

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. McCLOSKEY, ACTING	:	
CONSUMER ADVOCATE	:	Docket Nos. C-2014-2447138
v.	:	C-2014-2447169
HIDDEN VALLEY UTILITY SERVICES, L.P.	:	
WATER AND WASTEWATER DIVISIONS	:	

DIRECT TESTIMONY
OF
TERRY L. FOUGHT

ON BEHALF OF
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

APRIL 24, 2020

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

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

2 A. Terry L. Fought, 780 Cardinal Drive, Harrisburg, Pennsylvania, 17111.

3

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

5 A. I am a self-employed consulting engineer retained by the Office of Consumer
6 Advocate (OCA) for the purposes of providing testimony in this proceeding.

7

8 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND QUALIFICATIONS.**

9 A. Appendix A, which is attached to this testimony, describes my educational
10 background and applicable experience.

11

12 **Q. HAVE YOU SUBMITTED PRIOR TESTIMONY IN THIS CASE?**

13 A. Yes, I submitted written direct testimony on July 6, 2015 and written surrebuttal
14 testimony on September 25, 2015.

15

16 **Q. WHAT ISSUES HAVE YOU BEEN ASKED TO INVESTIGATE REGARDING THE
17 HIDDEN VALLEY UTILITY SERVICES, L.P. – WATER (HVUS OR COMPANY)
18 COMPLAINT CASE?**

19 A. The OCA requested that I investigate issues related to the quality of service
20 provided by the Company.

1 **Q. WHAT DID YOUR INVESTIGATION CONSIST OF?**

2 A. During 2015, my investigation included: (1) reviewing applicable portions of the
3 Commission Order, Recommended Decision and Settlement in the Company's
4 2004 Application proceedings;¹ (2) reviewing Department of Environment
5 Protection (DEP) files regarding the Company on April 30, 2014; (3) attending
6 Public Input Hearings (PIH) on October 20, 2004² and June 25, 2015; (4) reviewing
7 the Company's responses to the OCA's Interrogatories regarding quality of service
8 issues; and (5) meeting with the Company and inspecting its facilities on October
9 25, 2004, May 1, 2014 and June 25, 2015.

10 More recently, I performed a site inspection on July 27, 2018 and reviewed the
11 following documents: (1) Quarterly Status Reports the Company has submitted to
12 the PUC; (2) the Company's Engineer's Report filed with the Commission dated
13 April 18, 2018 (2018 Engineer's Report); (3) The Company's responses to
14 discovery that included the DEP Construction Permit application for the Water
15 Treatment Plant; (4) the DEP Construction Permit approved March 9, 2020 for
16 constructing the Water Treatment Plant and related items; and (5) the Company's
17 April 3, 2020 Direct Testimony Statement Nos. 1, 2 and 3.

18

19 **Q. BRIEFLY DESCRIBE HVUS'S WATER SYSTEM.**

20 A. The Company's water supply system consists of two wells, treatment facilities, high
21 lift pumps, a 250,000-gallon (gal) standpipe storage tank, and a distribution system
22 containing about 18 miles of water mains, fire hydrants, service lines and
23 miscellaneous valves that provides service to approximately 1,126 residential
24 customers, 30 non-residential customers, 50 private fire protection service
25 customers, and 18 availability customers.

¹ Applications of HVUS, Docket Nos. A-210117 (water) and A-230101 (wastewater), Order (July 15, 2015), Recommended Decision (May 16, 2005) (Application RD).

² Held in Docket Nos. A-210117 and A-230101.

1 **Q. WHAT QUALITY OF SERVICE ITEMS DOES YOUR TESTIMONY ADDRESS?**

2 A. My testimony will address the operation and maintenance of the Company's water
3 supply facilities that consist of wells, treatment facilities, a standpipe storage tank
4 and a distribution system.

5

6 **Q. WHAT QUALITY OF SERVICE ISSUES WILL YOU ADDRESS REGARDING**
7 **THE COMPANY'S WELLS AND TREATMENT FACILITIES?**

8 A. I will address the lack of adequate treatment of the iron and manganese contained
9 in the Company's well water. The history of the iron and manganese problems
10 caused by the Company's water is thoroughly discussed in my 2015 Direct and
11 Surrebuttal Testimonies previously submitted in this proceeding.

12

13 **Q. ARE THE COMPANY'S CUSTOMERS STILL BEING PROVIDED WITH WATER**
14 **THAT IS INADEQUATELY TREATED FOR IRON AND MANGANESE?**

15 A. Yes. The treatment for iron and manganese has not improved or materially
16 changed since 2015. See Exhibit TLF-1 for customer complaints logged by the
17 Company during 2018 and 2019.

18

19 **Q. HAS THE COMPANY TAKEN ANY STEPS TO RESOLVE THE IRON AND**
20 **MANGANESE PROBLEM SINCE YOUR 2015 TESTIMONY?**

21 A. In its September 16, 2019 Status report, the Company stated that it had purchased
22 a water treatment plant. See Exhibit TLF-2, page 3. Specifically, the Company
23 paid \$30,000 for water treatment plant filtration equipment. See Exhibit TLF-3
24 (Company response to OCA IX-1). The plant had been used from approximately
25 2012-2015 according to the Company. See Exhibit TLF-3. In November 2019 the
26 Company filed an application with DEP seeking approval to construct a Water

1 Treatment Plant (WTP). On March 9, 2020, the Company obtained a permit,
2 including conditions, from DEP for construction of a WTP to remove iron and
3 manganese from its raw water.

4
5 **Q. DID THE DEP CONSTRUCTION PERMIT APPLICATION INCLUDE AN**
6 **ENGINEER'S REPORT?**

7 A. Yes. See Exhibit TLF-4 for a copy of an Engineering Report dated November
8 2019, Revised February 2020 (2020 Engineer's Report).

9
10 **Q. IS A PROPOSED PROJECT SCHEDULE INCLUDED IN THE 2020 ENGINEER'S**
11 **REPORT?**

12 A. Yes. It indicates that Complete Construction/Start-up of the WTP will occur during
13 November 2020. See Exhibit TLF-5.

14
15 **Q. DOES THE PROPOSED PROJECT SCHEDULE INCLUDED IN THE 2020**
16 **ENGINEER'S REPORT DIFFER FROM THE PROPOSED SCHEDULE**
17 **PROVIDED IN THE 2018 ENGINEER'S REPORT FILED WITH THE**
18 **COMMISSION ON APRIL 18, 2018? IF SO, HOW DOES IT DIFFER?**

19 A. Yes. Exhibit TLF-6 is the estimated schedule for upgrades to the WTP that was
20 included with the 2018 Engineer's Report. The 2018 schedule estimated that after
21 receiving approvals from appropriate agencies, it would take 635 days, or roughly
22 21 months, to complete construction.³ This compares to 8 or 9 months for
23 completing the same items shown in the 2020 Engineer's Report (Exhibit TLF-5).
24 I address this below in response to Mr. Stinebiser's testimony.

³ 120 days for Final Design, 90 days to Bid Contract, 60 days to Award Contract, 365 Days for Construction.
(120 + 90 + 60 + 365 = 635).

1 **Q. WILL THE START-UP AND PROPER OPERATION OF THE WTP ELIMINATE**
2 **THE IRON AND MANGANESE PROBLEMS EXPERIENCED BY CUSTOMERS?**

3 A. No. The WTP will remove iron and manganese from the raw water; however,
4 customers will continue to experience problems until existing iron and manganese
5 sediment is removed from the 250,000-gal standpipe storage tank and distribution
6 system water mains and service lines.

7 Paragraph 8 of the May 3, 2018 Order is not limited to water treatment, it requires
8 that all the problems caused by iron and manganese in the water provided to
9 customers are to be solved.

10

11 **Q. DOES THE DEP CONSTRUCTION PERMIT ADDRESS IRON AND**
12 **MANGANESE IN THE STORAGE TANK AND DISTRIBUTION SYSTEM?**

13 A. No. The DEP Construction Permit only addresses iron/manganese in the water
14 "at the entry point to the distribution system." HVUS Exhibit BRS-4, Special
15 Conditions E, F and G. The entry point is prior to the standpipe storage tank. It
16 should be noted that the Company will have to obtain a DEP Operating Permit
17 upon completion of construction and testing of the WTP (HVUS Exhibit BRS-4,
18 Special Conditions A).

19

20 **Q. HOW CAN THE IRON AND MANGANESE SEDIMENT BE REMOVED FROM**
21 **THE 250,000-GAL STANDPIPE STORAGE TANK?**

22 A. The sediment can be removed by either vacuuming it away by a diver or as part of
23 the process to repaint the interior of the storage tank.

24

1 **Q. IS THE COMPANY AWARE THAT SEDIMENT IN THE STANDPIPE STORAGE**
2 **TANK CONTRIBUTES TO THE CUSTOMERS' IRON AND MANGANESE**
3 **PROBLEMS?**

4 A. Yes. Approximately every three years, the Company has been having a diver
5 inspect the inside of the standpipe storage tank and vacuum away iron and
6 manganese sediment.

7

8 **Q. WHEN WAS THE SEDIMENT LAST REMOVED FROM THE STANDPIPE**
9 **STORAGE TANK?**

10 A. During May 2018. See Exhibit TLF-7 (Company response to OCA IX-1).

11

12 **Q. DOES THE INTERIOR OF THE STANDPIPE STORAGE TANK NEED TO BE**
13 **REPAINTED?**

14 A. An inspection report by Liquid Engineering Corporation (LEC) dated 5/29/18
15 suggested sandblasting and re-coating of the standpipe storage tank. See Exhibit
16 TLF-7, last page.

17

18 **Q. HOW DOES REPAINTING THE STORAGE TANK AFFECT SERVICE?**

19 A. Regular repainting is required to ensure the tank can be used over its long service
20 life and to ensure the structural stability of water tanks. It helps to prevent the
21 spreading of bacteria and other contaminants along with rusting and deterioration
22 on the interior. Also, as part of repainting the inside of the tank, its interior is
23 sandblasted. The sandblasting waste and the iron/manganese sediment is then
24 removed from the tank.

1 **Q. WHAT WAS THE ESTIMATED COST OF REPAINTING THE INTERIOR OF THE**
2 **STANDPIPE STORAGE TANK IN 2018?**

3 A. According to LEC, the estimated cost of repainting the interior of the storage tank
4 was \$74,340. See Exhibit TLF-8 (Company response to OCA XI-1).

5

6 **Q. HOW CAN THE IRON AND MANGANESE SEDIMENT BE REMOVED FROM**
7 **THE DISTRIBUTION SYSTEM MAINS?**

8 A. Generally, the sediment is removed by flushing the water lines by opening fire
9 hydrants and blow-off valves.

10

11 **Q. IS THE COMPANY AWARE THAT SEDIMENT IN THE DISTRIBUTION SYSTEM**
12 **CONTRIBUTES TO THE CUSTOMERS' IRON AND MANGANESE**
13 **PROBLEMS?**

14 A. Yes. The Company has been flushing the lines more frequently than normal for
15 many years. See Application RD, pages 6-7 and Settlement ¶ 24. It has installed
16 some automatic blow-off valves because of the iron and manganese problem. See
17 Application RD, page 14 and Settlement ¶ 13.

18

19 **Q. DOES THE COMPANY BELIEVE THAT THE PROJECT SCHEDULE SHOWN**
20 **ON PAGE 8 OF 8 OF 2020 ENGINEER'S REPORT FOR THE WTP NEEDS TO**
21 **BE ADJUSTED TO ADDRESS IRON AND MANGANESE PROBLEMS THAT**
22 **MAY OCCUR AFTER THE START UP OF THE WTP?**

23 A. No. See Exhibit TLF-9 (Company response to OCA XI-2).

1 **Q. NOW THAT THE COMPANY HAS OBTAINED A CONSTRUCTION PERMIT TO**
2 **BUILD A WTP, DO YOU HAVE ANY RECOMMENDATIONS ON HOW THE**
3 **COMPANY SHOULD PROCEED TO RESOLVE THE IRON AND MANGANESE**
4 **PROBLEMS?**

5 A. Yes. The Company should complete construction/start-up of the WTP during
6 November 2020 in accordance with the Project Schedule as recommended by the
7 2020 Engineer's Report (Exhibit TLF-5).

8 Shortly after start-up of the WTP, the Company should remove the iron and
9 manganese sediment in the 250,000-gal standpipe storage tank and flush the
10 distribution system so that the customers do not continue to have iron and
11 manganese problems.

12 Currently, flushing is generally performed in response to customer complaints
13 about brown or rusty water. See Exhibit TLF-1. The Company should have its
14 consulting engineer prepare a plan for flushing iron and manganese sediment out
15 of the HVUS distribution system after the WTP is brought online. Annual flushing
16 of the distribution system should continue after the iron and manganese problems
17 have been solved because that is a typical operation and maintenance procedure
18 for all water systems.

19

20 **Q. DO YOU HAVE ANY COMMENTS CONCERNING MR. JAMES M. KETTLER'S**
21 **DIRECT TESTIMONY, HVUS STATEMENT NO. 3?**

22 A. Yes.

23

24 **Q. WHAT IS THE PURPOSE OF MR. KETTLER'S DIRECT TESTIMONY?**

25 A. On Page 2 of his testimony, Mr. Kettler states that the purpose of his direct
26 testimony is to (1) discuss the engineer's report that HVUS filed in April 2018
27 concerning HVUS's water system and (2) discuss the origin of the one year

1 deadline in Ordering Paragraph 8(1) of the Commission's May 2018 Order in this
2 proceeding, the insufficiency of that deadline, and the reasons for extending that
3 deadline.

4
5 **Q. WHAT ARE YOUR COMMENTS CONCERNING THE PURPOSE OF MR.**
6 **KETTLER'S TESTIMONY?**

7 A. Since the Company has received a DEP Permit for constructing the WTP and has
8 submitted a new engineer's report dated 2020 with an updated project schedule,
9 Mr. Kettler's testimony does not seem relevant to proceeding forward to improve
10 the water quality.

11
12 **Q. DO YOU HAVE ANY COMMENTS IN RESPONSE TO MR. KETTLER'S**
13 **TESTIMONY ABOUT THE SUFFICIENCY OF THE 2018 ENGINEER'S**
14 **REPORT?**

15 A. Yes. Among other things, Ordering Paragraph 6 of the Commission's May 2018
16 Order required the Company to obtain a report from a licensed engineer and
17 specified that "said report shall contain recommendations." The April 2018
18 Engineer's Report did not contain any recommendation by the engineer as to
19 which option should be pursued by HVUS.

20
21 **Q. ON PAGE 12 OF HIS DIRECT TESTIMONY, MR. KETTLER STATES THAT THE**
22 **2018 ENGINEER'S REPORT CONTAINED "RECOMMENDATIONS" (PLURAL)**
23 **RATHER THAN A SINGLE RECOMMENDATION. DO YOU HAVE ANY**
24 **COMMENT IN RESPONSE?**

25 A. It was OCA's expectation that the 2015 and 2018 Engineer's Reports study various
26 options and recommend a single option to the Company for implementation. Of
27 course, if the Company did not agree with the Report's recommendation, it could

1 have the Engineer's Reports modified to address the option chosen. The
2 Company has been on notice that it needed to address the problems caused by
3 iron and manganese in the water, since at least 2005 when it signed a settlement
4 containing provisions for mitigating the problems and requiring a report regarding
5 a permanent resolution.⁴ In January 2019, EADS was still reporting on two of the
6 four project options. HVUS Exhibit BRS-2. HVUS did not engage an engineer to
7 work on one, single option until June 2019, when it signed an agreement for EADS
8 to do the design and permitting work for the WTP option. HVUS Statement 2, page
9 27. The Company's response, or lack of response, to its 2015 Engineer's Report
10 and its 2018 Engineer's Report seems to indicate that the Company thought it had
11 more time to study which of four different options to implement.

12
13 **Q. WHAT IS MR. KETTLER'S POSITION ON EXTENDING THE ONE-YEAR**
14 **DEADLINE IN ORDERING PARAGRAPH 8(1)?**

15 A. On Page 22 of his testimony, Mr. Kettler states because of what the Company
16 considers unreasonable deadlines, "The Commission should not maintain the one-
17 year deadline as a way of punishing HVUS for events that happened long ago."

18 On Page 24 of his testimony, Mr. Kettler states that Mr. Stinebiser explains the
19 position of HVUS.

20
21 **Q. WHAT IS YOUR RESPONSE TO MR. KETTLER'S POSITION?**

22 A. The iron and manganese problems have been and are still affecting the
23 Company's customers – not just a long time ago.

24 As discussed in more detail in my 2015 Direct Testimony, pages 4 to 8, DEP
25 advised the Company in July 2004 that the water from Well No. 1 exceeded the
26 concentration of iron and manganese that can be controlled by sequestration.

⁴ See Application RD, pages 5-6 and Settlement ¶ 18-21, 24.

1 After the Company replaced the drop pipe at Well No. 1 and adjusted the chemical
2 feed, it was granted a permit by DEP in July 2008 to use sequestration (for only
3 Well 1 because Well 2 had a higher concentration of iron and manganese).
4 Allowing time for flushing the distribution system to remove the previous iron and
5 manganese deposits, it should have been apparent to the Company by 2010 that
6 sequestration was not solving the problem.⁵ Customers' continuing complaints
7 about the problems caused by iron and manganese were documented in the
8 record of the 2015 proceedings and again in 2018 in the base rate proceeding.⁶

9 The Company (not DEP or PUC) is responsible for solving the Company's iron and
10 manganese problems and the Company has had over ten years to solve the
11 problem after it should have known that sequestration does not work.

12 Mr. Stinebiser's testimony is addressed below.

13
14 **Q. DO YOU HAVE ANY COMMENTS CONCERNING MR. BRADLEY R.**
15 **STINEBISER'S DIRECT TESTIMONY, HVUS STATEMENT NO. 2?**

16 A. Yes.

17
18 **Q. WHAT IS THE PURPOSE OF MR. STINEBISER'S DIRECT TESTIMONY?**

19 A. On Page 2 of his testimony, Mr. Stinebiser states that the purpose of his direct
20 testimony is to: (1) discuss the project schedules and water service meter
21 testing/replacement schedule prepared for the engineer's report that was
22 completed for the Company in April 2018; (2) address HVUS's ongoing efforts to

⁵ As I have explained in prior testimony, sequestration did not work for the Company's system because the effectiveness of sequestration diminishes with time. In as little as four days, iron and manganese can settle out of the water. Many customers live in Hidden Valley part-time, primarily on weekends and holidays. The 250,000 gallon storage tank allows iron and manganese to settle out of the water during weekdays when there is low water demand. OCA Statement 2- Water (2015), pages 4-8 and OCA Statement 3, pages 3-6, in Pa. PUC v. HVUS, Docket No. R-2018-3001306 (2018 Base Rate - Water).

⁶ OCA Statement 2 - Water (2015), pages 8-9, and OCA Statement 3, page 12 (2018 Base Rate - Water).

1 construct a water treatment plant; (3) explain why the one-year deadline in
2 Ordering Paragraph 8(1) of the Commission's May 2018 Order in this matter
3 should be modified; and (4) to explain how the deadline should be modified.

4
5 **Q. DO YOU HAVE ANY COMMENTS CONCERNING THE SCHEDULES IN THE**
6 **APRIL 2018 ENGINEER'S REPORT?**

7 A. Yes. First, it should be noted that Mr. Stinebiser developed the project schedules
8 in both the 2018 Engineer's Report and the 2020 Engineer's Report submitted for
9 the DEP Construction Permit. As I discussed earlier in my testimony, in the 2020
10 Engineer's Report, he estimates that it will only take 8 to 9 months to complete the
11 steps that follow receipt of the Construction Permit.

12
13 **Q. BASED ON YOUR REVIEW OF HIS TESTIMONY, WHY DID MR. STINEBISER**
14 **ADJUST THE PROJECT SCHEDULE?**

15 A. On page 10 of his Direct Testimony, Mr. Stinebiser explains that the estimated
16 schedules provided with the 2018 Engineer's Report were developed when the
17 treatment options were at a conceptual stage. By 2020, more information about
18 the design details for the treatment options was available, including the 2019
19 purchase of water treatment plant equipment.

20
21 **Q. DO YOU HAVE ANY COMMENTS CONCERNING MR. STINEBISER'S**
22 **REASONS WHY THE DEADLINE IN ORDERING PARAGRAPH 8(1) OF THE**
23 **COMMISSION'S MAY 2018 ORDER SHOULD BE MODIFIED?**

24 A. Yes. As I discussed above in addressing Mr. Kettler's testimony, the Company
25 was advised in 2004 that it had to take action to provide treatment for iron and
26 manganese. It has been the Company's responsibility to provide proper treatment

1 since 2004 and provide its customers with water suitable for all household
2 purposes.

