392,000 for wastewater operations and $182,500 for water operations, as provided in Appendix A. All wastewater customers will pay a $27 per

quarter customer charge and a $15.60 volumetric charge up to 30,000 gallons and $12.52 volumetric charge over 30,000 gallons. All water customers will pay a $12 per quarter customer charge and $6.97 per thousand gallons volumetric charge up to 30,000 gallons and $5.75 volumetric charge over 30,000 gallons. "Availability customer" will be defined as the owner of a lot with no structures connected to the water or wastewater system, to whom the Company's water or wastewater service line, respectively, is available. Water availability customers will pay $9.00 per quarter and wastewater availability customers will pay $15.00 per quarter.

E. Water and Wastewater Stay Out Provision

29. The Company will not file for a rate increase for an eighteen (18)-month period beginning on the Effective Date.

F. Water and Wastewater Refunds

30. Beginning on the Effective Date, the Company will refund $4 per quarter per current water customer for three (3) years and $4 per quarter per current wastewater customer for three (3) years. For refund purposes, the term "customer" excludes all properties owned by HVR, HVUS, or any availability customer. The payment of these refunds is not an admission by HVUS or HVR of any violation of any law, including but not limited to the Public Utility Code, or of any Commission Regulation. Conversely, the level of refunds is not a concession by any Joint Petitioner that the law does not entitle customers to a greater level of refunds.

G. Additional Terms Applicable to Water and Wastewater Services

31. Within 60 days of the Effective Date, the Company will file an affiliated interest agreement between HVUS and HVR. In the future, HVUS will continue to comply with the requirements of the Public Utility Code with regard to affiliated interest agreements.

32. Beginning on the Effective Date, utility bills will be due thirty (30) days from the date the utility puts the bill in the mail to customers; late payment charges will apply only to payments received five (5) or more days after the due date. Late charges will apply only to portions of bill that are overdue, consistent with 52 Pa. Code § 56.22.

33. Beginning on the Effective Date, the Company will establish a call center to assist its customers in the event of an emergency. The call center shall have at least one person answering the phone at all times as well as an automated answering system so that customers can report any problems or emergencies to the Company. The call center shall have the capacity to contact field repair personnel to report service disruptions, outages or any other emergency. Call center personnel shall disclose to customers the nature of known problems as well as an estimated time for service restoration, if available.

34. Final proposed water and wastewater tariffs are attached to this Settlement as Appendices B and C respectively.

35. Consistent with 52 Pa. Code § 53.54, at least 60 days prior to the Effective Date, the Company will file a water and wastewater tariff supplement incorporating the proposed initial rates for availability customers. The effective date of the proposed availability rates contained in the tariff supplements will be the Effective Date of this Settlement. On the same date the tariff supplements are filed with the Commission, the Company will mail a written notice to all availability customers of the proposed initial rates, which contains the language specified by 52 Pa. Code §§ 53.54 and 53.45. The Company will consult with the OCA regarding the content of the notice prior to service. A copy of the notice and proof of service are attached to this Settlement as Appendix D.

36. Within seven (7) days of the Effective Date, the Company will mail a notice to all customers, in writing at their billing address, of their new, Commission-approved rates. The notice will list the rates and advise customers that they can call the Company, the Office of Consumer Advocate or the Commission's Bureau of Consumer Services with any questions and provide contact information for customers to contact the OCA.

37. Beginning on the Effective Date and continuing until such time the Company fulfills its obligations under Paragraph 16 of this Joint Petition, each spring and fall, one or more Company representatives with authority and knowledge to speak and answer questions on behalf of the Company will participate in a meeting, held in the service territory and open to all customers. At least thirty (30) days in advance of the meeting, the Company will notify all customers of the date, time and location of the meeting using a bill insert or a line item on water bills. The Company will also advise HVF at least thirty (30) days in advance of all such scheduled meetings, in writing.

38. This Settlement shall be deemed to constitute full and complete satisfaction by the Company of its obligations with respect to these Applications. The Joint Petitioners acknowledge and agree that this Settlement shall have the same force and effect as if they fully litigated this proceeding.

39. This Settlement reflects significant compromises between the Joint Petitioners and (a) is proposed solely for the purpose of settling the present proceedings, (b) is made without any admission by any party hereto as to any matter of fact or law, and (c) is without prejudice to any position advanced by any Joint Petitioner on the record in these proceedings or that might be adopted by any Joint Petitioner during subsequent litigation. Notwithstanding the foregoing, however, if this Settlement is approved and implemented, the Joint Petitioners shall not in any

subsequent proceeding take any action or advocate any position inconsistent with the terms of this Settlement.

40. If ALJ Corbett recommends that the Commission adopt this Settlement in its totality without modification, the Joint Petitioners agree to waive their rights to file exceptions to that Initial Decision. The Joint Petitioners do not waive their rights to reply to exceptions, if any, filed by any other individual or organization.

41. This Joint Petition and the Settlement is conditioned upon the Commission's approval of all of the Settlement terms. If the Commission modifies or fails to approve any of the Settlement terms, upon written notice to the Commission and all parties within five (5) business days, any Joint Petitioner may elect to withdraw from the Settlement. The Joint Petitioners reserve their respective rights to resume litigation regarding their respective positions. The Joint Petitioners claim the privilege reserved in 52 Pa. Code § 5.231 that no part of an unaccepted settlement shall be admissible in evidence at any time against any Joint Petitioner. No adverse inference shall be drawn against any Joint Petitioner as a result of any matter set forth herein. It is the position of OTS that any required further hearing in this proceeding would constitute a modification to the Settlement.

42. The Joint Petitioners may enforce this Joint Petition through any appropriate action before the Commission or through any other available remedy in law, equity or otherwise.

43. The Joint Petitioners agree that this Settlement may be executed in one or more counterparts each of which shall be deemed an original and all of which taken together constitute one and the same agreement.

44. It is expressly understood and agreed between the Joint Petitioners that this Settlement constitutes a negotiated resolution solely of the proceedings referenced above.

45. If this Settlement is not approved by the Commission for any reason, the Joint Petitioners reserve their respective rights to present, among other things, additional testimony, cross-examination, briefing and argument on all issues addressed by this Settlement and any others needed to complete these proceedings.

46. The Joint Petitioners shall utilize their best efforts to support this Joint Petition and Settlement and to secure its approval by the Commission.

III. PUBLIC INTEREST CONSIDERATIONS

47. The Joint Petitioners submit that this Settlement is in the public interest and should be approved in full for the following reasons:

(a) The Settlement results in the formation of a Commission regulated utility in the Company's designated service area providing both water and wastewater service through separate tariffs on file with the Commission.

(b) The Settlement provides a refund to customers for a portion of the rates charged by HVR for water and wastewater service without Certificates of Public Convenience.

(c) Substantial litigation and associated costs will be avoided by this Settlement. This Settlement resolves a number of important and contentious issues fairly, by balancing the interests of HVUS and its ratepayers.

(d) This Settlement is consistent with the Commission's policies promoting negotiated settlements. The Joint Petitioners arrived at this Settlement after a number of meetings, discussions, formal and informal discovery and mediation proceedings. The Settlement's terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (52 Pa. Code §§ 5.231, 69.391, 69.401).

statement in support, OTS represents that the fixed signature of the OTS Prosecutor fully evidences the OTS' position that: (1) the rates identified herein are fair, just and reasonable; (2) the terms and conditions of this settlement are just, reasonable and appropriate; and (3) full and complete approval by both the ALJ and Commission are in the public interest.

IV. CONCLUSION

WHEREFORE, the Joint Petitioners, intending to be legally bound, respectfully request that ALJ Corbett recommend that the Commission:

(a) approve the Settlement set forth herein in its entirety without modification;

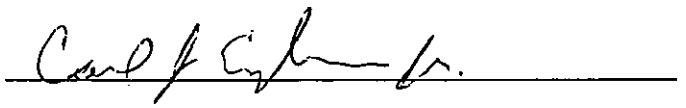
(b) approve and authorize the Company to file the applicable tariff supplements attached to this Joint Petition to become effective within fifteen (15) days after the entry of a final Commission order not subject to appeal or other legal challenge;

(c) terminate these proceedings and mark the record closed; and

(d) issue an individual Certificate of Public Convenience for water service at Docket No. A-00210117 and another for wastewater service at Docket No. A-00230101.

IN WITNESS WHEREOF, the Joint Petitioners bind themselves to the terms and conditions set forth herein, as evidenced by the signature of themselves or their attorneys, each of whom has authority to execute this Joint Petition.

HIDDEN VALLEY UTILITY SERVICES, L.P.
AND HIDDEN VALEY RESORT, L.P.



By: Carl J. Engleman Jr., Esquire
RYAN, RUSSELL, OGDEN & SELTZER LLP
1105 Berkshire Boulevard, Suite 330
Wyomissing, Pennsylvania 19610-1222
(610) 372-4761

OFFICE OF TRIAL STAFF

_____

By: Prosecutor Charles Daniel Shields

OFFICE OF CONSUMER ADVOCATE

_____

By: Christine Maloni Hoover, Esquire
Senior Assistant Consumer Advocate
Erin L. Gannon, Esquire
Assistant Consumer Advocate

HIDDEN VALLEY FOUNDATION, INC.

_____

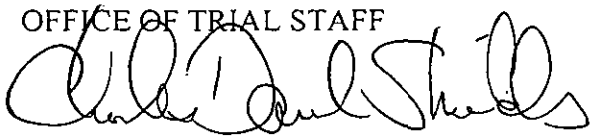
By:

IN WITNESS WHEREOF, the Joint Petitioners bind themselves to the terms and conditions set forth herein, as evidenced by the signature of themselves or their attorneys, each of whom has authority to execute this Joint Petition.

HIDDEN VALLEY UTILITY SERVICES, L.P.
AND HIDDEN VALEY RESORT, L.P.

By: Carl J. Engleman Jr., Esquire
RYAN, RUSSELL, OGDEN & SELTZER LLP
1105 Berkshire Boulevard, Suite 330
Wyomissing, Pennsylvania 19610-1222
(610) 372-4761

OFFICE OF TRIAL STAFF



By: Prosecutor Charles Daniel Shields

OFFICE OF CONSUMER ADVOCATE

By: Christine Maloni Hoover, Esquire
Senior Assistant Consumer Advocate
Erin L. Gannon, Esquire
Assistant Consumer Advocate

HIDDEN VALLEY FOUNDATION, INC.

By:

IN WITNESS WHEREOF, the Joint Petitioners bind themselves to the terms and conditions set forth herein, as evidenced by the signature of themselves or their attorneys, each of whom has authority to execute this Joint Petition.

HIDDEN VALLEY UTILITY SERVICES, L.P.
AND HIDDEN VALEY RESORT, L.P.

_____

By: Carl J. Engleman Jr., Esquire
RYAN, RUSSELL, OGDEN & SELTZER LLP
1105 Berkshire Boulevard, Suite 330
Wyomissing, Pennsylvania 19610-1222
(610) 372-4761

OFFICE OF TRIAL STAFF

_____

By: Prosecutor Charles Daniel Shields

OFFICE OF CONSUMER ADVOCATE

Erin L. Gannon/CMH

By: Christine Maloni Hoover, Esquire
Senior Assistant Consumer Advocate
Erin L. Gannon, Esquire
Assistant Consumer Advocate

HIDDEN VALLEY FOUNDATION, INC.

_____

By:

IN WITNESS WHEREOF, the Joint Petitioners bind themselves to the terms and conditions set forth herein, as evidenced by the signature of themselves or their attorneys, each of whom has authority to execute this Joint Petition.

HIDDEN VALLEY UTILITY SERVICES, L.P.
AND HIDDEN VALEY RESORT, L.P.

By: Carl J. Engleman Jr., Esquire
RYAN, RUSSELL, OGDEN & SELTZER LLP
1105 Berkshire Boulevard, Suite 330
Wyomissing, Pennsylvania 19610-1222
(610) 372-4761

OFFICE OF TRIAL STAFF

By: Prosecutor Charles Daniel Shields

OFFICE OF CONSUMER ADVOCATE

By: Christine Maloni Hoover, Esquire
Senior Assistant Consumer Advocate
Erin L. Gannon, Esquire
Assistant Consumer Advocate

HIDDEN VALLEY FOUNDATION, INC.

By:

H. DAVID BOYTER AND ANGELA BOYTER

H. David Boyter

Angela Boyter

GROUP PROTESTANTS

EDWIN C. MILLER, JACK MAUTINO JR., DOUGLAS BROWN, JOHN FIESTA, RICHARD BROWN AND EDWARD MACKENZIE

_____

By: Edwin C. Miller

_____

By: Jack Mautino, Jr.

_____

By: Douglas Brown

_____

By: John Fiesta

_____

By: Richard Brown

_____

By: Edward Mackenzie

H. DAVID BOYTER AND ANGELA BOYTER

H. David Boyter

Angela Boyter

GROUP PROTESTANTS

EDWIN C. MILLER, JACK MAUTINO JR., DOUGLAS BROWN, JOHN FIESTA, RICHARD BROWN AND EDWARD MACKENZIE

By: Edwin C. Miller

By: Jack Mautino, Jr.

