



THOMAS, LONG,
NIESEN & KENNARD

Attorneys and Counsellors at Law

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

June 5, 2013

Via Electronic Filing

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

In re: Docket No. R-2012-2315536, *et al.*
Pa. P.U.C. *et al.* v. Imperial Point Water Service Company

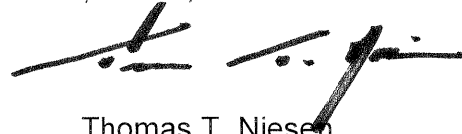
Dear Secretary Chiavetta:

Enclosed for filing is a Joint Petition for Settlement of the above referenced rate investigation signed by Imperial Point Water Service Company, the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission and the Office of Consumer Advocate. Copies of the Joint Petition are being served upon the persons and in the manner set forth on the certificate of service attached to it. Please contact the undersigned if you have any questions concerning this matter.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By



Thomas T. Niesen

Encl.

cc: Certificate of Service (w/encl.)
David Wurst (w/encl.)

130605 - Chiavetta (Settlement).wpd

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2012-2315536
Office of Consumer Advocate	:	C-2013-2344260
Otylia L. Schenker	:	C-2013-2340419
Georgiann Tressler	:	C-2013-2341458
	:	
v.	:	
	:	
Imperial Point Water Service Company	:	

**JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

This Joint Petition for Settlement of Rate Investigation (“Joint Petition”) is made and entered into by, between and among the Bureau of Investigation and Enforcement (“BI&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”) and Imperial Point Water Service Company (“IPWSC”), parties to the above captioned rate proceeding (hereinafter collectively referred to as “Joint Petitioners”), and is hereby submitted for consideration and recommended approval by the Administrative Law Judge for the purpose of settling the above captioned rate proceeding under the terms and conditions set forth below.

Background

1. IPWSC is a Pennsylvania public utility that provides water service to the public in Girard Township, Erie County, Pennsylvania.

2. On October 31, 2012, IPWSC filed Supplement No. 16 to Tariff Water-Pa. P.U.C. No. 2 ("Supplement No. 16") to be effective December 30, 2012. If approved, Supplement No. 16 would increase IPWSC's annual water revenue by \$61,321 based on a future test year ending December 31, 2012. On December 14, 2012, IPWSC filed Supplement No. 17 to Tariff Water-Pa. P.U.C. No. 2 voluntarily postponing the effective date of Supplement No. 16 to January 25, 2013.

3. By Order entered January 24, 2013, at Docket No. R-2012-2315536, the Commission suspended Supplement No. 16 and instituted an investigation into the reasonableness of the proposed rates. IPWSC filed Supplement No. 18 to Tariff Water-Pa. P.U.C. No. 2 to suspend the application of the proposed water rates until August 25, 2013.

4. A Formal Complaint against Supplement No. 16 was filed by the OCA at C-2012-2344260, by Otylia L. Schenker at Docket No. C-2012-2340419 and by Georgiann Tressler at Docket No. C-2012-2341458. A Notice of Appearance was filed by BI&E on January 16, 2013.

5. IPWSC consented to use the mediation process to try to resolve the rate investigation. As required by 52 Pa. Code § 69.392, IPWSC filed Supplement No. 19 on February 1, 2013, voluntarily extending the effective date of Supplement No. 16 to October 24, 2013.

6. The case was assigned to Administrative Law Judge Katrina L. Dunderdale. Herbert Nurick, Esquire was assigned as Mediator.

7. A Prehearing Conference was held on March 4, 2013. Counsel for BI&E, OCA and IPWSC attended the prehearing conference.

8. A mediation session was held on March 4, 2013. IPWSC, OCA and BI&E participated in the mediation session.

9. A public input session was held on April 11, 2013 in Fairview, Pennsylvania.

Terms and Conditions of Settlement

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

(a) Revenue Increase

Joint Petitioners respectfully request that the Commission act as soon as possible to approve this Joint Petition and grant IPWSC special permission to file a tariff supplement in the form attached hereto as Appendix A, to become effective for service on one day's notice, following the entry of a Commission Order approving this Settlement. The tariff supplement is designed to produce an increase in annual revenue of \$46,800, in lieu of the proposed \$61,321 increase contained in Supplement No. 16. A proof of revenue is attached hereto as Appendix B.

(b) System Flushing

IPWSC will continue its practice of flushing its system at least two times per year (usually in April and October). IPWSC will provide customers with advance notice of system flushing. IPWSC will provide advance notice of system flushing to its commercial and residential development customers, all of which are billed on Billing Cycle A, by notice on the back of its billing

postcards. IPWSC will provide advance notice of system flushing to mobile home park customers by placing a notice at the mobile park mail receptacles.

(c) Water Pressure

- i. Within 90 days after entry of the Commission Order approving this Joint Petition for Settlement, IPWSC will install a continuous pressure recording gauge at the blow off at 562 Shadybrook Circle. The gauge will stay in place for 30 days. At the end of that period, IPWSC will provide the pressure recorded data to the Joint Petitioners. If the recorded data establishes that pressure is below Commission standards at 52 Pa. Code §65.6, IPWSC will add a 6-inch line from the outer circle of Shadybrook into the center of the circle and tie it into the existing 2-inch line as pictured in Appendix C. IPWSC will make reasonable efforts to complete the project within 90 days after the conclusion of the 30 day monitoring period subject to adverse weather conditions.
- ii. IPWSC will comply with Commission requirements regarding pressure surveys at 52 Pa. Code §65.6. In addition, IPWSC will use the pressure recording gauge discussed above to conduct the pressure surveys. IPWSC agrees that it will send the results of those surveys to Joint Petitioners as well as the Commission's Bureau of Technical Utility Services.

iii. IPWSC will record complaints regarding low pressure in its log of customer complaints that it must keep in accordance with 52 Pa. Code §65.3.

(d) Unaccounted For Water

IPWSC will begin to estimate actual water lost during breaks in mains and services rather than using the same estimate in preparing its annual report to the Commission.