3
4 **Q. WHAT IS MR. STINEBISER'S RECOMMENDATION ON HOW ORDERING**
5 **PARAGRAPH 8(1) OF THE COMMISSION'S MAY 2018 ORDER SHOULD BE**
6 **MODIFIED?**

7 A. Mr. Stinebiser recommended Ordering Paragraph 8(1) be amended to set
8 deadlines for significant milestones in the construction process. He recommends
9 that the deadline dates for the milestones start after the date of the Commission's
10 final order in this proceeding.

11
12 **Q. WHAT ARE YOUR COMMENTS ON MR. STINEBISER'S**
13 **RECOMMENDATIONS ON HOW TO MODIFY ORDERING PARAGRAPH 8(1)**
14 **OF THE COMMISSION'S MAY 2018 ORDER?**

15 A. First, I do not think that it is reasonable to set deadlines for milestones for a project
16 that is scheduled to be completed in November 2020.

17 Second, Mr. Stinebiser proposes to modify Paragraph 8(1) to delay deadlines until
18 the Commission issues a final order in this proceeding. Construction of the project
19 does not have to be delayed while the Company waits for a Commission final order.
20 See HVUS Statement 2, pages 21-22. As Mr. Stinebiser acknowledges, HVUS
21 intends to continue with the construction process while this case is pending.

22 Third, I disagree with Mr. Stinebiser's position that Paragraph 8(1) should be
23 modified to add 200 days (approximately 6.5 months) to the schedule submitted
24 by the Company in February 2020 with its DEP Construction Permit Application
25 (Exhibit TLF-5), for the Company to: (1) apply for local permits including zoning,
26 and subdivision, land development, and other remaining permits; (2) authorize any
27 remaining final design changes; and (3) award construction contracts to construct

1 the WTP. The deadlines should reflect the engineer's updated schedule instead
2 of the schedule submitted with the 2018 Engineer's Report.

HIDDEN VALLEY UTILITY SERVICES
APPLICATION FOR WATER SUPPLY PERMIT AMENDMENT

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



3
4 As reflected on the Proposed Project Schedule submitted with the 2020 Engineer's
5 Report (Exhibit TLF-5 and above), the Company anticipated receiving its
6 Construction Permit in March 2020.⁷ The Company did receive its Construction
7 Permit on March 9, 2020. By or before March 2020, the Company could have
8 applied for the local permits. The timing for final design changes (April 2020) and
9 awarding the contract (May 2020) is addressed by the Proposed Project
10 Schedule.⁸ As such, there is no basis to add 200 days to the schedule. The
11 Company should meet the deadlines in its engineer's Proposed Project Schedule,
12 such that construction and start-up occur by December 2020.

⁷ The Proposed Project Schedule references a "Public Water Supply Permit" but the DEP permit required prior to construction is a "Construction Permit."

⁸ Further, Mr. Stinebiser noted that no formal bid process was required, so "Select Contractor" replaces the steps of "Bid Contract" and "Award Contract" in the 2018 schedule. See Exhibits TLF-5 and TLF-6.

1 For these reasons, I disagree with Mr. Stinebiser’s primary and alternative
2 recommended modifications to Paragraph 8(1). See HVUS Statement 2, pages
3 21 to 22 and 26.

4
5 **Q. WHAT ARE YOUR COMMENTS ON MR. STINEBISER’S COVID-19**
6 **EXEMPTION?**

7 A. The Company should present documentation of any delays caused by the COVID-
8 19 emergency with its required 60-day status reports.

9
10 **Q. WHAT ARE YOUR COMMENTS ON MR. STINEBISER’S**
11 **RECOMMENDATIONS TO KEEP OR MODIFY OTHER PARAGRAPHS OF THE**
12 **COMMISSION’S MAY 2018 ORDER?**

13 A. I disagree with Mr. Stinebiser’s recommendation to modify the deadline in
14 Paragraph 20 of the Commission’s May 2018 Order. Based on the advice of
15 counsel, the effect of Mr. Stinebiser’s recommendation is to delay the evidentiary
16 hearing that would trigger initiation of a Section 529 proceeding under Paragraph
17 21.

18 Paragraph 20 states that, if the repairs, modifications, rehabilitative and
19 maintenance procedures recommended in the engineer’s report due by April 2018
20 have not been accomplished within the deadlines established in the May 2018
21 Order, that an evidentiary hearing would be scheduled to address, among other
22 things, (1) the adequacy of the water system, (2) the quality of the water, (3) the
23 appropriateness of penalties to be imposed against Hidden Valley Utility Services,
24 L.P., (4) the appropriateness of ratepayer refunds, and (5) any other issue relative
25 to these ordering paragraphs.

26 Paragraph 21 states that, if an evidentiary hearing is required under Ordering
27 Paragraph 20, the Commission will initiate a separate proceeding under Section

1 529. For the same reason that I do not support delays in the deadline for
2 completing construction/startup of the WTP, I do not support a delay in starting a
3 Section 529 proceeding. The parallel Section 529 proceeding should be in
4 progress to investigate acquisition by a capable provider and alternatives. With
5 the Company's proposed revisions, the Section 529 proceeding would be further
6 delayed until after the Company misses extended, future deadlines.

7
8 **Q. DO YOU HAVE ANY COMMENTS CONCERNING MR. JOHN F. LARIMER'S**
9 **DIRECT TESTIMONY, HVUS STATEMENT NO. 1?**

10 A. Yes.

11
12 **Q. WHAT IS THE PURPOSE OF MR. LARIMER'S DIRECT TESTIMONY?**

13 A. On Page 2 of his testimony, Mr. Larimer states that the purpose of his direct
14 testimony is to discuss the engineer's report that CME prepared for the Company
15 and to discuss the sufficiency of the deadlines in the May 2018 Order of the
16 Commission in this case. On Page 3 of his testimony, Mr. Larimer states that he
17 was referring to the April 18, 2018 Report.

18
19 **Q. WHAT ARE YOUR COMMENTS CONCERNING THE PURPOSE OF MR.**
20 **LARIMER'S TESTIMONY?**

21 A. Since the Company has received a DEP Permit for constructing the WTP and has
22 submitted a new engineer's report dated 2020 with an updated project schedule,
23 Mr. Larimer's testimony does not seem relevant to proceeding forward to improve
24 the water quality.

25 In regard to the sufficiency of the 2018 Engineer's Report, see my above
26 responses to Mr. Kettler.

1 In regard to deadlines, see my above responses to Mr. Kettler and Mr. Stinebiser.

2

3 **Q. WHAT IS YOUR RECOMMENDED SCHEDULE TO ADDRESS THE IRON AND**
4 **MANGANESE PROBLEMS INCLUDING REMOVAL OF IRON AND**
5 **MANGANESE SEDIMENT IN THE STANDPIPE STORAGE TANK AND**
6 **DISTRIBUTION SYSTEM?**

7	A.	April 2020	Submit all Local and Other Permit Applications
8		April 2020	Authorize Final Design Changes
9		May 2020	Complete Final Design Changes
10		May 2020	Select Contractor
11		June 2020	Begin Construction
12		December 2020	Complete Construction/Start-up of the Water Treatment Plant
13		July 2021	Complete Removal of Sediment from the Standpipe Storage
14			Tank and Distribution System

15 Note: The July 2021 deadline is intended to allow sufficient time for the Company
16 to schedule removal of the iron/manganese sediment from the Standpipe Storage
17 Tank and Distribution System during non-freezing weather for proper
18 diving/painting conditions and also to prevent freezing of roadways during main
19 flushing.

20

21 **Q. DOES THIS COMPLETE YOUR WRITTEN DIRECT TESTIMONY?**

22 A. Yes, at this time. I reserve the right to supplement this testimony either in writing
23 or orally if additional relevant information is received.

24

25 287048

BACKGROUND AND QUALIFICATIONS

TERRY L. FOUGHT, P.E.

Education

Cleveland State University, Cleveland, Ohio, Bachelor of Civil Engineering, 1967

Professional Registrations

Professional Engineer, Pennsylvania, PE-023343-E, 1975

Professional Engineer, New Jersey, GE 25392, 1978 (Inactive)

Professional Engineer, Virginia, 10850, 1979 (Inactive)

Professional Land Surveyor, Pennsylvania, SU-000194-A, 1980 (Inactive)

Employment

From March 1983 to date, I have been a self-employed consulting engineer engaged in providing consulting engineering services to water and wastewater utilities, both private and municipal.

From May 1969 to March 1983, I was employed by E. H. Bourquard & Associates, Inc. as a project engineer to water and wastewater clients. At the time I left the firm I was a vice-president.

From 1962 to 1969, I was employed by the State of Ohio, Department of Highways and the Geauga County Ohio Sanitary Engineers Office as an engineer's assistant to assistant sanitary engineer with breaks in employment to attend college and 1½ years active duty military service.

Experience

I have prepared studies related to and designed water supply, treatment, transmission, distribution and storage facilities. I have provided services to the following private and municipal water suppliers: Amber Hill Mobile Home Park, Brockway Borough Municipal Authority, Dallas Water Company, Eastern Gas and Water Investment Company, Haddonfield Hills Development, Halifax Borough, Langhorne Spring Water Company, Mifflintown Municipal Authority, Neshaminy Water Resources Authority, Newberry Water Company, Pleasant View Mobil Home Park, H. B. Reese Candy Company, Shavertown Water Company, Smethport Water Company, Tunkhannock Water Company, and Watts Business Center.

I have prepared studies related to and designed wastewater collection and interceptor sewers, pumping stations and force mains, and treatment plants. I have provided services to the following private and municipal sewerage utilities: Brockway Glass Company, Central Dauphin School District, Clean Waste Technologies, Inc., Dauphin Borough, Dauphin Borough Municipal Authority, Halifax Area School District, Halifax Municipal Authority, Mercersburg Borough, Middle Paxton Township, Newberry Sewer Company, Newberry Township Municipal Authority, Park-away Park Family Campground, Reading Township Municipal Authority, Reynoldsville Borough, Saint Thomas Township, and Watts Business Center.

I have prepared over 100 stormwater management and drainage plans for land development and subdivision plans in Cumberland, Dauphin, and York Counties. Most of these plans included the design of storm sewer collection systems.

List of Public Utility cases which I have testified or provided substantial assistance:

NEW JERSEY BUREAU OF PUBLIC UTILITIES

<u>Docket Number</u>	<u>Company Name</u>
7712-1140	City of Trenton
787-847	Hackensack Water Company
814-119	City of Trenton
8310-862	City of Trenton

PENNSYLVANIA PUBLIC UTILITY COMMISSION

<u>Docket Number</u>	<u>Company Name</u>
C-2010-2175673	Pennsylvania-American Water Company
C-2011-2259004	Endsley v PAWC
C-2012-2332951	Tschachler v UGI
C-2014-2447138	Hidden Valley Utility Services - Water
C-2014-2447169	Hidden Valley Utility Services - Wastewater
C-2018-2644592	Winola Water Company
F-2011-2280415	Lynette Lugo Lopez v PGW
F-2012-2311590	Belinda Lyles v Aqua
F-2012-2330753	Scott v PGW
I-840377	Pennsylvania Gas and Water Company
I-00050109	PAWC High Fluoride Incident
I-00072313	WP Water & Sewer Co.
I-2009-2109324	Clean Treatment Sewer Company
I-2016-2526085	Delaware Sewer Company
P-2008-2075142	Pennsylvania-American Water Company
P-2014-2404341	Delaware Sewer Company
P-2017-2584953	Aqua Pennsylvania, Inc.
P-2017-2594725	Newtown Artesian Water Company
P-2017-2585707	Pennsylvania-American Water Company
P-2017-2589724	Suez Water Pennsylvania, Inc.
R-00850174	Philadelphia Suburban Water Company
R-00932785	Meadows Water Company
R-00963708 (Sewer)	Wynnewood Water & Sewer Corporation
R-00963709 (Water)	Wynnewood Water & Sewer Corporation
R-00984257	Consumers Pa. Water Company
R-00984334	National Utilities, Inc.
R-00984375	City of Bethlehem
R-00994672	Superior Water Company
R-00005031	Penn Estates Utilities, Inc.
R-00005050	Emporium Water Company
R-00005212 (Sewer)	Pennsylvania-American Water Company
R-00005997	Jackson Sewer Corporation
R-00027982 (Sewer)	Pennsylvania-American Water Company
R-00049862	City of Lancaster – Sewer Fund
R-00050607	Glendale Yearound Sewer Co.
R-00050659	Wonderview Water Co.
R-00050673	Pocono Water Co.
R-00050678	Mesco, Inc.
R-00050814	Marietta Gravity Water Co.
R-00051030	Aqua Pennsylvania, Inc.

PENNSYLVANIA PUBLIC UTILITY COMMISSION (Continued)

<u>Docket Number</u>	<u>Company Name</u>
R-00051167	City of Lancaster – Water Fund
R-00061297	Emporium Water Co.
R-00061492	Reynolds Disposal Co.
R-00061496	Columbia Water Co.
R-00061617	Allied Utilities Services
R-00061618	Imperial Point Water Co.
R-00061625	Phoenixville Sewer Fund
R-00061645	Eaton Water Co.
R-00062017	Borough of Ambler Water Department
R-00072074 (Sewer)	Aqua PA, Little Washington Division
R-00072075 (Sewer)	Aqua PA, Chesterdale/Williamstown Division
R-00072351	Village Water Company
R-00072491	Clarendon Water Company
R-00072492	City of Bethlehem, Bureau of Water
R-00072493 (Water)	Total Environmental Solutions, Inc., Treasure Lake
R-00072711	Aqua PA
R-2008-2020729	Blue Knob Water Company
R-2008-2020873	Warwick Drainage Company
R-2008-2020885	Warwick Water Works, Inc.
R-2008-2032689	PAWC Coatesville Wastewater Operations
R-2008-2039261	Superior Water Company
R-2008-2045157	Columbia Water Company
R-2008-2047291	Rock Spring Water Company
R-2008-2079310	AQUA, PA
R-2008-2081738	Little Washington Wastewater Company
R-09-2097323	Pennsylvania-American Water Company
R-2009-2102464	Reynoldsville Water Company
R-2009-2103937	PA Utility Company, Inc (Water)
R-2009-2103980	PA Utility Company, Inc (Sewer)
R-2009-2105601	Fryburg Water Company
R-2009-2110093	Birch Acres Water Company
R-2009-2115743	Lake Spangerberg Water Company
R-2009-2116908	Hanover Borough Water
R-2009-2117289	Utilities Inc, Westgate (Water)
R-2009-2117532	Penn Estates Utilities Inc (Water)
R-2009-2117750	Newtown Artesian Water Company
R-2009-2121928	Clean Treatment Sewage Company
R-2009-2122887	United Water Pennsylvania, Inc
R-2009-2132019	AQUA, PA
R-2010-2157062	Tri-Valley Water Supply Company, Inc
R-2010-2166208	Pennsylvania American Water Company (Wastewater)
R-2010-2171339	Reynolds Disposal Company
R-2010-2171918	TESI, Treasure Lake, Water Division
R-2010-2171924	TESI, Treasure Lake, Sewer Division
R-2010-2174643	City of Lock Haven
R-2010-2179103	City of Lancaster Water Department
R-2010-2191376	Superior Water Company
R-2010-2194499	Dear Haven Water Company
R-2010-2194577	Dear Haven Sewer Company
R-2010-2207833	Little Washington Waste Water, Masthope Division
R-2010-2207853	Little Washington Waste Water, SE Consolidated Division

PENNSYLVANIA PUBLIC UTILITY COMMISSION (Continued)

<u>Docket Number</u>	<u>Company Name</u>
R-2011-2218562	CMV Sewage Company, Inc.
R-2011-2232243	Pennsylvania-American Water Company
R-2011-2232985	United Water Company
R-2011-2244756	City of Bethlehem- Bureau of Water
R-2011-2246415	Twin Lakes Utilities, Inc.
R-2011-2248531	Wonderview Sanitary Facilities
R-2011-2248937	Fairview Sanitation Company
R-2011-2251181	Borough of Quakertown, Water
R-2011-2255159	Penn Estates Utility Inc - Water
R-2012-2286118	Audubon Water Company
R-2012-2330887	North Heidelberg Sewer Company
R-2012-2310366	City of Lancaster Sewer Fund
R-2012-2311725	Borough of Hanover - Sewer
R-2012-2315536	Imperial Point Water Company
R-2012-2336662	Rock Springs Water Company
R-2013-2350509	City of DuBois, Bureau of Water
R-2013-2355276	Pennsylvania-American Water Company
R-2013-2360798	Columbia Water Company
R-2013-2370455	Penn Estates Utilities, Inc. - Sewer Division
R-2013-2367108	Fryburg Water Company
R-2013-2367125	Cooperstown Water Company
R-2013-2390244	City of Bethlehem – Bureau of Water
R-2014-2400003	Borough of Ambler – Water Department
R-2014-2420204	Pocono Waterworks Company, Inc. (Water)
R-2014-2420211	Pocono Waterworks Company, Inc. (Sewer)
R-2014-2402324	Emporium Water Company
R-2014-2430945	Plumer Water Company
R-2014-2428304	Borough of Hanover Water Department
R-2014-2410003	City of Lancaster-Bureau of Water
R-2014-2427035	Venango Water Company
R-2014-2427189	B E Rhodes Sewer Company
R-2014-2447138	Hidden Valley Utilities Services - Water
R-2014-2447169	Hidden Valley Utilities Services – Sewer
R-2014-2452705	Delaware Sewer Company
R-2015-2462723	United Water Pennsylvania
R-2015-2470184	Borough of Schuylkill Haven Water Department
R-2015-2479962	Corner Water Supply
R-2015-2506337	Twin Lakes Utilities, Inc.
R-2016-2538600	Community Utilities of Pennsylvania, Inc.
R-2016-2554150	City of DuBois – Bureau of Water
R-2017-2595853	Pennsylvania-American Water Company
R-2017-2598203	Columbia Water Company
R-2017-2631441	Reynolds Water Company
R-2018-3000022	York Water Company
R-2018-3000834	Suez Water Company
R-2018-3002645 (Water)	Pittsburgh Water & Sewer Authority
R-2018-3002645 (Sewer)	Pittsburgh Water & Sewer Authority
R-2018-3001306 (Water)	Hidden Valley Utility Services
R-2018-3001307 (Sewer)	Hidden Valley Utility Services
R-2019-3008947 (Water)	Community Utilities of PA
R-2019-3008948 (Sewer)	Community Utilities of PA

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

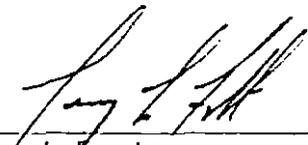
Tanya J. McCloskey, Acting Consumer Advocate :
v. : Docket Nos. C-2014-2447138
Hidden Valley Utility Services, L.P. - : C-2014-2447169
Water and Wastewater Division :

VERIFICATION

I, Terry L. Fought, hereby state that the facts set forth in my Direct Testimony, OCA Statement No. 1, 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).

Dated: April 24, 2020

Signature:



Terry L. Fought

Consultant Address: 780 Cardinal Drive
Harrisburg, PA 17111

OCA EXHIBIT TLF-1
Customer Complaint Log

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

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Interrogatories of the Office of Consumer Advocate
Set IX

5. Please provide a list of all customer complaints received by the Company from January 1, 2014 to the present. The computer file should be provided in electronic, sortable format and should contain the following information regarding the complaint: date, address, nature, and action taken by the Company.

Note: By agreement of OCA and HVUS, this question has been limited to the period 2018-2019.

Answer:

2018

Customer Complaints - Water

1/24/18	OHV 216 Toth	Frozen under road. Thawed out under blacktop at 3" main.
1/29/18	ER1854	Dirty Water. Called answering service. Flushed main line.
1/29/18	HVW 412	Dirty Water. Called answering service.
1/30/18	HVW 412	Dirty water. Called answering service. Flushed main line.
1/30/18	ER1838	Dirty water. Called answering service. Flushed main line.
1/31/18	SC2002	Dirty water. Called answering service. Started auto flush valve.
1/31/18	HC1121	Dirty water. Flushed.
1/31/18	OHV 342	Dirty water. Flushed lake road.
2/11/18	OHV 216	Frozen under road. Thawed out all 3 service lines. Replaced curb stop for 214 under road.
2/19/18	412 Gardner	Dirty water. Called answering service.
3/2/18	BC0003	Dirty hot water. Flushed main line.
3/7/18	Terry PH3B	Dirty water. Started auto flush valve.