By: Douglas Brown

By: John Fiesta

By: Richard Brown

By: Edward Mackenzie

APPENDIX A

Water Proof of Revenue
Water Rates

Metered	Customers	Quarterly Bills	EDUs	Quarterly Customer Charge	Customer Charge Revenue	Total Usage	Usage Rate	Usage Revenue	Total Bill
Residential:	1,059.0	4,236.0		$12.00	$50,832.00	12,028,160	$6.97	$83,836.28	$134,668.28
Commercial:									
Pool									
Up To 30,000						328,143	$6.97	$2,287.16	$2,287.16
Over 30,000						1,153,287	$5.75	$6,631.40	$6,631.40
Total Pool	3.0	12.0		$12.00	$144.00	1,481,430		$8,918.56	$9,062.56
Resort									
Up To 30,000						1,200,000	$6.97	$8,364.00	$8,364.00
Over 30,000						2,051,690	$5.75	$11,797.22	$11,797.22
Total Resort	10.0	40.0		$12.00	$480.00	3,251,690		$20,161.22	$20,641.22
Lot Owners	29.1	116.4		$9.00	$1,047.60	0	$6.97	$0.00	$1,047.60
HVA Lots	11.0	44.0		$9.00	$396.00	0	$6.97	$0.00	$396.00
FSCA									
Up To 30,000						480,000	$6.97	$3,345.60	$3,345.60
Over 30,000						756,700	$5.75	$4,351.03	$4,351.03
Total FSCA	4.0	16.0		$12.00	$192.00	1,236,700		$7,696.63	$7,888.63
HVFI Center									
Up To 30,000						104,929	$6.97	$731.36	$731.36
Over 30,000						0	$5.75	$0.00	$0.00
Total HVFI Center	2.0	8.0		$12.00	$96.00	104,929		$731.36	$827.36
HVFI Pool									
Up To 30,000						85,179	$6.97	$593.70	$593.70
Over 30,000						166,612	$5.75	$958.02	$958.02
Total HVFI Pool	0.0	0.0		$12.00	$0.00	251,791		$1,551.72	$1,551.72
Total Metered	1,118.1	4,472.4			$53,187.60	18,354,700		$122,895.77	$176,083.37

Unmetered

Residential:									
Unmetered Private Fire									
2 inch	44	176		$30.00	$5,280.00	$0.00	$6.97	0	$5,280.00
4 inch	1	4		$42.00	$168.00	$0.00	$6.97	$0.00	$168.00
6 inch	1	4		$63.00	$252.00	$0.00	$6.97	$0.00	$252.00
Total Unmetered Private Fire	*46*	184			*$5,700.00*	$0.00		*$0.00*	*$5,700.00*
Commercial:									
Unmetered Private Fire									
4 inch	3	12	4 inch	$42.00	$504.00	$0.00			
6 inch	1	4	6 inch	$63.00	$252.00	$0.00			
Total Unmetered Private Fire	4	16			$756.00	$0.00	$6.97	$0.00	$756.00
Total Unmetered	50.0	200.0			$6,456.00	0	$13.94	$0.00	$6,456.00

TOTAL WATER	1,168.1	4,672.4	$59,643.60	18,354,700	$13.94	$122,895.77	$182,539.37

Wastewater Proof of Revenue
Wastewater Rates

Metered	Customers	Quarterly Bills	EDUs	Quarterly Customer Charge	Customer Charge Revenue	Total Usage	Usage Rate	Usage Revenue	Total Bill
Residential:	1,059.0	4,236.0		$27.00	$114,372.00	12,028,160	$15.60	$187,639.30	$302,011.30
Commercial:									
Pool									
Up To 30,000						328,143	$15.60	$5,119.03	$5,119.03
Over 30,000						1,153,287	$12.52	$14,439.15	$14,439.15
Total Pool	3.0	12.0		$27.00	$324.00	1,481,430		$19,558.18	$19,882.18
Resort									
Up To 30,000						1,200,000	$15.60	$18,720.00	$18,720.00
Over 30,000						2,051,690	$12.52	$25,687.16	$25,687.16
Total Resort	10.0	40.0		$27.00	$1,080.00	3,251,690		$44,407.16	$45,487.16
Lot Owners	29.1	116.4		$15.00	$1,746.00	0	$15.60	$0.00	$1,746.00
HVA Lots	11.0	44.0		$15.00	$660.00	0	$15.60	$0.00	$660.00
FSCA									
Up To 30,000						480,000	$15.60	$7,488.00	$7,488.00
Over 30,000						756,700	$12.52	$9,473.88	$9,473.88
Total FSCA	4.0	16.0		$27.00	$432.00	1,236,700		$16,961.88	$17,393.88
HVFI Center									
Up To 30,000						104,929	$15.60	$1,636.89	$1,636.89
Over 30,000						0	$12.52	$0.00	$0.00
Total HVFI Center	2.0	8.0		$27.00	$216.00	104,929		$1,636.89	$1,852.89
HVFI Pool									
Up To 30,000						85,179	$15.60	$1,328.79	$1,328.79
Over 30,000						166,612	$12.52	$2,085.98	$2,085.98
Total HVFI Pool	0.0	0.0		$27.00	$0.00	251,791		$3,414.77	$3,414.77
Total Metered	**1,118.1**	**4,472.4**			**$118,830.00**	**18,354,700**		**$273,618.18**	**$392,448.18**

APPENDIX B

HIDDEN VALLEY UTILITY SERVICES, L.P.

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WATER SERVICE

TO THE PUBLIC IN A PORTION OF JEFFERSON TOWNSHIP,

SOMERSET COUNTY, PENNSYLVANIA

ISSUED: (Issued Date) EFFECTIVE: (Effective Date)

BY: John Scanlan, President
Hidden Valley Utility Services, L.P.
1 Craighead Drive
Suite 300
Hidden Valley, Pennsylvania 15502
(814) 443-8452

LIST OF CHANGES

The Filing of the Initial Tariff.

TABLE OF CONTENTS

Page No.

Title Page 1

List of Changes 2

Table of Contents 3

Part I

Schedule of Rates and Charges 4

Part II

Definitions 5

Part III

Rules and Regulations

Section A - Applications for Service 8

Section B - Construction and Maintenance of Facilities 9

Section C - Discontinuance, Termination and Restoration of Service 11

Section D – Meters 12

Section E - Billing and Collection 13

Section F - Deposits 15

Section G - Line Extensions 16

Section H - Fire Protection Service 19

Section I - Service Continuity 20

Section J - Waivers 21

Section K - Amendment of Commission Regulations 21

Part IV

Water Conservation Contingency Plan 21

PART I: SCHEDULE OF RATES AND CHARGES

Section A - Rates for Metered Service

1. Customer Charge: Each customer will be assessed a quarterly customer service charge of twelve dollars ($12.00).

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

Consumption Per Quarter	Rate per 1000 Gals.
First 30,000 Gallons	$6.97
All Over 30,000 Gallons	$5.75

3. Availability Customer Charge: Each availability customer will be assessed a quarterly availability charge of nine dollars ($9.00).

4. Private Fire Rates:

Line Size	Quarterly Service Charge	Rate per 1000 Gals.
2 inch	$30.00	$6.02
4 inch	$42.00	$6.02
6 inch	$63.00	$6.02

Section B. Returned Check Charge

A charge of $40.00 will be assessed any time where a check which has been presented to the Company for payment on account has been returned by the payor bank for any reason.

SURCHARGE

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of 0.00% will apply to all charges for service rendered on or after the effective date of this tariff.

The above surcharge will be recomputed, using the same elements prescribed by the Commission.

a. Whenever any of the tax rates used in the calculation of the surcharge are changed.

b. Whenever the utility makes effective any increased or decreased rates; and

c. On March 31, 2004, and each year thereafter.

The above recalculation will be submitted to the Commission within 10 days after the occurrence of the event or date which occasions such recomputation; and, if the recomputed surcharge is less than the one then in effect, the Company will, and if the recomputed surcharge is more than the one in effect, the Company may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing.

Section D - Service Termination or Resumption Rates

The fee for shut-off or turn-on of service at the curb stop shall be $40.00.

Section E - Meter Test Rates

Consistent with Commission regulation at 52 Pa. Code §65.8(h), the fee schedule for testing of meters shall be as follows:

Any Meter	$10.00

These amounts may vary without revision of this tariff so as to be consistent with Commission regulations.

PART II: Definitions:

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. Annual Line Extension Costs: The sum of a Company's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operation and maintenance of the line extension.

2. Annual Revenue: (For Line Extension Purposes) The Company's expected additional annual revenue from the line extension based on the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the bona fide service applicant.

3. Applicant: A person, or entity who applies to become a customer of the Company in accordance with Part III, Section A, of this tariff.

4. Availability Customer: Any individual person or legal entity that owns a lot within the Company's service area that has no structures connected to the water system, to whom the Company's water service line is available.

5. Bona Fide Service Applicant: (For Line Extension Purposes) A person or entity applying for water service to an existing or proposed structure within the utility's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed a bona fide service applicant if:
   (a) applicant is requesting water service to a building lot, subdivision or a secondary residence;

(b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or

(c) the applicant is requesting special utility service.

6. Commission: The Pennsylvania Public Utility Commission.

7. Company: Hidden Valley Utility Services, L.P.

8. Company service line: The water line from the distribution facilities of the Company which connects to the customer service line at the hypothetical or actual line or the actual property line, including the control valve and valve box. The control valve and valve box determine the terminal point for the Company's responsibility for the street service connection.

9. Cross-connection: Any pipe, valve, hose or other arrangement or device connecting the pipelines or facilities of the Company, to and with other pipes or fixtures by which any contamination might be admitted or drawn into the distribution system of the Company from lines other than the Company's.

10. Customer: A person or entity who is an owner or occupant and who contracts with the Company for water service. For customers with multiple meters, each meter shall be billed separately for volumetric calculation purposes.

11. Customer service line: The water line extending from the curb, property line or utility connection to a point of consumption.

12. Debt Costs: (For Line Extension Purposes) The Company's additional annual cost of debt associated with financing the line extension investment based on the current debt ratio and weighted long-term debt cost rate for that utility or that of a comparable jurisdictional water utility.

13. Depreciation charges: (For Line Extension Purposes) The utility's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates for that Company or that of a comparable jurisdictional water Company.

14. Line extension: (For Line Extension Purposes) An addition to the Company's main line which is necessary to serve the premises of a customer.

15. Main: The pipe of a public utility system, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting water.

16. Meter: Any certified device used by the Company, or by the Commission, for the purpose of measuring water consumption.

17. Nonresidential service: Water service supplied to a commercial or industrial facility, including a hotel or motel, or to a master-metered mobile home or multi-tenant apartment building, or to any customer who purchases water from the Company for the purpose of resale.

18. Operating and Maintenance Costs: (For Line Extension Purposes) The utility's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

19. Private fire protection service: Water service provided exclusively for the purpose of fire protection that is available to the customer only and not for use by the general public, and that is provided through automatic sprinkler systems, fire hydrants or similar mechanisms.

20. Public fire protection service: Water service provided exclusively to a municipal or governmental entity through outdoor hydrants for the purpose of fire protection for the general public.

21. Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

22. Residential service: Water service supplied to an individual single-family residential dwelling unit. Utility service supplied to a dwelling including service provided to a commercial establishment if concurrent service is provided to a residential dwelling attached thereto. Utility service provided to a hotel or motel is not considered residential service.

23. Short-term Supply Shortage: An emergency which causes the total water supply of a Company to be inadequate to meet maximum system demand.

24. Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in Section G, Part 2(d) of this tariff.

25. Tariff: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

PART III: RULES AND REGULATIONS

Section A - Applications for Service

1. Service Application Required: The Company may require applications for service to be completed in writing on a form provided by the Company and signed by the owner or occupant of the property.

2. Change in Ownership or Tenancy: A new application must be made to the Company upon any change in ownership where the owner of the property is the customer, or upon any change in the identity of a lessee where the lessee of the property is the customer. The Company shall have the right to discontinue or otherwise interrupt water service upon three (3) days notice if a new application has not been made and accepted for the new customer.

3. Acceptance of Application: An application for service shall be considered accepted by the Company only upon oral or written approval by the Company. The Company may provide service to the applicant pending formal review and acceptance of the application.

4. Application Forms: Application forms can be obtained at the Company's local business office, presently located at 1 Craighead Drive, Suite 300, Hidden Valley, Pennsylvania 15502.

5. Water Used for Construction Purposes: Where water is required for construction purposes, the applicant shall so indicate. Unmetered service may be provided for construction purposes.

6. Temporary Service: In the case of temporary service for short-term use, the Company may require the customer to pay all costs of making the service connection and for its removal after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. If the service connection is physically removed, the customer shall receive a credit for reasonable salvage value.

Section B - Construction and Maintenance of Facilities

1. Customer Service Line: The customer service line shall be furnished, installed, maintained and/or replaced, when necessary, by and at the sole expense of the customer. The Company reserves the right to determine the size, kind and depth of customer service lines.

2. Separate Trench: The customer service line shall not be laid in the same trench with drain or wastewater pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a public utility service, or within three (3) feet of any open excavation, unless a written exception is granted by the Company.

3. Customer's Responsibilities: All service lines, connections and fixtures furnished by the customer shall be maintained by the customer in good working order. All valves, meters and appliances furnished by the Company and on property owned or leased by the customer shall be protected properly by the customer. All leaks in the customer service line or any pipe or fixtures in or upon the customer's premises must be repaired immediately by the customer.

4. Right to Reject: The Company may refuse to connect with any piping system or furnish water through a service already connected if such system or service is not properly installed or maintained. The Company may also refuse to connect if lead based materials, as defined in the Safe Drinking Water Act, have been used in any plumbing beyond the Company's curb control valve. It shall be the customer's responsibility to provide the Company with any such certification which may be required to verify the absence or removal of such materials.

5. Water Use Standards for Certain Plumbing Fixtures: This rule establishes maximum water use criteria for certain plumbing fixtures installed in all new construction or renovation. Such standards have been implemented to achieve maximum efficiency of water use which the Commission has determined is technologically feasible and economically justified.