(e) Sulfur – Rotten Egg – Smell

i. IPWSC will provide information to any customer who contacts its office with a complaint of water smelling like rotten eggs. The information, which is presently available in IPWSC's office, is attached to this settlement as Appendix D.

ii. IPWSC will include language (to be agreed to by the Joint Petitioners) in its next Consumer Confidence Report to inform customers of steps customers with electric hot water heaters can take within their homes to try to address sulfur odor.

iii. IPWSC will record requests for sulfur – rotten egg – odor information in its log of customer complaints that it must keep in accordance with 52 Pa. Code §65.3.

(f) Fire Hydrants

During the use of fire hydrants for fire fighting purposes, IPWSC will attempt to maintain pressure to all customers equal to or in excess of 20 psi.

(g) Water Hardness

i. IPWSC recently had a test done of the hardness of the water. The test result showed a hardness level of 329 mg/l or 19.22 grains of hardness.

IPWSC will make the information attached to this Joint Petition for Settlement as Appendix E available to any customer who contacts the Company with a complaint related to hardness.

ii. IPWSC will record requests for water hardness information in its log of customer complaints that it must keep in accordance with 52 Pa. Code § 65.3.

(h) Membership in Pennsylvania Rural Water Association

IPWSC has joined the Pennsylvania Rural Water Association.

(i) Stay Out

IPWSC 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), prior to thirty (30) months after the entry date of the Commission's Order approving this Joint Petition for Settlement. IPWSC may, however, file for a change in rates under Sections 1308(a) and (b) of the Public Utility Code, 66 Pa. C.S. § 1308(a) and (b) (governing general rate relief), or Section 1308(e) of the Public Utility Code, 66 Pa. C.S. § 1308(e) (governing extraordinary rate relief), if a legislative body or administrative agency orders or enacts changes in policy, regulation or statutes which directly and substantially affect IPWSC's rates.

Other Provisions

11. Under the presently suspended Supplement No. 16, the quarterly cost of water

service to a typical residential customer using 5,000 gallons of water per quarter would have increased by approximately \$18.83, or 45.0%, from \$41.80 to \$60.63. Under the Joint Petition, the quarterly cost of water service to such residential customer would increase by approximately \$11.05, or 26.4%, from \$41.80 to \$52.85. The quarterly cost of water service to a residential customer using 10,000 gallons per quarter would increase by approximately \$18.50, or 32.3%, from \$57.20 to \$75.70.

12. Although Joint Petitioners are not in agreement with respect to each claim in the ratemaking process and would not be able to agree upon the specific rate adjustments that may support their respective conclusions, their agreement as to the amount of increase in IPWSC's annual water revenue, coupled with the other provisions hereto, provides an appropriate basis for resolution of the instant rate litigation.

13. The Joint Petition is in the public interest because it (a) minimizes cost-prohibitive litigation and administrative burden; (b) recognizes ratepayers' concerns; and (c) provides IPWSC with additional and necessary cash flow. The statements of IPWSC, BI&E and OCA supporting the Joint Petition are attached as Appendices F, G and H.

14. This Joint Petition is proposed to settle the instant matter and is made without any admission against or prejudice to any positions that any Joint Petitioner might adopt during subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. Joint Petitioners agree that the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding and agree not to contend otherwise in any subsequent proceeding. If the

Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint Petition may be withdrawn by any Joint Petitioner upon written notice to the Commission and all parties within three business days by any of the Joint Petitioners. In such event, the Joint Petition shall be of no force and effect. In the event that the Commission does not approve the Joint Petition or any Joint Petitioner elects to withdraw as provided above and the proceeding continues to hearing, the Joint Petitioners reserve their respective right to produce, distribute and offer into the record direct testimony as well as rebuttal and surrebuttal testimony and to conduct full cross-examination of other parties witnesses at hearing, briefing and argument in this rate proceeding.

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

16. The Joint Petitioners recognize that this Joint Petition does not bind the formal Complainants. The OCA is serving a copy of this Joint Petition on the Complainants. ALJ Dunderdale, thereafter, will advise the formal Complainants that they may comment or object to the Joint Petition by a date certain. Nothing herein is intended to limit in any way any position which any Joint Petitioner may have or take concerning any comment or objection to the settlement that may be filed by the formal Complainants.

17. In recognition of the foregoing, the Joint Petitioners respectfully request that:
- (a) IPWSC be granted special permission to file a tariff supplement in the form attached hereto as Appendix A to become effective for service on one day's notice, following entry of a Commission Order; and
 - (b) The Commission's investigation at R-2012-2315536 be terminated and marked closed;
 - (c) The Complaint of the Office of Consumer Advocate at C-2013-2344260 be dismissed consistent with this Joint Petition for Settlement and marked closed.

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


**BUREAU OF INVESTIGATION AND
ENFORCEMENT**

By: 
Allison Kaster
Prosecutor

OFFICE OF CONSUMER ADVOCATE

By: 
Christine Maloni Hoover
Senior Assistant Consumer Advocate

**IMPERIAL POINT WATER SERVICE
COMPANY**

By: 
Thomas T. Niesen, Esquire

APPENDIX A

IMPERIAL POINT WATER SERVICE COMPANY

RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF WATER SERVICE
TO THE PUBLIC IN GIRARD TOWNSHIP

Issued:

Effective:

By: David H. Wurst, President
Imperial Point Water Service Company
Post Office Box 927
Fairview, PA 16415

This Tariff makes increases in existing rates

See Page Two

List of Changes Made by this Supplement

Increases:

Rates per quarter are increased for all customers.