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5/4/18	501 Gardner	Dirty water. Flushed. Found leak at transformer at Lot 18
5/23/18	PR2701	Dirty water/Low pressure. Flushed @ 2713 & Hydrant SF/HT.
6/17/18	312 Lake Rd.	Dirty water. Flushed end of line twice.
6/18/18	OHV 312	Dirty water. Flushed Lake Road. Two different times. 1 hr. & 2 hrs.
6/19/18	PR 2701	Dirty water. Flushed Powder ridge two blow offs.
6/30/18	ER 1819	Dirty Water. Flushed Hydrant both ways. Valve off at HL1508
6/30/18	SR 1901	Colored water from flushing ER Way
6/30/18	SR 1904	Colored water from flushing ER Way
7/2/18	SF 1616	Dirty water over weekend. Flushed @ SF Way Hydrant.

2019

Customer Complaints - Water

1/1/19	HL1577	Dirty water. Flushed line.
1/12/19	HL1101	Dirty water. Flushed Garnder Road.
1/13/19	ER1862	Dirty water. Called foundation office. Flushed.
1/20/19	ER 1862	Dirty Water. Called foundation office. Flushed line.
1/26/19	ER1862	Dirty water. Called foundation office. Flushed line.
2/2/19	ER1862	Dirty water. Called foundation office. Flushed line.
2/2/19	HL1101	Dirty water. Called real estate salesman. Flushed main line.
2/2/19	HVV412	Dirty water. Called answering service. Flushed main line.
2/16/19	HVV412	Dirty water. Called answering service. Flushed main line.
2/16/19	SF1606	Dirty water. Called answering service. Flushed main line.

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2/16/19	ER1862	Dirty water. Flushed main line.
2/16/18	HVW412	Dirty water. Called answering service. Flushed main line.
2/16/19	LKV023	Low pressure. Called answering service. Main PRS OK. Changed h/o in line filter.
3/4/19	Browns Run	Dirty water. Leak repair on Lake Rd. Flushed.
3/4/19	OHV275	Dirty Water. Leak repair on Lake Rd. Flushed.
4/24/19	OHV311	Dirty water. Flushed Lake Road.
4/24/19	PR2401	Dirty water. Flushed Powder Ridge.
5/27/19	SR1916	Dirty water. Flushed at hightop.
5/29/19	HVW412	Dirty water. Cause by leak at Valleyview.
6/1/19	SR1916	Dirty water. Flushed at hightop and pines hydrants.
8/8/19	HTS551	Dirty water. Blowoff did not open.
8/8/19	HTS503	Dirty water. Blowoff did not open.
12/12/19	HTS503	Dirty water. Flushed.
12/12/19	HTS551	Dirty water. Flushed.
12/16/19	HWV412	Dirty water. Flushed.
12/19/19	HTS503	Dirty water. Increased time on blow off. Valved to 3" line.
12/19/19	HTS551	Dirty water. Increased time on blow off. Valved to 3" line.
12/21/19	PR2704	Dirty water. Flushed at blow off.
12/26/19	P3B Lot26	Dirty water. Increased ph of water.

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12/27/19 AW4527 Dirty water. Flushed at blow off.

Answer provided by: James Kettler

Date: March 22, 2020

OCA EXHIBIT TLF-2

Excerpt from HVUS Status Report (Sept. 2019)

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

**Hidden Valley Utility Services, L.P (“HVUS”) Compliance Timeline
per May 3, 2018 PUC Order on Reconsideration in
Docket Nos. C-2014-2447138 and C-2014-2447169**

Task to be completed on or before	Task	Source – Ordering Paragraph	Status
1-19-18	HVUS will pay all electric and telephone bills timely and execute forms authorizing Penelec to provide monthly billing and payment information for HVUS accounts to the OCA.	15.	HVUS is paying all electric and telephone bills timely. On May 9, 2018, HVUS authorized Penelec to provide monthly billing and payment information for HVUS account to the OCA
1-19-18	HVUS will have a spare pump and motor available for Well No. 1 within 72 hours of the primary pump and motor becoming inoperable.	22.	HVUS has confirmed with its supplier that pumps and motors necessary for well #1 can be available within 72 hours of notice.
1-19-18	HVUS will maintain an operable, installed second high lift pump.	24.	The second high lift pump is installed and operational. The pump was installed in Dec. 2014, and a new electric check valve was installed in February 2015. Therefore, the second high lift pump has been operational since February 2015.
1-19-18	HVUS will provide annual update of telephone service numbers, including copies of bills, so that customers can reliably contact HVUS.	15.	Customer bills include the following working telephone numbers for HVUS: (814) 443-0825 (877) 523-8181. In addition, in April, 2018, HVUS obtained the following toll-free number, which was listed in the customer notice of its rate

Task to be completed on or before	Task	Source – Ordering Paragraph	Status
			<p>increase in R-2018-3001306 and R-2018-3001307: (833) HVUS800 On May 18, 2018, HVUS provided a copy of phone bills from the previous year to verify compliance. On July 16, 2019, HVUS provided its annual update of telephone service numbers to the Commission, including copies of bills.</p>
3-19-18	HVUS will consult with OCA re modifications to its consumer bills.	12.	A new invoice format was sent to the OCA on March 15, 2018. The OCA made recommendations, which were adopted by HVUS.
3-19-18	HVUS will file a status report with the PUC, the OCA and TUS, on compliance with the January 18, 2018 order.	17.	HVUS attempted to file on March 19, 2018, but used the wrong docket numbers. The status report was re-filed on April 11, 2018.
4-18-18	<p>HVUS will file with the Commission a report from an engineer regarding its water system, including a schedule to replace/test customer meters to obtain compliance by April 30, 2019. Copies are to be provided to TUS and OCA within 14 days of receipt. If the means to address iron and manganese is treatment of water from Wells 1 and 2, HVUS will install instrumentation to control the on/off cycle of Well 2.¹</p>	6, 7 and 23	<p>The report was filed with the Commission on April 18, 2018. A copy was provided to TUS and OCA that same day. HVUS has completed meter testing and replacement for all customers except approximately 15 customers who have not granted access to their meters. HVUS is continuing to try to reach these homeowners to obtain consent to access their water meters.</p>

¹ The Commission's Order is unclear when HVUS is required to install the instrumentation.

Task to be completed on or before	Task	Source – Ordering Paragraph	Status
			HVUS has purchased a water treatment plant to address the iron and manganese in the water. HVUS’s engineers are currently in the process of applying for the necessary permits from the Pennsylvania Department of Environmental Protection.
4-18-18	HVUS will file with the Commission a report from an engineer regarding its wastewater system. Copies are to be provided to TUS and OCA within 14 days.	9. and 10.	The report was filed with the Commission on April 18, 2018. A copy was provided to TUS and OCA that same day.
4-18-18	HVUS will modify its billing practices to ensure that all bills are compliant with Commission rules, regulations and orders. A copy of the revised bill form is to be submitted to the PUC for review by BCS and TUS.	12. and 13.	A revised bill was submitted to BCS and TUS on April 18, 2018. On April 24, 2018, BCS provided recommendations, which HVUS agreed to implement. HVUS notified the OCA of BCS’s recommendations and HVUS’s agreement to implement them. HVUS used a modified billing format starting with the 3 rd Quarter billing cycle of 2018 and has further modified its bill format for the 2 nd Quarter billing cycle of 2019.
4-18-18	HVUS will modify practices to comply with its tariff, the Code, the Commission’s regulations and orders.	16.	To the knowledge and belief of HVUS, HVUS is in compliance with the Code, the Commission’s regulations and orders. Nevertheless, HVUS is constantly reviewing its practices to ensure compliance with the Code, the Commission’s regulations and orders.

OCA EXHIBIT TLF-3
WTP Equipment Cost
(Company response to OCA IX-1)

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

Interrogatories of the Office of Consumer Advocate
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1. 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 the following information on the water treatment plant purchased to address the iron and manganese in the water.
 - a. What is the manufacturer's name?
 - b. What is the model number?
 - c. What is the capacity?
 - d. Was the treatment plant used or new?
 - e. If used, where was it previously installed?
 - f. If used, when was it placed into service and when was it removed from service?
 - g. If used, when was it removed from its installation location?
 - h. If used, does it include all the accessory controls and equipment?
 - i. If used, what maintenance and repairs have been performed on the treatment plant, accessory controls and equipment?
 - j. What did the treatment plant cost?

Answer:

- a. Res-Kem LLC
- b. ZGS60N4A1MCX033K2PAXZZX
- c. Four (4) filter units, rated treatment at 60 gallons per minute per unit
- d. HVUS obtained it as used equipment
- e. Rolling Rock Farms of Ligonier, PA
- f. Estimated operation 2012 to 2015
- g. August-October, 2019
- h. Yes
- i. Unknown
- j. \$30,000

Answers a-f provided by: Bradley R. Stinebiser, P.E., Project Manager
The EADS Group

Office of Consumer Advocate
v.
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Docket No. C-2014-2447138

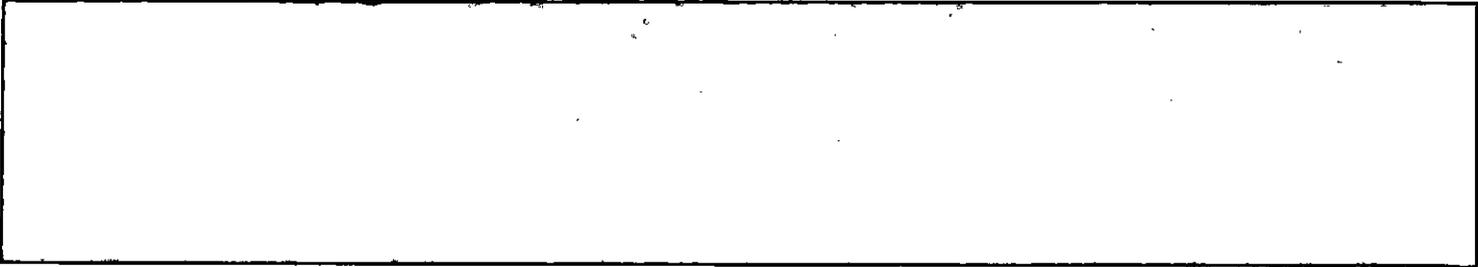
Interrogatories of the Office of Consumer Advocate
Set IX

Answers g-j provided by: James M. Kettler, President, Hidden Valley Utility Services, L.P.

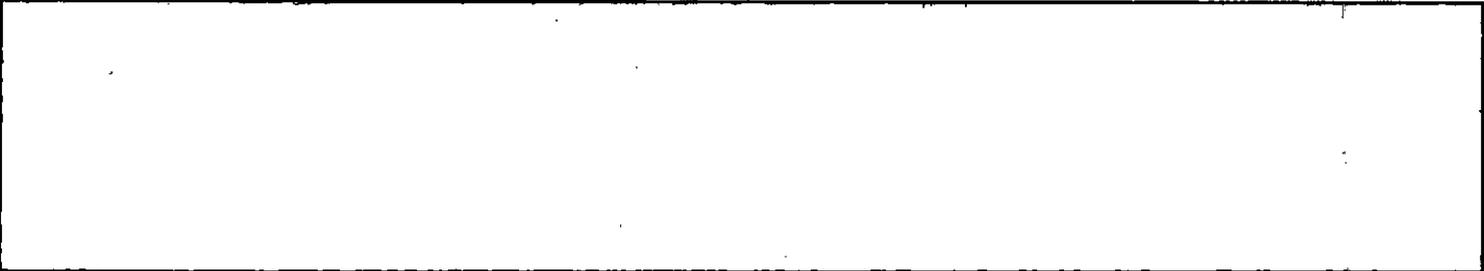
Date: March 16, 2020

OCA EXHIBIT TLF-4
2020 Engineer's Report

05.20.20
C-2014-2447169
C-2014-2447158



Revised Design Engineer's Report



HIDDEN VALLEY UTILITY SERVICES, L.P.
APPLICATION FOR PUBLIC WATER SUPPLY PERMIT AMENDMENT
NOVEMBER 2019
REVISED FEBRUARY 2020

ENGINEER'S REPORT

A. PURPOSE OF APPLICATION

Hidden Valley Utility Services (HVUS) owns and operates the public water supply system serving Hidden Valley Resort. The water supply consists of two groundwater 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 HVUS, the peak day water usage was 188,640 gallons, and the average monthly water usage was 125,167 gallons per day. The average annual water usage from 2016 through 2018 was equivalent to an average daily demand of 96,000 gallons per day. Hidden Valley Utility Services currently utilizes AQUAMAG to sequester iron and manganese concentrations in the water. This method is effective when the water contains less than 1.0 parts per million (ppm) of iron and manganese. For many years, sequestration was working for HVUS. However, in recent years sequestration has not been as effective. The frequency of customer complaints has increased and the Public Utility Commission (PUC) requires HVUS address the situation.

The purpose of this permit amendment application is for the construction of new water treatment facilities to reduce iron and manganese concentrations in the HVUS water distribution system. The proposed project includes the installation of a greensand filter system, filter backwash water holding tank, and replacement of the existing well pump and motor in Well No. 1. The proposed project will maintain the location and dosage of the existing sodium hypochlorite finished disinfection and AQUAMAG polyphosphate feed within existing injection vault located upstream of the existing chlorine contact tanks.

The "do nothing" alternative was not a realistic option. In order to work with the existing groundwater wells, HVUS considered the treatment options and it was determined the use of greensand filtration was the preferred option for the existing source of supply.

As a private entity, Hidden Valley Utility Services is not required to publicly and competitively bid construction of the proposed facilities. For construction, HVUS will engage Contractors of its choice.

B. EXISTING CONDITIONS

The existing Hidden Valley Water Treatment facilities are located within the site of the existing Sewage Treatment Plant (STP) No. 1. Water is pumped to the Treatment facilities from two (2) wells located near the base of the ski slopes to the East of the site. At the

existing Treatment facilities, water is treated with AQUAMAG for sequestration followed by sodium hypochlorite for disinfection. The injection points are both located in the concrete vault beside the Water Treatment Plant chemical storage building. The treated water enters a series of existing chlorine contact tanks, then it flows to the clearwell at the finished water high service pump building. The existing clearwell pumps deliver finished water to the HVUS Water Storage Tank located next to Snowfield Drive. The existing water distribution system serves all residential and commercial customers of the unincorporated community of Hidden Valley in Jefferson Township, Somerset County. Growth and expansion of the resort has been slow, with only some minimal residential growth anticipated in the foreseeable future.

C. PROPOSED FACILITIES

Hidden Valley Utility Services proposes construction of a Water Treatment Plant to reduce concentrations of iron and manganese in their water distribution system. The proposed facilities include the installation of a new raw water pumping system and a greensand filter system, an underground filter backwash holding tank, and replacement of the existing Well No. 1 pump and motor. The proposed filtration facilities will be housed in a new filter building to be constructed next to the Hidden Valley Sewage Treatment Plant No. 1. The site is in wooded, undeveloped ground, accessible from the driveway into the existing Sewage Treatment Plant No. 1. The proposed project is required to address the PUC order stemming from customer complaints about the iron in the water. It is anticipated the existing treatment system will remain in service while the new greensand filtration system is being installed.

1. GREENSAND FILTRATION SYSTEM

HVUS purchased a Res-Kem Greensand Filtration System previously used by Rolling Rock Farms (RRF) in Ligonier Township, Westmoreland County. Rolling Rock Farms utilized the system for a period of about 3 years, and it has been out of service for about 3 years. The RRF equipment consists of four (4) filtration tanks which can filter up to 60 GPM (or 86,400 GPD) per tank. All four (4) filtration tanks operating simultaneously can filter raw well water at a rate of 240 GPM (or 345,600 GPD). RRF discontinued use of the filtration system once the Municipal Authority of Westmoreland County provided an alternative to RRF's private well system. From our understanding, the RRF raw well water had an iron content of about 2.9 mg/l and a manganese content of about 0.35 mg/l.

As discussed above, the Hidden Valley Water System has a peak daily demand of 188,640 gallons and average monthly water usage rate of 125,167 GPD. At a maximum filtration rate of 60 GPM per tank, three (3) filtration tanks are required to meet existing demands. HVUS will use the fourth tank as a standby unit. To utilize the existing RRF equipment, HVUS has removed the existing Greensand Plus media from

the tanks and made an internal inspection to verify integrity for reuse. The existing media in the RRF filters was approximately 20" of Greensand Plus with no anthracite layer on top. In order to use the filters at Hidden Valley, HVUS will replace each filter's media with a dual media bed type and disinfect the contents to meet PA DEP standards.

With the existing filter tanks having 29" of straight shell height to house a dual media bed type, and to allow for up to 40% of bed expansion during backwash, we consulted with the RRF filter manufacturer, RES-KEM, and also the Greensand Plus manufacturer, Inversand Company. We were advised by Res-Kem that the maximum media depth for these tanks is roughly 22". With Inversand, we discussed a proposed media bed consisting of 9" of anthracite over 12" of Greensand Plus. Our Inversand Company contact was Mr. Raymond Jones, Technical Manager and a chemical engineer. From our discussion, Mr. Jones said for a raw water with 1 mg/l iron and 0.5 mg/l manganese, he felt the proposed 9" anthracite over 12" Greensand Plus would be a solid filter structure that will be effective for this project. He said he would be willing to discuss this application with the PA DEP at his phone number (856) 881-2345.

While some interconnecting piping in the filter system is not intended for reuse at HVUS, some items such as the filter supply/backwash manifold assembly at each filter tank is intended to be reused.

The Operation and Maintenance Manual for the RRF filtration system is included herein as an Appendix to this application.

2. GREENSAND FILTER BACKWASH

Oxidized iron and manganese accumulate within the media of each filtration tank reducing the filter's capacity for treatment. Each filtration tank must be backwashed periodically to remove iron and manganese accumulation. HVUS will utilize finished water from the distribution system to backwash the filtration tanks. The transmission line exiting the finished water high service pumps will provide adequate volume and pressure to backwash the tanks. Each filtration tank requires approximately 240 gpm for a period of approximately 10 minutes to properly backwash the media. The plan is to tap the high service finished waterline and install new waterline to the proposed Filtration Building. The proposed size of the backwash water supply line will need to be at least 4 inches. Within the proposed Filtration Building, HVUS will install a pressure reducing valve on the water supply line to control backwash pressure, a pressure relief valve to release any excessive pressure, a butterfly valve to control backwash flow rate, a flow meter, and a gate valve to manually start and stop the backwash flow. Water released from the proposed pressure relief valve will be discharged to a proposed drain within the proposed Filtration Building.

3. GREENSAND FILTER PUMPS AND RAW WATER TANK

HVUS purchased RRF's four (4) existing self-priming raw water pumps to load the filters. The RRF raw water pumps were able to deliver the required flow and pressure to the filtration tanks while in service at RRF. HVUS proposed the use of RRF's existing raw water pumps however, the pumps did not have NSF 61 certification. HVUS selected replacement pumps based on flow requirements and filter headloss data supplied by the filter manufacturer. The proposed project will use four (4) flooded suction multi-stage vertical pumps manufactured by WILO in lieu of the existing RRF pumps. These WILO pumps have NSF 61 certification. HVUS will operate the new pumps with variable frequency drives (VFDs) and throttle the pumps (maximum 60 GPM each) to deliver the appropriate flow to each filter (maximum of 60 GPM per filter to meet the 3 GPM/sf criteria). The existing raw water piping from the wells will be redirected to the new filtration building and discharge in the proposed raw water tank. The pumps will be connected to a common suction side manifold pipe, and will pump raw water through the filters. The discharge of each pump is connected to a common line to the filters. This common line is to be equipped with a mag-meter.

Regarding the proposed raw water tank to be located on the suction side of the raw water pumps, our original design was set up with a concrete tank to be constructed in the floor of the proposed filtration building. This was the configuration RRF used with their self-priming pumps, which operated in a suction lift condition. Because we are now planning to use the WILO multi-stage vertical pumps, in a flooded suction condition, we have eliminated the concrete in-floor tank and now propose the use of an 1,850-gallon polyethylene tank, NSF 61 approved, to sit on a small pad on the proposed building floor. The 6" suction piping header will exit out the side of the tank near the bottom, and will serve each of the four (4) WILO pumps with individual 3" suction lines. To provide for enhanced chlorine contact time for the raw water to be pumped to the filter units, it is proposed to inject the oxidizing pre-chlorine dose in the line from the wells at a point just before it enters the proposed 1,850-gallon polyethylene tank.

4. GREENSAND FILTER BACKWASH DISPOSAL

The proposed greensand filters require periodic backwashing for filter cleaning. HVUS must dispose of the backwash water produced. HVUS has two (2) disposal options available for the backwash water as discussed at the preapplication meeting with PA DEP. HVUS must either send the backwash flow through the existing STP (warm weather months), or store backwash flow in a buried steel storage tank for hauling offsite for treatment and disposal by others (cold weather months).