   (a) Maximum permitted water usage levels shall be as follows:

Plumbing Fixture	Maximum Water Use
showerheads	3.0 gallons/minute
faucets	3.0 gallons/minute
water closets	1.6 gallons/flush
urinals	1.5 gallons/flush

   (b) The Company may exempt particular customers, or classes of customers, when it is determined that the water use standards for plumbing fixtures listed above are unreasonable, cannot be accommodated by existing technology or are otherwise inappropriate.

6. Stop and Waste Valves and Check Valves: The Company requires the installation of stop and waste valves and check valves on all new or reconstructed customer service lines. The responsibility for the proper installation and maintenance of such valves shall be the customer's and at the customer's sole expense.

7. Backflow Prevention Device: The installation of a backflow device of the type approved by the Company may be required by the Company if, in the Company's opinion, such a device is needed to protect the integrity of the Company's system. The backflow prevention device shall be installed, owned and maintained by the customer at the customers' expense. The location of the backflow prevention device shall be approved by the Company. The Company recommends the installation of approved double check valves for service lines providing service to residential units.

8. Pressure: Generally the Company will maintain service pressures from 25 p.s.i.g.(pounds per square inch gauge) to 125 p.s.i.g. at the main, but during periods of peak demand pressures at the main may range from 20 to 150 p.s.i.g. The Company may furnish service at other pressures where necessary to supply adequate service.

   If a customer needs the pressure reduced, the customer must install and maintain, at the customer's expense, a pressure regulator or valve. The pressure regulator will be installed on the inlet side of the meter.

9. Cross-Connections: No cross-connection shall be installed or continued except upon terms and conditions established in writing by the Company. A cross-connection may be considered to be eliminated if a method of backflow prevention is approved by the Company in writing and implemented.

10. Individual Service Lines: Except as otherwise expressly authorized by the Company, each individual customer shall be served only through a separate service line connected directly to the Company's distribution main, and that service line shall not serve any other customer or premise. No additional attachment may be made to any customer's service line for any purpose without the express written approval of the Company.

11. Connection to Company Mains: No connection shall be made to the Company's main, nor detachment from it, except under the direction and control of the Company. All such connections shall be property of the Company and shall be accessible to it and under its control. The Company will furnish, install and maintain all service lines from the main to and including the curb stop and box.

Section C - Discontinuance, Termination and Restoration of Service

1. Discontinuance by Customer: Where a customer requests the Company to discontinue service, the following rules shall apply:

   (a) A customer who wishes to have service discontinued shall give at least seven (7) days notice to the Company, specifying the date on which service is to be discontinued. In the absence of proper notice, the customer shall be responsible for all service rendered until the time that the Company shall have actual or constructive notice of the customer's intent to discontinue service. The customer

shall not turn water on or off at any curb stop, or disconnect or remove the meter, or permit its disconnection or removal, without the prior written consent of the Company. A customer discontinuing service remains a customer for purposes of paying turn-on fees pursuant to Rule 3 of this Section for a period of nine (9) months.

(b) Where a customer requests turn-on of service within six (6) months of disconnection, the customer shall be subject to monthly minimum billing for the period of disconnection. The request for turn-on of service should be mailed to the same address as the disconnection of service request.

2. Termination by Company: Service to the customer may be terminated for good cause, including, but not limited to, the following:

(a) making an application for service that contains material misrepresentations;

(b) willful or negligent waste of water through improper or imperfect pipes or fixtures, or for failure to repair leaks in pipes or fixtures;

(c) tampering with any service line, curb stop, meter or meter setting, or installing or maintaining cross-connections or any unauthorized connection;

(d) theft of service, which may include taking service without having made a proper application for service under Part III, Section A;

(e) failure to pay, when due, any charges accruing under this tariff;

(f) refusing the Company reasonable access to the property served for purposes of installing, inspecting, reading, maintaining or removing meters;

(g) receipt by the Company of an order or notice from the Department of Environmental Protection, a health agency, local plumbing inspector or other similar authority, to terminate service to the property served on the grounds of violation of any law or ordinance, or upon notice to the Company from any such authority that it has ordered an existing violation on the property to be corrected and that such order has not been complied with; or

(h) material violation of any provisions of this tariff.

3. Turn-on Charge: Whenever service is discontinued or terminated pursuant to Rule 1 or Rule 2 of this Section, service shall be turned on by the Company only upon the payment by the customer of a turn-on charge and the resolution of the problem that gave rise to the termination if under Rule 2.

Section D - Meters

1. Ownership of Meters: All meters shall be owned, installed and maintained by the Company.

2. Requirement for Metered Service: All service provided by the Company shall be metered except as authorized by this tariff.

3. Location of Meters: The meter will be set after the customer has had the plumbing arranged to receive the meter at a convenient point approved by the Company so as to measure all water being supplied to the customer's premise. Protection for the meter shall be provided by the customer. In cases where it is not practical to place the meter indoors, or if the customer so desires and the Company approves, an outside setting will be installed at the customer's expense at a position selected by the Company. The Company shall establish standards for outside meter settings. Relocation of meters for the customer's convenience shall be at the customer's expense.

4. Access for Automated Meter Reading Devices: Upon reasonable notice, the customer shall permit the Company access and space for the purpose of installing and utilizing a telemetering or other automated meter reading device. Where applicable, the customer must provide the Company with the telephone number of the line to which the equipment will be connected and immediately advise the Company of any changes in the telephone number. Where the use of the customer's facilities results in a utility charge, the Company will compensate the customer.

5. Damages to Meters: Meters shall be maintained by the Company so far as ordinary wear and tear is concerned. Where damage to a meter results from the negligent or willful act of the customer, and the customer was previously notified of the obligation to protect the meter, the actual cost of removing, replacing, repairing or testing a damaged meter shall be paid by the customer.

6. Notification to Company of Non-Working or Damaged Meter: The customer shall notify the Company of a non-working or damaged meter as soon as the customer has notice of either condition.

7. Fees for Meter Tests: Fees for testing meters shall be as specified under Part I, Section F, of this tariff. Testing fees shall be refunded pursuant to Commission regulation at 52 Pa. Code §65.8(g) where the meter is found not operating within the allowable accuracy range specified at 52 Pa. Code §65.8(a).

Section E - Billing and Collection

1. Issuance of Bills: The Company will bill each customer within fifteen (15) days of the last day of each billing period.

2. Billing Due Date: The due date for payment of a bill for nonresidential service shall be no less than thirty (30) days from the date of transmittal. The due date for payment of a bill for residential service shall be no less than thirty (30) days from the date of transmittal. If the last day for payment falls on a Saturday, Sunday or bank holiday, or on any day when the offices of the Company are not open to the general public, the due date shall be extended to the next business day. The Company may not impose a late-payment charge unless payment is received more than five (5) days after the stated due date.

3. Late-Payment Charge: All amounts not paid when due shall accrue a late-payment charge at the rate not to exceed one and one-half percent (1.50%) per billing period, not to exceed eighteen percent (18%) per year when not paid as prescribed in Rule 2 of this Section.

4. Change in Billing Address: Where a customer fails to notify the Company of a change in billing address, the customer shall remain responsible to remit payment by the billing due date.

5. Application of Payment: Utility bills rendered by the Company shall include only the amount due for water service. Where a customer remittance to the Company includes payment for any non-utility services, proceeds will be applied first to pay all outstanding regulated utility charges.

6. Return Check Charges: The customer will be responsible for the payment of a charge for each time a check presented to the Company for payment on that customer's utility bill is returned by the payor bank for any reason including, but not limited to, insufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or unauthorized signature. This charge is in addition to any charge which may be assessed against the customer by the bank with interest.

7. Disputed Bills: In the event of a dispute between the customer and the Company with respect to any bill, the Company will promptly make such investigation as may be required by the particular case and report the result to the customer. The customer is not obligated to pay the disputed portion of the bill during the pendency of the Company's investigation. When the Company has made a report to the customer sustaining the bill as rendered, the customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Company determines that the bill originally rendered is incorrect, the Company will issue a corrected bill with a new due date for payment. Any amounts received by the Company in excess of the amount determined to be due by the Company's investigation of the dispute shall be refunded to the customer with interest computed at 1.5% per month.

Section F - Deposits

1. Residential Customers:

(a) New Applicants--The Company will provide service without requiring a deposit unless the applicant was terminated for nonpayment within the prior twelve (12) months or has an unpaid balance for prior service from the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers--If a customer has paid late on two (2) consecutive occasions or a total of three (3) times within the prior 12-month period, the Company may send a letter informing the customer that a deposit may be required if another late payment is received within the next twelve (12) months. An existing customer may be required to pay a deposit as a condition to having service restored after termination for non-payment or for failure to comply with a payment agreement. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(c) Deposit Refunds and Interest--A deposit will be refunded if service is discontinued and the final bill is paid or if the customer has paid the bills for the prior 12-month period without having been late on more than two (2) occasions and is not currently delinquent. Deposits from residential customers shall bear simple interest at the rate of the average of one-year Treasury Bills for September, October and November of the previous year, payable annually without deductions for taxes thereon unless otherwise required by law. The applicable interest rate shall become effective on January 1 of each year.

2. Nonresidential Customers:

(a) New Applicants--A deposit may be required from any new applicant who does not have prior satisfactory credit history with the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers--Deposit requirements for existing nonresidential customers shall be as established for residential customers in Rule 1 of this Section.

(c) Deposit Refunds and Interest--A deposit will be refunded if the customer pays all bills on time over a 12-month period or if service is disconnected and the final bill has been paid. There will be no interest paid on deposits for nonresidential accounts.

Section G - Line Extensions

Whenever a developer, owner or occupant of a property within the service territory of the Company requests the Company to extend service to such property, the Company will extend service under the following conditions:

1. Requests by Bona Fide Service Applicant: The conditions under which facilities will be extended to supply service to an applicant within the Company's service area are listed below. Upon request by a bona fide service applicant, a utility shall construct line extensions within its franchised territory consistent with the following directives:

   (a) Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the Company's annual line extension costs.

   (b) If the annual revenue from the line extension will not equal or exceed the Company's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the utility's cost of construction for the line extension. The utility's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension. The customer advance amount shall be determined by subtracting the utility's investment for the line extension from the total construction costs.

   (c) The Company's investment for the line extension shall be based on the following formula, where X equals the utility's investment attributed to each bona fide applicant:

   X = [AR - OM] divided by [I + D] ; and,
   AR = the Company's annual revenue
   OM = the Company's operating and maintenance costs
   I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate
   D = the Company's current depreciation accrual rate

2. Customer advance financing, refunds and facilities on private property:

   (a) When a customer advance is required of a service applicant and an additional customer or customers attach service lines to the line extension within ten years, the utility shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension, such as booster pumps, storage tanks and the like, are contributions in aid of construction and need not be refunded.

(b) The Company will refund to the applicant, during a period of ten (10) years from the date of the extension deposit, a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension as distinguished from extensions or branches thereof. Provided, however, that the total amount refunded shall not exceed the original deposit without interest, and provided that all or any part of the deposit not refunded within said 10 year period shall become the property of the Company and shall be treated as Contributions in Aid of Construction for ratemaking purposes. The per customer refund amount shall equal the utility's investment attributed to each bona fide applicant as calculated in the formula contained in Section G, Part 1, Subsection (c) of this tariff.

(c) A utility shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

(d) Special Utility Service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section G (1) parts (a) through (c) of this tariff does not apply to special utility service. By way of illustration and not limitation, special utility service shall include: the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. An otherwise bona fide applicant requesting service which includes a "special utility service" component is entitled to Bona Fide applicant status, including the corresponding Company contribution toward the costs to the line extension which do not meet the special utility service criteria.

3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the Company pursuant to Rule 1 of this Section, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement.

4. Size of Line: The Company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. However, where the Company decides to install a pipe larger than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate. The

minimum pipe size for main extensions will be six (6) inches pursuant to Commission regulation at 52 Pa. Code §65.17(b).

5. Length of Extension: In determining the necessary length of an extension, the terminal point of such extension shall be at that point in the curb line, which is equidistant from the side property lines of the last lot for which water service is requested. A Company service connection will be provided only for customer service lines that extend at right angles from the curb line in a straight line to the premises to be served.

6. Cost True-up: At the conclusion of the line extension project there shall be a reconciliation of the actual costs incurred to the amount of extension deposit that has been paid by the customer. If the actual cost exceeds the deposit, the applicant shall be responsible for payment to the Company of the difference. If the deposit exceeds the actual cost, the Company shall refund the difference.

Section H - Fire Protection Service

1. Private Company Fire Service: Where private fire protection service connections are to be made to the Company's system, the Company shall have the right to approve the plans for such installation prior to approval of the application for service. The Company shall make any connection to the distribution system that is required, and the customer shall pay to the Company the actual cost for making such connection.

   The Company shall have the right to require a compound-type meter for installation in the private fire line if deemed necessary. Waiver of the requirement for installation of a separate meter at the time the connection is made shall not prohibit the Company from requiring a meter installation at a future date if such installation is warranted in the opinion of the Company.

   Any meter required will be supplied and installed by the Company, with the cost for the meter, together with labor and materials for installation, to be borne by the customer. Where a private fire connection is approved by the Company, no other connection for domestic, commercial or industrial use shall be made to the fire connection line unless a compound type meter is installed between the Company's line and the connection for such line.

2. Public Fire Protection: Where public fire protection is offered, service will be available when hydrants are installed and when the municipal entity for which the service will be provided makes application to the Company for that service.

3. Installation of Fire Hydrants: The Company shall approve the installation of any fire hydrants. All fire hydrants shall be located by the Company with due consideration given to local fire fighting authorities and to requirements of insurance underwriters. Developers and private fire protection customers shall be responsible for all costs of

purchase and installation of fire hydrants in the same manner as installation of water main extensions. The hydrants will be installed by the Company and shall be the property of the Company.