Issued:

Effective:

IMPERIAL POINT WATER SERVICE COMPANY

Table of Contents

Title Page	1 -	Supplement No. ___
List of Changes Made by this Supplement	2	
Table of Contents	3 -	_____ Revised
		<u>Part I</u>
Schedule of Rates and Charges	4 -	_____ Revised
		<u>Part II</u>
Definitions	5 -	First Revised
		<u>Part III</u>
Rules and Regulations		
Section A - Applications for Service	8 -	First Revised
Section B - Construction and Maintenance of Facilities	9 -	First Revised
Section C - Discontinuance, Termination and Restoration of Service	11 -	First Revised
Section D - Meters	13 -	First Revised
Section E - Billing and Collection	14 -	First Revised
Section F - Deposits	15 -	First Revised
Section G - Main Extensions	16 -	First Revised
Section H - Fire Protection Service	19 -	First Revised
Section I - Service Continuity	20 -	First Revised
Section J - Waivers	21 -	First Revised
Section K - Amendment of Commission Regulations	21 -	First Revised
		<u>Part IV</u>
Water Conservation Contingency Plan	21 -	First Revised

Issued:

Effective:

IMPERIAL POINT WATER SERVICE COMPANY

PART I: SCHEDULE OF RATES AND CHARGES

Section A - Rates for Metered Service (I)

1. <u>Customer Charges</u>	<u>Per Quarter</u>
3/4" Meter	\$ 30.00
1" Meter	47.40
1-1/2" Meter	109.20
2" Meter	174.90
3" Meter	327.90
4" Meter	359.10
6" Meter	359.10
 <u>Consumption Charge:</u>	 <u>Per 1,000 Gallons</u>
All Consumption	\$4.57

Section B - Fire Protection Rates

1. Private Fire Protection: The Company does not charge for private fire protection.
2. Public Fire Protection: The Company does not charge for public fire protection.

Section C - Returned Check Charge

A charge of \$25.00 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.

Section D - Construction Rates

The flat rate charge for unmetered residential building construction shall be \$30.00 per quarter per unit under construction until construction is completed. The flat rate charge for unmetered nonresidential construction shall be \$30.00 per quarter.

Section E - Service Termination or Resumption Rates

The fee for shut-off or turn-on of service at the curb stop shall be \$25.00.

(I) Indicates Increase

Issued:

Effective:

APPENDIX B

<u>Quarterly Customer Charges:</u>	<u>Settlement Rates</u>	
	<u>Quarterly</u>	<u>Monthly</u>
3/4"	\$30.00	\$10.00
1"	\$47.40	\$15.80
1 1/2"	\$109.20	\$36.40
2"	\$174.90	\$58.30
3"	\$327.90	\$109.30
4"	\$359.10	\$119.70
6"	\$359.10	\$119.70

<u>Consumption Charges:</u>	
All Consumption, per 1000 gallons	\$4.57

<u>I&E Proposed Revenue</u>			
<u>Residential:</u>			
Customer Charges:	<u>Number of Bills</u>	<u>Rate</u>	<u>Revenue</u>
3/4"	1,908	\$30.00	\$57,240.00
Total Customer Charges			\$57,240.00
Consumption Charges:	<u>Thousand Gallons</u>	<u>Rate</u>	
Step 1	19,483.9	\$4.57	\$89,041.42
Total Output Charges			\$89,041.42
Total Residential Revenue			\$146,281.42

<u>Commercial:</u>			
Customer Charges:	<u>Number of Bills</u>	<u>Rate</u>	
3/4"	44	\$30.00	\$1,320.00
1"	24	\$47.40	\$1,137.60
1 1/2"	12	\$109.20	\$1,310.40
3"	4	\$327.90	\$1,311.60
4"	4	\$359.10	\$1,436.40
Total Customer Charges			\$6,516.00
Consumption Charges:	<u>Thousand Gallons</u>	<u>Rate</u>	
Step 1	6,643.7	\$4.57	\$30,361.71
Total Output Charges			\$30,361.71

Total Commercial Revenue	\$36,877.71

Subtotal	\$183,159.13
Customers' Penalties	\$422.00
Miscellaneous Operating Revenues	305.00
Other Water Revenue	74,561.00

Total Revenue	\$258,447.13
	=====

APPENDIX C



MR. Jones

PROPOSED 6" MAIN EXTENSION

- KEY
- 2 inch Main
 - 4 inch Main
 - 6 inch Main
 - X - VALVE
 - FIRE HYDRANT

APPENDIX D

COMMON CUSTOMER COMPLAINT:

"MY HOT WATER STINKS"

David J. Hack
Water Specialist

Missouri Department of Natural Resources

Jefferson City, MO

Although taste and odor problems can affect both hot and cold water, usually hot water causes more complaints - especially complaints about the rotten egg stench. A number of conditions can contribute to the occurrence of these odors. This article reviews a few of the basics relating to the formation of rotten egg odors, especially those associated with hot water.

Sulfates in water will chemically reduce to sulfides by natural chemical processes; however, a microorganism catalyst is required for this reaction to take place at a significant rate. Non-pathogenic anaerobic bacteria, such as *Desulfovibrio desulfuricans*, form enzymes as a metabolic function that have the power to accelerate the sulfate-reduction reaction by decreasing the activation energies of the reaction. The subsequent production of hydrogen sulfide gas creates the distinctive rotten egg odor.

Excess electrons

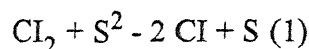
The sulfate-reducing bacteria require an external source of energy in order to participate as the catalyst in the sulfate-reduction reaction. This energy source is provided by the excess electrons released by oxidation of organic matter or corrosion of metals.

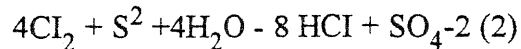
Complaints of rotten egg odors are more common for hot water than cold. The solubility of the hydrogen sulfide decreases as the temperature increases, causing the gas to be expelled when hot water is released from the tap. Sulfate-reducing bacteria activities in the groundwater aquifer, distribution system, or hot water heater tank may all be responsible for the hydrogen sulfide concentration.

Oxidation

The concentration of hydrogen sulfide in the water of an aquifer is dependent on the environment in which the bacteria must work. The energy source for the bacteria in the aquifer is primarily the oxidation of organic matter. The oxidation of the organics may be slowed by the lack of essential nutrients for bacterial growth. A low rate of oxidation of organics would result in a low source of energy to be utilized by the sulfate-reducing bacteria; this, in turn, would result in a low concentration of hydrogen sulfide.

Hydrogen sulfide may be effectively oxidized to sulfur or sulfates by chlorination. The chemical reaction of sulfide oxidation by chlorination may be represented by two equations:





The oxidation to sulfur (Eq 1) is an instantaneous primary reaction. The secondary reaction of oxidation to sulfate (Eq 2) may take place simultaneously or proceed at a slower rate, depending on pH and concentration of reactants. Optimum pH ranges are 6.5 to 8.5, with the secondary oxidation rate increasing sharply between pH 6.5 and pH 7.3.