This issue was discussed with Mr. Don Leone of the Water Quality staff at the Southwest Regional Office. His most recent direction on this disposal issue is attached herein as part of Appendix 5. During winter months, STP effluent from HVUS's two (2) Sewage Treatment Plants is currently blended with lake water and utilized for snow production at the Hidden Valley Resort. PA DEP issued the existing reuse permit under standards at the time of application. Introduction of the new backwash waste stream would, per Mr. Leone, modify the existing permit and HVUS would be required to revise and resubmit the reuse permit. To avoid changing or violating the existing reuse permit HVUS proposes sending backwash flow to a buried steel storage tank during cold-weather months. This option avoids the introduction of backwash water during the production of snow. HVUS will make appropriate arrangements with a local hauling company for proper disposal of the backwash water. During warm-weather months the backwash water will flow to existing STP No. 1 and be processed with sanitary sewage. STP treated effluent is pumped to an existing storage lagoon and is land applied to a 20-acre spray field. As directed by Mr. Leone, an analysis of the effect of the backwash on the STP No. 1 treatment process was performed and is included in Appendix 5.

5. BACKWASH HOLDING TANK

For use in Winter months, the filter backwash holding tank is designed to hold backwash from all four (4) filter units. Per the filter manufacturer's Operation and Maintenance Manual, each filter requires 240 gpm of backwash flow for 10 minutes (240 gpm x 10 min = 2,400 gallons/backwash/filter; 4 filters x 2,400 gallons = 9,600 gallons of backwash per 24 hrs). In addition, approximately 250 gallons per filter of rinse water will be wasted prior to placing the filter in service. Only one filter can be backwashed at one time. The backwash cycle will be controlled manually. The total volume of backwash water produced by backwashing all four (4) filters is approximately 10,600 gallons.

The proposed backwash water holding tank is proposed as an underground storage tank 10 feet in diameter and 25.5 feet long. This equals a total storage volume of 15,000 gallons. The proposed tank will provide greater than one day storage for backwash water if all four (4) filters are backwashed. HVUS intends to pump out the tank and have the backwash water hauled offsite for the treatment elsewhere. There has been space allotted for a future second (2) tank to be installed.

6. CHEMICAL FEED SYSTEM

Filtration with greensand filters requires pretreatment of the raw water with an oxidizing agent. This is typically accomplished with chlorine or potassium permanganate. The previous filtration tank owners, RRF, accomplished this with potassium permanganate and HVUS is proposing to use liquid sodium hypochlorite,

which will be injected into the raw water feed line ahead of the raw water tank. Per the HVUS operator, raw water sampling of the primary well, Well No. 1, indicates an iron concentration of up to 1.0 mg/l and manganese concentration of approximately 0.5 mg/l. Well No. 2 may occasionally be used, and the HVUS operator indicated its iron concentration is up to 1.0 mg/l and the manganese concentration is up to 0.5 mg/l. At a dosing rate of 1.0 mg/l per mg/l iron and 3.0 mg/l per mg/l manganese, plus allowing for 1 mg/l of chlorine residual in the filter effluent, the proposed system will require 5.04 lbs of chlorine per day at average daily demand (120 gpm or 0.173 MGD for 2 filters at 60 gpm each) and 7.57 lbs per day at peak daily demand (180 gpm or 0.259 MGD for 3 filters at 60 gpm each). This is a conservative value because the peak day usage noted above in Section A is 0.189 MGD. The system operator intends to pump neat 12.5% sodium hypochlorite solution directly into the raw waterline from the containers provided by the chemical supplier. For an average daily demand of 0.173 MGD, the 5.04 lbs/day chlorine demand equates to 5.9 gallons per day of 12.5% sodium hypochlorite solution. It is not intended to install additional solution tanks but instead utilize two (2) 53-gallon containers provided by the chemical supplier. Each 53-gallon tank of chemical has about 9 days of storage. Therefore, two (2) 53-gallon containers located at the chemical feed pumps will provide about 18 days of chemical supply. There are other buildings at the plant facility where additional chlorine containers can be stored to have a 30-day supply on site.

The chemical feed pumps will activate and adjust the chemical feed rate of sodium hypochlorite based on the flowrate signal from the Well's flow meter, which will be combined and available at the proposed control panel in the filtration building.

The plan is to use two (2) LMI brand chemical metering pumps purchased from RRF to feed the 12.5% sodium hypochlorite solution to oxidize iron and manganese at Hidden Valley. These pumps are each rated to pump up to a maximum of 8 gallons per hour at 60 psi, which exceeds the pumping demands for the HVUS proposed system. Secondary containment for the chemical feed system is intended to be provided with a 6" high concrete curb to enclose a 3-foot by 6-foot floor area.

The operator intends to maintain the existing post chlorination and AQUAMAG feed at the existing vault upstream of the existing chlorine contact tanks.

7. REPLACEMENT OF WELL NO. 1 PUMP

Well No. 1 is the primary source of supply for HVUS, and based on information provided by HVUS' Licensed System Operator, the existing pump is a Berkeley Model 6T20-325, 20 hp, set 80' down on a 4" PVC drop pipe. Well No. 1 currently pumps water to the existing chlorine contact tanks. The proposed design for the filtration system will require the pump to deliver water to the proposed raw water tank in the filtration building, which is about 19 feet higher in elevation.

To determine if the existing Well No. 1 pump will be able to pump to the new location, we met with the HVUS Licensed Operator and evaluated flows and pressures in the well discharge line. Based on the wear and age of the existing pump, its performance has dropped off over the last 9 years of use. For this project, it is proposed to replace the existing pump and 20 hp motor with a new submersible WILO pump and 25 hp motor. The new WILO pump is NSF 61 certified, and will be controlled by a VFD. Any necessary electrical service upgrades will be made to accommodate the 25 hp pump motor.

Well No. 2 will also be fitted with a new VFD panel, which it currently does not have. The Operator intends to install a new magmeter on the discharge line of Well No. 2 to match the existing magmeter on the discharge line of Well No. 1. The Operator will utilize both meters to operate the proposed system and to monitor usage.

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 HVUS Licensed 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. The flow meters at the well 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 by VFDs provided under the proposed project.

C. PROPOSED PROJECT SCHEDULE

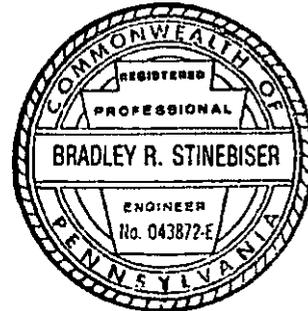
Submit DEP Public Water Supply Permit	November 2019
Receive DEP Public Water Supply Permit	March 2020
Complete Final Design	April 2020
Select Contractor (Formal Bid Process Not Required)	May 2020
Begin Construction	May 2020
Complete Construction/Start-up	November 2020

The EADS Group, Inc.
Respectfully Submitted,



By: Bradley R. Stinebiser, P.E.

Seal



OCA EXHIBIT TLF-5
2020 Proposed WTP Schedule

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

C. PROPOSED PROJECT SCHEDULE

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

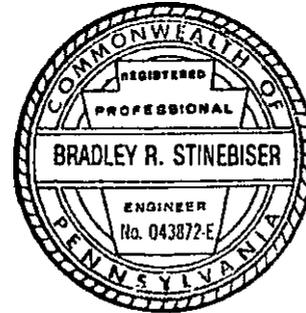
November 2019
March 2020
April 2020
May 2020
May 2020
November 2020

The EADS Group, Inc.
Respectfully Submitted,



By: Bradley R. Stinebiser, P.E.

Seal



OCA EXHIBIT TLF-6
2018 Estimated WTP Schedule

05-20-20
C-2014 - 2447169
C-2014 - 20147138

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

<u>Task</u>	<u>Period</u>
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

OCA EXHIBIT TLF-7
Storage Tank Inspection Report
(Company response to OCA IX-6)

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

6. Please provide the following information on the inspection of the inside of the 250,000-gallon storage tank:
- a. When was it last inspected?
 - b. Who inspected the inside of the tank?
 - c. Was the tank inspected by an underwater diver or was the tank drained prior to inspection.
 - d. Did the inspection include an evaluation of the tank's interior paint system?
 - e. Was an inspection report prepared? If yes, please submit a copy.
 - f. Was the sediment on the bottom of the tank removed as part of the inspection procedure?

Answer: Attached is the most recent inspection report on the storage tank.

Answer provided by: James Kettler

Date: March 22, 2020

Steel Potable Water Reservoir Inspection Report

Job Number: 51541

Utility: HIDDEN VALLEY UTILITY SERVICES

Tank: #1

Inspector: E.TAWLKS/S. MOLEZZO

Dive Controller: A.JAMES

Date: 5/29/2018

**AMERICAN WATER WORKS ASSOCIATION
ANSI/AWWA M42 / D101-53**

SSPC Legend		NACE Legend		AWS Legend	
Grade	Description	Grade	Description	Grade	Description
10	No Rusting, or <0.01% of surface is rusted	A	None	L	Satisfactory
9	Minor rusting, or <0.03% of surface is rusted	B	Uniform Surface Corrosion	M	Spatter
8	Isolated rust, <0.01% of surface is rusted	C	Pitting	N	Porosity
7	Isolated rust, <0.03% of surface is rusted	D	Concentration Cell Corrosion	O	Convexity / Concavity
6	Extensive rusting, <1% of surface is rusted	E	Galvanic Corrosion	P	Cracks
5	Approximately 3% of the surface is rusted	F	Stress Corrosion Cracking	Q	Inclusions
4	Approximately 10% of the surface is rusted	G	Erosion Corrosion	R	Incomplete Fusion
3	Approximately 17% of the surface is rusted	H	Intergranular Corrosion	S	Incomplete Penetration
2	Approximately 33% of the surface is rusted	I	Dealloying	T	Undercut
1	Approximately 50% of the surface is rusted			U	Underfill
0	Approximately 100% of the surface is rusted			V	Overlap
				W	Unable to evaluate

QUADRANT 1
QUADRANT 2
QUADRANT 3
QUADRANT 4

INTERIOR RESERVOIR ROOF

	SSPC	NACE	AWS									
Vents	8	B	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roof Panels	8	B	L	8	B	L	8	B	L	8	B	L
Roof Support	8	B	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roof Gussets	N/A	N/A	N/A									
Painting Ring	N/A	N/A	N/A									

Overall Coating Rating Fair Average Blister Diameter 1/8 Average Pit Depth NONE
 Coating Deficiencies: Blistering Delamination Chalking Checking Cracking Growth Pinholes Staining Sags/Runs

INTERIOR RESERVOIR WALLS

	SSPC	NACE	AWS									
Wall to Roof weld	8	B	L	8	B	L	8	B	L	8	B	L
Lower Ring Panels	7	D	L	7	D	L	7	D	L	7	D	L
Middle Ring Panels	7	D	L	7	D	L	7	D	L	7	D	L
Upper Ring Panels	7	D	L	7	D	L	7	D	L	7	D	L
Interior Ladder	N/A	N/A	N/A									

Overall Coating Rating Fair Average Blister Diameter 1/8 Average Pit Depth NONE
 Coating Deficiencies: Blistering Delamination Chalking Checking Cracking Growth Pinholes Staining Sags/Runs

INTERIOR RESERVOIR FLOOR

	SSPC	NACE	AWS									
Perimeter Weld	9	D	L	9	D	L	9	D	L	9	D	L
Floor Panels	9	D	L	9	D	L	9	D	L	9	D	L

Overall Coating Rating Fair Average Blister Diameter 1/8 Average Pit Depth NONE
 Coating Deficiencies: Blistering Delamination Chalking Checking Cracking Growth Pinholes Staining Sags/Runs

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Steel Potable Water Reservoir Inspection Report

Job Number: 51541

Utility: HIDDEN VALLEY UTILITY SERVICES

Tank: #1

Inspector: E.TAWLKS/S. MOLEZZO

Dive Controller: A.JAMES

Date: 5/29/2018

QUADRANT 1	QUADRANT 2	QUADRANT 3	QUADRANT 4
------------	------------	------------	------------

INTERIOR RESERVOIR SUPPORT COLUMNS

	QUADRANT 1			QUADRANT 2			QUADRANT 3			QUADRANT 4		
	SSPC	NACE	AWS									
Column Structures	9	D	L	9	D	L	9	D	L	9	D	L
Column Bases	9	D	L	9	D	L	9	D	L	9	D	L
Column to Roof	8	B	L	8	B	L	8	B	L	8	B	L

Overall Coating Rating: Good Average Blister Diameter: NONE Average Pit Depth: NONE
 Coating Deficiencies: Blistering Delamination Chalking Checking Cracking Growth Pinholes Staining Sags/Runs

INTERIOR RESERVOIR PLUMBING COMPONENTS

	QUADRANT 1			QUADRANT 2			QUADRANT 3			QUADRANT 4		
	SSPC	NACE	AWS									
Inlet Plumbing	9	D	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outlet Plumbing	9	D	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Manways	8	D	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Floor Drains	N/A	N/A	N/A									
Interior Overflow	9	B	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXTERIOR RESERVOIR ROOF

	QUADRANT 1			QUADRANT 2			QUADRANT 3			QUADRANT 4		
	SSPC	NACE	AWS									
Vents	9	B	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Roof Panels	9	B	L	9	B	L	9	B	L	9	B	L
Access Hatches	9	B	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Overall Coating Rating: Good Average Blister Diameter: NONE Average Pit Depth: NONE
 Coating Deficiencies: Blistering Delamination Chalking Checking Cracking Growth Pinholes Staining Sags/Runs

EXTERIOR RESERVOIR WALLS

	QUADRANT 1			QUADRANT 2			QUADRANT 3			QUADRANT 4		
	SSPC	NACE	AWS									
Wall to Roof Weld	9	B	L	9	B	L	9	B	L	9	B	L
Lower Ring Panels	9	B	L	9	B	L	9	B	L	9	B	L
Mid Ring Panels	9	B	L	9	B	L	9	B	L	9	B	L
Upper Ring Panels	9	B	L	9	B	L	9	B	L	9	B	L
Exterior Overflow	9	B	L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Overall Coating Rating: Good Average Blister Diameter: N/A Average Pit Depth: N/A
 Coating Deficiencies: Blistering Delamination Chalking Checking Cracking Growth Pinholes Staining Sags/Runs

FOOTINGS / FOUNDATION

Footings / Foundations: Satisfactory <input checked="" type="checkbox"/>	Cracking <input checked="" type="checkbox"/>	Spalling <input type="checkbox"/>	Erosion/Exposed Aggregate <input checked="" type="checkbox"/>
Anchor Bolts: Satisfactory <input checked="" type="checkbox"/>	Loose <input type="checkbox"/>	Rusted Corroded <input type="checkbox"/>	(if excessive) Diameter =

TOWER SUPPORT STRUCTURES

Tower Legs/Columns: Satisfactory <input type="checkbox"/>	Alignment ---	Settling ---	Rust/Corrosion ---
Riser Pipe: Satisfactory <input type="checkbox"/>	Alignment ---	Frost Casing ---	Rust/Corrosion ---
Rods & Turnbuckles: Satisfactory <input type="checkbox"/>	Turnbuckle Tension ---	Rod Tension ---	Cotter Pins/Rod Nuts ---
Leg shoes/Brackets: Satisfactory <input type="checkbox"/>	Coating ---	Rust/Corrosion ---	Pitting/Cracking ---

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Liquid Engineering Corporation
Potable Water Reservoir Contamination, Health and Safety Report

Job Number: S1541

Utility: HIDDEN VALLEY UTILITY SERVICES

Tank: #1

Inspector: E.TAWLKS/S. MOLEZZO

Dive Controller: AJAMES

Date: 5/29/2018

Complies With: AWWA • OSHA • ANSI • NIOSH • NAVFAC • NFPAC

CONTAMINATION & HEALTH

Air Vents	Type: MUSHROOM	#: 1	Screen Condition(s): Good	
Hatches	Type: Round	#: 2	Secured Properly: Yes	Properly Sealed: Yes
Exterior Overflow	Flapper: No	Screen: Yes	Gasket: No	Condition: Good
Cathodic Covers	In- Place: No	#:	Gasket: ---	Properly Sealed: ---
Roof to Wall Joint	Welded: Yes	Properly Sealed: Yes		
Roof Integrity	Holes: No	Cracking: No	Standing Water: No	
Wall Integrity	Holes: No	Cracking: No		
Manway Integrity	Leaks: No	Condition: Good		
Water Clarity	General Appearance: Clear		Ocor: None	
Floating Surface Debris	Type: None		Source: N/A	
Hypalon Floating Cover	Condition: ---	Holes: ---	Tears: ---	
Telemetry Penetrations	Properly Sealed: ---			

FACILITY SAFETY COMPLIANCE

Exterior Ladder

Overall Ladder	Condition: Good	#: 1	Offset Landing: Yes	Height: 57'
Vandal Guard	Present: Yes	Vandal Guard Locked: No		
Ladder Rails & Rungs	Condition: Good	Missing/Damaged Rungs: No		
Rung Spacing & Depth	Spacing: 12" in. (max 12")	Toe Depth: 7" in. (min 7")		
Rail Spacing & Size	Width: 2" in. (min 2")	Thickness: 1/2 in. (min 1/4")	Rail to Rail: 16 1/2" in. (min 16")	
Safety Climb System	Type: Cage	Condition: Good		
Number & Locations	Wall: 1	Leg: ---	Roof: ---	Riser Pipe: 1 Other: ---
Ladder Attachments	WELD, GOOD CONDITION			

Manways

Type and size	Type: Round	#: 2	Size: 33"-29" inches (24" - 18"x22" min)
Support Structure	Type: Bolted	Condition: Good	
Number & Locations	Wall: 2	Roof: ---	Riser Pipe: 1 Other: ---

Hatches

Hatch Type & Size	Type: Round	#: 2	Size: 24X24 in. (24" - 24"x15" min)
Hatch & Lid Lip Height	Hatch: 6" in. (min 4")	Lid: 2" in. (min 2")	

Balconies & Railing

Deck / Walkways	Condition: ---	Width: ---		
Hand Rails	Condition: Good	Height: 42 in. (min 42")	No. Rails: 2	(min 2)
Toe Rail	Condition: Good	Height: 5 in. (min 4")		
Welds / Attachments	Condition: Good			

Roof

Safety Tie-Off Points	Condition: Good	#: 10+---
Antennas	Type: Point to Point	#: 5

DISCLAIMER

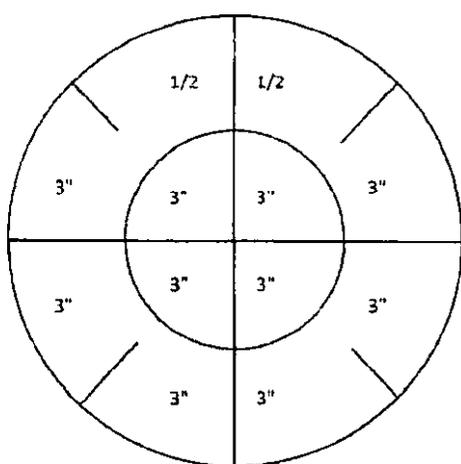
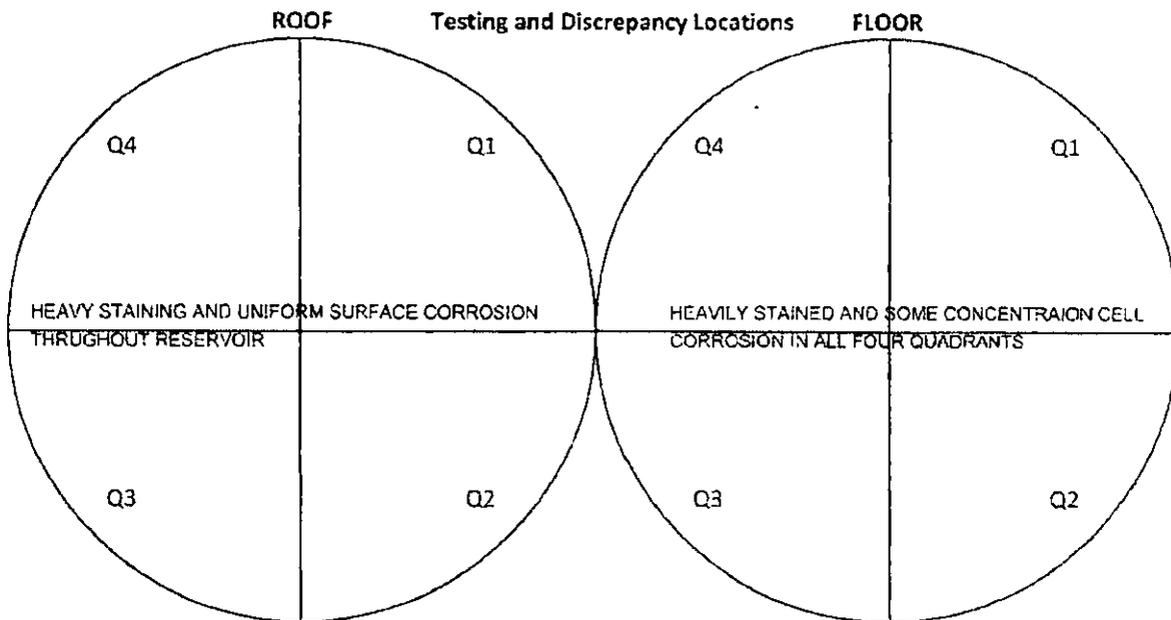
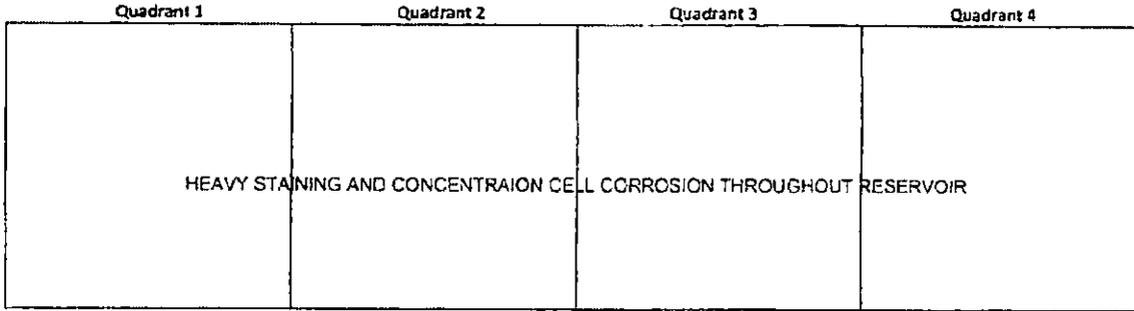
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Liquid Engineering Corporation
Circular Tank Diagram / Information Worksheet

