BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ADMINISTRATIVE LAW JUDGE
KATRINA L. DUNDERDALE

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
and		
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

DIRECT TESTIMONY
OF
JOHN F. LARIMER
CME ENGINEERING LP

Date: April 3, 2020

HVUS Statement No. 1

05-20-20
C-2014-2447169
C-2014-2447138

DIRECT TESTIMONY OF
JOHN F. LARIMER

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is John F. Larimer and my business address is 165 East Union Street, Somerset PA 15501.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by CME Engineering LP ("CME") as a Project Manager.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. A copy of my resume is attached as **HVUS Exhibit JFL-1**.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. Water and wastewater project design and permitting.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("PUC" OR "COMMISSION")?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my direct testimony is to discuss the engineer's report that CME prepared for Hidden Valley Utility Services, L.P. ("HVUS") and to discuss the sufficiency of the deadlines in the May 2018 Order of the Commission in this case.

BACKGROUND

Q. PLEASE DESCRIBE THE HVUS WATER SYSTEM.

A. The water system consists of two well water sources, a pump station, chemical feed (for disinfection and iron sequestration), distribution system piping and storage.

Q. HOW ARE YOU FAMILIAR WITH THE HVUS WATER SYSTEM?

A. Familiarization with the system comes in part by working with the original system while I was employed with The EADS Group ("EADS") (1984-2010), discussions with the operator (2016), Glenn Fodor, and review of system drawings.

Q. PLEASE DESCRIBE YOUR EXPERIENCE WITH CONSTRUCTION PROJECTS FOR DRINKING WATER SYSTEMS.

A. I have 36 years' experience in the design of drinking water systems. Drinking water projects with which I have been involved include feasibility studies; well water supply sources design, permitting and construction as public water supplies; newly constructed slow sand filtration treatment plants; newly constructed rapid rate filtration systems; and renovations to existing filter treatment plants. I have been involved with the design, permitting and construction of water and sewer piping projects as well as water storage

facilities. I was involved in the design, permitting and construction of one diatomaceous earth filtration system.

SUFFICIENCY OF THE REPORT OF THE ENGINEER OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL18, 2018

Q. ATTACHED AS HVUS EXHIBIT JFL-2 IS THE REPORT THAT HVUS FILED WITH THE PUC IN APRIL 2018. WERE YOU RESPONSIBLE FOR THE ENTIRE REPORT?

A. No. I wrote the pages labeled "i" through Table 4.

Q. DID YOU WRITE THOSE PAGES, OR WERE THEY WRITTEN UNDER YOUR CONTROL AND DIRECTION?

A. I wrote them. However, I am not a licensed Professional Engineer; I am a licensed water and wastewater treatment plant operator. Consequently, Sean Isgan, P.E. reviewed, commented on, and approved the report.

Q. PAGE 1 OF THE REPORT STATES THAT CME WAS HIRED ON AUGUST 18, 2015. WHAT WAS CME HIRED TO DO?

A. As indicated on page 1 of the report, CME was hired to evaluate alternatives for removing iron and manganese from the water in the Hidden Valley water system.

Q. PAGE 1 OF THE REPORT STATES THAT CME WAS HIRED ON AUGUST 18, 2015. WHAT IS THE DATE OF YOUR REPORT?

A. The latest revision of the report was submitted to Mr. Kettler on April 27, 2016 for his review. After the report was submitted to HVUS, there was no further dialog between CME and HVUS concerning the report.

Q. ARE YOU AWARE THAT IN JANUARY 2018, THE PUC ORDERED:

> **6. THAT HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL OBTAIN AND FILE WITH THE COMMISSION A WRITTEN REPORT FROM AN INDEPENDENT OR THIRD-PARTY PENNSYLVANIA LICENSED WATER AND WASTEWATER ENGINEER CONCERNING THE ADEQUACY OF ITS WATER DISTRIBUTION SYSTEM AND WATER SOURCE; AND SAID REPORT SHALL CONTAIN RECOMMENDATIONS AND A COST ANALYSIS TO CORRECT ANY FOUND DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND WITH SAID REPORT, TO INCLUDE AN EVALUATION AND PROPOSED REMEDY TO REASSESS THE NEED, SIZE AND COST OF THE TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE, AS WELL AS ALTERNATIVE SOURCES OF WATER SUPPLY SUCH AS THE QUEMAHONING RIVER, WITHIN NINETY (90) DAYS FROM THE DATE OF ENTRY OF THIS OPINION AND ORDER IN THIS PROCEEDING. IN ADDITION TO ESTIMATING COSTS, THE STUDY WILL INCLUDE AN IMPLEMENTATION SCHEDULE FOR COMPLETION OF THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS, AWARDING CONTRACTS, AND COMPLETION OF CONSTRUCTION/START OF OPERATION. ADDITIONALLY, THE ENGINEERING REPORT WILL INCLUDE A SCHEDULE TO REPLACE AND/OR TEST CUSTOMER METERS IN ACCORDANCE WITH SECTION 65.8(B) THAT RESULTS IN COMPLIANCE BY APRIL 30, 2019. HIDDEN VALLEY UTILITY SERVICES, L.P., WILL IMPLEMENT THE REPLACEMENT AND TESTING SCHEDULE.**

A. Yes.

Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN CME AND HVUS.

A. HVUS was a client that engaged CME to perform the feasibility study for the Hidden Valley water system.

Q. IN YOUR OPINION, WAS THE REPORT PREPARED BY CME WRITTEN BY AN INDEPENDENT OR THIRD-PARTY PENNSYLVANIA LICENSED WATER AND WASTEWATER ENGINEER?

A. Yes.

Q. ORDERING PARAGRAPH 6 STATES THAT THE REPORT "SHALL CONTAIN RECOMMENDATIONS AND A COST ANALYSIS TO CORRECT ANY FOUND DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES." PLEASE EXPLAIN HOW THE REPORT COMPLIES WITH THIS REQUIREMENT.

A. The report evaluated four possible alternatives to provide adequate water quality. The report, however, does not recommend that management choose one alternative rather than another. We were instructed not to make such a recommendation. In addition, the report includes an estimate of the cost of each alternative.

Q. ORDERING PARAGRAPH 6 STATES THAT THE REPORT IS TO INCLUDE AN IMPLEMENTATION SCHEDULE FOR "COMPLETION OF THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS,

AWARDING CONTRACTS AND COMPLETION OF CONSTRUCTION/START OF OPERATION." DOES YOUR REPORT INCLUDE SUCH A SCHEDULE?

A. No. EADS completed the implementation schedules in the April 2018 Report.

Q. HAVE YOU HAD AN OPPORTUNITY TO REVIEW THESE IMPLEMENTATION SCHEDULES?

A. Yes.

Q. IN YOUR OPINION, DO THE IMPLEMENTATION SCHEDULES PREPARED BY EADS APPEAR REASONABLE?

A. Yes, the implementation schedules appear to be reasonable.

Q. LET ME ASK YOU A HYPOTHETICAL QUESTION. ASSUME THAT THE PUC FINDS THAT THE CME REPORT, TOGETHER WITH THE PAGES PREPARED BY EADS, DO NOT SATISFY THE REQUIREMENTS OF ORDERING PARAGRAPH 6. WHAT REMEDY SHOULD THE COMMISSION ORDER?

A. I am advised by counsel that the Commission has extensive remedial powers. Nevertheless, in my opinion, the remedy should not be to deny HVUS's request for an extension of the deadline in Ordering Paragraph 8(1). First, as discussed below, I do not believe HVUS had any options available to it that would have "eliminate[d] the rust or brown-colored water provided to customers" between April 2018 and April 2019. Second, the Commission's orders suggest that HVUS should either build a water treatment plant or connect to an alternate source of water in order to eliminate the iron and manganese in its

water. Even if HVUS had started such a project on April 18, 2018, EADS's implementation schedules indicate that HVUS could not have completed either type of project by April 18, 2019. Any deficiencies in the engineer's report did not cause HVUS to miss the one-year deadline.

THE PROPRIETY OF THE RECOMMENDATIONS, PROPOSED TIME SCHEDULES AND FINANCING PLANS FOR THE RECOMMENDATIONS CONTAINED IN THE ENGINEER'S REPORT OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL 18, 2018

Q. ARE YOU AWARE THAT IN JANUARY 2018 ORDER, THE COMMISSION ORDERED:

> **8. THAT HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL COMPLY WITH ALL RECOMMENDATIONS FROM THE ENGINEER IN ORDER TO CORRECT ANY IDENTIFIED DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND TO REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE, WITHIN ONE (1) YEAR FROM THE DATE OF THE ENGINEER'S REPORT.**

A. Yes.

Q. ARE YOU AWARE THAT THE COMMISSION SUBSEQUENTLY MODIFIED THIS ORDERING PARAGRAPH?

A. Yes, but this modification did not occur until after the engineer's report had already been filed.

Q. IN YOUR PROFESSIONAL OPINION, COULD HVUS HAVE DONE ANYTHING THAT WOULD HAVE ELIMINATED THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS BETWEEN APRIL 18, 2018 AND APRIL 18, 2019?

A. No. To eliminate the rust or brown-colored water, HVUS needs to either treat its water or develop an alternative source of supply. In either case, implementation of a remedy takes longer than the time indicated.

Q. THE CME REPORT DISCUSSED FOUR "PROPOSED SYSTEM SOLUTIONS." WERE THESE THE ONLY "PROPOSED SYSTEM SOLUTIONS" THAT WERE CONSIDERED?

A. Yes, these were the only alternatives considered.

Q. WHY WERE EACH OF THE FOUR "PROPOSED SYSTEM SOLUTIONS" INCLUDED IN THE REPORT?

A. These were the best options for addressing the iron and manganese in the water. In terms of finding an alternative source of supply, drilling a new well was not a viable option. The existing wells were drilled based on a hydrogeologic report prepared by Jim Casselberry. Evaluating additional wells would involve expanding a search beyond the Hidden Valley area, which is not feasible. CME considered interconnections with the Jefferson Township Municipal Authority ("JTMA") System and the Seven Springs Municipal Authority ("SSMA") System because they are geographically the closest public water supply systems to HVUS. CME considered the conventional iron filter water treatment upgrade because

that is a very common treatment method for removing iron and manganese. CME considered the WesTech Type II AERALATER system because it is a more innovative technology.

Q. IN TABLES 1-4, YOUR REPORT INCLUDES A COST ESTIMATE FOR EACH "PROPOSED SYSTEM SOLUTION." PLEASE EXPLAIN YOUR EXPERIENCE DEVELOPING COST ESTIMATES FOR PROJECTS.

A. During my 36 years doing consulting work I have prepared many estimates of this nature for water system projects. My most recent experience for the Confluence sewer project bid in 2019, my estimate was approximately $8 million. Two bids were received that were within approximately $50,000 and under the estimate in the $7.5 million neighborhood. This is the best possible outcome an engineer can anticipate.

Q. PLEASE EXPLAIN THE PROCESS THAT YOU USED TO DEVELOP THE TOTAL ESTIMATED COST OF EACH "PROPOSED SYSTEM SOLUTION."

A. Equipment costs were requested from filter equipment vendors, estimated labor costs to install the equipment were added based on review of recent bids for similar projects and experience. O&M costs were estimated based on typical costs for similar plants. On occasion, the RE Means estimating prices are considered.

Q. PLEASE EXPLAIN THE PROCESS THAT YOU USED TO DEVELOP THE "APPROXIMATE MONTHLY USER FEE INCREASE"?

A. It is basically the project costs distributed among the users.

Q. HAVE YOU REVIEWED THESE COST ESTIMATES SINCE YOU FINALIZED THE REPORT?

A. No, but Bradley R. Stinebiser's Direct Testimony discusses updated cost estimates.

THE SUFFICIENCY OF THE PREVIOUSLY-ORDERED ONE-YEAR COMPLIANCE DEADLINE

Q. WE PREVIOUSLY DISCUSSED THE COMMISSION'S ORDER OF JANUARY 2018 IN THIS MATTER. ARE YOU AWARE THAT, IN MAY 2018, THE PUC MODIFIED ORDERING PARAGRAPH 8 TO READ AS FOLLOWS:

> **8. THAT, WITHIN ONE (1) YEAR FORM [SIC] THE DATE OF THE ENGINEER'S REPORT, HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL COMPLY WITH ALL RECOMMENDATIONS FROM THE ENGINEER IN ORDER (1) TO CORRECT ANY IDENTIFIED DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND (2) TO REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE.**

A. I am.

Q. LET'S FOCUS ON THE PART OF THIS PARAGRAPH THAT REQUIRES HVUS "(1) TO CORRECT ANY IDENTIFIED DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES." DO YOU BELIEVE THAT TIMEFRAME WAS SUFFICIENT?

A. No, for the reasons I discussed above, I do not believe the one-year deadline provided HVUS with adequate time to accomplish the objective it was given. I understand that HVUS has had issues with iron and manganese in its water for some time, but the fact of the matter is that the Commission issued an order in January 2018 that gave HVUS ninety days to obtain an engineer's report, and one year thereafter to eliminate the rust or brown-colored water. Based on my work with HVUS, I do not believe HVUS had any options available to it that would have allowed it to eliminate the rust or brown-colored water provided to customers by April 18, 2019.

I would also note that the January 2018 Order and the May 2018 Order required HVUS to complete numerous other tasks in a short time frame after April 18, 2018. This made complying with the one-year deadline even harder.

WHETHER THE COMMISSION SHOULD GRANT THE REQUEST OF HIDDEN VALLEY UTILITY SERVICES, L.P. TO EXTEND THE COMPLIANCE DEADLINES PROPOSED IN THE ENGINEER'S REPORT FROM APRIL 18, 2018

Q. BASED ON YOUR WORK FOR HVUS, DO YOU HAVE AN OPINION AS TO WHETHER THE COMMISSION SHOULD EXTEND THE COMPLIANCE DEADLINE IN ORDERING PARAGRAPH 8(1)? PLEASE EXPLAIN.

A. Yes. As stated above, I do not believe HVUS had any options available to it that would have allowed it to eliminate the rust or brown-colored water provided to customers by April 18, 2019. The implementation schedules developed by Mr. Stinebiser, which I believe are reasonable, demonstrate that HVUS could not have built a water treatment plant, or interconnected with an alternative water supply, in 365 days. The Commission should not

punish HVUS for failing to do what cannot be done. Instead, the Commission should extend the deadline as described in Mr. Stinebiser's testimony.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
and		
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

VERIFICATION

I, John F. Larimer, verify that HVUS Statement No. 1, the Direct Testimony of John F. Larimer, and Exhibits JFL-1 and JFL-2 therein, were prepared by me or under my direct supervision and control, and are true and correct to the best of my knowledge, information, and belief. I understand that the statements made herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

John F. Larimer

Date: 5-12-2020

C-2014-2447169
C-2014-2447138

HVUS EXHIBIT JFL-1

Resume

John Larimer
549 Poverty Hollow Road
Somerset, PA 15501
814-443-4454
Jfl549@yahoo.com

Experience

2011- Present: CME Engineering, Senior Project Manager serving municipal and private clients both in engineering and operations related to water and wastewater systems, preparation of Public Water Supply Permit applications, Water Quality Management Permit applications, NPDES Permit applications, Pump Station Design, Hydraulic Evaluations of piping systems, and Water System Feasibility Studies. Licensed Water and Wastewater Operator.

1985-2010: The EADS Group, Project Manager/Engineer/Marketing Representative. Serving Municipal clients in water and sewer related projects, attending monthly municipal meetings, completing feasibility studies, preparing applications for PA Department of Environmental Protection permitting, Pennvest and RUS funding, administrating funding requisitions. Managing and inspecting construction projects for sewage treatment plants and water treatment plants, sewer and water line replacements, water storage tanks, water well source development, pump stations and force mains. From 1996 through 1998 served as outside marketing/sales representative covering southern Pennsylvania, western Maryland and northern West Virginia area.

1975-1979: United States Air Force, 544th Intelligence Exploitation Squadron Photo interpretation/Aerial Photography specialist. Awarded Squadron Airman of the Month and Airman of the Quarter 1978. Maintained Top Secret security clearance. Honorably discharged.

Education

- **1981-1985:** University of Pittsburgh at Johnstown, Civil Engineering Technology. Bachelor's Degree. Dean's list three semesters.
- **1980:** Technician Training School, Heating, Ventilation, Air Conditioning and Appliance Repair Course. Diploma.
- **1993:** Dale Carnegie Course, Public Speaking.

Community

- Somerset Kiwanis Club
- University of Johnstown "Making the Grade" recognition for April 2003

References: Available upon request.

HVUS EXHIBIT JFL-2

COZEN O'CONNOR

April 18, 2018

VIA E-FILING

Jonathan P. Nase
Direct Phone 717-773-4191
Direct Fax 215-372-2340
jnase@cozen.com

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

Re: TANYA J. MCCLOSKEY, ACTING CONSUMER ADVOCATE V. HIDDEN VALLEY UTILITY SERVICES, L.P. – WATER, DOCKET NO. C-2014-2447138

TANYA J. MCCLOSKEY, ACTING CONSUMER ADVOCATE V. HIDDEN VALLEY UTILITY SERVICES, L.P. – WASTEWATER, DOCKET NO. C-2014-2447169

HIDDEN VALLEY UTILITY SERVICES, L.P. – ENGINEER'S REPORTS (2) AND REVISED BILL FORM

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission"), on behalf of Hidden Valley Utility Services, L.P. ("HVUS") are the following documents:

- Two engineer's reports regarding HVUS's water system, one regarding the replacement/testing of water meters and one addressing possible ways of addressing the issues caused by iron and manganese in the water (these reports are required by Ordering Paragraph No. 6 of the Commission's Order in the above-referenced matter, entered January 18, 2018 (the "January 2018 Order"))
- The engineer's report regarding HVUS's wastewater system (this report is required by Ordering Paragraph No. 9 of the January 2018 Order);
- A revised bill form, for review by BCS and TUS (as required by Ordering Paragraph Nos. 12 and 13). Please note that the enclosed form includes revisions recommended by OCA.

Please note that, in accordance with Ordering Paragraphs 7 and 10, the enclosed engineer's reports are being provided to the OCA and TUS.

Finally, it has come to my attention that the address for HVUS in the Commission's records and the service lists in this matter needs to be updated. It should be:

Hidden Valley Utility Services, L.P.
811 Russell Avenue
Suite 302
Gaithersburg, MD 20879

A copy of this document has been served in accordance with the attached Certificate of Service. Please contact me if you have any questions regarding this filing. Thank you.

Sincerely,

COZEN O'CONNOR

By: Jonathan P. Nase
Counsel for *Hidden Valley Utility Services, L.P.*

JPN:kmg
Enclosures
cc: Per Certificate of Service
Paul Diskin, Director, Bureau of Technical Utility Services
Alexis Bechtel, Director, Bureau of Consumer Services
James M. Kettler

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate	:	
v.	:	
Hidden Valley Utility Services, L.P. – Water	:	Docket No. C-2014-2447169
and	:	
Tanya J. McCloskey, Acting Consumer Advocate	:	
v.	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing correspondence and attachments upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA FIRST CLASS MAIL:

Christine Maloni Hoover, Esq.
Erin L. Gannon, Esq.
Lauren M. Burge, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
Counsel for *Office of Consumer Advocate*

Robert J. Kollar, CPA and
Kellie A. Kuhleman
1374 Langport Dr.
Pittsburgh, PA 15241

Paige MacDonald-Matthes, Esq.
Obermayer Rebmann Maxwell & Hippel
200 Locust Street, Suite 400
Harrisburg, PA 17101-1508
Counsel for *Hidden Valley Foundation, Inc.*

Hon. Jeffrey A. Watson
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
301 5th Avenue
Pittsburgh, PA 15222

Edward G. Lanza, Esq.
P.O. Box 61336
Harrisburg, PA 17106-1336
Counsel for *Hidden Valley Utility Services, L.P.*

DATED: April 18, 2018

Jonathan P. Nase, Esquire
Counsel for *Hidden Valley Utility Services, L.P.*

RETURN THIS PORTION WITH PAYMENT AND MAKE CHECKS PAYABLE TO:

Hidden Valley Utility Services, LP
% Laurel Management Company
111 Roosevelt Boulevard
Johnstown, PA 15906

INFORMATION ABOUT YOUR BILL:	WATER	SEWER
Quarterly Customer Service Charge	$12	$27
Quarterly Billing - First 30,000 Gals.	$0.697/100Gal	$1.56/100Gal
Quarterly Billing - Over 30,000 Gals.	$0.575/100Gal	$1.252/100Gal

Monthly penalty added on payments received after due date is 1 1/2%

$40 CHARGE FOR RETURNED CHECKS

HIDDEN VALLEY UTILITY SERVICES, LP
Billing questions (814) 443-0825
Emergency (877) 523-8181

ADDITIONAL INFORMATION ABOUT YOUR BILL:

If you wish to review the current rate schedule, find out how to verify the accuracy of your bill, or get an explantion of the various charges on your bill, a copy of our current tariff is available for your inspection at 1 Craighead Drive, Hidden Valley, PA 15502.

Setting hot water heaters to a temperature less than 140 degrees may reduce the settling of iron and manganese, to reduce tea-colored water problems

REGISTER ANY QUESTION OR COMPLAINT ON THIS BILL PRIOR TO THE DUE DATE

HIDDEN VALLEY UTILITY SERVICES, LP
C/O LAUREL MANAGEMENT CO
111 ROOSEVELT BLVD.
JOHNSTOWN, PA 15906-2706
TEMP-RETURN SERVICE REQUESTED

First-Class Mail
US Postage Paid
Johnstown PA
Permit No. 217

Service	1945 SOUTH RIDGE		
Account		From	To
SR1945	A	12/18/2017	03/08/2018

Previous	Current	Usage (gal)
251200	251400	200

Transaction	
Previous Balance	72.86
Payments	0.00
Penalty	0.00
Sewer Service	21.12
Water	6.78

Pay Before 03/22/18 100.76

FINAL BILL

Return this portion with your remittance. Keep this portion for your records.

Account Number	
SR1945	0

Service Address
1945 SOUTH RIDGE

Amount Due	Due Date
100.76	3/22/2018

WILLIAM & SAUNDRA
FAULKNER
610 OLIVE ST.
PITTSBURGH PA 15237

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 4/16/2018
Checked By BRS Date 4/16/2018
Subject Schedule for Water Service Meter Testing and Replacements

Hidden Valley Utility Services, L.P.
Water Service Meter Breakdown

	Touch Read Meter Units	100 Gallon Register Meter Units	1000 Gallon Register Meter Units	Total Units
Residential	422	559	82	1,067
Commercial	1	0	1	19
Industrial	0	0	0	1
Totals	423	559	83	1,087

Residential	1,063	5/8-inch Meters	Commercial	1	3-inch Meter
	4	2-inch Meters		2	2-inch Meters
Industrial	1	5/8-inch Meter		4	1 1/2-inch Meters
				2	1-inch Meters
				8	5/8-inch Meters

- Per our discussion with Hidden Valley Water System's Licensed Operator, all touch read meters have been installed within the last 20 years. Per PA Code § 65.8(b) Meters, meters smaller than 1-inch shall be tested or replaced every 20 years. Because the touch read meters have been installed within the last 20 years, they are not included in the following schedule for testing and replacing water meters.

- Per PUC Order, Hidden Valley Utility Services has until April 30, 2019 to achieve compliance for replacement and/or testing of customer meters in accordance with PA Code § 65.8(b).

- Per our discussion with Hidden Valley Water System's Licensed Operator, every 1000 Gallon Register Meter needs replaced due to age and inaccuracies at low flows.

Total Water Meters to be Tested and/or Replaced	559	Meters
Total Water Meters to be Replaced (At Minimum)	83	Meters
Working days between April 30, 2018 and April 30, 2019	251	days
Minimum Meters Replaced or Tested each Working Day	3	Meters/day

Estimated Schedule to Test and/or Replace Customer Water Meters

Task	Period
Test Water Meters (Average 2 to 3 Meters tested per day)	251 working days April 30, 2018 to April 30, 2019
Replace 1000 Gallon Register Meters	251 working days April 30, 2018 to April 30, 2019

Assumptions: 1. Assumes an average of two (2) to three (3) water meters per day can be tested or replaced.
2. Assumes all work will be completed during a Monday thru Friday work week.

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 4/16/2018
Checked By BRS Date 4/16/2018
Subject Schedule for Interconnection with Bakersville Water System

Estimated Schedule for Hidden Valley connection to Bakersville Water System

Task	Period
Authorization to Proceed	0 days
Intermunicipal Agreement	270 days
Preliminary Design	120 days
Prepare and Submit Permit Applications	120 days
Receive Approval(s) from Appropriate Agencies	270 days
Final Design / Obtain Right-of-Ways	180 days
Bid Contract	90 days
Award Contract	60 days
Construction	365 days
Appropriate Agency Review and Inspection	60 days
Total Estimated Time Period for Water Treatment Upgrades	**1535 days or 4 years and 3 months**

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 4/16/2018
Checked By BRS Date 4/16/2018
Subject Schedule for Water Treatment Upgrades

Estimated Schedule for upgrades to Hidden Valley Water Treatment Plant

Task	Period
Authorization to Proceed	0 days
Pilot Water Treatment Program	270 days
Preliminary Design	120 days
Prepare and Submit Permit Applications	120 days
Receive Approval(s) from Appropriate Agencies	270 days
Final Design	120 days
Bid Contract	90 days
Award Contract	60 days
Construction	365 days
Appropriate Agency Review and Inspection	60 days
Total Estimated Time Period for Water Treatment Upgrades	**1475 days or 4 years and 1 month**

Hidden Valley Utility Services
Potable Water System Feasibility Study
Jefferson Township, Somerset County, PA

Table of Contents

ATTACHMENTS

TABLES

1.0 INTRODUCTION

On August 18, 2015, Hidden Valley Utility Services (HVUS) authorized CME Engineering LP (CME) to evaluate the water system iron and manganese removal alternatives. The existing HVUS Water System serves approximately 1,075 service connections at Hidden Valley Resort, which includes many seasonal and recreational residents. A report prepared by the Pennsylvania Office of Consumer Advocate (OCA) identifies deficiencies in the water system. The noted deficiencies included several "dead-end" water lines and small diameter piping within the water distribution system. Water quality issues concerning elevated iron and manganese levels were also discussed in the referenced report. The purpose of this study report is to address the iron and manganese issues and possible solutions. This report evaluates two treatment alternatives and two alternate water supplies. This report was prepared with input and assistance from the system operators. Although the preparation of this report was authorized in August, non-responsiveness from the solicited filter system vendors resulted in delays in preparing this report. We are still awaiting information on a list of systems in use for each treatment alternative and also detailed information on the availability and cost of pilot filtration units.

2.0 EXISTING WATER SYSTEM OVERVIEW

The existing water system consists of two wells, treatment facilities, high-service pumps, a 250,000 gallon storage tank, and a distribution system containing approximately 18 miles of water mains, fire hydrants, service lines, approximately 1,075 connections, and miscellaneous valves. The majority of connections on the system are seasonal/weekend customers. Demand on the system fluctuates with maximum demands occurring during weekends and holidays.

The water system has a history of iron and manganese issues dating back to inspections performed by the Pennsylvania Department of Environmental Protection (DEP) commencing on July 1, 2004. The iron and manganese levels in the water supplied by the wells have been recorded above 2.0 mg/L (DEP allows a Maximum Contaminant Level of 0.3 mg/L for iron and 0.05 mg/L for manganese) and cause water quality issues for the resort, resort's guests, and residents served by the water system. The standard PADEP Division of Drinking Water Management Maximum Containment Levels (MCLs) and Maximum Residual Disinfectant Levels (MRDLs) can be found in Attachment 2.

An issue with piping was resolved in Well No. 1 in 2006, and brought the iron level below 1.0 mg/l. A sequestering system was added for Well No. 1 (DEP permits sequestering to be used when iron levels are below 1.0 mg/l) in an effort to bring the iron

and manganese content to acceptable levels. Well No. 1 was then used full time in place of Well No. 2 which still had iron levels above the maximum treatable by sequestering. Further tests in the following years have shown iron content above 2.0 mg/l at the storage tank and numerous complaints of brown, muddy, or discolored water filed by customers poses the need for a permanent solution to the problem. The findings of the OCA report suggest the sequestered iron is only effective for a brief period of time (a few days) and then reemerges when it lies stagnant in the water system.

3.0 PROPOSED SYSTEM SOLUTIONS

This report evaluates four (4) possible solutions to replace the sequestering treatment currently being used:

3.1 Conventional Iron Filter (Filtronics Model FV-08, Electromedia© I Automatic Filter Station)

A conventional iron filter system as manufactured by Filtronics, is an iron and manganese removal system that chemically oxidizes the iron in the raw water and filters the iron out. Based on water quality data submitted to Filtronics, the recommended filter system consists of a chemical pretreatment system, two reaction vessels, and filter vessel. The quotation, specifications, and schematic of the system can be found in Attachment 2: Filtronics Model FV-08, Electromedia© I Automatic Filter Station. For purposes of this study, a flow rate of 175 GPM is used to match the existing pump capacity of the supply well. The quoted system is designed for a maximum flow of 175 gpm, and utilizes a chemical pretreatment of sodium hypochlorite and sodium bisulfite along with coagulation filtration in the reaction vessels and filter vessel to bring iron and manganese levels into compliance with State regulations. Two complete systems (duplicate) are required per Department of Environmental permitting/regulations and the estimated cost for this option reflects that requirement.

The system supplied by Filtronics, includes two reaction vessels, a filter vessel, filter internals, applicable coatings and finishes, full automatic controls, pretreatment chemical feed systems, one Electromedia I load, and select piping and valves as shown in black on the attached schematic. The system is approximately 18' long by 8' wide.

The proposed iron filter system would be installed within a newly constructed building at a location within the existing sewage treatment plant facilities. Water from the existing groundwater well pumps would pump raw water to the proposed filter system which would then discharge filtered water to the existing wet well for the high service pumps to feed the main system storage tank for the resort.

Backwash pressure will be provided by system pressure from the storage tank and backwash discharge will go into the sewage treatment system. The installation of the proposed system will include various state and local permits, electrical connections, and miscellaneous yard piping.

The total estimated cost for Option 1 is **$1,081,000.** The user fees would increase from an estimated $10.50 per month to an estimated $20.00 per month with this option. A cost breakdown for Option 1 can be found in Table 1.

3.2 WesTech Type II AERALATER© System

An alternative to the conventional iron filter system discussed in Section 3.1 above, would be a system using aeration to oxidize the iron and manganese in the water rather than using chemicals. A system as manufactured by WesTech is considered for evaluation purposes of this report. The Type II AERALATER system quotation, specifications, and schematic of the system can be found in Attachment 3: WesTech Type II AERALATER© System. The system is utilized for iron, manganese, and arsenic removal at a flow rate of 175 gpm, and is a self-contained treatment plant combining aeration, detention, and filtration in a single unit. The system also claims to reduce H_2S, Radon, VOC, Odor, and other dissolved gasses.

The WesTech system treats the water by first passing through an aeration system, then a flocculation unit. The water then flows through a filtration zone where it exits the system through a common underdrain. The system can also perform the backwash operation within itself and does not require additional pumps to backwash.

The WesTech system would be housed in a building (similar to the conventional filter system) on the existing wastewater treatment plant site. Due to the height of the system, a portion of the detention unit normally extends out of and above the roof of the building which it is housed as shown in the attachments. The system includes a pump-down feature that automatically lowers the water level below the roofline during shutdown periods to avoid freezing. The WesTech system would be located between the existing groundwater well pumps and the wet well pump, similar to the conventional treatment system. The installation of the proposed system will include various state and local permits, electrical connections, and miscellaneous yard piping.

The total estimated cost for Option 2 is **$1,157,000.** The user fees would increase from an estimated $10.50 per month to an estimated $19.50 per month with this option. A cost breakdown for Option 2 can be found in Table 2.

3.3 Connection to Jefferson Township Municipal Authority (JTMA) System

Option 3 forgoes adding a treatment facility to the existing system, and proposes a new connection to the JTMA public water system. The JTMA system serves the Bakersville area and has a storage tank located just east of the Hidden Valley Resort on Gardner Road. The JTMA currently has 108 service connections and the HVUS extension would add approximately 1,075 new service connections, bringing the total connections served by the JTMA system to approximately 1,183. This option would eliminate the use of water supplied by existing wells, and the installation of a new waterline approximately 1.6 miles to supply the HVUS water system is proposed. The proposed route will start at the existing JTMA storage tank and will travel northwest within the right of way of Township Road T-587 (Gardner Road) to the entrance road for the Hidden Valley Golf Course where the waterline will tie into the HVUS system. The ownership of the proposed waterline from the JTMA tank to the HVUS tie-n has not been decided at this time. An overall map of the proposed JTMA connection route can be found in Attachment 4: JTMA Connection Route Overall Map.

The waterline proposed will consist of approximately 1,000 LF of 6" ductile iron pipe and 7,500 LF of C900 or C909 PVC pipe. The ductile iron pipe will be used near the JTMA storage tank where the highest head pressures are present. The waterline will require a booster pump station at a location to be determined during design, to supply the HVUS system that is located approximately 700 feet in elevation above the JTMA tank. The waterline installation will also include various gate valves and boxes, fire hydrants, water service connections, and various state and local permits.

HVUS will purchase the water at a set amount from JTMA. HVUS will then utilize the current meters and billing system in place to charge customers for water usage.

The total estimated cost for Option 3 is **$852,000.** The user fees would increase from an estimated $10.50 per month to an estimated $18.50 per month with this option. A cost breakdown for Option 3 can be found in Table 3.

3.4 Connection to Seven Springs Municipal Authority (SSMA) System

Similar to Option 3, Option 4 forgoes adding a treatment facility to the existing system, and proposes a connection to the SSMA system. The SSMA supplies the Seven Springs Resort and is located south west of the Hidden Valley Resort. The SSMA currently has 1,000 service connections. The HVUS extension would add approximately 1,075 new service connections, bringing the total connections served by the SSMA to approximately 2,750.

This option would also eliminate the use of water supplied by HVUS wells, and would include tapping into and purchasing water from the SSMA system, and installation of a new waterline approximately 5 miles to supply the HVUS storage tank. The proposed route will begin south of the resort at the Seven Springs water treatment plant and travel south to an existing cleared right of way near the resort's sewage treatment plant. The waterline will then travel the cleared right of way east to County Line Road. The waterline will cross County Line Road and will travel north along Jones Mill Run Road to the location where it will turn east, travel up the hill to the Hidden Valley resort where a connection to the HVUS storage tank will be made. An overall map of the proposed SSMA connection route can be found in Attachment 5: SSMA Connection Route Overall Map.

A 6" diameter ductile iron waterline is proposed for this option. The SSMA system is supplied by the Lake Tahoe tank, which is at a similar elevation as the HVUS tank, therefore only one booster pump station is proposed to overcome the friction losses between Seven Springs and Hidden Valley. The waterline will also require various state and local permits for construction.

The total estimated cost for Option 4 is **$2,429,000.** The user fees would increase from an estimated $10.50 per month to an estimated $30.50 per month with this option. A cost breakdown for Option 4 can be found in Table 4.

4.0 SUMMARY AND CONCLUSIONS

The objective of this report was to determine options, associated system requirements and estimated costs to remedy the iron and manganese treatment issues at the HVUS water system. A cost summary table for the four alternatives discussed in this report is as follows:

Alternative		Total Estimated Cost	Approximate Monthly User Fee Increase
1	Conventional Iron Filter	$ 1,081,000	$9.50
2	WesTech Aeralater Iron Filter	$ 1,157,000	$9.00
3	Connection to JTMA System	$ 852,000	$8.00
4	Connection to SSMA System	$ 2,389,000	$20.00

April 2006

PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF DRINKING WATER MANAGEMENT
MAXIMUM CONTAMINANT LEVELS (MCLs)
MAXIMUM RESIDUAL DISINFECTANT LEVELS (MRDLs)

PRIMARY CONTAMINANTS

Volatile Organic Chemicals (VOCs):

BENZENE	0.005	mg/L	MONOCHLOROBENZENE	0.1	mg/L
CARBON TETRACHLORIDE	0.005	mg/L	STYRENE	0.1	mg/L
o-DICHLOROBENZENE	0.6	mg/L	TETRACHLOROETHYLENE	0.005	mg/L
para-DICHLOROBENZENE	0.075	mg/L	TOLUENE	1	mg/L
1,2-DICHLOROETHANE	0.005	mg/L	1,2,4-TRICHLOROBENZENE	0.07	mg/L
1,1-DICHLOROETHYLENE	0.007	mg/L	1,1,1-TRICHLOROETHANE	0.2	mg/L
cis-1,2-DICHLOROETHYLENE	0.07	mg/L	1,1,2-TRICHLOROETHANE	0.005	mg/L
trans-1,2-DICHLOROETHYLENE	0.1	mg/L	TRICHLOROETHYLENE	0.005	mg/L
DICHLOROMETHANE	0.005	mg/L	VINYL CHLORIDE	0.002	mg/L
1,2-DICHLOROPROPANE	0.005	mg/L	XYLENES (Total)	10	mg/L
ETHYLBENZENE	0.7	mg/L			

Synthetic Organic Chemicals (SOCs):

ALACHLOR	0.002	mg/L	GLYPHOSATE	0.7	mg/L
ATRAZINE	0.003	mg/L	HEPTACHLOR	0.0004	mg/L
BENZO(a)PYRENE	0.0002	mg/L	HEPTACHLOR EPOXIDE	0.0002	mg/L
CARBOFURAN	0.04	mg/L	HEXACHLOROBENZENE	0.001	mg/L
CHLORDANE	0.002	mg/L	HEXACHLOROCYCLOPENTADIENE	0.05	mg/L
2,4-D	0.07	mg/L	LINDANE	0.0002	mg/L
DALAPON	0.2	mg/L	METHOXYCHLOR	0.04	mg/L
DIBROMOCHLOROPROPANE (DBCP)	0.0002	mg/L	OXAMYL (Vydate)	0.2	mg/L
DI(2-ETHYLHEXYL) ADIPATE	0.4	mg/L	PCBs	0.0005	mg/L
DI(2-ETHYLHEXYL) PHTHALATE	0.006	mg/L	PENTACHLOROPHENOL	0.001	mg/L
DINOSEB	0.007	mg/L	PICLORAM	0.5	mg/L
DIQUAT	0.02	mg/L	SIMAZINE	0.004	mg/L
ENDOTHALL	0.1	mg/L	2,3,7,8-TCDD (Dioxin)	3×10^{-8}	mg/L
ENDRIN	0.002	mg/L	TOXAPHENE	0.003	mg/L
ETHYLENE DIBROMIDE (EDB)	0.00005	mg/L	2,4,5-TP (Silvex)	0.05	mg/L

Disinfection Byproducts:

TOTAL TRIHALOMETHANES (TTHMs) (Chloroform, Chlorodibromomethane, Bromoform & Bromodichloromethane)	0.080	mg/L
HALOACETIC ACIDS (HAA5) Monochloroacetic Acid, Dichloroacetic Acid, Trichloroacetic Acid, Monobromoacetic Acid, & Dibromoacetic Acid)	0.060	mg/L
BROMATE	0.010	mg/L
CHLORITE	1.0	mg/L

Disinfectants (MRDLs): *Note 2*

CHLORINE (as Cl_2)	4.0	mg/L
CHLORAMINES (as Cl_2)	4.0	mg/L
CHLORINE DIOXIDE (as ClO_2)	0.8	mg/L

MRDL = Maximum Residual Disinfectant Level

Radionuclides:

GROSS ALPHA	15	pCi/L
COMBINED RADIUM (226 + 228)	5	pCi/L
BETA PARTICLE & PHOTON ACTIVITY	4	mrem/yr

Gross Alpha MCL excludes Radon and Uranium particle activity.
Beta Particle & Photon Activity MCL is for man-made radionuclides.

URANIUM	30	µg/L

Inorganic Chemicals (IOCs):

ANTIMONY	0.006	mg/L	FLUORIDE	2	mg/L
ARSENIC	0.010	mg/L	LEAD **	0.005	mg/L
ASBESTOS (Fibers longer than 10µm)	7	million fibers/L	MERCURY	0.002	mg/L
BARIUM	2	mg/L	NITRATE (as Nitrogen)	10	mg/L
BERYLLIUM	0.004	mg/L	NITRITE (as Nitrogen)	1	mg/L
CADMIUM	0.005	mg/L	NITRATE + NITRITE (as Nitrogen)	10	mg/L
CHROMIUM	0.1	mg/L	SELENIUM	0.05	mg/L
COPPER **	1.0	mg/L	THALLIUM	0.002	mg/L
CYANIDE (free CN)	0.2	mg/L			

** The lead and copper primary MCLs are applicable only to bottled, vended, retail and bulk water hauling systems

Microbiological Contaminants: PRESENCE OR ABSENCE OF TOTAL COLIFORMS BASED ON NUMBER OR PERCENTAGE OF TOTAL COLIFORM POSITIVE SAMPLES/MONTH OR FECAL COLIFORM OR E.COLI POSITIVE ROUTINE OR CHECK SAMPLES

Turbidity ..... 1 NTU (applicable only to unfiltered surface water sources)

PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF DRINKING WATER MANAGEMENT
MAXIMUM CONTAMINANT LEVELS (MCLs)

SECONDARY CONTAMINANTS

ALUMINUM	0.2	mg/L	MANGANESE	0.05	mg/L
CHLORIDE	250	mg/L	ODOR	3 T.O.N	
COLOR	15 color units		pH *	6.5 - 8.5	
CORROSIVITY	non-corrosive		SILVER	0.1	mg/L
FOAMING AGENTS	0.5	Mg/L	SULFATE	250	mg/L
IRON	0.3	Mg/L	TOTAL DISSOLVED SOLIDS	500	mg/L
			ZINC	5	mg/L

*The pH MCL represents a "reasonable goal for drinking water quality."

Notes:

mg/L = milligrams per liter = parts per million; µg /L = micrograms per liter = parts per billion;
pCi/L = picocuries per liter (particle activity); mrem/yr = millirams/yr (annual dose equivalent)
µm = micrometers; T.O.N. = threshold odor number

Chapter 109, Safe Drinking Water Regulations, defines MCL and MRDL as follows:

MCL (Maximum Contaminant Level) – the maximum permissible level of a contaminant in water which is delivered to a user of a public water system, and includes the primary and secondary MCLs established under the Federal Safe Drinking Water Act, and MCLs adopted under the act. For MCLs incorporated into this chapter by reference, the term refers to the numerical value and the means of determining compliance with that value and does not refer to the EPA applications to specific types of public water systems or sources.

MRDL (Maximum Residual Disinfectant Level) – the maximum permissible level of a disinfectant added for water treatment that may not be exceeded at the consumer's tap without an unacceptable possibility of adverse health effects. The consumer's tap means the entry point for bottled water and vended water systems, retail water facilities and bulk water hauling systems.

TABLE 1.					
Option 1: Conventional Iron Filter					
Cost Estimate					
Item	Description	Quantity	Unit	Unit Cost	Total Cost
1	Filter Equipment Cost and Installation				
	a. Filter Equipment (Filtronics)	2	EA	$ 210,150.00	$ 420,300.00
	b. Installation	1	LS	$ 315,230.00	$ 315,230.00
2	Building (32' X 30')	960	SF	$ 100.00	$ 96,000.00
3	Electrical	1	LS	$ 20,000.00	$ 20,000.00
4	Miscellaneous Yard Piping	1	LS	$ 10,000.00	$ 10,000.00
5	Miscellaneous Concrete	15	CY	$ 200.00	$ 3,000.00
	Subtotal Construction				$ 864,530.00
	Contingency (10%)				$ 86,453.00
	Estimated Total Construction				$ 950,983.00
	Engineering Basic Services (8.5%)				$ 80,834.00
	Inspection (5%)				$ 47,549.00
	Legal				$ 1,000.00
	Administration				$ 1,000.00
	Total Estimated Project				**$ 1,081,366.00**
	Round to				**$ 1,081,000.00**
	Estimated Annual O&M				
	Labor (2 hours/day, 5 days/week, @ $20/hour)				$ 10,400.00
	Heat/Electric				$ 3,500.00
	Chemicals				$ 8,000.00
	Parts and repairs				$ 5,000.00
	Estimated Annual O&M				$ 26,900.00
	Monthly Debt Service for Iron Filter (6.0%, 20 year term)				($7,744.62)
	Monthly Debt Service per customer at 1,075 customers (estimated)				($7.20)
	Additional Monthly O&M per customer for Iron Filter (estimated)				($2.09)
	Existing Bill for 1,500 gallons ($6.97/1,000 gallons)				($10.46)
	Estimated Total Monthly cost to customer with Iron Filter Treatment				($19.74)
	Approximate User Fee Increase Per Month (Existing Bill est. $10.50/mo.)				($9.29)

TABLE 2.
Option 2: AERALATER Iron Filter
Cost Estimate

Item	Description	Quantity	Unit	Unit Cost	Total Cost
1	Filter Equipment Cost and Installation				
	a. Filter Equipment (WesTech)	2	EA	$ 235,000.00	$ 470,000.00
	b. Installation	1	LS	$ 352,500.00	$ 352,500.00
2	Building (35' X 20')	700	SF	$ 100.00	$ 70,000.00
3	Electrical	1	LS	$ 20,000.00	$ 20,000.00
4	Miscellaneous Yard Piping	1	LS	$ 10,000.00	$ 10,000.00
5	Miscellaneous Concrete	15	CY	$ 200.00	$ 3,000.00
	Subtotal Construction				$ 925,500.00
	Contingency (10%)				$ 92,550.00
	Estimated Total Construction				$ 1,018,050.00
	Engineering Basic Services (8.5%)				$ 86,534.25
	Inspection (5%)				$ 50,902.50
	Legal				$ 1,000.00
	Administration				$ 1,000.00
	Total Estimated Project				**$ 1,157,486.75**
	Round to				**$ 1,157,000.00**
	Estimated Annual O&M				
	Labor (2 hours/day, 5 days/week, @ $20/hour)				$10,400.00
	Heat/Electric				$3,500.00
	Chemicals				-
	Parts and Repairs				$5,000.00
	Estimated Total Annual O&M				$18,900.00
	Monthly Debt Service for Iron Filter (6.0%, 20 year term)				($8,289.11)
	Monthly Debt Service per customer at 1,075 customers (estimated)				($7.71)
	Additional Monthly O&M per customer for Iron Filter (estimated)				($1.47)
	Existing Bill for 1,500 gallons ($6.97/1,000 gallons)				($10.46)
	Estimated Total Monthly cost to customer with Iron Filter Treatment				($19.63)
	Approximate User Fee Increase Per Month (Existing Bill est. $10.50/mo.)				($9.18)

TABLE 3.

Option 3: Hidden Valley Waterline Extension - Jefferson Township Water System

Cost Estimate

Item	Description	Quantity	Unit	Unit Cost	Total Cost
1	Waterline				
	a. 6" Diameter (C900 or C909 PVC)	7,500	LF	$ 45.00	$ 337,500.00
	b. 6" Diameter DI	1,000	LF	$ 60.00	$ 60,000.00
2	Gate Valves and Boxes				
	a. 6"	4	EA	$ 1,500.00	$ 6,000.00
3	Fire Hydrant Installation	2	EA	$ 3,000.00	$ 6,000.00
4	Water Service Connection				
	a. 3/4" w/ Meter Pit	10	EA	$ 1,800.00	$ 18,000.00
5	Booster Pump Station	1	LS	$ 250,000.00	$ 250,000.00
6	Restoration (included in Item 1)				
7	Miscellaneous Concrete	15	CY	$ 200.00	$ 3,000.00
	Subtotal Construction				$ 680,500.00
	Contingency (10%)				$ 68,050.00
	Estimated Total Construction				$ 748,550.00
	Engineering Basic Services (8.5%)				$ 63,626.75
	Inspection (5%)				$ 37,427.50
	Legal				$ 1,000.00
	Administration				$ 1,000.00
	Total Estimated Project				**$ 851,604.25**
	Round to				**$ 852,000.00**
	Monthly Debt Service for Waterline (3.0%, 20 year term)				($4,725.17)
	Monthly Debt Service per customer at 1,075 customers				($4.40)
	Monthly O&M per customer (est. $5,000/yr)				($4.65)
	JTMA Average water bill for 1,500 gallon/month @ $6.30/1,000				($9.45)
	HVUS Average water bill for 1,500 gallon/month @ $6.97/1,000				($10.46)
	Estimated Total Monthly cost to customer with JTMA Connection				($18.50)
	Approximate User Fee Increase Per Month (Existing Bill est. $10.50/mo.)				($8.04)

TABLE 4.
Option 4: Seven Springs Waterline Extension
Cost Estimate

Item	Description	Quantity	Unit	Unit Cost	Total Cost
1	Waterline				
	a. 6" Diameter (C900 or C909 PVC)	0	LF	$ 45.00	$ -
	b. 6" Diameter DI	27,500	LF	$ 60.00	$ 1,650,000.00
2	Gate Valves and Boxes				
	a. 6"	20	EA	$ 1,500.00	$ 30,000.00
3	Fire Hydrant Installation	-	EA	$ 3,000.00	$ -
4	Water Service Connection				
	a. 3/4" w/ Meter Pit	5	EA	$ 1,800.00	$ 9,000.00
5	Booster Pump Station	1	LS	$ 250,000.00	$ 250,000.00
6	Restoration (included in item 1)				
7	Miscellaneous Concrete	15	CY	$ 200.00	$ 3,000.00
	Subtotal Construction				$ 1,942,000.00
	Contingency (10%)				$ 194,200.00
	Estimated Total Construction				$ 2,136,200.00
	Right of Ways	5	EA	$ 500.00	$ 2,500.00
	Engineering Basic Services (8.5%)				$ 181,577.00
	Inspection (5%)				$ 106,810.00
	Legal				$ 1,000.00
	Administration				$ 1,000.00
	Total Estimated Project				**$ 2,429,087.00**
	Round to				**$ 2,429,000.00**
	Monthly Debt Service for Waterline (3.0%, 20 year term)				($13,471.18)
	Monthly Debt Service per customer at 1,075 customers				($12.53)
	Monthly O&M per customer (est. $10,000/yr)				($9.30)
	SSMA Average water bill for 1,500 gallon/month @ $5.80/1,000				($8.70)
	HVUS Average water bill for 1,500 gallon/month @ $6.97/1,000				($10.46)
	Estimated Total Monthly cost to customer with JTMA Connection				($30.53)
	Approximate User Fee Increase Per Month (Existing Bill est. $10.50/mo.)				($20.08)

HIDDEN VALLEY UTILITY SERVICES, L.P.

HIDDEN VALLEY FOUR SEASONS RESORT
SANITARY SEWER SYSTEM FACILITIES STUDY

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APRIL 2018

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Appendices

HIDDEN VALLEY UTILITY SERVICES
SANITARY SEWER SYSTEM FACILITIES STUDY

APRIL 2018

A. REPORT SCOPE

The purpose of this report is to present our findings from field investigations conducted to examine and evaluate the existing conditions, equipment, and deficiencies at Hidden Valley Resort's two (2) wastewater treatment plants and six (6) collection system sewage pump stations. Provided in this report is an overview of the findings and an evaluation of existing conditions and observed deficiencies. In addition to the facilities evaluation, this report provides an estimate of the current remaining capacity in the aerated facultative lagoon at Sewage Treatment Plant No. 2. Sludge depths and volumes utilized in this report were collected and calculated by CME Engineering, LLC on February 8, 2016. For reference and to support the findings within this report, photographs of the general condition of the specific sanitary sewer system facilities were taken during our investigation and are provided throughout the report.

The following items were not included in this report:

1. Inspection and evaluation of sanitary sewers, manholes, pressure sewers and force mains;
2. Engineering analysis of sewage pump sizing, sewage treatment unit design and equipment/piping sizing and design;
3. Evaluation and analysis of electrical and control systems, and;
4. Evaluation of operator/operation procedures.

B. EXISTING SEWER SYSTEM OVERVIEW

Hidden Valley Four Seasons Resort (Resort) is located in Jefferson Township, Somerset County. Sewage treatment service at the Resort is furnished by the Hidden Valley Utility Service Limited Partnership (HVUS). HVUS is PUC regulated and operates two (2) sewage treatment plants. Sewage Treatment Plant (STP) No. 1, located near the main entrance to the Resort at State Route 31, has been in operation since 1982. STP No. 1 currently serves 864 Equivalent Dwelling Units (EDU) and is rated at 100,000 gallons per day (GPD). The treated effluent from the extended aeration STP No. 1 is pumped to and held in a 3 million gallon (MG) capacity lined effluent lagoon. Water held in the effluent lagoon is land applied to a 20 acre spray field during the spring, summer and fall months and is blended with snowmaking water during the winter. STP No. 2 is located on the eastern side of Hidden Valley near the golf course and is an aerated facultative lagoon plant rated at 30,000 GPD. Treated effluent from STP No. 2 is also pumped to the 3 MG effluent lagoon, from which it is land applied to the same 20 acre spray field, or blended with snowmaking water.

HVUS also maintains six collection system pump stations in the sanitary sewage collection system. The pump stations were constructed between 1984 and 2008 and are located at various developments within the Resort.

Refer to Appendix 1 for a map of the Resort showing the STPs, pump stations, effluent lagoon, and spray field locations.

C. SEWAGE TREATMENT PLANT NO. 1

On November 23, 2016 and March 29, 2018, representatives of the EADS Group, Inc. conducted field inspections of the treatment facilities at Sewage Treatment Plant No. 1 (STP No. 1). The overall condition of the STP No. 1 facilities was found to be in fair condition. The equipment wear observed during our inspections were typical for an extended aeration treatment plant of this size and age. The corrosive nature of wastewater will attack coatings of equipment and develop pinholes, cracks and breaks over time. Preventative maintenance is a critical step to combat corrosion and prolong the life of treatment system equipment.

During our field investigation, we visually inspected the condition and operation of the major components of STP No. 1. The STP facilities remained in operation and limited our review to external and internal apparatuses above the wastewater levels. Included in Appendix 2 of this report is a detailed list of deficiencies visually observed at STP No. 1 with recommended repairs and estimated costs. Table 1 below provides a summary of costs included in Appendix 2.

TABLE 1 – SEWAGE TREATMENT PLANT NO. 1 ESTIMATED MAINTENANCE & REPAIR COSTS

SEGMENT	ESTIMATED SEGMENT COSTS
Headworks and Flow Equalization	$ 50,500
Primary Clarifier and Aeration Tanks	$ 9,000
Final Clarifiers, Chlorine Contact, and Sludge Hold Tanks	$ 15,500
Blowers, Pumps, and Control Building	$ 29,250
TOTAL ESTIMATED MAINTENANCE & REPAIR COSTS	**$ 104,250**

D. SEWAGE TREATMENT PLANT NO. 2

Representatives of the EADS Group, Inc. conducted field inspections of the facilities at Sewage Treatment Plant No. 2 (STP No. 2) on the same dates as STP No. 1. As mentioned above, the corrosive nature of wastewater has adverse effects on the equipment utilized in the treatment process. Similar deficiencies were observed at both sewage treatment plants. During of our field investigation, we visually inspected the condition and operation of the major components of STP No. 2. The overall condition of the STP No. 2 facilities was found to be in fair condition. STP No. 2 facilities also remained in operation throughout our examination which limited our evaluation. Included in Appendix 3 of this report is a detailed list of deficiencies visually observed at STP No. 2 with recommended repairs and estimated costs. Table 2 provides a summary of costs included in Appendix 3.

TABLE 2 – SEWAGE TREATMENT PLANT NO. 2 ESTIMATED REPAIRS

SEGMENT	ESTIMATED TOTAL REPAIR COSTS
Headworks and Flow Equalization	$ 19,400
Chlorine Contact Tank, Treated Effluent Tank and Control Building	$ 32,500
TOTAL ESTIMATED REPAIR COSTS	**$ 51,900**

Aerated Facultative Lagoon Sludge

The amount of accumulated sludge in the facultative lagoon was estimated by CME Engineering (CME). CME's calculations and correspondence submitted to HVUS on February 8, 2016 are included in Appendix 12. The measured sludge depth was overlaid on the known dimensions of the lagoon to generate a volume of accumulated sediment. CME Engineering calculated the accumulated sludge volume to be 225,000 gallons based on an average of 3' depth. During CME's investigation, the lagoon had been drain/dewatered to allow the sludge to be visible for a depth measurement. The calculated sludge volume is approximately 12.78% of the total lagoon volume (with no freeboard) or 22.45% at the normal water level (10' water depth) or 19.95% at the high water level (13' water depth). At normal water level approximately 77.55% of the plant volume capacity remains.