Theoretically, 8.5 mg/L of chlorine are required for each 1 mg/L of hydrogen sulfide to assure complete chemical oxidation. It may be most economical to reduce the hydrogen sulfide concentration by aeration prior to chlorination.

Maintain chlorine residuals

It is important to maintain chlorine residuals throughout the distribution system in order to suppress the growth of sulfate bacteria. If existing chlorine residuals are exposed to excess bacterial activity in the distribution system, the results can be a reduction in the residual levels. Bacterial activity then increases the corrosion rate, which in turn increases bacterial activity, since excess electrons to be utilized by the bacteria are provided by the corrosion of the metal. Therefore, bacterial activity in the system in the absence of adequate chlorine residuals causes not only odor problems but also certain types of corrosion of distribution mains.

Chlorine depletion and related problems are made worse by the stagnant water environment of dead-end lines, where bacteria can flourish. Looping of distribution lines to eliminate dead ends and periodic flushing of low-flow lines can reduce the concentration of the sulfate-reducing bacteria and help to avoid the problems they cause.

Cathodic protection

The method used to provide corrosion protection of most water heater tanks can produce an environment that is ideal for the production of hydrogen sulfide gas. Modern water heaters are glass-lined to prevent corrosion, but assuring 100 percent glass coverage protection is impossible, especially since cracks or voids in the glass coating may occur, a long magnesium rod, an "anode," is used to provide cathodic protection. Because of the relative position of magnesium to steel in the electromotive series of metals, magnesium will corrode, producing an abundance of electrons that coat the exposed steel surface. There will be no corrosion of the exposed steel so long as the magnesium anode remains in the tank and has not been totally sacrificed to protect the tank wall.

The number of electrons liberated by the sacrifice of the magnesium anode is far greater than the amount required to protect the exposed steel of the water heater tank. The excess electrons provide the external energy source required by the sulfate-reducing bacteria to participate as the catalyst in the sulfate-reducing reaction.

Ion-exchange water softener

A frequent contributor to the odor problem is the ion-exchange water softener. The softened water is more corrosive than the water was before calcium and magnesium ions were exchanged for sodium ions. Therefore, the use of a softener increases the rate at which the magnesium anode is sacrificed. This provides more energy to the bacteria, accelerating the rate of sulfate reduction and increasing the odor complaints.

Remedy for rotten egg odor

To remedy rotten egg odors in hot water, any one of the following methods may be used: (1) maintaining chlorine residuals, (2) flushing low-flow distribution lines, (3) killing the bacteria with increased heat, (4) replacing magnesium anode rods with zinc, (5) removing the cathodic-protection anode entirely.

Maintaining chlorine residuals. Maintaining a chlorine residual of 1 mg/L throughout the distribution system oxidizes any hydrogen sulfide present and inhibits bacterial activity and corrosion associated with sulfate-reducing bacteria. In a nonchlorinated system, periodic disinfection and flushing of the water heater tank with a chlorine bleach solution may be sufficient. If the problem is severe or persistent, a chlorine feeder system may be required.

Flushing distribution lines. Flushing of low-flow lines and looping of distribution lines and looping of distribution lines to eliminate dead ends can reduce the concentration of the sulfate-reducing bacteria and help to alleviate the problems they cause.

Killing bacteria with heat. The thermal death point of sulfate-reducing bacteria is approximately 140⁰ F (60⁰ C). Water heaters are usually factory set at 140⁰ F +/- 10⁰ F (60⁰ C +/- 6⁰ C), which is the "medium" setting on the temperature control dial. Increasing the temperature to the "high" setting (160⁰ F, or 71⁰ C) for several hours and flushing the tank should kill the sulfate-reducing bacteria and greatly reduce the odor problem until the population of the bacteria becomes high again.

CAUTION: The hot water tank must have an operable pressure relief valve; otherwise, this method of treatment may be dangerous. The temperature setting must be reduced following treatment to eliminate the risk of persons being scalded from dangerously hot water and to avoid high energy cost.

Replacing magnesium anode rods. Zinc has an electrode potential that is much closer to that of the steel tank than magnesium. If a zinc anode is used instead of magnesium, the zinc will sacrifice fewer excess electrons to reduce the sulfates. This remedy will not eliminate problems associated with sulfate-reducing bacteria, but it can greatly reduce them.

Removing cathodic-protection anode. Removal of the cathodic-protection anode is not a preferred method, but it may alleviate the odor problem. The method eliminates all cathodic protection from the tank, which may shorten tank life, especially where water softeners are in use.

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[HOME](#)

APPENDIX E

The following information is excerpted from the New Hampshire Department of Environmental Services 2008 Fact Sheet

ENVIRONMENTAL Fact Sheet



29 Hazen Drive, Concord, New Hampshire 03301 • (603) 271-3503 • www.des.nh.gov

DEFINITION OF HARDNESS

Hardness in drinking water is defined as those minerals that dissolve in water having a positive electrical charge.

The primary components of hardness are calcium (Ca^{++}) and magnesium (Mg^{++}) ions. Dissolved iron (Fe^{++}) and manganese (Mn^{++}) also satisfy the definition of hardness, but typically make up only a very small fraction of total hardness.

HEALTH EFFECTS OF HARDNESS

The presence or absence of the hardness minerals in drinking water is not known to pose a health risk to users. Hardness is normally considered an aesthetic water quality factor. The presence of some dissolved mineral material in drinking water is typically what gives the water its characteristic and pleasant taste. At higher concentrations however, hardness creates the following consumer problems.

- Produces soap scum most noticeable on tubs and showers.
- Produces white mineral deposits on dishes more noticeable on clear glassware.
- Reduces the efficiency of devices that heat water. As hardness deposits build in thickness, they act like insulation, reducing the efficiency of heat transfer.

CATEGORIZING HARDNESS

Water supply professionals do not fully agree on the descriptive terminology that should be used when categorizing the concentration of hardness in water, nor what lower threshold concentration justifies the investment in a water softener. Shown below are the two common severity scales used to categorize hardness.