4. Use of Fire Hydrants: All persons are forbidden to open any fire hydrant or to use any water therefrom for sprinkling streets, for construction or for any purpose, without permission in writing from the Company, except in case of fire and by fire companies to test hydrants. Such tests shall be made directly under the supervision of an authorized agent of the Company.

   The Company reserves the right to meter any fire line when evidence indicates that water is being taken from the line for purposes other than fire fighting or as otherwise permitted by agreement, and such metered service shall then be billed in accordance with the regular schedule of metered rates, with proper allowance for water consumed in fire fighting or other authorized use.

Section I - Service Continuity

1. Regularity of Service: The Company may, at any time, shut off water in the mains in case of accident or for the purpose of making connections, alterations, repairs or changes, or for other reasons, and may restrict the use of water to reserve a sufficient supply for public fire service or other emergencies whenever the public welfare so requires. The Company will, pursuant to Commission regulations at 52 Pa. Code §56.1 and as circumstances permit, notify customers to be affected by service interruptions.

2. Liability for Service Interruptions

(a) Limitation of Damages--The Company's liability to a customer for any loss or damage from any excess or deficiency in the pressure, volume or supply of water, due to any cause other than willful misconduct or negligence by the Company, its employees or agents shall be limited to an amount no more than the customer charge or minimum bill for the period in question. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service, but cannot and does not guarantee that such will not occur.

(b) Responsibility for Customer Facilities--The Company shall not be liable for any loss or damage caused by reason of any break, leak or other defect in a customer's own service pipe, line, fixtures or other installations, except where the damage is a result of the negligence or willful misconduct of the Company, its employees or agents.

Section J - Waivers

The Company may, at its sole discretion, waive any of the Rules contained herein that operate for the benefit of the Company; provided, that no such waiver will be valid unless in writing and signed by an authorized representative of the Company, and provided that no waiver will be allowed where the waiver would constitute a violation of the Public Utility Code, the regulations of the Commission or of any other applicable statute, law or regulation.

Section K - Amendment of Commission Regulations

Whenever Commission regulations in Title 52 of the Pennsylvania Code are duly amended in such a way as would produce a difference between them and this tariff, this tariff is deemed to be amended so as to be consistent with the amendments to the regulations, except that if application of the amendment to Title 52 is discretionary, this tariff will remain unchanged.

PART IV: WATER CONSERVATION CONTINGENCY PLAN

1. Restriction of Nonessential Uses: As provided in Commission regulations at 52 Pa. Code §65.11, if the Company is projecting a short term supply shortage, the Company may request voluntary conservation by both residential and nonresidential customers and may impose mandatory conservation measures to reduce or eliminate nonessential uses of water. As defined at 52 Pa. Code §65.1, nonessential uses of water include, at a minimum, the following:

(a) Watering of lawns, gardens, landscape areas, trees, shrubs or other outdoor vegetation except with a hand-held hose equipped with an automatic shut-off nozzle.

(b) Non-commercial washing of vehicles or other equipment except with hand-held hose equipped with an automatic shut-off nozzle.

(c) Washing streets, driveways, parking lots, tennis courts, commercial and residential building exteriors, sidewalks, patios or other outdoor surfaces.

(d) Ornamental water uses, including fountains, artificial waterfalls, reflecting pools and the like.

(e) Filling or topping-off swimming or wading pools except for public or private pools serving 25 of more dwelling units and health care facility pools used for patient care or rehabilitation.

(f) The operation of water-cooled comfort air conditioning not equipped with a cooling tower or other evaporative system.

(g) Flushing wastewater lines or manholes.

(h) Irrigation at commercial farms and nurseries other than as minimally necessary to preserve livestock, crops and plants.

(i) The use of water from fire hydrants for construction purposes or fire drills.

2. Implementation of Voluntary Restrictions: Prior to implementation of mandatory restrictions under Rule 3 of this Part, the Company shall first request voluntary customer conservation. Notice of voluntary conservation restrictions shall be sent to all customers or be provided by local radio, television or newspaper advertisements within the Company's service territory. Written notice of request for voluntary restrictions shall also be provided to the Commission.

3. Imposition of Mandatory Restrictions: If voluntary cooperation does not achieve satisfactory results, mandatory restrictions will be imposed upon notice to customers and the Commission as provided in Rule 2 of this Part. If any customer refuses to comply with such mandatory measures, the Company may either adjust the outside water valve connection in a manner which will restrict water flow by up to one-half, or otherwise restrict flow such as by the insertion of a plug device.

Prior to any such other flow restriction being imposed, the Company must make a bona fide attempt to deliver notice of the proposed flow restriction to a responsible person at the affected premises and fully explain the reason for the restriction. Less restrictive means may be imposed to secure compliance with mandatory use restrictions.

Complete service termination may be imposed by the Commission after an expedited administrative proceeding has been held to provide the affected customer with an opportunity to be heard.

4. Pennsylvania Emergency Management Agency (PEMA) Responsibilities: In addition to the provisions as set forth in this Part, the Pennsylvania Emergency Management Agency, authorized to promulgate, adopt and enforce a Water Rationing Plan by virtue of the Emergency Management Services Code, 35 Pa. C.S. §§7101, et seq., may impose restrictions pursuant to a Drought Emergency Proclamation by the Governor of the Commonwealth of Pennsylvania. Where inconsistent with Company-imposed restrictions pursuant to this tariff, PEMA restrictions shall control.

   In the event of a drought emergency as defined by proclamation or executive order, the Company is authorized to collect fines set forth in its Local Water Rationing Plan as filed with and approved by PEMA.

5. Termination of Use Restrictions: Conservation measures imposed pursuant to this Part shall be terminated at such time as the supply shortage is eliminated, with appropriate notice provided to affected customers.

APPENDIX C

A- 00230101 Tariff Wastewater – Pa. P.U.C. No. 1

HIDDEN VALLEY UTILITY SERVICES, L.P.

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WASTEWATER COLLECTION, TREATMENT

AND/OR DISPOSAL SERVICE TO THE PUBLIC IN

A PORTION OF JEFFERSON TOWNSHIP, SOMERSET COUNTY, PENNSYLVANIA

ISSUED: (Issued Date) EFFECTIVE: (Effective Date)

BY: John Scanlan, President
Hidden Valley Utility Services, L.P.
1 Craighead Drive
Suite 300
Hidden Valley, Pennsylvania 15502
(814) 443-8452

LIST OF CHANGES

Establish initial tariff.

TABLE OF CONTENTS

Page No.

Title Page 1

List of Changes 2

Table of Contents 3

Part I
Schedule of Rates and Charges 5

Part II
Definitions 6

Part III
Rules and Regulations

Section A - Applications for Service 10

Section B - Construction and Maintenance of Facilities 11

Section C - Discontinuance, Termination and Restoration of Service 12

Section D - Billing and Collection 14

Section E - Deposits 15

Section F - Wastewater Control Regulations 16

Section G - Line Extensions 20

Section H - Service Continuity 23

Section I - Waivers 23

Section J - Amendment of Commission Regulations 24

Section K - *Industrial & Commercial Service* 24

Section L - Privilege to Investigate/Rights of Access 25

PART I: SCHEDULE OF RATES AND CHARGES

Section A - Rates for Metered Service

1. Customer Charge: Each customer will be assessed a quarterly customer service charge in the amount of twenty-seven dollars ($27.00).

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

Consumption Per Quarter	**Rate per 1000 gals.**
First 30,000 Gals.	$15.60
All over 30,000 Gals.	$12.52

3. Availability Customer Charge: Each availability customer will be assessed a quarterly availability charge of fifteen dollars ($15.00).

Section B. Returned Check Charge

A charge of $40.00 will be assessed any time where a check which has been presented to the Company for payment on account has been returned by the payer bank for any reason.

Section C - Service Termination or Resumption Rates

The fee for shut-off or turn-on of service shall be $40.00.

PART II: DEFINITIONS

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. Annual Line Extension Cost: The sum of a Company's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operation and maintenance of a line extension.

2. Annual Revenue (for line extension purposes): The Company's expected additional annual revenue from a line extension based on the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the bona fide service applicant.

3. Applicant: A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company in accordance with Part III, Section A, of this tariff.

4. Availability Customer: Any individual person or legal entity that owns a lot within the Company's service area that has no structures connected to the wastewater system, to whom the Company's water service line is available.

5. Bona Fide Service Applicant: (for line extension purposes) A person or entity applying for wastewater service to an existing or proposed structure within the Company's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed a bona fide service applicant if:

   (a) applicant is requesting wastewater service to a building lot, subdivision or a secondary residence;

   (b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or

   (c) the applicant is requesting special utility service.

6. Commission: The Pennsylvania Public Utility Commission.

7. Company: Hidden Valley Utility Services, L.P.

8. Company Service Line: The wastewater line from the collection facilities of the Company which connects to the customer service line at the hypothetical or actual curb line or the actual property line.

9. Customer: A person or entity who is an owner or occupant and who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service without a contract. For customers with multiple meters, each meter shall be billed separately for volumetric calculation purposes.

10. Customer Service Line: The wastewater line extending from the end of the Company service line or connection to the point of connection at the customer's premise.

11. Debt Costs: The Company's additional annual cost of debt associated with financing a line extension investment based on the current debt ratio and weighted long-term debt cost rate for the Company or that of a comparable jurisdictional wastewater utility.

12. Depreciation Charges: The Company's additional annual depreciation charges associated with a specific line extension investment to be made based on the current depreciation accrual rates for that Company or that of a comparable jurisdictional wastewater utility.

13. Dwelling Unit: A structure or dwelling intended to be occupied as a whole by one family.

14. Garbage: The solid wastes from domestic cooking and dispensing of food, and from the handling and storage of produce.

15. Grinder pump: Any mechanical or powered device used to grind, macerate or fluidize garbage so that it can be discharged into the wastewater system of the Company.

16. Line extension: (for line extension purposes) An addition to the Company's main line which is necessary to serve the premises of a customer.

17. Main: The Company's pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.

18. Meter: Any device supplied by the Company, except as approved by the Commission, for the purpose of measuring water or wastewater consumption.

19. Nonresidential Service: Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.

20. Operating and Maintenance Costs: (for line extension purposes) The company's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

21. Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for water, electric or wastewater collection, treatment, or disposal for the public for compensation.

22. Residential Service: Wastewater service supplied to an individual single-family residential dwelling unit.

23. Regulatory Agency: Agencies, including but not limited to the Commission, the Pennsylvania Department of Environmental Protection (DEP) and U.S. Environmental Protection Agency (EPA) which have authority over the operations of and/or discharges into and/or from the Company's treatment facilities.

24. Sanitary Sewer: A sewer which carries sanitary wastewater and excludes storm, surface and ground water.

25. Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in Section H, Part 2(e) of this tariff.

26. Storm Sewer: A sewer which receives discharges from stormwater building sewers and/or carries off surface, subsurface, or stormwater from the buildings, ground, streets, or other areas, including street wash.

27. Suspended Solids: Solids that either float on the surface of, or are in suspension in water, wastewater, or other liquids, and which are largely removable by filtration.

28. Tariff: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

29. Toxic Substances: Any substances where gaseous, liquid or solid waste which, when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment plant, or as defined pursuant to PL 92-500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments.

30. Wastes: Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater but excluding storm-water.

31. Wastewater: A combination of the water-carried wastes from residences, together with such ground surface and storm water as may be present in sanitary sewers.

PART III: RULES AND REGULATIONS

Section A - Applications for Service

1. Service Application Required: All applications for service must be in writing on a form provided by the Company and signed by the owner or owners of the property to which wastewater collection service will be provided; except that where a lessee of property occupies or uses the property under a lease having a fixed term of more than six (6) months, the lessee may request service as an applicant. The Company may, at its sole discretion, require that a separate contract for service be signed by the applicant.

2. Change in Ownership or Tenancy: A new application must be made to the Company upon any change in ownership where the owner of the property is the customer, or upon any change in the identity of a lessee where the lessee of the property is the customer. The Company shall have the right to discontinue or otherwise interrupt wastewater collection service upon three (3) days notice if a new application has not been made and approved for the new customer.

3. Acceptance of Application: An application for service shall be considered accepted by the Company only upon oral or written approval by the Company. The Company may provide service to the applicant pending formal review and acceptance of the application.

4. Application Forms: Application forms can be obtained at the Company's local business office, presently located at 1 Craighead Drive, Suite 300, Hidden Valley, Pennsylvania 15502.

5. Temporary Service: In the case of temporary service for short-term use, the Company may require the customer to pay all costs of making the service connection and for its removal after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. If the service connection is physically removed, the customer shall receive a credit for reasonable salvage value.

Section B - Construction and Maintenance of Facilities

1. Customer Service Line: The customer service line shall be furnished, installed, maintained and/or replaced, when necessary, by and at the sole expense of the customer. The Company reserves the right to determine the size, kind and depth of customer service lines.

2. Separate Trench: The customer wastewater service line shall not be laid in the same trench with drain or water pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a public utility service.

3. Customer's Responsibilities: All service lines, connections and fixtures furnished by the customer shall be maintained by the customer in good working order. All valves, meters and appliances furnished by the Company and on property owned or leased by the customer shall be protected properly by the customer. All leaks in the customer service line or any pipe or fixtures in or upon the customer's premises must be repaired immediately by the customer.

4. Right to Reject: The Company may refuse to connect with any piping system or furnish wastewater collection, treatment and/or disposal through a service already connected if such system or service is not properly installed or maintained.

5. Water Use Standards for Certain Plumbing Fixtures: This rule establishes maximum water use criteria for certain plumbing fixtures installed in all new construction or renovation. Such standards have been implemented to achieve maximum efficiency of water use which the Commission has determined is technologically feasible and economically justified.

