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File #: 175354

March 18, 2019

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: In the Matter of the Application of The York Water Company, Under Sections 507, 1102(a)(1) and 1102(a)(3) of the Public Utility Code, for approval of the right of The York Water Company to (1) enter into a municipal contract to acquire certain public wastewater facilities from Jacobus Borough Sewer Authority; (2) assume a municipal contract currently in effect between Jacobus Borough Sewer Authority and Springfield Township, York County, Sewer Authority; and (3) begin to offer or furnish wastewater service to the public in the Borough of Jacobus, York County, Pennsylvania - Docket No. A-2019-3007355

Dear Secretary Chiavetta:

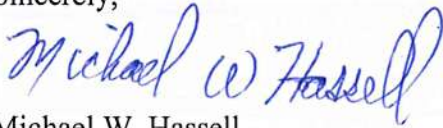
Enclosed for filing is the updated Response of The York Water Company (“York Water”) to the Bureau of Technical Utility Services Water/Wastewater Division Data Request Set I, Question A-5 in the above-referenced proceeding.

Question A-5 requested an explanation regarding the three-year rate freeze provision contained in Section 9.1 of the Agreement of Sale between York Water and Jacobus Borough Sewer Authority. York Water, the Office of Small Business Advocate (“OSBA”) and the Office of Consumer Advocate (“OCA”) subsequently have discussed the rate freeze provision. As set forth in the enclosed updated response to Question A-5, York Water acknowledges that the Commission has ultimate jurisdiction regarding rates charged to customers for utility service and that the effects of the rate freeze provision will be decided as part of York Water’s next rate case.

Rosemary Chiavetta, Secretary
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Having acknowledged the foregoing to the Commission, York Water understands that OSBA and OCA will withdraw their respective Protest and Intervention.

Sincerely,



Michael W. Hassell

MWH/kl
Enclosures

cc: Clinton McKinley (*via E-mail*)
Honorable Dennis J. Buckley
Certificate of Service

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

Application of The York Water Company - Wastewater for approval of the acquisition of the
wastewater system assets of the Jacobus Borough Sewer Authority at
Docket No. A-2019-3007355

DISCOVERY A-5

A three-year rate freeze is identified in Section 9.1 of the Agreement of Wastewater Collection System Sale (Agreement) included in the Application as Exhibit I. Please explain how this provision of the Agreement conforms to the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1304.

RESPONDENT:

Joseph T. Hand
Chief Operating Officer

RESPONSE:

Under Section 9.1 of the proposed Agreement of Wastewater Collection System Sale (Agreement), York Water will maintain Jacobus's currently-effective rates for three years from the effective date of the Agreement, *i.e.*, October 25, 2018 through October 24, 2021. York Water believes that this difference in rates is reasonable, as it gives Jacobus a level of assurance that its residents' wastewater rates will not change for a relatively short, defined time after the acquisition, especially given that Jacobus recently revised its wastewater rates a few months ago in October 2018. *See Application of PAWC to Acquire the City of Coatesville Authority Water System*, 2001 Pa. PUC LEXIS 298, at *37-38 (Order entered Feb. 13, 2001) (finding that the utility's proposed three-year rate freeze as part of its Section 1102 acquisition of a municipal water system was a "benefit" and that the transaction was "in the public interest").

In addition, York Water notes that, pursuant to its Commission-approved Settlement in its 2018 Base Rate Case at Docket Nos. R-2018-30000019, *et al.*, the Company cannot file another general rate increase until May 1, 2020, which means the earliest new rates would become effective is March 1, 2021. Although the Company maintains that Section 9.1 of the Agreement is reasonable and should be viewed within the context of the entire Agreement's benefits, York Water recognizes that the Commission has the ultimate jurisdiction regarding rates charged to customers for utility service. Moreover, the Agreement of Sale reflects this principle, as Section 15 of the Agreement states: "York Water is regulated by the PUC as well as other governmental agencies. Nothing in this Agreement is intended to supersede, expand, or limit any powers of these regulatory agencies. In all conflicts between this Agreement and another regulatory agency, the regulatory agency requirements shall supersede this Agreement."

UPDATED RESPONSE:

The York Water Company
Responses to Bureau of Technical Utility Services, Water/Wastewater Division
Data Request 1

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Docket No. A-2019-3007355

In further response, York Water does not seek any ruling as part of the approval of this Application on the rate related issues with respect to the rate freeze provision in Section 9.1 of the Agreement. At closing, York Water will simply adopt the Jacobus Borough rates as described in the Application. It would not be until the time of York Water's next rate case that rate issues, including the effects of the rate freeze provision of the Agreement, would be presented to the Commission for consideration. See *Joint Application of Pennsylvania-American Water Company and the Sewer Authority of the City of Scranton*, A-2016-2537209, Order entered October 19, 2016, Order at pp. 70-71. Depending upon the timing of the next York Water rate case, the rate effects of the rate freeze may be moot.

CERTIFICATE OF SERVICE

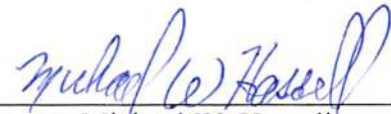
I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL & FIRST CLASS MAIL

Steven C. Gray, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Erin Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th floor
Harrisburg, PA 17101

Date: March 18, 2019



Michael W. Hassell