Categorizing Hardness

Worded Description	Sanitary Engineers (mg/L as CaCO_3)	Water Conditioning Industry
soft water	0-75	0-50
somewhat hard water	76 to 150	51-100

hard water	151 to 300	101-150
very hard water	301 and up	151 and up

TREATMENT ALTERNATIVES FOR ADDRESSING HARDNESS

There are three types of treatment methods that are commonly discussed to address hard water.

MEMBRANE SEPARATION

Over the last few decades membrane separation treatment of water has made tremendous technical strides. Membrane technology is favored because of low capital and operational costs, small space requirements, and minimal treatment chemical needs. The most well known membrane process is reverse osmosis (RO). RO can remove the smallest dissolved impurities (ions) from water. Because hardness ions are larger, a coarser, less expensive, membrane can be used. This membrane is known as a **nanofiltration** membrane.

MAGNETIC AND ELECTRONIC (M/E)

In these devices, electronic or magnetic energy is applied to the hard water by proprietary devices. This action is generally described as changing the form or characteristics of the hardness so as to prevent the scale buildup and other negative effects of the hardness.

WATER SOFTENING

Water softening uses an ion exchange process. Sodium typically is put into the water while hardness and certain other minerals are proportionally removed. A private home water softener typically has two tanks. The taller tank contains the purifying media called a cation ion exchange resin, while the smaller tank contains the sodium or potassium salt used to regenerate the exchange resin. During normal operations, raw water passes through the ion exchange resin media in the tall tank. The calcium (Ca^{++}), magnesium (Mn^{++}), iron (Fe^{++}), or manganese (Mn^{++}) ions and other ions in the water are “exchanged” for sodium (Na^+) or potassium (K^+) ions which have been temporarily stored in the pores of the exchange resin.

- Softening will not operate satisfactorily if particulates such as iron bacteria, clay particles, rusty colored water exists, even occasionally. If any solids are present, a particle (sediment) filter must be installed before the media tank.
- Water softeners require a location to dispose of waste brine. If you do not have sewer service, disposal of the waste brine will likely be into the ground. This creates the potential of contaminating the groundwater, and subsequently your own well or those wells of your neighbors down hill. When potassium chloride is used, the potassium should be recognized as a soil nutrient, being one of the three components of typical manmade fertilizer.

APPENDIX F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2012-2315536
Office of Consumer Advocate	:	C-2013-2344260
Otylia L. Schenker	:	C-2013-2340419
Georgiann Tressler	:	C-2013-2341458
	:	
v.	:	
	:	
Imperial Point Water Service Company	:	

**STATEMENT IN SUPPORT OF
IMPERIAL POINT WATER SERVICE COMPANY**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

AND NOW, comes Imperial Point Water Service Company (“IPWSC” or “Company”), by its attorneys, and respectfully submits the following statement in support of the Joint Petition for Settlement of Rate Investigation (“Joint Settlement Petition”) submitted to the Public Utility Commission (“Commission”) by IPWSC, the Bureau of Investigation and Enforcement (“I&E”) and the Office of Consumer Advocate (“OCA”).

Introduction

1. IPWSC is a Pennsylvania public utility that provides water service to the public in Girard Township, Erie County, Pennsylvania.

2. On October 31, 2012, IPWSC filed Supplement No. 16 to Tariff Water-Pa. P.U.C. No. 2 (“Supplement No. 16”) to be effective December 30, 2012. If approved, Supplement No. 16 would increase IPWSC’s annual water revenue by \$61,321 based on a future test year ending December 31, 2012.

3. IPWSC, I&E and the OCA (the “Settling Parties”) have agreed that this rate proceeding can be settled without further litigation under the terms set forth in the Joint Petition for Settlement. Mediation preceded the filing of the Joint Petition.

The Financial Data Submitted By IPWSC Supports the Settlement Increase

4. At present rates on an annual basis, a typical residential customer using 5,000 gallons of water per quarter pays \$167.20 for water service. Under the water rates proposed in the settlement supplement attached as Appendix A to the Settlement Agreement, an IPWSC residential customer will pay \$211.40 for water service.

5. As is common in general base rate proceedings, the settlement is “black box,” meaning that the parties have not negotiated each and every revenue and expense line item but rather have, after considerable effort, been able to agree upon a final revenue number based on their individual revenue and expense analysis. The financial data submitted in support of Supplement No. 16 fully supports the substantially reduced increase of \$46,800 provided for in the Joint Settlement Petition.

6. Although less than the increase supported by IPWSC’s filing, the Company accepts the settlement increase as a reasonable and appropriate resolution of this rate proceeding.

The Settlement Addresses Matters of Water Quality and Quantity

7. The settlement addresses matters of water quality and quantity raised at the public input hearing. IPWSC accepts these settlement terms as part of the reasonable and appropriate resolution of this proceeding. Summarized, they are as follows:

System Flushing

IPWSC will continue its practice of flushing its system at least two times per year (usually in April and October) and provide customers with advance notice of flushing as set forth in the Joint Petition.

Water Pressure

IPWSC will install a continuous pressure recording gauge at the blow off at 562 Shadybrook Circle. The gauge will stay in place for 30 days. If the recorded data establishes that pressure is below Commission standards at 52 Pa. Code §65.6, IPWSC will add a 6-inch line from the outer circle of Shadybrook into the center of the circle and tie it into the existing 2-inch line. IPWSC will comply with Commission requirements regarding pressure surveys at 52 Pa. Code §65.6 and use the pressure recording gauge to conduct the pressure surveys. It will record complaints regarding low pressure in its log of customer complaints.

Unaccounted For Water

IPWSC will begin to estimate actual water lost during breaks in mains and services rather than using the same estimate in preparing its annual report to the Commission.

Sulfur – Rotten Egg – Smell

Corrosion protection in hot water heaters can produce an environment that is ideal for the production of hydrogen sulfide gas. Although the sulfur or rotten egg smell created in water heaters is not a water contaminant, IPWSC has agreed as part of the settlement of this proceeding to provide a brochure about hot water heaters and sulfur smell to customers who contact the IPWSC office with a complaint of water smelling like rotten eggs. IPWSC also will include language in its next Consumer Confidence Report to inform customers of steps customers with electric hot water heaters can take within their homes to try to address sulfur odor. IPWSC will record requests for sulfur – rotten egg – odor information in its log of customer complaints.