Plant Performance Based of Operator's Discharge Monitoring Reports

Although there is no discharge of effluent from STP No. 2 directly to the Waters of the Commonwealth, the Licensed Operator is required by DEP to submit monthly Discharge Monitoring Reports (DMRs) of effluent testing results for STP No. 2. For the evaluation

of plant performance for this report, DMRs for calendar years 2016 and 2017 were examined. Parameters reported in the DMRs from STP No. 2 include Biochemical Oxygen Demand (BOD5), pH, Total Suspended Solids, Flow, and Fecal Coliform. Based on the Operator's DMRs no incidents of values exceeding the effluent limits were noted. Buildup of excess sludge can inhibit the plant's ability to properly treat sewage. Based on the DMRs it does not appear the existing sludge is causing a problem with treatment. Should future DMRs show sufficient treatment is not being achieved, then HVUS should consider the removal of sludge. Based on Operator's Chapter 94 Wasteload Management Report hydraulic and organic loading have been steady with no surge in growth and associated plant loading anticipated in the near future.

E. SPRAYFIELD, SNOWMAKING, AND STORAGE LAGOON

As previously stated, the STP No. 1 and STP No. 2 treated effluent is land applied to a 20 acre spray field during fall, spring, and summer months. The Resort is permitted to blend the treated effluent to make snow during the winter. The treated effluent is pumped to the 3,000,000 gallon storage lagoon which provides an average of 30 days storage. Our field investigations were limited to the inspection of equipment at the effluent lagoon control building and visual inspection of the liner and spray field. During the investigation, we observed deficiencies with the existing equipment. A detailed list of deficiencies and estimated cost breakdown for these facilities are summarized in Appendix 4 of this report. The total estimated cost for repairs at these locations is **$13,000**.

F. PUMP STATIONS

As mentioned above, the Hidden Valley Sewer Collection System contains six pump stations. The stations are equipped with some temporary storage volume for emergencies, as well as local alarms that are activated by high water levels or power outages. The pump station alarms do not call-out and alert the operator in cases of emergency. This requires HVUS personnel to conduct daily visits to each pump station. Local nearby residents may also contact the proper personnel if the alarm buzzer sounds off. The HVUS Operator informed us there is an emergency response plan in place that enables them to operate these stations during extended power outages. A portable generator is available which can be used to run the pump stations during a power outage. Each pump station is equipped with a duplicate pump to provide back-up service in the case of mechanical pump failure.

The existing condition ratings observed for the pump stations range from good to poor. The following list contains a summary of each Hidden Valley pump station including the observed overall condition, an estimated repair cost for all the deficiencies observed, and the corresponding report appendix detailing recommendations:

North Summit Pump Station

- Pump Station is in fair condition.
- One (1) grinder pump is currently not operational and needs repaired or replaced.
- Detailed List of Deficiencies visually observed at the North Summit Pump Station with recommended repairs and estimated costs can be found in Appendix 5.
- Estimated cost to repair observed deficiencies - **$ 6,000**

Stonewood Lots Pump Station

- Pump Station is in fair condition.
- Difficult access into the pump station wetwell may create a problem in an emergency situation.
- Detailed List of Deficiencies visually observed at the Stonewood Lots Pump Station with recommended repairs and estimated costs can be found in Appendix 6.
- Estimated cost to repair observed deficiencies - **$ 6,750**

Fairway Lots Pump Station

- Pump Station is in poor condition.
- Pump station control panel is leaning on one (1) remaining support post. Second post needs replaced.
- Detailed List of Deficiencies visually observed at the Fairway Lots Pump Station with recommended repairs and estimated costs can be found in Appendix 7.
- Estimated cost to repair observed deficiencies - **$ 10,750**

Highland Townhouse Pump Station

- Pump Station is in poor condition.
- Concrete wetwell has numerous cracks allowing groundwater infiltration to enter the system. Rehabilitation of the wetwell is required.
- Detailed List of Deficiencies visually observed at the Highland Townhouse Pump Station with recommended repairs and estimated costs can be found in Appendix 8.
- Estimated cost to repair observed deficiencies - **$ 13,500**

Westridge No. 1 Pump Station

- Pump Station is in fair condition.

- Power for the pump station is directly connected to the control panel. Reconfiguration is required to provide disconnect for future work on the control panel.
- Detailed List of Deficiencies visually observed at the Westridge No. 1 Pump Station with recommended repairs and estimated costs can be found in Appendix 9.
- Estimated cost to repair observed deficiencies - **$ 11,250**

Westridge No. 2 Pump Station

- Pump Station is in fair condition.
- One (1) grinder pump is currently not operational and needs replaced.
- Detailed List of Deficiencies visually observed at the Westridge No. 2 Pump Station with recommended repairs and estimated costs can be found in Appendix 10.
- Estimated cost to repair observed deficiencies - **$ 10,500**

G. SUMMARY AND RECOMMENDATIONS

The objective of this report was to evaluate Hidden Valley Utility Services existing wastewater facilities and provide estimated costs to correct deficiencies identified. In many instances, redundant systems (i.e. second pumps, second blowers, emergency generators, etc.) are nonfunctional throughout both the treatment facilities and pump stations, which increases the potential for emergency situations. It is our recommendation that these redundant systems be repaired or replaced in the immediate future. Other deficiencies noted in this report should also be assigned a priority and rectified in the near future. We recommend HVUS personnel increase the frequency of equipment inspections to help reduce the risk failure, downtime, or diminished capacity. Preventative maintenance measures should be regularly performed on critical equipment to lessen the likelihood of failure.

The EADS Group, Inc.
Respectfully Submitted,

By: Bradley R. Stinebiser, P.E.

By: Frank D. Novotny, P.E.

APPENDIX 1

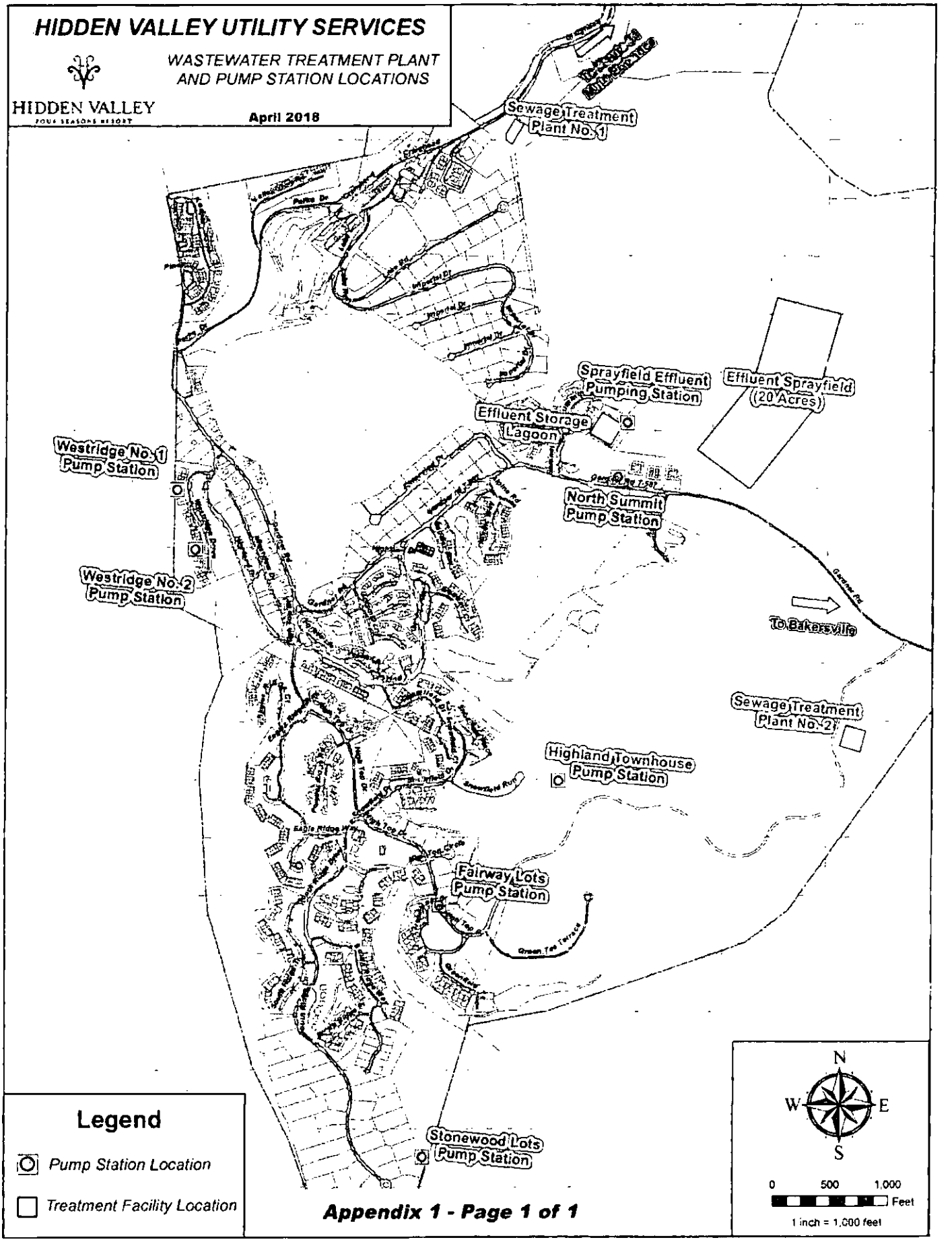
Wastewater Treatment Plant and
Pump Station Locations Project

HIDDEN VALLEY UTILITY SERVICES

HIDDEN VALLEY
FOUR SEASONS RESORT

WASTEWATER TREATMENT PLANT AND PUMP STATION LOCATIONS

April 2018



APPENDIX 2

Sewage Treatment Plant No. 1

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT NO. 1
Headworks and Equalization Tanks

Representatives of the EADS Group, Inc. visually inspected sewage treatment plant components of the headworks and equalization facilities at Sewage Treatment Plant (STP) No. 1. During our field investigations, the STP remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

STP Influent Sewage Grinder Observations

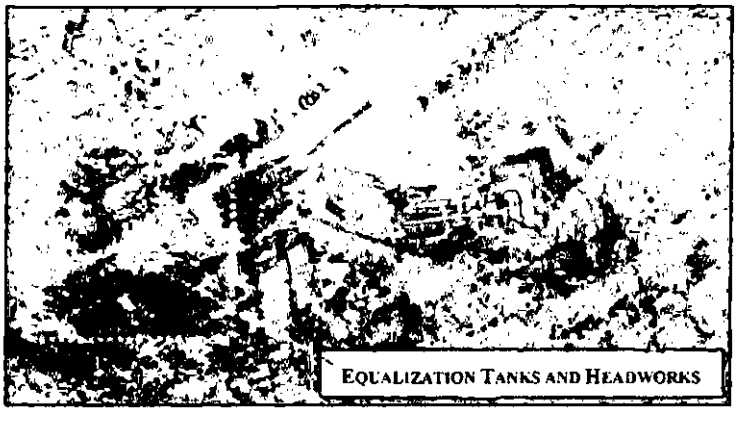
- Muffin Monster is operational.
- Muffin Monster blade edges have dulled.
- Light to moderate corrosion on muffin monster components.
- Fatigued muffin monster power/control cables with exposed wires located alongside concrete channel.

Equalization Tank Observations

- Patches of external roof corrosion on circular equalization tanks.
- Moderate to heavy corrosion on exposed surfaces of buried railcar tanks.
- Moderate corrosion on interior of railcar tanks above wastewater levels.
- System Operator informed us the equalization storage aeration system is operable to the circular equalization tanks, but not to the railcar tanks.

Equalization Pump Station Observations

- Heavy corrosion on steel equalization splitter box. Total replacement needed.
- One (1) equalization pump operational.
- Second equalization pump not operational.
- Equalization pump manual control operational.
- Equalization pump automatic control not operational
- Bubbler tubes at equalization pump wet well not operational..
- Need slide rail system for pump removal.
- 3-inch submersible pump discharge.



EQUALIZATION TANKS AND HEADWORKS

STP No. 1 – Headworks and Equalization Tanks

Summary and Estimated Cost of Deficiencies Recommended for Completion

The intent of this investigation was to observe and evaluate existing conditions of the headworks and equalization facilities at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – Headworks and Equalization Facilities
Recommended Deficiency Prioritization Repair Table

Asset	Existing Condition Rating	Priority	Recommendations	Estimated Cost	PA DEP Manual Comments
Equalization Pump #2	4	High	Install second equalization pump	$3,500	At least two pumps shall be provided for each wetwell.
Muffin Monster Power/Control Cables	4	High	Replace or repair existing muffin monster power/control cables	$1,000	Each flexible cable, located in the wetwell, shall be provided with a water-tight seal.
Muffin Monster Blades	2	High	Replace cutting cartridge	$10,000	Not Applicable. General Maintenance.
Equalization Splitter Box	4	High	Replace existing flow splitter box	$7,500	Not Applicable. If structure collapses, STP operations would cease and an emergency situation would ensue.
Equalization Pump Slide Rail System	N/A	High	Install new pump slide rail system for easy pump access	$7,500	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.
Bubbler Tubes	5	Moderate	Replace bubbler tubes in equalization facilities with float system	$5,000	Not Applicable. If high influent BOD_5 becomes an issue bubbler tube replacement will help settle out some material.
Equalization Pump Automatic Controls	5	Moderate	Replace automatic controls for equalization pumps	$5,000	Provisions should be made to automatically alternate pumps.
Equalization Control Panel	3	Moderate	Minor repairs to existing control panel	$1,000	Not Applicable.
Equalization Tank Paint	2	Moderate	Repaint external and internal areas affected by corrosion	$10,000	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT NO. 1
Primary Clarifier and Aeration Tanks

Representatives of the EADS Group, Inc. visually inspected sewage treatment plant components of the primary clarifier and aeration tanks at Sewage Treatment Plant (STP) No. 1. During our field investigations, the STP remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

Concrete Influent Flow Splitter Box Observations

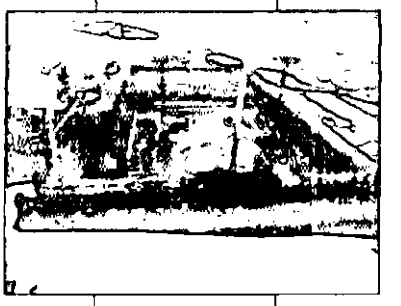
- Good condition.
- Ability to direct flow to between primary clarifier and aeration tanks.

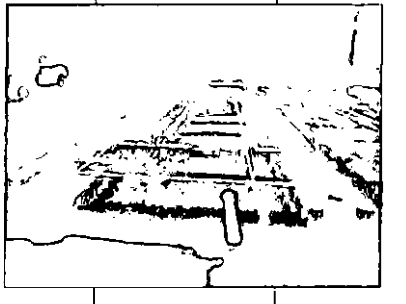
Primary Clarifier Tank Observations

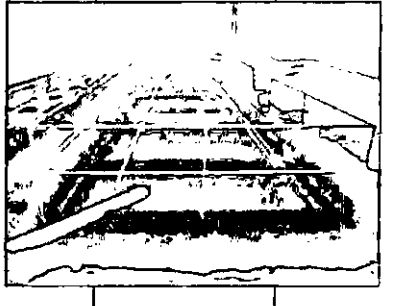
- Not operational. Has not been utilized for 15 years.
- Sludge collector chain damaged and not operational. Unable to verify operation of the sludge collector.

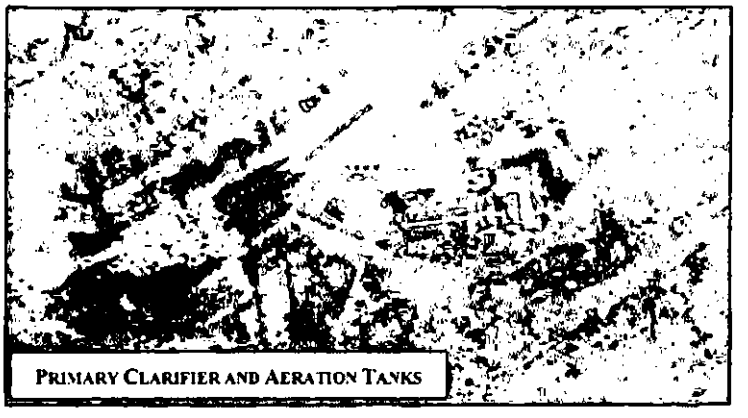
Aeration Tank Observations

- Confirmed the repair and repainting of both Aeration Tanks with operator. Aeration Tank No. 1 completed in 2016, Aeration Tank No. 2 completed in 2015. Visual observations above water level confirm painting and repairs.
- Diffusors were not able to be examined, but aeration activity visually adequate.
- Froth spray system operational in Aeration Tank No 2. Required maintenance cleaning out some spray nozzles.
- Froth spray system not operational in Aeration Tank No. 1.









PRIMARY CLARIFIER AND AERATION TANKS

STP No. 1 – Primary Clarifier and Aeration Tanks

Summary and Estimated Cost of Deficiencies Recommended for Completion

The intent of this investigation was to observe and evaluate existing conditions of the primary clarifier and aeration tanks at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – Primary Clarifier and Aeration Tanks
Recommended Deficiency Prioritization Repair Table

Asset	Existing Condition Rating	Priority	Recommendations	Estimated Cost	PA DEP Manual Comments
Sludge Collector	5	High	Replace sludge collector chains	$5,000	Not Applicable. Without the sludge collector chains the primary clarifier cannot remove sedimentation.
Primary Clarifier Miscellaneous Repairs	3	Moderate	Miscellaneous repairs to sludge collector system and tank	$2,500	Not Applicable. General Maintenance.
Froth Spray System Tank No. 1	3	Moderate	Clean existing spray nozzles. Locate and replace damaged or clogged section of line	$1,000	Not Applicable. Aeration Tank No. 1 does not have ability to spray down froth to help improve plant performance.
Froth Spray System Tank No. 2	2	Low	Clean existing spray nozzles. Replace clogged nozzles.	$500	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT NO. 1
Final Clarifier, Sludge Holding, and Effluent Tanks

Representatives of the EADS Group, Inc. visually inspected sewage treatment plant components of the final clarifier, sludge holding, and effluent tanks at Sewage Treatment Plant (STP) No. 1. During our field investigations, the STP remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

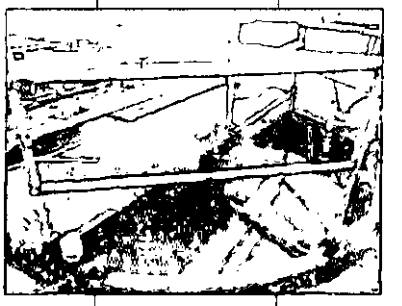
Final Clarifier Tank Observations
- Both Tanks in good condition.
- Both motors in good condition. Final Clarifier Tank No. 2 motor rebuilt in 2015.
- Scum return system not operational. Manual airlift system operational and utilized for scum removal.

Sludge Holding Tank Observations
- Original sludge holding tank in fair condition.
- New sludge holding tank in fair condition.
- Moderate corrosion on walls of both sludge holding tanks.

Chlorine Contact Tank Observations
- Tank in good condition.
- Level sensor operational.

Effluent Strainer Observations
- Heavy corrosion in pit.
- Vault door recently replaced and in good condition.
- Access grating in bad condition. Needs replaced.

Effluent Flow Manhole Observations
- Minor corrosion on components in wetwell.
- Electrical junction box for floats located in wetwell.
- Floats:
  - Lead Pump On Float operational
  - Pump Lag Float operational
  - Pump Off Float operational



FINAL CLARIFIER, SLUDGE HOLDING, AND CHLORINE CONTACT TANKS

STP No. 1 – Final Clarifier, Sludge Holding, and Effluent Tanks

Summary and Estimated Cost of Deficiencies Recommended for Completion

The intent of this investigation was to observe and evaluate existing conditions of the final clarifier, sludge holding, and chlorine contact tanks at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – Final Clarifier, Sludge Holding, and Effluent Tanks
Recommended Deficiency Prioritization Repair Table

Asset	Existing Condition Rating	Priority	Recommendations	Estimated Cost	PA DEP Manual Comments
Effluent Strainer Grating	5	High	Replace effluent strainer grating	$500	Not Applicable. General Maintenance.
Old Sludge Holding Tank Walls	3	Moderate	Drain, inspect, repair, and repaint tank	$7,500	Not Applicable. General Maintenance.
New Sludge Holding Tank Walls	3	Moderate	Drain, Inspect, repair, and repaint tank	$7,500	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT NO. 1
Control Building and Equipment

Representatives of the EADS Group, Inc. visually inspected sewage treatment plant components of the control building at Sewage Treatment Plant (STP) No. 1. During our field investigations, the STP remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

Equalization Blower Room Observations
- Two (2) blowers in operation.
- One (1) blower motor requires a new starter.
- Room vent fan not operational.

Aeration Blower Room Observations
- Three (3) blowers.
- Two (2) blowers in operation.
- Third blower needs replaced.
- Room vent fan and vent controls not operational.

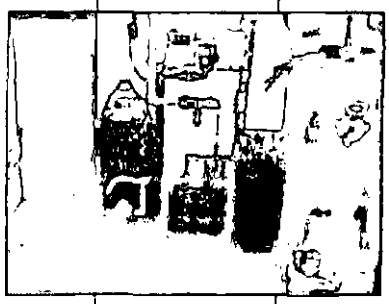
Chlorination Room Observations
- Old chlorine gas system recently replaced with sodium hypochlorite system.
- Door frame and door severely corroded, needs replaced.

Effluent Pump Observations
- One (1) effluent pump operational.
- Second pump not operational. Has been rebuilt multiple times with limited success. Needs replaced.

Motor Control Panel Observations
- Manual controls are operational.
- Not all automatic controls are operational.

GeneralBuilding Observations
- Moderate corrosion on door frame. Sign that additional ventilation is required.
- New batteries are required for backup generator. Generator is not operational.

Sludge Disposal Observations
- Sludge pump in good condition.
- Sludge bagging and handling system in good condition.



CONTROL BUILDING

STP No. 1 – Control Building and Equipment

Summary and Estimated Cost of Deficiencies Recommended for Completion

The intent of this investigation was to observe and evaluate existing conditions of the control building at STP No. 1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 1 – Control Building and Equipment
Recommended Deficiency Prioritization Repair Table

Asset	Existing Condition Rating	Priority	Recommendations	Estimated Cost	PA DEP Manual Comments
Effluent Pump No. 1	5	High	Replace existing split case pump with end suction pump	$15,000	At least two pumps shall be provided.
Effluent Pump No. 1	N/A	High	Proposed VFDs and Controls	$5,000	Not Applicable.
Equalization Blower	3	High	Repair Blower Motor and Starter	$2,500	A minimum of two aerators shall be provided to permit continuity of service.
Generator Batteries	5	High	Replace generator batteries	$250	Not Applicable. General Maintenance.
Aeration Blower	3	Moderate	Replace Blower	$2,500	Not Applicable. Two (2) blowers operational. Repair to make an additional backup.
Aeration Blower Room Vent & Fan	3	Moderate	Replace fan and vent controls	$1,000	Mechanical ventilation is required.
Equalization Blower Room Fan	3	Moderate	Replace fan and vent controls	$1,000	Mechanical ventilation is required.
Control Building Doors	4	Low	Replace doors due to corrosion from partially vented rooms.	$2,000	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 3

Sewage Treatment Plant No. 2

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT NO. 2
Headworks, Generator and Facultative Lagoon

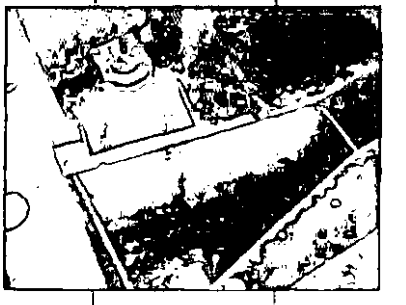
Representatives of the EADS Group, Inc. visually inspected sewage treatment plant components of the headworks, generator, and aerated facultative lagoon at Sewage Treatment Plant (STP) No. 2. During our field investigations, the STP remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

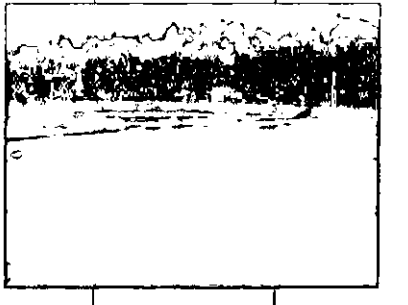
Equalization Wetwell Observations
- Two sewage pumps installed in wetwell
- Alarm buzzer in working order.
- Alarm warning beacon not in working order.
- Moderate corrosion on equipment in wetwell.
- Separate shutoff and check valves for each pump are located in a separate drywell next to wetwell.
- Muffin Monster is operational.
- Muffin Monster cutters have dulled.
- Damaged chain link fence fabric around wetwell.

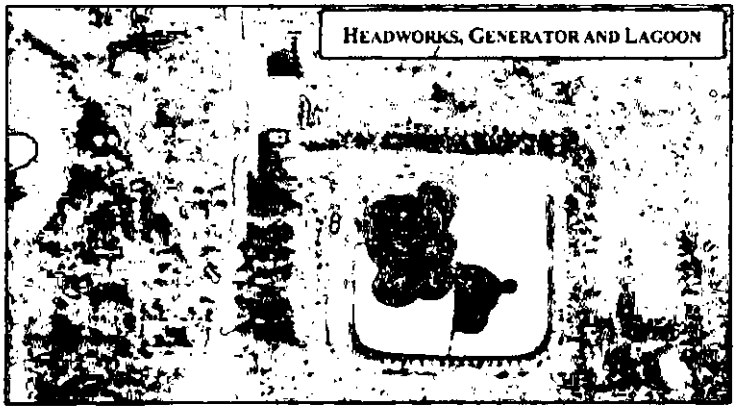
Influent Parshall Flume Observations
- Roof over structure in poor condition. Needs replaced.
- Concrete channel in good condition.

Aerated Facultative Lagoon Observations
- One (1) lagoon liner hole.
- Four (4) diffusor lines in lagoon.
- Three (3) out of the four (4) diffusor lines are partial to fully clogged. Maintenance required.

Generator Observations
- New batteries are required for backup generator. Generator is not operational.
- Generator requires new coil heater for water line on radiator.







STP No. 2 – Headworks, Generator, and Facultative Lagoon

Summary and Estimated Cost of Deficiencies Recommended for Completion

The intent of this investigation was to observe and evaluate existing conditions of the headworks, generator, and aerated facultative lagoon at STP No. 2 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 2 – Headworks, Generator, and Facultative Lagoon
Recommended Deficiency Prioritization Repair Table

Asset	Existing Condition Rating	Priority	Recommendations	Estimated Cost	PA DEP Manual Comments
Generator Batteries	5	High	Replace generator batteries	$250	Not Applicable. General Maintenance.
Generator	5	High	Install coil heater for water line on radiator	$150	Not Applicable. General Maintenance.
Lagoon Liner	3	High	Repair hole in lagoon liner	$1,000	Synthetic liners shall remain structurally sound during all anticipated working conditions.
Lagoon Diffusors	4	Moderate	Flush diffusors to remove clogs and replace damaged diffusors	$2,500	Not Applicable. General Maintenance.
Parshall Flume Roof	4	Moderate	Replace roof over influent parshall flume channel	$2,000	Not Applicable. General Maintenance.
Equalization Wetwell Alarms	4	Moderate	Repair equalization pump alarm light	$500	Appropriate high water and overflow detection devices such as visual and/or audio alarm shall be provided.
Muffin Monster	2	Moderate	Replace or Repair existing cutting cartridge	$10,000	Not Applicable. General Maintenance.
Wetwell Fence	3	Low	Repair existing fence fabric	$3,000	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT NO. 2
Chlorine Contact Tank and Control Building

Representatives of the EADS Group, Inc. visually inspected sewage treatment plant components of the chlorine contact tank and control building at Sewage Treatment Plant (STP) No. 2. During our field investigations, the STP remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

Chlorine Contact Tank Observations
- Concrete channel in good condition.
- Weir Gate not operational. Seized up and may need replaced.

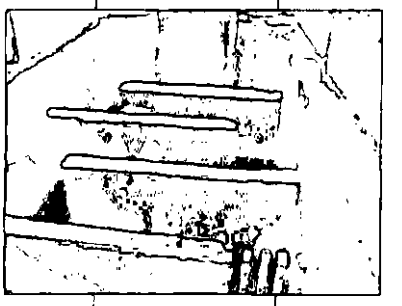
Effluent Wetwell Observations
- Alarm buzzer and warning beacon in working order.
- Floats:
  - Lead Pump On Float operational
  - Pump Off Float operational
  - High Wetwell Level Alarm Float operational
  - Pump Lag Float operational

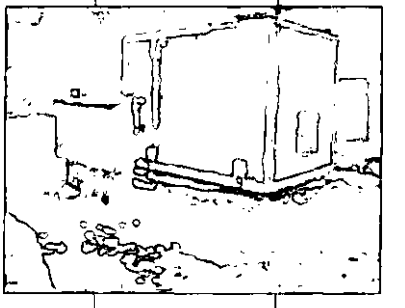
Control Building Observations
- Building in good condition.

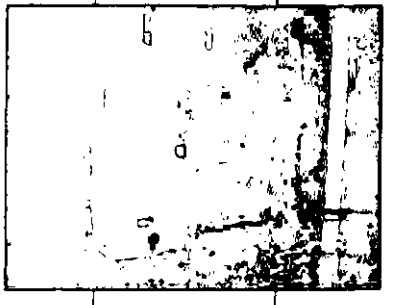
Aeration Blower Room Observations
- Two (2) blowers in operation. Both operate in manual mode.

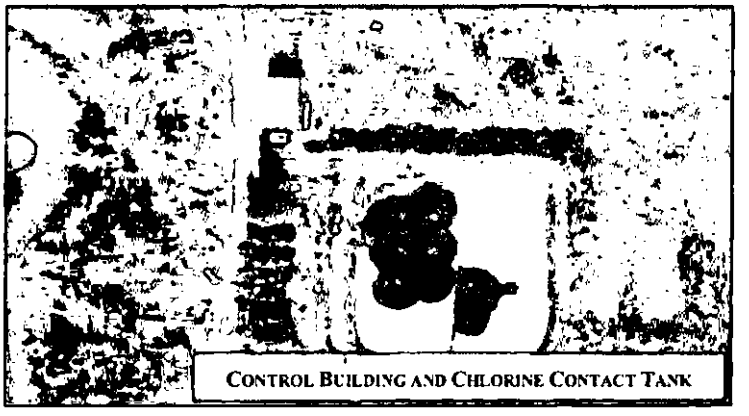
Effluent Pump Room Observations
- One (1) effluent pump operational.
- Second pump not operational. Needs replaced.
- Check valve for non-operational pump is not operational. Needs replaced.
- Damaged conduit and exposed wires require maintenance.

Chlorine Storage Room Observations
- Room vent fan and vent controls operational.
- New liquid sodium hypochlorite system installed.









CONTROL BUILDING AND CHLORINE CONTACT TANK

STP No. 2 – Control Building and Chlorine Contact Tank

Summary and Estimated Cost of Deficiencies Recommended for Completion

The intent of this investigation was to observe and evaluate existing conditions of the chlorine contact tank and control building at STP No. 2 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STP No. 2 – Control Building and Chlorine Contact Tank
Recommended Deficiency Prioritization Repair Table

Asset	Existing Condition Rating	Priority	Recommendations	Estimated Cost	PA DEP Manual Comments
Effluent Pump	5	High	Install a second effluent pump	$15,000	At least two pumps shall be provided.
Effluent Pump Suction Line Gate Valve	5	High	Replace existing gate valve	$5,000	Suitable shutoff valves shall be placed on the suction line of dry pit pumps.
Weir Gate	5	High	Repair or replace weir gate to control effluent flow	$10,000	Not Applicable. General Maintenance.
Effluent Pump Room Conduit	4	Moderate	Replace existing conduit and damaged wiring	$2,500	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 4

Effluent Lagoon & Sprayfield

HIDDEN VALLEY UTILITY SERVICES
SEWAGE TREATMENT PLANT EFFLUENT HOLDING
Effluent Holding Lagoon, Snowmaking System and Spray Field

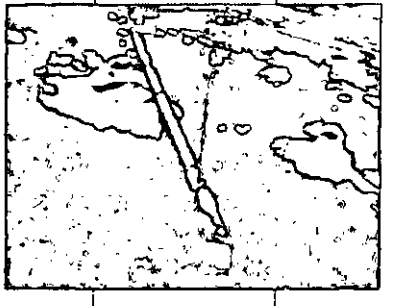
Representatives of the EADS Group, Inc. visually inspected components of the effluent holding lagoon, pumps for the snowmaking system and spray field system, and spray field utilized for effluent flow from both Sewage Treatment Plants. During our field investigations, the facilities remained in operation which limited our observations to external and internal components of the facilities above the water level. Observations regarding the existing conditions of the facilities systems are as follows:

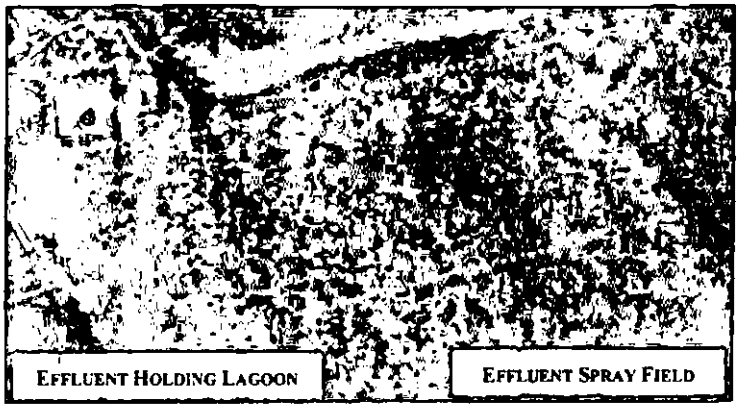
Effluent Strainer Observations
- Basket strainer leaks.
- Moderate corrosion in pit.
- Vault door in good condition.
- Access grating in fair condition.

Pump Building Observations
- Building in good condition.
- One (1) effluent pump operational.
- Second pump not operational. Needs replaced.
- Ability to direct effluent flow between snowmaking and spray fields is operational.
- Operated by manual control.

Spray Field Observations
- Observation of one (1) spray field grid in operation due to weather conditions on the day of our investigation.
- Observed spray field grid in good condition.

Effluent Pump Room Observations
- One (1) effluent pump operational.
- Second pump not operational. Needs replaced.
- Gate valve on suction line of non-operational pump is not operational. Needs replaced.





EFFLUENT HOLDING LAGOON

EFFLUENT SPRAY FIELD

EFFLUENT HOLDING LAGOON, SNOWMAKING SYSTEM AND SPRAY FIELD

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the effluent holding lagoon, pumps for the snowmaking system and spray field system, and spray field and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

EFFLUENT HOLDING LAGOON, SNOWMAKING SYSTEM AND SPRAY FIELD
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Effluent Pump	5	High	Replace existing effluent pump	$10,000	At least two pumps shall be provided.
Effluent Basket Strainer	3	Moderate	Replace existing basket strainer	$3,000	Not Applicable. General Maintenance.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 5

North Summit Pump Station

HIDDEN VALLEY UTILITY SERVICES
NORTH SUMMIT PUMPING STATION
Hidden Valley, Pennsylvania

On March 29, 2018, representatives of the EADS Group, Inc. met with Hidden Valley Utility Services Manager and Licensed Wastewater System Operator, Mr. Glenn P. Fodor, to evaluate the existing conditions of the sanitary sewer pumping station identified as the North Summit Pumping Station. For this pump station, HVUS installed an E-One package pump station. Observations regarding the existing conditions of the pumping station's systems are as follows:

Package System Observations

- Prefabricated polyethylene wetwell is in good condition. No infiltration was observed.
- No corrosion observed.
- Ventilation system prefabricated into pump station.
- Easy access to facilitate the removal of pumps.
- Water ponding around cover of pump station. Pump Station cover not secured in place.
- Two sewage grinder pumps installed in wetwell.
- One (1) pump is operational in manual or automatic setting.
- Second pump would not operate in manual mode. Unable to verify operation in automatic mode.
- 2-inch forcemain exiting pump station.
- Shutoff and check valves for each pump are located in drywell above the wetwell.
- No trash rack/basket to collect influent debris.

Electrical/Control Panel Observations

- Panel post/structure in good condition.
- Alarm buzzer and warning beacon in working order.
- Unable to verify operation of pressure transducer controlling automatic mode of pump station.
- Disconnect panel at control panel.
- No method of influent or effluent flow measurement.

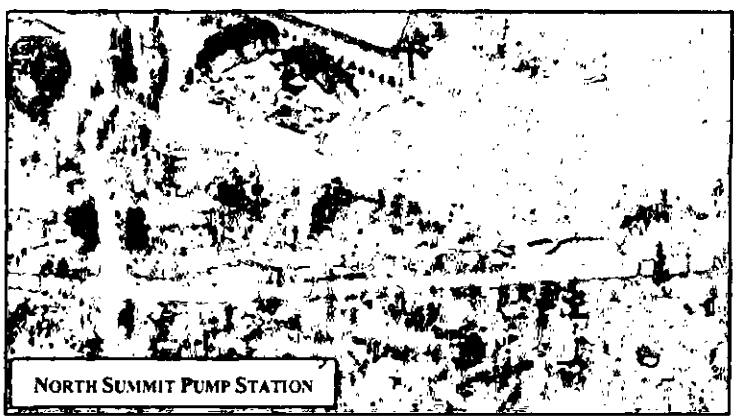
Based on 2017 Chapter 94 Information

QUICK NOTES

Construction:
Constructed in 2008

Pump Information:
- E-One Package System
- Two (2) 1-Horsepower Grinder Pumps
- 11 GPM or 15,840 GPD Capacity

Location:
Located along Gardner Road in front of the North Summit Condominiums



NORTH SUMMIT PUMP STATION

NORTH SUMMIT PUMPING STATION

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the North Summit Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

NORTH SUMMIT PUMPING STATION
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Pump #2	4	High	Repair existing sewage grinder pump	$4,000	At least two pumps shall be provided for each wetwell.
Flow Measurement	N/A	Moderate	Install device suitable for measuring flow	$2,000	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 6

Stonewood Lots Pump Station

HIDDEN VALLEY UTILITY SERVICES
STONEWOOD LOTS PUMPING STATION
Hidden Valley, Pennsylvania

On March 29, 2018, representatives of the EADS Group, Inc. met with Hidden Valley Utility Services Manager and Licensed Wastewater System Operator, Mr. Glenn P. Fodor, to evaluate the existing conditions of the sanitary sewer pumping station identified as the Stonewood Lots Pumping Station. Observations regarding the existing conditions of the pumping station's systems are as follows:

Wetwell Observations

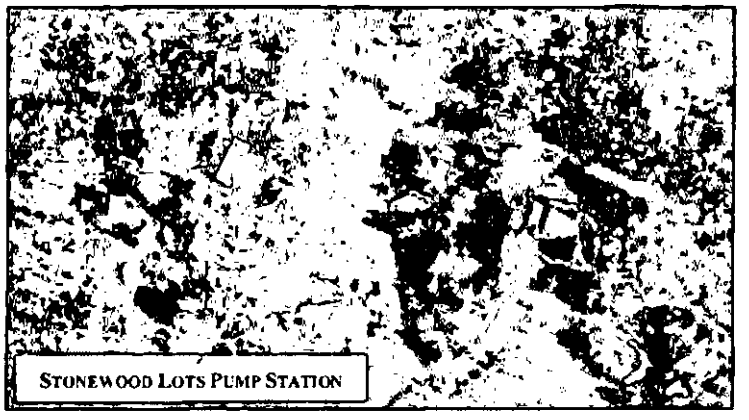
- Precast concrete wetwell is in good condition. No infiltration was observed.
- Minor corrosion on steel pump access hatch.
- Moderate corrosion on pump slide rail system.
- Ventilation pipe installed at wetwell.
- No onsite provisions to facilitate removal of pumps.

Pumping System Observations

- Two sewage grinder pumps installed in wetwell.
- 2-inch forcemain exiting pump station.
- Separate shutoff valves for each pump are located outside of the wetwell in separate valve pits.
- No trash rack/basket to collect influent debris.

Electrical/Control Panel Observations

- Panel post/structure in fair condition.
- Panel roof in poor condition and needs replaced.
- Alarm buzzer and warning beacon in working order.
- Floats:
  - Lead Pump On Float operational
  - Pump Off Float operational
  - High Wetwell Level Alarm Float operational
  - Pump Lag Float operational
- Electrical disconnect situated on control panel board.
- Electrical junction box for pump power and controls located in wetwell. Limited access for junction box from wetwell steps.
- No method of influent or effluent flow measurement.
- No provisions for connecting portable emergency generator.



STONEWOOD LOTS PUMP STATION

Based on 2017 Chapter 94 Information

QUICK NOTES

Construction:
Constructed in 1994

Pump Information:
- Two (2) 5-Horsepower Grinder Pumps
- 77 GPM or 110,880 GPD Capacity

Location:
Located behind homes in the Stonewood Development

STONEWOOD LOTS PUMPING STATION

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Stonewood Lots Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

STONEWOOD LOTS PUMPING STATION
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Access Steps	4	High	Remove rail blocking access or relocate steps	$1,500	Suitable and safe means of access for persons wearing self-contained breathing apparatus shall be provided for both dry and wet wells.
Control Panel Roof	4	Moderate	Replace roof above control panel	$250	Not Applicable
Pump Power and Controls Junction Box	3	Moderate	Relocate junction box to accessible location.	$1,000	Not Applicable
Flow Measurement	N/A	Moderate	Install device suitable for measuring flow	$2,000	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.
Trash Rack	N/A	Moderate	Install trash rack	$1,000	Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.
Pump Wench/Hoist	N/A	Low	Install pump hoist	$1,000	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 7

Fairway Lots Pump Station

HIDDEN VALLEY UTILITY SERVICES
FAIRWAY LOTS PUMPING STATION
Hidden Valley, Pennsylvania

On March 29, 2018, representatives of the EADS Group, Inc. met with Hidden Valley Utility Services Manager and Licensed Wastewater System Operator, Mr. Glenn P. Fodor, to evaluate the existing conditions of the sanitary sewer pumping station identified as the Fairway Lots Pumping Station. Observations regarding the existing conditions of the pumping station's systems are as follows:

Wetwell Observations

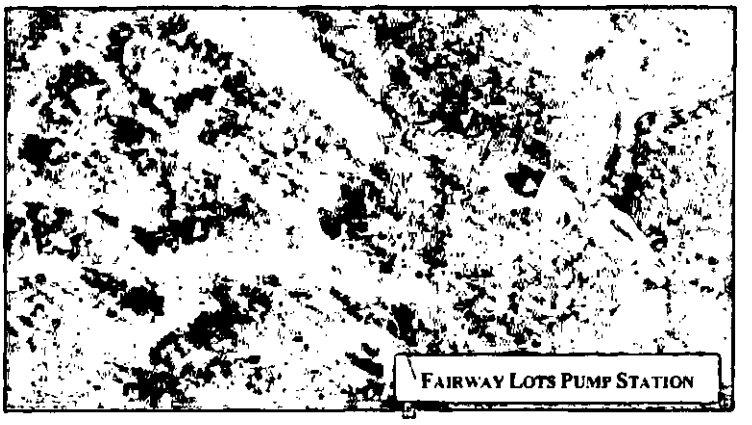
- Precast concrete wetwell is in good condition. No infiltration was observed.
- Moderate corrosion on underside of steel pump access hatch.
- Moderate corrosion on pump slide rail system.
- No ventilation system installed at wetwell.
- No onsite provisions to facilitate removal of pumps.

Pumping System Observations

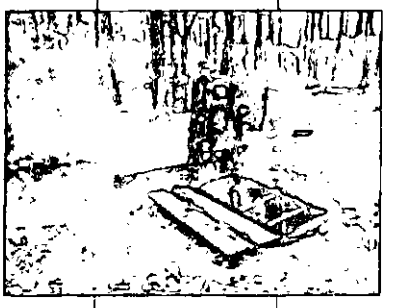
- Two sewage grinder pumps installed in wetwell.
- Fatigued pump power/control cables with exposed wires located in wetwell.
- 2-inch forcemain exiting pump station.
- Separate shutoff and check valves for each pump are located in wetwell at pump level.
- No trash rack/basket to collect influent debris.

Electrical/Control Panel Observations

- Panel post/structure in poor condition. Panel leg deteriorated causing the structure to lean.
- Alarm buzzer and warning beacon in working order.
- Floats:
  - Lead Pump On Float operational
  - Pump Off Float operational
  - High Wetwell Level Alarm Float operational
  - Pump Lag Float operational
- Electrical disconnect situated on control panel board.
- Electrical junction box for pump power and controls located in wetwell. Limited access for junction box from wetwell steps.
- No method of influent or effluent flow measurement.
- No provisions for connecting portable emergency generator.



FAIRWAY LOTS PUMP STATION



Based on 2017 Chapter 94 Information

QUICK NOTES

Construction:
Relocated from Apline Woods in 1992

Pump Information:
- Two (2) 3-Horsepower Grinder Pumps
- 40 GPM or 57,600 GPD Capacity

Location:
Located along Hightop Drive next to Greenfield Drive

FAIRWAYS LOTS PUMPING STATION

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Fairways Lots Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

FAIRWAYS LOTS PUMPING STATION
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Control Panel Structure	5	High	Replace control panel structure leg	$500	Not Applicable. If structure collapses, pump station operations would cease and an emergency situation would ensue.
Pump Power/Control Cables	4	High	Replace or repair existing pump power/control cables	$750	Each flexible cable, located in the wetwell, shall be provided with a water-tight seal.
Pump Power and Controls Junction Box	3	Moderate	Relocate junction box to accessible location	$1,000	Not Applicable
Shutoff Valves	3	Moderate	Relocate valves outside of wetwell	$3,000	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.
Flow Measurement	N/A	Moderate	Install device suitable for measuring flow	$2,000	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.
Trash Rack	N/A	Moderate	Install trash rack	$1,000	Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.
Vent Pipe	N/A	Moderate	Install ventilation pipe	$1,500	Ventilation shall be provided for all pump stations.
Pump Wench/Hoist	N/A	Low	Install pump hoist	$1,000	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear, minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 8

Highland Townhouse Pump Station

HIDDEN VALLEY UTILITY SERVICES
HIGHLAND TOWNSHOUSE PUMPING STATION
Hidden Valley, Pennsylvania

On March 29, 2018, representatives of the EADS Group, Inc. met with Hidden Valley Utility Services Manager and Licensed Wastewater System Operator, Mr. Glenn P. Fodor, to evaluate the existing conditions of the sanitary sewer pumping station identified as the Highland Townhouse Pumping Station. Observations regarding the existing conditions of the pumping station's systems are as follows:

Wetwell Observations

- Precast concrete wetwell is in poor condition. Infiltration was observed from multiple cracks.
- Moderate corrosion on underside of steel pump access hatch.
- Moderate corrosion on pump slide rail system.
- No ventilation system installed at wetwell.
- No onsite provisions to facilitate removal of pumps.

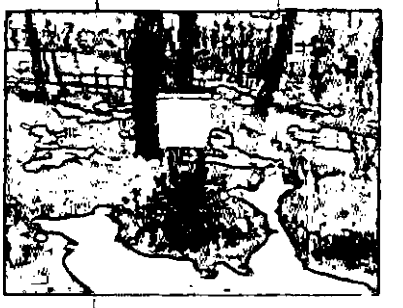
Pumping System Observations

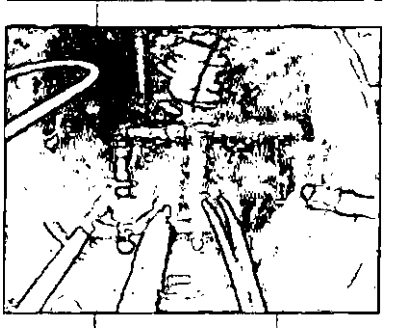
- Two sewage grinder pumps installed in wetwell.
- 2-inch forcemain exiting pump station.
- Separate shutoff and check valves for each pump are located in wetwell at pump level. Limited access to operate valves from hatch.
- Valves are located in the center of the wetwell with limited access from the steps.
- No trash rack/basket to collect influent debris.

Electrical/Control Panel Observations

- Panel post/structure in good condition.
- Alarm buzzer and warning beacon in working order.
- Floats:
  - Lead Pump On Float operational
  - Pump Off Float operational
  - High Wetwell Level Alarm Float operational
  - Pump Lag Float operational
- Electrical disconnect situated on control panel board.
- Electrical junction box for pump power and controls located in wetwell. Limited access for junction box from wetwell steps.
- No method of influent or effluent flow measurement.
- No provisions for connecting portable emergency generator.

HIGHLAND TOWNHOUSE PUMP STATION





Based on 2017 Chapter 94 Information

QUICK NOTES

Construction:
Constructed in 1992

Pump Information:
- Two (2) 2-Horsepower Grinder Pumps
- 40 GPM or 57,600 GPD Capacity

Location:
Located behind Condominium Units on Snowfield Run

HIGHLAND TOWNHOUSE PUMPING STATION

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Highland Townhouse Pumping Station and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

HIGHLAND TOWNHOUSE PUMPING STATION
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Concrete Wetwell	4	High	Repair concrete wetwell to prevent groundwater infiltration	$4,000	Not Applicable. Infiltration reduces the available capacity of the pumping station to convey sewage.
Pump Power and Controls Junction Box	3	Moderate	Relocate junction box to accessible location.	$1,000	Not Applicable
Shutoff Valves	3	Moderate	Relocate valves outside of wetwell	$3,000	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.
Flow Measurement	N/A	Moderate	Install device suitable for measuring flow	$2,000	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.
Trash Rack	N/A	Moderate	Install trash rack	$1,000	Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.
Vent Pipe	N/A	Moderate	Install ventilation pipe	$1,500	Ventilation shall be provided for all pump stations.
Pump Wench/Hoist	N/A	Low	Install pump hoist	$1,000	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 9

Westridge Pump Station No. 1

HIDDEN VALLEY UTILITY SERVICES
WESTRIDGE PUMPING STATION #1
Hidden Valley, Pennsylvania

On March 29, 2018, representatives of the EADS Group, Inc. met with Hidden Valley Utility Services Manager and Licensed Wastewater System Operator, Mr. Glenn P. Fodor, to evaluate the existing conditions of the sanitary sewer pumping station identified as the Westridge Pumping Station #1. Observations regarding the existing conditions of the pumping station's systems are as follows:.

Wetwell Observations

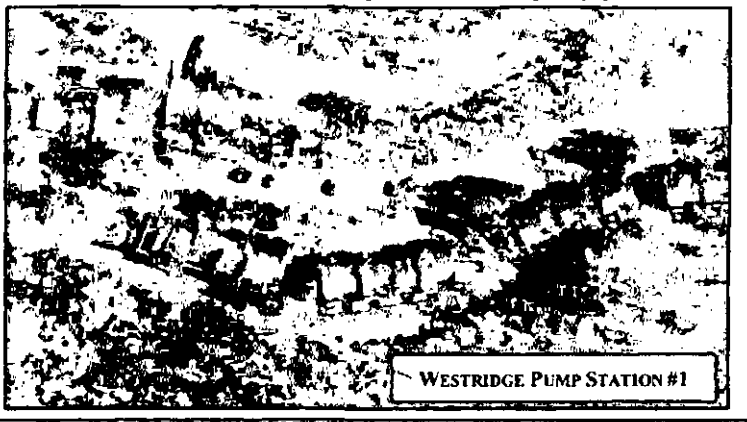
- Precast concrete wetwell is in good condition. No infiltration was observed.
- Moderate corrosion on underside of steel pump access hatch.
- Moderate corrosion on pump slide rail system.
- No ventilation system installed at wetwell.
- No onsite provisions to facilitate removal of pumps.

Pumping System Observations

- Two sewage grinder pumps installed in wetwell.
- One (1) pump is operational in manual or automatic setting.
- Second pump turns on in manual mode only, but doesn't pump/move sewage.
- 2-inch forcemain exiting pump station.
- Separate shutoff and check valves for each pump are located in wetwell at pump level. Limited access to operate valves from hatch.
- Valves are located on opposite side of wetwell from access steps.
- No trash rack/basket to collect influent debris.

Electrical/Control Panel Observations

- Panel post/structure in good condition.
- Alarm buzzer and warning beacon in working order.
- Floats:
  - Lead Pump On Float operational
  - Pump Off Float operational
  - High Wetwell Level Alarm Float operational
  - Pump Lag Float not operational
- No disconnect at control panel. Main power runs directly into control panel.
- Ground wire for panel exposed.
- No method of influent or effluent flow measurement.
- No provisions for connecting portable emergency generator.



WESTRIDGE PUMP STATION #1

QUICK NOTES

Based on 2017 Chapter 94 Information

Construction:
Constructed in 1984

Pump Information:
- Two (2) 3-Horsepower Grinder Pumps
- 49 GPM or 70,560 GPD Capacity

Location:
Located behind Condominium Units on Westridge Drive

WESTRIDGE PUMPING STATION #1

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Westridge Pumping Station #1 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

WESTRIDGE PUMPING STATION #1
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Pump Lag Float	5	High	Replace pump lag float and controls	$500	Not Applicable
Pump #2	4	High	Repair existing sewage grinder pump	$1,000	At least two pumps shall be provided for each wetwell.
Electrical Disconnect Panel	N/A	High	Install disconnect panel prior to pump station control panel	$1,000	Not Applicable
Electrical Ground Wire	4	High	Install conduit protection for exposed section of ground wire	$250	Not Applicable.
Shutoff Valves	3	Moderate	Relocate valves outside of wetwell	$3,000	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.
Flow Measurement	N/A	Moderate	Install device suitable for measuring flow	$2,000	Suitable devices for measuring wastewater flow shall be considered at all pumping stations.
Trash Rack	N/A	Moderate	Install trash rack	$1,000	Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.
Vent Pipe	N/A	Moderate	Install ventilation pipe	$1,500	Ventilation shall be provided for all pump stations.
Pump Wench/Hoist	N/A	Low	Install pump hoist	$1,000	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 10

Westridge Pump Station No. 2

HIDDEN VALLEY UTILITY SERVICES
WESTRIDGE PUMPING STATION #2
Hidden Valley, Pennsylvania

On March 29, 2018, representatives of the EADS Group, Inc. met with Hidden Valley Utility Services Manager and Licensed Wastewater System Operator, Mr. Glenn P. Fodor, to evaluate the existing conditions of the sanitary sewer pumping station identified as the Westridge Pumping Station #2. Observations regarding the existing conditions of the pumping station's systems are as follows:

Wetwell Observations

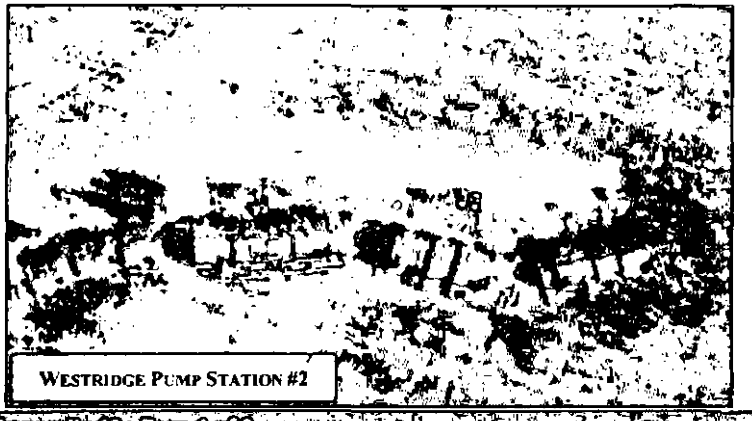
- Precast concrete wetwell is in good condition. No infiltration was observed.
- Moderate corrosion on wetwell steel cover and hatches.
- Little corrosion on pump slide rail system.
- No ventilation system installed at wetwell.
- No onsite provisions to facilitate removal of pumps.
- Slide rail stabilizing bar located in center of wetwell step access hatch.
- Wetwell steps in difficult location to access.