   (a) Maximum permitted water usage levels shall be as follows:

Plumbing Fixture	Maximum Water Use
water closets	1.6 gallons/flush
urinals	1.5 gallons/flush

   (b) The Company may exempt particular customers, or classes of customers, when it is determined that the water use standards for plumbing fixtures listed above are unreasonable, cannot be accommodated by existing technology or are otherwise inappropriate.

6. Individual Service Lines: Except as otherwise expressly authorized by the Company, each individual customer shall be served only through a separate service line connected directly to the Company's collection main, and that service line shall not serve any other customer or premise. No additional attachment may be made to any customer's service line for any purpose without the express written approval of the Company.

7. Connection to Company Mains: No connection shall be made to the Company's main, nor detachment from it, except under the direction and control of the Company. All such connections shall be property of the Company and shall be accessible to it and under its control. The Company will furnish, install and maintain all service lines from the main to the curb.

Section C - Discontinuance, Termination and Restoration of Service

1. Discontinuance by Customer: Where a customer requests the Company to discontinue service, the following rules shall apply:

   (a) A customer who wishes to have service discontinued shall give at least seven (7) days notice to the Company, specifying the date on which service is to be discontinued. In the absence of proper notice, the customer shall be responsible for all service rendered until the time that the Company shall have actual or constructive notice of the customer's intent to discontinue service. The customer shall not begin to use nor cease to use wastewater service without the prior written consent of the Company. A customer discontinuing service remains a customer for purposes of paying turn-on fees pursuant to Rule 3 of this Section for a period of nine (9) months.

   (b) Where a customer requests turn-on of service within six (6) months of disconnection, the customer shall be subject to monthly minimum billing for the period of disconnection.

2. Termination by Company: Service to the customer may be terminated for good cause, including, but not limited to, the following:

   (a) making an application for service that contains material misrepresentations;

   (b) failure to repair leaks in pipes or fixtures;

   (c) tampering with any service line, curb connection, or installing or maintaining any unauthorized connection;

   (d) theft of service, which shall include taking service without having made a proper application for service under Part III, Section A;

   (e) failure to pay, when due, any charges accruing under this tariff;

(f) discharge of any prohibited substance listed in Section F into the wastewater system;

(g) receipt by the Company of an order or notice from the Department of Environmental Protection, a health agency, local plumbing inspector or other similar authority, to terminate service to the property served on the grounds of violation of any law or ordinance, or upon notice to the Company from any such authority that it has ordered an existing violation on the property to be corrected and that such order has not been complied with; or

(h) material violation of any provisions of this tariff.

3. Turn-on Charge: Whenever service is discontinued or terminated pursuant to Rule 1 or Rule 2 of this Section, service shall be permitted by the Company only upon the payment by the customer of a turn-on charge and the curing of the problem that gave rise to the termination if under Rule 2.

Section D - Billing and Collection

1. Issuance of Bills: The Company will bill each customer within fifteen (15) days of the last day of each billing period.

2. Billing Due Date: The due date for payment of a bill for nonresidential service shall be no less than thirty (30) days from the date of transmittal. The due date for payment of a bill for residential service shall be no less than thirty (30) days from the date of transmittal. If the last day for payment falls on a Saturday, Sunday or bank holiday, or on any day when the offices of the Company are not open to the general public, the due date shall be extended to the next business day. The Company may not impose a late-payment charge unless payment is received more than five (5) days after the stated due date.

3. Late-Payment Charge: All amounts not paid when due shall accrue a late-payment charge at the rate not to exceed one and fifty one-hundredths percent (1.50%) per billing period, not to exceed eighteen percent (18%) per year when not paid as prescribed in Rule 2 of this Section.

4. Change in Billing Address: Where a customer fails to notify the Company of a change in billing address, the customer shall remain responsible to remit payment by the billing due date.

5. Application of Payment: Utility bills rendered by the Company shall include only the amount due for utility service. Where a customer remittance to the Company includes

payment for any non-utility services, proceeds will be applied first to pay all outstanding regulated utility charges.

6. Return Check Charges: The customer will be responsible for the payment of a charge for each time a check presented to the Company for payment on that customer's utility bill is returned by the payer bank for any reason including, but not limited to, insufficient funds, account closed, payment stopped, two signatures required, post-dated, stale date, account garnished, or unauthorized signature. This charge is in addition to any charge which may be assessed against the customer by the bank.

7. Disputed Bills: In the event of a dispute between the customer and the Company with respect to any bill, the Company will promptly make such investigation as may be required by the particular case and report the result to the customer. The customer is not obligated to pay the disputed amount during the pendency of the Company's investigation. When the Company has made a report to the customer sustaining the bill as rendered, the customer shall have fifteen (15) days from the date of such report in which to pay the bill. If the Company determines that the bill originally rendered is incorrect, the Company will issue a corrected bill with a new due date for payment. Any amounts received by the Company in excess of the amount determined to be due by the Company's investigation of the dispute shall be refunded to the customer.

Section E - Deposits

1. Residential Customers:

(a) New Applicants—The Company will provide service without requiring a deposit unless the applicant was terminated for nonpayment within the prior twelve (12) months or has an unpaid balance for prior service from the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers—If a customer has paid late on two (2) consecutive occasions or a total of three (3) times within the prior 12-month period, the Company may send a letter informing the customer that a deposit may be required if another late payment is received within the next twelve (12) months. An existing customer may be required to pay a deposit as a condition to having service restored after termination for non-payment or for failure to comply with a payment agreement. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(c) Deposit Refunds and Interest—A deposit will be refunded if service is discontinued and the final bill is paid or if the customer has paid the bills for the prior 12-month period without having been late on more than two (2) occasions and is not currently delinquent. Deposits from residential customers shall bear simple interest at the rate of the average of one-year Treasury Bills for September, October and November of the previous year, payable annually without deductions for taxes thereon unless otherwise required by law. The applicable interest rate for each year shall be determined as of January 1 of that year.

2. Nonresidential Customers:

(a) New Applicants—A deposit may be required from any new applicant who does not have prior satisfactory credit history with the Company. The amount of the deposit will not be greater than an estimated average bill for one (1) billing period plus the estimated bill for one (1) additional month's service.

(b) Existing Customers—Deposit requirements for existing nonresidential customers shall be as established for residential customers in Rule 1 of this Section.

(c) Deposit Refunds and Interest—A deposit will be refunded if the customer pays all bills on time over a 12-month period or if service is disconnected and the final bill has been paid. There will be no interest paid on deposits for nonresidential accounts.

Section F - Wastewater Control Regulations

1. General:

(a) No storm water from pavements, area ways, roof runoff water, foundation drains, subsurface drains, water from springs, cooling water, basement sump pumps, unpolluted industrial or commercial process water or other sources shall be admitted to the Company mains.

(b) The discharge of garbage to the sewer system is expressly prohibited. Properly shredded garbage may be discharged into the sewer system when expressly authorized by the Company.

(c) This does not exclude or preclude pump-out of manholes by a utility company or of manholes on plant premises which should be kept in dry or reasonably dry condition.

2. Discharges: No person shall cause or permit to be discharged into the Company's wastewater system any toxic substances or wastes having any of the following characteristics:

(a) Wastes containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which by reason of their nature or quality may cause fire or explosion or be in any other way injurious to persons, the structures of the wastewater system or its operation.

(b) Wastes having a temperature in excess of 120 degrees F. or less than 20 degrees F.

(c) Washes having a pH lower than 6.0 or higher than 9.0 having any corrosive property capable of causing damage or hazards to structures, equipment or personnel of the wastewater system.

(d) Wastes containing any noxious or malodorous gas or substance that either singly or by interaction with sewage or other wastes is likely in the opinion of the Company to create a public nuisance or hazard to life or prevent entry to sewers for their maintenance and repair.

(e) Wastes containing ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, hair, chemical or paint residues, greases, paunch, manure, cotton, wool, plastic or other fibers, lime, slurry or any other solid or viscous material of such character or in such quantity as in the opinion of the Company may cause an obstruction to the flow in sewers or otherwise interfere with the proper operation of the sewer system.

(f) Wastes containing insoluble, non-flocculent substances having a specific gravity in excess of 2.65.

(g) Wastes containing soluble substances in such concentrations as to cause the specific gravity to be greater than 1.1.

(h) Wastes containing any of the following substances in concentrations exceeding those shown in the following table as measured by an acceptable method:

Substance	Maximum Permissible Concentration
Phenolic Compounds, e.g., As C6H5OH	1.00 mg/l
Cyanides as CN	0.00 mg/l
Cyanates as CNO	0.00 mg/l
C.B.O.D. (5 day)	300.00 mg/l

Iron as Fe	3.00 mg/l
Trivalent Chromium as CR plus three	0.05 mg/l
Hexavalent Chromium as CR. plus six	0.05 mg/l
Nickel as Ni	0.05 mg/l
Copper as Cu	0.50 mg/l
Lead as Pb	0.50 mg/l
Zinc as Zn	0.50 mg/l
Mercury as Hg	0.00 mg/l

(i) Wastes containing other matter detrimental to the operation of a sewage treatment plan or sanitary sewers causing erosion, corrosion or deterioration in sewers, equipment and structures of a sanitary or sewage treatment plant.

(j) Wastes containing more than 100 mg/l by weight of tar, fat, oil or grease.

(k) Wastes containing more than 10 mg/l of any of the following gases, hydrogen sulfide, sulfur dioxide, nitrous oxide, or any of the halogens.

(l) Wastes containing a toxic or poisonous substance, in a sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals or create any hazard in the sewer system operation and such toxic wastes shall include, but not be limited to wastes containing cyanide, chromium and/or copper ions.

(m) Any waste containing toxic substance in quantities sufficient to interfere with the biochemical processes of the sewage treatment works or that will pass through the sewage treatment works and exceed the state and/or federal requirements in respect thereof.

(n) Any waste containing radioactive isotopes.

3. Sampling and Analysis:

(a) All measurements, tests and analyses of the characteristics of waters and wastes to which reference is made in these rules may be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater" as prepared, approved and published jointly by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation or other reference sources specified by regulatory agency requirements, such as "Methods for Chemical Analysis of Water and Wastes," U.S.E.P.A. 1974 or its subsequent updated version.

(b) All measurements, test, inspections and analyses deemed by the Company to be necessary under this Section or any other part of the Rules and Regulations of the Company, shall be done by the Company or its agents, employees or contractors. If the measurements, test, inspections and/or analyses determine that a customer has created a situation which is in violation of any statute, ordinance, rule or regulation then the customer shall be required to pay all costs incurred in order to measure, test, inspect, analyze and remedy the situation. Otherwise, the costs involved are to be born by the Company. Costs assessed against a Customer pursuant to this Section shall be in addition to any other fees charged by the Company. The costs shall be payable within 30 days of presentation of a bill for such costs by the Company to the Customer(s).

(c) Where the Company deems it advisable, it may require any person discharging wastes to install and maintain, at his or her own expense, in a manner approved by the Company or its representative, a suitable device to continuously measure and record the pH of the wastes so discharged.

4. Disposal of Wastes From Septic Tanks and Cesspools: No person shall dispose of wastes from septic tanks, cesspools, or other such sources of sanitary sewage to the Company's wastewater system, except as designated by the Company.

5. Penalities: The Company reserves the right to deny wastewater service for violation of any provision of these regulations, subject to Commission rules and regulations.

6. Damage to System and Indemnification: In the event of any damage to the Company's wastewater system caused by a customer, such damage shall be immediately reported to the Company and said customer shall reimburse the Company for the costs of such repairs.

Section G - Line Extensions

1. Requests by Bona Fide Service Applicant: Upon request by a bona fide service applicant, the Company shall construct line extensions within its franchised territory consistent with the following directives:

   (a) Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the Company's annual line extension costs.

(b) If the annual revenue from the line extension will not equal or exceed the Company's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the Company's cost of construction for the line extension. The Company's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension. The customer advance amount shall be determined by subtracting the Company's investment for the line extension from the total construction costs.

(c) The Company's investment for the line extension shall be based on the following formula, where X equals the Company's investment attributed to each bona fide applicant:

X = [AR - OM] divided by [I + D] ; and,
AR = the Company's annual revenue
OM = the Company's operating and maintenance costs
I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate

D = the Company's current depreciation accrual rate

2. Customer advance financing, refunds and facilities on private property:

(a) When a customer advance is required of a service applicant and an additional customer or customers attach service lines to the line extension within ten (10) years, the Company shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension are contributions in aid of construction and need not be refunded.

(b) The Company will refund to the applicant, during a period of ten (10) years from the date of the extension deposit, a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension as distinguished from extensions or branches thereof. Provided, however, that the total amount refunded shall not exceed the original deposit without interest, and provided that all or any part of the deposit not refunded within said ten (10) year period shall become the property of the Company and shall be treated as Contributions in Aid of Construction for ratemaking purposes. The per customer refund amount shall equal the Company's investment attributed to each bona fide applicant as calculated in the formula contained in Section G, Rule 1, Subsection (c) of this tariff.

(c) The Company shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

(d) Special utility service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section G Rule 1 (a) through (c) of this tariff do not apply to special utility service. By way of illustration and not limitation, special utility service shall include: the installation of facilities such as oversized mains and booster pumps as necessary to provide adequate flows, or service to large commercial and industrial facilities. An otherwise bona fide applicant requesting service which includes a "special utility service" component is entitled to bona fide applicant status, including the corresponding Company contribution toward the costs to the line extension which do not meet the special utility service criteria.

3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the Company pursuant to Rule 2 of this Section, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement.

4. Size of Main: The Company shall have the exclusive right to determine the type and size of mains to be installed and the other facilities required to render adequate service. However, where the Company decides to install a pipe larger than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate.