Fire Hydrants

During the use of fire hydrants for fire fighting purposes, IPWSC will attempt to maintain pressure to all customers equal to or in excess of 20 psi.

Water Hardness

IPWSC recently had a test done of the hardness of the water. The test result showed a hardness level of 329 mg/l or 19.22 grains of hardness. Although hardness is not a water contaminant, IPWSC has agreed as part of the settlement of this proceeding to provide hardness information to any customer who contacts the Company with a complaint related to hardness. IPWSC will record requests for water hardness information in its log of customer complaints.

Membership in Pennsylvania Rural Water Association

IPWSC has joined the Pennsylvania Rural Water Association. Membership in the Association will assist IPWSC in continuing to provide reasonable and adequate service.

The Settlement Also Provides for a Rate Case “Stay Out”

8. IPWSC has agreed as part of the settlement to a thirty (30) month rate case stay out. A two and one half year stay out provides significant rate stability for customers.

WHEREFORE Imperial Point Water Service Company respectfully requests that Administrative Law Judge Katrina L. Dunderdale and the Pennsylvania Public Utility Commission accept the foregoing in support of the Joint Petition for Settlement of Rate Investigation and further that Administrative Law Judge Dunderdale recommend approval of and the Commission approve the Joint Petition for Settlement of Rate Investigation.

Respectfully submitted,

By 

Thomas T. Niesen, Esquire
THOMAS, LONG, NIESEN & KENNARD
212 Locust Street, Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500

Attorney for
Imperial Point Water Service Company

APPENDIX G

extent amicable resolution of any such proceeding will benefit the public interest. I&E analyzed the Company's base rate filing and maintains that acceptance of this proposed Settlement is in the public interest. Accordingly, I&E recommends that the Administrative Law Judge and the Commission approve the Settlement in its entirety.

2. On October 31, 2012, IPWSC filed Supplement No. 16 to Tariff Water-Pa. P.U.C. No. 2 to be effective December 30, 2012, proposing to increase its annual water revenue by \$61,321 based on a future test year ending December 31, 2012. On December 14, 2012, the Company filed Supplement No. 17 voluntarily postponing the effective date of Supplement No. 16 to January 25, 2013.

3. By Order entered January 24, 2013, the Commission suspended Supplement No. 16 and instituted an investigation into the reasonableness of the proposed rates. The Company filed Supplement No. 18 to Tariff Water-Pa. P.U.C. No. 2 to suspend the application of the proposed water rates until August 25, 2013.

4. IPWSC consented to use the Commission's mediation process. As required by 52 Pa. Code § 69.392, the Company filed Supplement No. 19 on February 1, 2013, voluntarily extending the effective date of Supplement No. 16 to October 24, 2013. Mediator Herbert Nurick was assigned to this proceeding.

5. The case was assigned to Administrative Law Judge Katrina Dunderdale ("ALJ") for purposes of conducting hearings and issuing a Recommended Decision.

6. A telephonic prehearing conference was held on March 4, 2013, which established a schedule for the submission of testimony, evidentiary hearings and public input hearings. A mediation session immediately followed the prehearing conference.

7. A public input hearing was held on April 11, 2013 in Fairview, Pennsylvania.

8. The Commission has stated that it is its policy to encourage settlements. 52 Pa. Code § 5.231. Moreover, the Commission has expressed the view that the results of negotiated settlements are often preferable to the results achieved at the end of a fully litigated proceeding. 52 Pa. Code §69.401.

9. In accordance with Commission policy, the parties to the instant proceeding were successful in achieving a full and complete settlement of all issues utilizing the discovery and mediation process. Specifically, prior to agreeing to the terms contained in the instant Settlement, I&E (1) conducted a thorough review of the rate filing and supporting information; (2) contributed to the discussions among the parties during mediation and settlement discussions; (3) engaged in extensive formal and informal discovery; and, (4) ensured that I&E's concerns regarding necessary conditions for Commission approval of the Settlement were addressed.

TERMS AND CONDITIONS OF SETTLEMENT

10. I&E submits that the Settlement represents a balance of the interests of the Company and its customers. Accordingly, for the reasons articulated below, I&E maintains that the proposed Settlement is in the public interest and requests that it be approved by the ALJ and the Commission without modification:

a. *Revenue Requirement*, Joint Petition ¶ 10(a): The proposed Settlement permits the Company to establish rates that produce additional annual operating revenue of \$46,800. This proposed increase is in lieu the requested \$61,321; therefore, the Settlement rates represent a \$14,521 decrease from filed request. Under the Company's rate relief contained in Supplement No. 16, a typical residential customer using 5,000 gallons of water per quarter would have experienced an \$18.83 quarterly increase, from \$41.80 to \$60.63 (45%). Under the Settlement rates, that customer will experience an \$11.05 quarterly increase, from \$41.80 to \$52.85 (26.4%).

I&E analyzed the Company's ratemaking claims contained in its filing including, but not limited to, operating and maintenance expenses, rate base, cost of common equity, and rate design. Upon completion of this review, I&E maintains that the proposed \$46,800 increase significantly moderates the increase for the Company's ratepayers and results in just and reasonable rates as mandated by the Public Utility Code. Accordingly, the proposed rate increase is in the public interest because ratepayers will continue to receive safe and reliable service at reasonable rates while allowing sufficient additional revenues to meet the Company's operating expenses and provide a reasonable rate of return.

b. *System Flushing*, Joint Petition ¶ 10(b): The parties agree that the Company will continue to flush its system at least two times per year and will provide customers advanced notice of the flushing in the manner described in the Settlement. Regular flushing of the distribution lines is important to prevent dirty water. In addition, regular flushing may help the sulfur, or rotten egg, odor and water pressure problems that

customers complained of at the public input hearing because flushing reduces mineral build up and the concentration of bacteria.