Pumping System Observations

- One sewage grinder pump installed in wetwell.
- One (1) pump removed from wetwell and is not operational.
- 2-inch forcemain exiting pump station.
- Separate shutoff and check valves for each pump are located in wetwell at pump level. Limited access to turn valves from hatch.
- Valves are located on opposite side of wetwell from access steps.
- *No trash rack/basket to collect influent debris.*

Electrical/Control Panel Observations

- Panel post/structure in good condition.
- Alarm buzzer and warning beacon in working order.
- Floats:
  - Lead Pump On Float operational
  - Pump Off Float operational
  - High Wetwell Level Alarm Float operational
  - Pump Lag Float unable to test without second pump
- Electrical disconnect situated on control panel board.
- Pump run time meters included in control panel.
- External port included for quick connect portable emergency generator.



WESTRIDGE PUMP STATION #2

Based on 2017 Chapter 94 Information

QUICK NOTES

Construction:
Constructed in 2008

Pump Information:
- Two (2) 3-Horsepower Grinder Pumps
- 37 GPM or 53,280 GPD Capacity

Location:
Located behind Condominium Units on Westridge Drive

WESTRIDGE PUMPING STATION #2

SUMMARY AND ESTIMATED COST OF DEFICIENCIES RECOMMENDED FOR COMPLETION

The intent of this investigation was to observe and evaluate existing conditions of the Westridge Pumping Station #2 and provide the Hidden Valley Utility Services with a list estimated costs for needed repairs and maintenance. The recommendations listed in this section are based on the EADS Group's observations, and standards set forth in the Pennsylvania Department of Environmental Protection's Domestic Wastewater Facilities Manual for the construction of new facilities. This summary discloses those findings which were discernible, premised on, and limited to only visual observations. The following provides a list of recommended deficiency repairs prioritized by their observed conditional rating and their estimated repair costs:

WESTRIDGE PUMPING STATION #2
RECOMMENDED DEFICIENCY PRIORITIZATION REPAIR TABLE

ASSET	EXISTING CONDITION RATING	PRIORITY	RECOMMENDATIONS	ESTIMATED COST	PA DEP MANUAL COMMENTS
Pump #2	5	High	Replace existing sewage grinder pump	$2,500	At least two pumps shall be provided for each wetwell.
Access Steps	4	High	Remove rail blocking access or relocate steps	$1,500	Suitable and safe means of access for persons wearing self-contained breathing apparatus shall be provided for both dry and wet wells.
Shutoff Valves	3	Moderate	Relocate valves outside of wetwell	$3,000	Valves shall not be located in the wet well. Valves shall be located in a separate valve pit.
Trash Rack	N/A	Moderate	Install trash rack	$1,000	Pumps handling sanitary or combined wastewater shall be preceded by one or more types of screening device.
Vent Pipe	N/A	Moderate	Install ventilation pipe	$1,500	Ventilation shall be provided for all pump stations.
Pump Wench/Hoist	N/A	Low	Install ventilation pipe	$1,000	Provisions shall be made to facilitate removing pumps, motors, and other mechanical and electrical equipment.

Grade	Condition	Description
N/A	Not Applicable	No existing item
0	Abandoned	No longer in service
1	Very Good	Operable and well-maintained
2	Good	Superficial wear and tear
3	Fair	Significant wear and tear; minor deficiencies
4	Poor	Major deficiencies
5	Very Poor	Obsolete, not serviceable

APPENDIX 11

CME Engineering Sludge Calculations

February 8, 2016

Mr. Jim Kettler
Hidden Valley Utility Services
811 Russell Avenue, Suite F
Gaithersburg, MD 20879

RE: Watewater Treatment Lagoon
Estimated Sewage Sludge Volume

Dear Mr. Kettler:

Per our telephone conversation last week, on November 18, 2015, Jared Hay of our office visited the site of the sewage treatment lagoon at Hidden Valley to observe and measure sludge volume in the lagoon. The lagoon had been drained/dewatered to allow the sludge to be visible to make depth measurement. The measured depth of the sludge in the lagoon at that time was approximately 3 feet. The calculated sludge volume in the lagoon is 225,000 gallons based on a 3' depth. If you require anything further regarding this matter, please feel free to contact me.

Very truly yours,

CME Engineering LP, a Pennsylvania limited partnership
By: CME Management LLC, its sole general partner

By:_____
John Larimer
Senior Project Manager

cc: 959-S010

Dugout /Lagoon Volume Calculator - Results

The total volume of a dugout that is 154 feet **long**, 154 feet **wide**, 15 feet **deep** with a **side slope** of 2, an **end slope** of 2 is

6,658 m^3	235,140 ft^3	8,709 yd^3	6,658,423 litres	1,464,648 Imp. gal.	1,758,969 US gal.

The volume of ~~water~~ sludge that is 3 feet deep is:

851 m^3	30,036 ft^3	1,112 yd^3	850,525 litres	187,089 Imp. gal.	224,685 US gal.

Back to Dugout / Lagoon Volume Calculator.

Additional information is available through agricultural water specialists or on the Alberta Agriculture and Forestry website. Agricultural Water Specialists can be contacted through the Alberta Ag-Info Centre at 310-FARM (3276).

Prepared by
Rural Water Branch
Alberta Agriculture and Forestry
Document Last Revised/Reviewed February 23, 2012

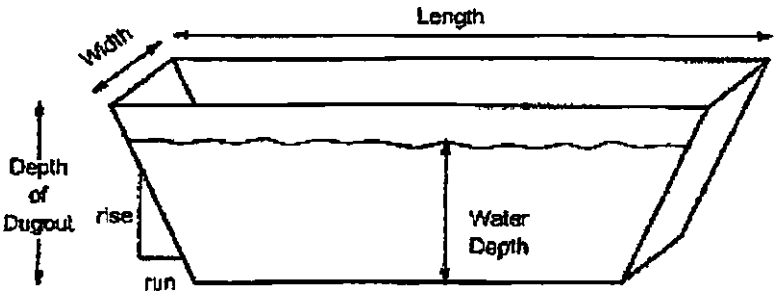
Dugout / Lagoon Volume Calculator

Measure length and width at the top of the dugout.
Length must be equal to or greater than the width.
Water depth must be equal to or less than depth of dugout.
Slope is the number of feet in the horizontal (run) direction for each foot in the vertical (rise) direction (eg. run/rise = 4 ft./1 ft.).

By entering the above information, this calculator will give you the capacity of the dugout and its contents in cubic feet, cubic yards, cubic meters, litres, Imperial and U.S. gallons. This is useful in determining the size of dugout necessary, estimating construction costs, and volumes remaining in the dugout.

Units :	ft ▼
Length of dugout:	154
Width of dugout:	154
Depth of dugout:	15
Water depth (optional) :	3
End Slope (run/rise) :	2
Side Slope (run/rise) :	2

Calculate



The dugout calculator uses the following formula for a prismoid to calculate the volume.

$$V = (d/6) \times (A_t + A_b + 4 A_m)$$

where

$$A_t = L \times W$$
$$A_b = (L - 2 \times ES \times d)\ (W - 2 \times SS \times d)$$
$$A_m = (L - ES \times d)(W - SS \times d)$$

definitions

V = Volume
d = depth of the dugout
A_t = Area of the top of the dugout
A_b = Area of the bottom of the dugout

A_m = Area of the midsection of the dugout
SS = slope of the sides of the dugout
ES = slope of the ends of the dugout
L = Length of the top of the dugout
W = Width of the top of the dugout

Additional information is available through agricultural water specialists or on the Alberta Agriculture and Forestry website. Agricultural Water Specialists can be contacted through the Alberta Ag-Info Centre at 310-FARM (3276).

Prepared by
Rural Water Branch
Alberta Agriculture and Forestry
Document Last Revised/Reviewed February 23, 2012

Phone the Ag-Info Centre, toll-free in Alberta at 310-FARM (3276), for agricultural information.

APPENDIX 12

Schedule for Sanitary Sewer Repairs

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 4/10/2018
Checked By BRS Date 4/10/2018
Subject Schedule for Sanitary Sewer Repairs

Estimated Schedule for Hidden Valley Sanitary Sewer Repairs

Task	Period
Authorization to Proceed	0 days
Prepare Preliminary Plan of Action	30 days
Prepare and Submit Any Necessary Permit Applications	90 days
Receive Approval(s) from Appropriate Agencies	120 days
Coordinate Repair Planning	60 days
Complete Necessary Repairs	370 days
Appropriate Agency Review and Inspection	30 days
Total Estimated Time Period for Sanitary Sewer Repairs	**730 days or 2 years**

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www.eadsgroup.com

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ADMINISTRATIVE LAW JUDGE
KATRINA L. DUNDERDALE

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
and		
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

DIRECT TESTIMONY
OF
BRADLEY R. STINEBISER, P.E.
THE EADS GROUP

Date: April 3, 2020

HVUS Statement No. 2

05-20-20
C-2014-2447169
C-2014-2447138

DIRECT TESTIMONY OF
BRADLEY R. STINEBISER, P.E.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Bradley R. Stinebiser, P.E. and my business address is 450 Aberdeen Drive, Somerset PA 15501.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by The EADS Group ("EADS") as a professional engineer.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. A copy of my resume is attached as **HVUS Exhibit BRS-1**.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I serve as a Project Manager and Assistant Department Head in our Municipal/Sanitary Department in our Somerset, Pennsylvania office. I also serve as the Corporate Discipline Coordinator for the Municipal/Sanitary discipline, and I am the Office Quality Manager for our Somerset, Pennsylvania and Johnstown, Pennsylvania offices. My responsibilities include client representation for various municipalities and municipal authorities, project design and project management.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("PUC" OR "COMMISSION")?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my direct testimony is to discuss the project schedules and water service meter testing/replacement schedule prepared for the engineer's report that was completed for Hidden Valley Utility Services, L.P. ("HVUS") in April, 2018, as well as HVUS's on-going efforts to construct a water treatment plant. I will also explain why the one-year deadline in Ordering Paragraph 8(1) of the Commission's May 2018 Order in this matter should be modified, and I will explain how it should be modified.

BACKGROUND

Q. PLEASE DESCRIBE THE HVUS WATER SYSTEM.

A. The HVUS Water System consists of two (2) groundwater wells with Well No. 1 being the primary well and Well No. 2 serving as an alternate source. The wells pump to treatment facilities located at the same site occupied by HVUS Sewage Treatment Plant No. 1. At this site, the groundwater is treated with a sequestering chemical for iron and manganese in the well water, followed by the addition of sodium hypochlorite for disinfection. The treated water passes through underground chlorine contact tanks, and then flows to the clearwell building where high service pumps deliver it into the distribution system, with

system finished water storage at the 250,000 gallon water storage tank located near Snowfield Drive.

Q. HOW ARE YOU FAMILIAR WITH THE HVUS WATER SYSTEM?

A. I started work with EADS (formerly Neilan Engineers, Inc.) in 1988, and over the years I assisted from time to time with the consulting engineering and design of various site development, storm water, sanitary sewer and potable water projects at Hidden Valley Resort. Most of my prior experience with the water system at Hidden Valley was for engineering tasks associated with new distribution system line construction. For several years prior to 2016, we were not doing regular work for HVUS. In 2016 we were hired to assist with conversion of the disinfection facilities from chlorine gas to sodium hypochlorite at the sewage treatment plants and the water treatment system.

Q. PLEASE DESCRIBE YOUR EXPERIENCE WITH CONSTRUCTION PROJECTS FOR DRINKING WATER SYSTEMS.

A. I have worked on numerous drinking water projects over the years, including treatment systems, storage facilities, transmission lines, pumping facilities and distribution systems. On most projects for which we complete design work, we also assist project owners with obtaining the necessary permits required for the project. Also, during the construction phase, we typically assist project owners with construction phase engineering tasks such as construction contract administration, contractor payment requests, construction observation and funding administration.

SUFFICIENCY OF THE REPORT OF THE ENGINEER OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL18, 2018

Q. THE REPORT THAT HVUS FILED WITH THE PUC IN APRIL 2018 IS ATTACHED TO THE DIRECT TESTIMONY OF JOHN F. LARIMER AS HVUS EXHIBIT JLF-2. DID YOU PREPARE THIS REPORT?

A. EADS prepared the pages labeled "Hidden Valley Utility Services, L.P. Water Service Meter Breakdown," "Estimated Schedule for Hidden Valley connection to Bakersville Water System," and "Estimated Schedule for upgrades to Hidden Valley Water Treatment Plant."

Q. DID YOU WRITE THOSE PAGES, OR WERE THEY WRITTEN UNDER YOUR CONTROL AND DIRECTION?

A. These pages were written under my control and direction.

Q. ARE YOU A LICENSED WATER OR WASTEWATER ENGINEER?

A. The Commonwealth of Pennsylvania does not issue licenses specifically for water or wastewater engineering. My Pennsylvania Professional Engineering License is for Civil Engineering.

Q. WHEN WAS EADS HIRED TO COMPLETE THIS PROJECT?

A. Mr. James Kettler signed our agreement for these services on March 15, 2018.

Q. WHAT WAS EADS HIRED TO DO?

A. Based on the Potable Water Feasibility Study prepared by CME Engineering, LP ("CME"), we were hired to prepare implementation schedules for two (2) options outlined in their report, Connection to the Jefferson Township Municipal Authority ("JTMA") water system, and Upgrades to Hidden Valley Water Treatment Plant. Both implementation schedules included estimated durations for the completion of design, obtaining permits, obtaining bids, awarding contracts and completion of construction/start of operation for the water system. For the meter replacements, we were hired to prepare an implementation schedule for replacement and/or testing of customer service meters.

Q. WHEN YOU PREPARED YOUR PORTION OF THE REPORT, WERE YOU AWARE OF THE REPORT PREPARED BY CME ENGINEERING LP ("CME")?

A. Yes.

Q. WHEN YOU PREPARED YOUR PORTION OF THE REPORT, WERE YOU AWARE THAT THE PUC HAD ORDERED:

> **6. THAT HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL OBTAIN AND FILE WITH THE COMMISSION A WRITTEN REPORT FROM AN INDEPENDENT OR THIRD-PARTY PENNSYLVANIA LICENSED WATER AND WASTEWATER ENGINEER CONCERNING THE ADEQUACY OF ITS WATER DISTRIBUTION SYSTEM AND WATER SOURCE; AND SAID REPORT SHALL CONTAIN RECOMMENDATIONS AND A COST ANALYSIS TO CORRECT ANY FOUND DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND WITH SAID REPORT, TO INCLUDE AN EVALUATION AND PROPOSED REMEDY TO REASSESS THE NEED, SIZE AND COST OF THE TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON**

AND MANGANESE, AS WELL AS ALTERNATIVE SOURCES OF WATER SUPPLY SUCH AS THE QUEMAHONING RIVER, WITHIN NINETY (90) DAYS FROM THE DATE OF ENTRY OF THIS OPINION AND ORDER IN THIS PROCEEDING. IN ADDITION TO ESTIMATING COSTS, THE STUDY WILL INCLUDE AN IMPLEMENTATION SCHEDULE FOR COMPLETION OF THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS, AWARDING CONTRACTS, AND COMPLETION OF CONSTRUCTION/START OF OPERATION. ADDITIONALLY, THE ENGINEERING REPORT WILL INCLUDE A SCHEDULE TO REPLACE AND/OR TEST CUSTOMER METERS IN ACCORDANCE WITH SECTION 65.8(B) THAT RESULTS IN COMPLIANCE BY APRIL 30, 2019. HIDDEN VALLEY UTILITY SERVICES, L.P., WILL IMPLEMENT THE REPLACEMENT AND TESTING SCHEDULE.

A. Yes. Our understanding was that Mr. James Kettler wanted us to prepare water system project schedules for: (1) an option to construct an on-site water treatment facility for the groundwater sources used by HVUS, and (2) an option to connect to the Bakersville (Jefferson Township) water system. For the water service meters, we prepared the required schedule for testing and/or replacement of the water service meters. We completed all three (3) schedules and submitted them to Mr. Kettler by e-mail on April 16, 2018.

Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN EADS AND HVUS.

A. EADS is a professional consulting engineering firm that has been engaged by HVUS for various consulting engineering services. The relationship is that of a client-consultant.

Q. IN YOUR OPINION, WERE THE PAGES PREPARED BY EADS WRITTEN BY AN INDEPENDENT OR THIRD-PARTY PENNSYLVANIA LICENSED WATER AND WASTEWATER ENGINEER?

A. The Commonwealth of Pennsylvania does not issue licenses specifically for water or wastewater engineering. My Pennsylvania Professional Engineering License is for Civil Engineering. EADS in this instance is an independent, third-party engineer.

Q. ORDERING PARAGRAPH 6 STATES THAT THE REPORT IS TO INCLUDE "AN IMPLEMENTATION SCHEDULE FOR COMPLETION OF THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS, AWARDING CONTRACTS AND COMPLETION OF CONSTRUCTION/START OF OPERATION." DO THE PAGES YOU WROTE SATISFY THIS REQUIREMENT?

A. Yes, these steps are included in the schedules. I discuss those schedules in detail below.

Q. ORDERING PARAGRAPH 6 STATES THAT THE REPORT IS TO INCLUDE A SCHEDULE TO REPLACE AND/OR TEST CUSTOMER METERS IN ACCORDANCE WITH SECTION 65.8(b) THAT RESULTS IN COMPLIANCE BY APRIL 30, 2019. DO THE PAGES YOU WROTE SATISFY THIS REQUIREMENT? PLEASE EXPLAIN.

A. Yes. The schedule was prepared to satisfy this requirement.

Q. LET ME ASK YOU A HYPOTHETICAL QUESTION. ASSUME THAT THE PUC FINDS THAT THE CME REPORT, TOGETHER WITH THE PAGES PREPARED BY CME, DO NOT SATISFY THE REQUIREMENTS OF ORDERING PARAGRAPH 6. WHAT REMEDY SHOULD THE COMMISSION ORDER?

A. I am advised by counsel that the Commission has extensive remedial powers. My view is that the remedy should not be to deny HVUS's request for an extension of the deadline in Ordering Paragraph 8(1). As discussed below, I do not believe HVUS had any options available to it that would have "eliminate[d] the rust or brown-colored water provided to customers" by April 18, 2019. Additionally, the Commission's orders seem to indicate that HVUS should either build a water treatment plant or connect to an alternate source of water. The implementation schedules prepared by EADS indicate that HVUS could not have completed either type of project by April 18, 2019. Even if there was a deficiency in the engineer's report, that did not cause HVUS to miss the one-year deadline in Ordering Paragraph 8(1).

THE PROPRIETY OF THE RECOMMENDATIONS, PROPOSED TIME SCHEDULES AND FINANCING PLANS FOR THE RECOMMENDATIONS CONTAINED IN THE ENGINEER'S REPORT OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL 18, 2018

Q. ORDERING PARAGRAPH 6 REQUIRED THE ENGINEER'S REPORT TO INCLUDE AN IMPLEMENTATION SCHEDULE FOR A WATER TREATMENT PLANT AND ALTERNATIVE SOURCES OF WATER SUPPLY. PLEASE DESCRIBE YOUR EXPERIENCE IN ESTIMATING THE IMPLEMENTATION SCHEDULE FOR SUCH PROJECTS.

A. I am approaching 32 years of experience at my current job, with over 27 years as a Registered Professional Engineer in Pennsylvania. I have experience on numerous water system projects in estimating implementation schedules for planning purposes, funding purposes, bidding and construction. Generally, all projects require some implementation scheduling to be developed which typically include input from the consulting engineer.

Q. YOU PREPARED AN ESTIMATED IMPLEMENTATION SCHEDULE FOR HVUS TO CONNECT TO THE BAKERSVILLE WATER SYSTEM, BUT THAT IS NOT ONE OF THE "PROPOSED SYSTEM SOLUTIONS" DISCUSSED IN SECTION 3.0 OF CME'S REPORT. PLEASE EXPLAIN.

A. The Bakersville Water System is the same system referred to in the CME Report as the Jefferson Township Municipal Authority ("JTMA") System. JTMA owns and operates the water system within Bakersville, an unincorporated village in Jefferson Township.

Q. CME'S REPORT INCLUDES A "PROPOSED SYSTEM SOLUTION" FOR CONNECTING HVUS'S SYSTEM TO THE SEVEN SPRINGS MUNICIPAL AUTHORITY ("SSMA") SYSTEM, BUT YOUR PORTION OF THE REPORT DOES NOT INCLUDE AN ESTIMATED IMPLEMENTATION SCHEDULE FOR THIS OPTION. PLEASE EXPLAIN.

A. We did not prepare an implementation schedule for this option. We were not of the understanding that we were to provide a Seven Springs implementation schedule, and HVUS did not ask us to later prepare this schedule after we submitted the schedules for (1) an option to construct an on-site water treatment facility for the groundwater sources used by HVUS, and (2) an option to connect to the JTMA water system.

Q. YOU PREPARED ONE IMPLEMENTATION SCHEDULE FOR "UPGRADES TO HIDDEN VALLEY WATER TREATMENT PLANT." SECTION 3.0 OF THE REPORT DISCUSSES TWO OPTIONS FOR UPGRADING HVUS'S WATER

TREATMENT PLANT. DOES YOUR ESTIMATED SCHEDULE APPLY TO BOTH OF THOSE ALTERNATIVES OR JUST ONE?

A. At the time of the April 2018 CME Report, the options evaluated by CME were at a conceptual stage with very little design details developed. Our schedule developed at that time was applicable to either of the treatment plant options proposed by CME, as both options would require the same task items/milestones to be completed.

Q. PLEASE EXPLAIN THE PROCESS THAT YOU USED TO DEVELOP EACH OF THE ESTIMATED IMPLEMENTATION SCHEDULES INCLUDED IN THE APRIL 2018 ENGINEER'S REPORT.

A. When projects such as those included in the April 2018 Report are at the conceptual stage, as these were at that time, the process is to draw on experience to identify the milestones which must be met and the logical sequence, and then to estimate reasonable amounts of time in which the milestones can likely be met, i.e. develop a critical path wherein each subsequent step is dependent upon the completion of the prior step. At the conceptual stage, very little design details are yet developed, so estimates have to take into account the unpredictability and uncertainty associated with items for which the timely response of others is necessary. This includes involvement with regulatory and permitting bodies, owners of property and rights-of-way which must be obtained, etc. Projects similar in size to those proposed in the HVUS April 2018 Study can take several years to fully complete, and the factors beyond the control of the project owner can be unpredictable.

Q. IN YOUR ESTIMATED IMPLEMENTATION SCHEDULE FOR CONNECTING TO THE JTMA SYSTEM, YOU INCLUDE AN ESTIMATE OF 270 DAYS FOR "INTERMUNICIPAL AGREEMENT." PLEASE EXPLAIN.

A. The JTMA water system does not produce its own water, as it is a water customer of the Somerset County General Authority ("SCGA"). The SCGA is the owner and operator of the Quemahoning water system. In transporting the water from the SCGA system to the JTMA water system, the water passes through the Borough of Somerset System, for which JTMA also pays a conveyance charge to the Borough of Somerset, in addition to the supply charge from SCGA. If HVUS became a customer of JTMA, then discussions/negotiations with up to three (3) municipal bodies would be necessary. Topics likely to be included in the development of the water purchase agreement would be the cost of water, metering details, minimum purchase, method of conveyance, etc. Because there would be the extension of several thousand feet of waterline from the JTMA water system until it reaches the HVUS water system, there could also be negotiations on how this would be constructed and which party would eventually own and maintain the facilities to be constructed outside of Hidden Valley. Typically, for other systems which have connected to the Quemahoning water system, the process can take many months. The involvement of many parties was included in the process of considering and developing the schedule.

Q. IN THAT SCHEDULE, YOU ALSO INCLUDE AN ESTIMATE OF 270 DAYS FOR "RECEIVE APPROVAL(S) FROM APPROPRIATE AGENCIES." PLEASE EXPLAIN.

A. Again, with the project at a conceptual design stage at the time the schedules were developed in April 2018, we had to estimate the time necessary to obtain the approvals that might be necessary from appropriate agencies. These include the approval of the Pennsylvania Department of Environmental Protection ("DEP") for a Public Water Supply Permit, any DEP General Permits which might be needed for issues such as stream crossings by utility lines, a DEP National Pollutant Discharge Elimination System ("NPDES") Permit for Construction Activities, a DEP Subsidiary Water Allocation Permit, and local building permits for pump stations and any water storage tanks. Some permit approvals, such as local building permits, are typically obtained after the DEP permits are issued. The DEP has indicated that its review time for Public Water Supply Permit Applications can take up to six months. Permit approval times and other agency approval times are outside of the control of the applicant. Additionally, after the completion of the construction, there is (are) DEP review(s) and inspection(s) to be performed before operational permit(s) are issued to the applicant.

Q. SO YOU ESTIMATED THAT THOSE TWO STEPS ALONE WOULD TAKE MORE THAN ONE YEAR?

A. Yes. It is reasonable to estimate that the inter-municipal agreements and the agency approvals may not be taking place simultaneously.

Q. AND YOU ESTIMATED THAT THE CONSTRUCTION PHASE ALONE WOULD TAKE 365 DAYS? PLEASE EXPLAIN.

A. Yes. One of the factors which must be considered is the lead time(s) necessary to obtain equipment after orders are placed. Some equipment can take several months to be shipped after orders are placed. Also, the weather in this area, particularly during the winter months, can hamper continuous construction activity. Again, being at the conceptual design stage in April 2018, the 365 days allotted for construction was reasonable.

Q. IN YOUR ESTIMATED IMPLEMENTATION SCHEDULE FOR UPGRADES TO THE HVUS WATER TREATMENT PLANT, YOU INCLUDE AN ESTIMATE OF 270 DAYS FOR "PILOT WATER TREATMENT PROGRAM." PLEASE EXPLAIN.

A. At the time the schedules were prepared in April 2018, it was reasonable to include time for completion of a pilot filtration program. Particularly because the specific filtration method was not worked out beyond a conceptual stage, allowance for a pilot testing period was felt to be necessary.

Q. IN THAT SCHEDULE, YOU ALSO INCLUDE AN ESTIMATE OF 270 DAYS FOR "RECEIVE APPROVAL(S) FROM APPROPRIATE AGENCIES." PLEASE EXPLAIN.

A. The explanation for the estimated approval period from appropriate agencies for an HVUS treatment plant is similar to that offered above for the option to connect to the JTMA water system. With the project at a conceptual design stage at the time the schedules were developed in April 2018, we had to estimate the time frame for obtaining the approvals that might be necessary from appropriate agencies. These include the approval of the DEP for

a Public Water Supply Permit, any DEP General Permits which might be needed for issues such as stream crossings by utility lines, possibly a DEP NPDES Permit for Construction Activities, and local building permits for the new treatment facilities. Some permit approvals, such as local building permits, are typically obtained after the DEP permits are issued. The DEP has indicated that its review time for Public Water Supply Permit Applications can take up to six months. Permit approval times and other agency approval times are outside of the control of the applicant. Additionally, after completion of the construction, there is (are) a DEP review(s) and inspection(s) to be performed before operational permits are issued to the applicant.

Q. SO YOU ESTIMATED THAT THOSE TWO STEPS ALONE WOULD TAKE MORE THAN ONE YEAR?

A. Yes. It was reasonable to assume that a pilot filtration study would need to be completed and approved by the DEP before the necessary permit applications were prepared and submitted.

Q. AND YOU ESTIMATED THAT THE CONSTRUCTION PHASE ALONE WOULD TAKE 365 DAYS?

A. Yes. For this option, it is also applicable that lead time(s) necessary to obtain equipment after orders are placed may affect the construction time required to complete the project. Some equipment can take several months to be shipped after orders are placed. Also, the weather in this area, particularly during the winter months, can hamper continuous

construction activity. Again, being at the conceptual design stage in April 2018, the 365 days allotted for construction was reasonable.

Q. HAVE YOU EVER UPDATED THESE ESTIMATED IMPLEMENTATION SCHEDULES?

A. Yes. Please see **HVUS Exhibit BRS-2**. On November 5, 2018, Mr. James Kettler signed an engineering agreement with EADS to prepare a preliminary study of potable water supply/treatment options for: (1) Connection to the JTMA water system, and (2) Construction of potable water treatment facilities at Hidden Valley. It was our understanding that Mr. Kettler desired our input on each of these options regarding updated estimated costs for construction, estimated operation and maintenance costs, an assessment of the necessary permits and approvals which will be required for construction of the facilities, along with the estimated schedule to complete each of the two (2) project options from design through construction. This study was submitted to Mr. Kettler on January 24, 2019. The option to construct potable water treatment facilities at Hidden Valley was based upon obtaining the treatment equipment previously utilized by Rolling Rock Farms.

As you can see, the updated implementation schedule for interconnecting with the JTMA system was 1,215 days (rather than the 1,535 days in the April 2018 estimate). The updated cost estimate was $1,468,740 to construct the project and an estimate of $225,722 per year for operations and maintenance costs.

The updated implementation schedule for constructing a water treatment plant was 1,245 days (rather than the 1,475 days in the April 2018 estimate). The updated cost

estimate was $1,924,087 to construct the project and an estimate of $211,649 per year for operations and maintenance costs.

Q. HAVE YOU EVER DEVELOPED ESTIMATED IMPLEMENTATION SCHEDULES FOR OTHER OPTIONS, THAT WERE NOT CONSIDERED WHEN YOU PREPARED YOUR PORTION OF THE APRIL 2018 ENGINEER'S REPORT? PLEASE EXPLAIN.

A. The water treatment plant considered in **HVUS Exhibit BRS-2** was the installation of used water treatment plant equipment (the former Rolling Rock Farms treatment equipment). The possibility of using a previously-owned plant was not specifically discussed in the April 2018 Report.

Q. THE REPORT ATTACHED AS HVUS EXHIBIT BRS-2 INCLUDES COST ESTIMATES FOR CONNECTING TO THE JTMA SYSTEM AND FOR CONSTRUCTING A WATER TREATMENT PLANT. PLEASE DESCRIBE YOUR EXPERIENCE ESTIMATING THE COSTS OF WATER PROJECTS.

A. During my employment at EADS which began in 1988, I have worked on numerous drinking water projects including treatment systems, storage facilities, transmission lines, pumping facilities and distribution systems. The majority of my water and wastewater work experience has been for system owners which are public entities such as municipal authorities and municipalities, with most of the balance of my water and wastewater work experience being completed for private systems. On most projects for which we complete design work, we also assist project owners to obtain the necessary permits needed for the

project, and also during the construction phase to assist with construction phase engineering tasks such as construction contract administration, contractor payment requests, construction observation and funding administration. Often, we also assist the project owners in pursuing funding to complete necessary projects, and this process involves preparing estimated project costs as part of the funding request process.

Q. PLEASE EXPLAIN THE PROCESS THAT YOU USED TO UPDATE CME'S COST ESTIMATES.

A. Working with the basic concepts and work items included in the CME estimates for the two (2) options which we studied, we developed our own list of work items, quantities and unit prices to prepare the cost estimates. For some work items, our estimated quantities and unit prices matched those in the CME estimates. We also included items which were not included in the CME estimates. For example, on the JTMA water system connection option, we felt the elevation difference from the likely connection point to that system to the point where it would connect to the HVUS water distribution system was too high to pump the entire route without including an intermediate water storage tank and pumping station to break pressure. Another example is for the water treatment plant at Hidden Valley option, where we included work items and costs for handling backwash wastewater. The CME estimates did not include backwash handling facilities. We also took a closer look at estimated operation and maintenance costs for both options.

THE SUFFICIENCY OF THE PREVIOUSLY-ORDERED ONE-YEAR COMPLIANCE DEADLINE

Q. ARE YOU AWARE THAT, IN JANUARY 2018, THE PUC ORDERED:

8. THAT HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL COMPLY WITH ALL RECOMMENDATIONS FROM THE ENGINEER IN ORDER TO CORRECT ANY IDENTIFIED DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND TO REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE, WITHIN ONE (1) YEAR FROM THE DATE OF THE ENGINEER'S REPORT.

A. Yes.

Q. AND ARE YOU AWARE THAT, IN MAY 2018, THE PUC MODIFIED ITS ORDER TO READ AS FOLLOWS:

8. THAT, WITHIN ONE (1) YEAR FORM [SIC] THE DATE OF THE ENGINEER'S REPORT, HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL COMPLY WITH ALL RECOMMENDATIONS FROM THE ENGINEER IN ORDER (1) TO CORRECT ANY IDENTIFIED DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND (2) TO REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE.

A. Yes.

Q. BUT ALL OF THE IMPLEMENTATION SCHEDULES YOU DEVELOPED REQUIRE MORE THAN ONE YEAR TO COMPLETE THE PROJECT?

A. Correct.

Q. IN YOUR PROFESSIONAL OPINION, COULD HVUS HAVE DONE ANYTHING TO "ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS" BY APRIL 18, 2019?

A. No. It is my understanding that others, including the PUC, have concluded that the sequestering of iron and manganese has proven ineffective. Therefore, the options are to either treat the existing sources to filter out iron and manganese, or to replace the source of supply by connecting to another public water supply. In my opinion, neither construction of a treatment plant nor connection to another public water supply could have been accomplished by April 18, 2019.

EADS was not involved in this case prior to January 2018, so I do not know the factual basis for the one-year deadline. Based on our work for HVUS since January 2018, however, I do not believe that one year is an adequate time period to achieve the desired result – particularly if the Commission believes (as I think it does) that the appropriate means for achieving this end would be the construction of a new water treatment plant or the construction of a connection to an alternative source of water such as the Quemahoning River. As explained above, I believe more than one year is necessary to complete all the steps described in Ordering Paragraph 6 ("completion of the design, repairs or improvements, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation.").

WHETHER THE COMMISSION SHOULD GRANT THE REQUEST OF HIDDEN VALLEY UTILITY SERVICES, L.P. TO EXTEND THE COMPLIANCE DEADLINES PROPOSED IN THE ENGINEER'S REPORT FROM APRIL 18, 2018

Ordering Paragraph 8(1)

Q. BASED ON YOUR WORK FOR HVUS, DO YOU HAVE AN OPINION AS TO WHETHER THE COMMISSION SHOULD EXTEND THE COMPLIANCE DEADLINE IN ORDERING PARAGRAPH 8?

A. Ordering Paragraph 8 contains two distinct deadlines. As I explain below, I do not believe that the deadline in Ordering Paragraph 8(2) needs to be extended. However, I do believe the deadline in Ordering Paragraph 8(1) should be extended.

Ordering Paragraph 8(1) states that, within one year from the date of the engineer's report, HVUS shall correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities. Based on the implementation schedules EADS prepared for the engineer's report that was filed in April 2018, and the updated implementation schedules included in **HVUS Exhibit BRS-2**, and my testimony above, I do not believe that the one-year deadline in Ordering Paragraph 8(1) gave HVUS adequate time to do what the Commission ordered it to do. Therefore, it would be reasonable for the Commission to extend the deadline to give HVUS an adequate opportunity to do what the Commission's May 2018 Order ordered it to do.

Q. HOW WOULD YOU RECOMMEND THAT THIS DEADLINE BE EXTENDED?

A. I recommend that Ordering Paragraph 8(1) be amended to set deadlines for significant milestones in the construction process. This approach is similar to what the Office of

Consumer Advocate ("OCA") recommended in its Main Brief in this proceeding. See **HVUS Exhibit JMK-4**. As explained in Mr. Kettler's Direct Testimony, the OCA's position was based on the testimony of its witness, Terry L. Fought, P.E.

In response to HVUS Interrogatories, Mr. Fought stated that he continues to recommend that "within 60 days after receipt of necessary DEP permits, the Company should obtain contractor bids for the project and, within 60 days of receiving the bids, should award the necessary contracts for construction of the facilities." OCA Answer to Interrogatory Set I No. 7 from HVUS, and OCA Answer to Interrogatory Set I No. 17 from HVUS, attached as **HVUS Exhibit BRS-3**. Although I agree with Mr. Fought's general approach, I recommend that the Commission recognize more steps in the process so the Commission can better ensure that the project stays "on track."

As discussed below, HVUS has already received a public water supply permit from DEP to construct the water treatment plant, so I recommend that the steps in the process start from that point. I recommend that Paragraph 8 be modified to read as follows:

> That:
>
> (1) Hidden Valley Utility Services, L.P. ("HVUS") shall proceed with the construction of the water treatment plant for which it has received a public water supply permit, in order to ensure that customers receive adequate service from the improved water facilities as follows:
>
> a. Within 60 days after entry of the Commission's final order in this proceeding, HVUS shall apply for zoning and subdivision and land development, and other remaining permits and approvals necessary for the construction of the water treatment plant. HVUS shall notify the Commission, all parties to this proceeding, and the Bureau of Technical Utility Services ("BTUS")within ten days of submitting all necessary applications.
>
> b. HVUS shall notify the Commission, all parties to this proceeding, and the BTUS within ten days of receiving all zoning, subdivision and land development, and other remaining permits and approvals necessary for the construction of the water treatment plant.

c. Within 30 days of the notice described in subparagraph b. above, HVUS shall authorize its engineer to develop final designs for the water treatment plant, and shall notify the Commission, all parties to this proceeding, and the BTUS within ten days that it has authorized its engineer to develop final designs.

d. Within ten days of receiving final designs from its engineer, HVUS shall notify the Commission, all parties to this proceeding, and the BTUS that it has received final designs from its engineer.

e. Within 90 days of the notice described in subparagraph d. above, HVUS shall award a contract to construct the water treatment plant. Within ten days after awarding this contract, Hidden Valley Utility Services, L.P., shall notify the Commission, all parties to this proceeding, and the BTUS.

f. HVUS shall notify the Commission, all parties to this proceeding, and the BTUS within ten days after construction of the water treatment plant is completed.

g. Within ten days after the notice described in subparagraph f. above, HVUS shall apply to DEP and all other appropriate agencies for final review and inspection.

h. Within ten days after receiving final approvals from DEP and all other appropriate agencies, HVUS shall notify the Commission, all parties to this proceeding, and the BTUS.

i. Within 30 days of the water treatment plant being in service, HVUS shall file the verified detailed status report from its engineer required by Ordering Paragraph 19.

j. HVUS shall not be liable for any failure to comply with any provision of this Ordering Paragraph 8(1), where such failure is wholly or partially due to circumstances occasioned by or in consequence of the COVID-19 pandemic, which are not reasonably within HVUS's control and which HVUS by the exercise of due diligence is unable to prevent or overcome.

(2) Within one (1) year from the date of the engineer's report, Hidden Valley Utility Services, L.P. shall reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

Q. DOES HVUS INTEND TO CONTINUE WITH THE CONSTRUCTION PROCESS WHILE THIS CASE IS PENDING?

A. Yes. As a result, some of the steps described in my recommendation might be completed before the Commission issues a final decision in this proceeding. Nevertheless, for the sake of simplicity, I recommend using the date that the Commission's order is entered as

the starting date for measuring HVUS's compliance with the Commission's order. I may update this recommendation in later testimony.

Q. HOW DOES THE COVID-19 EMERGENCY IMPACT THIS RECOMMENDATION?

A. On March 19, 2020, Governor Tom Wolf issued an order directing all non-life-sustaining businesses to close their physical locations. Businesses that were ordered to close their physical locations included utility subsystem construction companies and foundation, structure and building exterior construction companies. Additionally, the Governor has ordered state offices temporarily closed and municipal offices may also be closed. Even though many public and private sector employees are working remotely, the COVID-19 Emergency could materially delay all facets of the project including, but not limited to, remaining permitting activities and the construction process.

Considering the uncertain duration and impact of the COVID-19 Emergency, and the economic fallout from the COVID-19 Emergency, my recommendation includes a sort of "force majeure" provision that would be triggered if the pandemic prevents HVUS from meeting any of the deadlines contained in my recommendation. I certainly hope that the COVID-19 Emergency has passed by the time the Commission decides this case, but if it has not, this approach would relieve HVUS, the parties, and the Commission from the need to apply for, answer, and rule on requests for extensions pursuant to 52 Pa. Code § 1.15(a)(1).

Q. DO YOU PROPOSE CHANGES IN OTHER PORTIONS OF THE MAY 2018 ORDER?

A. I do not believe that is necessary, but some clarifications are necessary. Ordering Paragraph 17 requires that HVUS file status reports every sixty days with regard to compliance and progress in meeting the requirements of the Order. This provision serves an important monitoring function and should remain in effect.

Ordering Paragraphs 21, 26 and 27 provide an important enforcement mechanism to ensure compliance with the requirements of the Order. These provisions should also remain in effect to ensure that the project remains "on track" through final completion.

However, the Commission should clarify Ordering Paragraph 19. That paragraph requires HVUS to file a verified detailed status report from its engineer on or before January 31, 2019 *or* when all repairs, modifications and improvements have been made. The Commission should simply clarify that HVUS must file this report on the latter of these two dates (i.e., when all required repairs, modifications and improvements have been made to its water system). This would be consistent with the Commission's intent in issuing the January 2018 Order, since the repairs, modifications and improvements to HVUS's water system were not due by January 31, 2019 under that order.

The Commission should similarly clarify Ordering Paragraph 20. That paragraph requires the Bureau of Technical Utility Services to investigate the quality of water services being provided by HVUS on or before March 31, 2019 *or* within sixty days after HVUS's engineer has filed its verified detailed status report after all required repairs, modifications and improvements have been made to its water system. The Commission should clarify that the Bureau of Technical Utility Services should investigate the quality of water

services being provided by HVUS on the latter of these two dates (i.e., with sixty days after all required repairs, modifications and improvements have been made to HVUS's water system). This would be consistent with the Commission's intent in issuing the January 2018 Order, since the repairs, modifications and improvements to HVUS's water system were not due by January 31, 2019 under that order.

Q. PLEASE EXPLAIN WHY YOU RECOMMEND THIS APPROACH?

A. First, the Commission's Orders in this proceeding acknowledge that construction is a long process involving many steps. Ordering Paragraph 6 speaks of the need for "completion of the design, repairs or improvements, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation." By establishing a deadline for various stages in this long process, rather than one deadline for completing the project, the Commission can ensure that the project stays "on track."

Second, the Commission should adopt an approach that acknowledges that certain aspects of the construction process are outside the control of HVUS. The above recommendation establishes deadlines at points in the process that are within HVUS's control. HVUS should not be punished, for example, if a regulatory agency does not issue a permit when expected.

Third, the Commission's Orders stress the need for both an objective way of determining that HVUS is complying with the Orders and the need for an appropriate enforcement mechanism in the event that HVUS does not comply with the Order. By setting objective deadlines for significant milestones, and utilizing the existing enforcement mechanisms in the order, this approach satisfies both of these needs.

As I said before, this approach is similar to what the OCA recommended in its Main Brief – using multiple significant milestones in the construction process to make sure that HVUS's project continues to move forward timely. I believe this approach promotes the public interest because it will result in the customers of HVUS getting better water timely.

Q. DO YOU HAVE AN ALTERNATIVE RECOMMENDATION?

A. Yes. If the Commission does not adopt the recommendation described above, I recommend that it modify Ordering Paragraph 8(1) by simply striking the words "one (1) year" from the date of the engineer's report and replacing them with the words "four (4) years" from the date of the engineer's report.

I note, in this regard, that my April 2018 estimated implementation schedule for upgrades to the Hidden Valley water treatment plant estimated that the project could be completed in 4 years and one month (i.e., if the project had been started immediately, the project could have been completed in May 2022). The estimated implementation schedule included in **HVUS Exhibit BRS-2** estimated that the project could be completed in 3 years and 5 months (i.e., if the project had been started immediately after HVUS received that report, the project could have been completed in June, 2022). Therefore, a four year deadline appears reasonable.

Ordering Paragraph 8(2)

Q. YOU STATED ABOVE THAT YOU DO NOT BELIEVE ORDERING PARAGRAPH 8(2) NEEDS TO BE MODIFIED. PLEASE EXPLAIN.

A. Ordering Paragraph 8(2) states that, within one year from the date of the engineer's report, HVUS shall reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese. HVUS has already completed this reassessment and, as a result, has determined to build a water treatment plant.

On November 5, 2018, Mr. Kettler hired EADS to prepare a preliminary study of potable water supply/treatment options for: (1) connection to the JTMA water system, and (2) construction of potable water treatment facilities at Hidden Valley. It was our understanding that Mr. Kettler desired our input on each of these options regarding updated estimated costs for construction, estimated operation and maintenance costs, an assessment of the necessary permits and approvals which will be required for construction of the facilities, along with the estimated schedule to complete each of the two (2) project options from design through construction. This study was submitted to Mr. Kettler on January 24, 2019. **HVUS Exhibit BRS-2.**

To begin discussions with the DEP on the design and permitting of the project, HVUS held the first of two (2) meetings with DEP personnel in Pittsburgh on November 7, 2018. The second meeting served as the Public Water Supply Permit pre-application meeting with DEP and this meeting was held in Pittsburgh on May 17, 2019. On June 20, 2019, Mr. Kettler signed an engineering agreement with EADS for design and permitting work for the construction of a water treatment facility at Hidden Valley to include equipment previously utilized by Rolling Rock Farms. The Public Water Supply Permit Application for this project was submitted to DEP on November 27, 2019, and DEP issued the Public Water Supply Permit for construction of this project on March 9, 2020. **HVUS Exhibit BRS-4.**

In short, HVUS has already reassessed the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese. As a result, an extension of the deadline in Ordering Paragraph 8(2) is not necessary.

Q. BASED ON YOUR INVOLVEMENT IN THE PROJECT, DO YOU HAVE AN OPINION ON WHETHER HVUS'S PROPOSED WATER TREATMENT PLANT WILL "ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS" AS REQUIRED BY THE PUC ORDER OF MAY 2018? PLEASE EXPLAIN.

A. The extent of our involvement in this matter has been relative to the water source and treatment of the water source. The proposed water treatment plant is expected to remove iron and manganese from the water being delivered from the treatment plant.

Q. BASED ON YOUR INVOLVEMENT IN THE PROJECT, DO YOU HAVE AN OPINION ON WHETHER HVUS'S PROPOSED WATER TREATMENT PLANT CAN BE CONSTRUCTED AND OPERATIONAL BY MAY, 2022 (YOUR ALTERNATE RECOMMENDED DEADLINE FOR ORDERING PARAGRAPH 8(1))?

A. The Application for a Public Water Supply Permit Amendment included schedules for the construction of the water treatment plant. Due to the large size of this document (519 pages), I have only attached the cover page and the pertinent schedules as **HVUS Exhibit BRS-5**. These schedules estimate that construction of the water treatment plant could be completed during the Fall of 2020. Obviously, this prediction depends on many things

outside the control of HVUS, such as the duration and impact of the COVID-19 Emergency, the lead time necessary to obtain any additional equipment for building the plant, etc. As a result, I would not suggest using Fall 2020 as the pertinent deadline – especially if that date is before the Commission enters a final order in this case. Nevertheless, at this time, it is reasonable to believe that HVUS's water treatment plant will be constructed and operational by May 2022.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

HVUS Exhibit BRS-1

05-20-20

C-2014-2447169
C-2014-2447838

BRADLEY R. STINEBISER, P.E.

Project Manager / Civil Engineer

Joined The EADS Group
May 1988

Years With Other Firms
0

Education
B.S.
Civil Engineering Technology
University of Pittsburgh at Johnstown
1988

Registrations
P.E. / PA / 1993
PE043872E
Exp. - 09/30/2021

P.E. / WV / 1995
012729 / Exp. - 12/31/2020

P.E. / MD / 2002
27940 / Exp. - 09/20/2020

Certifications
PA Sewage Treatment Plant Operator / T3958
Exp. - 6/30/20

PA Waterworks Operator
W10095 / Exp. - 6/30/20

GENERAL QUALIFICATIONS

Mr. Stinebiser is a dedicated and well-established member of our professional team who has numerous years of experience assisting clients and problem solving. Mr. Stinebiser:

- Reliably serves as our representative and primary contact to a number of major municipal clients
- Efficiently works to understand the needs of our clients and to assist with the development and implementation of feasible solutions
- Diligently works to achieve a high level of communication and service to our clients
- Dependably embodies EADS' mission of "Quality Service with Integrity"

EXPERIENCE

Mr. Stinebiser's service, as a primary client contact, to major municipal clients includes providing input and guidance regarding municipal water and sewer system operation, maintenance, design, permitting and implementation of capital improvements to public facilities. His specific capabilities and general experience are described as follows:

SANITARY SEWER

- Design, permitting and construction administration for municipal sanitary sewer systems
- Grantsmanship and assistance with securing and administering funding for municipal sanitary sewer systems from Federal, State and local funding agencies
- Construction feasibility and alternative studies, and operation studies for municipal sanitary sewer systems and treatment plants
- Permitting and permit renewal work for municipal sanitary sewer systems and treatment plants
- Preparation of various annual reports and assistance with annual budgets for municipal sanitary sewer systems and treatment plants

WATER

- Design, permitting and construction administration for municipal water systems
- Grantsmanship and assistance with securing and administering funding for municipal sanitary sewer systems from Federal, State and local funding agencies
- Construction feasibility and alternative studies, and operation studies for municipal water systems and treatment plants
- Permitting and permit renewal work for municipal water systems and treatment plants
- Preparation of various annual reports and assistance with annual budgets for municipal water systems and treatment plants

Mr. Stinebiser's *sewer* project experience includes:

- Windber Borough - 2016 Sewer Replacement Project *(Project Manager)*. Design of the replacement of 6,250 LF of sewerline, with permitting and PennVEST funding administration.
- Washington County, MD - Sewage Treatment Plant Improvements, Sharpsburg, MD *(Project Manager)*. Design of various improvements at the Antietam Sewage Treatment Plant serving Sharpsburg, MD. Work included design of a new headworks building, rehabilitation of the headworks structure, upgrade of the pre-aeration facilities, and replacement of the UV disinfection facilities. Duties included primary client contact and project management.

- Flight 93 National Memorial - Preliminary Design of Sanitary Sewer Collection and Disposal System, Somerset County, PA *(Project Manager)*. Worked as part of the Paul Murdoch Architects design team for this National Park Service project.
- Stonycreek Township Supervisors, Lake Stonycreek Sanitary Sewer Project, Somerset County, PA *(Project Manager)*. Management of design, permitting and construction phase activities for this project to install sanitary sewers around Lake Stonycreek and to expand the Shanksville Borough Sewage Treatment Plant. This work included preparation of the Environmental Report that was necessary as part of the funding application.
- Windber Area Authority - Grit Removal and Automatic Bar Screen, Cambria County, PA *(Project Manager)*. Management of design, permitting and construction phase activities for this project of an SBR sewage treatment flows processing up to 10 MGD of sewage flow.
- Shanksville Borough - Sanitary Sewer System and Treatment Plant, Somerset County, PA *(Project Manager)*. Design / project management for a new sewer system consisting of approximately 15,000 LF of gravity sewers and force mains, two sewage pumping stations, and a 50,000 GPD extended aeration treatment plant.
- Meyersdale Borough - Phase I Combined Sewer Overflow Elimination and Sewer Rehabilitation, Somerset County, PA *(Project Manager)*. Design and project management of 22,000 LF of new sanitary sewerlines to eliminate combined sewers.
- Garrett Borough - Sanitary Sewer Rehabilitation, Somerset County, PA *(Project Manager)*. Design of approximately 14,000 LF of gravity sewerlines, rehabilitation of the main sewage pumping station and rehabilitation of the sewage treatment plant, including a new flow equalization tank.
- Meyersdale Municipal Authority - Charles Street Sewage Pumping Station and Interceptor Sewer, Somerset County, PA *(Project Manager)*. Design of a replacement 6.8 MGD sewage pumping station and 27" interceptor sewer. Work included design, permitting and funding administration.
- Hidden Valley Resort - Sewer System Development, Somerset County, PA *(Project Engineer)*. Design and project management of several thousand feet of sanitary sewers throughout the resort community. This also included work to design modifications to the existing extended aeration sewage treatment plant and design of the new lagoon sewage treatment plant.

Mr. Stinebiser's ***water*** project experience includes:

- Windber Area Authority - 20" Water Transmission Line Replacement, Somerset County, PA (Project Manager). Responsible for study, design, permitting and funding activities for the replacement of approximately 42,500 feet of the Authority's existing 20" finished water transmission line.
- Windber Area Authority - Replacement of Hoffman Tanks and Booster Pumps, Somerset County, PA (Project Manager). Design of new 150,000 gallon water tanks and booster pumps.
- Windber Area Authority - Groundwater Rule Compliance Facilities, Somerset County, PA (Project Manager). Responsible for design and construction of facilities necessary for the Authority to achieve compliance with the DEP Groundwater Rule.
- Allegany County, MD - Rawlings Water Feasibility Study, Allegany County, MD (Project Manager). Project was a feasibility study for rehabilitation of the Village of Rawlings' water supply, treatment and distribution systems.
- Flight 93 National Memorial - Preliminary Design of Potable Water System, Somerset County, PA (Project Manager). Worked as part of the Paul Murdoch Architects design team for this National Park Service project.
- Windber Area Authority - 2008 - 2010 Water System Improvements, Somerset County, PA (Project Manager). Design of various water storage tank upgrades and waterline replacements.
- Washington County, MD - Sedimentation Tank Design, Sharpsburg WTP, Sharpsburg, MD (Project Manager). Design of a sedimentation tank to be constructed at the existing water treatment plant serving the town of Sharpsburg, MD. Duties included primary client contact and project management.
- Meyersdale Municipal Authority - Main Street Waterline Replacement, Somerset County, PA (Project Manager). Design of 2,600 LF waterline replacement through the Meyersdale Business District.
- Meyersdale Municipal Authority - Water Storage Tank and Waterline Construction, Somerset County, PA (Project Manager). Design and project management of 600,000 gallon water storage tank construction and installation of 15,000 LF of 12", 8", and 6" waterlines.
- Meyersdale Municipal Authority - Development of Well 96-1, Somerset County, PA (Project Manager). Design and development of a new groundwater source to supplement the water supply.
- Somerset Borough - Bakersville Water Treatment Plant Improvements, Somerset County, PA (Project Manager). Design and project management for numerous projects at the 2.0 MGD plant, including rehabilitation of the filters with media replacement and replacement of raw water pumps, chemical feed systems, flocculator units, and high services pumps.

Additional *sewer* project experience:

- Stonycreek Township Supervisors, Shanksville Grove Public Restroom Facility, Somerset County, PA *(Project Manager)*. Design and construction administration of a project to install a public restroom facility at the Shanksville Grove.
- Rockwood Borough - Sewage Treatment Plant Construction, Somerset County, PA *(Project Engineer)*. Design and project management of a new sewage treatment plant to serve Rockwood Borough.
- Rockwood Borough - Combined Sewer Separation Project, Somerset County, PA *(Project Engineer)*. Project management of this project to separate combined sewers and rehabilitate sanitary sewers.
- Paint - Elk Joint Sewer Authority - Sewage Treatment Plant Expansion, Clarion County, PA *(Project Engineer)*. Design of the expansion to the aerated facultative lagoon plant.
- Westmoreland County Industrial Development Authority - Sewage Treatment Plant Designs, Westmoreland County, PA (*Project Engineer*). Worked on the design of sewage treatment plants for the Alcoa and I-70 Industrial Park Sites.
- Paint Borough Council - Stormsewer Construction, Somerset County, PA *(Project Engineer)*. Project management for installation of new storm sewers in Paint Borough.