5. Length of Extension: In determining the necessary length of an extension, the terminal point of such extension shall be at that point in the curb line, which is equidistant from the side property lines of the last lot for which service was requested. A street service connection will be provided only for customer service lines that extend at right angles from the curb line in a straight line to the premises to be served.

6. Cost True-up: At the conclusion of the main extension project there shall be a reconciliation of the actual costs incurred to the amount of extension deposit that has been paid by the customer. If the actual cost exceeds the deposit, the applicant shall be

responsible for payment to the Company of the difference. If the deposit exceeds the actual cost, the Company shall refund the difference.

Section H - Service Continuity

1. Regularity of Service: The Company may, at any time, shut off service in case of accident or for the purpose of making connections, alterations, repairs or changes, or for other reasons. The Company will, pursuant to Commission regulations at 52 Pa. Code § 67.1 and as circumstances permit, notify customers to be affected by service interruptions.

2. Liability for Damages:

   (a) Limitation of Damages for Service Interruptions—The Company's liability to a customer for any loss or damage from any excess or deficiency in the wastewater collection service due to any cause other than willful misconduct or negligence by the Company, its employees or agents shall be limited to an amount no more than the customer charge or minimum bill for the period in question. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service, but cannot and does not guarantee that such will not occur.

   (b) Responsibility for Customer Facilities—The Company shall not be liable for any loss or damage caused by reason of any break, leak or other defect in a customer's own service pipe, line, fixtures or other installations, except where the damage is a result of the negligence or willful misconduct of the Company, its employees or agents.

Section I - Waivers

The Company may, at its sole discretion, waive any of the Rules contained herein that operate for the benefit of the Company; provided, that no such waiver will be valid unless in writing and signed by an authorized representative of the Company, and provided that no waiver will be allowed where the waiver would constitute a violation of the Public Utility Code, the regulations of the Commission or of any other applicable statute, law or regulation.

Section J - Amendment of Commission Regulations

Whenever Commission regulations in Title 52 of the Pennsylvania Code are duly amended in such a way as would produce a difference between Commission regulations and this tariff, this tariff is deemed to be amended so as to be consistent with the amendments to the regulations, except that if application of the amendment to Title 52 is discretionary, this tariff will remain unchanged.

Section K. Industrial and Commercial Service Limitations.

1. Pretreatment: All industrial and commercial waste proposed for discharge into the sewer system shall be studied to determine the degree of pretreatment, if any, necessary in order that the waste will not adversely affect the system or the sewage treatment facilities. The Company will have the authority to properly control any waste discharge into its sewage system by regulating the rate of any waste discharge into its sewer system by requiring necessary pretreatment, and excluding certain waste, if necessary, to protect the integrity of the Company's system.
2. Customer Limitations: Customers specifically agree that service applies exclusively for domestic/household sewage. If any Customer discharges industrial or commercial waste that:

   a. the existing wastewater treatment plant is unable to satisfactorily treat; or,
   b. is not in compliance with discharge permit standards, disrupts the normal functioning of the existing wastewater treatment plant; or,
   c. is more costly to treat than typical domestic wastewater; or,
   d. requires the utilization of more wastewater treatment plant capacity per gallon of effluent than that required by average typical domestic waste water,

   then the customer shall provide, at the customer's own expense, such primary treatment as may be necessary before such waste is discharged into the Company mains. No commercial or industrial waste, whether pretreated or not, may be discharged without prior written authorization from the Company.

3. Company Limitations: The Company will not be liable nor bound to increase wastewater treatment plant operations to accommodate industrial or commercial waste.
4. Specific dangers: In general, any waste will be considered harmful to the Company wastewater system if it may cause any of the following damaging effects:

   (a) chemical reaction either directly or indirectly with the materials of construction of the system in such a manner as to impair the strength or durability of the sewer structures;

(b) mechanical action that will destroy the sewer structures;

(c) restriction of the hydraulic capacity of the sewer structures;

(d) restriction of the normal inspection or maintenance of the sewer structures;

(e) danger to public health and safety; or

(f) obnoxious condition contrary to the public interest.

Section L. Privilege to Investigate/Right of Access

The Company's authorized representatives shall have the right of access at all reasonable times to all parts of any premises connected with the system, for the purpose of examining and inspecting connections and fixtures, including the water and/or wastewater metering arrangement, or for disconnecting service for any proper cause.

APPENDIX D

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Hidden Valley Utility Services, L.P. for approval to begin to offer, render, furnish or supply wastewater service to the public in Hidden Valley, Pennsylvania:	Application Docket No. A-230101
In re: Application of Hidden Valley Utility Services, L.P. for approval to begin to offer, render, furnish or supply water service to the public in Hidden Valley, Pennsylvania	Application Docket No. A-210117

CERTIFICATE OF SERVICE

I hereby certify that Hidden Valley Utility Services, L.P. on March 5, 2005 mailed copies of the attached NOTICE OF PROPOSED RATE REDUCTION FOR OWNERS OF LOTS WITH NO STRUCTURES upon the following:

Service by First Class Mail, postage prepaid, as follows:

Paul & Marion Able
238 Shady Knoll Drive
Pittsburgh, PA 15220

James & Tamara Zeliff
5758 Evans Road
Export, PA 15632

Alchemy Group LCC
P. O. Box 783
Ligonier, PA 15658

John & Anna Toth
2352 Players Pond Lane
Reston, VA 20191

Robert & Anne Fornal
2327 Milligan Grove
Grove City, OH 43123

John Sundo
109 Power Street (Basement)
Pittsburgh, PA 15215

William & Gail Doring
4963 Brownsville Road
Pittsburgh, PA 15236

Estate Home Builders, Inc.
145 William Drive
Corapolis, PA 15108

William & Denise Coleman
8 Ben Franklin Drive
Irwin, PA 15642

Joseph Colaizzi
2393 Willow Drive
Export, PA 15632

Anthony Manganello
732 Layfayette Drive
Clairton, PA 15025

Martin & Jill Kramer
251 Redds Mill Road
Charleroi, PA 15022

Gregory & Carey Miller
1296 Gardner Road
Somerset, PA 15501

Theofanis & Mary Kotjarapoglus
1291 Kuhn Road
Boiling Springs, PA 17007

Michael & Leslie Nealon
111 Pheasant Drive
Pittsburgh, PA 15238

Bruce & Sharon Matthews
170 Lakewood Road
Greensburg, PA 15601

Naomi Kettler
5405 Albemanle Street
Bethesda, MD 20816

Jeffrey & Jacqueline Shogan
4145 Kellington Court
Murrysville, PA 15668

Walter & Evelin Buss
60 Sunnyhill Drive
Pittsburgh, PA 15228

Ronald & Etela Conway
196 Meadowfield Lane
Jefferson Hills, PA 15025

Hidden Valley Resort L.P.
1 Craighead Drive
Hidden Valley, PA 15502

Dated: March 16, 2005

Jeffrey A. Franklin
Carl J. Engleman, Jr.
RYAN, RUSSELL, OGDEN & SELTZER LLP
1105 Berkshire Boulevard, Suite 330
Wyomissing, Pennsylvania 19610-1222
(610) 372-4761

Attorneys for
Hidden Valley Utility Services, L.P.

NOTICE OF PROPOSED RATE REDUCTION FOR OWNERS OF LOTS WITH NO STRUCTURES

The rates charged by Hidden Valley Utility Services, L.P. ("Company") will in the future be subject to the jurisdiction of the Pennsylvania Public Utility Commission ("PUC"). The Company has filed a request with the PUC to establish new water and wastewater rates. The Company's request includes a proposed decrease in the previous level of rates for lots that have water or wastewater service available to them but that have no structures currently connected to the water and/or wastewater system, to be effective on or after May 5, 2005. This notice is being sent to all current customers with lots with no structures and describes the Company's rate request as it relates to you, the PUC's role, and the possible actions you may take regarding the request.

As part of its overall rate filing, the Company proposes to eliminate the present $30.25 flat rate facilities charge to all property owners whether or not they receive water or wastewater service. In addition, the Company is also requesting the PUC to allow it to establish a new class of customer in its tariff called "availability customer." An "availability customer" is the owner of a lot with no structures connected to the water or wastewater system, to whom the Company's water or wastewater service lines are available. Water availability customers will pay $9.00 per quarter and wastewater availability customers will pay $15.00 per quarter. This $24.00 total of the availability charges represents a quarterly rate decrease of $6.25 or 20.83% compared to the $30.25 flat rate quarterly facilities charge you are currently paying. Since you own a lot(s) with no structure connected to the water and/or wastewater system, you would be charged this new, lower quarterly rate if it is approved by the PUC.

In the present proceeding involving the Company's filing, the PUC will examine the Company's overall requested level of rates, including the rates to be charged to you as an availability customers. Customers receiving water and/or wastewater service will be charged different rates under the Company's proposal. The Company must prove that the requested rates, including the proposed charges to you as an availability customer, are just and reasonable. After examining the evidence, the PUC may grant all, some or none of the rate request for all customers, including availability customers.

If you have questions or concerns about the Company's request to lower the rates it currently charges to you as an owner of a lot with no structure taking water and/or service, you may contact the Company or the Office of Consumer Advocate. If appropriate, they can also inform you of your options to challenge the Company's proposed decrease in your current rate.

Hidden Valley Utility Services, L.P.
1 Craighead Drive
Suite 300
Hidden Valley, Pennsylvania 15502
(814) 443-8395

Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
800-684-6560 (from PA)
717-783-5048 (outside PA)

APPENDIX E

Appendix E

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Hidden Valley Utility Services, L.P. For approval to begin to offer, render, furnish or supply water and wastewater service to the public in Hidden Valley, Pennsylvania.	: : : :	A-210117 & A-230101

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

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

I. INTRODUCTION

On February 12, 2004, the Applicant, Hidden Valley Utility Services, L.P. (Company or HVUS) filed applications for Certificates of Public Convenience to become a public utility for the provision of water and wastewater service (Certificates) in a portion of Jefferson Township, Somerset County and a proposal to set initial base rates. On March 19, 2004, the OCA filed protests against the applications.

On or about March 4, 2004, David and Angela Boyter (Boyters) filed a Petition to Intervene and Edwin C. Miller, Jack Mautino, Jr., Douglas Brown, John Fiesta, Richard Brown and Edward Mackenzie (Miller Protestants) filed a Protest against the applications. On March 18, 2004, the

Office of Trial Staff (OTS) filed a Protest. On July 14, 2004, in response to a Motion by HVUS, ALJ John H. Corbett (ALJ Corbett) issued an Initial Decision dismissing the Miller Protest.

A Prehearing Conference was held on August 5, 2004 before ALJ Corbett. On August 18, 2004, OCA filed Motions to Join Hidden Valley Resort, L.P. (HVR) and Hidden Valley Foundation, Inc. (HVF) as indispensable parties to this proceeding, which were unopposed. On September 1, 2004, the ALJ issued a Third Interim Order granting the Motion. On October 6, 2004, the Public Utility Commission (PUC or Commission) entered an Opinion and Order reversing the July 28, 2004 Initial Decision. On October 7, 2004, a Public Input Hearing was held in the service territory.

Three mediation sessions were held before Mediator Herbert R. Nurick. As a result of extensive negotiations among the parties, a settlement of the issues has been reached. The OCA submits that the proposed Settlement is in the public interest for the reasons discussed below.

II. WATER DISTRIBUTION SYSTEM

The Joint Petition imposes numerous requirements on HVUS to improve its water distribution system and, ultimately, the quality of water supplied to its customers. The Settlement provides that, within 10 years, HVUS will replace all under-sized mains with 6-inch or larger mains. In addition, the main serving Lakeview Drive, an area with significant low pressure and tea-colored water problems, will be replaced sooner, by December 2005. A second main along Gardner Road is buried too shallowly and, as a result, breaks often and causes outages to many homes. The main also has a faulty pressure reducing valve that causes outages during repair. This main will be replaced by December 2007. Finally, there are many dead-end lines in the HVUS system that do not have blow-off valves, which prevents proper flushing of the system. Under the terms of the Settlement, HVUS will install all of the necessary blow-off valves at a rate of 3 valves per year.

III. WATER PRESSURE

Two areas of the system on Snowfield Court and Powder Ridge Road have particular pressure problems. When many of these houses were built, in-home-booster-pumps were installed, but many have been abandoned or removed. Their replacement or repair could improve water pressure. Under the Joint Petition, the Company has agreed to provide this information to the affected customers in writing.

IV. WATER QUALITY

The settling of iron and manganese in the HVUS distribution system causes numerous complaints and concerns for customers – discolored water, discolored fixtures, discolored laundry, excessive replacement of bathroom fixtures, hot water tanks and filters, and the cost of buying alternative drinking water. It is the OCA's position that the terms of the Settlement may help to reduce some of these symptoms. The problem may be addressed more fully by the installation of iron/manganese treatment plant, which is also provided for in the Joint Petition.

First, settling may be exacerbated at higher water temperatures. Setting hot water heaters to a temperature less than 140 degrees may help reduce settling. The Settlement requires HVUS to provide this information to customers in the form of a bill insert or repeated line item on water bills. Second, every time the Company's pump cycles on and off, the flow in the distribution system reverses and stirs up sediment in the pipeline. HVUS has agreed to use a second, smaller capacity pump to reduce the number of on/off cycles. Third, the Settlement provides that the Company will solicit an engineer's recommendation how to flush the distribution system with the best results and least loss of water. A proper flushing regimen should help to clean sediment from the system on a regular basis. In response to complaints, HVUS specifically agrees in the Settlement to notify

customers, in writing, in advance of all scheduled flushings. Finally, to address specific problems on Valley View Road, an area that is affected by blasting in a nearby quarry, the Company will flush the line every other month while the quarry is in operation.