Job Number 51541

Utility Name HIDDEN VALLEY UTILITY SERVICES

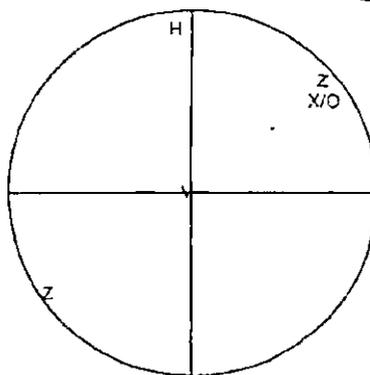
Tank Name #1



Sediment Depth Measurements

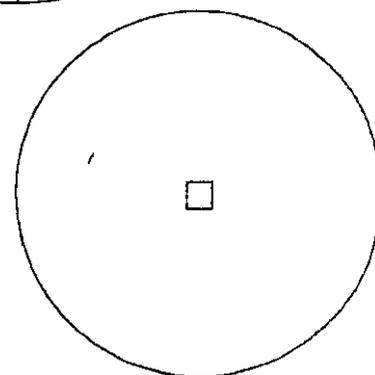
Average Sediment Depth = The sum of all measurements taken, divided by the number of measurements taken

Avg. Depth 1/2 Cubic Yardage Sediment Type IORN



Plumbing & Structure location

Plumbing and structure codes
 O=Outlet X=Inlet Z=Manway
 V=Vent D=Drain S=Sump
 L=Ladder H=Hatch P=Overflow
 F=Float Level Indicator
 T=Telemetry



Column Placement

Type of Column:
 Base Structure:
 Top Structure:
 Column Construction: Steel

DISCLAIMER

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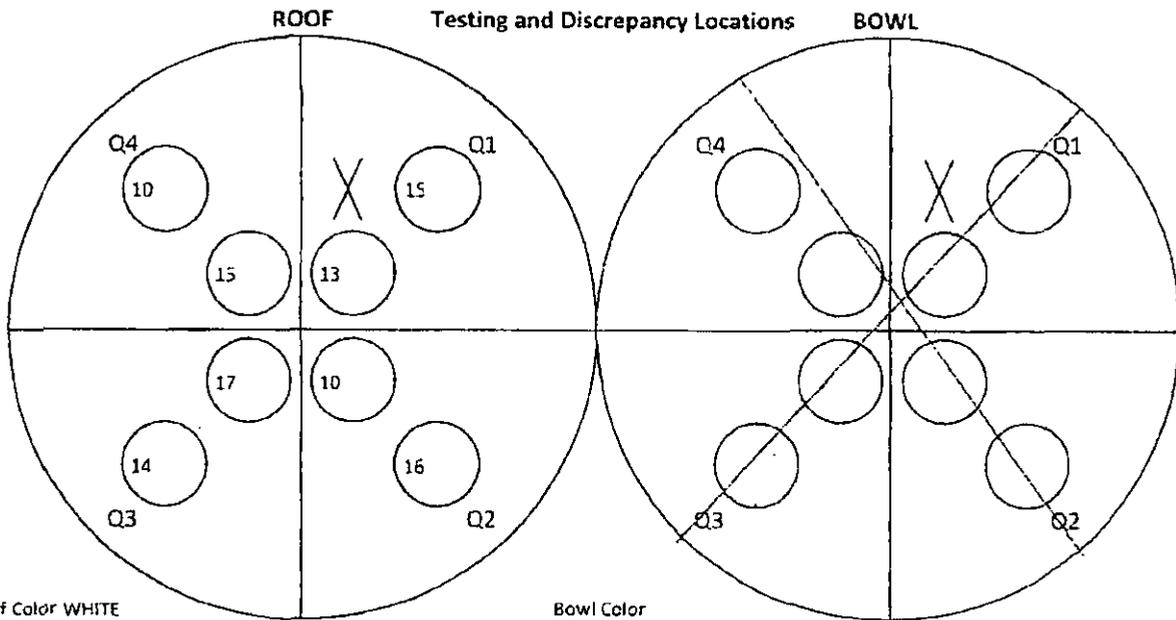
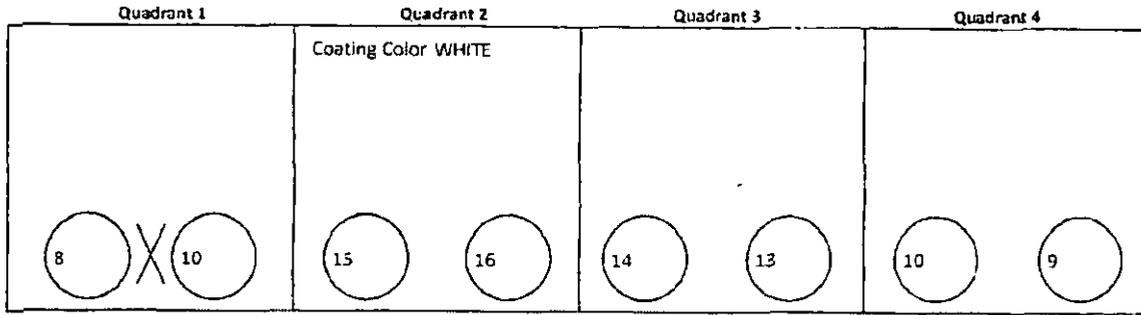
Liquid Engineering Corporation

Circular Tank Diagram / NDT DFT Coating Adhesion Presence of lead

Job Number S1541

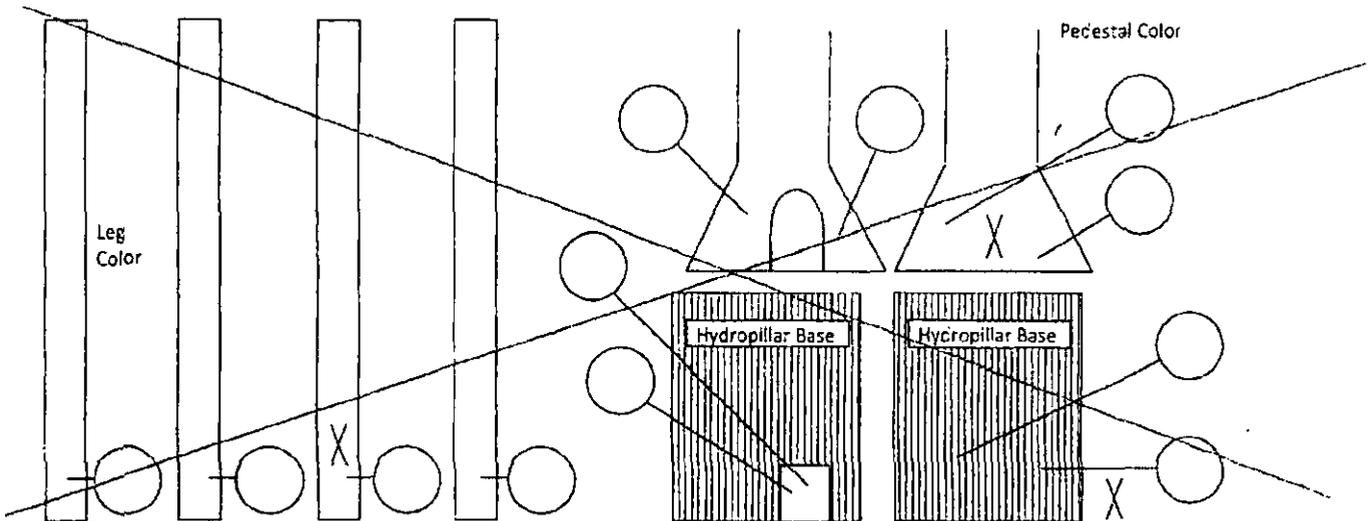
Utility Name HIDDEN VALLEY UTILITY SERVICES

Tank Name #1



Roof Color WHITE

Bowl Color



DISCLAIMER

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Liquid Engineering Corporation
Steel Potable Water Reservoir Security / Measurement Worksheet

Job Number 51541

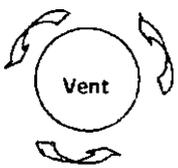
Utility Name HIDDEN VALLEY UTILITY SERVICES

Tank Name #1

Security

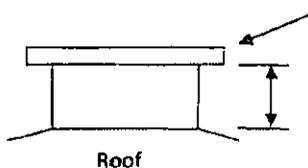
Is the area surrounding the tank well lit?	No
Is the tank surrounded by a Security Fence?	Yes
Are the access gates locked?	Yes
Is the tank equipped with a Vandal Guard on the primary access ladder?	Yes
If so, is the Vandal Guard locked?	Yes
Are the vents equipped with security vent shrouds?	No
Are all of the hatches equipped with electronic monitoring devices?	No
Are the external plumbing components housed in a secure vault or out-building?	Yes
Does the surrounding geography of the tank obscure it from public view?	Yes
Does the exterior of the tank show signs of trespass?	No

Measurements



Vent

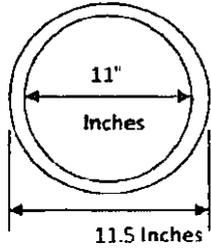
Outside Circumference
64" Inches



Roof

Flange Metal Thickness	N/A	Inches
Roof to Screen or Flange	15	Inches
Flange	N/A	
Number of Bolt Holes	N/A	5
Size of Bolts	N/A	Inches

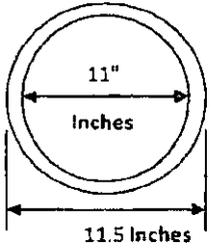
Inlet



11"
Inches

11.5 Inches

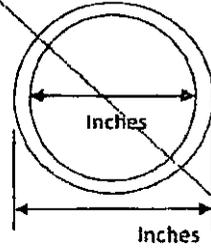
Outlet



11"
Inches

11.5 Inches

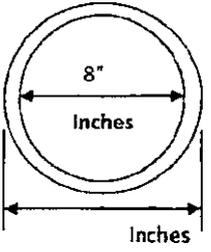
Drain



Inches

Inches

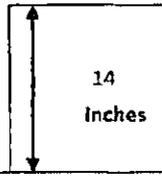
Overflow



8"
Inches

Inches

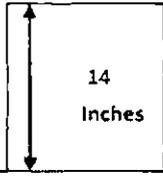
Inlet Riser



14
Inches

Floor

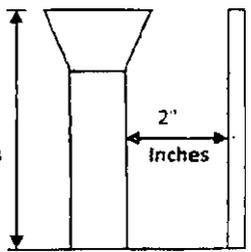
Outlet Riser



14
Inches

Floor

Overflow **Wall**



4'
Feet/Inches

2"
Inches

Floor

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Liquid Engineering Corporation
Steel Potable Water Reservoir Immediate Needs Assessment

Job Number: 51541

Utility: HIDDEN VALLEY UTILITY SERVICES

Tank: #1

Inspector: E.TAWLKS/S. MOLEZZO

Dive Controller: A.JAMES

Date: 5/29/2018

1. Health and Safety Items

Safety Climb System Installation: NOT RECOMMENDED

Vent Screen Repairs: NOT RECOMMENDED

2. Testing Items

Dye Testing for Leak Evaluation: NOT RECOMMENDED

Presence of Lead Test (Interior/Exterior): NOT RECOMMENDED

3. Destructive Testing Items

% of Lead Test (Interior/Exterior) (Coating samples are removed for laboratory analysis) NOT RECOMMENDED

Coating Adhesion Test (Interior/Exterior): NOT RECOMMENDED

Specific written authorization required to perform destructive testing. Destructive tests include touch-up of coating system.

4. Repair Items

Epoxy Coating Repairs: NOT RECOMMENDED

Temporary Leak Repairs: NOT RECOMMENDED

Float Operated Level Indicator Repairs / Maintenance: NOT RECOMMENDED

Hypalon Repairs: NOT RECOMMENDED

5. Security Related Items (Critical security upgrade information is immediately available)

Tank vents are not equipped with a security vent shroud:

Tank hatches are not equipped with a security hatch locking device:

Tank perimeter not adequately secured:

The above mentioned additional work is considered immediately necessary and is recommended to be completed. Some items may be completed in conjunction with work currently being performed while the crew is on site.

Reservoir Inspection Condition Supplemental

Our dive today revealed an initial uniform accumulation of 3" - 4" sediment in your reservoir which has fully been removed. Upon entry of the reservoir we saw concentration cell corrosion along the water surface wall joints descending downwards, the roof along with the upper walls were heavily stained, with heavy uniform corrosion building on the roof, we also observed delamination from the areas on the upper wall to the point of the roof. Upon descending we noticed 1 pillar coming up from the center of the reservoir to the ceiling, it appeared to be in pretty good shape with heavy staining and some minor sections along the edges 1"-3" uniform corrosion. Reaching bottom we found what appeared to be 3" - 4" of pretty thick iron/magnesium sediment which although came up rather easy did stir up and cause some heavy turbidity at the slightest touch. After cleaning the reservoir the bottom appeared to be in rather good shape, we found the inlet/outlet at the 3 o'clock position and the 1st manway a foot to the right of it, both appeared to have a pretty good amount of uniform corrosion and heavy staining, the 2nd manway was located around the 7 o'clock position with the same degree of staining and corrosion as the 1st. Beginning ascension we surveyed and inspected each layer of wall joints, starting from the bottom there was nothing really to note vertically but with slight alterations horizontally hitting between the 1"-2" marks. Traveling up around the 3rd and 4th wall joints we started noticing some slightly heavier areas with uniform corrosion, as well as the wall joints to the surface. At this time Liquid Engineering suggests a re-coating and sand blast of the interior of the reservoir. With such we will send the information in and you will hear back from us promptly with a new advised quote. Thank you for your consideration and business. As per AWWA M42, Liquid Engineering recommends a clean and inspect every 3 years.

DISCLAIMER

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OCA EXHIBIT TLF-8
Cost of Tank Painting
(Company response to OCA XI-1)

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 XI

1. Reference: HVUS's response to OCA Set IX-6, last page of the 250,000-gallon Tank (Reservoir) Inspection Report dated 5/29/18 by Liquid Engineering Corporation (LEC).
 - a. What was the amount of LEC's revised quote to re-coat and sand blast the interior of the Reservoir?
 - b. Did HVUS have LEC or similar company re-coat and sand blast the interior of the Reservoir? If yes, when was the work completed?

Answer:

- a. \$74,340.
- b. No.

Answer provided by: James Kettler, President, Hidden Valley Utility Services, L.P.

Date: April 10, 2020

OCA EXHIBIT TLF-9
No Modifications to WTP Schedule
(Company response to OCA XI-2)

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 XI

2. Reference: The EADS Group Engineer's Report, Page 8 of 8, Revised February 2020. Does the Proposed Project Schedule need to be modified to coordinate with other work on the Reservoir and Distribution System that is necessary to eliminate iron/manganese problems occurring after the start-up of the proposed Water Treatment Plant? If yes, please provide a revised Project Schedule that includes all other necessary work.

Answer: No.

Answer provided by: James Kettler, President, Hidden Valley Utility Services, L.P.

Date: April 10, 2020

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. McCLOSKEY, ACTING	:	
CONSUMER ADVOCATE	:	Docket Nos. C-2014-2447138
v.	:	C-2014-2447169
HIDDEN VALLEY UTILITY SERVICES, L.P.	:	
WATER AND WASTEWATER DIVISIONS	:	

SURREBUTTAL TESTIMONY
OF
TERRY L. FOUGHT

ON BEHALF OF
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

MAY 15, 2020

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

2 A. Terry L. Fought, 780 Cardinal Drive, Harrisburg, Pennsylvania, 17111.

3

4 **Q MR. FOUGHT, DID YOU ALSO SUBMIT DIRECT TESTIMONY IN THE**
5 **PROCEEDING ON BEHALF OF THE OFFICE OF CONSUMER ADVOCATE?**

6 A. Yes.

7

8 **Q. HAVE YOU REVIEWED THE TESTIMONY SUBMITTED BY BRADLEY R.**
9 **STINEBISER, P.E., HVUS STATEMENT NO. 2-R?**

10 A. Yes.

11

12 **Q. ON PAGE 4 OF HIS REBUTTAL TESTIMONY, HE STATES THAT YOUR**
13 **RECOMMENDATIONS SHOW THAT THE ONE-YEAR DEADLINE IN**
14 **ORDERING PARAGRAPH 8(1) WAS INSUFFICIENT. DO YOU AGREE WITH**
15 **MR. STINEBISER?**

16 A. I recommended removing iron and manganese sediment from the standpipe
17 storage tank and the distribution system by July 2021, which is more than one year
18 from now. The updated schedule by the Mr. Stinebiser for the water treatment
19 plant plus additional time for removing iron and manganese from the storage tank
20 and distribution system, and allowing time to work around cold temperatures, is
21 longer than one year. But that does not mean the one-year deadline was
22 insufficient.

1 As stated in my direct testimony, the Company has had over ten years to solve the
2 iron and manganese problem after it should have known that sequestration does
3 not work.

4 In January 2019, the Commission had the Company's engineer's schedule
5 showing it would take more than four years to complete the chosen project¹ but
6 decided that it was in the customers' interest to proceed to evidentiary hearings on
7 the adequacy of the water service and the Section 529 investigation (Ordering
8 Paragraphs 20 and 21 from the January 2018 and May 2018 Orders):

9 "Adhering to the process outlined in our prior Orders is preferential
10 to the amendments suggested by HVUS because the requested
11 modifications would result in further delays without any assurances
12 that subsequent compliance deadlines could be met or that proposed
13 improvements could be adequately funded. Such an indeterminate
14 approach would appear to be detrimental to the interest of the
15 Company's customers who have suffered from the long term water
16 service problems."²

17

18 **Q. ON PAGE 5 OF HIS REBUTTAL TESTIMONY, MR. STINEBISER AGREES**
19 **THAT THE COMPANY SHOULD FLUSH ITS SYSTEM. DO YOU HAVE ANY**
20 **COMMENTS?**

21 **A.** Yes. To be clear, I recommended that the Company's consulting engineer provide
22 a flushing plan and that the Company follow that plan. In a previous case, the

¹ The Commission stated:

Additionally, HVUS asserts that the engineer's report makes clear that the proposed remediation proposals cannot be constructed and operational by April 18, 2019 (i.e., within one year of the engineer's report).

January 2019 Order, page 29.

² January 2019 Order, page 31.

1 Company's engineer prepared a flushing plan to remove the sediment from the
2 distribution system. Since then, the Company has made changes to the
3 distribution system and the flushing plan should be reviewed and updated as
4 necessary. It may be necessary to flush the system more than once to remove the
5 sediment. If the sediment cannot be adequately removed in all the lines by
6 flushing, it may be necessary to insert a "pig" in some of the lines to remove the
7 sediment.