Additional *water* project experience:

- Somerset Borough Western Loop Waterline Construction, Somerset County, PA *(Project Manager)*. Design and project management of over 7,000 LF of 12" through 6" waterlines.
- Hidden Valley Resort - Water System Development, Somerset County, PA *(Project Engineer)*. Design and project management of several thousand feet of water distribution lines throughout the resort community.
- Pike Run Country Club - Water System Improvements, Westmoreland County, PA *(Project Manager)*. Design and project management of a new water storage tank, booster pump station and waterlines.
- Shanksville Stonycreek School District - Water System Replacement, Somerset County, PA *(Project Engineer)*. Design of a replacement water system for the School District building expansion, consisting of development of a new ground water well, construction of the two (2) storage tank systems, and construction of a new booster pump station and site waterlines.
- Saegertown Borough - Water System Improvement Project, Crawford County, PA *(Project Manager)*. Design and project management of various water system projects including a new 425,000 water tank, a booster pump station, rehabilitation of an existing water tank, development of a new groundwater well and treatment system and replacement of distribution waterlines.
- Crawford County Commissioners - County Prison Waterline Loop, Crawford County, PA *(Project Engineer)*. Design of new 4,800 waterline to serve the new Crawford County Prison.
- Revco Drug Store Distribution Center - New Water Storage Tank and Fire Pump System, Somerset County, PA *(Project Engineer)*. Design and project management of new water storage tank and fire pump system to serve the warehouse and distribution center in Somerset, PA.
- GPU/Penelec - New Water Distribution System, Cambria County, PA *(Project Manager)*. Design and project management for the replacement of the water distribution lines throughout the complex of GPU/Penelec, located in Johnstown, PA.
- Garrett Borough - Water Plant Tank Project, Somerset County, PA *(Project Manager)*. Design of project to construct a 155,000 gallon influent water storage tank.

HVUS Exhibit BRS-2

05-20-20
C-204-244716 9
C-204-244713 8

January 24, 2019

Attention: Mr. James Kettler
Hidden Valley Utility Services, L.P.
811 Russell Avenue, Suite F
Gaithersburg, Maryland 20879

HIDDEN VALLEY UTILITY SERVICES
STUDY OF POTABLE WATER SUPPLY/TREATMENT OPTIONS

Dear Mr. Kettler,

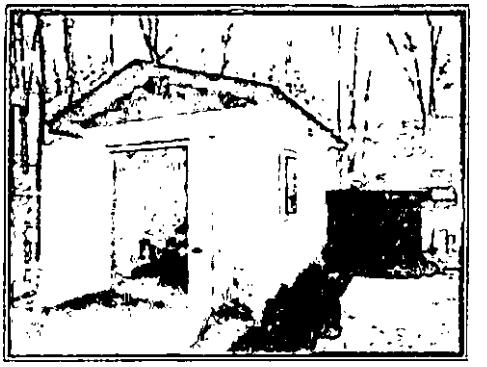
The purpose of this letter report is to discuss water supply/treatment options for Hidden Valley Resort's Public Water System. This letter report evaluates two (2) proposed project options to achieve reductions in concentrations of iron and manganese in the Hidden Valley Water System. Included in this letter report are estimated construction costs, estimated annual operation and maintenance costs, and proposed implementation schedules for both options.

Provided in this report is an overview of our evaluation which includes field observations and discussion with facility personnel. The analysis within this letter report examines existing conditions which are apparent, premised on, and limited to visual observations. The following items were not included in this report:

1. Inspection and analysis/evaluation of existing water system distribution facilities (high service pumping system, force main, water storage tank, water distribution lines, customer service lines and meters, etc.);
2. Engineering evaluation of the existing sewage treatment plants' effluent limits;
3. Engineering evaluation of the existing well pumps and well pumping systems;
4. Engineering evaluation of the recommendations by others for improvements to the Hidden Valley Resort Water System, or;
5. Evaluation of operator operation procedures.

EXISTING WATER SYSTEM

The existing Hidden Valley Water System serves approximately 1,087 customers within the Hidden Valley Resort community. The system produces water from two (2) wells with a combined maximum pumping rate of 220 gallons per minute (316,800 gallons per day). From the 2015 Public Water Supply Report prepared by Hidden Valley Utility Services, the peak day water usage was 188,640 gallons. The average annual water usage for the last three (3) years 2016-2018 was 34.77 million gallons (MG), which is equivalent to an average daily demand of 96,000 gallons per day (gpd). Well water is pumped from each well to the treatment building where a sequestering chemical is added to treat iron and manganese, followed by disinfection. Hidden Valley Utility Services utilizes liquid sodium hypochlorite for disinfection of potable water. Water enters two (2) underground

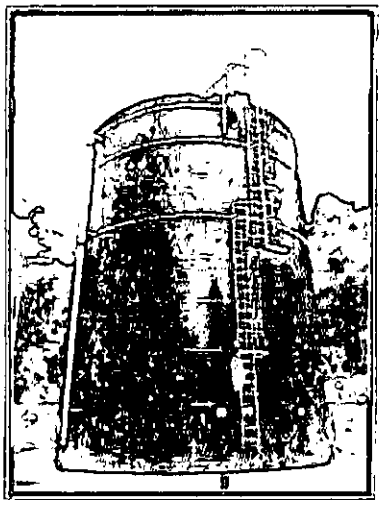


WATER SEQUESTERING AND DISINFECTION BUILDING

chlorine contact tanks prior to the clearwell. From the clearwell, water is pumped to the existing 250,000-gallon water storage tank located on Snowfield Drive. The existing water system is experiencing concentrations of iron and manganese in excess of the treatment capability of the sequestering system. The two (2) options to reduce levels of iron and manganese in the Hidden Valley Water System are as follows:

OPTION 1: CONNECT TO AND PURCHASE BULK WATER FROM THE BAKERSVILLE PUBLIC WATER SYSTEM

Under Option 1, Hidden Valley Utility Services would connect to the Bakersville Public Water System, owned and operated by the Jefferson Township Water and Sewer Authority (JTWSA). HVUS would need to construct water conveyance facilities along Gardner Road from the existing Bakersville Water Storage Tank Site to the existing HVUS water distribution system near the entrance of the Hidden Valley Resort Golf Course. The proposed facilities include two (2) pump stations, a water storage tank, and new waterline along Gardner Road. The first pump station would be located near the existing Bakersville water storage tank along Gardner Road. The second pump station and water storage tank would be located along Gardner Road at an intermediate location, and these items are required to break pressure for the lower portion of the proposed system. Without a pressure break in the proposed system, the lower end of the system system would experience pressures exceeding 310 psi. High pressures in this range create a difficult scenario for customer connections as well as future operation and maintenance, and those high pressures exceed the working pressure rating of some water distribution system components. The proposed project to connect to the existing Bakersville Water System as presented herein is based on construction by HVUS. Ultimately, HVUS can consider transfer of ownership for facilities located outside of the resort property to the JTWSA.



BAKERSVILLE WATER SYSTEM TANK

A map for this option is included herein as Attachment No. 1. The operation of the proposed system would be based on water level in the existing HVUS water storage tank. When water level in the tank would drop to a certain level, automatic controls would call for water to replenish the tank. The intermediate pump station is planned for a location along Gardner Road, and this pump station would replenish water in the HVUS tank. The intermediate water storage tank and the intermediate pump station would likely need to be constructed on land to be secured by purchase or lease. Each of the proposed pump stations should be serviced by three-phase electrical power, and this is available along Gardner Road.

The water level in the intermediate water storage tank will control the operation of the lower pumping station, to be located near the existing Bakersville Water Storage Tank Site. Similar to the intermediate pump station, the lower pump station would also likely need to be constructed on land to be secured by purchase or lease. It is anticipated that DEP will require emergency power generators to be provided at each of the two (2) pump stations. For this study, it is assumed the pump stations would be duplex stations and pump at 350 gpm. For HVUS average daily demand of 96,000 gpd, it would require approximately 4.5 hours of operation per day at each pump station.

Under this option, new waterline will need to be installed from the existing Bakersville Water Storage Tank to the point of connection with the HVUS distribution system. It is anticipated the new waterline could be installed within the Gardner Road Township right-of-way, which is 33 feet wide.

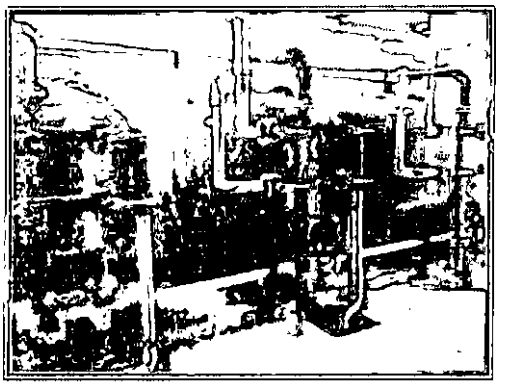
It should be noted that the costs presented herein include only these items needed to serve the HVUS system. It is possible that Jefferson Township could be interested in having tap connections to the proposed waterline along Gardner Road available for residents. Also, Jefferson Township could be interested in providing additional volume in the intermediate Water Storage Tank to provide for the domestic demand and fire protection storage for residents along Gardner Road.

Purchasing water from the Bakersville Water System will reduce iron and manganese concentration levels in the Hidden Valley Water System because the water source will be replaced with filtered water. The Bakersville Water System purchases water from Somerset Borough and the Somerset County General Authority. Both of these systems prepare and publish online annual drinking water quality reports. Neither have indicated concerns or commented on iron and manganese concentrations in their drinking water. The proposed project is anticipated to have an estimated total project cost of $1,468,740 and an annual operation and maintenance cost, including the cost to purchase water, of $225,722. For this option, the construction cost estimate, operation and maintenance cost estimate and proposed project schedule are included herein as Attachment No. 2.

It is estimated the proposed Option No. 1 will take 1,215 Days to complete or 3 years and 4 months.

OPTION 2: IRON AND MANGANESE TREATMENT FACILITIES

Under Option 2, Hidden Valley Utility Services would construct new water treatment facilities to filter existing iron and manganese concentrations in the raw well water. Representative of the EADS Group met with Hidden Valley's Operator to discuss proposed locations for a new treatment facility. Two (2) sites were evaluated based on proximity to the existing water treatment building and wells. Site No. 1 is located in a ski overflow parking area in proximity to the existing water treatment plant. The existing well discharge piping traverses this site. Site No. 2 is located near the existing snow making maintenance building, but is further away from the existing water treatment plant and only Well No. 1 piping crosses the site. After evaluating both sites and discussion with HVUS operator Glenn Fodor, it was decided Site No. 1 was better suited to reduce project costs and complexity.

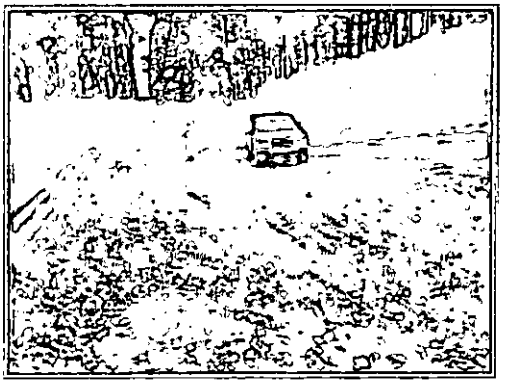


ROLLING ROCK FILTRATION SYSTEM

HVUS has considered filtration options and a conventional greensand filtration system is a suitable option. We learned that another system in the area at Rolling Rock Farms had recently discontinued use of their greensand filtration system. Rolling Rock Farms utilized their Res-Kem greensand filters for approximately 3 years, prior to connecting to a nearby public water supply. Based on a visit to the site with HVUS, it appears the Rolling Rock Farms equipment could be suitable for purchase and use by HVUS. At a November 7, 2018 meeting with HVUS and DEP in Pittsburgh, DEP indicated use of the Rolling Rock equipment by HVUS could be an acceptable option provided the filtration units are inspected and found sound, with all media to be replaced.

The Rolling Rock filtration system consists of four (4) filter units, each rated to treat up to 60 gallons per minute (GPM). While reserving one (1) unit as a backup, production from three (3) units could produce 180 GPM of filtered water, equivalent to 259,000 gallons per day (GPD). Based on discussion with Glenn

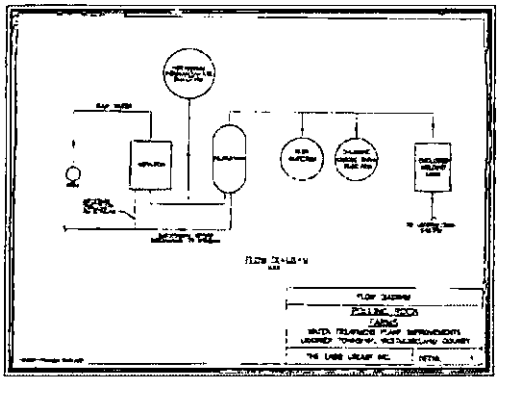
Fodor, this production rate is adequate to meet the HVUS system's peak demand. Space could be provided in the proposed filter building if another filter unit would be installed in the future. Additionally, backwash handling and treatment should be initially sized to include a future unit being added. The Rolling Rock equipment includes the four (4) filtration units, booster pumps to force the raw water through the filters, chemical feed equipment for oxidation of the iron and manganese prior to filtration, filter backwash pumps, and electrical equipment and controls. The Rolling Rock equipment is housed in a block building. If moved to HVUS for use, the equipment would need to be housed in a similar building and process piping and electrical equipment would need to be installed to accommodate the HVUS enclosure. A site map for this option is included herein as Attachment No. 3. The existing disinfection system will remain in place without modifications.



PROPOSED FILTRATION PLANT SITE NO. 1

The proposed treatment process would operate with water from the existing wells pumped through the new filtration system to oxidize and remove excessive iron and manganese. Periodically the system must backwash trapped iron and manganese collected in the filter media. For the backwash process, finished water from the HVUS distribution water system will be back fed through the filter to remove the concentrated iron and manganese trapped in the filter media. This process is repeated for each filter as necessary to restore filter efficiency. The "backwash" water would be directed into the proposed settling lagoon. Backwash waste water must then be processed for disposal. The EADS Group evaluated options to collect and settle filter backwash water. The existing unused wastewater primary clarifier tank at STP No. 1 was evaluated against the PA DEP wastewater design manual and determined to have insufficient available capacity for backwash storage. The existing primary clarifier has 1,240 cubic feet of available storage but approximately 3,000 cubic feet of storage is required based on Hidden Valley peak daily flows.

For this study, a lined earthen lagoon is proposed for holding and settling of backwash waste water. Options considered for disposal of filter backwash water supernatant from the settling lagoon include: (1) direct discharge to a stream, (2) recycling all settled backwash water supernatant back through the filter units, and (3) pumping backwash water supernatant to Sewage Treatment Plant No. 1 for treatment with the existing sewage flow.



ROLLING ROCK FARMS FLOW DIAGRAM

Based on discussion with the PA DEP, a stream discharge for disposal of backwash supernatant is not a viable option based on the water quality of the streams at the property. Likewise, DEP verbally indicated total recycle of backwash supernatant would not be considered. Therefore, we have included the option of pumping the supernatant to STP No. 1 as the basis of this study.

If the backwash supernatant is pumped to STP No. 1, it will blend with sanitary sewage, with ultimate disposal at the sprayfield or in the snowmaking system. Per DEP, the existing STP effluent being used for snowmaking is permitted for such reuse. They indicated if the new water filtration backwash supernatant

is added to the STP effluent, it could reopen reconsideration of the current STP effluent reuse approval. Based on current DEP re-use standards, the waste stream is classified as a Public Access System.

If the STP would not meet current standards for the current Public Access System water quality criteria, additional treatment measures of STP flow may be required (Estimated costs were not evaluated for this report).

The proposed project to install water treatment facilities at the proposed Site No. 1 has an estimated total project cost of $1,924,087 and an annual operation and maintenance cost of $211,649. For this option, the construction cost estimate, operation and maintenance cost estimate and proposed project schedule are included herein as Attachment No. 4.

It is estimated the proposed Option No. 2 will take 1,245 Days to complete or 3 years and 5 months.

SUMMARY AND RECOMMENDATION

The objective of this letter report is to evaluate two (2) options to reduce concentrations of iron and manganese in their public water system, and provide information so that HVUS can select an option to implement. The following table provides a brief summary of both options:

HIDDEN VALLEY WATER SYSTEM	
Proposed Project Options Summary	
Option	Estimated Values
Option 1 – Purchase Bulk Water from Bakersville Water System	➢ Estimated Project Cost: $1,468,740 ➢ Estimated Annual O&M Cost: $225,722 ➢ Estimated Project Schedule: 1,215 Days
Option 2 – Construct Water Filtration System	➢ Estimated Project Cost: $1,924,087 ➢ Estimated Annual O&M Cost: $211,649 ➢ Estimated Project Schedule: 1,245 Days

Should you have any questions regarding the above-mentioned observations as you consider the selection of a new supply and treatment system, please feel free to contact us.

Respectfully submitted,
The EADS Group, Inc.

Bradley R. Stinebiser, P.E.

Frank D. Novotny, P.E.

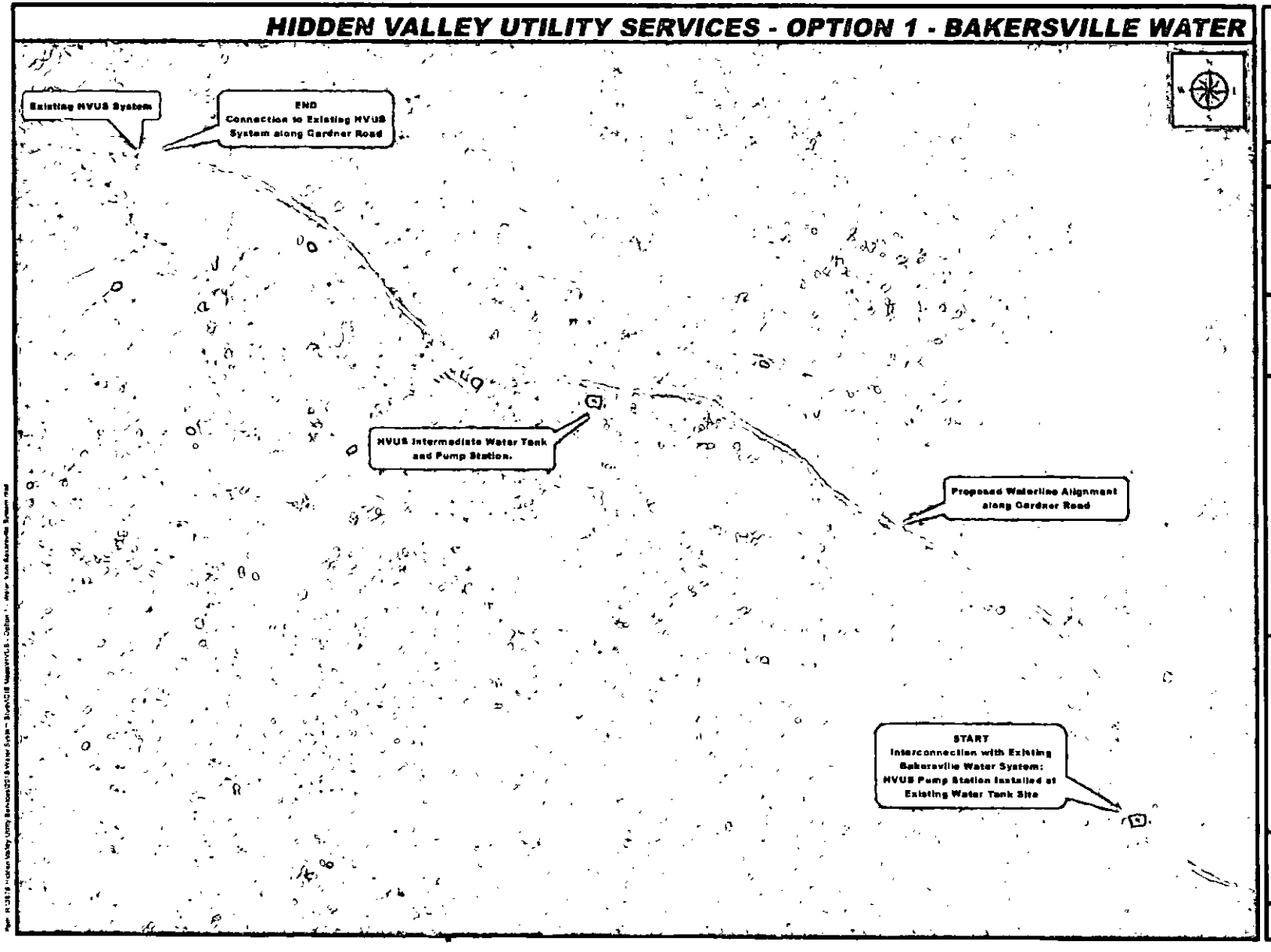
Attachments: Project Site Maps, Construction Cost Estimates, Operation and Maintenance Estimates, Implementation Schedules Estimates

Attachment No. 1

Option 1: Connect to and Purchase Bulk Water from the Bakersville Water System

Site Map

HIDDEN VALLEY UTILITY SERVICES - OPTION 1 - BAKERSVILLE WATER



EADS GROUP
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Date 1/11/2018 Revised

Drawn By F.D.N. Checked By B.R.S.

Prepared For:
Hidden Valley Utility Services
811 Russell Avenue, Suite F
Gaithersburg, Maryland 20879
Phone:
Fax:

Scale
0 500 1,000
1 inch = 600 feet

Legend:
- Bakersville Water Tank
- Proposed Water Tank
- Proposed Pump Station
- Proposed Water lines
- Pump Station Site(s)
- Existing Waterlines

Notes:

OPTION 1
Water from Existing Bakersville System

Sheet 1 of 1

Attachment No. 2

Option 1: Connect to and Purchase Bulk Water from the Bakersville Water System

Construction Cost Estimate
Operation and Maintenance Cost Estimate
Proposed Project Schedule

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Water System - Bakersville Interconnection Cost Estimate

Hidden Valley Utility Services, L.P.
Water System Construction Estimates

Option 1: Purchase Bulk Water from Bakersville Water System - Construction Estimate

Construction Costs

Item	Quantity		Unit Price	Total Price
1. Waterline				
a. 6" Diameter	8,500	LF	$50	$425,000
2. Gate Valves	8	EA	$2,000	$16,000
3. Blowoffs for Flushing	2	EA	$3,500	$7,000
4. Ductile Iron Fittings	1,200	LBS	$7	$8,400
5. Restoration				
a. Municipal Highway - Paved	80	SY	$85	$6,800
b. Municipal Shoulder - Unpaved	2,500	SY	$15	$37,500
c. Bituminous Drive	40	SY	$75	$3,000
d. Gravel Driveway	30	SY	$15	$450
e. Unpaved Area	250	SY	$8	$2,000
6. Select Backfill	750	CY	$30	$22,500
7. Miscellaneous Concrete	25	CY	$250	$6,250
8. Pumping Station with Emergency Power Generator	2	EA	$200,000	$400,000
9. Water Storage Tank	25,000	GAL	$4	$100,000
10. Electrical Construction	1	LS	$30,000	$30,000
11. Structural Fill	50	CY	$70	$3,500
12. Master Meter Pit	1	LS	$20,000	$20,000
13. Miscellaneous	1	LS	$15,000	$15,000
			Subtotal Construction	**$1,103,400**
			Contingency (10%)	$110,340

Associated Costs

Engineering - Basic Services		$90,000
Engineering - Construction Inspection (6 month Construction Period)		$75,000
Engineering - Additional Services (Est.)		$45,000
Public Water Supply Permit Application	$5,000	
General Permits	$5,000	
Building Permit(s)	$4,000	
Geotechnical Investigation for Intermediate Tank Site	$10,000	
Preparation of Land Development and Survey	$8,000	
Operation and Maintenance Manuals	$3,000	
Right-of-Way Sketch(s) (Est. Total of 20)	$10,000	
Legal		$25,000
Land Acquisition for New Pump Stations		$10,000
Administration/Certified Operator Effort		$10,000
Subtotal Associated Costs		**$255,000**

Total Estimated Project Cost **$1,468,740**

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Water System - Bakersville Interconnection Cost Estimate

Option 1: Purchase Bulk Water from Bakersville Water System - O&M Estimate (Based on 34.77 MG Annual Usage)

1.	**Insurance**			**$1,500**
	Assumed pump station insurance cost	$500	cost/yr	
	Number of pump stations	2	ea	
	Assumed tank insurance cost	$500	cost/yr	
	Total insurance cost	$1,500		
2.	**Operator**			**$21,840**
	Rate	$30	cost/hr	
	Number of laborers	1	ea	
	Number of hours per week worked	14	hours	
	Total annual operator costs	$21,840		
3.	**Pump Station No. 1 - Bakersville Tank**			**$11,100**
	PS static head	400	ft	
	PS total head	460	ft	
	Efficiency	0.7		
	PS run time per day	4.5	hr/day	
	Average Water Usage	96000	gal/day	
	PS gallons per minute	350	GPM	
	Actual PS horsepower required	58.1	hp	
	PS horsepower selected	60.0	hp	
	Cost per kW*hr	$0.15	cost/Kw*hr	
	PS cost per year	$11,100	cost/yr	
4.	**Pump Station No. 2 - Intermediate Tank**			**$11,100**
	PS static head	400	ft	
	PS total head	460	ft	
	Efficiency	0.7		
	PS run time per day	4.5	hr/day	
	Average Water Usage	96000	gal/day	
	PS gallons per minute	350	GPM	
	Actual PS horsepower required	58.1	hp	
	PS horsepower selected	60.0	hp	
	Cost per kW*hr	$0.15	cost/Kw*hr	
	PS cost per year	$11,100	cost/yr	
5.	**Maintenance Repairs**			**$3,200**
	Material cost	$100	cost/month	
	Material cost per year	$1,200	cost/yr	
	Pump replacement cost	$10,000	cost/10yrs	
	Number of duplex pump stations	2		
	Pump replacement cost per year	$2,000	cost/yr	
	Total repair cost per year	$3,200		
6.	**Purchase JTWSA Water (Based on 2014 JTWSA Rates and 34.77 MG Usage/yr)**			**$176,982**
	Total Annual Flat Rate (Estimated 2014)	$9,600	cost/yr	
	Total Annual Flat Rate (Adjusted 3%/Year)	$11,129	cost/yr	
	Usage Rate (Estimated 2019)	$4.77	per 1,000 gallons	
	Annual Cost to Purchase Water	$176,982		
			Estimated Annual O&M Cost	**$225,722**

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Water System - Bakersville Interconnection Schedule

Hidden Valley Utility Services, L.P.
Water System Construction Schedule

Option 1: Purchase Bulk Water from Bakersville Water System - Schedule

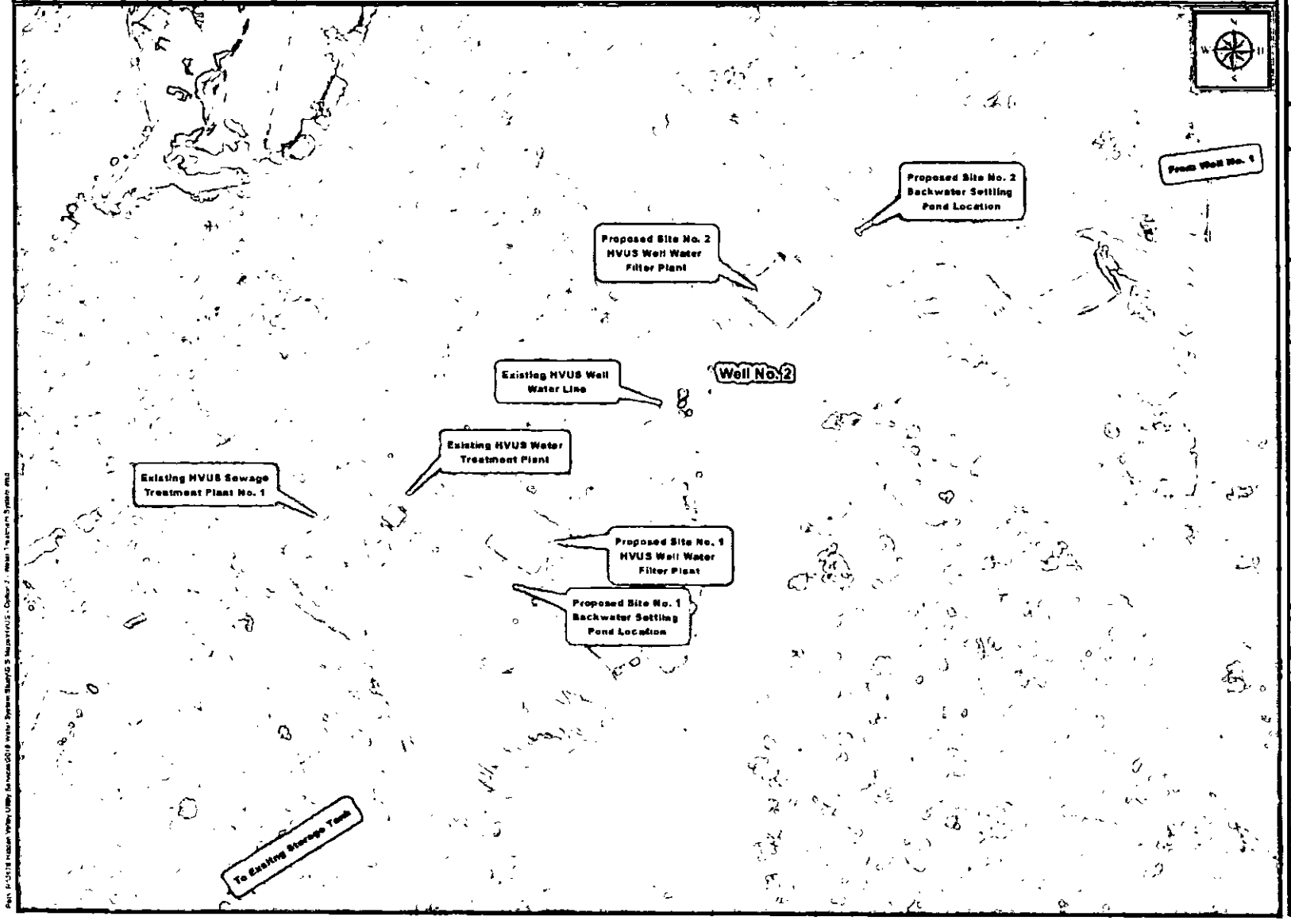
	Activity	Duration
1	Authorization to Proceed from HVUS	0 days
2	Negotiations with Jefferson Township Water and Sewer Authority and execute Purchase Agreement	180 days
3	Select Location of Proposed Intermediate Tank and Pump Station	90 days
4	Land Acquisition Negotiations with Buncher Development	120 days
5	Conduct Proposed Water Tank Site Property Survey & Mapping	30 days
6	Conduct Geotechnical Evaulation of Proposed Water Tank Site	45 days
7	Preliminary Design - Prepare and Submit Public Water Supply Permit - Prepare and Submit General Permits - Prepare and Submit Building Permit	150 days
8	Permit Agency Reviews and Issuance of Permits	180 days
9	HVUS Review and Approval to move to Final Design	30 days
10	Final Design	90 days
11	HVUS Review and Approval of Contract Documents	30 days
12	Contract Bidding	30 days
13	Contract Award	30 days
14	Shop Drawing Review and Approval	30 days
15	Construction	180 days
16	Connection to Existing System & Begin Operation	0 days
	Total Estimated Days for Completion	**,215 Days**

Attachment No. 3

Option 2: Iron and Manganese Treatment Facilities

Site Map

HIDDEN VALLEY UTILITY SERVICES - OPTION 2 - WELL WATER FILTER PLANT



THE EADS GROUP
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Date 1/11/2018 Revised

Drawn By F.D.N. Checked By B.R.S.

Prepared For:
Hidden Valley Utility Services
811 Russell Avenue, Suite F
Gaithersburg, Maryland 20879
Phone:
Fax:

Scale
0 100 200
1 inch = 150 feet

Legend:
- Existing Waterlines
- WTP Proposed Site 1
- WTP Proposed Site 2
- Existing Waterlines

Notes:

OPTION 2
Well Water Filter Plant

Sheet 1 of 1

Attachment No. 4

Option 2: Iron and Manganese Treatment Facilities

Construction Cost Estimate
Operation and Maintenance Cost Estimate
Proposed Project Schedule

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Water System - Filter Plant Cost Estimate

Hidden Valley Utility Services, L.P.
Water System Construction Estimates

Option 2: Iron and Manganese Treatment Facilities - Construction Estimate

Construction Costs

Item	Quantity		Unit Price	Total Price
1. Filter Equipment				
a. Rolling Rock Farms Res-Kem Filtration System	1	LS	$500,000	$500,000
b. Installation	1	LS	$350,000	$350,000
c. Removal and Freight to HVUS	1	LS	$50,000	$50,000
2. Block Building (32' x30')	960	SF	$200	$192,000
3. Electrical Construction	1	LS	$50,000	$50,000
4. Miscellaneous Yard Piping	500	LF	$70	$35,000
5. Miscellaneous Concrete	30	CY	$250	$7,500
6. Structural Backfill	50	CY	$125	$6,250
7. Restoration				
a. Gravel Driveway	40	SY	$15	$600
b. Unpaved Area	40	SY	$8	$320
8. Select Backfill	750	CY	$30	$22,500
9. Sitework and Excavation	1	LS	$45,000	$45,000
10. Backwash System Feed Line & Appurtenances	1	LS	$15,000	$15,000
11. Backwash Settling Pond	24,000	CF	$8	$180,000
12. Backwash Pond Effluent Line	1	LS	$10,000	$10,000
13. Miscellaneous	1	LS	$15,000	$15,000
			Subtotal Construction	**$1,479,170**
			Contingency (10%)	$147,917

Associated Costs

Engineering - Basic Services		$120,000
Engineering - Construction Inspection (6 month Construction Period)		$70,000
Engineering - Additional Services (Est.)		$68,500
Public Water Supply Permit	$7,500	
General Permits	$5,000	
Building Permit(s)	$4,000	
Geotechnical Investigation	$10,000	
Preparation of Land Development and Survey	$8,000	
Operation and Maintenance Manuals	$3,000	
Right-of-Way Sketch(s)	$1,000	
Pilot Study	$30,000	
Legal		$25,000
Land Acquisition from Resort Property Owner		$3,500
Administration/Certified Operator Effort		$10,000
Subtotal Associated Costs		**$297,000**

Total Estimated Project Cost **$1,924,087**

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Water System - Filter Plant Cost Estimate

Option 2: Iron and Manganese Treatment Facilities - O&M Estimate (Based on 34.77 MG Annual Usage)

1.	**Insurance**			**$2,500**
	Assumed WTP insurance cost	$2,500	cost/yr	
	Number of pump stations	1	ea	
	Total insurance cost	$2,500		
2.	**Operator**			**$31,200**
	Rate	$30	cost/hr	
	Number of laborers	1	ea	
	Number of hours per week worked	20	hours	
	Total annual operator costs	$31,200		
3.	**Filter Plant Chemicals (Based on 34.77 MG per year) - See Note Below**			**$90,700**
	Potassium Permanganate	$39,400		
	Potassium Permanganate & Sodium Sulfite	$9,300		
	Sodium Hypochlorite	$16,900		
	Caustic Soda	$6,900		
	CL-50	$11,000		
	Chlorine & Phenal Red Spectrum	$5,400		
	Sulfuric Acid Cartridge	$500		
	Ferrover Iron, Bromcresol & Phnolphthalein	$1,300		
	Total Annual Chemical Costs	$90,700		
4.	**Electricity (Based on 34.77 MG per year) - See Note Below**			**$33,649**
	Rolling Rock Farms 2013 annual usage	3.1	MG (million gallons)	
	Rolling Rock Farms 2013 annual power cost	$3,000		
	HVUS annual usage	34.77	MG	
	Total annual power cost	$33,648		
5.	**Repair**			**$23,600**
	Material cost	$50	cost/month	
	Material cost per year	$600	cost/yr	
	Pump replacement cost	$10,000	cost/10yrs	
	Number of pumps	4		
	Pump replacement cost per year	$4,000	cost/yr	
	Filter Replacement	$300,000	cost/20yrs	
	Lagoon Relining cost per year	$15,000	cost/yr	
	Lagoon Relining	$100,000	cost/25yrs	
	Lagoon Relining cost per year	$4,000	cost/yr	
	Total repair cost per year	$23,600		
6.	**Waste Removal of Settled Sludge**			**$30,000**
	Removal and disposal trips per year	12	trips	
	Removal and disposal cost per trip	$2,500	cost/trip	
	Annual Dispoal Cost	$30,000		
			Estimated Annual O&M Cost	**$211,649**

Note: Estimated Chemical and Electricity Costs are based on Rolling Rock Farms' 2013 Water System Filter House Operation Expenses and Hidden Valley's Average Water Production Records for the last three (3) years. During 2013, Rolling Rock Farms produced an estimated 3.1 million gallons of water and over the average of 2016-2018 Hidden Valley produced approximately 34.77 million gallons of water per year.

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Water System - Filter Plant Schedule

Hidden Valley Utility Services, L.P.
Water System Construction Schedule

Option 2: Iron and Manganese Treatment Facilities - Construction Estimate

	Activity	Duration
1	Authorization to Proceed from HVUS	0 days
2	Preparation of Filtration Pilot Plan Study	120 days
3	HVUS Review and Submission of Study to DEP	30 days
4	DEP Filtration Pilot Plan Approval	120 days
5	Land Acquisition Negotiations with Resort Property Owner	120 days
6	Conduct Proposed Filtration Plant Property Survey & Mapping	30 days
7	Conduct Geotechnical Evaulation of Proposed WTP Site	45 days
8	Preliminary Design - Prepare and Submit Public Water Supply Permit - Prepare and Submit General Permits - Prepare and Submit Building Permit	150 days
9	Permit Agency Reviews and Issuance of Permits	180 days
10	HVUS Review and Approval to move to Final Design	30 days
11	Final Design	120 days
12	HVUS Review and Approval of Contract Documents	30 days
13	Contract Bidding	30 days
14	Contract Award	30 days
15	Shop Drawing Review and Approval	30 days
16	Construction	180 days
17	Connection to Existing System & Begin Operation	0 days
	Total Estimated Days for Completion	**1,245 Days**

Attachment No. 5

Option 2: Iron and Manganese Treatment Facilities

Backwash Lagoon Sizing

Project Hidden Valley Utility Services, L.P.
Calculated By FDN Date 1/24/2019
Checked By BRS Date 1/24/2019
Subject Filter Plant Cost Estimate - Backwash Lagoon

Hidden Valley Utility Services, L.P.
Backwash Lagoon Sizing

Design Criteria (Based on HVUS 2015 Water System Numbers)

Maximum Pumping Rate of HVUS Existing Wells	220	gpm	316,800	gpd
Maximum Filtering Rate of Greensand Rapid-rate Filter	60	gpm	86,400	gpd
HVUS Peak Daily Water Usage (2015)	131	gpm	188,640	gallons
HVUS Average Daily Water Usage (2015)	86.92	gpm	125,167	gpd

Filter Backwashing

Greensand Rapid-rate Filter Backwash Rate (Per Filter)	250	gpm
Greensand Rapid-rate Filter Backwash Period (Per Filter)	10	minutes
Greensand Rapid-rate Filter Backwash Volume (Per Filter)	2,500	gallons
Greensand Rapid-rate Filter Rewash Volume (Per Filter)	250	gallons

DEP Wastewater Manual Requirements for Lagoons
- A minimum usable depth of 5 feet
- A freeboard of at least 2 feet at all times
- Be designed with a volume ten times the total quantity of wash water from the filter during any 24-hour period

Design

If existing wells pump at maximum rate, how many filters are required?

220 gpm / 60 gpm = 3.67 Filters = 4 Filters
Additional filter required for emergency and maintenance purposes 5 Filters Total

Calculate maximum daily backwash volume if four (4) filters are utilized:

4 Filters X 2,500 gallons = 10,000 gallons (backwash waste)
4 Filters X 250 gallons = 1,000 gallons (rewash waste)
Total = 11,000 gallons

Calculate volume ten times total quanitiy of wash water from the filter during any 24-hour period:

11,000 gallons X 10 = 110,000 gallons / 7.48 gallons/cf = 14,705.9 cf

Determine Backwash Lagoon Dimensions

Height: 5 feet usable (min) + 2 feet (freeboard) + 1 feet (retention) = 8

Width and Length to retain 110,000 gallons or 14,705.9 cf:

14,800.0 cf / 5 feet usable (min) = 2,960.0 sf say 3,000.0 sf

Length and Width Dimensions will be determined on site constraints:

Option 1:	Length:	54.77	feet	Width:	54.77 feet
Option 2:	Length:	100.00	feet	Width:	30.00 feet
Option 3:	Length:	75.00	feet	Width:	40.00 feet

Summary

Greensand Rapid-rate Filter	5	Filters Total		
Storage Volume	110,704	gallons or	14,800	cf
Excavation Volume	179,520	gallons or	24,000	cf

HVUS Exhibit BRS-3

05-20-20
C-2014-2447169
C-2014-2447139

7. Does the OCA disagree with the engineer's estimated time frames for the options stated in his report of April 18, 2018? Please state the basis for that position.

Response:

At this time, Mr. Fought does not have sufficient information to agree or disagree with the estimated time frames in the engineer's report. It should be noted that no estimated time frame was provided for connection to the Seven Springs Municipal Authority System, only the Jefferson Township Municipal Authority System that serves the Bakersville area.

Also, since the completion of the April 2018 engineering report, the Company has selected a treatment plant option and submitted an application to DEP. Part II of the Public Water Supply Manual (attached) states that an application for a major modification must include complete plans and specifications together with relevant data. See attached. Mr. Fought notes that he has not received or reviewed a copy of the application HVUS submitted to DEP.

Mr. Fought continues to recommend that within 60 days after receipt of necessary DEP permits, the Company should obtain contractor bids for the project and, within 60 days of receiving the bids, should award the necessary contracts for construction of the facilities, as he stated in OCA Statement 2S, submitted on November 3, 2015.

Sponsoring witness: Terry L. Fought

17. Reference page 12 of the Surrebuttal Testimony of Terry L. Fought in this matter, wherein Mr. Fought stated:

> In addition to estimating costs, the study should include an implementation schedule for completion of design, obtaining permits, obtaining bids, awarding contracts and completion of construction/start of operation. It is my opinion that it is reasonable for the engineering study to be completed within 90 days and that the Company authorize the engineer to commence designing within 60 days after completion of the study. The remaining implementation should be based on the schedule presented in the engineering study but, in my view, it is reasonable for the Company to obtain contractor bids after obtaining all permits and, 60 days later, to award contracts to place into service the selected improvements for eliminating the iron and manganese problems.

a. Has the OCA's witness changed his position? If so, please explain fully his current position.
b. Please explain why OCA's witness has changed his position.

Response:

Mr. Fought's Surrebuttal Testimony submitted on November 3, 2015 is partly mistyped in the question. The last sentence should read: "The remaining implementation should be based on the schedule presented in the engineering study but, in my view, it is reasonable for the Company to obtain contractor bids **60 days** after obtaining all permits and, 60 days later, to award contracts to place into service the selected improvements for eliminating the iron and manganese problems."

a. Since the completion of the April 2018 engineering report, the Company has selected a treatment plant option and submitted an application to DEP. Part II of the Public Water Supply Manual (attached to the OCA's response to HVUS-I-7) states that an application for a major modification must include complete plans and specifications together with relevant data. Mr. Fought notes that he has not received or reviewed a copy of the application HVUS submitted to DEP.

   Mr. Fought continues to recommend that within 60 days after receipt of necessary DEP permits, the Company should obtain contractor bids for the project and, within 60 days of receiving the bids, should award the necessary contracts for construction of the facilities, as he stated in OCA Statement 2S, submitted on November 3, 2015.

   With regard to the other steps for implementing the treatment plant option, at this time, Mr. Fought does not have sufficient information to determine whether a change to the schedule contained in the engineering report is appropriate.

b. See response to a.

Sponsoring witness: Terry L. Fought

HVUS Exhibit BRS-4

05-20-26
C-2014-2447169
C-2014-2447138

3900-PM-BSDW0043 Rev. 7/2014

pennsylvania DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF SAFE DRINKING WATER

PUBLIC WATER SUPPLY PERMIT

NO. 5619509

A. PERMITTEE: (Name and Address)	B. PROJECT/PLANT LOCATION
Hidden Valley Utility Services, LP 811 Russell Avenue, Suite 302 Gaithersburg, MD 20879	Address Municipality Jefferson Township County Somerset

C. THIS PERMIT APPROVES FOR: 1. ☒ CONSTRUCTION 2. ☐ OPERATION OF FACILITIES
AS INDICATED BELOW: Approved Under Construction Permit No. _____

Source	Facilities		BVRB
☒ Well(s)	☐ Impoundment	☐ General Corrosion Control	☐ Bottled Water System
☐ Spring(s)	☐ Settling	☐ Corrosion Control for lead/copper	☐ Bulk Water Hauling System
☐ Surface Water	☒ Filtration	☐ Disinfection	☐ Vended Water System
☐ Finished Water	☒ Iron and Manganese Treatment	☐ Pump Station(s)	☐ Retail Water Facility
	☐ Softening	☐ Transmission Lines	
	☐ Fluoridation	☐ Finished Water Storage	
	☐ Distribution Facility	☒ Other pump replacement; system controls	

KNOWN AS Construction of a new water treatment plant (Filtration Building) at the Hidden Valley Resort including: a pre-chlorination chemical feed system; raw water tank; raw water pumps; greensand filtration system; backwash holding tank; associated waterline and appurtenances; the replacement of the pump in Well No. 1; the installation of a new variable frequency drive panel for Well No. 2; and upgrading the system controls and telemetry equipment.

LIMIT OF AUTHORIZATION

YOU ARE HEREBY AUTHORIZED TO CONSTRUCT OR OPERATE, AS INDICATED ABOVE, PROVIDED THAT FAILURE TO COMPLY WITH CHAPTER 109, OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OR THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.

THE PLANS, SPECIFICATIONS, REPORTS AND SUPPORTING DOCUMENTS SUBMITTED AS PART OF THE PERMIT APPLICATION BECOME PART OF THE PERMIT.

NO DEVIATIONS FROM APPROVED PLANS OR SPECIFICATIONS AFFECTING THE TREATMENT PROCESS OR QUALITY OF WATERS SHALL BE MADE WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT.

THIS PERMIT IS ISSUED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION UNDER THE AUTHORITY OF THE PENNSYLVANIA SAFE DRINKING WATER ACT, THE ACT OF MAY 1, 1984 (P.L. 206, NO. 43). OPERATION SHALL COMPLY WITH THE PROVISIONS OF CHAPTER 109 ADOPTED UNDER THE AUTHORITY IN SECTIONS 4 AND 6(e) OF THE PENNSYLVANIA SAFE DRINKING WATER ACT.

THIS PERMIT IS SUBJECT TO THE ATTACHED SPECIAL CONDITIONS A - H.

PERMIT ISSUED

Date 03/09/2020

DEPARTMENT OF ENVIRONMENTAL PROTECTION

By Renee Diehl

Signer's Name Renee Diehl

Title Program Manager

Safe Drinking Water Program-Southwest Regional Office

pennsylvania
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

BUREAU OF SAFE DRINKING WATER

PUBLIC WATER SUPPLY PERMIT

SPECIAL CONDITIONS

Permit No. 5619509

HIDDEN VALLEY UTILITY SERVICES, LP

Construction of a new water treatment plant (Filtration Building) at the Hidden Valley Resort including: a pre-chlorination chemical feed system; raw water tank; raw water pumps; greensand filtration system; backwash holding tank; associated waterline and appurtenances; the replacement of the pump in Well No. 1; the installation of a new variable frequency drive panel for Well No. 2; and upgrading the system controls and telemetry equipment.

Jefferson Township
Somerset County

A. This permit authorizes construction and not operation of the facilities. In accordance with 25 PA Code, Chapter 109.501(c) and 109.504, the permittee shall not operate the facilities until the permittee has obtained a Public Water Supply Operation permit. Upon completion of construction the permittee is to submit the Certificate of Construction certifying that the work has been completed in accordance with the approved plans and specifications, and that adequate operation and maintenance information for the approved facilities is available on site for use by the public water system's personnel. Upon receipt of the Certificate, the Department will schedule a pre-operation inspection to verify the information provided. Upon successful inspection the permittee will be issued an Operations Permit.

B. Prior to commencement of construction activities, Hidden Valley Utility Services, LP shall secure all other permits and approvals. Copies of these permits shall be submitted to the Department.

C. The following chemical is permitted to be used at the Filtration Building:

Chemical	Purpose	Feed Point
12.5% Sodium Hypochlorite	Pre-Chlorination/Oxidation	Raw water line prior to raw water tank

D. The hereby approved filter media for iron and manganese removal is GreensandPlus with an anthracite cap.

E. Hidden Valley Utility Services, LP shall analyze samples of the raw and entry point water for iron and manganese monthly. The monthly samples shall be analyzed using an appropriate calibrated field analytical test kit. The monthly results shall be maintained on-site and made available to the Department on request.

F. Raw water samples shall be obtained prior to treatment and analyzed once per quarter by a Department accredited laboratory for iron and manganese. The accredited laboratory shall report the monitoring results to the Department using Code "R" for Raw Monitoring.

G. Finished water samples shall be obtained at the entry point to the distribution system and analyzed once per quarter by a Department accredited laboratory for iron and manganese. The accredited laboratory shall report the monitoring results to the Department using Code "S" for Special Monitoring.

H. The permittee shall collect water from the filtration system and analyze for total coliform in accordance with AWWA Standards. Copies of the analysis shall be submitted to the Department along with the Certificate of Construction.

HVUS Exhibit BRS-5

05-20-20
C-2014-244716
C-2014-244735

HIDDEN VALLEY UTILITY SERVICES, L.P.

SOMERSET COUNTY, PENNSYLVANIA

APPLICATION FOR PUBLIC WATER SUPPLY PERMIT AMENDMENT

PWS ID #4560049

PREPARED BY:
THE EADS GROUP, INC.
SOMERSET OFFICE
450 ABERDEEN DRIVE
SOMERSET, PENNSYLVANIA 15501

PREPARED FOR:
HIDDEN VALLEY UTILITY SERVICES, L.P.
MR. JAMES KETTLER
811 RUSSELL AVENUE, SUITE 302
GAITHERSBURG, MARYLAND 20879

NOVEMBER 2019

Mailing Address Line 1			Mailing Address Line 2	
450 Aberdeen Drive				
Address Last Line – City			**State**	**ZIP+4**
Somerset			PA	15501
Phone	**Ext**	**FAX**	**Email Address**	
(814) 445-6551	317	(814) 443-2748	bstinebiser@eadsgroup.com	

Time Schedules	Project Milestone (Optional)
November 2019	Submit PWS Permit Amendment to PADEP
February 2020	**Receive PWS Amendment**
Spring 2020	**Begin Construction**
Fall 2020	**Complete Construction**

1. **Have you informed the surrounding community and addressed any concerns prior to submitting the application to the Department?** ☐ Yes ☒ No

2. **Is your project funded by state or federal grants?** ☐ Yes ☒ No
   Note: If "Yes", specify what aspect of the project is related to the grant and provide the grant source, contact person and grant expiration date.
   Aspect of Project Related to Grant
   Grant Source: _____
   Grant Contact Person: _____
   Grant Expiration Date: _____

3. **Is this application for an authorization on Appendix A of the Land Use Policy? (For referenced list, see Appendix A of the Land Use Policy attached to GIF Instructions)** ☐ Yes ☒ No
   Note: If "No" to Question 3, the application is not subject to the Land Use Policy.
   If "Yes" to Question 3, the application is subject to this policy and the Applicant should answer the additional questions in the **Land Use Information** section.

LAND USE INFORMATION

Note: Applicants are encouraged to submit copies of local land use approvals or other evidence of compliance with local comprehensive plans and zoning ordinances.

1. **Is there an adopted county or multi-county comprehensive plan?** ☐ Yes ☐ No
2. **Is there an adopted municipal or multi-municipal comprehensive plan?** ☐ Yes ☐ No
3. **Is there an adopted county-wide zoning ordinance, municipal zoning ordinance or joint municipal zoning ordinance?** ☐ Yes ☐ No
   Note: If the Applicant answers "No" to either Questions 1, 2 or 3, the provisions of the PA MPC are not applicable and the Applicant does not need to respond to questions 4 and 5 below.
   If the Applicant answers "Yes" to questions 1, 2 and 3, the Applicant should respond to questions 4 and 5 below.
4. **Does the proposed project meet the provisions of the zoning ordinance or does the proposed project have zoning approval?** If zoning approval has been received, attach documentation. ☐ Yes ☐ No
5. **Have you attached Municipal and County Land Use Letters for the project?** ☐ Yes ☐ No

8. EMERGENCY POWER

HVUS is not planning to include permanent emergency power provisions for the proposed greensand filtration system. Existing groundwater wells and high service finished water pumps do not have emergency power provisions. The system's operator recently completed the required Uninterrupted System Service Plan analysis in which it was determined emergency power was not required for the proposed filtration facilities. The electrical facilities for the new filtration building will have a manual transfer switch and receptacle to connect a portable generator.

9. SYSTEM CONTROLS AND TELEMETRY

The existing water facilities include telemetry equipment to operate the well pumps and clearwell pumps. The proposed telemetry system will expand and modify the existing system to include the new filtration equipment. Level sensors will be installed in the proposed raw water tank in the proposed filtration building similar to the existing floats in the existing finished water clearwell. When operating the existing system, as the water level drops in the distribution system water storage tank, the existing finished water clearwell pumps are energized to begin filling the system. As the clearwell water level drops, floats activate the existing well pumps to begin production of finished water. The new system will adjust the clearwell floats to activate the new raw water tank pumps in the filtration building and begin filtration of raw water. A flow meter installed after the raw water pumps will activate and adjust the chemical feed rate of the sodium hypochlorite pumps. Level sensors installed in the new raw water tank will activate the well pumps. Pumping rate of the greensand filter loading pumps will be adjusted manually.

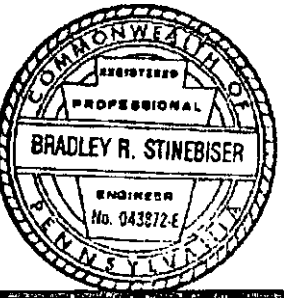
C. PROPOSED PROJECT SCHEDULE

Submit DEP Public Water Supply Permit	November 2019
Receive DEP Public Water Supply Permit	March 2020
Complete Final Design	April 2020
Select Contractor (Formal Bid Process Not Required)	May 2020
Begin Construction	May 2020
Complete Construction/Start-up	November 2020

The EADS Group, Inc.
Respectfully Submitted,

By: Bradley R. Stinebiser, P.E.

Seal



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ADMINISTRATIVE LAW JUDGE
KATRINA L. DUNDERDALE

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
and		
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

REBUTTAL TESTIMONY
OF
BRADLEY R. STINEBISER, P.E.
THE EADS GROUP

Date: May 8, 2020

HVUS Statement No. 2-R

05-20-20
C-2014-2447169
C-2014-2447138

REBUTTAL TESTIMONY OF
BRADLEY R. STINEBISER, P.E.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Bradley R. Stinebiser, P.E. and my business address is 450 Aberdeen Drive, Somerset PA 15501.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by The EADS Group ("EADS") as a professional engineer.

Q. HAVE YOU SUBMITTED ANY OTHER TESTIMONY IN THIS PROCEEDING?

A. Yes. I submitted Direct Testimony, HVUS Statement No. 2 on April 3, 2020.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I will respond to portions of the Direct Testimony of Terry L. Fought, P.E., on behalf of the Office of Consumer Advocate ("OCA"), OCA Statement No. 1. Specifically, I will: make a minor correction in my Direct Testimony; update my Direct Testimony regarding the status of the on-going project to build a water treatment plant; discuss the sufficiency of the April 2018 engineer's report; address the sufficiency of the one-year deadline in Ordering Paragraph 8(1); and explain how the Commission should extend the one-year deadline in Ordering Paragraph 8(1).