With regard to the iron and manganese content of the water, HVUS will reduce water loss to acceptable levels and continue entire-system leak detection on a yearly basis. Then, with a more accurate measure of system demands, the Company will reassess the treatment plant necessary to permanently solve the problems caused by iron and manganese. This report is required within two years from the effective date of Settlement rates. Until that time, HVIS will test its water three times per year for iron and manganese levels and report the results.

In combination, the OCA believes that these measures will reduce quality complaints until a permanent solution is put in place.

V. REPORTING

The Joint Petition contains significant reporting requirements that will allow the parties and the Commission to closely oversee the Company's compliance with the Settlement provisions and to monitor the status of improvements. In addition to the treatment plant and iron/manganese test result reports discussed above, HVUS is required to report on the schedule of under-sized main replacement, its engineer's recommendation for flushing procedures and estimated water requirements, and measurements of how much water is flushed from each hydrant and blow-off valve for comparison with its engineer's estimates.

VI. EDUCATION AND OUTREACH

In addition to the notice requirements discussed above regarding in-home booster pumps, water heater temperatures, and scheduled flushings, the terms of the Settlement require HVUS to

comply with Commission regulations regarding notice to availability customers of the proposed initial availability rates contained in this Settlement. The Company also agrees that if the Settlement rates are approved by the Commission, it will mail a notice to all customers listing their new rates and providing contact information for HVUS, the OCA and the Commission's Bureau of Consumer Services. The Joint Petition also creates a 24-hour call center for water and wastewater related problems or emergencies and establishes semi-annual meetings in the service territory for all customers to meet with Company representatives. All of these measures are intended to improve the exchange of information between HVUS and its customers.

VII. MISCELLANEOUS

Pursuant to the Settlement, the Company will file an affiliated interest agreement between HVUS and HVR, which share common ownership. Also, to accommodate the large number of customers who reside outside of the service territory on a part-time basis and the related potential for delays in mail service, HVUS agrees that late payment charges will apply only to payments received five (5) or more days after the due date.

VIII. REVENUES

The proposed Settlement provides for overall annual revenues not in excess of $392,000 for wastewater operations and $182,500 for water operations, or $575,000 in total. This is approximately a 22.4% reduction from the total annual revenues proposed by HVUS in its applications, $741,356, and an approximate 18.5% increase above revenues currently billed for water and wastewater service. Under the Settlement rates, a residential customer using 5,000 gallons per month, would pay $116.55 per quarter for water service and $234 per quarter for wastewater service, compared to $126.45 per quarter for water service and $288 per quarter for wastewater service, as

originally proposed by HVUS. The Settlement also creates an availability charge for water and wastewater customers of $9.00 per quarter and $15.00 per quarter, respectively.

Based on the OCA's analysis of HVUS' filings, the proposed increase under the Settlement represents an amount which, in the OCA's view, would be within the range of the likely outcomes in the event of full litigation of the case.

IX. REFUNDS

The OCA believes that the Joint Petition is a fair resolution of the refund issue. It is the OCA's position that the billing and collection of any rates prior to the PUC's approval of Certificates of Public Convenience and initial tariffs was unlawful. In the Joint Petition, HVUS agrees to refund a total of $96 per current customer, excluding properties owned by HVUS, HVR, HVF and any availability customers, over the next three years. This amount represents a reasonable compromise because it addresses the OCA's concern regarding the operation of de facto public utilities as well as the financial condition of the Company, and avoids further litigation costs that HVUS could seek to pass on to ratepayers.

X. STAY-OUT PROVISION

Under the proposed Settlement, HVUS cannot file for any rate increase for at least 18 months following the entry date of an order approving the Settlement. The proposed stay-out provision should prevent another rate increase before July of 2007, assuming the Company files as soon as the stay-out expires and assuming this case ends in April 2005 and the next case is fully litigated. Thus, HVUS' ratepayers will be assured of some level of rate stability.

XI. CONCLUSION

The terms and conditions of the proposed Settlement of this rate proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement would provide for a lower revenue increase compared to the Company's proposal. In addition, the ratepayers will benefit from the stay-out included in the proposed Settlement. Finally, the Commission and all parties would benefit by the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the best interests of the public and of HVUS' customers.

Respectfully submitted,

Erin L. Gannon/cmh

Erin L. Gannon
Assistant Consumer Advocate

Christine Maloni Hoover
Senior Assistant Consumer Advocate

Counsel for:
Irwin A. Popowsky
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

Dated: March 4, 2005
00083063.doc

APPENDIX F

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Hidden Valley Utility Services, L. P. for approval to begin to offer, render, furnish or supply water service to the public in Hidden Valley, Pennsylvania	:	**Docket No. A-00210117**
Application of Hidden Valley Utility Services, L. P. for approval to begin to offer, render, furnish or supply wastewater service to the public in Hidden Valley, Pennsylvania	:	**Docket No. A-00220101**

OFFICE OF TRIAL STAFF
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT

TO ADMINSTRATIVE LAW JUDGE JOHN H. CORBETT:

The Office of Trial Staff ("OTS") of the Pennsylvania Public Utility Commission, ("Commission") by and through its Prosecutor Charles Daniel Shields and its Chief Prosecutor Johnnie E. Simms hereby respectfully submits that the terms and conditions of the foregoing Settlement Petition ("Settlement") for both water and wastewater service are in the public interest and represent a fair, just, reasonable and equitable balance of the interest of Hidden Valley Utility Services, L.P. ("HVUS" or "Company") and its customers.

1. The Office of Trial Staff's general prosecutorial authority and duties are prescribed in Section 306 of the Public Utility Code, 66 Pa.C.S. §306.[1] Consistent with such statutory grant of authority, OTS represented the public interest at all time both during the proceedings concerning the previous OTS Complaint and during these present application proceedings.

2. All the instant parties at these application dockets participated in mediation sessions and as result, the Company, OTS, the Office of Consumer Advocate ("OCA"), Hidden Valley Resort, L.P. ("HVR"), Hidden Valley Foundation, Inc. ("HVF"), Edwin C. Miller, Jack Mautino Jr., Douglas Brown, John Fiesta, Richard Brown and Edward Mackenzie ("Group Protestants"), and H. David Boyter and Angela M. Boyter ("Boyters") have agreed upon the terms embodied in the foregoing Settlement.

3. During the course of these proceedings (and the prior OTS Complaint proceeding that generated the current proceedings), OTS thoroughly reviewed the Company's water and wastewater application filings, conducted an inspection tour of the facilities, analyzed all supporting information, discovery responses, submitted

---

[1] And specifically, 66 Pa.C.S. §306(b)(1), that provides:

(1) The Office of Trial Staff shall be responsible for and shall assist in the development of, challenge of and representation on the record of all matters in the public interest in all commission proceedings except those involving transportation, safety, eminent domain, siting, service issues having no impact on rates and ability to pay, provided that the Director of Trial Staff may petition the commission or may be directed by the commission to intervene to protect the public interest in any proceeding involving transportation, safety, eminent domain, siting, service issues having no impact on rates and ability to pay. To assist in carrying out his powers and duties under this section, the Director of Trial Staff shall supervise the activities of the Office of Trial Staff in all commission proceedings in which he participates. If the Director of Trial Staff is of the opinion that the initiation of a proceeding is necessary to protect the public interest, he shall request that the commission initiate the appropriate proceeding. When he participates in a commission proceeding, it shall be the duty and responsibility of the Director of Trial Staff to prosecute in that proceeding.

filing data, and participated in the lengthy discussions amongst the parties during the three mediation sessions that eventually resulted in the proposed terms for system improvements and initial Commission-approved rates for both water and wastewater service.

I. Background

4. In a previous separate action that produced the instant application proceedings, OTS filed a Complaint against the then named Respondent, Hidden Valley Resort, L.P. ("Resort") on January 17, 2003, claiming that the Resort was a de facto public utility providing water and wastewater service to the public for compensation and was therefore in violation of Section 1101 of the Code, 66 Pa. C.S. §1101, by not obtaining a certificate of public convenience to provide such services and by operation of Section 1301 of the Code, 66 Pa. C.S. §1301, its rates for such services must be deemed unjust and unreasonable.[2]

5. The filing of the instant water and wastewater service applications was required by the terms and conditions of a settlement entered into by OTS, Complainants Angie and David Boyter, and the present applicant on June 19, 2003. The Commission's Order entered November 14, 2003, at Docket Nos. C-20028823 and

[2] Previous to the filing of the OTS Complaint, Angie and David Boyter filed a complaint on July 12, 2002, stating that Hidden Valley Resort, L.P. ("Resort") was providing uncertificated water and wastewater service to approximately 1,000 or so residents of Hidden Valley Resort by way of a Hidden Valley Foundation.
The complaints were consolidated and on June 18, 2003, the parties submitted a settlement to the presiding ALJ proposing to resolve the proceedings and providing that the Respondent, Hidden Valley Resort, L.P. would be required to file applications for certificates of public convenience within ninety (90) days of Commission approval of the settlement. That settlement was ultimately approved by the Commission.

C-20039320, approved said settlement as submitted to the presiding Administrative Law Judge. As noted on page 4 of the Order, the settlement required the applicant to file separate applications for certificates of public convenience to provide water and wastewater service within ninety days of the entry of a final Order approving the Settlement Stipulation.

6. On February 12, 2004, the instant water and wastewater service Applications were filed with the Secretary of the Commission. OTS filed Protests to the Applications and acknowledged that said filings were made within the required ninety (90) days established by the settlement, and referenced the November 14, 2003, entrance date of the Commission's final Order at those dockets.

II. Settlement Terms and Conditions

7. The instant Settlement, if approved, would result in Commission issuance of Certificates of Public Convenience for both the water and wastewater operations of the Company.

8. As part of the Settlement, the Company has agreed to (1) make extensive water distribution system modifications and improvements; (2) advise customers regarding water pressure improvements; (3) take specific steps to improve water quality; (4) make certain refunds to customers; and (5) file a proof of revenues with the

Joint Petition that reflects rates designed to recover annual revenues of $182,500 for water operations and $392,000 for wastewater operations.[3]

9. In consideration of Commission approval of the instant Petition, the Company will not file a general rate increase, as that term is defined in Section 1308(d) of the Public Utility Code, 66 Pa. C.S. §1308(d), within eighteen (18)-month period beginning on the Effective Date of the Commission Order approving the Settlement.

10. OTS considers Commission approval of the terms and conditions of the Settlement to have the same effect as full and complete litigation and further recognizes that final resolution of this proceeding by approval of the Settlement shall result in Commission-made rates.

11. OTS asserts that the rates for water and wastewater contained in Appendix A are just, reasonable, non-discriminatory, lawful and in the public interest.

12. OTS further agreed that the terms and conditions of the Settlement as set forth herein is in the public interest for the following reasons:

(a) the settlement results in the formation of a Commission regulated utility in the Company's designated service area providing both water and wastewater service through separate tariffs;

(b) the settlement provides timeframes for required Company actions designed to improve service to the Company's customers;

[3] Per the instant proposed level of rates, all water customers would pay a $12 per quarter customer charge and $6.97 per thousand gallons volumetric charge up to 30,000 gallons and $5.75 volumetric charge over 30,000 gallons. All wastewater customers would pay a $27 per quarter customer charge and a $15.60 volumetric charge up to 30,000 gallons and $12.52 volumetric charge over 30,000 gallons. An "availability customer" would be defined as the owner of a lot with no structures connected to the water or wastewater system, to whom the Company's water or wastewater service line, respectively, is available. Water availability customers would pay $9.00 per quarter and wastewater availability customers would pay $15.00 per quarter.

(c) the settlement provides for a level of operating revenues that Joint Petitioners agree are reasonable and lawful;

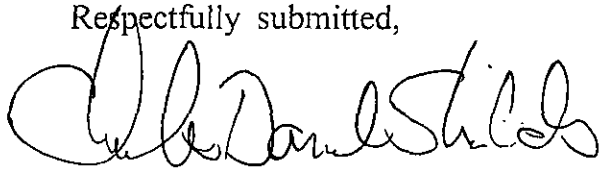
(d) the Settlement provides a refund to customers for a portion of the rates charged to them for uncertificated water and wastewater service; and

(e) the settlement avoids the necessity of further administrative and possible appellate court proceedings, which would have been at substantial cost to Joint Petitioners and the Company's ratepayers and thereby conserves time and expenses for all involved;

III. Conclusion

The Office of Trial Staff has been fully involved in both the instant proceeding and the OTS Complaint that established the requirement that the Company file the present applications to ensure Commission regulation over both water and wastewater rates and service . OTS reiterates that it fully supports the Settlement of these water and wastewater application proceedings as being in the public interest and respectfully requests that Administrative Law Judge John H. Corbett recommend, and the Commission subsequently (1) approve, without modification, the proposed Settlement as set forth in the Joint Petition; (2) approve the respective tariff supplements submitted with the proposed Settlement; and (3) issue an individual Certificate of Public Convenience to the Company for water service at Docket No. A-00210117 and another for wastewater service at Docket No. A-00220101.