8
9 **Q. BEFORE WE CONTINUE, PLEASE CLARIFY SOMETHING RAISED IN MR.**
10 **KETTLER'S REBUTTAL TESTIMONY (PAGE 7). WHEN YOU RECOMMEND A**
11 **DEADLINE SUCH AS JULY 2021, DO YOU INTEND THE DEADLINE TO BE**
12 **THE BEGINNING OR END OF JULY?**

13 A. The dates shown in my recommended project schedule and discussed in my
14 testimony represent the end of the month.

15
16 **Q. ON PAGE 6 OF HIS REBUTTAL TESTIMONY, MR. STINEBISER STATES THAT**
17 **YOU RECOMMENDED DEADLINES IN APRIL AND MAY 2020 THAT HAVE**
18 **ALREADY PASSED. DO YOU HAVE ANY COMMENTS?**

19 A. Yes. In the Company's Engineer's Report to the Pennsylvania Department of
20 Environmental Protection (DEP) dated February 2020 (2020 Engineer's Report),
21 Mr. Stinebiser submitted an updated Project Schedule showing Final Design being
22 completed during April 2020; a contractor selected and beginning construction
23 during May 2020; and complete construction/start-up during November 2020. In
24 my Direct Testimony, I revised his Schedule by allowing one additional month for
25 completion of final design, beginning construction, and complete
26 construction/start-up of the water treatment plant (WTP). I also added a deadline

1 for removing iron and manganese sediment from the interior of the storage tank
2 and distribution system.

Project Schedule Submitted to DEP		Revised Recommended Schedule	
Complete Final Design	April 2020	Complete Final Design Changes	May 2020
Select Contractor (formal bid process not required)	May 2020	Select Contractor	May 2020
Begin Construction	May 2020	Begin Construction	June 2020
Complete Construction/Start-up	November 2020	Complete Construction/Start-up	December 2020
		Complete Removal of Sediment from the Standpipe Storage Tank and Distribution System	July 2021

3

4 **Q. WHAT PROJECT ITEMS DID YOUR REVISED SCHEDULE INDICATE SHOULD**
5 **BE COMPLETED DURING APRIL AND MAY 2020?**

6 A. Submit All Local and Other Permit Applications, Authorize Final Design Changes,
7 Complete Final Design Changes and Select Contractor.

8

9 **Q. DID MR. STIENBISER OR MR. KETTLER EXPLAIN WHAT OCCURRED AFTER**
10 **THE COMPANY RECEIVED THE DEP CONSTRUCTION PERMIT ON MARCH**
11 **9, 2020 THAT HAS PREVENTED OR WILL PREVENT THE COMPANY FROM**
12 **COMPLETING FINAL DESIGN AND SELECTING A CONTRATOR BY MAY**
13 **2020?**

14 A. No.

1 **Q. DOES ANYTHING IN MR. STINEBISER'S TESTIMONY CHANGE YOUR**
2 **RECOMMENDED PROJECT SCHEDULE?**

3 A. No. As discussed below regarding Mr. Kettler's testimony, (1) only a township
4 building permit and a county minor land development approval are still needed for
5 the WTP project; and (2) HVUS has received two bids for the construction project
6 and expects to begin negotiating a contract shortly.

7 My recommended Project Schedule extended the deadlines for completion of
8 some of the items included in the Proposed Project Schedule the Company
9 submitted to DEP in February 2020. I am not aware of anything preventing the
10 Company from completing the work as scheduled.

11

12 **Q. ON PAGE 9 OF HIS TESTIMONY, MR. STINEBISER RECOMMENDS**
13 **MODIFYING THE END OF ORDERING PARAGRAPH 8 FROM THE MAY 2020**
14 **ORDER TO SAY "WITHIN ONE (1) YEAR FROM THE DATE OF THE**
15 **ENGINEER'S REPORT, HIDDEN VALLEY UTILITY SERVICES, L.P. SHALL**
16 **REASSESS THE NEED, SIZE AND COST OF TREATMENT PLANT TO**
17 **PERMANENTLY SOLVE THE PROBLEMS CAUSED BY IRON AND**
18 **MANGANESE". DO YOU AGREE WITH THIS RECOMMENDATION?**

19 A. No. The Company has already reassessed the need, size and cost of treatment
20 plant to permanently solve the problems caused by iron and manganese. The
21 Company's Engineer addressed four options to solve the problem of
22 iron/manganese in the raw water and the Company decided to proceed with the
23 WTP option.

1 **Q. HAVE YOU REVIEWED THE TESTIMONY SUBMITTED BY JAMES M.**
2 **KETTLER, HVUS STATEMENT NO. 3-R?**

3 A. Yes.

4

5 **Q. ON PAGE 2 OF HIS REBUTTAL TESTIMONY, MR. KETTLER PROVIDES AN**
6 **UPDATE REGARDING THE WTP. DOES THIS CHANGE YOUR**
7 **RECOMMENDED SCHEDULE FOR APRIL/MAY 2020?**

8 A. No. Mr. Kettler states that (1) a township building permit and a county minor land
9 development approval are still needed for the WTP project; and (2) HVUS has
10 received two bids for the construction project and expects to begin negotiating a
11 contract shortly. According to the Company's supplemental response to OCA Set
12 XI-4 (updated on May 8, 2020), HVUS received a DEP waiver of the Act 537 Plan
13 and intends to submit the county permit application by May 15, 2020. See Exhibit
14 TLF-10 attached.

15 I do not believe that my recommended Project Schedule should change. As I
16 previously mentioned, I increased the dates for some of the scheduled completion
17 of some of the items included in the Proposed Project Schedule submitted to DEP
18 in February 2020. I am not aware of anything preventing the Company from
19 completing the work as scheduled.

20

21 **Q. DO YOU STILL RECOMMEND THAT HVUS SHOULD COMPLETE THE WTP**
22 **AND REMOVE IRON/MANGENESE SEDIMENT IN THE STANDPIPE**
23 **STORAGE TANK AND DISTRIBUTION SYSTEM BY JULY 2021?**

24 A. Yes. However, the Company should schedule with a contractor for the 2021 work
25 on the standpipe storage tank far in advance.

1 **Q. ON PAGE 5 OF MR. KETTLER'S TESTIMONY, HE STATES THAT YOU AGREE**
2 **THE COMMISSION SHOULD EXTEND THE ONE-YEAR COMPLIANCE**
3 **DEADLINE BECAUSE YOU RECOMMENDED DEADLINES BASED ON THE**
4 **SCHEDULE IN THE PUBLIC WATER SUPPLY PERMIT APPLICATION. DO**
5 **YOU AGREE?**

6 A. Yes and no. Those are two different questions. First, now that the Company has
7 submitted a new 2020 Engineer's Report with an updated project schedule and
8 has received a DEP Construction Permit, what should the deadlines be? Second,
9 what does the failure to comply with the original deadline mean?

10 As I stated in my Direct Testimony, I recommended that new deadlines should be
11 set based on the 2020 Engineer's Report and including requirements for removing
12 iron and manganese from the standpipe storage tank and distribution system.

13 With regard to the original deadline, the Commission said in January 2019 that the
14 Section 529 proceeding should begin if the Company missed the April 2019
15 deadline. As I stated in my Direct Testimony, the parallel Section 529 proceeding
16 should be in progress to investigate acquisition by a capable provider and
17 alternatives.

18

19 **Q. ON PAGES 7-8 OF MR. KETTLER'S REBUTTAL TESTIMONY, HE STATES**
20 **THAT YOUR RECOMMENDATION TO START A 529 PROCEEDING**
21 **CONTRADICTS WITH SETTING NEW DEADLINES FOR COMPLETING THE**
22 **WTP. DO YOU AGREE?**

23 A. No. Again, we are talking about two different things. There is the deadline for
24 completing the improvements and the timing for starting a Section 529 proceeding.
25 If we change the timing for completing the improvements, I recommend a change
26 to the timing for starting the 529 proceeding.

1 Q. ON PAGES 5-6 OF MR. KETTLER'S REBUTTAL TESTIMONY, HE CLAIMS
2 THAT YOU DID NOT EXPLAIN WHY REPAINTING THE INTERIOR OF THE
3 WATER STORAGE TANK WOULD REDUCE IRON AND MANGANESE. HE
4 ALSO STATES THAT YOU DID NOT INCLUDE THE REPAINTING OF THE
5 TANK IN YOUR RECOMMENDED SCHEDULE. DO YOU HAVE ANY
6 COMMENTS?

7 A. First, on page 6 of my direct testimony, I explained that as part of the repainting
8 process, the iron/manganese sediment in the standpipe storage tank will be
9 removed. If that iron/manganese sediment is not removed from the storage tank,
10 it will not matter that iron/manganese is removed from the raw water because
11 sediment in the storage tank will contaminate the water. The Company's engineer
12 agreed that removing the iron and manganese sediment from the storage tank will
13 help clear iron and manganese from the system. (HVUS St. 2R, page 5.)

14 Second, my recommended Project Schedule does include time for painting the
15 interior of the tank or otherwise removing the iron/manganese sediment.

16 While I recommended the repainting or sediment removal should be done shortly
17 after start-up of the WTP, I recognized the Company might need additional time in
18 order to schedule the project during non-freezing weather for proper diving/painting
19 conditions.

20

21 Q. WOULD IT MAKE SENSE TO REMOVE THE IRON AND MANGANESE
22 SEDIMENT WITHOUT ALSO REPAINTING THE INTERIOR OF THE TANK?

23 A. Approximately every three years, the Company has been having the tank
24 inspected and the iron/manganese sediment removed by vacuuming it away by a
25 diver. During the latest inspection of the interior of the tank in 2018, the inspection
26 contractor recommended that the interior of the tank should be repainted at an
27 estimated cost of \$74,340. The Company should follow the recommendations of

1 its consulting engineer and/or its tank inspection contractor to decide if the tank
2 interior should be repainted upon completion of the WTP or at a later date.

3

4 **Q. ON PAGE 6 OF MR. KETTLER'S REBUTTAL TESTIMONY, HE DID NOT**
5 **INDICATE THAT THE COMPANY WOULD PROVIDE DOCUMENTATION IN**
6 **ADDITION TO REPORTING ON ANY DELAYS CAUSED BY THE COVID-19**
7 **EMERGENCY. DO YOU HAVE ANY COMMENTS?**

8 A. I suggest that the Company be required to report and submit documentation of all
9 delays caused by the COVID-19 Emergency.

10

11 **Q. ON PAGES 9-10 OF HIS TESTIMONY, MR. KETTLER STATES THAT SECTION**
12 **529 DOES NOT APPLY TO HVUS BECAUSE OF THE CUSTOMER COUNT.**
13 **HOW DO YOU RESPOND?**

14 A. The legal claim regarding the applicability of Section 529 will be addressed by the
15 OCA in its briefs.

16

17 **Q. ON PAGES 10-11 OF HIS TESTIMONY, MR. KETTLER STATES THAT THE**
18 **COMPANY HAS CONTINUED TO MAKE IMPROVEMENTS TO ITS SYSTEM TO**
19 **IMPROVE ITS FACILITIES AND SERVICE SINCE THE INITIAL DECISION IN**
20 **2015. DO YOU HAVE ANY COMMENT?**

21 A. Yes. As mentioned in my Direct Testimony, the Company was aware since 2005
22 that it was delivering water to its customers that was unsuitable for all household
23 uses because of iron/manganese. The Company has had over ten years to solve
24 the problem after it should have known that sequestration does not work.

1 Looping dead ends where possible is generally required to mitigate the negative
2 effects of having older/uncirculated water at the dead ends. The loops have not
3 solved the poor water quality related to iron/manganese.

4 Also, in November 2005, the DEP asked the Company to submit a schedule for
5 looping dead ends.³

6
7 **Q. HAS THE COMPANY EXPLAINED WHY IT CAN NOT COMPLY WITH THE**
8 **PROJECT SCHEDULE IN THE 2020 ENGINEER'S REPORT OR YOUR**
9 **RECOMMENDED PROJECT SCHEDULE?**

10 A. No. Generally, we seem to be in agreement about the schedule for the
11 construction/start-up of the WTP. The Company says it will proceed with
12 construction before having a Commission Order.

13 The difference is that Company wants to delay compliance deadlines until after the
14 Commission Order. So even though the Company intends to enter a construction
15 contract "shortly," Mr. Stinebiser recommends that the compliance deadline for
16 awarding a contract be thirty days after the entry of the Commission Order in this
17 proceeding. (HVUS St. 2R, page 8.) Although the Company's engineer believes
18 that construction/start-up of the WTP could be completed prior to the end of 2020
19 (HVUS St. 2R, page 3), the Company proposes there be **no** compliance deadline.
20 (HVUS St. 2R, page 8.)

21 Mr. Stinebiser proposes that my recommended deadline of July 2021 for the
22 removal of iron/manganese sediment from the standpipe storage tank and
23 distribution system be extended to September 2021 or later. (HVUS St. 2R, page
24 8.)

³ The DEP's letter is attached as Exhibit TLF-1W to my July 2015 Direct Testimony in this proceeding and attached here as Exhibit TLF-11.

1 **Q. DO YOU OBJECT TO MR. STINEBISER'S RECOMMENDED REWRITE OF**
2 **ORDERING PARAGRAPH 8(1)?**

3 A. Yes. In addition to the concerns that I have already raised in my testimony, as I
4 read his proposal (HVUS St. 2R, pages 8-9), if the Company never completes
5 construction/start-up of the WTP, there would never be final approvals by DEP and
6 therefore no compliance deadline for removing sediment from the storage tank or
7 flushing the distribution system.

8 As Mr. Stinebiser proposes it, having no deadline for flushing the distribution
9 system (Ordering Paragraph 8(1)(e)) also means there would never be evidentiary
10 hearings on the adequacy of the water service and the Section 529 investigation
11 (Ordering Paragraphs 20 and 21).

12 The compliance deadlines should be consistent with the deadlines in the February
13 2020 Proposed Project Schedule, with the modifications I recommended.

Complete Final Design Changes	May 2020
Select Contractor	May 2020
Begin Construction	June 2020
Complete Construction/Start-up	December 2020
Complete Removal of Sediment from the Standpipe Storage Tank and Distribution System	July 2021

14

15 **Q. DOES THIS COMPLETE YOUR WRITTEN SURREBUTTAL TESTIMONY?**

16 A. Yes, at this time. I reserve the right to supplement this testimony either in writing
17 or orally if additional relevant information is received.

18

19 288485

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

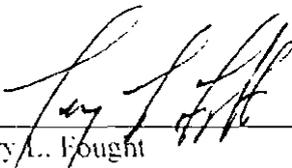
Tanya J. McCloskey, Acting Consumer Advocate :
v. : Docket Nos. C-2014-2447138
Hidden Valley Utility Services, L.P. - : C-2014-2447169
Water and Wastewater Division :

VERIFICATION

I, Terry L. Fought, hereby state that the facts set forth in my Surrebuttal Testimony, OCA Statement No. 1S, 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).

Dated: May 15, 2020
*288458

Signature:


Terry L. Fought

Consultant Address: 780 Cardinal Drive
Harrisburg, PA 17111

OCA EXHIBIT TLF-10
Status of WTP Project (May 8, 2020)
(Company supplemental response to OCA XI-4)

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 XI

4. What is the status of all permits other than the DEP Construction Permit required for the construction of the Water Treatment Plant?

Answer: The outstanding permits required for this project are:

Permit	Issuing Authority	Status as of April 10, 2020
Building permit and miscellaneous related local permits	Jefferson Township	Applications not yet submitted
Request for a waiver of Act 537 planning module (please see attached correspondence)	Pennsylvania Department of Environmental Protection	Submission expected by April 17, 2020

Update:

The Waiver of Act 537 planning module was received on April 17, 2020. A copy was served on the parties on April 20, 2020.

In addition to the above permits, a minor land development plan approval is required from Somerset County Planning Commission. An application for this approval is expected to be submitted on or about May 15, 2020.

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

Date: May 8, 2020

OCA EXHIBIT TLF-11
DEP Letter to HVUS
(dated November 14, 2005)

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



Pennsylvania Department of Environmental Protection

Bureau of Water Quality Management
 286 Industrial Park Road
 Ebensburg, PA 15931-4119
 November 14, 2005

Cambria Office

814-472-1900
 FAX NUMBER 814-472-1861

CERTIFIED MAIL NO. 7004 1160 0006 4050 1755

Hidden Valley Utility Services, LP
 1 Gordon Craighead Drive
 Hidden Valley, Pa 15502

Attention: John Scanlan, President

Re: Administrative Conference
 Hidden Valley Resort LP
 PWS ID # 4500049
 Jefferson Township, Somerset County

Dear Mr. Scanlan:

Thank you for meeting with the Department Staff on November 8, 2005 in the Ebensburg office. The following was noted during this meeting:

1. As a result of a Lead and Copper exceedence your Engineer conducted a feasibility study. As a result of that study pH adjustment and Aquamag were recommended and installed to resolve the Lead and copper problem.
2. The Aquamag was recommended to also address the Iron and Manganese problem by sequestering the Iron and Manganese.
3. The permit included the installation of a pH analyzer. The analyzer has not been installed.

In order to comply with the Safe Drinking Water Regulations the following needs to be done:

1. Contact your Engineer and review the existing treatment to determine why there is still an Iron and Manganese problem and what is the appropriate solution. It may be that a change in chemicals and/or injection points can resolve this issue. However, the Department is recommending that you investigate Iron and Manganese removal because at times the Iron and Manganese combined level exceeds 1.0 ppm. Sequestration may not be adequate when the Iron and Manganese is over 1.0 ppm. If you choose not to remove the Iron and Manganese, and to continue to try to use the sequestration approach, your Engineer will need to submit documentation that supports the contention that the treatment that is proposed will succeed.
2. If the 250,000-gallon storage tank is to be drained and cleaned you will need to submit those procedures to the Departments Engineer for approval prior to draining and cleaning.

Hidden Valley Utility Services

-2

November 14, 2005

3. The looping of dead ends, additional blow offs and the removal of galvanized lines will obviously improve this system. Please provide a schedule for when and where this will be accomplished. The removal of galvanized lines could impact the lead and Copper problem and change the requirements for corrosion control treatment. Review this with your Engineer.

Your proposal for addressing the continued Iron and Manganese problem should be submitted to the Department within 60 days of receipt of this letter. If the only changes are in chemicals used and injection points these changes will need to be made within 30 days of the Department approval. The Department expects that the pH analyzer will be installed no later than the changes in treatment.

If your Engineer proposes to remove the Iron and manganese a Public Water Supply Construction Permit will be required, and you will need to apply for that permit. Please do so within 90 days of your receipt of this letter.

If you have any questions please contact me in this office.

Sincerely,

Philip B. Conlin
Sanitarian Supervisor

cc: Dan Mikesic
Deb McDonald
Dave Plank
Chuck Colbert

PBC:hc

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. McCLOSKEY, ACTING	:	
CONSUMER ADVOCATE	:	Docket Nos. C-2014-2447138
v.	:	C-2014-2447169
HIDDEN VALLEY UTILITY SERVICES,	:	
L.P. – WATER AND WASTEWATER	:	

DIRECT TESTIMONY

OF

NOAH D. EASTMAN

ON BEHALF OF

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

APRIL 24, 2020

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

1 **Introduction**

2 **Q. Please state your name, business address and occupation.**

3 A. My name is Noah D. Eastman. My business address is 555 Walnut Street, Forum Place, 5th
4 Floor, Harrisburg, Pennsylvania 17101. I am currently employed as a Regulatory Analyst
5 by the Pennsylvania Office of Consumer Advocate (OCA).

6
7 **Q. Please describe your educational background and qualifications to provide testimony**
8 **in this case.**

9 A. I have a Bachelor's degree in Economics with a Business Concentration from
10 Shippensburg University. My educational background and qualifications are described in
11 Appendix A.

12
13 **Q. Please describe the general nature of this case.**

14 A. The current proceeding began in 2014, when the OCA filed a formal complaint against
15 Hidden Valley Utility Services, L.P. – Water (HVUS or Company) alleging that the
16 Company “is failing to provide adequate, efficient, safe and reasonable service and
17 facilities” pursuant to 66 Pa. C.S. § 1501.” I incorporate by reference the extensive
18 discussion of the background of this proceeding from the Commission’s Order of January
19 17, 2019. The matters currently being addressed are: the sufficiency of the engineering
20 report submitted on April 18, 2018 (2018 Engineer’s Report), propriety of the engineer’s
21 recommendations and proposed time schedules, financing plans for the recommendations,
22 and HVUS’s proposed modifications to the deadlines established in the Commission’s May
23 3, 2018 Order.

1 **Q. What was your assignment in this case?**

2 A. My assignment in this case was to review the financing needs of HVUS, the possible impact
3 of the capital expenditures HVUS has planned, and whether initiation of a Section 529
4 proceeding should be delayed and alternatives.