CORRECTION OF DIRECT TESTIMONY

Q. DO YOU NEED TO MAKE ANY CORRECTIONS IN THE DIRECT TESTIMONY THAT YOU SUBMITTED IN THIS PROCEEDING?

A. Yes. At several points in my testimony, I referred to the Jefferson Township Municipal Authority ("JTMA"). The actual name of this entity is the Jefferson Township Water and Sewer Authority ("JTWSA").

UPDATES TO DIRECT TESTIMONY

Q. IN YOUR DIRECT TESTIMONY, YOU DISCUSSED HVUS'S ON-GOING PROJECT TO CONSTRUCT A WATER TREATMENT PLANT. BOTH MR. EASTMAN AND MR. FOUGHT DISCUSS THIS PROJECT IN THEIR DIRECT TESTIMONY. PLEASE PROVIDE AN UPDATE ON THE STATUS OF THIS PROJECT.

A. The project has both water and wastewater aspects because it involves the use of a greensand filtration system to remove the iron and manganese from HVUS's groundwater well water. During warm weather months, the backwash will flow through the existing Sewer Treatment Plant No. 1. During cold weather months, the backwash will be stored in a storage tank until hauled offsite for treatment and disposal by others. OCA Exhibit TLF-4 page 4 of 8. On April 17, 2020, DEP granted HVUS a waiver of Act 537 planning requirements for the discharge of the proposed greensand filtration system backwash water to the Sewer Treatment Plant No. 1. HVUS Exhibit BRS-6.

For additional updates on the status of the project, please see the Rebuttal Testimony of Mr. James M. Kettler.

THE PROPRIETY OF THE RECOMMENDATIONS, PROPOSED TIME SCHEDULES AND FINANCING PLANS FOR THE RECOMMENDATIONS CONTAINED IN THE ENGINEER'S REPORT OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL 18, 2018

Q. ON PAGES 4 AND 12 OF HIS DIRECT TESTIMONY, MR. FOUGHT DISCUSSES THE DIFFERENCE BETWEEN THE IMPLEMENTATION SCHEDULE IN THE 2018 ENGINEER'S REPORT AND THE IMPLEMENTATION SCHEDULE IN THE APPLICATION FOR A PUBLIC WATER SUPPLY PERMIT. PLEASE RESPOND.

A. My Direct Testimony explains how I developed the implementation schedule in the 2018 engineer's report. That schedule was performed competently based on the information available at the time. A difference between that schedule and a later schedule does not mean that the 2018 schedule was not performed properly.

For the schedule included in the 2019 Public Water Supply Permit application, we estimated that if the Public Water Supply Permit authorizing construction of the project could be issued in March 2020, then it may be possible that the project could be constructed, barring any other unforeseen delays, prior to the end of 2020 and before the winter weather arrives at Hidden Valley.

THE SUFFICIENCY OF THE PREVIOUSLY-ORDERED ONE-YEAR COMPLIANCE DEADLINE

Q. MR. FOUGHT'S DIRECT TESTIMONY, PAGES 4 AND 12, NOTES THAT THE SCHEDULE FOR HVUS'S WATER TREATMENT PLANT, CONTAINED IN THE PUBLIC WATER SUPPLY PERMIT APPLICATION, IS SHORTER THAN THE

IMPLEMENTATION SCHEDULE CONTAINED IN THE APRIL 2018 ENGINEER'S REPORT. PLEASE RESPOND.

A. The purpose of this proceeding is to determine whether to grant HVUS's request to extend the one-year deadline in Ordering Paragraph 8(1) of the May 2018 Order. In my Direct Testimony, at page 27, I stated that HVUS held its Public Water Supply Permit pre-application meeting with the Department of Environmental Protection ("DEP") on May 17, 2019. The Public Water Supply Permit application, submitted on November 27, 2019, projected that the construction of the water treatment plant would be completed in November 2020. The period from the pre-application meeting to the projected date of completing construction is well over one year.

Additionally, Mr. Fought states that, after construction of the water treatment plant, HVUS will need to: (1) obtain an operating permit for the water treatment plant, (2) remove iron and manganese sediment from the 250,000 gallon storage tank, (3) flush the distribution system, and (4) request that customers flush the water in their homes. Fought Direct Testimony page 5. This means additional time is necessary, after construction of the water treatment plant, to "eliminate the rust or brown-colored water provided to customers." Ordering Paragraph 8(1).

Mr. Fought apparently believes it is reasonable to require HVUS to complete the removal of the iron and manganese sediment from the 250,000 gallon storage tank by July 2021. Fought Direct Testimony, page 17. That date is more than two years after HVUS's pre-application meeting with DEP.

In other words, Mr. Fought's Direct Testimony is further evidence of the insufficiency of the one-year deadline in Ordering Paragraph 8(1).

WHETHER THE COMMISSION SHOULD GRANT THE REQUEST OF HIDDEN VALLEY UTILITY SERVICES, L.P. TO EXTEND THE COMPLIANCE DEADLINES PROPOSED IN THE ENGINEER'S REPORT FROM APRIL 18, 2018

Q. IN HIS DIRECT TESTIMONY, PAGE 5, MR. FOUGHT CLAIMS THAT IRON AND MANGANESE SEDIMENT SHOULD BE REMOVED FROM THE 250,000 GALLON STORAGE TANK AFTER THE WATER TREATMENT PLANT IS CONSTRUCTED. DO YOU AGREE?

A. I agree that removing the iron and manganese sediment from the storage tank will help clear iron and manganese from the system.

Q. AT PAGE 7 OF HIS DIRECT TESTIMONY, MR. FOUGHT CLAIMS THAT HVUS SHOULD FLUSH ITS WATER DISTRIBUTION SYSTEM AFTER THE WATER TREATMENT PLANT IS CONSTRUCTED. DO YOU AGREE?

A. Yes, I understand that HVUS was planning to flush the system after construction is completed.

Q. IN HIS DIRECT TESTIMONY, MR. FOUGHT CLAIMS THAT HVUS SHOULD NOTIFY ITS CUSTOMERS THAT THEY SHOULD FLUSH THE WATER IN THEIR HOMES AFTER THE WATER TREATMENT PLANT IS CONSTRUCTED. DO YOU AGREE?

A. Yes, I understand that HVUS was planning to do that. Remember, however, that Hidden Valley is a seasonal community. Some residents are not there for months at a time. As a result, it will take some time before all residents flush the water from their homes.

Q. ON PAGE 13 OF HIS DIRECT TESTIMONY, MR. FOUGHT DISAGREES WITH YOUR PROPOSAL TO MODIFY ORDERING PARAGRAPH 8(1) TO ESTABLISH DEADLINES THAT OCCUR AFTER THE COMMISSION ISSUES A FINAL ORDER IN THIS PROCEEDING. PLEASE RESPOND.

A. I understand that HVUS intends to continue construction concurrent with this proceeding. Nevertheless, it would be reasonable for a utility that is required to meet a deadline to have advance notice of that deadline in order to comply with the Commission's directive. Mr. Fought recommends that the Commission establish certain deadlines in April and May, 2020. Direct Testimony 17. I do not believe it would be reasonable for the Commission to issue an order that establishes a deadline that has already passed.

At this time, we do not know when the Commission will issue a final order in this proceeding. In this regard, I understand that the Initial Decision in this proceeding was issued on September 9, 2016 and the Commission's Order was entered on January 18, 2018 (a period of 13 months). If the Commission extends the deadline for HVUS to eliminate the brown or rust-colored water, as I believe it would be reasonable, the deadline should occur after the Commission's Order is entered.

Q. ON PAGES 15-16 OF HIS DIRECT TESTIMONY, MR. FOUGHT DISAGREES WITH YOUR RECOMMENDATION THAT THE COMMISSION CLARIFY ORDERING PARAGRAPH 20 OF THE MAY 2018 ORDER. PLEASE RESPOND.

A. I am advised by counsel that, in its Petition to Amend, HVUS requested that the Commission modify Ordering Paragraph 8(1) to extend the deadline for "a remedy to

eliminate the rust or brown-colored water." HVUS recommended that conforming changes be made to Ordering Paragraphs 19 and 20. Petition to Amend ¶ 27. In my Direct Testimony, I suggested that the Commission could simply clarify Ordering Paragraphs 19 and 20 without amending them. Based on Mr. Fought's testimony, however, I now recommend that the Commission amend those paragraphs as described below.

The point of this proceeding is to determine whether the Commission should grant HVUS's request for an extension of the deadline in Ordering Paragraph 8(1). If the deadline is extended, then HVUS is not in violation of the May 2018 Order and the Order provides no basis for commencing a Section 529 proceeding at this time. Mr. Fought recommends that the deadline in Ordering Paragraph 8(1) be extended until November 2020, but also recommends that a Section 529 proceeding be commenced now because HVUS did not complete the construction of the water treatment plant by April, 2019. These recommendations apparently contradict each other.

Q. WOULD HVUS LIKE TO UPDATE ITS RECOMMENDED RELIEF IN THIS PROCEEDING?

A. Yes. As stated above, and in Mr. Kettler's Rebuttal Testimony, HVUS has made progress on its on-going project to construct a water treatment plant. As a result, some of the steps mentioned in the recommendation on pages 21-22 of my Direct Testimony should be updated. Although HVUS hopes to have a construction contract signed before the Commission enters its Order in this proceeding, to my knowledge, such a contract has not yet been signed, so I recommend that the Order establish deadlines commencing with this step in the construction process.

Additionally, I understand that HVUS is willing to complete certain steps that Mr. Fought recommends be taken *after* construction of the plant "to eliminate the rust or brown-colored water provided to customers." Therefore, I recommend that Ordering Paragraph 8(1) be revised as set forth below. Additionally, to make clear that a Section 529 proceeding should not be commenced at this time, I recommend that the Commission amend Ordering Paragraphs 19 and 20 as set forth below.

Specifically, I recommend that the Order be amended as follows:

8. That: ~~,within one(1) year form the date of the engineer's report, Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and~~

(1) Hidden Valley Utility Services, L.P. ("HVUS") shall proceed with the construction of the water treatment plant for which it has received a public water supply permit, in order to ensure that customers receive adequate service from the improved water facilities, as follows:

a. Within thirty days after the entry of the Commission Order in this proceeding, HVUS shall award a contract to construct the water treatment plant. Within ten days after awarding this contract, Hidden Valley Utility Services, L.P., shall notify the Commission, all parties to this proceeding, and the Bureau of Technical Utility Services ("TUS").

b. Within ten days after construction of the water treatment plant is completed, HVUS shall notify the Commission, all parties to this proceeding, and the BTUS, and shall apply to DEP and all other appropriate agencies for final review and inspection.

c. Within ten days after receiving final approvals from DEP and all other appropriate agencies, HVUS shall notify the Commission, all parties to this proceeding, and the BTUS.

d. By the later of August 31, 2021 or thirty days after receiving final approvals from DEP and all other appropriate agencies, HVUS shall remove the iron and manganese sediment from its 250,000 gallon storage tank.

e. Within thirty days after removing the iron and manganese sediment from its 250,000 gallon storage tank, HVUS shall flush its distribution system and shall notify customers to flush the water in their homes to remove iron and manganese from the system.

f. HVUS shall not be liable for any failure to comply with any provision of this Ordering Paragraph 8(1), where such failure is wholly or partially due to circumstances occasioned by or in consequence of the

COVID-19 pandemic, which are not reasonably within HVUS's control and which HVUS by the exercise of due diligence is unable to prevent or overcome.

(2) Within one (1) year from the date of the engineer's report, Hidden Valley Utility Services, L.P. shall ~~to~~ reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

. . .

19. That, within thirty days after the deadline set forth in Ordering Paragraph 8(1)(e), ~~on or before January 31, 2019 or as soon as all repairs, modifications and improvements have been made, as ordered herein~~, Hidden Valley Utility Services, L.P., shall file a detailed status report with the Secretary of the Commission, along with a verification from its engineer outlining the details of what has and has not been completed, and provide copies to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, at the time of filing, identifying in detail the extent of compliance and any incomplete matters as ordered herein. If any matters ordered herein have not been completed, Hidden Valley Utility Services, L.P. and its engineer shall state in said report, in detail, the reasons for the same.

20. That, within two months after the deadline set forth in Ordering Paragraph 19~~on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer~~, the Bureau of Technical Utility Services shall investigate the quality of the water as well as of the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers. If the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein, or if the water quality or water and wastewater service as reported by the Bureau of Technical Utility Services is not adequate and reasonable, an evidentiary hearing shall forthwith be scheduled by the Office of Administrative Law Judge for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley Utility Services, L.P., the appropriateness of ratepayer refunds, and any other issue relative to these ordering paragraphs. The burden of proof in the evidentiary hearing as to these issues shall be upon Hidden Valley Utility Services, L.P. The Commission shall retain jurisdiction for that purpose.

Q. PLEASE EXPLAIN YOUR RECOMMENDATION.

A. This recommendation makes clear that HVUS is required to proceed with construction of the plant for which HVUS has already obtained a Public Water Supply Permit. The

recommendation establishes deadlines for multiple steps in the construction process that are subject to HVUS's control but does not penalize HVUS for delays for circumstances outside its control, such things as delays in DEP issuing an operating permit.

Mr. Fought recommends that the sediment be removed from the storage tank by July 2021. HVUS recommends a more precise date for requiring compliance with this step. Paragraph 8(1)e. then gives HVUS an additional month to flush its distribution system and notify customers to flush the water in their homes. HVUS would then have one month to file the engineer's status report notifying the Commission that the improvements have been completed. Consistent with the existing Ordering Paragraph 20, the Bureau of Technical Utility Services would have two months following the filing of the engineer's status report to conduct its investigation of the quality of HVUS's water and wastewater service.

CONCLUSION

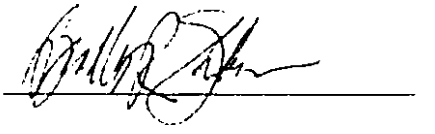
Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

VERIFICATION

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

Date: 4/16/2020



HVUS Exhibit BRS-6

05-20-20
C-2014-2447169
C-2014-2447138

Office of Consumer Advocate
v.
Hidden Valley Utility Services, L.P. – Water
Docket No. C-2014-2447138

Interrogatories of the Office of Consumer Advocate
Set IX

2. Reference: Hidden Valley Utility Services, L.P ("HVUS") 60-Day Status Report Compliance Timeline per Ordering Paragraph 17 of the January 18, 2018 PUC Order in Docket Nos. C-2014-2447138 and C-2014-2447169 (September 16, 2019 update). Please provide a copy of all communications between HVUS (including its engineers) and the Pennsylvania Department of Environmental Protection regarding the options identified in the April 2018 engineer's report to address iron and manganese in the water. Include a copy of all related Applications submitted to DEP.

Supplemental Answer:

Please see attachment. Please note that a portion of the first e-mail chain is redacted on the grounds it is privileged material, subject to the attorney-client privilege and the attorney work product doctrine.

Answer provided by: Bradley R. Stinebiser, P.E., Project Manager
The EADS Group

Date: April 20, 2020

From: Leone, Donald [mailto:doleone@pa.gov]
Sent: Friday, April 17, 2020 2:40 PM
To: Brad Stinebiser <bstinebiser@eadsgroup.com>
Cc: Kriley, Christopher <ckriley@pa.gov>; Flanagan, Thomas <thflanagan@pa.gov>
Subject: RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash

Mr. Stinebiser,

Consider this email as a waiver of 537 Planning for discharge of the Hidden Valley Water Treatment plant filter back wash water to their Sewage Treatment plant #1. The discharge is necessary for support of existing customers and is not an extension of the service area. The latest Chapter 94 report for Sewage Treatment Plant shows no current issues, or lack of capacity for projected growth. A formal planning submittal therefore would be of no benefit to the Department. Therefore a formal 537 planning submittal is not necessary for this activity.

Please let me know if you have any further questions.

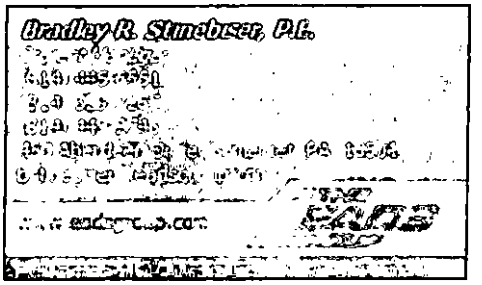
From: Brad Stinebiser <bstinebiser@eadsgroup.com>
Sent: Wednesday, April 15, 2020 9:44 AM
To: Leone, Donald <doleone@pa.gov>

Cc: kettlerjmk@aol.com; fodor@verizon.net; Ben Faas <bfaas@eadsgroup.com>
Subject: RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash

Don:

The WTP backwash is going to STP No. 1.

Brad



From: Leone, Donald [mailto:doleone@pa.gov]
Sent: Wednesday, April 15, 2020 9:39 AM
To: Brad Stinebiser <bstinebiser@eadsgroup.com>
Subject: RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash

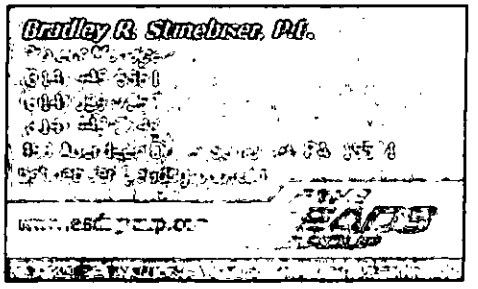
Brad – which STP facility is the backwash water going to #1 or #2?

From: Brad Stinebiser <bstinebiser@eadsgroup.com>
Sent: Wednesday, April 15, 2020 9:15 AM
To: Leone, Donald <doleone@pa.gov>
Cc: kettlerjmk@aol.com; fodor@verizon.net; Ben Faas <bfaas@eadsgroup.com>
Subject: RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash

Don:

Attached is the latest 2019 Chapter 94 Report for HVUS. Please call with any questions.

Brad



From: Leone, Donald [mailto:doleone@pa.gov]
Sent: Tuesday, April 14, 2020 11:16 AM
To: Brad Stinebiser <bstinebiser@eadsgroup.com>
Subject: RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash [Filed 14 Apr 2020 11:32]

Hi Brad,

Having the latest chapter 94 report would be most helpful. Any chance you can get that to me. I could go through my office, but given that we are all working from home, that could take a while.

Thanks.

From: Brad Stinebiser <bstinebiser@eadsgroup.com>
Sent: Tuesday, April 14, 2020 9:20 AM
To: Leone, Donald <doleone@pa.gov>
Cc: Ben Faas <bfaas@eadsgroup.com>; pwill@eadsgroup.com
Subject: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash

Don:

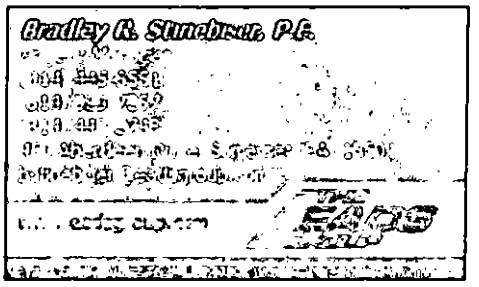
Last Friday I sent to you by email the Request for Sewage Planning Waiver in accordance with the direction in your email we received the previous day on Thursday, April 9, 2020.

When you get a chance, could you please call me to discuss this item?

I can be reached at the numbers shown below. If you call our office, my extension is 317.

Thanks Don,

Brad



Brad Stinebiser

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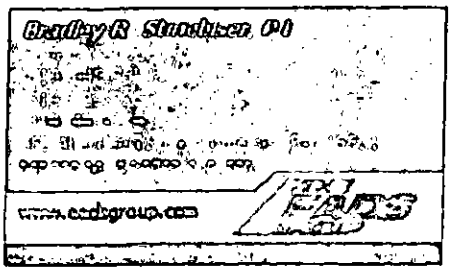
Sent:	Wednesday, April 15, 2020 9:44 AM
To:	'Leone, Donald'
Cc:	kettlerjmk@aol.com; fodor@verizon.net; Ben Faas (bfaas@eadsgroup.com)
Subject:	RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash [Filed 15 Apr 2020 09:43]

Don:

The WTP backwash is going to STP No. 1.

Brad



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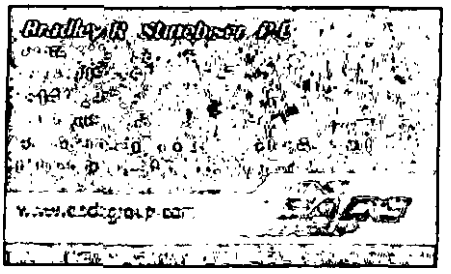

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Subject: RE: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash [Filed 14 Apr 2020 11:32]

Hi Brad,

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Subject: [External] Hidden Valley Utility Services - Water Treatment Plant Filter Backwash

ATTENTION: This email message is from an external sender. Do not open links or attachments from unknown sources. To report suspicious email, forward the message as an attachment to CWOPA_SPAM@pa.gov.

Don:

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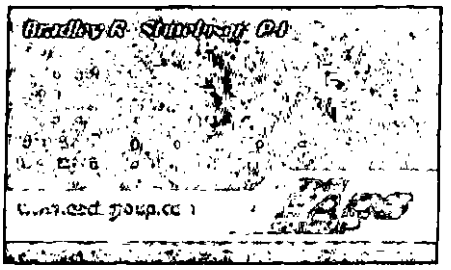
When you get a chance, could you please call me to discuss this item?

I can be reached at the numbers shown below. If you call our office, my extension is 317.

Thanks Don,

Brad



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ADMINISTRATIVE LAW JUDGE
KATRINA L. DUNDERDALE

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
and		
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

DIRECT TESTIMONY
OF
JAMES M. KETTLER
PRESIDENT
HIDDEN VALLEY UTILITY SERVICES, L.P.

Date: April 3, 2020

HVUS Statement No. 3

05-20-20

C-2014-2447169
C-2014-2447138

DIRECT TESTIMONY OF
JAMES M. KETTLER

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. James M. Kettler, 811 Russell Ave., Suite 302, Gaithersburg, MD 20879.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Hidden Valley Utility Services, L.P. ("HVUS") as President.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. A copy of my resume is attached as **HVUS Exhibit JMK-1**.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. I am responsible for the overall operations of the company.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("PUC" OR "COMMISSION")?

A. Yes. I previously testified in this proceeding and in *Pennsylvania Public Utility Commission v. Hidden Valley Utility Services, L.P.—Water and Wastewater,* Docket Nos. R-2018-3001306 and R-2018-3001307, *et al.* (the "Rate Case").

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my direct testimony is to discuss the engineer's report that HVUS filed in April 2018 concerning HVUS's water system. I will also discuss the origin of the one-year deadline in Ordering Paragraph 8(1) of the Commission's May 2018 Order in this proceeding, the insufficiency of that deadline, and the reasons for extending that deadline.

BACKGROUND

Q. ARE YOU A LICENSED WATER OR WASTEWATER ENGINEER?

A. No.

Q. ARE YOU FAMILIAR WITH CONSTRUCTION PROJECTS AND PROCEDURES?

A. Yes. I have a degree in Architecture from Cornell University and I was licensed as an architect in the State of Maryland in 1986. I have managed and run a residential and general contracting company since 1988, Kettler Brothers Inc. As President of Kettler Brothers Inc., I have overseen the development and construction of approximately twenty-five communities with over 2,000 homes, in Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia.

Q. PLEASE DESCRIBE HVUS.

A. HVUS owns and operates a water treatment and distribution system and a wastewater collection and treatment system in Somerset County, Pennsylvania. We have a permit from the Pennsylvania Department of Environmental Protection ("DEP") to treat the water by sequestration. Changing the method of treating the water requires the approval of DEP.

At the time of the original hearings in this case in November 2015, we had two full-time employees. We presently have three full-time employees.

In addition, the Initial Decision noted that HVUS had not raised rates from the time it obtained its certificate of public convenience in 2005. Initial Decision Finding of Fact 12. In 2019, the Commission approved a rate increase, but only to the extent necessary to cover our costs. In the Rate Case, Hidden Valley's water rates were established based on approximately 1,126 residential customers, 30 non-residential customers, 50 private fire protection service customers, and 18 availability customers. Rate Case Opinion and Order entered March 14, 2019 p. 7.

SUFFICIENCY OF THE REPORT OF THE ENGINEER OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL 18, 2018

Q. ARE YOU AWARE THAT, IN JANUARY 2018, THE PUC ORDERED:

> **6. THAT HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL OBTAIN AND FILE WITH THE COMMISSION A WRITTEN REPORT FROM AN INDEPENDENT OR THIRD-PARTY PENNSYLVANIA LICENSED WATER AND WASTEWATER ENGINEER CONCERNING THE ADEQUACY OF ITS WATER DISTRIBUTION SYSTEM AND WATER SOURCE; AND SAID REPORT SHALL CONTAIN RECOMMENDATIONS AND A COST ANALYSIS TO CORRECT ANY FOUND DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED**

WATER FACILITIES, AND WITH SAID REPORT, TO INCLUDE AN EVALUATION AND PROPOSED REMEDY TO REASSESS THE NEED, SIZE AND COST OF THE TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE, AS WELL AS ALTERNATIVE SOURCES OF WATER SUPPLY SUCH AS THE QUEMAHONING RIVER, WITHIN NINETY (90) DAYS FROM THE DATE OF ENTRY OF THIS OPINION AND ORDER IN THIS PROCEEDING. IN ADDITION TO ESTIMATING COSTS, THE STUDY WILL INCLUDE AN IMPLEMENTATION SCHEDULE FOR COMPLETION OF THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS, AWARDING CONTRACTS, AND COMPLETION OF CONSTRUCTION/START OF OPERATION. ADDITIONALLY, THE ENGINEERING REPORT WILL INCLUDE A SCHEDULE TO REPLACE AND/OR TEST CUSTOMER METERS IN ACCORDANCE WITH SECTION 65.8(B) THAT RESULTS IN COMPLIANCE BY APRIL 30, 2019. HIDDEN VALLEY UTILITY SERVICES, L.P., WILL IMPLEMENT THE REPLACEMENT AND TESTING SCHEDULE.

A. Yes.

Q. DID HVUS "OBTAIN AND FILE WITH THE COMMISSION A WRITTEN REPORT FROM AN INDEPENDENT OR THIRD-PARTY PENNSYLVANIA LICENSED WATER AND WASTEWATER ENGINEER"?

A. HVUS contracted with two independent engineering companies, each of whom completed portions of the report that was filed with the Commission on April 18, 2018. (The filed report is attached to Mr. John F. Larimer's Direct Testimony as **HVUS Exhibit JLF-2**).

In August 2015, HVUS hired CME Engineering LP ("CME") to evaluate water system iron and manganese removal alternatives. CME is not affiliated with HVUS; it is an engineering firm with which HVUS occasionally contracts. I received the CME Report in 2016. After the Commission issued its January 2018 Order, I reviewed the

CME Report and determined that it satisfied some but not all of the requirements of the Commission's Order. I did not believe it was reasonable and prudent to have an engineer repeat the work that CME had already performed only two years before.

Therefore, in early February 2018, I hired The EADS Group, Inc. ("EADS") to complete the remaining items required by the Commission's Order. EADS is not affiliated with HVUS; it is an engineering firm with which HVUS occasionally contracts.

Q. ORDERING PARAGRAPH 6 STATES THAT THE ENGINEER'S REPORT WAS TO BE FILED WITH THE PUC WITHIN 90 DAYS OF THE ENTRY OF THE JANUARY 2018 ORDER. DID YOU FILE THE REPORT TIMELY?

A. Yes. Ninety days after January 18, 2018 is April 18, 2018. That is the date we filed the engineer's report. See **HVUS Exhibit JFL-2**.

Q. ORDERING PARAGRAPH 6 STATES THAT THE REPORT IS TO CONCERN THE "ADEQUACY OF [HVUS'S] WATER DISTRIBUTION SYSTEM AND WATER SOURCE." DOES HVUS HAVE AN ADEQUATE WATER SUPPLY FOR ITS CUSTOMERS?

A. Yes. I believe Ordering Paragraph 6 is based on the finding in the Initial Decision, pp. 19-20, that some customers do not drink the water or have to run the water until it becomes clear. Administrative Law Judge Jeffrey A. Watson concluded that HVUS failed to "provide an *adequate water supply sufficient for regular household purposes.*" So the issue really is the quality of the water, not the quantity. By discussing ways to improve the water quality (e.g., by building a water treatment plant or constructing an

interconnection to an alternative water supply), the engineer's report filed in April 2018 discusses the adequacy of HVUS's water distribution system and water source.

Q. ORDERING PARAGRAPH 6 STATES "SAID REPORT SHALL CONTAIN RECOMMENDATIONS AND A COST ANALYSIS TO CORRECT ANY FOUND DEFICIENCIES, INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS." DOES THE REPORT COMPLY WITH THIS REQUIREMENT?

A. Yes. Ordering Paragraph 6 explicitly states that the report is to include recommendations (plural), not a single recommendation. The report evaluates four options for eliminating the rust or brown-colored water. As Mr. Larimer states in his Direct Testimony, CME was instructed not to give utility management only one recommendation. As I discuss below, it is the role of management to choose among alternatives recommended by an engineer; it is not the role of an independent engineer to dictate to utility management what projects shall and shall not be undertaken.

Additionally, consistent with Ordering Paragraph 6, the report includes a cost estimate for each of the four options.

Q. ORDERING PARAGRAPH 6 STATES THAT THE ENGINEER'S REPORT IS "TO INCLUDE AN EVALUATION AND PROPOSED REMEDY TO REASSESS THE NEED, SIZE AND COST OF THE TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND

MANGANESE." DOES THE REPORT COMPLY WITH THIS REQUIREMENT?

A. Yes. The report includes two options for a treatment plant to replace the sequestration system currently being used. As stated above, the report includes a cost estimate for each of these two options.

Q. ORDERING PARAGRAPH 6 STATES THAT THE ENGINEER'S REPORT IS TO INCLUDE AN EVALUATION OF ALTERNATIVE SOURCES OF WATER SUPPLY SUCH AS THE QUEMAHONING RIVER. DOES THE REPORT COMPLY WITH THIS REQUIREMENT?

A. Yes. The report discusses two options for alternative sources of water supply. As noted above, the report includes a cost analysis of each of these options.

Q. ORDERING PARAGRAPH 6 STATES THAT, IN ADDITION TO ESTIMATING COSTS, THE STUDY IS TO INCLUDE AN IMPLEMENTATION SCHEDULE FOR COMPLETING THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS, AWARDING CONTRACTS, AND COMPLETION OF CONSTRUCTION/START OF OPERATION. DOES THE REPORT COMPLY WITH THIS REQUIREMENT?

A. Yes. The report includes an implementation schedule for each of the four options.

Q. ORDERING PARAGRAPH 6 STATES THAT THE ENGINEERING REPORT WILL INCLUDE A SCHEDULE TO REPLACE AND/OR TEST CUSTOMER METERS. DOES THE REPORT COMPLY WITH THIS REQUIREMENT?

A. Yes. As mentioned in the Direct Testimony of Bradley R. Stinebiser, EADS completed such a schedule and it is included in the report filed with the Commission.

Q. DO YOU BELIEVE THE REPORT THAT HVUS SUBMITTED IN APRIL 2018 COMPLIES WITH THE PUC'S JANUARY 2018 ORDER?

A. Yes.

Q. WAS THE REPORT PROVIDED TO THE BUREAU OF TECHNICAL UTILITY SERVICES ("TUS") AND TO ALL PARTIES TO THIS PROCEEDING WITHIN FOURTEEN DAYS OF FILING IT WITH THE COMMISSION?

A. Yes. On the day it was filed with the Commission, the report was provided to TUS and to all the parties to this proceeding at that time. Ms. Sharon Howard-Frieri and the Commission's Bureau of Investigation and Enforcement ("I&E") were not parties to this proceeding at that time, so they did not receive a copy. The Hidden Valley Foundation was a party to the proceeding at that time, and received a copy of the report. See the certificate of service attached to **HVUS Exhibit JFL-2**.

Q. DID ANY PARTY FILE A RESPONSE TO THE ENGINEER'S REPORT FILED IN APRIL 2018?

A. No.

Q. DID YOU RECEIVE ANY COMMENTS OR FEEDBACK ON THE ENGINEER'S REPORT FROM TUS OR ANY OF THE PARTIES TO THIS PROCEEDING?

A. No.

Q. LET ME ASK YOU A HYPOTHETICAL QUESTION. ASSUME THAT THE PUC FINDS THAT THE CME REPORT, TOGETHER WITH THE PAGES PREPARED BY EADS, DO NOT SATISFY THE REQUIREMENTS OF ORDERING PARAGRAPH 6. WHAT REMEDY SHOULD THE COMMISSION ORDER?

A. I am advised by counsel that the Commission has extensive remedial powers. If the Commission finds that the engineer's report is deficient in some respect (which it should not), I do not believe that the appropriate remedy is to deny HVUS's request to modify the one-year deadline in Ordering Paragraph 8(1). As discussed below, HVUS has satisfied the legal requirements for modifying that deadline. HVUS has shown that the existing one-year deadline is not supported by substantial evidence. Moreover, HVUS has introduced evidence (i.e., the April 2018 engineer's report and the evidence presented in this proceeding) that was not available to HVUS at the time the record closed on June 8, 2016. This evidence demonstrates that meeting the one-year deadline was impossible. In addition, HVUS filed a motion to extend the deadline well before the one-year deadline, and demonstrated good cause for that extension. Even if the engineer's report was deficient in some respect, HVUS has still satisfied the legal standard for its request for an extension of the deadline.

If the PUC does not extend the deadline, what happens under the May 2018 Order? The parties begin litigation over penalties and whether the Commission should order the company to be sold. Ordering Paragraphs 20 and 21. That remedy does not get customers better water in the foreseeable future.

As discussed in Mr. Stinebiser's testimony, HVUS has "reassessed the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese" as required by Ordering Paragraph 8(2). HVUS has now received a public water supply permit from DEP to construct a water treatment plant. As further explained in Mr. Stinebiser's testimony, if the Commission modifies Ordering Paragraph 8(1) to extend the deadline based on key steps in the construction process, while maintaining the enforcement mechanisms currently included in other ordering paragraphs in the May 2018 Order, the Commission can ensure that HVUS completes the project and provides better water to customers in a timely manner. I think the public interest favors extending the deadline in a way that ensures that HVUS continues its project to build a water treatment plant.

THE PROPRIETY OF THE RECOMMENDATIONS, PROPOSED TIME SCHEDULES AND FINANCING PLANS FOR THE RECOMMENDATIONS CONTAINED IN THE ENGINEER'S REPORT OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL 18, 2018

Q. IN HIS DIRECT TESTIMONY, MR. STINEBISER STATES THAT, WHEN HE PREPARED HIS PORTION OF THE APRIL 2018 REPORT, HE WAS NOT OF THE UNDERSTANDING THAT EADS WAS TO PROVIDE AN IMPLEMENTATION SCHEDULE FOR CONNECTING THE HVUS SYSTEM

TO THE SEVEN SPRINGS MUNICIPAL AUTHORITY ("SSMA") SYSTEM. PLEASE EXPLAIN.

A. As I explained above, I received the CME Report before I hired EADS to prepare the implementation schedules. The CME Report indicated that connecting the HVUS water system to the SSMA System would cost more than a million dollars more than any of the other options discussed in that report. As a result, I quickly decided not to pursue that option. Under these circumstances, it would not have been reasonable and prudent to spend the money on developing an implementation schedule for this option.

Q. TO THE BEST OF YOUR KNOWLEDGE, WHEN DID THE ISSUE OF THE "PROPRIETY OF THE RECOMMENDATIONS" IN THE ENGINEER'S REPORT ARISE?

A. The OCA raised the issue in its Answer to the Petition of Hidden Valley Utility Services, L.P. for an Amendment of the Opinion and Order Entered May 3, 2018 ("Petition to Amend"). The OCA's Answer stated on page 7: "It should be noted that the April 2018 engineer's report did not contain a recommendation as to which option should be pursued by HVUS. The failure of the report to provide a recommendation is something that was within the control of HVUS as it hired the engineer and it should not operate to further delay compliance with the one-year deadline as ordered by the Commission."

The OCA's Answer was filed on October 29, 2018. By that time, more than half of the period for HVUS to comply with Ordering Paragraph 8(1) had passed.

Q. DO THE PUC'S RULES OF ADMINISTRATIVE PRACTICE AND PROCEDURE PERMIT A PARTY TO RESPOND TO AN ANSWER TO A PETITION TO AMEND?

A. I am advised by counsel that they do not.

Q. DO YOU WISH TO RESPOND TO THE OCA'S ARGUMENT AT THIS TIME?

A. Yes. Ordering Paragraph 6 did not require the engineer to give a single recommendation that would be binding on the utility's management. Ordering Paragraph 6 states that the report is to include "recommendations and a cost analysis to correct any found deficiencies including a remedy to eliminate the rust or brown-colored water ... and, with said report, to include an evaluation and proposed remedy to reassess the need, size and cost of the treatment plant ..., as well as alternative sources of water supply such as the Quemahoning River."

Ordering Paragraph 6 clearly states that the report is to include *recommendations* (plural). The recommendations are to include (1) a proposed remedy to eliminate the rust or brown-colored water, (2) a proposed remedy reassessing the treatment plant, and (3) a proposed remedy regarding alternative sources of water. Consequently, I was expecting the engineer's report to present multiple options for consideration by HVUS management, which it did.

Moreover, I am advised by counsel that the PUC is not a super board of directors of a public utility. As a result, I do not believe the PUC had authority to tell HVUS "thou shalt build a conventional iron filter water treatment plant" or "thou shalt interconnect with the Jefferson Township Municipal Authority." If the PUC did not have that

authority, it could not delegate that authority to an independent engineer. Even if the PUC had that authority (which I do not think it did), I am advised by counsel that state agencies cannot delegate their authority to private entities. For all of these reasons, I do not believe the Commission could have required the engineer's report to make a single recommendation that would be binding on the utility's management.

Consequently, I believe the engineer's report properly presented several options to the management of HVUS, which had the ultimate responsibility for choosing the best option based on the information presented. It is the responsibility of a utility's management, rather than an independent engineer, to make such a decision.

THE SUFFICIENCY OF THE PREVIOUSLY-ORDERED ONE-YEAR COMPLIANCE DEADLINE

Q. YOU STATED EARLIER THAT YOU WERE INVOLVED IN THE PROCEEDINGS BEFORE ADMINISTRATIVE LAW JUDGE WATSON IN THIS PROCEEDING.

A. Correct.

Q. ORDERING PARAGRAPH 6 FROM THE INITIAL DECISION IN THIS MATTER STATES:

> **6. THAT HIDDEN VALLEY UTILITY SERVICES, L.P. SHALL COMPLY WITH ALL RECOMMENDATIONS FROM THE ENGINEER IN ORDER TO CORRECT ANY IDENTIFIED DEFICIENCIES INCLUDING A REMEDY TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS IN ORDER TO ENSURE THAT CUSTOMERS SHALL RECEIVE ADEQUATE SERVICE FROM THE IMPROVED WATER FACILITIES, AND TO**

REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE, WITHIN ONE YEAR FROM THE DATE OF THE ENGINEER'S REPORT.

ARE YOU AWARE OF ANY EVIDENCE IN THE RECORD TO SUPPORT THE ONE-YEAR DEADLINE TO "ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS"?

A. No. On page 20 of his Direct Testimony, OCA Witness Terry Fought recommended that HVUS's engineer be required to complete a report within 90 days of the entry of the Commission's order. He recommended that this report include a schedule for implementing recommendations. Mr. Fought, however, did not recommend a deadline for completing the implementation of those recommendations. See **HVUS Exhibit JMK-2**.

On pages 12 and 17 of his Surrebuttal Testimony, Mr. Fought recommended that: an engineering study be completed within 90 days of the entry of the Commission's order and HVUS's engineer be authorized to begin designs within 60 days after the completion of the engineering study. He recommended that the rest of the schedule be based on the company's engineering study, but he testified that it would be reasonable for the company to obtain bids 60 days after obtaining all permits, and to award contracts 60 days after obtaining bids. These three steps alone account for 180 days. Again, Mr. Fought did not recommend a deadline for completion of the project. See **HVUS Exhibit JMK-3**.

The OCA's Main Brief, at page 49, proposed a schedule based on Mr. Fought's testimony, using significant milestones in the construction process. See **HVUS Exhibit JMK-4.** I note that this proposal is similar to what HVUS is advocating in the present

proceeding, except that HVUS's proposal includes an enforcement mechanism. See the Direct Testimony of Mr. Stinebiser.

The Initial Decision, Ordering Paragraph 6, was the first time that anyone in this proceeding mentioned a one-year deadline for completing the project to eliminate the rust or brown-colored water. I note that there is no reference in the Initial Decision to any evidence supporting the one-year deadline.

Q. AT THE TIME THE INITIAL DECISION WAS ISSUED, WAS IT KNOWN WHAT KIND OF PROJECT WOULD BE SELECTED TO "ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS"?

A. No. As a result, the one-year deadline for completing the as-yet-undefined project was completely arbitrary.

Q. DID HVUS RAISE THIS ISSUE IN ITS EXCEPTIONS TO THE INITIAL DECISION?

A. Yes. Pages 3-4 of HVUS's Exceptions argued:

> HVUS respectfully submits that there is no basis on the record for what appears to be an arbitrary one-year deadline. There is a reference in the testimony of Mr. Fought to the effect that it may take 4-5 months to get a DEP permit approved. TR. 337. However, Mr. Fought's speculative comments are prefaced by an admission that the permitting process takes "a considerable period of time" (TR. 338), and that he is not aware of what other permitting or zoning requirements may be necessary to complete water improvement projects. TR. 336-337.

See **HVUS Exhibit JMK-5.** Remember that OCA's Main Brief, based on Mr. Foughts' testimony, called for HVUS to: authorize its engineer to start designing and obtaining permits for the chosen action within 60 days after completion of the engineering study,

obtain contractor bids for the selected improvements within 60 days after receiving all permits, and award contracts to place into service the selected improvements for eliminating the iron and manganese problems within 60 days after receiving contractor bids. Add 4-5 months onto this just for getting the DEP permit and we have already accounted for 10-11 months of the one-year deadline – and we haven't even discussed the period necessary for constructing the project.

Q. WHAT RELIEF DID HVUS REQUEST?

A. HVUS recommended that the deadline for completing the project be based on the recommendations and implementation schedules in the engineer's report. **HVUS Exhibit JMK-5** p. 4.

Q WAS THAT ALSO HVUS'S SECONDARY POSITION IN ITS PETITION TO AMEND?

A. Yes, and it remains our secondary position. Since the implementation schedules in the engineer's report demonstrate that HVUS needs about four years to complete construction of a water treatment plant, or to connect to an alternative water system, our secondary position is to extend the deadline in Ordering Paragraph 8(1) of the May 2018 Order from one year to four years.

Q. DID THE OCA FILE REPLIES TO EXCEPTIONS RESPONDING TO THE ARGUMENT IN HVUS'S EXCEPTIONS?

A. Yes. On page 8, the OCA argued "it is critical that the resolution of this case provides a remedy within a fixed time period." The OCA argued that the Commission, rather than the company's engineer, should retain control and certainty over the deadline. See **HVUS Exhibit JMK-6.**

Significantly, the OCA did not argue that the record contained any basis for fixing the time period for the remedy (i.e., should the deadline be six months, one year, two years, or some other fixed period?). Instead, the OCA argued at **HVUS Exhibit JMK-6** page 9:

> It is premature, however, to give HVUS additional time before it has even been decided which remedy will be pursued and the Company has started complying with interim deadlines. At that time, HVUS will have the opportunity to seek relief from the Commission if a modification to the deadline is needed. 52 Pa. Code § 5.572(d) (petitions for amendment of Commission orders).

Q. HOW DID THE COMMISSION RESOLVE THIS ISSUE IN THE JANUARY 2018 ORDER?

A. The Commission denied HVUS's Exception. The Commission did not cite any evidence in the record demonstrating that one year was a sufficient time frame to eliminate the rust or brown-colored water. Rather, the Commission stated at page 31 "[t]he one-year deadline for implementing the corrective measures established in the engineer's report sets an objective guideline for compliance." There was no discussion as to why one-year was the appropriate "objective guideline for compliance." The Commission noted, however, that if additional time was deemed critical, HVUS could petition to modify the deadline pursuant to 52 Pa. Code § 5.572(d).

As a result, Ordering Paragraph 8 in the January 2018 Order stated:

8. That Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, within one (1) year from the date of the engineer's report.

Q. DO YOU HAVE ANYTHING YOU WOULD LIKE TO ADD AT THIS POINT?

A. The points I made earlier about the Initial Decision apply equally to the January 2018 Order. First, there is no reference to any evidence in the record demonstrating that one year is a sufficient time frame to "eliminate the rust or brown-colored water provided to customers." Second, in January 2018, the Commission did not know the remedy that would be chosen to "eliminate the rust or brown-colored water provided to customers," so it had no way of knowing whether one year would be a sufficient time frame for implementing that remedy.

Q. HVUS THEN FILED A PETITION FOR CLARIFICATION, RECONSIDERATION AND AMENDMENT?

A. Correct. See **HVUS Exhibit JMK-7**. This Petition noted that Ordering Paragraph 8 included two different requirements: one concerning eliminating the rust or brown-colored water and one concerning "reassessing the need, size and cost of treatment plant." The Petition sought clarification as to whether the one-year deadline applied to both requirements. It is important to note that this Petition was filed on February 2, 2018 – before HVUS received the implementation schedules from EADS demonstrating that a water treatment plant or interconnection could not be constructed within one year.

The OCA's Answer to the Petition for Clarification, Reconsideration and Amendment, at pages 4-5, agreed that the one-year deadline applies to both requirements, and suggested clarifying language. See **HVUS Exhibit JMK-8.**

Q. HOW DID THE COMMISSION RULE IN MAY 2018 WITH REGARD TO THE ONE-YEAR DEADLINE?

A. The Commission held that the Petition did not raise any new or novel arguments because the Commission previously addressed HVUS's Exception arguing that the one-year deadline was arbitrary and unrealistic. Nevertheless, the Commission revised Ordering Paragraph 8 to clarify that the one-year deadline applies to both requirements. The Commission revised Ordering Paragraph 8 to read as follows:

> 8. That, within one (1) year form [sic] the date of the engineer's report, Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and (2) to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

Q. DO YOU HAVE ANY COMMENTS ON THIS VERSION OF ORDERING PARAGRAPH 8?

A. I am advised by counsel that the Commission's Order is to be read *in pari materia*, so Ordering Paragraph 8(1) and 8(2) must be read together. Ordering Paragraph 8(2) essentially gives HVUS until April 18, 2019 to decide whether to build a treatment plant to permanently solve the problems caused by iron and manganese. What are the problems caused by iron and manganese? Rust and brown-colored water, among other

things. See Initial Decision, Findings of Fact 19 and 20. But Ordering Paragraph 8(1) gives HVUS until April 18, 2019 to eliminate the rust or brown-colored water provided to customers. In other words, Paragraph 8 gives HVUS the same deadline to decide whether to build a water treatment plant and to complete construction of that same plant. Obviously, these two tasks should not have the same deadline.

Q. LET ME ASK YOU A HYPOTHETICAL QUESTION. SUPPOSE THE APRIL 2018 ENGINEER'S REPORT HAD MADE ONE RECOMMENDATION ON HOW TO ELIMINATE THE RUST OR BROWN-COLORED WATER. IF HVUS IMMEDIATELY BEGAN TO IMPLEMENT THAT PROJECT, COULD HVUS HAVE COMPLETED THAT PROJECT BY APRIL 18, 2019?

A. No. The April 2018 engineer's report, and the testimony of HVUS Witnesses Larimer and Stinebiser, demonstrate that even if HVUS had begun to implement one of the "Proposed System Solutions" on April 18, 2018, HVUS could not have constructed a water treatment plant or connected to an alternative source of supply by April 18, 2019. As a result, the fact that HVUS spent time evaluating the different options in the report did not cause HVUS to miss the one-year deadline in Ordering Paragraph 8(1).

WHETHER THE COMMISSION SHOULD GRANT THE REQUEST OF HIDDEN VALLEY UTILITY SERVICES, L.P. TO EXTEND THE COMPLIANCE DEADLINES PROPOSED IN THE ENGINEER'S REPORT FROM APRIL 18, 2018

Ordering Paragraph 8(1)

Q. ORDERING PARAGRAPH 8(1) REQUIRED HVUS "TO ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS." DO

YOU BELIEVE THE COMMISSION SHOULD EXTEND THE DEADLINE IN ORDERING PARAGRAPH 8(1)?

A. Yes. There are several reasons. First, as discussed above, that deadline is not supported by substantial evidence in the record. In May 2018, the Commission did not even know the remedy that would be chosen to "eliminate the rust or brown-colored water provided to customers." Consequently, it could not have known whether one year would be a sufficient time frame to implement that remedy.

Second, HVUS has submitted new evidence that was not available to it at the time the record closed on June 8, 2016. That evidence demonstrates that, no matter whether HVUS decided to construct a water treatment plant or interconnect with an alternative water supply, that project could not have gone from start to finish within one year of receiving the engineer's report. The April 2018 engineer's report was available to the Commission at the time it entered the May 2018 Order, but the Commission apparently overlooked that evidence. In any event, the evidence introduced in this proceeding was not available to HVUS or the Commission in May 2018.

Third, I am advised by counsel that 52 Pa. Code § 1.15(a)(1) permits the Commission to extend a deadline established in a Commission order when a party (a) files a motion requesting an extension before the relevant deadline and (b) demonstrates good cause for the extension. HVUS filed a Petition to Amend requesting an extension well before the one-year deadline. HVUS has demonstrated good cause for the extension: regardless of whether HVUS decided to construct a water treatment plant or interconnect with an alternative water supply, the project could not have been started in April 2018 and completed in one year.

Q. HVUS HAS HAD IRON AND MANGANESE IN ITS WATER FOR SOME TIME, CORRECT?

A. Yes. The OCA suggests that the one-year deadline should be maintained because of events that happened well before the Commission issued its January 2018 Order. **HVUS Exhibit JMK-9** (OCA's Answer to Interrogatory Set I No. 13). The fact of the matter is that, in January 2018, the Commission ordered HVUS to perform a task, and required HVUS to complete that task by April 2019. HVUS has introduced evidence demonstrating that the one-year deadline was not supported by substantial evidence; that the one year deadline was impossible to meet; and that HVUS has good cause to extend the one-year deadline. The Commission should not maintain the one-year deadline as a way of punishing HVUS for events that happened long ago.

Q. ARE YOU AWARE OF ANY OTHER EVIDENCE, IN ADDITION TO THE ENGINEER'S REPORT FROM APRIL 2018 AND THE TESTIMONY OF HVUS WITNESSES LARIMER AND STINEBISER, DEMONSTRATING THAT HVUS COULD NOT HAVE ELIMINATED THE BROWN OR RUST-COLORED WATER WITHIN ONE YEAR OF RECEIVING THE ENGINEER'S REPORT?

A. Yes. OCA Witness Fought, discussed above, also testified for OCA in the Rate Case. During cross-examination, Mr. Fought acknowledged that DEP has issued a permit to HVUS to treat its water by sequestration. According to Mr. Fought, to use a different method of treating its water, HVUS would need to obtain a different permit from DEP. Mr. Fought explained that HVUS would either need to design a water treatment plant that

would take the iron and manganese out of the water, or find a different source of water with less iron and manganese. Mr. Fought further testified that the shortest amount of time necessary to obtain the new permit from DEP would be two years. See **HVUS Exhibit JMK-10**.

Q. BASED ON YOUR EXPERIENCE IN THE CONSTRUCTION INDUSTRY, DO YOU HAVE AN OPINION AS TO WHETHER IT IS POSSIBLE TO COMPLETE "THE DESIGN, REPAIRS OR IMPROVEMENTS, OBTAINING PERMITS, OBTAINING BIDS, AWARDING CONTRACTS AND COMPLETION OF CONSTRUCTION/START OF OPERATION," ORDERING PARAGRAPH 6, FOR A CONSTRUCTION PROJECT IN A TWELVE MONTH PERIOD?

A. Obviously, a lot depends on the project. That's why it's so important that the Administrative Law Judge and the Commission established the one-year deadline before anyone even knew the project that would be subject to that deadline.

HVUS understands that the Commission wants to get customers better water as soon as possible. As discussed below, we are in the process of constructing a water treatment plant that we believe will address the issues of iron and manganese in the water. Our recommendation is that the Commission extend the deadline in Ordering Paragraph 8(1) in a manner that ensures prompt completion of that project.

Q. DO YOU HAVE AN OPINION AS TO HOW THE COMMISSION SHOULD EXTEND THE DEADLINE IN ORDERING PARAGRAPH 8(1)?

A. Mr. Stinebiser explains the position of HVUS. Because so much of the construction process is outside HVUS's control, our primary position is that the Commission should establish deadlines for significant steps in the construction process – steps that are within HVUS's control. The Commission should enforce those deadlines using the existing provisions of the May 2018 Order, including Ordering Paragraphs 20 and 21. Due to the rapidly-changing situation with the COVID-19 Emergency, however, we recommend that the Commission order include a kind of "force majeure" provision for delays caused by the pandemic to avoid the need for HVUS to request, and the Commission to rule on, extensions pursuant to 52 Pa. Code § 1.15(a)(1). Since HVUS would be filing status reports every 60 days pursuant to Ordering Paragraph 17, the Commission could still ensure that the project stays "on track."

Our secondary position is that, based on the implementation schedules in the engineer's April 2018 report and EADS' January 2019 report, the Commission should establish a deadline of April 18, 2022 (four years from the date of the original engineer's report) for HVUS to complete construction of the water treatment plant.

Ordering Paragraph 8(2)

Q. THE MAY 2018 ORDER STATED:

> **8. THAT, WITHIN ONE (1) YEAR FORM [SIC] THE DATE OF THE ENGINEER'S REPORT, HIDDEN VALLEY UTILITY SERVICES, L.P., SHALL COMPLY WITH ALL RECOMMENDATIONS FROM THE ENGINEER IN ORDER . . . (2) TO REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE.**

HAS HVUS REASSESSED THE NEED, SIZE AND COST OF TREATMENT PLANT TO PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE?

A. Yes. We have completed that reassessment, and decided to build a water treatment plant long before April 18, 2019.

Q. PLEASE EXPLAIN.

A. After the Commission issued its May 2018 Order clarifying Ordering Paragraph 8, I considered whether to connect to alternative water sources. I spoke to representatives of the JTMA about the possibility of connecting to that system, but the cost of the raw water was so high that I eliminated the option of connecting to that system.

At that point, we decided to use an on-site treatment plant to remove the iron and manganese from the water. Working with EADS, in late 2018, we identified an existing treatment plant in proximity to Hidden Valley that was no longer in use. HVUS and the engineers analyzed the equipment and concluded that it would work for HVUS. We then met with DEP to review the system we were going to purchase, to make sure DEP agreed with the treatment process. In our meeting with DEP, it was decided that the treatment plant was sufficient for the treatment of iron and manganese at Hidden Valley. I made an offer to purchase the plant in early 2019, but the contract to purchase the equipment was not signed until late May, 2019. I note, in this regard, that the cost of the plant was substantially less than the estimated cost shown in **HVUS Exhibit BRS-2.**

In the fall of 2019, HVUS hired an outside company to dismantle and move the equipment to Hidden Valley for installation. This equipment is currently on-site at Hidden Valley.

Q. WILL THE CONSTRUCTION OF THIS WATER TREATMENT PLANT "ELIMINATE THE RUST OR BROWN-COLORED WATER PROVIDED TO CUSTOMERS" AS REQUIRED BY THE MAY 2018 ORDER?

A. I'm not an engineer, so I have to rely on the information I receive from others. Based on the information I have received from EADS, as well as the information I have received during meetings with DEP, it is my understanding that the treatment plant we have chosen will remove the iron and manganese from the raw water.

Q. WHAT IS THE STATUS OF THIS PROJECT AS OF MARCH 25, 2020?

A. As I said, HVUS has purchased the plant and has it on site. Mr. Stinebiser's Direct Testimony explains that, on March 9, 2020, DEP issued a public water supply permit authorizing construction of the plant.