c. *Water Pressure*, Joint Petition ¶ 10(c): To address the concerns raised by customers at the public input hearing regarding low water pressure, the Company will install a continuous pressure recording gauge to monitor water pressure for 30 days at a specified location and will provide the recorded data to OCA and I&E. If the recorded data shows that the water pressure is below Commission standards contained in 52 Pa. Code § 65.6, the Company will make reasonable efforts to add a 6-inch line in the designated location within 90 days, which would increase the volume of water available to customers residing in that section of the mobile home park. Further, the Company will use the continuous pressure recording device to conduct pressure surveys of its system in accordance with Commission regulations and will share the results of those surveys with OCA, I&E and the Commission's Bureau of Technical Utility Services. 52 Pa. Code § 65.6. Multiple customers identified water pressure as a concern at the public input hearing; therefore, these settlement terms are in the public interest as they are designed to identify whether the system's water pressure is in compliance with the Commission's pressure regulations, increase the water pressure if not in compliance with those regulations and ensures that the Company will regularly conduct pressure surveys of its system.

d. *Sulfur-Rotten Egg-Smell*, Joint Petition ¶ 10(e): IPWSC customers testified that their water contains a rotten egg smell. This sulfur smell may be caused by a chemical reaction in electric hot water heaters with the anode that functions to prevent

corrosion of the tank. The Company will provide customers complaining of this smell with the information attached to the Settlement as Appendix D, which informs customers with electric hot water heaters of the steps they can take to reduce or eliminate the odor.

e. *Pennsylvania Rural Water Association*, Joint Petition ¶ 10(h): As part of the settlement, IPWSC joined the Pennsylvania Rural Water Association (“PRWA”). The PRWA provides technical support and training to its members; therefore, membership to this organization can provide valuable services and benefits to IPWSC.

f. *Stay Out*, Joint Petition ¶ 10(i): With the exceptions noted in the Joint Petition, the Settlement provides that the Company will refrain from filing a general rate increase prior to thirty months from the entry date of Commission Order approving this settlement. This stay-out provision benefits IPWSC customers because it provides an extensive period of rate stability.

g. *Rate Design*: The Settlement provides that the customer charge for a 3/4-inch residential and commercial customer will increase from \$26.50 per quarter to \$30.00 per quarter, in lieu of the Company’s requested \$38.43 quarterly customer charge. The \$3.50 quarterly increase contained in the Settlement, instead of the Company’s proposed \$11.93 quarterly increase, is in the public interest because it permits the Company to recover an appropriate level of customer costs (i.e. meters, meter reading expense, and billing) to serve its ratepayers but moderates the customer charge increase for the Company’s customers.

h. I&E represents that all other issues have been satisfactorily resolved through discovery and discussions with the Company and are incorporated in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This particular agreement exemplifies this principle. The balance of the issues have been carefully discussed and negotiated in this agreement. Line by line identification of the ultimate resolution of the disputed issues is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

11. Based upon the analysis of the filing, acceptance of this proposed Settlement is in the public interest. Resolution of this case by settlement rather than litigation will avoid the substantial time and effort involved in continuing to formally pursue all issues in this proceeding at the risk of accumulating excessive expense.

12. I&E further submits that the acceptance of the foregoing settlement will negate the need for evidentiary hearings, preparation of Main and Reply Briefs, preparation of Exceptions and Reply Exceptions, and the filing of possible appeals.

13. The Settlement is conditioned upon the Commission's approval of all terms contained therein and should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company or I&E as provided therein.


14. The agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event

that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the instant proceeding.

15. If the ALJ recommend that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E has not waived its right to file Reply Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by IPWSC.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judge recommend, and the Commission approve, the terms and conditions contained in the foregoing Joint Petition for Settlement Of Rate Investigation without modification.

Respectfully submitted,



Allison C. Kaster
Attorney I.D. 93176

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

Dated: June 4, 2013

APPENDIX H

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2012-23315536
	:	C-2012-2344260
Imperial Point Water Servicer Company	:	

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 October 31, 2012, Imperial Point Water Service Company (Imperial Point or Company) filed Supplement No. 16 to Tariff Water-Pa. P.U.C. No. 2, to become effective December 31, 2012, containing proposed changes in rates, rules and regulations calculated to produce \$61,321 in additional revenues, based upon the experienced level of operations in the future test year ending December 31, 2012. On December 14, 2012, Imperial Point filed Supplement No. 17 voluntarily postponing the effective date to January 25, 2013. The OCA filed a formal complaint against the proposed rate increase (C-2012-2344260). Formal complaints were filed by two customers and the Bureau of Investigation & Enforcement (I&E) entered an appearance.

By Order entered January 24, 2013, the Commission instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed rates, rules and regulations. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by operation of law

until August 25, 2013. Imperial Point agreed to participate in the Commission's Alternative Dispute Resolution and subsequently filed a tariff supplement evidencing the extension of the suspension period until October 24, 2013 were filed with the Commission and served on the parties.

The case was assigned to Administrative Law Judge (ALJ) Dunderdale. Herbert Nurick was assigned as mediator. On March 4, 2013, a Prehearing Conference was conducted by ALJ Dunderdale. Following the Prehearing Conference, the parties entered into a mediation session seeking to achieve a settlement of the issues in the case. A public input hearing was held on April 11, 2013 in Fairview, PA, at which time ten customers testified regarding the proposed rate increase and the quality of the service they received.

As a result of a number of discussions, the parties were able to agree to resolve all issues, resulting in the comprehensive settlement terms and conditions set forth herein. As discussed below, the OCA submits that the Settlement is in the public interest and should be adopted.

II. REVENUES

The proposed Settlement provides for an overall annual revenue increase not in excess of \$46,800, or approximately 22.1%. Settlement ¶ 10.(a), Appendix B. Based on the OCA's analysis of the Company's filing, 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.

Under the Company's rate request, the quarterly bill for a residential customer using 5,000 gallons of water per quarter would have increased from \$41.80 to \$60.63 per quarter, or by 45%. However, under the proposed Settlement, the bill for a residential customer using 5,000 gallons of water per quarter would be \$52.85, or an increase of \$11.05, or 26.4%. A customer

using 10,000 gallons per quarter would have seen an increase from \$57.10 to \$82.83. Under the Settlement, the customer's bill would be \$75.70 per quarter, or an increase of \$18.60, or 32.6%.