Respectfully submitted,



Charles Daniel Shields
Prosecutor
Office of Trial Staff

Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 787-1976

Dated: March 4, 2005

CHARLES DANIEL SHIELDS ESQUIRE
PA PUBLIC UTILITY COMMISSION
OFFICE OF TRIAL STAFF
PO BOX 3265
HARRISBURG PA 17105-3265

DAVID AND ANGELA M BOYTER
3914 MACALPINE ROAD
ELICOTT CITY MD 21042

H DAVID AND ANGELA M BOYTER
BOX 4214
354 LAKE ROAD
HIDDEN VALLEY PA 15501-0775

HIDDEN VALLEY FOUNDATION INC
1900 SOUTH RIDGE DRIVE
PO BOX 4180
HIDDEN VALLEY PA 15502

HIDDEN VALLEY UTILITY SERVICES LP
ONE CRAIGHEAD DRIVE SUITE 300
HIDDEN VALLEY PA 15502

JEFFREY A FRANKLIN ESQUIRE
CARL J ENGLEMAN JR ESQUIRE
RYAN RUSSELL OGDEN AND SELTZER
1105 BERKSHIRE BOULEVARD STE 330
WYOMISSING PA 19610-1222

JAMES F BEENER ESQUIRE
BARBERA CLAPPER BEENER RULLOW &
MELVIN
146 WEST MAIN STREET
PO BOX 775
SOMERSET PA 15501-0775

HIDDEN VALLEY RESORT L P
1 CRAIGHEAD DRIVE SUITE 300
HIDDEN VALLEY PA 15502

EDWIN C MILLER
203 IMPERIAL ROAD
PO BOX 4143
HIDDEN VALLEY PA 15502

JOHN FIESTA
1752 GREENFIELD DRIVE
HIDDEN VALLEY PA 15502

JACK MAUTINO JR
2308 SOUTH RIDGE DRIVE
HIDDEN VALLEY PA

RICHARD BROWN
1767 GREENFIELD TERRACE
HIDDEN VALLEY PA 15502

DOUGLAS BROWN
149 BROWNS RUN
HIDDEN VALLEY PA 15502

EDWARD MACKENZIE
1947 SOUTH RIDGE WAY
HIDDEN VALLEY PA 15502

CHRISTINA MALONI HOOVER ESQUIRE
ERIN L GANNON ESQUIRE
OFFICE OF CONSUMER ADVOCATE
555 WALNUT STREET
5TH FLOOR FORUM PLACE
HARRISBURG PA 17101-1923

SERVICE LIST: A-210117 & A-230101

Charles Daniel Shields, Esquire
PA Public Utility Commission
Office of Trial Staff
P.O. Box 3265
Harrisburg, PA 17105-3265

H. David and Angela M. Boyter
3914 MacAlpine Road
Ellicott City, MD 21042

H. David and Angela M. Boyter
Box 4214
354 Lake Road
Hidden Valley, PA 15501-0775

Hidden Valley Foundation, Inc.
1900 South Ridge Drive
P.O. Box 4180
Hidden Valley, PA 15552

Hidden Valley Utility Services, LP
One Craighead Drive, Suite 300
Hidden Valley, PA 15502

Jeffrey A. Franklin, Esq.
Carl J. Engleman, Jr., Esq
Ryan Russell Ogden & Seltzer, LLP
1105 Berkshire Blvd, Suite 330
Wyomissing, PA 19610-1222

James F. Beener, Esq.
Barbera Clapper Beener Rullo & Melvin
146 West Main Street
P.O. Box 775
Somerset, PA 15501-0775

Hidden Valley Resort, L.P.
1 Craighead Drive, Suite 300
Hidden Valley, PA 15502

Edwin C. Miller
203 Imperial Road
P.O. Box 4143
Hidden Valley, PA 15502

John Fiesta
1752 Greenfield Drive
Hidden Valley, PA 15502

Jack Mautino, Jr.
2308 South Ridge Drive
Hidden Valley, PA 15502

Richard Brown
1767 Greenfield Terrace
Hidden Valley, PA 15502

Douglas Brown
149 Browns Run
Hidden Valley, PA 15502

Edward Mackenzie
1947 South Ridge Way
Hidden Valley, PA 15502

Christina Maloni Hover, Esquire
Erin L. Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

RO 20/0 Service list provided by ALJ.

MAY 19 2005

ACKNOWLEDGEMENT OF RECEIPT & ACCEPTANCE OF SERVICE

AND NOW, to wit, this 31 day of May, 2005

the undersigned, as evidenced by execution hereof, acknowledges receipt, and accepts service of Recommended Decision an official Commission document entered, issued, or otherwise promulgated under date of May 27, 2005 at Docket No. A-210117 & A-230101 on behalf of:

RJP

CHARLES DANIEL SHIELDS ESQUIRE
PA PUBLIC UTILITY COMMISSION
OFFICE OF TRIAL STAFF
PO BOX 3265
HARRISBURG PA 17105-3265

Cathy Royer
Signature

Kindly sign and date this acceptance of service and acknowledgement of receipt, and, ~~return~~ the same for filing to:

SECRETARY'S BUREAU RECORD RETENTION
PA PUBLIC UTILITY COMMISSION
KEYSTONE BUILDING 2ND FLOOR
400 NORTH STREET
Harrisburg, PA 17105-3265

RECEIVED
2005 JUN -6 PM 3:14
SECRETARY'S BUREAU

ACKNOWLEDGEMENT OF RECEIPT & ACCEPTANCE OF SERVICE

AND NOW, to wit, this 27 day of May, 2005

the undersigned, as evidenced by execution hereof, acknowledges receipt, and accepts service of Recommended Decision an official Commission document entered, issued, or otherwise promulgated under date of May 27, 2005 at Docket No. A-210117 & A-230101 on behalf of:

CHRISTINA MALONI HOOVER ESQUIRE
ERIN L GANNON ESQUIRE
OFFICE OF CONSUMER ADVOCATE
555 WALNUT STREET
5TH FLOOR FORUM PLACE
HARRISBURG PA 17101-1923

Erin L. Gannon
Signature

Kindly sign and date this acceptance of service and acknowledgement of receipt, and, return the same for filing to:

SECRETARY'S BUREAU RECORD RETENTION
PA PUBLIC UTILITY COMMISSION
KEYSTONE BUILDING 2ND FLOOR
400 NORTH STREET
Harrisburg, PA 17105-3265

DOCUMENT FOLDER

BTL

RECEIVED
2005 MAY 31 PM 1:00
SECRETARY'S BUREAU

SECRETARY'S BUREAU
2005 MAY 31 PM 1:00
RECEIVED

2. Article Number

7160 3901 9843 0727 8632

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

1. Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) | B. Date of Delivery 5/31/05

C. Signature

X Fran Wilson ☐ Agent ☑ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
JEFFREY A FRANKLIN ESQUIRE
CARL J ENGLEMAN JR ESQUIRE
RYAN RUSSELL OGDEN AND SELTZER
1105 BERKSHIRE BOULEVARD STE 330
WYOMISSING PA 19610-1222

BTL

PS Form 3811, February 2003

2. Article Number

7160 3901 9843 0727 8663

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

1. Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) | B. Date of Delivery 5-31-05

Ⓧ Anna Sanner

C. Signature

Ⓧ Anna M Sanner ☑ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
JAMES F BEENER ESQUIRE
BARBERA CLAPPER BEENER RULLOW &
MELVIN
146 WEST MAIN STREET
PO BOX 775
SOMERSET PA 15501-0775

BTL

PS Form 3811, February 2003

2. Article Number

7160 3901 9843 0727 8656

3. Service Type, **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

1. Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) | B. Date of Delivery 6-1-05

Ⓧ Jeremy E Cher

C. Signature

Ⓧ Jeremy Eicher ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
HIDDEN VALLEY UTILITY SERVICES LP
ONE CRAIGHEAD DRIVE SUITE 300
HIDDEN VALLEY PA 15502

BTL

PS Form 3811, February 2003

2. Article Number

7160 3901 9843 0727 8670

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

1. Article Addressed to:

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) | B. Date of Deli 6-1-5

Ⓧ Edwin M Miller

C. Signature

X ☐ Ag ☐ Ad

D. Is delivery address different from item 1? ☐ Ye
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
EDWIN C MILLER
203 IMPERIAL ROAD
PO BOX 4143
HIDDEN VALLEY PA 15502

BTL

PS Form 3811, February 2003

rticle Number

7160 3901 9843 0727 8687

ervice Type **CERTIFIED MAIL**

estricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) — B. Date of Delivery: 6-1-05

C. Signature — ☑ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
JACK MAUTINO JR
~~2308 SOUTH RIDGE DRIVE~~
HIDDEN VALLEY PA

BTI

orm 3811, February 2003 Domestic Return Receipt

2. Article Number

7160 3901 9843 0727 8649

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) — B. Date of Delivery: 6-23-05

C. Signature — X — ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
H DAVID AND ANGELA M BOYTER
BOX 4214
354 LAKE ROAD
HIDDEN VALLEY PA 15531-0775

Unclaimed

PS Form 3811, February 2003 Domestic Return Receipt

Article Number

7160 3901 9843 0727 8694

Service Type **CERTIFIED MAIL**

Restricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) — B. Date of Delivery

C. Signature — X Kristina S. Brown — ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No
Cristina S. Brown

USPS JUN 02 2005 SMITH FERRY PA 15551

RJP

A-210117 & A-230101 RD
DOUGLAS BROWN
149 BROWNS RUN
HIDDEN VALLEY PA 15502

Form 3811, February 2003 Domestic Return Receipt

2. Article Number

7160 3901 9843 0727 8700

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Angela M Boyter — B. Date of Delivery: 6/3/05

C. Signature — X Angela M Boyter — ☐ Agent ☑ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☑ No

JUN 3 2005 ELICOTT CITY MD

A-210117 & A-230101 RD
H DAVID AND ANGELA M BOYTER
3914 MACALPINE ROAD
ELICOTT CITY MD 21042

RJP

PS Form 3811, February 2003 Domestic Return Receipt

2. Article Number

7160 3901 9843 0728 1984

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly): Bill Bracken

B. Date of Delivery: 5/31/05

C. Signature

X Bill Bracken ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
HIDDEN VALLEY FOUNDATION INC
1900 SOUTH RIDGE DRIVE
PO BOX 4180
HIDDEN VALLEY PA 15502

BTL

PS Form 3811, February 2003 Domestic Return Receipt

2. Article Number

7160 3901 9843 0728 2004

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X John A Fiesta ☐ Agent ☐ Addr

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

BTL

SOMERSET PA JUN - 3 2005 15501

A-210117 & A-230101 RD
JOHN FIESTA
1752 GREENFIELD DRIVE
HIDDEN VALLEY PA 15502

PS Form 3811, February 2003 Domestic Return Receipt

2. Article Number

7160 3901 9843 0728 1991

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly): Jeremy Eicher

B. Date of Delivery: 6-1-06

C. Signature

X Jeremy Eicher ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

A-210117 & A-230101 RD
HIDDEN VALLEY RESORT L P
1 CRAIGHEAD DRIVE SUITE 300
HIDDEN VALLEY PA 15502

BTL

PS Form 3811, February 2003

2. Article Number

7160 3901 9843 0728 2011

3. Service Type **CERTIFIED MAIL**

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly): Sharon Brown

B. Date of Deliv

C. Signature

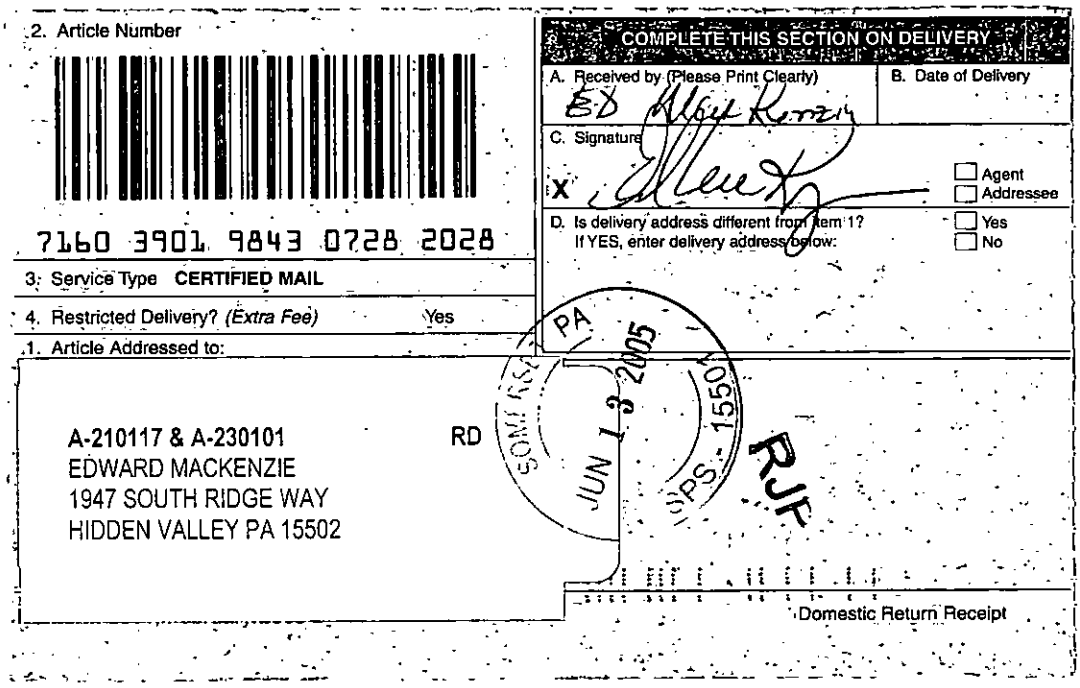
X Sharon Brown ☐ Ag ☐ Ad

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

BTL

A-210117 & A-230101 RD
RICHARD BROWN
~~1767 GREENFIELD TERRACE~~ PO 4292
HIDDEN VALLEY PA 15502

PS Form 3811, February 2003



2. Article Number

7160 3901 9843 0728 2028

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? *(Extra Fee)* Yes

1. Article Addressed to:

A-210117 & A-230101
EDWARD MACKENZIE
1947 SOUTH RIDGE WAY
HIDDEN VALLEY PA 15502

RD

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) ED

B. Date of Delivery

C. Signature

X

☐ Agent
☐ Addressee

D. Is delivery address different from item 1?
If YES, enter delivery address below:

☐ Yes
☐ No

SOMERSET PA JUN 13 2005 USPS 15501

RJF

Domestic Return Receipt