HVUS has begun requesting bids from outside contractors for the building and line work. In addition, we intend to apply for zoning and subdivision and land development permits required by Jefferson Township, but the submission of those applications could be delayed due to the Governor's closure of non-life sustaining businesses in response to the COVID-19 Emergency. In addition, the approval of those applications could be delayed if municipal offices are closed. We hope to begin construction this summer, but again, a lot out of things are outside of our control.

Q. HVUS'S SECONDARY POSITION IN THIS PROCEEDING IS THAT THE DEADLINE IN ORDERING PARAGRAPH 8(1) SHOULD BE MODIFIED TO BE FOUR YEARS, RATHER THAN ONE YEAR. DO YOU BELIEVE YOU WILL HAVE THE WATER TREATMENT PLANT OPERATIONAL BY APRIL 2022?

A. As shown on the schedules attached to the Direct Testimony of Bradley R. Stinebiser, **HVUS Exhibit BRS-5,** we hope to have construction completed this year. Of course, DEP then has to issue an operations permit. I've been in this business too long to guarantee anything, but I am cautiously optimistic that the plant will be operational by April 2022.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

HVUS Exhibit JMK-1

05-20-20
C-2014-2447169
C-2014-2447138

James M. Kettler
811 Russell Ave. Suite 302
Gaithersburg, Maryland 20879

Professional Experience

Hidden Valley Utility Services, LP **200S-present**

President of Hidden Valley Utility Services, LP , a Pennsylvania limited partnership, formed in 2005 to provide public water and wastewater services for the resort community at Hidden Valley, Pa. Hidden Valley is located in Jefferson Township, Somerset County, Pa. HVUS, LP is a PUC regulated utility with a service area of 1,399 acres and a customer base of 1,168 homes plus commercial properties including a ski area, golf course, and conference center. The utility includes wells for supply of fresh water, treatment plant facilities, and distribution systems for water and wastewater treatment.

Kettler Custom Homes, LLC **2010-present**

Owner/operator of custom home building company specializing in design/ build renovations in Maryland, Washington DC and Northern Virginia. Managed the design, bidding, and construction process for projects including private residences, churches, and small offices, with a focus on historic properties. Also design and build custom single family homes for sale in the Maryland suburban areas.

Hidden Valley Resort, LP **1996-2008**

Owner/President of Hidden Valley Resort, a Pennsylvania Limited Partnership formed in 2006 from a spin off from Kettler Brothers, Inc. Kettler Brothers, Inc. owned and operated Hidden Valley from 1982 thru 1995. HVR owned and operated the business operations at Hidden Valley Resort to include the ski area and associated winter sports, the golf course, the hotel/ conference center, food and beverage, and real estate development and new home construction. Mr. Kettler worked with an on-site management team to grow and develop the resort as a four seasons property with annual revenues of $20M. Mr. Kettler also oversaw the successful sale of the resort to the Buncher Company in 2007.

Kettler Brothers, Inc. **1987-2001**
Kettler Brothers Homes, LP **1996-2013**

Owner/President of residential company focused on land acquisition, development, home

design/construction, sales/marketing, and service of new homes in the Washington metropolitan region, including Washington DC., Maryland, Virginia, West Virginia, and Pennsylvania. Mr. Kettler was responsible for managing the team of employees at Kettler Brothers, Inc. who worked with lenders, engineers, government agencies, architects and others to develop, construct and sell an average of 200 homes per year with annual revenues between $20 - $30M .

From 1982 thru 1995 Kettler Brothers owned and operated Hidden Valley Resort, in Somerset County , Pennsylvania. Kettler Brothers was responsible for additional land acquisitions to grow the resort property to over 1,300 acres, and then implement a four season strategy by adding conference and hotel operations, a new golf course, plus a doubling of the ski area with new base lodge facilities. Kettler Brothers also developed the new home communities and community common areas , growing the Resort from a few dozen homes to a total of 1,300 units today.

Kettler Forlines, Inc. **1978 -1986**

Minority owner in small residential developer and home builder located in suburban Maryland. Kettler Forlines also owned Hidden Valley Resort from 1978 thru 1982, and remained at Hidden Valley thru 2005 as the builder of new homes within the Resort. From 1986 through 1988 Mr. Kettler acted as job superintendent of a new home community in Olney Maryland. Responsible for all on site construction and service operations, including coordination with customers on custom options. Worked with subcontractors, government inspectors, utility companies, and customers to successfully deliver one home per week for annual sales and deliveries of $10 M per year.

Robert Hammond & Associates, Inc. **1984-1986**

Project Designer on custom residential homes in the Annapolis waterfront area of Anne Arundel County, Maryland. Responsibilities included all aspects of client coordination to include; design concepts, design development, and construction documents for the successful construction of custom homes. Average home cost approximately $2.5M.

RTKL Associates - Baltimore, MD **1982-1985**

RTKL Associates is a large architectural/engineering firm specializing in hospitals, hotels/conference centers, regional shopping centers and office buildings, with projects in all regions of the United States. Mr. Kettler was responsible for design development and construction documentation

for several large office and hotel projects. Operated as a CADD designer, coordination with engineering disciplines of RTKL to create construction packages for the Marriott Orlando World Center, a major conference center and 1200 room resort hotel with an 18 hole golf course and tennis facilities . Other projects included an Atlanta office park, and regional shopping malls along the east coast.

Affiliations

Habitat for Humanity – Metro Maryland **2016- present**

Board of Directors

Habitat for Humaity – Metro Maryland is part of the larger organization – Habitat for Humanity International, and is focused on the creation of stable housing and affordable options for those in need of housing. Over the years, Habitat Metro Maryland has helped over 400 families find and retain affordable housing in the Metro area.

Hidden Valley Foundation, Inc. **1999-2001**

Board of Directors

President 2000-2003

The Hidden Valley Foundation, Inc is a non-profit corporation established in 1984 to provide maintenance and recreational services associated with the operation of the Hidden Valley homeowner community, It is a master homeowners association, also managing four condominium associations, all located within the Hidden Valley Resort. The property totals approximately 1,700 acres with single-family homes, townhouse and condominium units throughout.

Maryland National Capital Building Industry Association - **1988-present**

Life Member –Board of Directors

Executive Committee – VP Washington DC 1998-2001

VP Calvert County 2001-2004

President 2005

The MNBIA is a not-for-profit organization representing the interest of over 1,200 member firms and more than 100,000 employees, including home builders, remodelers, developers and affiliate professional and service providers in the Maryland Counties of Anne Arundel, Baltimore, Calvert, Carroll, Cecil, Charles, Harford, Montgomery, Prince George's and St. Mary's as well as Baltimore city, the Eastern Shore and Washington DC.

Montgomery County Students Construction Trades Foundation, Inc. **1988-present**

Life Member – Board of Directors
Executive Committee
President 2007-2009

The Montgomery County Students Construction Trades Foundation, Inc. is a not-for-profit foundation established cooperatively by the Montgomery County business and professional community and Montgomery County Public Schools to promote and encourage the interest of career education related to construction. Students actively participate each year in the Young American Home, a Design/Build Project. The architectural students design a home, and the following year, students interested in specific trades, build and deliver the home for sale. The proceeds from the sale of the home goes toward the construction of future homes.

Friends of the Yellow Barn, LLC **1994-present**

Board member 1995-2012
President 2012-present

The Friends of the Yellow Barn, LLC is a not-for-profit foundation established in 1994 to support the painting and drawing residency programs at Glen Echo Park, in Montgomery County, Maryland. The Friends' mission is to raise money through donations and grants to support the building and operational needs of the art studios in the Yellow Barn. The Friends' philosophy, consistent with the spirit of the late 19th Century Chautauqua movement upon which Glen Echo Park was founded, is that art is universal and thus should be accessible to all. The Friends' goal is to encourage all area residents of all ages and all means to experience the wonders of the visual arts through drawing and painting.

Education

Cornell University	B.S Architecture, College of Architecture, Art, and Planning	1982

HVUS Exhibit JMK-2

05-20-20
C-2014-2447169
C-2014-2447139

OCA Statement 2

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. McCLOSKEY, ACTING	:	
CONSUMER ADVOCATE	:	
v.	:	Docket No. C-2014-2447138
HIDDEN VALLEY UTILITY SERVICES,	:	
L.P. – WATER	:	

DIRECT TESTIMONY

OF

TERRY L. FOUGHT

ON BEHALF OF

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

JULY 8, 2015

At the PIH and in complaints logged by the Company, many customers complained about low and severely low pressure. Other customers have installed in-home booster pumps to improve pressure in their homes.

Q. WHAT ARE YOUR RECOMMENDATIONS?

A. **Wells and Treatment Plant.** I recommend that the Company direct its consulting engineer as soon as possible to perform a cost effective analysis of installing a treatment plant that removes iron and manganese or finding another more suitable source of supply. Treated water from the Quemahoning River that serves Somerset Borough and Bakersville is a possible alternative source of supply. There has been some discussion that that source could be extended to supply Hidden Valley.[2] This engineering report should be completed within ninety days and include a schedule for implementing its recommendations or, alternatively, provide a schedule for transferring the Company to an entity that can provide adequate service. The report should be submitted to the Company, Hidden Valley Foundation, the PUC's Bureau of Technical Utility Services, and the OCA.

As long as the Company uses Wells No. 1 and 2 as its water supply sources and uses the sequestration method of treating iron and manganese, the Company should: (1) keep a spare pump on hand for Well No. 1; (2) keep a spare High Lift pump; and (3) install instrumentation to adequately control the on/off cycles of Well No. 2.

[2] *PIH* Transcript, page 154.

HVUS Exhibit JMK-3

05-20-20

C-2014-2447169
C-2014-2447139

OCA Statement 2S

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. McCLOSKEY, ACTING CONSUMER ADVOCATE	:	
v.	:	Docket No. C-2014-2447138
HIDDEN VALLEY UTILITY SERVICES, L.P. - WATER	:	

SURREBUTTAL TESTIMONY

OF

TERRY L. FOUGHT

ON BEHALF OF

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

NOVEMBER 3, 2015

A. Yes. If the Company continues to use its water from Well #1 and Well #2, it is my opinion that it must treat its water to remove the iron and manganese.

First, it is apparent from the testimony of the customers and Mr. Kettler that sequestration and other actions taken by the Company during the last 9 years have not resulted in water that is suitable for all household purposes. Iron and manganese continue to settle out in the distribution system and in some of the customers' service lines at levels and with frequency that impairs customers' ability to rely on the water for drinking, cooking, bathing and cleaning.

Second, Well #2 is the only backup source for Well #1. DEP did not approve sequestration as a suitable treatment for Well #2 water. The concentration of iron and manganese in Well #2 is too high for treatment by sequestration. This would be true even if the system did not experience periods of lower flow. Removal of iron and manganese is the only way to effectively treat Well #2.

I note that Well #2 was used by the Company during a portion of September 2012 through part of June 2013 when the pump at Well #1 was out of service.

Q. IN YOUR VIEW, IS TREATMENT TO REMOVE IRON AND MANGANESE FROM THE WATER THE ONLY OPTION TO SOLVE THE PROBLEMS CAUSED BY IRON AND MANGANESE?

A. No. As I recommended in my Direct Testimony, the Company should have its consulting engineer perform a study that includes a cost analysis for providing

water from a more suitable source, in addition to a cost analysis for removing iron and manganese from the existing well water.

Q. BRIEFLY DESCRIBE WHAT SHOULD BE IN THIS ENGINEERING STUDY.

A. The study should compare the costs of treating the existing well water for iron and manganese removal to the costs of providing water from alternative sources such as Quemahoning River water. In addition to estimating costs, the study should include an implementation schedule for completion of design, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation. It is my opinion that it is reasonable for the engineering study to be completed within 90 days and that the Company authorize the engineer to commence designing within 60 days after completion of the study. The remaining implementation should be based on the schedule presented in the engineering study but, in my view, it is reasonable for the Company to obtain contractor bids 60 days after obtaining all permits and, 60 days later, to award contracts to place into service the selected improvements for eliminating the iron and manganese problems.

Q. DO YOU HAVE ANY OTHER COMMENTS REGARDING MR. KETTLER'S REBUTTAL TESTIMONY?

A. Yes. There are a few additional issues I would like to comment on.

water. In regard to his testimony of hot water heater failures, Mr. Kettler relied on 1996 through 2007 data prior to the Company sequestrating the water. See the Company's response to OCA Set VII-8 attached as Exhibit TLF-10W.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Company should either provide treatment that removes iron and manganese from its existing sources or start using a different source of supply for the reasons I discussed above.

The following table shows all of my recommendations for the water system, consistent with my direct testimony and as modified in response to Mr. Kettler's rebuttal testimony.

Until HVUS has placed into service the selected improvements for removing iron and manganese from the water supply, I recommend that the Company file a quarterly report with the Commission, copied to OCA, HVF and TUS, which identifies the status of compliance with each recommendation adopted by the Commission.

Iron and Manganese Removal	
Requirement	Implementation Schedule
HVUS will authorize an engineering consultant experienced in water treatment to perform a study comparing the installation of treatment plant to remove iron and manganese from the existing sources of supply (Well #1 and Well #2) with obtaining an alternative source of supply including Quemahoning River water. In addition to estimating costs, the study will include an implementation schedule for completion of design, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation.	Within 30 days of the Order.
HVUS will provide the study to the OCA, HVF and TUS.	Within 90 days after authorization.
HVUS will authorize its engineer to start designing and obtaining permits for the chosen action.	Within 60 days after completion of the engineering study.
HVUS will obtain contractor bids for the selected improvements and provide them to the OCA and HVF for comment.	Within 60 days after receiving all permits.
HVUS will award contracts to place into service the selected improvements for eliminating the iron and manganese problems.	Within 60 days after receiving contractor bids.
Water Treatment and Storage	
Requirement	Implementation Schedule
HVUS will have a spare pump and motor available for Well #1 in order to replace the pump in Well #1 within 72 hours when necessary.	Immediately.
HVUS will maintain an operable, installed second high lift pump.	Immediately.
If the chosen means to address iron and manganese is treatment of Well #1 and Well #2 water, HVUS will install instrumentation to control the on/off cycle of Well #2.	Within 90 days of completion of the engineering report.
HVUS will paint the exterior of the storage tank.	Within 10 months of the Order.
Water Distribution	
Requirement	Implementation Schedule
HVUS will replace 1,500 ft. of 3-inch line to the Heights with 6-inch line.	Complete by December 31, 2016.
HVUS will replace 1,000 ft. of 2-inch line to Valley View with 6-inch line or connect Valley View to the new 6-inch line serving the Heights.	Complete by December 31, 2016.

Table continued on next page.

Commission Regulations	
Requirement	Implementation Schedule
HVUS will submit a schedule to replace and/or test the meters in accordance with Section 65.8(b) that results in compliance by December 31, 2017.	Within 45 days of the Order.
HVUS will implement the replacement and testing schedule.	Immediately.
HVUS will take and record a pressure survey in compliance with 52 Pa Code § 65.6(d).	Before the end of 2015 and at least once per year going forward.
Reporting	
Requirement	**Implementation Schedule**
HVUS will file a status report with the Commission at this docket, copied to OCA, HVF and TUS, addressing its compliance with each recommendation.	Every 90 days after the Order until HVUS has placed into service the selected improvements for removing iron and manganese from the water supply.

Q. DOES THIS COMPLETE YOUR WRITTEN DIRECT TESTIMONY?

A. Yes, at this time. I reserve the right to supplement this testimony either in writing or orally if additional relevant information is received.

213632

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
v.	:	Docket No. C-2014-2447138
Hidden Valley Utility Services, L.P. - Water	:	

VERIFICATION

I, TERRY L. FOUGHT, hereby state that the facts set forth in my Surrebuttal Testimony, OCA Statement No. 2S, are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

November 2, 2015
Date

Signed: _____
TERRY L. FOUGHT

212247

HVUS Exhibit JMK-4

05-20-20
C-2014-2447169
C-2014-2447139

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate	:		
	:		
v.	:	Docket Nos.	C-2014-2447138
	:		C-2014-2447169
Hidden Valley Utility Services, L.P. – Water and Wastewater	:		
	:		

MAIN BRIEF
OF THE OFFICE OF CONSUMER ADVOCATE

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Counsel for
Tanya J. McCloskey
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Office of Consumer Advocate
555 Walnut Street, 5th Floor Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Dated: January 20, 2016

while also providing an incentive for the Company to timely implement the required improvements to its water and wastewater systems.

This incentive is appropriate and necessary because HVUS has already failed to comply with one Commission Order intended to improve the quality of service. The presiding Administrative Law Judge in the Company's initial application proceeding had this to say about the 2005 Settlement:

> 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.

Application of Hidden Valley Utility Services, L.P., Docket Nos. A-210117 and A-230101, R.D. at 18 (May 16, 2005). Unfortunately, ten years later, the customers are still enduring inadequate service. The outcome of this proceeding must provide certain and timely relief. Giving the Company a financial incentive to take action will ensure that it does.

3. HVUS Should Be Required to Make Specific Improvements in Order to Provide Adequate Service.

As discussed above, a number of improvements are necessary in both the water and wastewater systems, as well as to the Company's customer service and financial and managerial practices. The OCA submits that HVUS should be ordered to accomplish the following tasks in the indicated timeframe. These steps will ensure that: the Company appropriately manages its

system and finances; that the longstanding iron and manganese problems are addressed in a timely manner; and that deficiencies in the water and wastewater systems are corrected so that the Company will be able to provide adequate service to its customers going forward. See OCA St. 1S at 21-24 – Water; OCA St. 1S at 16-19 – Wastewater; OCA St. 2S at 17-18 – Water; and OCA St. 2S at 5 – Wastewater.

General Requirements	
Customer Service	
Requirement	Implementation Schedule
In compliance with 52 Pa. Code § 56.15(12), the customer bill will provide a statement that a rate schedule, an explanation of how to verify the accuracy of a bill and an explanation of the various charges is available for inspection in HVUS' local business office	Immediately.
In compliance with 52 Pa. Code § 56.15(13), the customer bill will provide a designation of the applicable rate schedule as denoted in the officially filed tariff.	Immediately.
The customer bills will specify if usage is in hundreds or thousands of gallons.	Immediately, if the current billing vendor can accommodate this information. If the vendor cannot, this change will be implemented when a new billing vendor is retained.
The Company will instruct its billing vendor to modify its billing to reflect each gallon of usage for customers whose meters provide this information.	As soon as a new billing vendor is retained.
The Company will provide a copy of an actual customer bill to the OCA and TUS.	Within thirty days of when: • The Company retains a new billing vendor. • The Company makes any changes to the bill provided to customers.
HVUS will pro-actively communicate with customers who notify the Company about low pressure or outages that extend beyond the noticed time period.	Immediately.

Meetings with Customers	
Requirement	Implementation Schedule
The Company will comply with paragraph 37 of the 2005 Settlement, which requires the Company to hold semi-annual meetings until the conditions under Paragraph 16 have been met. Consistent with the requirements of the Settlement of the 2005 case, the Company will coordinate the meetings.	The semi-annual meetings should be held each spring and fall, effective immediately, consistent with the 2005 Settlement.

Annual Reports	
Requirement	Implementation Schedule
HVUS will make reasonable efforts to file correct information in its Annual Report and address discrepancies identified in past reports with regard to utility plant in service and depreciation expense.	Immediately.
Requests for extension of the Annual Report deadline will be made in writing and copied to the OCA and HVF.	The request will be made by April 30 in the year in which it is needed.
Late Payments	
Requirement	Implementation Schedule
The Company will pay its electric bills on time.	Monthly.
HVUS will execute appropriate authorization forms which permit Pennsylvania Electric Company to continue providing monthly billing and payment information for all HVUS accounts until June 10, 2018.	Immediately.
The Company will pay its telephone bills on time.	Monthly.
The Company will provide annual updates to its response to OCA-V-6 by providing copies of bills for telephone service at the non-emergency number listed on the bill.	Beginning January 1, 2016

Rate Reductions	
Requirement	Implementation Schedule
The Company will file a tariff reducing all currently-effective water and wastewater base rates (fixed and volumetric) by 50%. Water (50% Reduction) Reduction to Quarterly Customer Charge: $6.00 Resulting Quarterly Customer Charge: $6.00 Reduction to Rate per 1,000 Gallons: $3.48 Resulting Rate per 1,000 Gallons: $3.49 Wastewater (50% Reduction) Reduction to Quarterly Customer Charge: $13.50 Resulting Quarterly Customer Charge: $13.50 Reduction to Rate per 1,000 Gallons: $7.80 Resulting Rate per 1,000 Gallons: $7.80	One day following entry of a Commission Order in this proceeding.
The Company will file a tariff eliminating half of the decrease, i.e. 25%, to all currently-effective water and wastewater base rates (fixed and volumetric). At current rates, this is a reduction to $9.00 per quarter and $5.23 per thousand gallons (water) and $20.25 per quarter and $11.70 per thousand gallons (wastewater). Water (25% Reduction) Reduction to Quarterly Customer Charge: $3.00 Resulting Quarterly Customer Charge: $9.00 Reduction to Rate per 1,000 Gallons: $1.74 Resulting Rate per 1,000 Gallons: $5.23 Wastewater (25% Reduction) Reduction to Quarterly Customer Charge: $6.75 Resulting Quarterly Customer Charge: $20.25 Reduction to Rate per 1,000 Gallons: $3.90 Resulting Rate per 1,000 Gallons: $11.70	When HVUS files a verification that the Company is in compliance with all provisions of the 2005 Settlement Agreement.
The Company will file a tariff eliminating all of the decrease to all currently-effective water and wastewater base rates (fixed and volumetric).	When HVUS files a verification that the Company is in compliance with all recommendations adopted by the Commission in this proceeding.

Rate Reductions	
In each water and wastewater general rate case filed until HVUS has filed a verification in this docket that the Company has complied with all recommendations adopted by the Commission in this proceeding, the current revenue impact of the water and wastewater rate reductions - at either 50% or 25%, respectively - should be reflected as a reduction to the final revenue allowance amount adopted by the Commission. Note: The precise annual revenue impact of the rate reductions cannot be calculated until the 2014 Annual Reports are filed. See the previous discussion about the inaccuracies of past annual reports.	Immediately.

Water Requirements	
Iron and Manganese Removal	
Requirement	Implementation Schedule
HVUS will authorize an engineering consultant experienced in water treatment to perform a study comparing the installation of treatment plant to remove iron and manganese from the existing sources of supply (Well #1 and Well #2) with obtaining an alternative source of supply including Quemahoning River water. In addition to estimating costs, the study will include an implementation schedule for completion of design, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation.	Within 30 days of the Order.
HVUS will provide the study to the OCA, HVF and TUS.	Within 90 days after authorization.
HVUS will authorize its engineer to start designing and obtaining permits for the chosen action.	Within 60 days after completion of the engineering study.
HVUS will obtain contractor bids for the selected improvements and provide them to the OCA and HVF for comment.	Within 60 days after receiving all permits.
HVUS will award contracts to place into service the selected improvements for eliminating the iron and manganese problems.	Within 60 days after receiving contractor bids.
Water Treatment and Storage	
Requirement	Implementation Schedule
HVUS will have a spare pump and motor available for Well #1 in order to replace the pump in Well #1 within 72 hours when necessary.	Immediately.

HVUS will maintain an operable, installed second high lift pump.	Immediately.
If the chosen means to address iron and manganese is treatment of Well #1 and Well #2 water, HVUS will install instrumentation to control the on/off cycle of Well #2.	Within 90 days of completion of the engineering report.
HVUS will paint the exterior of the storage tank.	Within 10 months of the Order.
Water Distribution	
Requirement	Implementation Schedule
HVUS will replace 1,500 ft. of 3-inch line to the Heights with 6-inch line.	Complete by December 31, 2016.
HVUS will replace 1,000 ft. of 2-inch line to Valley View with 6-inch line or connect Valley View to the new 6-inch line serving the Heights.	Complete by December 31, 2016.
Commission Regulations	
Requirement	Implementation Schedule
HVUS will submit a schedule to replace and/or test the meters in accordance with Section 65.8(b) that results in compliance by December 31, 2017.	Within 45 days of the Order.
HVUS will implement the replacement and testing schedule.	Immediately.
HVUS will take and record a pressure survey in compliance with 52 Pa Code § 65.6(d).	Before the end of 2015 and at least once per year going forward.
Reporting	
Requirement	Implementation Schedule
HVUS will file a status report with the Commission at this docket, copied to OCA, HVF and TUS, addressing its compliance with each recommendation.	Every 90 days after the Order until HVUS has placed into service the selected improvements for removing iron and manganese from the water supply.

Wastewater Requirements	
Pumping Stations	
Requirement	Implementation Schedule
The Company will file a report from its consulting engineer stating whether all the pumping stations are equipped with two pumps and alarms in operating conditions, with copies to the OCA, HVF and TUS.	Within 30 days of the Order.
If the report identifies deficiencies, HVUS should make the necessary repairs and replacements.	Within 30 days after receiving the report.
HVUS will file confirmation with the Commission, copied to the OCA, HVF, and TUS indicating that all the pumping stations are equipped with two pumps and alarms in operating conditions.	

Treatment Plant	
Requirement	Implementation Schedule
HVUS will file confirmation with the Commission, copied to OCA, HVF and TUS that it has completed draining, inspection, repair and repainting of Plant No. 1 side 1 tanks.	By October 1, 2016.
HVUS will direct its consulting engineer to inspect both Treatment Plants in regard to proper maintenance and replacement of the tankage and equipment, and prepare a report of its findings.	Within 30 days of the Order.
The engineering report will be filed with the Commission and copied to the OCA, HVF and TUS. The report should confirm that all the wastewater treatment plant equipment is installed and operable. If this is not the case, then the Company should include a schedule for making all repairs/replacements identified in the report.	Within 120 days of the Order.
An engineering report will be filed with the Commission and copied to OCA, HVF and TUS confirming completion of the sediment removal survey for lagoon at Plant No. 2.	Within 90 days of the Order.

4. If HVUS is Unable or Unwilling to Make Necessary Improvements, the Water and Wastewater Systems Should Be Transferred to Another Capable Entity.

If the Company is unable or unwilling to make the necessary improvements to the system, the OCA submits that HVUS should be required to transfer ownership to another entity that is able to make the improvements and operate the utility in a manner that provides adequate, efficient, safe and reasonable service to customers.

The Company previously attempted to transfer ownership to another entity in 2008. 2008 Order; OCA St. 1S at 18. In that proceeding, both HVUS and the Commission noted that the transfer to another entity would be in the public interest. Id. In a September 12, 2008 Order, the Commission stated that "the record provides substantial evidence of affirmative public benefit from the transfer of ownership to a better financially positioned/operationally efficient organization." 2008 Order at 6-7. In a June 2010 Order approving the withdrawal, the

HVUS Exhibit JMK-5

03-20-20
C-2014-2247169
C-2014-2447139

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Office of Consumer Advocate	:	
	:	
v.	:	Docket Nos. C-2014-2447138
	:	C-2014-2447169
Hidden Valley Utility Services, L.P.	:	

EXCEPTIONS OF RESPONDENT HIDDEN VALLEY UTILITY SERVICES, L.P. TO INITIAL DECISION

Edward G. Lanza, Esq.
THE LANZA FIRM, LLC
P.O. Box 61336
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Email: ed@lanzafirm.com

Date: September 29, 2016

Counsel for Respondent

would be reasonable to expect that customer interest would decline and the meetings would be undesirable and unnecessary.

The ALJ's decision with regard to this issue is unclear and the Commission should modify its Order to maintain the connection between the work to be completed and the semi-annual customer meetings contemplated under the ID.

B. Exception No. 2: The ALJ Erred in Establishing Arbitrary and Possibly Unrealistic Deadlines for the Completion of Projects to Improve the HVUS System

In his Initial Decision, ALJ Watson ordered that HVUS obtain and file a licensed engineer's report regarding the water distribution system, HVUS's water source and the wastewater system with recommendations for improvements. ID at 39-41. Based on the decision, the engineer's study should include an implementation schedule for completion of any projects, from design to start of operations. *Id.* The report is to be submitted within 90 days from the date of the Commission's Final Order. Ordering Paragraphs 4 and 7. Although HVUS has no issue with the requirement to produce an engineer's report, there may be an issue with the deadlines recommended by ALJ Watson for completion of the projects.

HVUS urges the Commission to modify the deadlines for completion of the projects identified in the engineering report to align with the engineer's implementation schedule and to reject ALJ Watson's deadlines. In Ordering Paragraph 6, ALJ Watson establishes a deadline of one year for the completion of any recommended improvements in the engineer's report with regard to the water system, and specifically, the discolored water issues. HVUS respectfully submits that there is no basis on the record for what appears to be an arbitrary one-year deadline. There is a reference in the testimony of Mr. Fought to the effect that it may take 4-5 months to get a DEP permit approved. TR. 337. However, Mr. Fought's speculative comments are prefaced by an admission that the permitting process takes "a considerable period of time" (TR.

338), and that he is not aware of what other permitting or zoning requirements may be necessary to complete water improvement projects. TR. 336-337.

Based on prior experience, HVUS respectfully submits that the time period for the procurement of all the required permits and approvals may be significantly longer than estimated by the OCA's witness. It would be prudent for the Commission to tie the deadline to complete any contemplated projects to the recommendations and implementation schedules in the engineer's report, rather to establish an artificial deadline that may not be realistic or bear any relationship to real-world experience with the permitting process. The Judge correctly determined that the engineer's report should address the implementation timeline for the projects, but he erred in setting a one-year deadline based on scant and questionable record evidence. The Commission should modify the ID to condition the deadlines in the Final Order to the engineer's timeline recommendations to avoid arbitrary and unrealistic deadlines.

C. Exception No. 3: The ALJ Erred in Finding Violations of the Public Utility Code in HVUS Wastewater Operations

In his decision, ALJ Watson found that HVUS failed to provide adequate wastewater service in violation of Section 1501 of the Public Utility Code. ID at 38. Respondent objects to this finding and the remedies recommended in the ID with regard to the wastewater system because the record shows that there are not outstanding issues with the wastewater system. The Commission's Final Order should reflect the fact that HVUS has brought its wastewater system into compliance and implemented Complainant's recommendations for system improvements.

The Presiding Officer's own factual findings reveal that the wastewater system is in compliance. ALJ Watson found that the pumping stations and alarms are in working order (No. 40), new grinders were installed (No. 41), blowers, equalization tanks and the communitors are working properly (No. 42), and the tank painting and cleaning have been completed (No. 43).

HVUS Exhibit JMK-6

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate	:		
	:		
v.	:	Docket Nos.	C-2014-2447138
	:		C-2014-2447169
Hidden Valley Utility Services, L.P. –	:		
Water and Wastewater	:		

REPLY EXCEPTIONS OF THE OFFICE OF CONSUMER ADVOCATE

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DATED: October 11, 2016

opportunity to address its service quality issues and rebuild reasonable communications with the customer base.

OCA Reply to HVUS Exception No. 2: The ALJ's Fixed, One-Year Deadline for the Completion of Projects Is Reasonable and Consistent with the Need to Provide Timely Relief to Customers. I.D. at 38-39; HVUS Exc. at 3-4.

The ALJ correctly determined that HVUS is not providing adequate water service. I.D. at 19, 21. The Company did not except to that conclusion, nor did it except to the projects required to improve water service.[1] The required actions are:

	Action	ALJ Deadline
1.	Comply with the outstanding requirements of the 2005 settlement by replacing 1,500 feet of 3-inch line to the "Heights" neighborhood and 1,000 feet of 2-inch line to the "Valley View" neighborhood in Hidden Valley.	September 1, 2017
2.	Obtain and file a written report from a Pennsylvania licensed water and wastewater engineer containing recommendations and a cost analysis to permanently correct any found deficiencies, specifically including, a remedy to eliminate the rust or brown-colored water and an implementation schedule for the following: completion of design, repairs or improvements, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation.	90 days from the date of the final PUC Order
3.	Copy the report to the OCA and Commission's Office of Technical Utility Services.	14 days from the date of the expert report and each amendment or supplement thereto

[1] The customer meeting requirement was addressed in the Reply Exception above.

4.	Comply with the report and implementation schedule.	One year from the date of the expert report.
5.	Modify billing practices to ensure that all customer bills are fully compliant with all Commission rules, regulations and orders.	90 days from the date of the final PUC Order
6.	Provide a copy of the revised bill form to the OCA.	90 days from the date of the final PUC Order
7.	Make all reasonable efforts to timely file correct information in its annual reports to the Commission and amend any prior reports that contain inaccurate or incorrect information.	180 days from the date of the final PUC Order
8.	Copy any requests for extensions, amendments or modifications of said reports to the OCA.	At the time of filing
9.	Timely pay all electric and telephone bills.	Immediately
10.	Comply with the Company's tariff, Commission regulations and Orders, and PUC statutes.	Immediately
11.	Cease and desist from further violations.	Immediately
12.	File detailed status reports with the Commission regarding compliance with the above.	First report due 60 days from the date of the final PUC Order, continuing every 60 days until HVUS files final detailed report (due by September 10, 2017).
13.	File a final, detailed status report detailing the extent of compliance and any incomplete matters and reasons for any incompletions.	September 10, 2017

I.D. at 40-42, Ordering ¶¶ 3-6, 10-17.

The Company's exception is limited to the deadline for completion of the projects identified in the engineering report. HVUS does not object to the report itself, nor any of the other required actions or deadlines listed above. The Company states:

> Although HVUS has no issue with the requirement to produce an engineer's report, there may be an issue with the deadlines recommended by ALJ Watson for completion of the projects [in the engineering report].

HVUS Exc. at 3. Specifically, the Company asks the Commission to tie the deadline to complete any projects contemplated by the engineering report to the engineer's implementation schedule. Id. at 3-4.

The OCA submits that HVUS's request should be denied. The HVUS customers have been living with poor water quality for decades. The Commission tried to address the problem in 2005, when it approved a settlement that required the Company to find a permanent solution. The customers initiated the present case more than two years ago. Now, in the last quarter of 2016, it is critical that the resolution of this case provides a remedy within a fixed time period. The Company proposes that the Commission set no fixed deadline. The authority to set deadlines would be surrendered to the engineer – an engineer who is independent, but hired by and paid for by the Company. Moreover, the engineer's implementation schedule will not be available for review for up to 104 days after the Commission's Order is entered.[2] I.D. at 39. The OCA submits that the Commission should retain control and certainty over the deadline for a permanent solution to the water problems. Accordingly, the OCA recommends that the Company be held to a specific deadline, as the ALJ decided.

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[2] Ordering Paragraph Nos. 4 and 5 direct the Company to obtain a report from its engineer within 90 days of the Commission's Order and 14 additional days to provide the OCA with a copy. I.D. at 38-39.

The ALJ recommended one year from the date the Company obtains the engineering report. Ordering Paragraph No. 6 provides:

> That [HVUS] shall comply with all recommendations from the engineer in order to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, within one year from the date of the engineer's report.

I.D. at 40. The Company objects to one year, based on its concern that procurement of all the required permits and approvals to make the improvements may be longer than the 4 to 5 months estimated by the OCA's engineering witness. HVUS Exc. at 3-4. It is premature, however, to give HVUS additional time before it has even been decided which remedy will be pursued and the Company has started complying with interim deadlines. At that time, HVUS will have the opportunity to seek relief from the Commission if a modification to the deadline is needed. 52 Pa. Code § 5.572(d) (petitions for amendment of Commission orders).

The Company did not except to the ALJ's recommendation that the Company file a status report by September 10, 2017. Because the ALJ ties the status report to the same one-year deadline for completion of all improvements, it is important to retain the report deadline. Ordering Paragraph No. 17 stated:

> That on or before September 10, 2017, or as soon as all repairs, modifications and improvements have been made, as ordered herein, Respondent shall file a final detailed status report with the Secretary of the Commission, along with a verification from its engineer outlining the details of what has and has not been completed, and provide copies to the Office of Consumer Advocate and to the Commission's Office of Technical Utility Services, in writing, at the time of filing, identifying in detail the extent of compliance and any incomplete matters as ordered herein. If any matters ordered herein have not been completed, Respondent and its engineer shall state in said report, in detail, the reasons for the same.

I.D. at 42. Under the framework proposed by the ALJ, the September 2017 status report triggers a deadline for the OCA to investigate and report on the quality of water and quality of water and wastewater service and, potentially, for a hearing to be scheduled.[3] Id. at 42-43. That hearing is the OCA's earliest opportunity to address any failure by the Company to comply with the engineer's timetable for water quality improvements (design, permitting, bidding, start of construction), as well as the other improvements and deadlines recommended by the ALJ (undersized main replacement, billing practices, annual report corrections, timely payment of electric and telephone bills). See OCA Exc. at 13. As the OCA stated in its Exceptions, that hearing would not be scheduled until sometime after November 2017 in the best case scenario. Id. It would not benefit the customers, who have already waited so many years for a remedy, to further delay relief. Thus, even if the deadline for the completion of the projects identified in the engineering report is modified, the deadline for the triggering status report should remain September 10, 2017.

In summary, the Company's exception should be denied. The deadline for HVUS to complete the improvements identified in the engineering report should be fixed by the Commission. Based on the current facts, the ALJ's recommended one-year deadline for completion is reasonable and should be adopted. If the Commission adopts the ALJ's proposal to schedule a second hearing regarding the adequacy of service, that hearing should be held as soon as possible.

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[3] The OCA recommended a different framework without a second hearing. OCA St. 1S at 21-24 – Water; OCA St. 1S at 16-19 – Wastewater; OCA St. 2S at 17-18 – Water; and OCA St. 2S at 5 – Wastewater. The OCA proposed immediate rate relief until service is adequate, specific steps and timetable to improve service, 60-day or quarterly status reports and a timely remedy for non-compliance – transfer of the water and wastewater utilities to another capable public utility. OCA Exc. at 13-14.

HVUS Exhibit JMK-7

5-20-20
C-2014-2447169
C-2014-2447138

BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate

v. Docket No. C-2014-2447138

Hidden Valley Utility Services, L.P. -- Water

and

Tanya J. McCloskey, Acting Consumer Advocate

v. Docket No. C-2014-2447169

Hidden Valley Utility Services, L.P. -- Wastewater

PETITION FOR CLARIFICATION, RECONSIDERATION AND AMENDEMNT

I. INTRODUCTION

Pursuant to Section 703(g) of the Public Utility Code, 66 PA. C.S. § 703(g) and Section 5.572 of the Commission's Formal Proceeding regulations, 52 Pa. Code § 5.572, Respondent Hidden Valley Utility Services, L.P. ("HVUS") hereby submits this Petition for Clarification, Reconsideration and Amendment of the Opinion and Order issued by the Commission on January 18, 2018 in the above-captioned matter ("Petition"). In support of its Petition, HVUS respectfully submits the following.

II. BACKGROUNG

On January 18, 2018, the Commission issued an Opinion and Order in this case finding that HVUS had failed to provide safe, adequate and reasonable service in violation of Section 1501 of the Public Utility Code and requiring HVUS to undertake a number of measures to address water, wastewater and customer service issues that are described in detail in the Order.

The Order contains twenty-eight (28) ordering paragraphs[1] which specify, among other things, what the utility is expected to do to comply with the Commission's directives.

Since Administrative Law Judge Jeffrey Watson issued his Initial Decision (ID) on September 9, 2016, HVUS has endeavored to address the issues identified in the ID to the extent possible. The Company will report in due time regarding projects that have been completed and concerns that have addressed in order to satisfy the ALJ's and the Commission's requirements. There are items that have not been fully implemented by HVUS for a number of reasons, not the least of which is that the Company sought a final resolution of the ID before starting projects that were particular difficult, time consuming or expensive. The January 18th Order provides clarity and certainty regarding a number of steps HVUS needs to take to be in compliance with all Commission requirements. However, after careful and thoughtful review of the Order, there are items that HVUS submits require greater clarity, and perhaps reconsideration by the Commission and amendment of the Order. Those items are discussed in more detail below.

III. PETITION FOR CLARIFICATION AND RECONSIDERATION

The Commission has the authority to reconsider, modify and even rescind one its prior orders pursuant to Section 703(g) of the Public Utility Code. 66 Pa. C.S. § 703(g). See also, 52 Pa. Code § 5.572. The Commission has the discretion to amend a prior order in whole or in part. *Duick v. Pennsylvania Gas & Water Company*, 56 Pa. P.U.C. 553 (1982). Respondent HVUS respectfully requests that the Commission clarify, reconsider, amend or rescind portions of its January 18, 2018 Order as set forth below.

A. Ordering Paragraph No. 8

Ordering Paragraph 8 of the January 18, 2018 Order reads as follows:

[1] Although there are 27 ordering paragraphs listed, there are two (2) ordering paragraphs numbered 22. Thus, there are 28 ordering paragraphs in total.

> 8. That Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, within one (1) year from the date of the engineer's report.

Order at 62.

Ordering Paragraph No. 8 references an engineering report that HVUS is obligated to procure and file with the Commission pursuant to Ordering Paragraph No. 6 in the Order. The report is to be filed with the Commission within 90 days of the issue date of the Order. However, at the end of Ordering Paragraph No. 8, the Commission includes a one-year deadline tied to the date of the engineer's report. The Company's reading of this paragraph is that HVUS will implement the recommendations contained in the engineer's report within one year of the date of the report. In addition, it is the Company's understanding that HVUS has been directed to "reassess the need, size and cost of treatment plant" within one year from the date of the engineer's report.

An alternative reading of Ordering Paragraph No. 8 compels HVUS to request clarification of the requirements of this paragraph. Ordering Paragraph No. 8 could be read to mean that HVUS is required to comply with the recommendations contained in the engineer's report based on the timetables and deadlines for completion of certain projects in the report itself. This alternative reading would limit the one-year deadline at the end of the paragraph to "reassessing the need, size and cost of the treatment plant." It is not entirely clear to which part of Ordering Paragraph No. 8 the one-year deadline applies.

Furthermore, the Company is confident that it has already taken many of the steps that would be outlined in any engineering report evaluating the water or wastewater system. For those measures that HVUS has undertaken already, the one-year deadline would be moot. For

these reasons, HVUS respectfully submits that clarification and possible amendment may be needed with regard to Ordering Paragraph No. 8.

B. Ordering Paragraph No. 15

Ordering Paragraph No. 15 provides that:

> 15. That Hidden Valley Utility Services, L.P., shall pay all electric and telephone bills in a timely manner to ensure adequate and reasonable service to its customers. Additionally, Hidden Valley Utility Services, L.P., shall execute appropriate authorization forms permitting its electric provider, Pennsylvania Electric Company, to continue providing monthly billing and payment information for all Hidden Valley Utility Services, L.P., accounts to the Office of Consumer Advocate until the requirements under Ordering Paragraph No. 27 are satisfied. Hidden Valley Utility Services, L.P., shall also provide an annual update of telephone service numbers which includes copies of bills for telephone service so that customers are able to reliably contact Hidden Valley Utility Services, L.P.

Order at 64.

In summary, the provisions of Ordering Paragraph No. 15 require HVUS to provide authorization to Penelec to submit billing information for continued monitoring. HVUS respectfully submits that this issue should not be the subject of the January 18, 2018 Order because it is moot. This issue was resolved in another proceeding and imposing a continuing obligation on HVUS to continue monitoring over an extended period of time is unreasonable.

By way of background, the Commission should be aware that the Office of Consumer Advocate (OCA) filed an emergency petition on June 4, 2014 at Docket No. P-2014-2424858. The allegations in the emergency petition related to late-paid bills for electric service that, according to the OCA, jeopardized HVUS ability to provided adequate service. The parties settled the matter through an agreement that was filed on or about September 26, 2014. The Settlement Agreement included provisions that mirror Ordering Paragraph No. 15 in that it required continued monitoring by the OCA and an authorization to Penelec to provide billing

information. In August of 2016, HVUS again provided authorization to Penelec to provide another year of billing information to the OCA. Based on the Settlement Agreement and the extended monitoring the Company agreed to, the OCA opted for ending the case by filing a Petition for Leave to Withdraw the emergency petition. The Petition was granted and the case was closed by Order of ALJ Katrina Dunderdale on March 1, 2017.

As far as HVUS is concerned, the issue of payments of electric bills has been litigated and settled. The OCA withdrew its case after HVUS agreed to two years of bill monitoring. It is utterly unfair and perhaps violative of the Company's due process rights to re-impose a penalty for alleged violations that were resolved in a separate matter. HVUS respectfully requests that the Commission amend its Order to delete Ordering Paragraph No. 15. The issue that this paragraph seeks to address has been dealt with and resolved in a matter that was closed in March of 2017. No further monitoring of payments to Penelec is necessary or appropriate under the circumstances.

C. Ordering Paragraph No. 20

Ordering Paragraph No. 20 states, in part, the following:

> 20. That on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer, the Office of Consumer Advocate shall investigate the quality of the water as well as of the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers or request that this matter be referred to the Bureau of Technical Utility Services.

Order at 66.

HVUS requests reconsideration of the provisions of Ordering Paragraph 20. More specifically, HVUS requests that the Commission reconsider the requirement that the OCA investigate the quality of water or wastewater services following the issuance of HVUS's final report on rehabilitative measures. The Company objects to a party in a litigated proceeding

begin given the authority to investigate an opposing party in a contested proceeding. It is no secret that the OCA has made up its mind about whether HVUS is providing adequate service. They have made it clear throughout the course of this case that they believe the Company should be punished for what the OCA believes is inadequate service. It is highly irregular and inappropriate for a party in a litigated proceeding with a demonstrated bias against the utility to be given the authority to investigate the very party they have vilified for years. For these reasons, HVUS requests that, if the Commission deems it necessary to order an investigation after the March 2019 deadline, that the investigation not be conducted by a party that has prejudged the matter from the beginning. It is more appropriate to either do away with the additional investigation requirement or to task the Bureau of Technical Utility Services (TUS) with the investigation. TUS has not been directly involved in this proceeding or other proceedings against HVUS and has not demonstrated any sort of animus against the Company in the past. TUS would be a more appropriate entity to conduct an independent and fair investigation, if the Commission deems it necessary.

IV. CONCLUSION

Based on the foregoing, HVUS respectfully requests that the Commission clarify and reconsider Ordering Paragraphs Nos. 8, 15 and 20 and that it amend its January 18, 2018 Order accordingly.

Respectfully submitted,

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Date: February 2, 2018

HVUS Exhibit JMK-8

05-20-20
C-2014-2447169
C-2014-2447138

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket Nos. C-2014-2447138
	:	C-2014-2447169
Hidden Valley Utility Services, L.P. –	:	
Water and Wastewater	:	

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE
TO PETITION FOR CLARIFICATION, RECONSIDERATION AND AMENDMENT
OF HIDDEN VALLEY UTILITY SERVICES, L.P.

I. INTRODUCTION

On February 2, 2018, Hidden Valley Utility Services, L.P. (HVUS or the Company) filed a Petition for Clarification, Reconsideration and Amendment (Petition) of the Opinion and Order of the Pennsylvania Public Utility Commission (Commission) entered on January 18, 2018 in the above-captioned proceeding. In the Order, the Commission found that HVUS has failed to provide safe, adequate and reasonable service in violation of Section 1501 of the Public Utility Code and required HVUS to undertake a number of measures to address water, wastewater and customer service issues. The Commission established specific deadlines for compliance and reporting and, in the case of failure to comply, directed that a hearing will be held where HVUS has the burden of proving that the water and wastewater system are adequate, water quality is adequate and whether penalties and ratepayer refunds are appropriate. The hearing will also address whether a viable utility should be ordered to acquire HVUS to carry out the required measures. Order at 30-31, 41-42, 66.

In its Petition, HVUS asks the Commission to clarify, modify and/or rescind portions of its January 18, 2017 Order. The Office of Consumer Advocate (OCA) agrees in part and objects in part to the Company's requests, for the reasons provided herein. The OCA hereby submits this Answer to the Petition pursuant to Sections 5.61 and 5.572(e) of the Commission's regulations. 52 Pa. Code §§ 5.61, 5.572(e).

II. BACKGROUND

In 2005, HVUS executed a settlement with the OCA and customer complainants, which required HVUS to implement changes and improvements to provide adequate, safe and reasonable service and to address long-term problems including brown or rust-colored water, low water pressure, and high levels of unaccounted-for water. Order at 5 (citing Docket Nos. A-00210117 and A-00230101). The settlement in the Application proceedings established deadlines, which HVUS failed to meet.[1] In the current complaint proceedings, the Commission agreed with the ALJ that the long-term water problems identified in 2005 persist, such that water service remains inadequate and unreasonable for purposes of Section 1501. Id. at 12, 23; 66 Pa. C.S. § 1501. The Commission and ALJ also found that wastewater service does not meet the requirements of Section 1501. Id. at 12-13, 23. The Commission recognized that remedial action should be expedient and provide permanent resolutions to the service problems. Order at 30-31. It stated:

> It is apparent that the Company's customers have been suffering from poor water quality and unreasonable service for years. Any subsequent delays in failing to remediate the problems due to the failure to meet compliance deadlines would be unacceptable.

[1] The Commission approved the settlement and underlying Applications by Order entered July 15, 2005. Ten years later, HVUS had not complied with requirements to: (1) submit a report to the Commission and all parties reassessing the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, (2) replace 2,500 feet of mains serving troubled areas of the system and (3) the holding of semi-annual customer meetings. Order at 9-10.

Id. at 31.

III. LEGAL STANDARD

Pursuant to Section 703 of the Public Utility Code, "[a]fter an order has been made by the [C]omission, any party to the proceedings may, within 15 days after the service of the order, apply for a rehearing in respect of any matters determined in such proceedings and specified in the application for rehearing." 66 Pa. C.S. § 703(f); 52 Pa. Code § 5.572(c) ("Petitions for reconsideration . . . shall be filed within 15 days after the Commission order involved is entered or otherwise it becomes final"). Section 703 also provides that the Commission may "rescind or amend any order made by it." 66 Pa. C.S. § 703(g).

The Commission set forth the standard applied to petitions for reconsideration in Duick v. Pennsylvania Gas and Water Co., 1982 Pa. PUC LEXIS 4, *12-13, where it stated:

> A petition for reconsideration, under the provisions of 66 Pa. C.S. 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or part. In this regard we agree . . . that "[p]arties . . . cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them . . ." What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission. Absent such matters being presented, we consider it unlikely that a party will succeed in persuading us that our initial decision on a matter or issue was either unwise or in error.

In further delineating the standard for petitions for reconsideration, in Pa. PUC v. PECO Energy Co., 1999 Pa. PUC LEXIS 24, *10-11, the Commission provided:

> [B]ecause a grant of relief on such petitions may result in the disturbance of final orders, it should be granted judiciously and only under the appropriate circumstances.
>
> . . .

> We have held that such petitions must make new or novel arguments not previously considered or raise matters which are designed to convince us to exercise our discretion to rescind or amend the Order under consideration.

As such, a justifiable petition for reconsideration must present new or novel arguments.

IV. ANSWER

A. Deadline for Compliance with Engineer's Recommendations, Ordering Para. No. 8

The OCA has no objection to the Company's first request, that the Commission clarify the deadline for the Company's compliance with the engineer's recommendations to address inadequate water service. Petition at 2-3. This deadline is addressed in Ordering Paragraph No. 8, which states:

> 8. That Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, within one (1) year from the date of the engineer's report.

Order at 62. The OCA agrees with HVUS's interpretation of this paragraph, which is that HVUS will implement the recommendations contained in the engineer's report within one year of the date of the report. In addition, HVUS will reassess the need, size and cost of a treatment plant within one year from the date of the engineer's report. Petition at 3.

In HVUS's view, there is an alternative reading of this paragraph, which limits application of the one-year deadline to the treatment plant reassessment (only). Petition at 3. The OCA submits that this alternate interpretation is not consistent with the discussion provided on pages 28 to 31 of the Commission's order. Therein, the Commission specifically rejected HVUS's exception to the one-year deadline for the completion of projects to improve the Company's system. It stated:

> Any subsequent delays in failing to remediate the problems due to the failure to meet compliance deadlines would be unacceptable. The one-year deadline for implementing the corrective measures established in the engineer's report sets an objective guideline for compliance.

Order at 31. Given this, the OCA submits that if the Commission clarifies Ordering Paragraph No. 8, that clarification should be limited and consistent with its January 18, 2018 Order. The OCA suggests the following modifications to Ordering Paragraph No. 8 to clarify that HVUS will implement the recommendations contained in the engineer's report within one year from the date of the report:

> 8. That, **within one (1) year from the date of the engineer's report**, Hidden Valley Utility Services, L.P. shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and (2) to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, ~~within one (1) year from the date of the engineer's report.~~

The OCA notes that HVUS claims in its Petition that it has "already taken many of the steps" that it anticipates will be contained in the engineering report and that, with regard to those measures, the one-year deadline will be moot. Petition at 3. HVUS does not provide any citation to the evidentiary record, or otherwise provide documentation or verification supporting its claims. That being said, to the extent the Company has already taken steps to remediate its water system, it can reasonably be assumed that the engineer's report will reflect the Company's actions. Further, to the extent that the Company completes the engineer's recommendations before the one-year deadline for compliance, the Commission's Order provides for HVUS to file its final status report and engineer's verification early. See Ordering Paragraph No. 19. The sooner remediation occurs and the treatment plant is reassessed, the sooner quality of service will improve and a permanent resolution to the problems caused by iron and manganese will be achieved.

B. Continued Monitoring of Bills and Payments to Penelec, Ordering Para. No. 15

The OCA objects to HVUS's request that the Commission eliminate the requirement to release monthly billing and payment records from Pennsylvania Electric Co. (Penelec) to the OCA. Petition at 4-5. This requirement is provided in Ordering Paragraph No. 15, where the Commission states in relevant part:

> 15. That Hidden Valley Utility Services, L.P., shall pay all electric and telephone bills in a timely manner to ensure adequate and reasonable service to its customers. Additionally, Hidden Valley Utility Services, L.P., shall execute appropriate authorization forms permitting its electric provider, Pennsylvania Electric Company, to continue providing monthly billing and payment information for all Hidden Valley Utility Services, L.P., accounts to the Office of Consumer Advocate until the requirements under Ordering Paragraph No. 27 are satisfied.

Order at 64. The referenced Ordering Paragraph No. 27 states:

> 27. That upon completion of the terms set forth in this decision and order, and the filing of a status report by Hidden Valley Utility Services, L.P., and its engineer, and a report from Office of Consumer Advocate or the Commission's Bureau of Technical Utility Services, evidencing that all the requirements set forth herein have been completed, the proceeding docketed at C-2014-2447138 and C-2014-2447169 shall be marked closed.

Id. at 68. HVUS argues that the matter of releasing billing and payment information from Penelec to the OCA is a moot issue that was resolved in another proceeding. Petition at 4. It argues, further, that imposing a continuing obligation on HVUS to submit billing information over an extended period of time is unreasonable. Id. With regard to the Company's first argument, it has misrepresented the resolution reached in the companion proceeding at Docket No. P-2014-2424858 (Emergency Petition). There, the OCA requested that HVUS release billing and payment information from Penelec so that it could timely respond to late payments before they escalate to termination notices and put the utility's ability to provide continuous water and wastewater service

in jeopardy.[2] Order at 44; OCA Exc. at 28. In the context of a settlement, HVUS agreed to provide this information for 12 months, which allowed the OCA to monitor the Company's payments through June 2016.[3] Subsequently, the ALJ directed HVUS to extend the release of billing and payment information until the Commission entered an Order in the instant proceeding, where the OCA had also sought the relief of monthly reporting.[4] Order at 44-45. The purpose of the extension was to prevent a gap in reporting so that HVUS' compliance with its obligation to timely pay its electric bills could be monitored continuously. With that measure in place, the OCA agreed to withdraw its Emergency Petition.[5] The resolution of the Emergency Petition in no way resolved the underlying concerns that were the basis for filing that Petition in 2014 and one of the grounds for the complaints initiating the instant proceeding: that that the Company is not timely paying its electric bills for accounts used in the provision of water and wastewater service and that water and wastewater service, including fire protection, could be interrupted due to the termination of electric service for nonpayment. OCA St. 1 at 8-9; OCA St. 1S at 9-11. That concern continues and, as such, the remedy of requiring HVUS to authorize Penelec to release monthly billing and payment information going forward was not resolved in the Emergency Petition proceeding or otherwise mooted. The Company's claims to the contrary should be dismissed.