See Appendix A.

III. STAY-OUT PROVISION

Under the proposed Settlement, the Company cannot file for another general rate increase prior to thirty months after the entry date of the final order in this proceeding. Settlement ¶ 10.(c). The proposed stay-out provision should prevent another rate increase before the fourth quarter of 2016, assuming the Company files as soon as the stay-out expires and assuming the next case is fully litigated. Thus, the Company's ratepayers will be assured of some level of rate stability.

IV. OTHER ISSUES

Water Pressure: Imperial Point agrees to install a continuous pressure recording gauge at the blow off at 562 Shadybrook Circle. The gauge must be installed within 90 days after the entry date of an order in this case and will remain in place for 30 days. Imperial Point will provide the pressure data to the Joint Petitioners. If the recorded data shows that pressure is below the levels in the PUC regulations, then Imperial Point agrees to add a 6-inch line into Shadybrook Circle and tie it into an existing 2-inch line. Settlement ¶ 10.(c)i.; See Appendix C. Imperial Point also agrees to comply with the PUC regulations regarding pressure surveys of its system. The results of the pressure surveys will be sent to Joint Petitioners. Settlement ¶ 10.(c)ii. Imperial Point also will record complaints regarding low pressure in its log of customer complaints. Settlement ¶ 10.(c)iii.

These provisions will enable the Joint Petitioners to address the low pressure issues raised at the public input hearing, by measuring, over an extended time, the pressure provided

and having a plan to address any pressure issues if not consistent with PUC regulations. The commitment to conduct the pressure surveys and send the results to the Joint Petitioners will allow OCA to determine if there are pressure issues going forward. The inclusion of the pressure complaints received by the Company in the customer complaint log will also give the OCA information about the pressure at the tap going forward.

Sulfur/Rotten Egg Odor: If a customer has water with a sulfur odor or rotten egg odor and contacts the Company, then Imperial Point will provide a fact sheet to the customer with information on how to address it within the customer's home (see Appendix D). Settlement ¶ 10.(e)i. Imperial Point also agrees to include language in its upcoming Consumer Confidence Report to inform customers with electric water heaters of steps they can take within their homes and to record customer contacts regarding this issue in its log of customer complaints. Settlement ¶ 10.(e)ii and iii.

These provisions will enable the Joint Petitioners to address the sulfur odor/rotten egg odor issues raised at the public input hearing by providing information to customers with electric water heaters who might be experiencing this problem. Having the language in the Consumer Confidence Report will mean that all customers will get the information without having to contact the Company. In addition, the inclusion of the sulfur/rotten egg odor complaints in the customer complaint log will give the OCA information about the issue going forward.

System Flushing: Imperial Point agrees that it will continue to flush its system at least two times per year. Settlement ¶ 10.(b). The Company also agrees to provide advance notice to its residential development and commercial customers by notice on the back of the bill postcards as part of Billing Cycle A. Customers in the mobile home park, in Billing Cycles B and C, will be notified by notices posted at the mobile home park mail receptacles. Id.

This provision will ensure that regular flushing of the distribution system continues and that customers will receive advance notice. This commitment should help to ensure that customers will not experience lower quality of water at the tap due to distribution system issues.

Water Hardness: As explained in the Settlement, a recent test showed that the water had a hardness level of 329 mg/l or 19.22 grains of hardness. The information attached to the Settlement will be provided to customers who contact Imperial Point with a complaint related to hardness. Settlement ¶ 10.(g)i. In addition, the Company will include requests for water hardness information in its log of customer complaints. Settlement ¶ 10.(g)ii.

These provisions will enable the Joint Petitioners to provide information to customers regarding the hardness of the water, which was an issue raised at the public input hearing, by providing information to customers and possible steps they may want to take. In addition, the inclusion of the water hardness complaints in the customer complaint log will give the OCA information about the issue going forward.

Miscellaneous: Imperial Point agrees that it will attempt to maintain pressure to all customers of at least 20 psi if its hydrants are used for firefighting purposes. Settlement ¶ 10.(f). It is important that pressure be maintained in the system even during instances where hydrants may be used.

Imperial Point also agreed to join the Pennsylvania Rural Water Association and has completed that requirement. Settlement ¶ 10.(h). It is hoped that membership will permit Imperial Point to access additional information, expertise, and resources.

Imperial Point also agreed to estimate actual water loss during breaks in mains and services rather than using the same number in preparing each annual report to the Commission.

Settlement ¶ 10.(d). It is hoped that this will provide a more accurate estimate of unaccounted for water.

V. CONCLUSION

The terms and conditions of the proposed Settlement of this rate proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement would provide for an increase of \$46,800 in annual revenues. This amount is reduced from the \$61,321 annual increase proposed in the Company's filing. In addition, the ratepayers will benefit from the stay-out and other provisions addressing flushing, water pressure, water hardness, sulfur/rotten egg odor, and other issues. Finally, the Commission and all parties would benefit from the reduction in rate case expense and the conservation of resources made possible by adoption of the Settlement in lieu of full litigation.

WHEREFORE, for the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the best interest of the customers of the Imperial Point Water Service Company.

Respectfully Submitted,



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

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
May 30, 2013

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2012-2315536
Office of Consumer Advocate	:	C-2013-2344260
Otylia L. Schenker	:	C-2013-2340419
Georgiann Tressler	:	C-2013-2341458
	:	
v.	:	
	:	
Imperial Point Water Service Company	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this 5th day of June, 2013, served a true and correct copy of the Joint Petition for Settlement of Rate Investigation in the above matter, upon the persons and in the manner indicated below:

EMAIL AND HAND DELIVERY

Herbert Nurick, Mediator
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

EMAIL AND FIRST CLASS MAIL, POSTAGE PREPAID

Honorable Katrina L. Dunderdale
Administrative Law Judge
Pennsylvania Public Utility Commission
Piatt Place
301 5th Avenue
Pittsburgh, PA 15222

Allison Kaster, Prosecutor
Office of Trial Staff
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

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


Thomas T. Niesen, Esquire