5

6 OCA witness Terry L. Fought discusses the first two issues, related to quality of service
7 concerns, and also whether a Section 529 proceeding should be delayed in OCA Statement
8 1.

9

10 **Financing Plan**

11 **Q. What is the current estimated cost for the water treatment plant option that HVUS**
12 **has chosen to construct?**

13 A. On October 15, 2018, The EADS Group provided a cost estimate for constructing a water
14 treatment plant of \$1,527,825 (Exhibit NDE-1).¹ In a letter dated January 24, 2019, EADS
15 updated that amount to \$1,924,087 with estimated annual operation and maintenance
16 expense of \$211,649. See HVUS Exhibit BRS-2, page 4. This estimate does not include
17 the cost of repainting the interior of the standpipe storage tank that is discussed in OCA
18 witness Fought's testimony. See OCA Statement 1, page 6. In 2018, that cost was
19 estimated to be \$74,340. See Exhibit TLF-8.

20

¹ This update was attached as Appendix B to the Company's Petition for an Amendment of the Opinion and Order entered May 3, 2018, filed on October 18, 2018 (2018 Petition), and is attached to my testimony as Exhibit NDE-1. This October 2018 estimate updated the \$1,081,366 estimate that CME Engineering LP (CME) provided in Table 1 to the 2018 Engineer's Report.

1 **Q. Has the Company provided a plan for financing those costs?**

2 A. No. The Company does not address a financing plan in its testimony. I note that, in its
3 2018 Petition, the Company stated that it filed the rate cases to assist in financing the
4 project options in the 2018 Engineer's Report. 2018 Petition, ¶ 23. However, the rate case
5 filings did not contain any claims, including pro forma cost of capital, related to the project
6 options.² The Company has offered no information showing that it will be able to secure
7 financing for the roughly \$2 million estimated costs for the water treatment plant it has
8 chosen to implement.

9
10 The absence of a financing plan raises questions about the financial viability of the
11 Company. Without the financing plan, including information about the financial impact of
12 the operation and maintenance costs related to the water treatment plant, there is no way to
13 determine whether HVUS has the financial viability to continue through the construction
14 process without delay.

15
16 **Q. Do you have any comment on the rate impact calculations provided with the 2018**
17 **Engineer's Report?**

18 A. Yes. CME estimated the rate impact of the water treatment plant option would be \$9.29
19 per month per customer. Accepting CME's formula assumptions for purposes of this
20 illustration, when the cost of building and operating the treatment plant is updated per the
21 EADS January 2019 estimate, the estimated increase to rates would be \$27.91 per month

² OCA Statement 1, pages 1-2, in Pa. PUC v. Hidden Valley Utility Services, Docket No. R-2018-3001306 (August 29, 2019).

1 per customer. When the additional cost for tank repainting is added, the estimated increase
2 to rates would be \$28.38 per month per customer, or \$85.14 per quarter (Exhibit NDE-2).

3
4 Under rates established in the 2018 rate case, HVUS customers are currently charged a \$19
5 fixed quarterly charge and \$9.38 per 1000 gallons.³ A residential customer using 4,500
6 gallons pays \$61.21 per quarter. Adding the additional \$85.14 per quarter increases that
7 customer's bill to \$146.35 per quarter, or by 139% percent.

8
9 **Section 529 Proceeding**

10 **Q. The Commission's May 2018 Order provided for initiation of a Section 529**
11 **Investigation if the deadlines in the Order were not met. Do you have any comments?**

12 A. Yes. Mr. Fought explained how the Company's requests to extend the deadlines would
13 delay the start of a Section 529 investigation. As I discussed above, given the project cost
14 and absence of a financing plan, in conjunction with the Company's failure to meet
15 deadlines to make required improvements, there is no assurance that HVUS will carry
16 through with the water treatment plant project or when. The Company did not meet the
17 April 2019 deadline contained in the May 2018 Order for complying with the
18 recommendations in the 2018 Engineer's Report. The remedy in Paragraph 21, initiation
19 of a Section 529 proceeding should be invoked without delay. In this way, if the Company
20 fails to meet future deadlines, a Section 529 investigation will already be underway to put
21 a viable provider in place or implement alternatives to acquisition.

22

³ Water rates were increased effective April 1, 2019, in Docket No. R-2018-3001306.

1 In the alternative, if a Section 529 proceeding is not initiated at this time, I recommend that
2 the Company provide a credit to customers to recognize that they continue to receive
3 inadequate service after the April 2019 deadline. As discussed by OCA witness Everette
4 in Statement 1 submitted in 2015, customers must flush water when it becomes discolored
5 due to the high levels of iron and manganese in the system.⁴ This additional water is not
6 used by the customer for anything other than flushing the water provided by HVUS, yet
7 they are forced to pay for the additional usage. Not only do customers pay for the usage of
8 the discolored water they have to flush out, because sewer bills are based on water usage,
9 the flushing also affects their sewer bills. To allow customers to pay for water they use
10 rather than for also paying for the discolored water that they have to flush out, a credit
11 should be applied to each customer's bill until the service is no longer deemed inadequate.
12

13 **Q. How do you recommend the credit be calculated?**

14 A. I recommend that a usage allowance of 1,000 gallons per quarter be included in the current
15 water customer charge (\$19 per quarter for water). This would allow customers to flush
16 out brown or dirty water without being charged for water they are unable to use for normal
17 household purposes. I recommend the credit stay in place until HVUS has resolved the
18 problems caused by iron and manganese or the Company has transferred ownership of the
19 water system to a capable provider.
20

⁴ OCA Statement 1 (Water), pages 5, 10, 17-18 (July 8, 2015).

1 **Q. Does that conclude your direct testimony?**

2 A. Yes. I reserve the right, however, to supplement this testimony if additional relevant
3 information is received.

4

5 287065

**QUALIFICATIONS OF
NOAH D. EASTMAN**

Education

2019 B.S. Economics, Shippensburg University

Currently Pursuing: M.B.A., Shippensburg University

Positions

Jan. 2020 – Present Regulatory Analyst, Pennsylvania Office of Consumer Advocate

Experience

I am currently employed by the Pennsylvania Office of Attorney General, Office of Consumer Advocate (OCA) as a Regulatory Analyst. My responsibilities include financial and economic analysis, rate of return determination, and other business operations analysis in the review of utility filings with the Pennsylvania Public Utility Commission. Additional responsibilities with the OCA include formulating recommendations for utility filings and preparing testimony.

Relevant Training

IPU Accounting and Ratemaking Course, April 2020

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

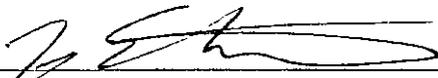
Tanya J. McCloskey, Acting Consumer Advocate	:	
v.	:	Docket Nos. C-2014-2447138
Hidden Valley Utility Services, L.P. -	:	C-2014-2447169
Water and Wastewater Division	:	

VERIFICATION

I, Noah D. Eastman, hereby state that the facts set forth in my Direct Testimony, OCA Statement No. 2, 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).

Dated: April 24, 2020

Signature:



Noah D. Eastman

*286952

OCA EXHIBIT NDE-2
Calculation of Monthly Costs of
WTP Using CME Assumptions

05-20-20
C-2014 - 2447169
C-2014 - 2447135

OCA Exhibit NDE-2
Hidden Valley Utility Services, L.P.-
Water and Wastewater Division
Docket Nos. C-2014-2447138
C-2014-2447169
Calculation of Monthly Costs of
Water Treatment Facility using CME Assumptions

Estimated Costs of Capital Expenditures

Cost of Water Treatment Facility:

Plant	\$	1,924,087	HVUS Exhibit BRS-2
Annual O&M Costs	\$	211,649	HVUS Exhibit BRS-2

Cost of Tank Repainting:

	\$	74,340	OCA Exhibit TLF-6
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Monthly Costs w/ CME Assumptions

Debt Service of Only Water Treatment Facility (6.0%, 20 year Term):	\$	13,785
Monthly O&M Costs:	\$	17,637
		\$ 31,422

Monthly Per Customer (1126):	\$	27.91
Quarterly Per Customer:	\$	83.72
Current Bill at 4500 Gallons per Quarter:	\$	61.21
Quarterly Cost Per Customer:		\$ 144.93

Debt Service of Water Treatment Facility and Tank Repainting:	\$	14,317
Monthly O&M Costs:	\$	17,637
		\$ 31,955

Monthly Per Customer (1126):	\$	28.38
Quarterly Per Customer:	\$	85.14
Current Bill at 4500 Gallons per Quarter:	\$	61.21
Quarterly Cost Per Customer:		\$ 146.35

OCA EXHIBIT NDE-1

October 2018 WTP Cost Estimate

05-20-20
C-2014-244 7169
C-2014-244 7138

Project Hidden Valley Utility Services, L.P.
 Calculated By FDN Date 10/15/2018
 Checked By BRS Date 10/15/2018
 Subject Water System Total Project Cost Estimates



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

Option 1: Conventional Iron Filter

Item	Quantity	Unit Price	Total Price
1. Filter Equipment Cost and Installation			
a. Filter Equipment	1 LS	\$450,000.00	\$450,000.00
b. Installation	1 LS	\$350,000.00	\$350,000.00
2. Building (32' x 30')	960 SF	\$200.00	\$192,000.00
3. Electrical	1 LS	\$30,000.00	\$30,000.00
4. Miscellaneous Yard Piping	1 LS	\$30,000.00	\$30,000.00
5. Miscellaneous Concrete	30 CY	\$250.00	\$7,500.00
6. Structural Backfill	50 CY	\$125.00	\$6,250.00
7. Site Development	1 LS	\$20,000.00	\$20,000.00
8. Backwash Sand Filter	1 LS	\$100,000.00	<u>\$100,000.00</u>
Subtotal Construction			\$1,185,750.00
Contingency (10%)			\$118,575.00
Engineering - Basic Services	8.4%		\$100,000.00
Engineering - Construction Inspection (6 month Construction Period)			\$70,000.00
Engineering - Additional Services (Est.)			\$33,500.00
Public Water Supply Permit	\$7,500.00		
Building Permit(s)	\$4,000.00		
Geotechnical Investigation	\$10,000.00		
Preparation of Land Development and Survey	\$8,000.00		
Operation and Maintenance Manuals	\$3,000.00		
Right-of-Way Sketch(s)	\$1,000.00		
Legal			\$10,000.00
Administration/Certified Operator Effort			<u>\$10,000.00</u>
Total Estimated Project Cost			\$1,527,825.00

- Notes: 1. Equipment Unit Costs and Installation Costs are Based on CME Engineering, LP Report dated February 26, 2016.
 2. Unit Prices increased to adjust for rising cost of construction.
 3. Addition of Backwash Filter. Backwash from filter should be filtered prior to disposal in existing wastewater treatment plant. High concentrations of iron and manganese may have detrimental effects on the wastewater treatment process.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TANYA J. McCLOSKEY, ACTING	:	
CONSUMER ADVOCATE	:	Docket Nos. C-2014-2447138
v.	:	C-2014-2447169
HIDDEN VALLEY UTILITY SERVICES,	:	
L.P. – WATER AND WASTEWATER	:	

SURREBUTTAL TESTIMONY

OF

NOAH D. EASTMAN

ON BEHALF OF

PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

MAY 15, 2020

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

1 **Q. Please state your name, business address and occupation.**

2 A. My name is Noah D. Eastman. My business address is 555 Walnut Street, Forum Place, 5th
3 Floor, Harrisburg, Pennsylvania 17101. I am currently employed as a Regulatory Analyst
4 by the Pennsylvania Office of Consumer Advocate (OCA).

5

6 **Q. Have you previously provided testimony in this case?**

7 A. Yes. I provided direct testimony in this case on April 24, 2020 in OCA Statement No. 2.

8

9 **Q. What is the purpose of your surrebuttal testimony?**

10 A. In my surrebuttal testimony, I will comment on the rebuttal testimony of Hidden Valley
11 Utility Services (HVUS or Company) witness James M. Kettler (HVUS Statement 3R). I
12 will address the Company's rebuttal testimony which responds to the issues discussed in
13 my direct testimony.

14

15 **Q. On page 3 of his Rebuttal, Mr. Kettler says "Mr. Eastman's suggestion that the
16 company does not have the financial wherewithal to complete the project is complete
17 speculation and should be given no weight". Do you have a response?**

18 A. Yes. As I identified in my direct testimony, the Company has provided no financing plan.
19 The Company also did not provide a plan in its rebuttal testimony. There is no assurance
20 that HVUS can fund the proposed improvements. Mr. Kettler states in his rebuttal
21 testimony that HVUS has taken many steps to date to construct the project "at considerable
22 cost." HVUS Statement 3R, page 2. The Company has not quantified those expenditures.
23 So we do not know what it has already spent, except for \$30,000 for filtration equipment.

1 Also, the Company has not identified what costs remain. In my direct, I explained that the
2 most recent cost estimate provided by the Company showed total costs of \$1,998,427 for
3 the WTP construction and storage tank repainting.¹ Mr. Kettler states in his rebuttal
4 testimony that he reduced the expected cost of the project by purchasing a used water
5 treatment plant. That cost was \$30,000. OCA Exhibit TLF-3. The October 2018
6 construction cost estimate shows \$350,000 for "Filter Equipment." This indicates a
7 possible savings of \$320,000 (\$350,000 - \$30,000). If the project cost of \$1,998,427 is
8 reduced by \$320,000, the cost is still estimated to be roughly \$1.7 million.

9
10 **Q. Mr. Kettler, on page 3 of his Rebuttal, states that financing for the project is not**
11 **material to whether HVUS should have the deadline from the May 2018 order**
12 **extended. Do you agree?**

13 A. No, it is material. The Company recognized the importance of a financing plan in its
14 Petition to extend the one-year deadline.² It stated that:

15 "Rather than establishing one deadline for the completion of construction,
16 the order should contain a series of deadlines for important milestones in
17 the design/construction process. Specifically, the Company requests that
18 Paragraph 8 be amended to:

19 (1) require the Company to file plans for the water treatment plant or
20 pipeline, **together with a financing plan**, to the Commission's Bureau
21 of Technical Utility Services ("TUS") by April 18, 2019, and to serve
22 the other parties to this proceeding with a copy of this filing..."³

23 Without the financing plan, including information about the financial impact of the
24 operation and maintenance costs related to the water treatment plant, there is no way to

¹ HVUS Exhibit BRS-2, page 4; Exhibit TLF-8.

² Petition of Hidden Valley Utility Services, L.P. for an Amendment of the Opinion and Order entered May 3, 2018, page 8 (October 18, 2018) (emphasis added). The Company's Petition, without attachments, is attached to my testimony as Exhibit NDE-1S.

³ See Exhibit NDE-1S, page 9.

1 determine whether HVUS has the financial viability to continue through the construction
2 process without delay.

3
4 This is not only important for deciding whether to extend the one-year deadline, it is also
5 material to whether the Section 529 proceeding should start now or be delayed. When the
6 Commission considered the Company's Petition in January 2019, it raised a concern about
7 delaying the deadline for compliance "without any assurance... that proposed
8 improvements could be adequately funded."⁴ The Commission recognized that the
9 Company's expected failure to comply with the one-year deadline meant that the hearing
10 procedures set forth in the May 2018 proceeding would initiate in April 2019 and found
11 that to be "appropriate."⁵ Then, as now, the absence of a financing plan is one of the reasons
12 why the Section 529 investigation provided for in Paragraph 21 of the May 2018 Order
13 should proceed without delay.

14
15 **Q. On pages 3-4 of his Rebuttal, Mr. Kettler states that rate implications should be**
16 **ignored as they are not relevant to this proceeding. Do you agree?**

17 **A.** No. As discussed above, the financing plan is a component of the design/construction
18 process and material to the Commission's determination whether to extend the deadline
19 and whether to proceed with the Section 529 investigation. While we do not have any
20 information about how the Company will finance the costs of construction in the interim,
21 Mr. Kettler states the Company will file a base rate case. HVUS St. 3R at 3. The 2018

⁴ January 2019 Order, page 31. The Administrative Law Judge affirmed that the matters currently being addressed in this proceeding include the financing plans for the engineer's recommendations in the February 7, 2020 Prehearing Conference Order, pages 2-3 and the February 25, 2020 Prehearing, pages 434-435 of the transcript.

⁵ January 2019 Order, page 31.

1 Engineer's Report contained rate impact calculations for the water treatment plant option.
2 In my direct testimony, I updated those calculations to reflect the Company's updated cost
3 estimates and to include the storage tank repainting.
4

5 **Q. Do you have any further updates, in response to Mr. Kettler's Rebuttal?**

6 A. Yes. It appears the expected cost of the project was reduced by \$320,000 due to the
7 Company's purchase of the used filtration equipment. HVUS St. 3R at 3. Updating for this
8 change⁶, and using the method of calculation provided by CME Engineering LP (CME),
9 the estimated increase to rates would be \$26.34 per month per customer, or \$79.03 per
10 quarter. Under rates established in the 2018 rate case, HVUS customers are currently
11 charged a \$19 fixed quarterly charge and \$9.38 per 1000 gallons. A residential customer
12 using 4,500 gallons pays \$61.21 per quarter. Adding the additional \$79.03 per quarter
13 increases that customer's bill to \$140.24 per quarter, or by 129% percent (Exhibit NDE-
14 2S).
15

16 **Q. On pages 7-8 of his Rebuttal, Mr. Kettler contends that if the deadline in Ordering**
17 **Paragraph 8 is extended, then the Company has not violated the May 2018 Order and**
18 **there is no basis for a temporary usage allowance. Do you agree?**

19 A. No. According to the Commission, the purpose of setting the April 2019 deadline for
20 compliance was to address the concern that customers were suffering from poor water
21 quality and unreasonable service and that there should be no further delay in the Company

⁶ I also included the cost related to Mr. Fought's recommendation that iron and manganese sediment should be removed from the interior of the water storage tank. See OCA Statement 1, page 7.

1 remediate the problems.⁷ On advice of counsel, if Ordering Paragraph 8 is amended to
2 extend the deadline, it can also be amended to establish additional protections for
3 customers in response to that extended deadline. Establishing a usage allowance recognizes
4 there have been delays in fixing the poor water quality and the customers are still suffering.
5 As part of extending the compliance deadline, the Ordering Paragraphs should be amended,
6 as needed, so the Section 529 investigation proceeds now.

7
8 **Q. Mr. Kettler also contends that penalties for violating the one-year deadline cannot be**
9 **addressed until a future proceeding, based on the advice of his counsel. Do you have**
10 **a response?**

11 A. The legal claim will be addressed by the OCA in its briefs. I will address that the temporary
12 usage allowance is not a penalty for violating the one-year deadline. It reflects that
13 customers continue to receive inadequate service.

14
15 **Q. On pages 8-9 of his Rebuttal, Mr. Kettler states that the argument in favor of a section**
16 **529 proceeding is backwards, as it would be a penalty proceeding before a finding of**
17 **non-compliance. How do you respond?**

18 A. That does not accurately reflect my testimony on page 5. I was referencing Mr. Fought's
19 discussion of the Company's proposed changes to Ordering Paragraph 20 because the
20 changes would delay the Section 529 proceeding under Paragraph 21.

⁷ January 2019 Order, page 31. The Commission 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. The one-year deadline for implementing the corrective measures established in the engineer's report sets an objective guideline for compliance."

1 **Q. Referencing page 9 of Mr. Kettler’s rebuttal testimony, do you have any comment on**
2 **his claim that starting a Section 529 proceeding will not provide customers with better**
3 **water in the near future?**

4 A. Yes. The 529 investigation is like a safety net for customers. If, due to the cost of the
5 project, absence of a financing plan, or otherwise, HVUS does not carry through with its
6 plans to install a water treatment plant and remove iron/manganese from the storage tank
7 and distribution system, we will be starting from square one. If the Section 529 proceeding
8 is commenced now, however, we will have begun considering alternatives to acquisition,
9 possible appointment of a receiver, and developing the evidentiary record on whether to
10 order acquisition by a capable utility so that one of those remedies can be more quickly put
11 into place. The point of the Section 529 proceeding is not to punish HVUS. The point is to
12 remedy the inadequate water quality and to do so without avoidable delay.

13
14 **Q. On pages 9-10 of his Rebuttal, Mr. Kettler discusses the number of customers**
15 **connected to the system. Do you agree with his count?**

16 A. On Schedule 610 of its recently filed Annual Report for the year ended December 31, 2019,
17 HVUS reported that it serves 1,176 customers within its service territory and estimated that
18 it serves a population of 750.⁸

19

⁸ Schedule 610 is attached to my testimony as Exhibit NDE-3S. Schedule 402 (Exhibit NDE-4S) provides a breakdown of the 1,176 customers: 1,160 residential, 15 commercial, and 1 industrial customers.