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[2] In its Exceptions, the OCA also explained that its requested relief imposes a minor burden on HVUS, requiring the Company to simply execute written authorization for Penelec to release its account information to the OCA. OCA Exc. at 28. Moreover, the OCA noted, the submission of account information for monitoring provides a reciprocal benefit to Penelec by encouraging timely payment by the Company. Id. at 28.

[3] Petition of the OCA for the Issuance of an Emergency Order, Docket No. P-2014-2424858, 3rd Interim Order at 4 (May 5, 2015) (attached hereto as Appendix A).

[4] Petition of the OCA for the Issuance of an Emergency Order, Docket No. P-2014-2424858, 5th Interim Order at 2-3 (Aug. 24, 2016) (5th Interim Order) (attached hereto as Appendix B).

[5] The OCA and HVUS asked the ALJ to keep the record open in the Emergency Petition proceeding until an Order was entered in the Complaint proceedings but the ALJ declined this request and directed the OCA to withdraw its Petition, submit a second settlement agreement or proceed to hearings. 5th Interim Order at 3-4. The OCA's Petition for Withdrawal was filed on February 2, 2017 and the ALJ's Recommended Decision granting that withdrawal was approved by the Commission without further action on May 10, 2017.

The Company's second argument – that imposing a continuing obligation on HVUS to release billing information is unfair and unreasonable – should also be rejected. In response to the Company's demonstrated failure to timely pay its electric and telephone bills, the ALJ directed HVUS to "pay all electric and telephone bills in a timely manner to ensure adequate and reasonable service to its customers." I.D. at 41, Ordering Para. No. 13. The ALJ did not address the OCA's recommendation that the Company be directed to execute appropriate authorization forms permitting Penelec to continue providing monthly billing and payment information. Accordingly, the OCA filed an Exception asking the Commission to adopt this requirement. OCA Exc. at 27-28. HVUS did not file a Reply to the OCA's Exception.[6] Order at 45. As a matter of procedure, therefore, the Company waived its objection. Consistent with the discussion above, the resolution of the Emergency Petition in 2017 did not impact the concerns underlying the OCA's requested relief in this proceeding, *i.e.* the Company's documented failure to timely pay its electric bills. HVUS raises no new or novel arguments not previously considered. As stated in Duick: "[p]arties . . . cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them . . ." Duick at *12-13. Accordingly, the Company's request that the Commission rescind its directive that HVUS execute a release for Penelec to continue providing monthly and billing payment information until this proceeding is closed should be denied.

[6] The Commission concluded:

> [T]he OCA's proposed mechanism for monitoring payment of the electric and telephone bills involves a minimal burden on the Respondent and appears to be an appropriate modification to the Initial Decision. There being no apparent objection to this modification and finding it otherwise reasonable and supported by the evidentiary record, we shall grant OCA Exception No. 6.

Order at 45.

C. Requirement that the OCA Investigate HVUS's Service, Ordering Para. No. 15

The OCA objects to HVUS's request that the Commission eliminate any investigation of the quality of water or water/wastewater service following HVUS's final status report. Petition at 5-6. For the reasons discussed below, the Company's request is procedurally and substantively deficient.

The Ordering Paragraph at issue states, in part:

> 20. That on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer, the Office of Consumer Advocate shall investigate the quality of the water as well as of the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers or request that this matter be referred to the Bureau of Technical Utility Services.

Order at 66. The Initial Decision proposed the same substantive requirement, the only difference was an earlier deadline:

> 18. That on or before November 1, 2017 or within sixty days after receipt of a written report of all completed rehabilitative measures from the Company and its engineer, Office of Consumer Advocate shall investigate the quality of the water as well as of the water and wastewater services being received by Respondent's customers or request that this matter be referred to the Bureau of Technical Utility Services. The Commission shall retain jurisdiction for that purpose.

I.D. at 42, Ordering Para. No. 18. The Company filed no Exception to this provision of the Initial Decision. Moreover, it did not file any Reply Exceptions in response to exceptions filed by the OCA and Intervenors that addressed other portions of the ALJ's Ordering Paragraph No. 18. To the extent HVUS's objections have not been heard and considered by the Commission, that is due to the Company's failure to raise them at the Exception stage of the proceeding. Its request that the provision be eliminated now, in the context of a Petition for Reconsideration, is untimely and improper.

As a substantive matter, in its Petition, HVUS provides no support for its request that the Commission eliminate the investigation requirement altogether and its request should be denied on that basis. Petition at 5-6. The Company requests, in the alternative, that the Commission task the Bureau of Technical Utility Services (TUS) with the investigation rather than the OCA. Id. at 6. In this regard, HVUS argues that one party in a litigated proceeding should not be given the authority to investigate an opposing party in that proceeding because, it alleges, the investigation will not be independent and fair. With regard to the Company's ad hominem attacks regarding the motives of the OCA in this proceeding, the OCA points to the extensive evidentiary record establishing that HVUS has failed to remediate quality and service issues that existed at the time its Application was granted in 2005. Order at 4-7, 9; I.D. at 6-12, Findings of Fact Nos. 1-53.

The OCA has a different reading of the Ordering Paragraph at issue. The OCA is not an enforcement arm of the Commission and does not interpret Ordering Paragraph No. 20 to assign that role to the OCA. Rather, the OCA interprets the directive to "investigate" the quality of water and water/wastewater service as the opportunity to conduct the same type of investigation the OCA conducted in the proceeding below – discovery and site inspections. The OCA has no objection, however, to the Commission clarifying the OCA's role and requiring TUS to investigate the quality of water and water/wastewater services following the issuance of HVUS's final report. To that end, if the Commission chooses to modify to its Order with regard to TUS, the OCA requests that the Commission also make clear that the change is without prejudice to the OCA's rights to undertake discovery and obtain an evidentiary hearing if quality and service problems persist. The OCA suggests the following modifications to Ordering Paragraph No. 20[7]:

[7] If the Commission makes other changes to Ordering Paragraph No. 20, then for clarity and consistency with the discussion in the Order, the OCA suggests clarifying that HVUS's quality of water and its water/wastewater service are subject to review following submission of the Company's final status report. Order at 30-31. The OCA's proposed modifications include additional language to this effect.

20. That on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer, the **Bureau of Technical Utility Services**~~Office of Consumer Advocate~~ shall investigate the quality of the water **and**~~as well as of~~ the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers ~~or request that this matter be referred to the Bureau of Technical Utility Services~~. **Notwithstanding the investigation by the Bureau of Technical Utility Services, the Office of Consumer Advocate may conduct discovery and site visits.** If the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein, or if the water quality **or water and wastewater service** as reported by the Office of Consumer Advocate or the Bureau of Technical Utility Services is not adequate and reasonable, an evidentiary hearing shall forthwith be scheduled by the Office of Administrative Law Judge for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley Utility Services, L.P., the appropriateness of ratepayer refunds, and any other issue relative to these ordering paragraphs. The burden of proof in the evidentiary hearing as to these issues shall be upon Hidden Valley Utility Services, L.P. The Commission shall retain jurisdiction for that purpose.

In its Order, the Commission adopted measures intended to "reduce any further delays in the event a subsequent evidentiary hearing becomes necessary." Order at 41-42. With that goal, the OCA emphasizes that if the Commission modifies Ordering Paragraph No. 20, the Commission should retain the OCA's ability to obtain and fully participate in an evidentiary hearing, within this docket and where the Company has the burden of proof, if TUS or the OCA report that water or wastewater service is not adequate and reasonable as required by Section 1501. 66 Pa. C.S. § 1501.

In summary, if the OCA's rights to conduct discovery and obtain and fully participate in an evidentiary hearing are preserved, the OCA does not object to the Company's alternative request that the Ordering Paragraph be modified to state more clearly that TUS, rather than the OCA, is required to investigate compliance with the Commission's Order.

V. CONCLUSION

As set forth above, the OCA respectfully requests that the Commission grant in part and deny in part the request of Hidden Valley Utility Services, L.P. for Clarification, Reconsideration and Amendment of the Commission's January 18, 2018 Order.

Respectfully Submitted,

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Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
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DATED: February 12, 2018
244025

HVUS Exhibit JMK-9

05-20-20
C-2014-2497169
C-2014-2447138

13. Is OCA's position that one year is an adequate period to "comply with all recommendations from the engineer in order to (1) correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities" as required by Ordering Paragraph No. 8?
    a. Please explain the basis for that position.
    b. Please produce any documents that support that position.
    c. Please explain what HVUS could have done to eliminate the rust or brown-colored water to customers by April 18, 2019.

Response:

The OCA's position is that the actions necessary to provide adequate water service should be taken as soon as possible. The deadline in Ordering Paragraph 8 passed almost one year ago.

a. The basis for the OCA's position is that customers have not had adequate water service for more than 15 years.

b. The documents supporting that position were entered into the record in the 2004 Application cases, 2014 complaint cases and the 2018 base rate proceeding. As a party to all of those proceedings, HVUS already has copies of those documents.

c. The Settlement in the 2004 Application cases required HVUS to submit a report on the "need, size and cost of treatment plant to permanently solve the problems caused by the levels of iron and manganese in its water." That deadline passed in July 2007. If the Company had provided the report in 2007 instead of 2018, the rust or brown-colored water might have been eliminated much sooner.

Sponsoring witness: Erin L. Gannon

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
v.	:	Docket Nos. C-2014-2447138,
Hidden Valley Utility Services, L.P. -	:	C-2014-2447169
Water and Wastewater	:	

VERIFICATION

I, Erin L. Gannon, hereby state that I am the witness responsible for responding to Hidden Valley Utility Services, L.P.'s interrogatories directed to the Office of the Consumer Advocate, Set I, Questions 2, 5, 9, 13-16, and that the facts above set forth are true and correct to the best of my knowledge, information and belief in the interrogatory responses. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

March 9, 2020
Date

Signed: Erin L. Gannon
ERIN L. GANNON

284948

HVUS Exhibit JMK-10

05-20-20
C-2024-3447169
C-2024-3447138

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al. v. Hidden Valley Utility Services, LP - Water Rate Increase	:	Docket No. R-2018-3001306
Pennsylvania Public Utility Commission, et al. v. Hidden Valley Utility Services, LP - Wastewater Rate Increase	:	Docket No. R-2018-3001307
(Evidentiary Hearing)	:	

Pages 207 through 318

Hearing Room 2
Commonwealth Keystone Building
Harrisburg, Pennsylvania

Friday, November 16, 2018

Met, pursuant to notice, at 9:40 a.m.

BEFORE:

KATRINA L. DUNDERDALE, Administrative Law Judge
MARK A. HOYER, Administrative Law Judge

APPEARANCES:

ALLISON C. KASTER, Esquire
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105
(For Bureau of Investigation and Enforcement)

JONATHAN P. NASE, Esquire
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, Pennsylvania 17101
(For Hidden Valley Utility Services, LP

in the water. It coats the iron and manganese particles in the water such that they cannot be oxidized, and they stay in suspension and do not settle out of the water.

Q. Okay. And sequestration is permitted for this system?

A. DEP permitted sequestration for the company's water because the amount of iron and manganese did not -- when added together did not exceed one part per million.

Q. Is that still true?

A. Pardon me?

Q. Is it still true that their contaminant levels do not exceed one part per million?

A. Say it again, please.

Q. I'm sorry. You said that they got the permit because --

A. They got a permit, yes.

Q. Right. -- because they had a certain level of contaminants?

A. They had less than one part per million of total iron and manganese.

Q. Is that still true that they have less than one part per million in the water?

A. That is true. One part per million is DEP's requirement; and, if it exceeds that, then they cannot use sequestration.

Q. And they still have a permit from DEP?

A. Yes.

Q. So for them to use a different method they would need to get a different permit from DEP, correct, if they would want to treat their water in a different way?

A. Yes.

Q. Can you explain the steps in that process? What would they have to do to get a different DEP permit?

A. Well, they would have to design either a water treatment plant that would take out the iron and manganese from the water instead of suspend it or they would have to come up with a different source of water whose iron and manganese content is not such that it would cause problems with customers.

Q. And that's a fairly lengthy process, wouldn't it be?

A. Well, it --

Q. Or let me rephrase the question.

A. It depends on how one goes about it. If one goes about it meeting with DEP, you know, ten months after a report is done or six months after the report is done instead of at the beginning of the report, it could take a very long time.

Q. So what would be the shortest amount of time that you think it would take?

A. I think the shortest amount of time would be slightly over two years.

Q. Two years, okay. And, if I understand the OCA's position, that Hidden Valley should not get a rate increase until the iron and manganese solution has been completed?

A. I have no position on that. I am the engineering consultant.

Q. I see. Thank you. Has the iron and manganese levels in the water increased over time?

A. I don't think so. It may fluctuate normally, but it hasn't increased over time; but the problems caused by iron and manganese have not gone away.

Q. Understood. Hidden Valley's water is safe to drink then?

A. Pardon me?

Q. Is Hidden Valley's water safe to drink then?

A. It is. I certainly wouldn't drink it if a kind of a black brownish sludge came out of the tap of the water faucet. I would let the faucet run for a while until it became clear before I drank it.

Q. Are you aware of any outbreaks of giardia or other water-borne diseases? Are you familiar with any instances of water-borne diseases at Hidden Valley as a result?

A. No.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ADMINISTRATIVE LAW JUDGE
KATRINA L. DUNDERDALE

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447138
	:	
Hidden Valley Utility Services, L.P. – Water	:	
and		
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
v.	:	Docket No. C-2014-2447169
	:	
Hidden Valley Utility Services, L.P. – Wastewater	:	

REBUTTAL TESTIMONY
OF
JAMES M. KETTLER
PRESIDENT
HIDDEN VALLEY UTILITY SERVICES, L.P.

Date: May 8, 2020

HVUS Statement No. 3-R

05-20-20
C-2014-2447169
C-2014-2447138

REBUTTAL TESTIMONY OF
JAMES M. KETTLER

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. James M. Kettler, 811 Russell Ave., Suite 302, Gaithersburg, MD 20879.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Hidden Valley Utility Services, L.P. ("HVUS") as President.

Q. HAVE YOU SUBMITTED ANY OTHER TESTIMONY IN THIS PROCEEDING?

A. Yes. I submitted Direct Testimony, HVUS Statement No. 3 on April 3, 2020.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I will respond to portions of the Direct Testimony of Terry L. Fought, P.E., on behalf of the Office of Consumer Advocate ("OCA"), OCA Statement No. 1, and Noah D. Eastman, also on behalf of the OCA, OCA Statement No. 2. Specifically, I will: update my Direct Testimony regarding the status of HVUS's on-going project to construct a water treatment plant; address the propriety of the recommendations in the April 2018 engineer's report; explain why the Commission should extend the one-year deadline in Ordering Paragraph 8(1) of the May 2018 Order; respond to the OCA's recommendations to impose penalties on HVUS for not meeting the one-year deadline in Ordering Paragraph 8(1); and address miscellaneous other matters.

UPDATE REGARDING THE WATER TREATMENT PLANT PROJECT

Q. IN YOUR DIRECT TESTIMONY, YOU DISCUSSED HVUS'S ON-GOING EFFORTS TO CONSTRUCT A WATER TREATMENT PLANT. PLEASE PROVIDE AN UPDATE ON THE STATUS OF THIS PROJECT.

A. HVUS has determined that no zoning or subdivision approvals from the township will be necessary for the project. We will need to obtain a township building permit and a county minor land development approval. In addition, HVUS has received two bids on the construction project and is in the process of reviewing the bids. HVUS expects to begin negotiating a contract shortly.

Q. IF A CONTRACT IS EXECUTED WHILE THIS PROCEEDING IS PENDING, WILL HVUS SEEK TO INTRODUCE EVIDENCE OF THAT FACT INTO THE RECORD?

A. Yes. HVUS continues to recommend that the Commission extend the deadline in Ordering Paragraph 8(1) based on significant milestones in the process of eliminating the brown or rust-colored water provided to customers. We will seek to introduce evidence into the record if any of those milestones are reached while this proceeding is pending.

Q. ON PAGES 3-4 OF HIS DIRECT TESTIMONY, MR. EASTMAN DISCUSSES THE COST OF THE PROJECT TO CONSTRUCT A WATER TREATMENT PLANT. PLEASE RESPOND.

A. Mr. Stinebiser and I have testified about the many steps that HVUS has taken to date to construct the project. We have made significant progress, at considerable cost. As stated

above, HVUS will shortly begin negotiating a legally binding contract for the construction of the plant. HVUS has every intention of finishing the project as promptly as possible, and will seek the recovery of and on its investment as soon as possible.

As I indicated at page 25 of my Direct Testimony, by purchasing a used water treatment plant, I was able to reduce the expected cost of the project. As discussed above, I am further controlling costs by negotiating a construction agreement rather than simply accepting a bid. In any event, this is not a rate case.

Mr. Eastman's suggestion that the company does not have the financial wherewithal to complete the project is complete speculation and should be given no weight by the Administrative Law Judge or the Commission. His unsupported allegation is certainly inadequate to rebut the extensive evidence that HVUS has presented satisfying the legal standards for extending the one-year deadline in Ordering Paragraph 8(1) (e.g., demonstrating that the one-year deadline is not supported by substantial evidence, that the one-year deadline was insufficient, and that HVUS had good cause for requesting an extension of the deadline).

Q. ON PAGES 4-5 OF HIS DIRECT TESTIMONY, MR. EASTMAN DISCUSSES THE RATE IMPLICATIONS OF THE NEW WATER TREATMENT PLANT. PLEASE RESPOND.

A. This is another red herring that should be ignored by the Administrative Law Judge and the Commission. The instant proceeding is not a rate case. This proceeding concerns a request to change the existing deadline "to eliminate the rust or brown-colored water provided to customers." Ordering Paragraph 8(1). Surely, when the Commission issued

the January 2018 Order requiring HVUS to make extensive changes in its water and wastewater system in a brief period, it was aware that its decision would have significant rate impacts for the customers of HVUS. This foreseeable result is no reason to deny HVUS the requested extension of the deadline for providing its customers with better water.

THE PROPRIETY OF THE RECOMMENDATIONS, PROPOSED TIME SCHEDULES AND FINANCING PLANS FOR THE RECOMMENDATIONS CONTAINED IN THE ENGINEER'S REPORT OF HIDDEN VALLEY UTILITY SERVICES, L.P. FROM APRIL 18, 2018

Q. ON PAGES 9-10 OF HIS DIRECT TESTIMONY, MR. FOUGHT STATES "IT WAS OCA'S EXPECTATION THAT THE 2015 AND 2018 ENGINEER'S REPORTS STUDY VARIOUS OPTIONS AND RECOMMEND A SINGLE OPTION TO THE COMPANY FOR IMPLEMENTATION. OF COURSE, IF THE COMPANY DID NOT AGREE WITH THE REPORT'S RECOMMENDATION, IT COULD HAVE THE ENGINEER'S REPORTS MODIFIED TO ADDRESS THE OPTION CHOSEN." PLEASE RESPOND.

A. I agree with Mr. Fought that the recommendations in the engineer's report were not binding on utility management. However, Mr. Fought's suggestion that the company was required to have the engineer revise his report, in the event utility management disagreed with it, elevates form over substance.

In any event, Mr. Fought's testimony misses the point. Mr. Fought states that HVUS apparently believed it had more time to study the options recommended by the engineer. HVUS did not miss the one-year deadline established in Ordering Paragraph 8(1) because it took time to study the options. Even if HVUS had selected one of the options on April

18, 2018, and began implementing it immediately, HVUS could not have completed the project by April 2019. Any alleged "deficiency" in the engineer's report did not cause HVUS to miss the deadline in Ordering Paragraph 8(1). Therefore, any such "deficiency" does not provide a reason for refusing to modify that deadline.

WHETHER THE COMMISSION SHOULD GRANT THE REQUEST OF HIDDEN VALLEY UTILITY SERVICES, L.P. TO EXTEND THE COMPLIANCE DEADLINES PROPOSED IN THE ENGINEER'S REPORT FROM APRIL 18, 2018

Q. MR. FOUGHT'S DIRECT TESTIMONY, PAGES 8 AND 13-14, RECOMMENDS THAT THE COMMISSION ESTABLISH DEADLINES FOR COMPLETING THE WATER TREATMENT PLANT BASED ON THE SCHEDULE IN THE PUBLIC WATER SUPPLY PERMIT APPLICATION. PLEASE COMMENT.

A. The critical issue in this case is whether the Commission should grant the request of HVUS to extend the compliance deadline established in Ordering Paragraph 8(1) of the May 2018 Order. Clearly, Mr. Fought believes the Commission should extend the compliance deadline established in Ordering Paragraph 8(1). The only question is what the new deadline should be.

Q. IN HIS DIRECT TESTIMONY, PAGE 6, MR. FOUGHT DISCUSSES REPAINTING THE INTERIOR OF THE WATER STORAGE TANK. PLEASE DISCUSS.

A. Mr. Fought does not explain why repainting the interior of the storage tank will reduce the iron and manganese in HVUS's water, nor does Mr. Fought include the repainting of the tank in his recommended schedule to address the system's iron and manganese

problems. Fought Direct Testimony page 17. This proceeding concerns HVUS's request to extend the deadline in Ordering Paragraph 8(1) for implementing "a remedy to eliminate the rust or brown-colored water provided to customers." If repainting the storage tank does not reduce the iron and manganese in the water, and is instead normal maintenance, this project seems to be beyond the scope of this proceeding.

Q. AT PAGE 14 OF HIS DIRECT TESTIMONY, MR. FOUGHT STATES THAT THE COMPANY COULD HAVE APPLIED FOR LOCAL PERMITS WHILE ITS PUBLIC WATER SUPPLY PERMIT APPLICATION WAS PENDING BEFORE THE DEPARTMENT OF ENVIRONMENTAL PROTECTION ("DEP"). PLEASE RESPOND.

A. That is not industry practice. I have been involved in many construction projects, and, in my experience, it is unusual and ill-advised to apply for local permits before receiving the necessary permit from DEP. In this case, DEP required changes in the project. These changes would have required us to re-apply for local permits. Additionally, we had no control over when DEP might approve the projects. We did not want to apply for a permit only to have it expire before we were able to begin construction.

Q. IN HIS DIRECT TESTIMONY, AT PAGE 15, MR. FOUGHT ARGUES THAT THE COMPANY SHOULD PRESENT DOCUMENTATION OF ANY DELAYS CAUSED BY THE COVID-19 EMERGENCY IN ITS 60-DAY STATUS REPORT.

A. HVUS has no objection to reporting, in its status report, that the COVID-19 Emergency has caused a delay in the project.

Q. IN HIS DIRECT TESTIMONY, PAGE 17, MR. FOUGHT CLAIMS THAT IRON AND MANGANESE SEDIMENT SHOULD BE REMOVED FROM THE 250,000 GALLON STORAGE TANK BY JULY 2021. DO YOU AGREE?

A. HVUS has no objection to the recommendation that iron and manganese sediment be removed from its water storage tank after the water treatment plant is constructed. Mr. Fought's recommended compliance date of July 2021, however, is completely arbitrary. Additionally, it is unclear whether the recommended compliance date is July 1, 2021 or July 31, 2021.

HVUS uses an outside contractor to perform this work. That contractor travels around the country, arriving at HVUS's system according to its schedule, not HVUS's. Based on our experience with this contractor, we recommend a slightly later deadline. See the Rebuttal Testimony of Bradley R. Stinebiser, P.E.

OCA'S REQUEST FOR PENALTIES

Q. AT PAGE 6 OF HIS DIRECT TESTIMONY, MR. EASTMAN RECOMMENDS THAT THE COMMISSION PROVIDE A CREDIT TO CUSTOMERS "TO RECOGNIZE THAT THEY CONTINUE TO RECEIVE INADEQUATE SERVICE AFTER THE APRIL 2019 DEADLINE." PLEASE RESPOND.

A. Mr. Eastman fails to grasp the implications of extending the compliance deadline, as Mr. Fought has recommended. If the Commission extends the April 2019 deadline to November 2020, or some other future date, then HVUS is not in violation of the

Commission Order and there is no basis for the Commission to impose a penalty on HVUS.

In any event, pursuant to the Commission's January 2019 Order and the Commonwealth Court's Remand Order, this proceeding is limited to a consideration of the sufficiency of HVUS's engineer's report, the propriety of the recommendations in that report, the sufficiency of the one-year deadline in Ordering Paragraph 8(1), and whether that deadline should be extended. Prehearing Conference Order pp. 2-3. Imposing a penalty on HVUS for violating the one-year deadline is beyond the scope of this proceeding.

Moreover, I am advised by counsel that the Commission lacks authority to impose a penalty on HVUS at this time. The Commission's Motion to Quash in the Commonwealth Court represented to the Court that the January 2019 Order was interlocutory because the Commission ordered hearings on the Petition to Amend. HVUS Exhibit JMK-11, p. 5. The Commission cannot now change its position and treat that decision as a final order denying HVUS's Petition to Amend on the merits. Finally, the Commonwealth Court's Opinion made very clear that the Commission's order in the instant proceeding would be a final order subject to appeal. HVUS Exhibit JMK-12, p. 8. Only if and when the Commission and the courts issue a final order denying HVUS's Petition to Amend can a penalty proceeding commence.

Q. MR. EASTMAN'S DIRECT TESTIMONY, PAGE 5, AND MR. FOUGHT'S DIRECT TESTIMONY, PAGES 15-16, ARGUE THAT THE COMMISSION SHOULD NOT EXTEND THE DEADLINE IN ORDERING PARAGRAPH 8(1) BECAUSE THAT WOULD DELAY THE INITIATION OF A PROCEEDING

PURSUANT TO SECTION 529 OF THE PENNSYLVANIA PUBLIC UTILITY CODE. PLEASE RESPOND.

A. That argument is backwards. An enforcement action should be commenced because a utility failed to comply with a Commission Order. An insufficient deadline should not be maintained so that an enforcement action can be commenced. As discussed in my Direct Testimony, HVUS has satisfied the legal standards for modifying the one-year deadline in Ordering Paragraph 8(1). As also discussed in my Direct Testimony, the commencement of a Section 529 proceeding will not provide HVUS's customers with better water in the near future; it will only ensure several more years of litigation before the Commission.

Additionally, a penalty proceeding such as a Section 529 action should not be commenced at this time for the reasons discussed above, regarding Mr. Eastman's proposal to require HVUS to issue credits to customers.

Finally, a Section 529 proceeding should not be commenced against HVUS for at least one additional reason. I am advised by counsel that Section 529 gives the Commission authority to order the sale of a small water utility to a proximate capable public utility, and that a "small water utility" is defined as a "public utility which regularly provides water service to 1,200 or fewer customer connections." 66 Pa. C.S. § 529(g). For several years, HVUS has had more than 1,200 customers who are connected to the system. HVUS introduced evidence in its rate case that, as of December 31, 2017, it had 1,126 residential customers, 30 non-residential customers and 50 private fire protection service customers for a total of 1,206 customers, all of whom were connected to the system and receiving service at that time (in addition to 18 availability customers, who were not

connected to the system). HVUS Exhibit JMK-13 (Exhibit PRH-2 p. 4). As of December 31, 2019, HVUS had 1,160 residential customers, 16 non-residential customers and 54 fire protection service customers, all of whom were connected to the system and receiving service from it, for a total of 1,230 customers who are connected to the system. Since HVUS has more than 1,200 customer connections, the Commission lacks statutory authority to order the sale of HVUS's water system pursuant to Section 529.

MISCELLANEOUS

Q. DO YOU HAVE ANYTHING ELSE YOU WISH TO SAY IN RESPONSE TO THE DIRECT TESTIMONY OF MR. FOUGHT AND/OR MR. EASTMAN?

A. I would like to respond to the testimony of Mr. Fought regarding HVUS's efforts to improve the water system prior to 2018. As stated in my Direct Testimony, this proceeding concerns HVUS's compliance with an order issued in January 2018, which directed HVUS to complete specific tasks by April 2019. Events occurring prior to 2018 therefore have limited relevance for this proceeding.

Nevertheless, I want to respond to Mr. Fought's suggestion that HVUS has done little to improve its water system since receiving its certificate of public convenience in 2005. Although Administrative Law Judge Watson found that HVUS was not providing reasonable and adequate service, he also found that HVUS has undertaken capital projects to maintain and improve its service and these projects have in fact improved service. Initial Decision, Findings of Fact, 15-17, 51. Since the Initial Decision was rendered, HVUS has continued to make improvements to its system to improve its

facilities and service. For example, HVUS has constructed loops to remove dead-ends in its water system. Mr. Fought's testimony gives the impression that HVUS is thumbing its nose at the Commission, ignoring its orders, and making no effort to improve the facilities and service we provide to customers. That is simply not true, as demonstrated by the fact that we have come so far toward constructing a water treatment plant that will provide better water to customers.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

HVUS Exhibit JMK-11

05-20-20
C-2014-2447169
C-2014-2447138

Received 4/2/2019 11:13:37 AM Commonwealth Court of Pennsylvania

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187 CD 2019

IN THE
COMMONWEALTH COURT OF PENNSYLVANIA

Hidden Valley Utility Services, L.P. **Petitioner**	:	
v.	:	**Docket No. 187 C.D. 2019**
Pennsylvania Public Utility Commission, **Respondent**	:	

MOTION OF PENNSYLVANIA PUBLIC UTILITY COMMISSION TO QUASH PETITION FOR REVIEW

TO THE HONORABLE COURT, PRESIDENT JUDGE, AND JUDGES OF THE COMMONWEALTH COURT OF PENNSYLVANIA:

Pursuant to Rules 123 and 1972 of the Pennsylvania Rules of Appellate Procedure (Pa. R.A.P), the Pennsylvania Public Utility Commission (Commission) hereby moves to quash the instant Petition for Review filed by Hidden Valley Utility Services, L.P. (HVUS), and in support of its Motion avers the following:

BACKGROUND

1. On January 18, 2018, the Commission entered an Order in *Tanya J. McCloskey, Acting Consumer Advocate v. Hidden Valley Utility Services, L.P.- Water,* Docket No. C-2014-2447138 and *Tanya J. McCloskey, Acting Consumer Advocate v. Hidden Valley Utility Services, L.P.- Wastewater,* Docket No. C-2014-

2447169 (*January 2018 Order*) requiring HVUS to comply with unresolved water and wastewater quality of service issues dating back to a 2005 Settlement Agreement; the *January 2018 Order* provides additional terms, conditions, and reporting requirements with which HVUS is required to comply, deadlines for compliance, and further proceedings in the event of non-compliance.

2. On February 2, 2018, HVUS filed with the Commission a Petition for Clarification, Reconsideration, and Amendment requesting, *inter alia*, that the Commission clarify whether the one-year deadline in Ordering Paragraph No. 8 of the *January 2018 Order* is limited to only treatment plant reassessment.

3. On May 3, 2018, the Commission entered an Order (*May 2018 Order*) in which it clarified that the one-year deadline is applicable to Ordering Paragraph No. 8 in its entirety, as follows:

> 8. That, within one (1) year from the date of the engineer's report, Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and (2) to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

May 2018 Order at 27.

4. The *May 2018 Order* also reiterated the following terms, conditions, and deadlines set forth in the *January 2018 Order*:

> 20. That . . . [i]f the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein . . . *an evidentiary hearing shall forthwith be scheduled by the Office of Administrative Law Judge* for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley Utility Services, L.P., the appropriateness of ratepayer refunds, and any other issues relative to these ordering paragraphs. The burden of proof in the evidentiary hearing as to these issues shall be upon Hidden Valley Utility Services, L.P. The Commission shall retain jurisdiction for that purpose.
>
> 21. That in the event an evidentiary hearing is required under Ordering Paragraph No. 20, the Commission shall initiate a separate proceeding pursuant to 66 Pa. C.S. § 529 (relating to directing a competent utility to operate or acquire a small sewer utility that has jeopardized public safety by failing to provide reasonable and adequate service). To the extent possible, the separate proceeding pursuant to 66 Pa. C.S. § 529 shall be a bifurcated proceeding with the hearing required under Ordering Paragraph No. 20.

May 2018 Order at 31-32 (*emphasis* added).

5. On October 18, 2018, HVUS filed a second Petition for Amendment with the Commission requesting that the one-year deadline for completion of the engineer's recommendation (April 18, 2019) in Ordering Paragraph No. 8 be extended to either a series of separate deadlines or a deadline of four years because HVUS will not meet the one-year compliance deadline.

6. On January 17, 2019, the Commission denied HVUS's second Petition for Amendment (*January 2019 Order*). The Commission determined to proceed with the hearing procedures set forth in the *May 2018 Order*, as follows:

> As expressed in the *January 2018 Order*, we viewed any further delays in complying with the deadlines of this long-standing proceeding as possibly indicative of the Company's lack of competency to operate and of its ability to provide reasonable and adequate service. *Considering the Company's admission that it will not be able to comply with the deadline set forth in Ordering Paragraph No. 8 of the May 2018 Order, and in light of the possible evidentiary questions related to the estimated schedules provided by the Company's engineer and the financing plans for any of such proposals, we find that it would be appropriate to proceed to the hearing procedures set forth in the May 2018 Order.* Adhering to the process outlined in our prior Orders is preferential to the amendments suggested by HVUS because the requested modifications would result in further delays without any assurances that subsequent compliance deadlines could be met or that proposed improvements could be adequately funded. Such an indeterminate approach would appear to be detrimental to the interest of the Company's customers who have suffered from the long term water service problems. Thus, we shall deny the Second Petition.

January 2019 Order at 31 (*emphasis* added); *see May 2018 Order* at 31-32.

7. On February 19, 2019, HVUS filed the instant appeal with this Court requesting review and modification of only the *January 2019 Order*.

ARGUMENT

8. The *January 2019 Order* and *May 2018 Order* are interlocutory. Their purpose is to direct further evidentiary hearings and not to dispose of claims. The *January 2019 Order* requires the Commission's Office of Administrative Law Judge (OALJ) to review outstanding issues through a formal fact-finding proceeding, after which the Commission will exercise its administrative discretion and make a determination as to those issues. *January 2019 Order* at 31; *see May 2018 Order* at 31-32.

9. Similarly, the *January 2019 Order* does not affect HVUS's personal or property rights; it merely initiates further proceedings. *January 2019 Order* at 31. In addition, the Orders contain no determination that an immediate appeal would facilitate resolution of the entire case. Pa. R.A.P. 341(b)(3).

10. Commission orders that are not final are not subject to appeal. Pa. R.A.P. 341(a); *Cook v. Pa. Dep't of Agriculture*, 646 A.2d 598 (Pa. Cmwlth. 1994) (*Cook*); *Allegheny Ludlum Steel Corp. v. Pa. Public Utility Commission*, 459 A.2d 1218 (Pa. 1983); *Philadelphia Co. Med. Society v. Kaiser*, 699 A.2d 800 (Pa. Cmwlth. 1997).

11. Commission orders that do not dispose of all claims and of all parties are not final orders subject to appeal. Pa. R.A.P. 341(b)(1). Rather than disposing

of claims, the *January 2019 Order* and the *May 2018 Order* work to establish HVUS claims for Commission consideration and determination.

12. Similarly, the *January 2019 Order* and the *May 2018 Order* provide for a future adjudication and exercise of administrative discretion where a final determination of HVUS property rights can occur. As such, the remedy of appeal is not available to HVUS at this time. *Cook*, 646 A.2d at 601; *Peterson v. Pa. Workers' Compensation Appeal Bd.*, 938 A.2d 512 (Pa. Cmwlth. 2007) (remand requiring exercise of discretion not appealable under Pa. R.A.P. 311(f)).

13. This Court has held that Commission orders that direct further hearings are not final appealable orders. *Popowsky v. Pa. Public Utility Commission*, 647 A.2d 302, 305-306 (Pa. Cmwlth. 1994); *Parkesburg v. Pa. Public Utility Commission*, 681 A.2d 872, 875 (Pa. Cmwlth. 1996); *Consumer Educ. & Protective Ass'n v. Pa. Public Utility Commission*, 847 A.2d 789, 794 (Pa. Cwmlth. 2004).

14. Finally, the issue put forward by HVUS as the basis for its appeal, that it cannot comply with the repair schedule of the *January 2019 Order* is unquestionably preserved. Pa. R.A.P. 311(f). The *January 2019 Order* reserves "evidentiary questions related to the estimated schedules provided by the Company's engineer" for the proposed hearings. *January 2019 Order* at 31.

If HVUS is unsatisfied with Commission determinations on those schedules, it is free to seek appellate review at the appropriate time.

CONCLUSION

15. Because the *January 2019 Order* (1) does not dispose of all claims, (2) does not affect HVUS's personal or property rights, (3) requires the OALJ, and subsequently the Commission, to exercise administrative discretion on the issue under appeal, and (4) does not cause any issue to evade appellate review, it is interlocutory and not appealable under the Pennsylvania Rules of Appellate Procedure and applicable precedent.

WHEREFORE, for the foregoing reasons, Respondent Pennsylvania Public Utility Commission respectfully requests that this Honorable Court quash the instant Petition for Review.

Respectfully submitted,

/s/ Hayley E. Dunn
Hayley E. Dunn
Assistant Counsel
Attorney ID No. 324763

Shaun A. Sparks
Deputy Chief Counsel

Counsel for Pennsylvania Public Utility Commission

P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-5000

Dated: April 2, 2019

IN THE
COMMONWEALTH COURT OF PENNSYLVANIA

Hidden Valley Utility Services, L.P.	:	
Petitioner	:	
	:	
v.	:	**Docket No. 187 C.D. 2019**
	:	
Pennsylvania Public Utility	:	
Commission,	:	
Respondent	:	

ORDER

AND NOW this _____ day of _____, 2019, upon consideration of Respondent Pennsylvania Public Utility Commission's Motion to Quash the Petition for Review filed by Hidden Valley Utility Services, L.P. in the above-captioned matter, it is hereby ordered that said Motion is GRANTED, and the Petition for Review is QUASHED.

Jurisdiction Relinquished.

_____
J.

CERTIFICATE OF COMPLIANCE

I hereby certify that this filing complies with the provisions of the *Case Records Public Access Policy of the Unified Judicial System of Pennsylvania* that require filing confidential information and documents differently than non-confidential information and documents.

HVUS Exhibit JMK-12

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Hidden Valley Utility Services, L.P., Petitioner	:	
v.	:	
Pennsylvania Public Utility Commission, Respondent	:	No. 187 C.D. 2019

BEFORE: HONORABLE PATRICIA A. McCULLOUGH, Judge

OPINION NOT REPORTED

MEMORANDUM OPINION BY
JUDGE McCULLOUGH FILED: May 15, 2019

Presently before the Court is the Pennsylvania Public Utility Commission's (Commission) motion to quash the petition for review filed by Hidden Valley Utility Services, L.P. (Hidden Valley). Hidden Valley's petition seeks review of an opinion and order issued by the Commission on January 17, 2019 (January 2019 Order), in the consolidated matters of *Tanya J. McCloskey, Acting Consumer Advocate v. Hidden Valley Utility Services, L.P. – Water* (Commission Docket No. A-2014-2447138), and *Tanya J. McCloskey, Acting Consumer Advocate v. Hidden Valley Utility Services, L.P. – Wastewater* (Commission Docket No. C-2014-2447169). The Commission seeks to quash the petition for review on the basis that the January 2019 Order is an unappealable interlocutory order. For the reasons that follow, the Court grants the Commission's motion and quashes Hidden Valley's petition for review.

Hidden Valley is a water and wastewater utility providing services to approximately 1,168 customers in Somerset County, Pennsylvania. Petition for Review, Exhibit 2 at 4. On October 9, 2014, the Office of Consumer Advocate (OCA) filed two formal complaints against Hidden Valley, one relating to its water services and one relating to its wastewater services. *Id.* at 2. Therein, the OCA alleged Hidden Valley failed to provide adequate, safe, and reasonable service as required by Section 1501 of the Public Utility Code, 66 Pa. C.S. § 1501.[1] Specifically, the OCA cited continuing incidents of dirty, brown, and rusty water; lack of proper equipment; failure to properly maintain water tanks; low water pressure inadequate for basic household uses; and the existence of financial and managerial problems. *Id.* The water and wastewater complaints were consolidated before an administrative law judge (ALJ), and public and evidentiary hearings were held on the complaints. *Id.* at 2-4.

---

[1] Section 1501 of the Public Utility Code provides:

> Every public utility shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. Such service also shall be reasonably continuous and without unreasonable interruptions or delay. Such service and facilities shall be in conformity with the regulations and orders of the commission. Subject to the provisions of this part and the regulations or orders of the commission, every public utility may have reasonable rules and regulations governing the conditions under which it shall be required to render service. Any public utility service being furnished or rendered by a municipal corporation beyond its corporate limits shall be subject to regulation and control by the commission as to service and extensions, with the same force and in like manner as if such service were rendered by a public utility. The commission shall have sole and exclusive jurisdiction to promulgate rules and regulations for the allocation of natural or artificial gas supply by a public utility.

66 Pa. C.S. § 1501.

Following the hearings, on September 9, 2016, the ALJ sustained the OCA's water and wastewater complaints and imposed a corrective plan to implement improvements to Hidden Valley's systems (Initial Decision). All parties filed exceptions to the Initial Decision with the Commission, which were disposed of by order dated January 18, 2018. Petition for Review, Ex. 2 (January 2018 Order). Relevant here is the portion of the January 2018 Order requiring Hidden Valley to obtain a written report from an engineer relating to the design, repair and improvements necessary to remedy the problems with its water system. Specifically, the January 2018 Order required:

> 6. That Hidden Valley [] shall obtain and file with the Commission a written report from an independent or third-party Pennsylvania licensed water and wastewater engineer concerning the adequacy of its water distribution system and water source; and said report shall contain recommendations and a cost analysis to correct any found deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and with said report, to include an evaluation and proposed remedy to reassess the need, size and cost of the treatment plant to permanently solve the problems caused by iron and manganese, as well as alternative sources of water supply such as the Quemahoning River, within ninety (90) days from the date of entry of this Opinion and Order in this proceeding. In addition to estimating costs, the study will include an implementation schedule for completion of the design, repairs or improvements, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation. Additionally, the engineering report will include a schedule to replace and/or test customer meters in accordance with Section 65.8(b) that results in compliance by April 30, 2019.

> Hidden Valley [], will implement the replacement and testing schedule.
>
> 7. That Hidden Valley [] shall provide a copy of the engineer's report and any amendments or supplements thereto, to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, not later than fourteen (14) days from the date of the expert report and each amendment or supplement thereto.
>
> 8. That Hidden Valley [] shall comply with all recommendations from the engineer in order to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, within one (1) year from the date of the engineer's report.

January 2018 Order at 61-62, ¶¶ 6-8.

Hidden Valley filed a Petition for Clarification, Reconsideration and Amendment of the January 2018 Order (First Petition) requesting, *inter alia*, that the Commission clarify whether the one-year deadline set forth in Paragraph 8 was limited to only treatment plant reassessment, or whether full compliance with the engineer's recommendations was required within in one year. On May 3, 2018, the Commission entered an order clarifying that Hidden Valley must comply in full with the engineer's recommendations within one year of the report's issuance. Petition for Review, Ex. 3 at 22-23 (May 2018 Order).[2] The May 2018 Order also reiterated

[2] For purposes of clarity, the May 2018 Order revised Paragraph 8 to read:

> 8. That, within one (1) year from the date of the engineer's report, Hidden Valley [] shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and (2) to reassess the

the consequences of Hidden Valley's failure to rehabilitate the water system within the time frames set forth in the January 2018 Order. Paragraphs 20 of both the January 2018 and May 2018 Order provide that if Hidden Valley fails to comply with the deadlines set forth in the Commission's orders, an evidentiary hearing will be held for purposes of addressing the compliance issues. Specifically, Paragraph 20 reads:

> 20. ...If the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein, or if the water quality as reported by the Office of Consumer Advocate or the Bureau of Technical Utility Services is not adequate and reasonable, an evidentiary hearing shall forthwith be scheduled by the Office of Administrative Law Judge for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley [], the appropriateness of ratepayer refunds, *and any other issue relative to these ordering paragraphs*....

January 2018 Order at 66, ¶ 20; May 2018 Order at 31-32, ¶ 20 (emphasis added).[3]

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need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

May 2018 Order at 27, ¶8.

[3] Paragraph 21 of the January 2018 and May 2018 Order also provide for a separate hearing in the event of non-compliance. Paragraph 21 reads:

> 21. That in the event an evidentiary hearing is required under Ordering Paragraph No. 20, the Commission shall initiate a separate proceeding pursuant to 66 Pa. C.S. §529 (relating to directing a competent utility to operate or acquire a smaller sewer utility that has jeopardized public safety by failing to provide reasonable and adequate service). To the extent possible, the separate proceeding pursuant to 66 Pa. C.S. § 529 shall be a bifurcated proceeding with the hearing required under Ordering Paragraph No. 20.

In accordance with the Commission's directive that Hidden Valley obtain an engineer's report within 90 days of the January 2018 Order, Hidden Valley received a written engineer's report dated April 16, 2018. Petition for Review, Ex. 4. The report contained recommendations for rehabilitation of the water system and estimated the time and costs for completion. Based on the language of the January 2018 and May 2018 Orders, the April 16, 2018 engineer's report triggered the one-year compliance period, yielding a maximum date of April 16, 2019 for Hidden Valley to complete all necessary repairs.

On October 18, 2018, more than six months after the issuance of the engineer's report, Hidden Valley filed a Petition for Amendment requesting that the Commission amend the May 2018 Order to extend the one-year deadline for completion of the engineer's recommendations.[4] In the Petition, Hidden Valley explained that the engineer's report estimated it would take four years and three months to complete the repairs necessary to remedy the issues with Hidden Valley's water system. Accordingly, Hidden Valley argued it was impossible to comply with the one-year deadline set forth in the January 2018 and May 2018 Orders. On January 17, 2019, the Commission issued an opinion and order denying Hidden

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January 2018 Order at 66, ¶ 20; May 2018 Order at 32, ¶ 20.

[4] Hidden Valley's Petition for Amendment was filed pursuant to Section 703(g) of the Public Utility Code, which provides:

> (g) Rescission and amendment of orders.--The commission may, at any time, after notice and after opportunity to be heard as provided in this chapter, rescind or amend any order made by it. Any order rescinding or amending a prior order shall, when served upon the person, corporation, or municipal corporation affected, and after notice thereof is given to the other parties to the proceedings, have the same effect as is herein provided for original orders.

66 Pa. C.S. §703(g).

Valley's Second Petition. Petition for Review, Ex. 1 (January 2019 Order). Therein, the Commission stated:

> Considering [Hidden Valley's] admission that it will not be able to comply with the deadline set forth in Ordering Paragraph No. 8 of the May 2018 Order, and in light of the possible evidentiary questions related to the estimated schedules provided by the Company's engineer and the financing plans for any of such proposals, we find that it would be appropriate to proceed to the hearing procedures set forth in the May 2018 Order.

Id. at 31. On February 19, 2019, Hidden Valley filed the instant appeal with this Court challenging the January 2019 Order. The Commission responded with the instant motion to quash. Argument on the Commission's motion to quash was held on April 30, 2019, and the motion is now ready for disposition.

The Court notes, initially, that the appealability of an order directly implicates the jurisdiction of the Court asked to review that order. *Bloome v. Alan*, 154 A.3d 1271 (Pa. Super. 2017). This Court has jurisdiction to consider the merits of an appeal taken from (1) a final order or an order certified as a final order pursuant to Pa. R.A.P. 341; (2) an interlocutory order that is appealable as of right pursuant to Pa. R.A.P. 311; (3) an interlocutory order appealable by permission pursuant to Pa. R.A.P. 312 and 1311; or (4) a collateral order pursuant to Pa. R.A.P. 313. *U.S. Bank N.A. v. Manu*, __ A.3d __ (Pa. Cmwlth., No. 864 C.D. 2018, filed March 22, 2019). The question presently before the Court is whether the Commission's January 2019 Order constitutes an appealable order.

The Commission argues that the January 2019 order does not fall within any of the above categories. Specifically, the Commission asserts the January 2019 Order is not a final order because it does not dispose of all claims and of all parties, and is not certified as an order that would facilitate resolution of the entire case if

immediately appealed. Pa. R.A.P. 341(b). To the contrary, the Commission maintains that the January 2019 Order did not dispose of Hidden Valley's claim relating to the one-year compliance deadline, but instead directed future evidentiary hearings on the validity of the recommendations and proposed time schedules contained in the engineer's report.[5] Following that evidentiary hearing, the Commission will issue a final order containing findings of fact and conclusions of law. It is from this future order that Hidden Valley may appeal. The January 2019 Order, however, is interlocutory.

The Commission acknowledges that some interlocutory orders may be appealable as of right under Pennsylvania Rule of Appellate Procedure 311. The only relevant section here is Rule 311(f), which provides:

> (f) Administrative remand.--An appeal may be taken as of right from: (1) an order of a common pleas court or government unit remanding a matter to an administrative agency or hearing officer for execution of the adjudication of the reviewing tribunal in a manner that does not require the exercise of administrative discretion; or (2) an order of a common pleas court or government unit remanding a matter to an administrative agency or hearing officer that decides an issue that would ultimately evade appellate review if an immediate appeal is not allowed.

Pa. R.AP. 311(f). The Commission argues that January 2019 Order is not appealable as of right under this rule. The order directs future hearings on "the evidentiary questions related to the estimated schedules provided by the [Hidden Valley's] engineer and the financing plans for any of such proposals." January 2019 Order at 31. These future hearings will not only involve administrative discretion, but will

[5] Section 331 of the Public Utility Code grants the Commission the authority to conduct investigations and hold hearings whenever it may be necessary in the performance of its duties. *See* 66 Pa. C.S. §331(a).

also involve direct review of the issue on appeal here, *i.e.*, whether the Commission should extend the one-year compliance deadline based on the proposed schedules set forth in Hidden Valley's engineer's report. Accordingly, it is not the type of order contemplated by Rule 311(f)(1) or (2). Pa. R.A.P. 311(f). For these reasons, the Commission maintains that the order on appeal is interlocutory and unappealable. Because it directs the parties to proceed with an evidentiary hearing relating on the precise issue currently on appeal, the petition for review must be quashed.

Hidden Valley responds that the Commission improperly characterizes the January 2019 Order as an order directing future hearings. Instead, it reads the order as a straightforward denial of Hidden Valley's request to extend the one-year deadline set forth in the Commission's prior orders. In sum, Hidden Valley posits that the January 2019 Order denied the only claim it raised in its Petition to Amend, and therefore the decision constitutes a final, appealable order under Pennsylvania Rule of Appellate Procedure 341. Pa. R.A.P. 341.

We agree with the Commission that the January 2019 Order is interlocutory, and therefore this Court lacks jurisdiction to hear the instant appeal. The order in question irrefutably directs an evidentiary hearing relating to the propriety of the April 18, 2019 engineer's report and the estimated schedules provided therein. January 2019 Order at 31. At that evidentiary hearing, Hidden Valley will have the opportunity to raise the issue of extension of the compliance deadlines set forth in prior Commission orders. In sum, the January 2019 Order, denied Hidden Valley's request for extension prior to the Commission's review of the engineer's report, and directed an evidentiary hearing to review the same. Accordingly, it is not a final order, but rather an unappealable interlocutory order.

In accord with the Commission's representations at argument, a hearing

will be held forthwith before the Commission regarding the sufficiency of both the engineer's report and the previously ordered one-year compliance deadline. It is from the Commission's determination following such hearing that Hidden Valley may appeal. For these reasons, this Court grants the Commission's motion and quashes Hidden Valley's petition for review.

Patricia A. McCullough, Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Hidden Valley Utility Services, L.P., Petitioner	:	
v.	:	
Pennsylvania Public Utility Commission, Respondent	:	No. 187 C.D. 2019

ORDER

AND NOW, this 15th day of May, 2019, upon consideration of the Pennsylvania Public Utility Commission's Motion to Quash Petition for Review, the Motion is **GRANTED** and the Petition for Review filed by Hidden Valley Utility Services, L.P., is hereby **QUASHED**.

Patricia A. McCullough, Judge

Certified from the Record

MAY 15 2019

And Order Exit

HVUS Exhibit JMK-13

05-20-26
C-2014-2447169
C-2014-2447138

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3001306
	:	
Hidden Valley Utility Services, L.P. -- Water	:	

DIRECT TESTIMONY
OF
PAUL R. HERBERT
PRESIDENT
GANNETT FLEMING VALUATION AND
RATE CONSULTANTS, LLC

Date: April 27, 2018

HVUS Statement No. 2

Exhibit PRH-2

Exhibit PRH-2

HIDDEN VALLEY UTILITY SERVICES, L.P.

Hidden Valley, Pennsylvania

WATER
RATE STUDY AND DATA
IN SUPPORT OF
PROPOSED SUPPLEMENT NO. 1 TO
TARIFF WATER PA. P.U.C. NO. 1

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Harrisburg, Pennsylvania

Gannett Fleming

Excellence Delivered As Promised

April 27, 2018

Hidden Valley Utility Services, L.P.
811 Russell Ave.
Gaithersburg, MD 20879

Attention: Mr. James M. Kettler, President

Dear Mr. Kettler:

Pursuant to your authorization, we have prepared a water rate study for the Hidden Valley Utility Services, L.P. (Company) based on the level of operations for the twelve-month period ended December 31, 2017. Appropriate ratemaking adjustments for known and measurable changes were made in order to reflect a more current level of cost of service.

On the basis of the supporting data presented in the following report, it is our opinion that the Company cannot continue to operate its water system without rate relief. An increase in water rates will afford an opportunity to achieve an adequate return on the original cost measure of value of its used and useful property that provides water service.

We recommend that the Company file with the Public Utility Commission, Supplement No. 1 to Tariff Water-Pa. P.U.C. No. 1, which proposes an increase in water rates for all classes of service. The overall increase in annual operating revenue from customers is approximately 107.2 percent.

The following report presents our conclusions in appropriate form for filing with the Pennsylvania Public Utility Commission in response to the data required under Subchapter 53.52 of the Commission's Tariff Regulations at Chapter 53 of Title 52 Pa. Code.

Respectfully submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC

Paul R Herbert

PAUL R. HERBERT
President

PRH:mle
062969.000

Gannett Fleming Valuation and Rate Consultants, LLC
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APPENDIX

HIDDEN VALLEY UTILITY SERVICES, L.P. – WATER

SPECIFIC REASONS FOR PROPOSED INCREASE IN WATER RATES

Pursuant to Subsection 53.52(a)(1) and (b)(1) of Tariff Regulations

Hidden Valley Utility Services, L.P. (Company) submits herewith the data required under 52 PA Code § 53.52 of the Pennsylvania Public Utility Commission Tariff Regulations in support of the proposed rates under Supplement No. 1 to Tariff Water-Pa. P.U.C. No. 1. The supporting data for the tariff revision is for the twelve-month periods ending December 31, 2017, adjusted for ratemaking purposes. The Company has not filed for any increase in rates since the initial rates became effective on August 31, 2005.

Since the date of the initial rates, the Company has experienced higher levels of operation and maintenance expenses as a result of inflation and labor cost increases and has made additional investments in plant in service, through the end of the test year, December 31, 2017. The effect of these increases has resulted in the Company operating at a loss for several years.

The specific reasons for the Company's proposal to increase its rates for water service are as follows:

(a) To provide sufficient revenues to enable the Company to discharge, properly, its public duty to furnish adequate, safe, and reliable water service pursuant to the safe drinking water standards prescribed and enforced by the PA Department of Environmental Protection and the Federal Environmental Protection Agency;

(b) To provide the cash flow necessary for the Company to operate,

maintain and renew its facilities properly and meet its financial obligations; and

(c) To afford the opportunity to achieve an adequate rate of return on the original cost invested in the water property.

RATE OF RETURN

Under present and proposed rates, the indicated rates of return are presented below.

	Present Rates	Proposed Rates
Rate of Return	(4.08)%	10.01%

The rate of return and capital structure are summarized below and are supported by Mr. Harold Walker, CRRA. Refer to the memorandum prepared by Mr. Walker on Schedule 7 of the Appendix. Mr. Walker's memorandum was prepared under the direct supervision of Mr. Herbert.

	Capital Structure	Cost	Weighted Cost
Debt	36.50%	10.00%	3.65%
Equity	63.50%	10.25%	6.51%
Total	100.00%		10.16%

PROPOSED RATES

Under Supplement No. 1 to Tariff Water-Pa. P.U.C. No. 1, the Company proposes to increase the customer charge from $12.00 per quarter to $27.00 per quarter for all meter sizes or 125%. The availability charge was increased the same 125% from $9.00 per quarter to $20.25 per quarter. In addition, the Company is

proposing to raise the consumption charge to $1.320 per hundred gallons for all water usage. This is a change from the existing declining block rates. The rates for private fire protection were increased 125%. Refer to page 7 for the increases by classification of customers. The revenues under proposed rates are developed in the Appendix, Schedule 2. Schedule 1 of the Appendix provides a comparison of present and proposed rates. Schedule 3 sets forth the comparison of customers' bills at various consumption levels. Pro Forma Operating Expense and income taxes under present and proposed rates are presented in Schedules 4, 5 and 6, respectively.

The data presented in support of proposed Supplement No. 1 to Tariff Water-Pa. P.U.C. No. 1 clearly indicate that the level of revenues from the Company's present water rates is inadequate, and immediate rate relief is necessary. It is essential that the rates proposed under Supplement No. 1 to Tariff Water-Pa. P.U.C. No. 1 become effective as soon as possible, in order that the Company recover the cost of rendering water service, including a return on the depreciated original cost of the water system's used or useful property, and to enable the Company to provide its customers with efficient, safe and reliable service.

HIDDEN VALLEY UTILITY SERVICES, LP - WATER

TOTAL NUMBER OF CUSTOMERS SERVED AS OF DECEMBER 31,

Pursuant to Subsection 53.52 (a)(2) of Tariff Regulations

Classification	2016	2017
Residential	1,125	1,126
Non-Residential	30	30
Availability	18	18
Private Fire	50	50
TOTAL	1,223	1,224

NUMBER OF CUSTOMERS WHOSE BILLS WILL INCREASE

Pursuant to Subsection 53.52 (a)(3) and (b)(3) of Tariff Regulations

Classification	2017
Residential	1,126
Non-Residential	30
Availability	18
Private Fire	50
TOTAL	1,224

NUMBER OF CUSTOMERS WHOSE BILLS WILL DECREASE

Pursuant to Subsection 53.52 (b)(5) of Tariff Regulations

Under the proposed rates, customers' bills will not decrease for water service.

CALCULATION OF THE TOTAL REVENUE DECREASE UNDER
THE PROPOSED RATES PROJECTED TO AN ANNUAL BASIS

Pursuant to Subsection 53.52 (b)(6) of Tariff Regulations

Under the proposed rates, operating revenues for water service will not decrease.

HIDDEN VALLEY UTILITY SERVICES, L.P. – WATER

STATEMENT OF THE EFFECT OF THE PROPOSED TARIFF CHANGES ON THE UTILITY'S CUSTOMERS

Pursuant to Subsection 53.52(a)(4) through (a)(11) of Tariff Regulations

(a)(4): The proposed tariff changes will increase all customers' rates for water service. The overall increase in revenues from sale of water is approximately 107.2%.

(a)(5): Refer to page 7 in response to Subsection 53.52(c)(1), for the effect of the proposed tariff changes on the Company's revenues and expenses.

(a)(6): The proposed tariff changes will enable the Company to improve service to Customers by complying with the Commission's Order dated January 18, 2018.

(a)(7): Not applicable.

(a)(8): Not applicable.

(a)(9): Customer polls were not taken to indicate customer acceptance and desire for the proposed tariff changes. The tariff changes are in the public interest as stated in response to Subsection 53.52(a)(1) of the tariff regulations.

(a)(10): The Company will introduce the changes to ratepayers by posting notices, mailing notices, and issuing press releases as required by 52 Pa. Code § 53.45. In addition, the Company will discuss its rate filing at the meeting with customers required by Ordering Paragraph No. 5.b. of the Commission's Order in *Tanya J. McCloskey v. Hidden Valley Utility Services, L.P.*, Docket Nos. C-2014-2447138 and C-2014-2447169. This meeting is scheduled for May 19, 2018. The Company will implement the proposed tariff changes upon the Commission's approval.

(a)(11): Please refer to Commission Order C-2014-2447138 and C-2014-2447169.

HIDDEN VALLEY UTILITY SERVICES, LP - WATER

STATEMENT OF THE CALCULATION OF THE RATE OF RETURN UNDER PRESENT RATES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017
AND THE ANTICIPATED RATE OF RETURN UNDER PROPOSED RATES

Pursuant To Subsection 53.52 (b)(2) and (c)(1) of Tariff Regulations

Line No.	Description	12 Months Ended 31-Dec-17	Pro Forma Test Year Adjustments Ref.	Pro Forma Test Year Adjustments Amount	Pro Forma Present Rates, 31-Dec-17	Adjustment Reference	Under Proposed Rates, Supplement No. 1 to Tariff Water Pa-PUC No. 1 Increase	Under Proposed Rates, Supplement No. 1 to Tariff Water Pa-PUC No. 1 Pro Forma 31-Dec-17
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Operating Revenue	$ 143,194	pg. 7	$ (2,640)	$ 140,554	pg. 7	$ 150,629	$ 291,183
2								
3	Operating Revenue Deductions:							
4	Operation and Maintenance							
5	Expenses	$ 127,848	Sch. 4	$ 25,440	$ 153,287	Sch. 5	$ 768	$ 154,056
6								
7	Depreciation	67,082	Sch. 4	(39,249)	27,833		$ -	27,833
8								
9	Total Operating							
10	Revenue Deductions	$ 194,930		$ (13,809)	$ 181,121		$ 768	$ 181,889
11								
12	Total Income Before Taxes and Return	$ (51,736)		$ 11,169	$ (40,567)		$ 149,860	$ 109,294
13								
14	Less Federal and State Taxes	$ -		$ -	$ -	Sch. 6	$ 9,756	$ 9,756
15								
16								
17	Net Operating Income							
18	Available for Return	$ (51,736)		$ 11,169	$ (40,567)		$ 140,104	$ 99,538
19								
20								
21	Original Cost Measure of Value	$ 993,924	pg. 8	$ -	$ 993,924		$ -	$ 993,924
22								
23	Rate of Return	-5.21%			-4.08%			10.01%

HIDDEN VALLEY UTILITY SERVICES, LP - WATER

STATEMENT OF OPERATING REVENUES FOR THE TWELVE MONTHS ENDED 12/31/2017
AND THE CALCULATION OF THE PROPOSED REVENUE INCREASE BY CUSTOMER CLASSIFICATION

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

Customer Classification	Revenues Per Books, 12/31/2017	Adjustment to Present Rates Bill Analysis	Application of Present Rates to Bill Analysis*
(1)	(2)	(3)	(4)=(2)+(3)
Residential	$ 119,890	$ (2,210)	$ 117,680
Commercial	16,201	(299)	15,902
Availability Customers	660	(12)	648
Private Fire	6,443	(119)	6,324
Total	$ 143,194	$ (2,640)	$ 140,554

Customer Classification	Application of Present Rates to Bill Analysis	Application of Proposed Rates to Bill Analysis*	Proposed Revenue Increase Under Proposed Rates	Percentage Increase
(1)	(2)	(3)	(4)=(3)-(2)	(5)=(4)/(2)
Residential	$ 117,680	$ 242,576	$ 124,896	106.1%
Commercial	15,902	32,920	17,018	107.0%
Availability Customers	648	1,458	810	125.0%
Private Fire	6,324	14,229	7,905	125.0%
Total	$ 140,554	$ 291,183	$ 150,629	107.2%

* Appendix, Schedule 2.

HIDDEN VALLEY UTILITY SERVICES, LP - WATER

ORIGINAL COST MEASURE OF VALUE AS OF DECEMBER 31, 2017

Pursuant to Subsection 53.52 (C)(1) of Tariff Regulations

	As of 12/31/2017
Original Cost of Utility Plant In Service	$ 1,628,619
Less: Accumulated Depreciation	(659,872)
Net Utility Plant	968,747
Add:	
Cash Working Capital	19,257
Prepayments	5,920
Total Original Cost Measure of Value	$ 993,924

HIDDEN VALLEY UTILITY SERVICES, LP - WATER

BALANCE SHEET AS OF DECEMBER 31, 2017

Pursuant to Subsection 53.52 (c)(2) of Tariff Regulations

ASSETS

Current Assets	
Cash in bank	$ 11,620
Accounts Receivable	34,620
Inventory	759
Escrow- Penelec	-
Escrow- STC	12,120
Total Current Assets	59,119
Property and Equipment	-
Property Plant and Equipment	1,655,278
Accumulated Depreciation	(1,104,217)
Total Property and Equipment	551,061
Other Assets	-
Total Assets	$ 610,180

LIABILITIES AND CAPITAL

Current Liabilities	
Accounts Payable	$ 7,195
Notes Payable	247,500
Other Liabilities	-
Long Term Liabilites	-
Total Liabilities	254,695
Capital	
Contributed Capital - JMK	430,122
Net Income	(53,846)
Distributions	(20,790)
Total Capital	355,485
Total Liabilities and Capital	$ 610,180

HIDDEN VALLEY UTILITY SERVICES, L.P. - WATER

SUMMARY OF DETAILED PLANT ACCOUNTS OF THE BOOK VALUE OF
WATER UTILITY PLANT IN SERVICE AND DEPRECIATION RESERVE AS OF DECEMBER 31, 2017

Pursuant to Subsection 53.52 (c)(3) and (c)(4) of Tariff Regulations

Account	Water Utility Plant in Service @ 12/31/2017	Ratemaking Reserve @ 12/31/2017	Water Utility Plant In Service Less Reserve	Annual Accrual
307.2 Wells & Springs	$ 80,100	$ 60,472	$ 19,628	$ 2,290.86
311.4 Pumping Equipment	70,658	3,127	67,531	1,568.61
320.3 Water Treatment Equipment	602,441	335,437	267,004	10,060.76
330.4 Distribution Reserviours & Standpipes	314,735	176,530	138,205	5,728.18
331.4 Transmission & Distribution Mains	549,895	82,879	467,016	6,757.81
346.5 Communications Equipment	10,790	1,427	9,363	1,427.05
Total	$ 1,628,619	$ 659,872	$ 968,747	$ 27,833.27

HVUS Cross Examination Exhibit 2

05-20-20
C-2014-2447169
C-2014-2447138

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held May 3, 2018

Commissioners Present:

Gladys M. Brown, Chairman
Andrew G. Place, Vice Chairman
Norman J. Kennard
David W. Sweet
John F. Coleman, Jr.

Tanya J. McCloskey, Acting Consumer Advocate C-2014-2447138

v.

Hidden Valley Utility Services, L.P. – Water

and

Tanya J. McCloskey, Acting Consumer Advocate C-2014-2447169

v.

Hidden Valley Utility Services, L.P. – Wastewater

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Petition for Clarification, Reconsideration and Amendment (Petition) of Hidden Valley Utility Services, L.P. (HVUS, Company or

Petitioner) filed on February 2, 2018, seeking clarification and reconsideration of our Opinion and Order entered on January 18, 2018 (*January 2018 Order*), relative to the above-captioned proceeding. On February 12, 2018, the Office of Consumer Advocate (OCA) and Intervenors, Robert J. Kollar and Kellie A. Kuhleman (Intervenors) filed their respective Answers to the Petition. For the reasons stated below, we shall grant the Petition, in part, deny it, in part, and modify our *January 2018 Order* consistent with this Opinion and Order.

I. History of the Proceeding

On February 12, 2004, HVUS filed two applications for approval to begin to offer, render, furnish or supply water and wastewater services to the public in Hidden Valley at Docket Nos. A-00210117 and A-00230101 (Applications). Protests to the Applications were filed. Thereafter, the parties reached a settlement agreement (2005 Settlement) which addressed issues and protests raised in the Application Proceedings. By Final Order entered July 15, 2005 (*July 2005 Order*), the Commission approved the 2005 Settlement and granted the Applications.

The 2005 Settlement required HVUS to implement changes and improvements to provide adequate, safe and reasonable service and to address long-term problems including brown or rust-colored water, low water pressure, and high levels of unaccounted-for water. HVUS's rates were set at the time of the 2005 Settlement and have not been increased since that time.[1]

[1] Pursuant to the 2005 Settlement, a residential customer using 5,000 gallons per month would pay $116.55 per quarter for water service and $261.00 per quarter for wastewater service.

On October 9, 2014, the OCA filed a Formal Complaint against HVUS, regarding water services, at Docket No. C-2014-2447138 (Water Complaint). On October 9, 2014, the OCA also filed a Formal Complaint against the Company, regarding wastewater services, at Docket No. C-2014-2447169 (Wastewater Complaint). In the Water Complaint, the OCA averred that the Company failed to provide adequate, safe and reasonable service, regarding water system issues, alleging, *inter alia,* continuing incidents of dirty, brown and rusty water; lack of proper equipment; the failure to properly maintain water tanks; low water pressure which is alleged to be inadequate for basic household uses, and lack of system maintenance. The OCA further alleged the existence of financial and managerial problems.

In the Wastewater Complaint, the OCA averred, in part, that the Company failed to provide adequate, safe and reasonable service, and that the system lacks certain equipment. The OCA further alleged the existence of financial and managerial problems similar to those pertaining to the water system.

On October 29, 2014, HVUS filed Answers to both of the OCA's Formal Complaints. In the Answers, the Company denied the claims related to service and financial issues.

On April 9, 2015, counsel filed a notice of entry of appearance on behalf of Hidden Valley Foundation, Inc. (Foundation). The Foundation has not filed a petition to intervene and is, therefore not a Party in this proceeding.

On June 19, 2015, a Prehearing Order was issued, setting forth various procedural matters and consolidating the Water and Wastewater Complaints. On June 25, 2015, public input hearings were held at 12:30 p.m. and 7 p.m. at the Hidden Valley Resort in Jefferson Township, Somerset County, Pennsylvania.

By letters dated July 9, 2015, the Intervenors requested permission to intervene in this proceeding, and thereafter, HVUS filed objections to the intervention. On September 3, 2015, the OCA filed a motion requesting that the public input hearing transcript, pages 62 through 138, and the Joint Petition for Settlement of Separate Water and Wastewater Application Proceedings filed at Docket Nos. A-210117 and A-230101, both from a prior proceeding (Settlement), be admitted into evidence. No objection to the motion was filed.

By Interim Order dated September 8, 2015, the ALJ granted the petition to intervene. The ALJ also issued an Interim Order dated November 9, 2015, granting the OCA's motion to admit the public input hearing transcript and the Settlement into evidence.

The evidentiary hearing convened as scheduled on November 17, 2015. Counsel appeared on behalf of the OCA and the Company. Intervenor Kollar appeared *pro se*, but Intervenor Kuhleman did not attend the evidentiary hearing.[2]

By Interim Order dated December 15, 2015, the ALJ admitted various evidence and late-filed exhibits into the record. The OCA and Intervenor Kollar filed their Main Briefs on January 20, 2016. On January 21, 2016, HVUS filed its Main Brief. The OCA and the Company filed reply briefs on February 10, 2016. Supplemental Briefs containing proposed findings of fact and conclusions of law were filed by HVUS and

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[2] At the time of the evidentiary hearing, the Company had failed to comply with the following requirements of the 2005 Settlement: (1) the submission of a report to the Commission and all parties reassessing the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese; (2) the replacement of 1,500 feet of 3-inch line to the Heights neighborhood and of 1,000 feet of 2-inch line to the Valley View neighborhood in Hidden Valley, which was required to be completed by July 2015; and (3) the holding of semi-annual customer meetings.

Intervenor Kollar on April 15, 2016. On April 25, 2016, the OCA filed objections to the Company's Supplemental Brief, which the ALJ denied by Interim Order dated May 3, 2016. The record was closed on June 8, 2016.

In the Initial Decision issued on September 9, 2016, the ALJ sustained the Water and Wastewater Complaints filed by the OCA and imposed a corrective plan to implement improvements to the water and wastewater systems operated by HVUS.[3] The OCA, HVUS, and the Intervenors filed Exceptions on September 29, 2016. On October 10, 2016, the Intervenors filed Replies to Exceptions, and on October 11, 2016, the OCA and the Company filed Replies to Exceptions.

In our *January 2018 Order*, we granted the Exceptions of the OCA, HVUS and the Intervenors, in part, and denied them in part, and adopted the Initial Decision, as modified. As noted above, the Company filed its Petition on February 2, 2018. By Order entered February 8, 2018, we granted the Petition, pending further review of, and consideration on, the merits. On February 12, 2018, the OCA and the Intervenors filed their respective Answers to the Petition.

On April 11, 2018, the Company filed its first sixty-day status report with the Commission which was required by Ordering Paragraph No. 17 of the *January 2018 Order*.[4] Additionally, on April 18, 2018, HVUS filed the engineer's reports required by Ordering Paragraph Nos. 6 and 9 and the revised bill form for review required by Ordering Paragraph Nos. 12 and 13 of the *January 2018 Order*.

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[3] For a summary of the Initial Decision, see pages 9 to 19 of the *January 2018 Order*.

[4] The Company asserts that it initially attempted to file a status report with the Commission, through a filing dated March 19, 2018, but that the wrong docket numbers were listed on the document.

II. Discussion

A. Legal Standards

Before addressing the Petition, we note that any issue not specifically discussed shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pennsylvania Public Utility Commission*, 625 A.2d 741 (Pa. Cmwlth. 1993).

The Code establishes a party's right to seek relief following the issuance of our final decisions pursuant to Subsections 703(f) and (g), 66 Pa. C.S. § 703(f) and § 703(g), relating to rehearings, as well as the rescission and amendment of orders. Such requests for relief must be consistent with Section 5.572 of our Regulations, 52 Pa. Code § 5.572, relating to petitions for relief following the issuance of a final decision.

The standards for granting a Petition for Reconsideration were set forth in *Duick v. Pennsylvania Gas and Water Company*, 56 Pa. P.U.C. 553 (1982):

> A Petition for Reconsideration, under the provisions of 66 Pa. C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard, we agree with the court in the *Pennsylvania Railroad Company* case, wherein it was stated that "[p]arties . . . cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically decided against them . . . ." What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked by the Commission.

Duick, 56 Pa. P.U.C. at 559 (quoting *Pennsylvania Railroad Co. v. Pennsylvania Public Service Commission*, 179 A. 850, 854 (Pa. Super. Ct. 1935)).

Under the standards of *Duick*, a petition for reconsideration may properly raise any matter designed to convince this Commission that we should exercise our discretion to amend or rescind a prior Order, in whole or in part. Such petitions are likely to succeed only when they raise "new and novel arguments" not previously heard or considerations which appear to have been overlooked or not addressed by the Commission. *Duick*, 56 Pa. P.U.C. at 559.

B. *January 2018 Order*

1. Rate Reduction and Usage Allowance

In our *January 2018 Order*, we first addressed the OCA's Exception No. 1 and its request to impose a rate reduction of fifty percent for both water and wastewater service or alternatively a customer usage allowance. We agreed with the ALJ's finding that the Company has failed to provide adequate and reasonable service to its water and wastewater customers. Thus, we determined that HVUS did not comply with Section 1501 of the Code. However, we declined to impose the OCA's recommended remedy of a rate reduction. Additionally, we did not believe that the OCA's alternate recommendation of a usage allowance was fully supported by the record. *January 2018 Order* 23-26.

2. Compliance Deadlines

Next, we addressed the OCA's second Exception, which criticized the Initial Decision for not including all of the OCA's recommendations for ensuring compliance with the deadlines for resolving the Company's water and wastewater

problems. We also considered HVUS's second Exception, which contended that the ALJ established an arbitrary and unrealistic one-year deadline for the completion of projects to improve the Company's system. Upon review, we denied, in part, and granted, in part, the OCA Exception No. 2, and denied HVUS Exception No. 2.

Regarding the OCA's Exception No. 2, we noted our rejection of the OCA's requested rate relief discussed in the prior section. Thus, we denied the Exception to the extent that it requested a rate reduction as a deadline compliance measure for the reasons discussed in the disposition above. However, due to the extended time-period for compliance with the 2005 Settlement and the lack of resolution of the outstanding service problems, we believed there should be some mechanism for ensuring that further compliance deadlines are met. We explained that any failure to further comply with the deadlines set forth in the *January 2018 Order* could be indicative of the Company's lack of competency to operate and of the inability to provide reasonable and adequate service. Accordingly, we modified the Initial Decision to clarify that upon notice of the Company's failure to comply with any applicable deadlines the Commission shall initiate a separate proceeding pursuant to 66 Pa. C.S. § 529 (relating to directing a competent utility to operate or acquire a small sewer utility that has jeopardized public safety by failing to provide reasonable and adequate service). We further discussed our rationale for limiting the enforcement provisions to compliance with the deadlines specified in our Opinion and Order. *January 2018 Order* at 29-31.

As to HVUS's second Exception, we explained that the Company's customers have been suffering from poor water quality and unreasonable service for years. We emphasized that any subsequent delays in failing to remediate the problems due to the failure to meet compliance deadlines would be unacceptable. The one-year deadline for implementing the corrective measures established in the engineer's report sets an objective guideline for compliance. We explained that, if additional time were

deemed critical, the Company could petition the Commission for relief to modify the deadline pursuant to Section 5.572(d) of the Code. *January 2018 Order* at 31.

3. Ordering Paragraph Revisions

In their third Exception, the Intervenors objected to several ordering paragraphs in the Initial Decision as providing unreasonable extensions of time for complying with the 2005 Settlement and failing to provide clear penalties and consequences for future noncompliance by HVUS. The Intervenors requested several modifications to help establish sufficient enforcement measures. Likewise, the OCA in its third Exception requested modifications of several ordering paragraphs in the Initial Decision and the addition of other paragraphs to ensure that the water being provided to customers is treated as effectively as possible.[5]

We granted the Intervenors' Exception No. 3, in part, to the extent that it sought a clarification of Ordering Paragraph No. 12 in the Initial Decision which addressed the filing of corrected annual reports. We explained that the language in the ordering paragraph required the Company to "make all reasonable efforts to timely file correct information in its annual reports" which was potentially ambiguous and inconsistent with the 180-day timeline for compliance set forth in the ordering paragraph. Accordingly, we modified the Initial Decision to delete the "reasonable efforts" language so that it is clear that any corrective filings or amendments must be submitted to the Commission within 180 days of entry of this Opinion and Order. This modification was incorporated in Ordering Paragraph No. 14 of the *January 2018 Order*. We denied the remainder of Intervenors Exception No. 3 on the basis that sufficient corrective measures

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[5] For a summary of the recommended adjustments to the Initial Decision ordering paragraphs, see pages 31-39 of our *January 2018 Order*.

are contained in other portions of our disposition and ordering paragraphs. *January 2018 Order* 39-40.

Upon review of the OCA's arguments, we found that the requested clarification of several ordering paragraphs and the addition of the new ordering paragraphs to be reasonable and supported by the evidentiary record. Moreover, we noted the Company's lack of objections to these modifications. As such, we granted the OCA's Exception and modified the Initial Decision. Specifically, we incorporated the requested modifications in Ordering Paragraph Nos. 6, 9, 20, 22, 23, 24, 25 of the *January 2018 Order.*[6]

4. Additional Hearings

In its Exception No. 4, the OCA requested enhancements to Ordering Paragraph No. 18 of the Initial Decision which established a procedure for the OCA to investigate the completed rehabilitative measures conducted by the Company or alternatively permitted a referral to the Commission's Bureau of Technical Utility Services (TUS) for review. The OCA requested that the Commission clarify that, first, the Company must carry the burden of proving that the service and facilities are no longer inadequate; and, second, the hearing must address the requirements of Section 529 of the Code, 66 Pa. C.S. § 529. *January 2018 Order* at 40-42.

In our disposition, we emphasized our intention to reduce any further delays in the event a subsequent evidentiary hearing becomes necessary to evaluate the

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[6] Our *January 2018 Order* contains errors in the numbering of the Ordering Paragraphs beginning on page 67. Ordering Paragraph No. 22 on page 67 should be numbered Ordering Paragraph No. 23 and the remaining paragraph numbers should be corrected accordingly. We will restate the Ordering Paragraphs in this Opinion and Order to correct this error.

propriety of the Commission's rehabilitative measures. We found that the OCA's proposal in its Exception No. 4 would help in this regard. By requiring the Company to carry the burden of proving that its service and facilities are no longer inadequate and mandating that any subsequent hearing address the requirements of Section 529 of the Code, 66 Pa. C.S. § 529, we found that the timeframe for final resolution of the outstanding issues in this proceeding should be streamlined. Further, we noted that the Company did not object to the OCA's proposal. Thus, we granted OCA Exception No. 4 and modified the Initial Decision to incorporate the modifications. *January 2018 Order* at 42.

5. Customer Bills

Next, we considered the OCA's Exceptions pertaining to the Ordering Paragraphs of the Initial Decision, which required the Company to modify its billing practices to ensure compliance with all Commission requirements and to provide a copy of the revised bill form to the OCA within ninety days of the final Commission Order in this proceeding. The OCA argued that the Commission should modify the Ordering Paragraphs to provide a sufficient advance opportunity to review and provide input on the bill revisions. *January 2018 Order* at 43.

We granted the OCA's Exception No. 5, finding that it would be beneficial to the Company's customers for the OCA to provide input on the bill revisions. Moreover, we noted that the Company did not object to this proposal. To facilitate the OCA's input and review, we directed HVUS to seek input from the OCA about its draft customer bills within sixty days from the date of entry of *January 2018 Order*. *Id.*

6. Utility Bills

Ordering Paragraph No. 13 of the Initial Decision required HVUS to pay all electric and telephone bills in a timely manner to ensure adequate and reasonable service to its customers. In our *January 2018 Order*, we addressed the OCA's Exception No. 6, which argued that the ALJ failed to include important oversight mechanisms in Ordering Paragraph No. 13 to ensure compliance with the payment obligations. *January 2018 Order* at 44.

Regarding the payment of electric bills, the OCA recommended that the Company be required to execute appropriate authorization forms permitting its electric provider, Pennsylvania Electric Company (Penelec), to continue providing monthly billing and payment information for all HVUS accounts to the OCA until June 10, 2018. The OCA argued, in part, that having monthly payment information will allow the OCA to timely respond to late payments before they escalate to termination notices and put the utility's ability to provide continuous water and wastewater service in jeopardy. The OCA also asserted that its requested relief imposes a minor burden on HVUS, requiring the Company to simply execute written authorization for Penelec to release its account information to the OCA. Moreover, the OCA noted, the submission of account information for monitoring provides a reciprocal benefit to Penelec by encouraging timely payment by the Company. *January 2018 Order* at 44.

Regarding the payment of telephone bills, the OCA requested that its recommendation of an annual update on telephone service be adopted. Specifically, the OCA requested that copies of the Company's bills for telephone service be provided to ensure that HVUS will maintain phone service at the numbers listed on the bills, so customers are able to reliably contact the Company. *Id.*

In our disposition, we agreed that timely payment of the Company's electric and telephone bills is critical to ensuring adequate and reasonable service to its customers. We found that the OCA's proposed mechanism for monitoring payment of the electric and telephone bills involves a minimal burden on HVUS and appeared to be an appropriate modification to the Initial Decision. Noting the lack of objection by the Company to this modification we found it to be reasonable and supported by the evidentiary record. Thus, we granted OCA Exception No. 6.

7. Customer Meetings

Moving to the requirement of scheduling semi-annual customer meetings, we addressed the OCA's Exception No. 7, which requested clarification to add specific dates to ensure that the meetings are well-attended and useful to both the Company and its customers. Additionally, the OCA requested that the Company be required to confer with the Foundation, which is the Hidden Valley homeowner's association, regarding dates that may result in higher attendance and increased communications with the customers. *January 2018 Order* at 45-46.

We also addressed the Company's Exception No. 1 which requested modification of the customer meeting provision in Ordering Paragraph No. 3 to explicitly state that the semi-annual meetings should be held only until the line replacement work referenced in Ordering Paragraph No. 3 is completed.[7] Alternatively, the Company asserted that the Commission should require semi-annual customer meetings until HVUS completes the projects necessary to comply with the Commission's final Order in this proceeding. *January 2018 Order* at 46.

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[7] Ordering Paragraph No. 3(a) of the Initial Decision provided that HVUS shall replace 1,500 feet of three-inch line to the Heights neighborhood and 1,000 feet of two-inch line to the Valley View neighborhood in Hidden Valley.

We granted the OCA's Exception No. 7 finding that the requested modifications would help ensure appropriate customer involvement. Additionally, we agreed with the Company that the mandatory customer meetings need not be held in perpetuity. Rather, we determined that the meetings could be concluded upon the filing of a status report by the Company and its engineer, and a report from the OCA and TUS evidencing completion of all the requirements and the closing of the proceeding. Although we encouraged the Company to continue to provide contact opportunities and public meetings by which customers could receive information and provide input to the Company about its services, we declined to mandate these meetings after final resolution of the issues in this proceeding. Accordingly, we granted HVUS Exception No. 1, in part.[8] *January 2018 Order* at 48.

8. Wastewater Violations

Next, we addressed the Company's objection to the ALJ's finding that HVUS failed to provide adequate wastewater service in violation of Section 1501 of the Code. Upon review, we found that the ALJ's findings and conclusions regarding the wastewater violations were well reasoned and amply supported by the evidentiary record. Accordingly, we denied HVUS Exception No. 3. *January 2018 Order* at 49-50.

9. Civil Penalties

We also addressed the Intervenors' Exception No. 1, which argued that the Commission should have imposed civil penalties on the Company after concluding that HVUS failed to comply with the 2005 Settlement. In rejecting the Intervenors' arguments, we explained that the Commission was not required to impose a civil penalty

[8] However, we denied HVUS Exception No. 1 to the extent that it attempted to limit the topics of the public meetings to the line replacement work to be completed.

for failure to comply with the 2005 Settlement. Rather, the imposition of a civil penalty for violating the Code or a Commission Regulation or Order is a discretionary exercise.[9] *January 2018 Order* at 52.

Next, we indicated our agreement with the ALJ's decision not to impose civil penalties in this proceeding. However, we found that the ALJ should have considered the ten factors pursuant to our policy statement in considering whether a civil penalty should be applied in this case and conducted an evaluation of the factors set forth in 52 Pa. Code § 69.1201(c). Upon consideration of all the factors, we noted that some of the Company's actions merited or supported a civil penalty, but that we declined to issue or impose a civil penalty at this time. *January 2018 Order* at 52-56.

10. Receivership

Finally, we addressed the Intervenors' Exception No. 2 pertaining to the ALJ's failure to find that the Company was insolvent and lacked managerial and financial fitness. The Intervenors also argued that the evidence already supported an immediate Commission Order directing acquisition of HVUS by a viable utility pursuant to 66 Pa. C.S. § 529(a). *January 2018 Order* at 56-59.

We agreed with the ALJ that the record evidence did not support a finding that the Company should be placed in receivership. Although such a remedy could be considered in the context of a Section 529 proceeding should one be deemed necessary in the future, we explained that such a finding would be inappropriate under the present

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[9] We also held that the Commission's discretion is informed by our enabling legislation under 66 Pa. Code § 3301, our policy statement under 52 Pa. Code § 69.1201, and long-standing case law that not only reflects our regulatory policy but also affirms our statutory discretion. *Pa. PUC v. HIKO Energy*, LLC, Docket Nos. P-2015-2519419 and C-2014-2431410 (Order entered January 28, 2016) at 22.

procedural posture of this case. Instituting a Section 529 proceeding would, in part, require notice to the appropriate parties and the holding of an evidentiary hearing to consider statutory factors before the Commission can order a capable public utility to acquire HVUS. 66 Pa. C.S. §§ 529(c) and (h). Accordingly, we denied the Intervenors' Exception No. 2.

C. Petition and Answers

In its Petition, HVUS raises three objections to separate ordering paragraphs contained in our *January 2018 Order*. First, the Company believes that Ordering Paragraph No. 8, pertaining to the deadline for compliance with the engineer's report, is confusing and should be clarified. Second, HVUS argues that the requirement to submit an authorization to Penelec to release monthly bills and payment information, as set forth in Ordering Paragraph No. 15, should be eliminated. Third, the Petitioner asserts that the Commission should reconsider the investigation requirement in Ordering Paragraph No. 20 by tasking TUS with any subsequent investigation rather than the OSA.

Regarding its first argument, the Company proffers that the deadline for compliance in Ordering Paragraph No. 8, as follows, is subject to two interpretations:

> 8. That Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese, within one (1) year from the date of the engineer's report.

According to HVUS, one interpretation is that the Company will implement the recommendations contained in the engineer's report within one year of the date of the report. Additionally, under this first interpretation, the Company will reassess the need, size and cost of a treatment plant within one year from the date of the engineer's report. A second interpretation, the Petitioner asserts, limits the application of the one-year deadline to only the treatment plant reassessment. Petition at 3.

Although the Company reads Ordering Paragraph No. 8 consistent with the first interpretation – that HVUS is required to implement both the recommendations *and* reassess the need, size and cost of the treatment plant within one year – the Company believes the directive should be clarified. Moreover, HVUS asserts that it has already taken many of the steps that would be outlined in any engineering report and that the one-year deadline would be moot. Petition at 3.

In its Answer, the OCA submits that it has no objection to the Company's request to clarify the deadline for compliance with the engineer's recommendation to address inadequate water service. The OCA interprets the one-year deadline for compliance in Ordering Paragraph No. 8 as applying to both the corrective recommendations for the water service and the reassessment of the treatment plant. Additionally, the OCA argues that the Company's alternate interpretation is inconsistent with our disposition in the *January 2018 Order* in which we rejected HVUS's exception to the one-year deadline for the completion of the projects to improve the Company's system. OCA Answer at 4-5 (citing *January 2018 Order* at 31).

The OCA suggests that, if the Commission intends to amend this ordering paragraph, the clarification should be limited to and consistent with the disposition of the *January 2018 Order*. As such, the OCA recommends the following clarification:

> 8. That, **within one (1) year from the date of the engineer's report,** Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order **(1)** to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and **(2)** to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese~~, within one (1) year from the date of the engineer's report~~.

OCA Answer at 5.

The Intervenors argue that the wording of Ordering Paragraph No. 8 is clear and not subject to an alternative interpretation. Accordingly, the Intervenors submit that no clarification is necessary. Intervenors Answer at 2.

In its second argument, HVUS contends that it should not be required to provide an authorization to Penelec to release monthly bills and payment information for monitoring. The Company argues that this issue was resolved in another proceeding and is now moot. HVUS submits that the OCA had filed an emergency petition on June 4, 2014, at Docket No. P-2014-2424858 (Emergency Petition), averring that late paid bills for electric service jeopardized the Company's ability to provide adequate service. According to the Company, the Parties settled the matter by agreement filed on September 26, 2014, with provisions mirroring Ordering Paragraph No. 15, which required continued monitoring by the OCA and an authorization to Penelec to provide billing information. HVUS states that in August of 2016, the Company proved authorization to Penelec to provide another year of billing information to the OCA. The Petitioner asserts that, based on the prior settlement agreement and the extended monitoring, the OCA opted to cease the Emergency Petition proceeding by filing a

Petition for Leave to Withdraw, which ALJ Katrina Dunderdale granted on March 1, 2017. Petition at 4-5.

The Company reiterates that the issue of payments of electric bills was litigated and settled, pointing to the OCA's withdraw of its case after two years of monitoring. Additionally, HVUS argues that it would be unfair and violative of the Company's due process rights to reimpose a penalty for alleged violations that were resolved in a separate matter. Thus, the Company requests the deletion of Ordering Paragraph No. 15. *Id.* at 5.

In its Answer, the OCA first argues that the Company has misrepresented the resolution reached in the Emergency Petition proceeding. The OCA asserts that it agreed to withdraw its Emergency Petition pursuant to various conditions in the emergency proceeding, including the ALJ's direction to HVUS to extend the release of billing and payment information until the Commission entered an Order in this proceeding. The purpose of the extension, the OCA contends, was to prevent a gap in reporting so that HVUS's timely compliance with its bill paying obligations could be monitored continuously. According to the OCA, both the OCA and HVUS had asked the ALJ to keep the record open in the Emergency Petition proceeding until an Order was entered in this proceeding but that the ALJ declined the request. The OCA submits that the resolution of the Emergency Petition proceeding did not resolve the underlying concerns forming both the basis of the emergency proceeding and one of the grounds for this Complaint proceeding. Indeed, the OCA avers, the concerns – about the Company's failure to timely pay its electric bills for accounts used in providing its water and wastewater service and the possible interruption of that service due to termination of electric service for nonpayment – continue in this proceeding. Thus, the OCA asserts that the remedy of requiring HVUS to authorize Penelec to release its billing and payment information was not resolved in the Emergency Petition proceeding. OCA Answer at 6-7.

Additionally, the OCA rejects the Company's argument that the remedy of releasing the billing and payment information would be unfair and unreasonable. The OCA explains that it requested this remedy in its Exceptions to the Initial Decision when the ALJ directed HVUS to timely pay its electric and telephone bills but did not address the recommendation of the release authorization for Penelec. According to the OCA, the Company did not file a Reply to the Exception and the Commission granted the Exception. Thus, the Company has now waived its objection. There being no new or novel argument not previously considered, the OCA continues, the Company's request to rescind the directive to authorize a release for Penelec to continue providing billing and payment information should be denied. *Id.* at 8.

In their Answer, the Intervenors argue that the provisions in Ordering Paragraph No. 15 are appropriate considering the financial management concerns of HVUS raised in this proceeding. The Intervenors believe that the requirements are not unreasonable or burdensome and that the Company's request to eliminate the ordering paragraph should be denied. Intervenors Answer at 3.

In its third argument, the Company proffers that Ordering Paragraph No. 20 inappropriately authorizes the OCA to investigate the quality of service following HVUS's final status report. According to HVUS, it is highly irregular and inappropriate for a party in a litigated proceeding with an alleged bias against the utility to be given authority to investigate that utility. The Company submits that if the Commission deems it necessary to order an investigation after the March 2019 deadline that TUS be tasked with the investigation, which the Company believes would be independent and fair. Petition at 5-6.

The OCA responds that Ordering Paragraph No. 20, which was approved by the Commission, was substantially similar to an ordering paragraph contained in the

Initial Decision. OCA Answer at 9 (citing I.D. at 42, ¶ 18). The OCA notes that the Company failed to file an Exception regarding this ordering paragraph and to have the Commission consider this issue. Thus, the OCA asserts, the Company's request to eliminate this provision in the context of this Petition is untimely and improper. OCA Answer at 9.

Additionally, the OCA objects to the Company's attacks on the OCA's motives in this proceeding and cites to the evidentiary record establishing the failure of HVUS to remediate quality and service issues dating to 2005. OCA Answer at 10 (citing *January 2018 Order* at 4-6; I.D. at 6-12). Also, the OCA does not interpret Ordering Paragraph No. 20 as requiring the OCA to conduct an enforcement investigation. Rather, the provision permits the OCA to investigate the service issue through discovery and site inspections. However, the OCA indicates that it has no objection to the Commission clarifying the OCA's role and requiring TUS to investigate the quality of the services following the issuance of HVUS's final report. If the Commission chooses to modify the provision, the OCA requests that the Commission make clear that the OCA retains its right to undertake discovery and obtain an evidentiary hearing if the quality and service problems persist. OCA Answer at 10.

The OCA submits a revised Ordering Paragraph No. 20 to address the proposed clarification as follows:

> 20. That on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer, the **Bureau of Technical Utility Services** ~~**Office of Consumer Advocate**~~ shall investigate the quality of the water **and** ~~**as well as of**~~ the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers ~~**or request that this matter be referred to the Bureau of Technical Utility Services**~~. **Notwithstanding the investigation by the Bureau of**

> **Technical Utility Services, the Office of Consumer Advocate may conduct discovery and site visits**. If the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein, or if the water quality or **water and wastewater service** as reported by the Office of Consumer Advocate or the Bureau of Technical Utility Services is not adequate and reasonable, an evidentiary hearing shall forthwith be scheduled by the Office of Administrative Law Judge for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley Utility Services, L.P., the appropriateness of ratepayer refunds, and any other issue relative to these ordering paragraphs. The burden of proof in the evidentiary hearing as to these issues shall be upon Hidden Valley Utility Services, L.P. The Commission shall retain jurisdiction for that purpose.

OCA Answer at 11.

In their Answer, the Intervenors argue that the requirements of Ordering Paragraph No. 20 are necessary and that either the OCA or TUS should have the authority to verify compliance. The Intervenors also object to the Company's apparent disparaging comments about the OCA and emphasize that the OCA has acted in good faith in representing the interest of the HVUS customers. Intervenors Answer at 4.

D. Disposition

Upon review of the Company's first argument pertaining to the deadline for compliance with the engineer's recommendations, we disagree with the Company's alternate interpretation, which limits application of the one-year deadline to only the treatment plant reassessment. Rather, we agree with the OCA that such an alternate interpretation is inconsistent with our discussion in the *January 2018 Order*. In our prior

determination, we held that "[a]ny subsequent delays in failing to remediate the problems due to the failure to meet compliance deadlines would be unacceptable. The one-year deadline for implementing the corrective measures established in the engineer's report sets an objective guideline for compliance." *January 2018 Order* at 31. Thus, we do not believe that the Petition has offered a new or novel argument or identified considerations which appear to have been overlooked by the Commission. Nonetheless, in the interest of avoiding any possible confusion, and because we are modifying other portions of the prior Order as discussed below, we shall revise the provision to incorporate the adjustments suggested by the OCA.

Regarding the Company's second argument objecting to the continued monitoring of electric service bills and payments, we shall deny the Petitioner's request to eliminate the monitoring provision. We note the Commission's prior holdings that, in the interest of judicial economy, the Commission will not grant exceptions or reconsideration when the party failed to raise an argument earlier in the proceeding. *See, e.g., Hess v. Pa. PUC*, 107 A.3d 246, 265-266 (Pa. Cmwlth. 2014); *Pa. PUC v. York Cab, Inc.*, Docket No. C-2010-2212946 (Order entered April 18, 2013), at 5; *Generic Investigation Regarding Transportation Assessments*, Docket No. I-2008-2022003 (Order entered August 26, 2008), at 8.

During the Exception stage, the Company did not object to the language proposed by the OCA, which ultimately was incorporated into Ordering Paragraph No. 15. Accordingly, we shall, on the basis of judicial economy, decline to consider the Company's arguments to eliminate the monitoring provisions set forth in Ordering Paragraph No. 15.

Even if we were to consider the Company's arguments on the basis that it is a new argument pursuant to *Duick*, the position of HVUS as to this issue appears to be without merit. The OCA's withdraw of the Emergency Petition proceeding did not

eliminate the concerns of electric service termination and the potential health and safety danger of water and wastewater service disruption to the customers of HVUS. Indeed, the record evidence supported the monitoring provisions established in Ordering Paragraph No. 15. For example, Ashley E. Everette, in her surrebuttal testimony on behalf of the OCA, testified that: "HVUS's authorization for Penelec to provide payment information ends on June 10, 2016. Given the risk to health and safety that termination of electric service presents, HVUS should execute appropriate authorization forms which permit [Penelec] to continue providing monthly billing and payment information for all HVUS accounts . . . ." OCA Statement 1S at 10-11. Accordingly, we shall deny the Petition as to this issue.

Regarding the third argument pertaining to an investigation following HVUS's final status report, we shall grant the Petition as to this issue. Although the Company failed to raise an objection about this provision during the Exception stage, it appears that the Commission overlooked the potential issue of giving a party litigant, such as the OCA, an investigatory role after the submission of the final status report. On review, we believe that upon filing of the final status report the examination of the repairs, modifications, and rehabilitative and maintenance procedures, as well as the water quality status, should rest with TUS. Moreover, we find that if TUS determines and reports that the remedial measures are inadequate or unreasonable, the matter should be referred to the Office of Administrative Law Judge for further evidentiary hearings. As such we shall revise the ordering to paragraph to delete the references to the OCA in Ordering Paragraph No. 20 pertaining to investigation and reporting.

Although the OCA does not object to TUS's investigatory role over the completed rehabilitative measures, the OCA requests clarification that it retains the right to conduct discovery and site visits. It is unclear what types of discovery the OCA is contemplating at this late stage of the proceeding. Given the extensive reporting obligations set forth in the *January 2018 Order*, we decline to add the clarifications

requested by the OCA. However, we note that there is nothing preventing the OCA from requesting site visits or informally seeking further documentation from the Company relative to the completed rehabilitative matters. The OCA retains its right to petition for further relief pursuant to our Regulations should it deem the responses of the Company to be unsatisfactory. Moreover, the OCA retains the right to fully participate in any subsequently scheduled evidentiary hearing as to the adequacy of the rehabilitative measures.[10]

III. Conclusion

Based on the foregoing discussion, we shall grant the Petition, in part, deny it, in part, and modify the *January 2018 Order*, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Petition for Clarification, Reconsideration and Amendment of Hidden Valley Utility Services, L.P. filed on February 2, 2018, is granted, in part, and denied in part, consistent with this Opinion and Order.

2. That, beginning with Ordering Paragraph No. 5 set forth in the Opinion and Order entered on January 18, 2018, the Ordering Paragraphs of the Opinion and Order entered on January 18, 2018, are restated and/or modified below, consistent with this Opinion and Order:

[10] However, we shall add the clause "or water and wastewater service" to Ordering Paragraph No. 20 as requested by the OCA because this language is consistent with our disposition in the *January 2018 Order*.

5. That Hidden Valley Utility Services, L.P. shall comply with the unresolved issues of the 2005 Settlement Agreement which was approved by the Commission Order entered on July 15, 2005 at Docket Nos. A-00210117 and A-00230101, as follows:

a. Hidden Valley Utility Services, L.P., shall replace 1,500 feet of 3-inch line to the "Heights" neighborhood, as well as 1,000 feet of 2-inch line to the "Valley View" neighborhood in Hidden Valley, which was required to be completed by July 2015, on or before June 30, 2018.

b. Hidden Valley Utility Services, L.P., shall, in coordination with the Hidden Valley Foundation, Inc., schedule and conduct semi-annual customer meetings, to be held at least every six months, with the first meeting to be held on or before June 30, 2018. The customer meetings shall continue until the completion of the requirements under Ordering Paragraph No. 28.

6. That Hidden Valley Utility Services, L.P., shall obtain and file with the Commission a written report from an independent or third-party Pennsylvania licensed water and wastewater engineer concerning the adequacy of its water distribution system and water source; and said report shall contain recommendations and a cost analysis to correct any found deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and with said report, to include an evaluation and proposed remedy to reassess the need, size and cost of the treatment plant to permanently solve the problems caused by iron and manganese, as well as alternative sources of water supply such as

the Quemahoning River, within ninety (90) days from the date of entry of this Opinion and Order in this proceeding. In addition to estimating costs, the study will include an implementation schedule for completion of the design, repairs or improvements, obtaining permits, obtaining bids, awarding contracts, and completion of construction/start of operation. Additionally, the engineering report will include a schedule to replace and/or test customer meters in accordance with Section 65.8(b) that results in compliance by April 30, 2019. Hidden Valley Utility Services, L.P., will implement the replacement and testing schedule.

7. That Hidden Valley Utility Services, L.P., shall provide a copy of the engineer's report and any amendments or supplements thereto, to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, not later than fourteen (14) days from the date of the expert report and each amendment or supplement thereto.

8. That, within one (1) year form the date of the engineer's report, Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer in order (1) to correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers in order to ensure that customers shall receive adequate service from the improved water facilities, and (2) to reassess the need, size and cost of treatment plant to permanently solve the problems caused by iron and manganese.

9. That Hidden Valley Utility Services, L.P., shall obtain and file with the Commission a written report from an independent or third-party Pennsylvania licensed water and wastewater engineer concerning the

adequacy of its wastewater system; and the report shall contain recommendations and a cost analysis to identify whether or not the pumping stations are equipped and operating properly, whether an adequate and appropriate type and number of pumps and alarms are being utilized and maintained in operating conditions, and identify any deficiencies, repairs, maintenance, replacements or improvements and recommendations to ensure that reasonable and adequate wastewater services are being provided to its customers. The engineer shall inspect all wastewater facilities, tanks and equipment and prepare a report of its findings. The report shall confirm that the wastewater treatment plant and equipment is installed, properly maintained and operable. If this is not the case, then the engineer shall include a schedule for making all repairs, replacements and/or maintenance and to correct any found deficiencies recommend any maintenance or improvements in the report. The report shall include a survey of the lagoon at Treatment Plant No. 2 to estimate the current capacity and provide a timeframe for removal of sediment. The report shall also confirm the draining, inspection, repair, and repainting of Tank 1 (side 1). The report shall also include an evaluation and proposed remedy to ensure that Hidden Valley Utility Services, L.P., is providing adequate and reasonable wastewater services to its customers. Hidden Valley Utility Services, L.P., shall obtain said report within ninety (90) days from the date of entry of this Opinion and Order.

10. That Hidden Valley Utility Services, L.P., shall provide a copy of the engineer's report regarding wastewater services and any amendments or supplements thereto, to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, not later than fourteen (14) days from the date of the expert report and each amendment or supplement thereto.

11. That Hidden Valley Utility Services, L.P., shall comply with all recommendations from the engineer with regard to wastewater services in order to ensure that customers shall receive adequate and reasonable wastewater service, on or before January 31, 2019.

12. That Hidden Valley Utility Services, L.P., shall modify its billing practices to ensure that all customer bills are fully compliant with all Commission rules, regulations and orders, within ninety (90) days of the date of entry of this Opinion and Order. Hidden Valley Utility Services, L.P., shall seek input from the Office of Consumer Advocate pertaining to the modification of its billing practices within sixty (60) days of the date of entry of this Opinion and Order.

13. That a copy of the revised bill form shall be submitted to the Commission within ninety (90) days of the date of entry of this Opinion and Order for review by the Commission's Bureaus of Consumer Services and Technical Utility Services for compliance.

14. That Hidden Valley Utility Services, L.P., shall file correct information in its annual reports to the Commission and shall amend any prior reports that contain inaccurate or incorrect information within 180 days of the date of the final Commission Order entered in this proceeding. Any requests for extensions to file any such reports or amendments or modifications of said reports shall be filed with the Commission in writing, with a copy to be provided to the Office of Consumer Advocate at the time of filing.

15. That Hidden Valley Utility Services, L.P., shall pay all electric and telephone bills in a timely manner to ensure adequate and reasonable service to its customers. Additionally, Hidden Valley Utility Services, L.P., shall execute appropriate authorization forms permitting its electric provider, Pennsylvania Electric Company, to continue providing monthly billing and payment information for all Hidden Valley Utility Services, L.P., accounts to the Office of Consumer Advocate until the requirements under Ordering Paragraph No. 28 are satisfied. Hidden Valley Utility Services, L.P., shall also provide an annual update of telephone service numbers which includes copies of bills for telephone service so that customers are able to reliably contact Hidden Valley Utility Services, L.P.

16. That consistent with the terms of this Opinion and Order, Hidden Valley Utility Services, L.P., shall comply in all other respects with its tariff filed with the Commission, as well as all laws, rules, regulations and orders of the Commission, as they relate to providing adequate and reasonable water and wastewater services to its customers. Any modifications in the practices of Hidden Valley Utility Services, L.P., in order to comply with this provision shall be implemented within ninety days of entry of this Opinion and Order.

17. That Hidden Valley Utility Services, L.P., shall file detailed status reports with the Commission every sixty days and provide copies to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, at the time of filing, with regard to the compliance and progress as set forth in this decision and order and identifying any matters not fully completed and the reasons therefore,

with the first progress report to be filed not later than sixty (60) days from the date of entry of this Opinion and Order.

18. That Hidden Valley Utility Services, L.P., shall cease and desist from further violations of the Public Utility Code or any of the Orders, Rules or Regulations of this Commission.

19. That on or before January 31, 2019, or as soon as all repairs, modifications and improvements have been made, as ordered herein, Hidden Valley Utility Services, L.P., shall file a final detailed status report with the Secretary of the Commission, along with a verification from its engineer outlining the details of what has and has not been completed, and provide copies to the Office of Consumer Advocate and to the Commission's Bureau of Technical Utility Services, in writing, at the time of filing, identifying in detail the extent of compliance and any incomplete matters as ordered herein. If any matters ordered herein have not been completed, Hidden Valley Utility Services, L.P., and its engineer shall state in said report, in detail, the reasons for the same.

20. That on or before March 31, 2019, or within sixty (60) days after receipt of a written report of all completed rehabilitative measures from Hidden Valley Utility Services, L.P. and its engineer, the Bureau of Technical Utility Services shall investigate the quality of the water as well as of the water and wastewater services being received by Hidden Valley Utility Services, L.P.'s customers. If the recommended repairs, modifications, rehabilitative and maintenance procedures have not been accomplished within the time frame structured herein, or if the water quality or water and wastewater service as reported by the Bureau of Technical Utility Services is not adequate and reasonable, an evidentiary

hearing shall forthwith be scheduled by the Office of Administrative Law Judge for purposes of addressing one or more of the following issues: the adequacy of the water system, the adequacy of the wastewater system, the quality of the water, the appropriateness of penalties to be imposed against Hidden Valley Utility Services, L.P., the appropriateness of ratepayer refunds, and any other issue relative to these ordering paragraphs. The burden of proof in the evidentiary hearing as to these issues shall be upon Hidden Valley Utility Services, L.P. The Commission shall retain jurisdiction for that purpose.

21. That in the event an evidentiary hearing is required under Ordering Paragraph No. 20, the Commission shall initiate a separate proceeding pursuant to 66 Pa. C.S. § 529 (relating to directing a competent utility to operate or acquire a small sewer utility that has jeopardized public safety by failing to provide reasonable and adequate service). To the extent possible, the separate proceeding pursuant to 66 Pa. C.S. § 529 shall be a bifurcated proceeding with the hearing required under Ordering Paragraph No. 20.

22. That Hidden Valley Utility Services, L.P., shall take and record a pressure survey in compliance with 52 Pa. Code § 65.6(d) before the end of 2018 and at least once per year going forward. If the pressure surveys show that customers are receiving inadequate water pressure, Hidden Valley Utility Services, L.P., shall install booster pumping stations to provide water at adequate water pressures to the affected customers.

23. That until a permanent solution to the iron and manganese problem is in place, Hidden Valley Utility Services, L.P., shall

have a spare pump and motor available for Well No. 1 within seventy-two (72) hours of the primary pump and motor becoming inoperable.

24. That after the engineering report is submitted, pursuant to Ordering Paragraph No. 6, if the chosen means to address iron and manganese is treatment of water from Well No. 1 and Well No. 2, Hidden Valley Utility Services, L.P., shall install instrumentation to control the on/off cycle of Well No. 2.

25. That Hidden Valley Utility Services, L.P., shall maintain an operable, installed second high lift pump.

26. That in the event Hidden Valley Utility Services, L.P., fails to comply with any of the time deadlines directed in these Ordering Paragraphs, the Office of Consumer Advocate shall notify the Secretary of the Commission and the Director of the Commission's Bureau of Investigation and Enforcement within thirty days of the missed deadline.

27. That in the event a Notice as set forth in Ordering Paragraph No. 26 is received by the Commission, a separate proceeding shall be initiated pursuant to 66 Pa. C.S. § 529 (relating to directing a competent utility to operate or acquire a small sewer utility that has jeopardized public safety by failing to provide reasonable and adequate service).

28. That upon completion of the terms set forth in this decision and order, and the filing of a status report by Hidden Valley Utility Services, L.P., and its engineer, and a report from Office of Consumer Advocate or the Commission's Bureau of Technical Utility Services,

evidencing that all the requirements set forth herein have been completed, the proceeding docketed at C-2014-2447138 and C-2014-2447169 shall be marked closed.

3. That in all other respects, the Opinion and Order entered on January 18, 2018, in the above-captioned proceeding shall remain in full force and effect.

BY THE COMMISSION,

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: May 3, 2018

ORDER ENTERED: May 3, 2018