1 The Company provides unmetered private fire protection to 54 of its customers.⁹ In his
2 rebuttal testimony, Mr. Kettler includes this additional service in his count (1,176 + 54) to
3 calculate 1,230 customers.

4

5 **Q. Does this conclude your testimony at this time?**

6 A. Yes, it does. I note, however, that Mr. Kettler indicates the Company will seek to introduce
7 evidence into the record if it reaches milestones in the process of eliminating the brown or
8 rust-colored water provided to customers, while this proceeding is pending. I reserve the
9 right to respond to additional information.

10

11

12 288461

⁹ Exhibit NDE-4S.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

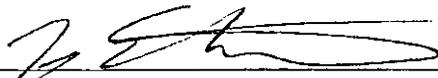
Tanya J. McCloskey, Acting Consumer Advocate :
v. : Docket Nos. C-2014-2447138
Hidden Valley Utility Services, L.P. - : C-2014-2447169
Water and Wastewater Division :

VERIFICATION

I, Noah D. Eastman, hereby state that the facts set forth in my Direct Testimony, OCA Statement No. 2, 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).

Dated: April 24, 2020

Signature:



Noah D. Eastman

*286952

OCA Exhibit NDE-1S
HVUS October 2018 Petition for
Amendment of the May 2018 Order

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



October 18, 2018

VIA E-FILE

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**

**PETITION OF HIDDEN VALLEY UTILITY SERVICES, L.P. FOR AN AMENDMENT OF
THE OPINION AND ORDER ENTERED MAY 3, 2018**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Petition of Hidden Valley Utility Services, L.P. for an Amendment of the Opinion and Order entered May 3, 2018.

All parties to this proceeding are being served as shown on 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
Allison Kaster, Esq.
James M. Kettler

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
	:	Docket No. C-2014-2447138
v.	:	
	:	
Hidden Valley Utility Services, L.P. – Water	:	
	:	
and	:	
	:	
Tanya J. McCloskey, Acting Consumer Advocate	:	
	:	
	:	Docket No. C-2014-2447169
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 **Petition to Amend the Order of May 3, 2018** 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:

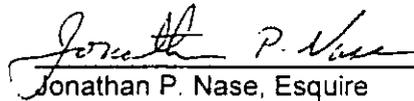
Christine Maloni Hoover, Esq.
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Office of Consumer Advocate
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Hon. Jeffrey A. Watson
Pennsylvania Public Utility Commission
Piatt Place, Suite 220
301 5th Avenue
Pittsburgh, PA 15222

Robert J. Kollar, CPA and
Kellie A. Kuhleman
1374 Langport Dr.
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Paige MacDonald-Matthes, Esq.
Obermayer Rebmann Maxwell & Hippel
200 Locust Street, Suite 400
Harrisburg, PA 17101-1508
Counsel for *Hidden Valley Foundation, Inc.*

DATED: October 18, 2018


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

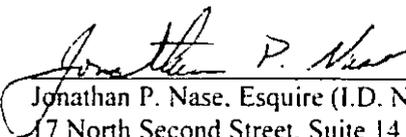
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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	:	

NOTICE TO PLEAD

TO: Parties at Docket Nos. C-2014-2447138 and C-2014-2447169

Pursuant to 66 Pa. C.S. § 703(g) and 52 Pa. Code § 5.572(d), you are hereby notified that Hidden Valley Utility Services, L.P. (“Hidden Valley”) has filed a Petition for an Amendment of the Opinion and Order entered May 3, 2018 in the above-referenced matters, to which you may file an answer within ten (10) days. Your failure to answer will allow the Commission to rule on the Petition without a response from you, thereby requiring no other proof. All pleadings such as an Answer to this Petition must be filed with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the undersigned counsel for Hidden Valley.


Jonathan P. Nase, Esquire (I.D. No. 44003)
17 North Second Street, Suite 1410
Harrisburg, PA 17101
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Fax: (215) 372-2340
E-mail: jnase@cozen.com

Dated: October 18, 2018

Counsel for *Hidden Valley Utility Services, L.P.*

construction of a pipeline to obtain water from another source). According to the engineer's report, implementing any of these recommendations will require at least four years. Additionally, the estimated cost of these options range from approximately \$850,000 to almost \$2,400,000. Based on this information, the Company requests that the one-year deadline in the Order be modified to adopt an approach similar to that commonly used in rail-highway crossing cases; rather than establishing a single deadline for the completion of construction, Hidden Valley requests that the Commission establish a series of deadlines for important milestones in the design/construction process. In support thereof, Hidden Valley avers as follows:

I. Introduction

1. Hidden Valley is a small utility providing water and wastewater service to the public in Hidden Valley, Somerset County, Pennsylvania.

2. On January 18, 2018, the Commission entered an order in these matters (the "January 2018 Order") (the January 2018 Order and the May 2018 Order are collectively referred to herein as the "Orders") finding the Company's water and wastewater service violated Section 1501 of the Pennsylvania Public Utility Code ("Code"), 66 Pa. C.S. § 1501, and ordering the Company to complete certain physical improvements and other tasks within specified time frames.

In pertinent part, the January 2018 Order provided:

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.

...

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.

3. The January 2018 Order included mechanisms to ensure compliance with, and enforcement of, the Order. These enforcement mechanisms include, but are not limited to, the institution of proceedings pursuant to 66 Pa. C.S. § 529 (relating to power of commission to order acquisition of small water and sewer utilities) under certain circumstances. Ordering Paragraphs 21 and 26.

4. On February 2, 2018, Hidden Valley filed a Petition for Clarification, Reconsideration and Amendment ("Petition for Reconsideration") of the January 2018 Order. The Commission subsequently issued the May 2018 Order granting the Petition for Reconsideration in part, denying it in part, and modifying the January 2018 Order.

5. In pertinent part, the May 2018 Order modified Ordering Paragraph 8 to read as follows:

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 customer 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 cause by iron and manganese.

6. On April 18, 2018, in compliance with Ordering Paragraph 6 in the January 2018 Order, Hidden Valley filed with the Commission two engineer's reports regarding its water system. One report concerned the required testing and replacement of water meters. The second report, attached hereto as **Appendix A**, outlined four options for addressing the iron and manganese levels in Hidden Valley's water. The engineer estimated that implementing any of these options will take more than four years. He also estimated the costs of each option, which ranged from approximately \$850,000 to almost \$2,400,000

7. Since April 18, 2018, management of Hidden Valley has been working with its engineers to obtain additional information, so that it may select the best option for Hidden Valley and its customers. On October 15, 2018, the engineer provided updated cost estimates. **Appendix B**.

II. Legal Standard

8. A party may seek relief following the issuance of a final decision pursuant to 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 52 Pa. Code § 5.572, relating to petitions for relief following the issuance of a final decision.

9. The standards for granting a Petition for Amendment were set forth in *Duick v. Pennsylvania Gas and Water Company*, 56 Pa. P.U.C. 553 (1982). Under the standards of *Duick*, a Petition for Amendment may properly raise any matter designed to convince the Commission that it should exercise its discretion to amend 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.

III. The Company has Satisfied the *Duick* Standard

10. The engineer’s report was filed with the Commission on April 18, 2018, and the Commission entered its Order on Reconsideration in this matter on May 3, 2018.

11. The engineer’s April 2018 report, and October 2018 update, were clearly unavailable when the Commission rendered its January 2018 Order.

12. The engineer’s April 2018 report was either submitted too late for the Commission to consider it when rendering the May 2018 Order, or the engineer’s report was overlooked by the Commission in rendering the May 2018 Order. In either case, the availability of this new evidence now satisfies the *Duick* standard.

13. The engineer’s update of October 15, 2018 was clearly unavailable to the Commission when it rendered the May 2018 Order.

14. The Commission’s Orders overlook the need for the Company to investigate and choose a financing plan for the project. Financing options are critical, considering the rate impact that any of the four options will have on the approximately 1,170 customers of the water system.

IV. The Commission Should Amend Paragraph 8 of the May 2018 Order

15. Ordering Paragraph 6 of the January 2018 Order, as restated in the May 2018 Order, requires the engineer's report 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."

16. By requiring Hidden Valley to "correct any identified deficiencies including a remedy to eliminate the rust or brown-colored water provided to customers" within one year of receipt of the engineer's report, Ordering Paragraph 8 appears to require that all of the steps described above be completed, and a new treatment plant be constructed and operational by April 18, 2019, or a pipeline to an alternative water source be constructed and operational by April 18, 2019.

17. The basis for the Commission's one-year deadline for the Company to comply with Ordering Paragraph 8 is unclear.

18. Based on the engineer's report, it is clear that a new water treatment plant, or a new pipeline to an alternative water source, cannot be constructed and operational by April 18, 2019.

19. In the January 2018 Order, the Commission 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. *If additional time is deemed critical, the Company may petition the Commission for relief to modify the deadline pursuant to Section 5.572(d) of the Code.*" January 2018 Order p. 31 (emphasis added).

20. The Company now files this petition to amend the deadline established in Paragraph 8, pursuant to Section 703(g) of the Code and 52 Pa. Code § 5.572(d). It is significant that the

Company is filing this Petition more than five months prior to the deadline established in the January 2018 Order.

21. The Company is making a good faith effort to comply with the January 2018 Order and the May 2018 Order. The Company has filed status reports every sixty days, as required by Ordering Paragraph 17, and those reports indicate that the Company has met every deadline established in the Order, as of this date.¹ In addition, as stated previously, management has been meeting with the engineer to obtain information so it can select the best option for Hidden Valley. Management has also filed a rate case to enable it to fund the extensive improvements required by the Orders. *Pa. Public Utility Commission v. Hidden Valley Utility Services, L.P.*, Docket Nos. R-2018-3001306 and R-2018-3001307.

22. Although several months remain before the applicable compliance deadline, it is clear that the Company will not be able to meet that deadline, despite the Company's best efforts. Considering the enforcement provisions contained in the May 2018 Order (including the possibility of a proceeding to order the sale of the company pursuant to 66 Pa. C.S. § 529, Ordering Paragraphs 21 and 27), the Company seeks to modify the deadline in Paragraph 8 so that the Company has a reasonable opportunity to comply with the Commission's Order.

23. The Company needs time to develop a plan for financing the project. Based on the engineer's October 15, 2018 update, the cost of the project ranges from approximately \$1,150,000 to almost \$2,400,000, depending on which option is selected. To assist in financing the project, the Company filed a rate case in April 2018, shortly after the Commission issued its original order

¹ Ordering Paragraph 14 required the Company to file correct information in its annual reports to the Commission, and to amend any prior reports that contain inaccurate or incorrect information, within 180 days of the date of the January 18, 2018 Order. HVUS filed corrected reports by the deadline, but some parties to the Company's on-going rate proceeding at Docket Nos. R-2018-3001306 and R-2018-3001307 contend that those reports still contain inaccurate information. The Company is reviewing the reports in view of these comments and will file further revised reports, if necessary. Even if those reports contain inadvertent errors, the Company's filing of fourteen revised annual reports by the deadline demonstrates a good faith effort to comply with the Commission's Order.

in this proceeding. However, that case will not be completed until early 2019. The outcome of this rate case will influence the Company's financing options, particularly because the Bureau of Investigation and Enforcement and the Office of Consumer Advocate argue that the Commission should deny the rate increase, in whole or in part, due to the Company's quality of service. As a result, the Company is having difficulty obtaining financing pending the outcome of that proceeding.

24. The Company requests that Paragraph 8 be amended as follows:

a. Paragraph 8 should be amended to adopt the approach the Commission commonly uses in rail-highway crossing cases. That is, rather than establishing one deadline for the completion of construction, the order should contain a series of deadlines for important milestones in the design/construction process. Specifically, the Company requests that Paragraph 8 be amended to:

(1) require the Company to file plans for the water treatment plant or pipeline, together with a financing plan, to the Commission's Bureau of Technical Utility Services ("TUS") by April 18, 2019, and to serve the other parties to this proceeding with a copy of this filing;

(2) permit the other parties to this proceeding to comment on the plans;

(3) permit TUS to require changes in the plans;

(4) direct TUS, upon approval of the plans, to issue a Secretarial Letter giving the Company an appropriate deadline for completing the project, based on the plans as approved.²

² During construction, the Company would continue to submit status reports every sixty days, as required by Ordering Paragraph 17 of the May 2018 Order.

b. In the alternative, the Company requests that Paragraph 8 be amended to substitute “within four (4) years from the date of the engineer’s report” for “within one (1) year from the date of the engineer’s report.”

25. The Company submits that the approach described in Paragraph 24(a) is preferable to the approach described in Paragraph 24(b) because the former approach ensures that the Commission approves the Company’s plans *before* the Company undertakes the project to address the iron and manganese in the water. Under the current Order, the Commission determines the adequacy of the Company’s actions after-the-fact. See May 3, 2018 Order, Ordering Paragraphs 20 and 21. Considering the possible consequences of a determination that the project did not adequately address the iron and manganese in the water (including the possibility of a Section 529 proceeding pursuant to Ordering Paragraph 21), the latter approach makes it difficult for the Company to find investors and lenders willing to finance the project.

26. In addition, the Company submits that the approach in Paragraph 24(a) is preferable to the approach described in Paragraph 24(b) because the former approach better enables the Commission to ensure that the Company remains “on track” with the required improvements by requiring the Company to meet important milestones in a timely manner. The enforcement provisions of the May 3, 2018 Order should apply if the Company fails to meet the deadline for any important milestone.

V. The Commission Should Make Conforming Amendments to the May 2018 Order

27. If the Commission amends Ordering Paragraph 8, conforming changes will need to be made in other ordering paragraphs. For example:

a. Ordering Paragraph 19 requires Hidden Valley to file a final status report with the Commission on January 31, 2019, or as soon as all repairs, modifications and

improvements have been made. The deadline in this paragraph should be modified to establish a near deadline for the Company to submit a final status report.

b. Ordering Paragraph 20 requires TUS to investigate the quality of the water, as well as the water and wastewater services being received by Hidden Valley, on or before March 31, 2019 or within sixty days after receipt of a written report of all completed rehabilitative measures from Hidden Valley. The deadline in this paragraph should be modified to reflect the amendment to Ordering Paragraph 8.

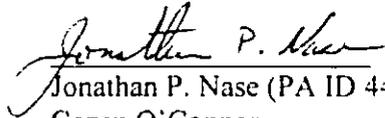
IV. Conclusion

WHEREFORE, for the foregoing reasons, Hidden Valley Utility Services, L.P., respectfully requests that the Commission:

- (a) grant this Petition;
- (b) amend Ordering Paragraph 8 in the May 3, 2018 Order to:
 - (1) require the Company to file plans for the construction of a water treatment plant or pipeline, together with a financing plan, with the Bureau of Technical Utility Services by April 18, 2019, and to serve the other parties to this proceeding with a copy of this filing;
 - (2) permit the other parties to this proceeding to comment on the plans;
 - (3) permit TUS to require changes in the plans;
 - (4) direct TUS, upon approval of the plans, to issue a Secretarial Letter giving the Company an appropriate deadline for completing the project, based on the plans as approved.

(c) amend other Ordering Paragraphs in the May 3, 2018 Order (including Ordering Paragraphs 19 and 20) to reflect the amendment to Ordering Paragraph 8.

Respectfully submitted,


Jonathan P. Nase (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
Phone: (717) 773-4191
Fax: (215) 372-2340
E-mail: jnase@cozen.com

Counsel for *Hidden Valley Utility Services, L.P.*

Date: October 18, 2018

OCA Exhibit NDE-2S
Calculation of Monthly Costs of WTP
With Savings Using CME Assumptions

OCA Exhibit NDE-2S

Hidden Valley Utility Services, L.P.-

Water and Wastewater Division

Docket Nos. C-2014-2447138

C-2014-2447169

Calculation of Monthly Costs of

Water Treatment Facility with Savings using CME Assumptions

Estimated Costs of Capital Expenditures

Cost of Water Treatment Facility:

Plant	\$	1,924,087	HVUS Exhibit BRS-2
Less Savings:	\$	(320,000)	
	\$	<u>1,604,087</u>	
Annual O&M Costs	\$	211,649	HVUS Exhibit BRS-2

Cost of Tank Repainting:

\$ 74,340 OCA Exhibit TLF-8

Monthly Costs w/ CME Assumptions

Debt Service of Only Water Treatment Facility (6.0%, 20 year Term):	\$	11,492
Monthly O&M Costs:	\$	<u>17,637</u>
	\$	<u>29,130</u>

Monthly Per Customer (1126): \$ 25.87

Quarterly Per Customer: \$ 77.61

Current Bill at 4500 Gallons per Quarter: \$ 61.21

Quarterly Cost Per Customer: \$ 138.82

Debt Service of Water Treatment Facility and Tank Repainting: \$ 12,025

Monthly O&M Costs: \$ 17,637

\$ 29,662

Monthly Per Customer (1126): \$ 26.34

Quarterly Per Customer: \$ 79.03

Current Bill at 4500 Gallons per Quarter: \$ 61.21

Quarterly Cost Per Customer: \$ 140.24

OCA Exhibit NDE-3S
Schedule 610 from HVUS Annual
Report for Year-Ended December 31, 2019

05-20-20

C-2014 2447169

C-2014 2447138

(Company Name)				
610. Territory Served				
Report below the number of customers at the end of the year in respondent's distribution system in which service is furnished setting forth by counties the number of customers and the average number of customers during the year. Respondent should place an X in the box in column (b) if that county is served and supply related customer information in columns (d) and (e).				
County Code (a)	Serves County (b)	Name of Pennsylvania County (c)	Number Of Customers At End Of Year (d)	Average Number Of Customers During Year (e)
01		Adams		
02		Allegheny		
03		Armstrong		
04		Beaver		
05		Bedford		
06		Berks		
07		Blair		
08		Bradford		
09		Bucks		
10		Butler		
11		Cambria		
12		Cameron		
13		Carbon		
14		Centre		
15		Chester		
16		Clarion		
17		Clearfield		
18		Clinton		
19		Columbia		
20		Crawford		
21		Cumberland		
22		Dauphin		
23		Delaware		
24		Elk		
25		Erie		
26		Fayette		
27		Forest		
28		Franklin		
29		Fulton		
30		Greene		
31		Huntingdon		
32		Indiana		
33		Jefferson		
34		Juniata		
35		Lackawanna		
36		Lancaster		
37		Lawrence		
38		Lebanon		
39		Lehigh		
40		Luzerne		
41		Lycoming		
42		McKean		
43		Mercer		
44		Mifflin		
45		Monroe		
46		Montgomery		
47		Montour		
48		Northampton		
49		Northumberland		
50		Perry		
51		Philadelphia		
52		Pike		
53		Potter		
54		Schuylkill		
55		Snyder		
56		Somerset	1176	1176
57		Sullivan		
58		Susquehanna		
59		Tioga		
60		Union		
61		Venango		
62		Warren		
63		Washington		
64		Wayne		
65		Westmoreland		
66		Wyoming		
67		York		
Totals			1176	1176
Total Population of Territory Served (Estimated)			750	750

OCA Exhibit NDE-4S
Schedule 402 from HVUS Annual
Report for Year Ended December 31, 2019

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

(Company Name)

402. OPERATING REVENUES SUPPORTING SCHEDULE - CUSTOMER DATA

Customers should be reported on the basis of number of meters, (except where multiple customers have one meter) plus number of flat rate accounts. Where separate meter readings are added for billing purposes, one customer shall be counted for each group of meters so added.

Line No.	Customer Classes (a)	Customers	Customers
		End of Current Year (b)	End of Previous Year (c)
1	Unmetered Sales	XXX	XXX
2	Residential	38	39
3	Commercial		
4	Industrial		
5	Public		
6	Other		
7	Public Fire	42	42
8	Private Fire	54	54
9	Total Unmetered Sales	134	135
10			
11	Metered Sales	XXX	XXX
12	Residential	1,160	1,159
13	Commercial	15	17
14	Industrial	1	1
15	Public		
16	Multiple Family Dwellings		
17	Other		
18	Private Fire		
19	Public Fire		
20	Sales for Resale		
21	Total Metered Sales	1,176	1,177

Note: **Public Fire** - existing fire hydrants not shown in past reports.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

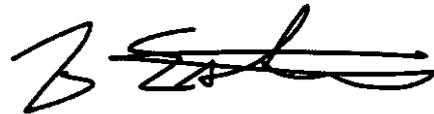
Tanya J. McCloskey, Acting Consumer Advocate :
v. : Docket Nos. C-2014-2447138
Hidden Valley Utility Services, L.P. - : C-2014-2447169
Water and Wastewater Division :

VERIFICATION

I, Noah D. Eastman, hereby state that the facts set forth in my Surrebuttal Testimony, OCA Statement No. 2S, 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).

Dated: May 15, 2020
*288457

Signature:



Noah D. Eastman
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923