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December 28, 2020

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

In re: Docket No. R-2020-3020256, *et al.*
Pa. P.U.C., *et al.* v. The City of Bethlehem – Water Department

Dear Secretary Chiavetta:

We are counsel to the City of Bethlehem – Water Department in the above matter and are submitting, via electronic filing with this letter, the Joint Petition of the City and the Bureau of Investigation and Enforcement for Approval of Partial Settlement of Rate Investigation. Copies of the Joint Petition are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By 

Thomas T. Niesen

cc: Certificate of Service (w/encl.)
The Honorable Steven K. Haas, Administrative Law Judge (via email, w/encl.)
Edward J. Boscola, P.E. (via email, w/encl.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2020-3020256
Office of Small Business Advocate	:	C-2020-3021576
Office of Consumer Advocate	:	C-2020-3021583
	:	
v.	:	
	:	
City of Bethlehem – Water Department	:	
	:	

**JOINT PETITION FOR APPROVAL OF PARTIAL
SETTLEMENT OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS:

This Joint Petition for Approval of Partial Settlement of Rate Investigation (“Joint Petition”) is made and entered into by and between the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“I&E”) and the City of Bethlehem – Water Department (“City”), parties to the above captioned rate proceeding (hereinafter collectively referred to as “Joint Petitioners”). Joint Petitioners request that Administrative Law Judge Steven K. Haas recommend approval of, and that the Public Utility Commission (“Commission”) approve, the Joint Petition, including the settlement terms and conditions, without modification, as set forth below.

Background

1. This proceeding concerns the City’s Supplement No. 15 to Tariff Water-Pa. P.U.C. No. 6 (“Supplement No. 15”) filed on July 31, 2020.

2. If approved as filed, Supplement No. 15 would increase the City's jurisdictional water revenue to Outside City Customers by \$908,421 based on a future test year ending December 31, 2020.

3. The rate filing was assigned Docket No. R-2020-3020256.

4. I&E filed a Notice of Appearance at the docket on August 14, 2020.

5. A formal Complaint against Supplement No. 15 was filed by the Office of Small Business Advocate at C-2020-3021576 on August 27, 2020.

6. A formal Complaint against Supplement No. 15 was filed by the Office of Consumer Advocate at C-2020-3021583 on August 27, 2020.

7. By Order entered September 17, 2020, the Commission suspended Supplement No. 15 and instituted an investigation into the reasonableness of the proposed tariff changes.

8. The City filed Supplement No. 16 on September 23, 2020, suspending the application of the proposed water rates until April 29, 2021.

9. The investigation was assigned to Administrative Law Judge Steven K. Haas.

10. A telephonic prehearing conference was held on October 8, 2020 with Judge Haas presiding. Counsel for I&E, OCA, OSBA and the City participated in the telephonic conference.

11. A litigation schedule was established and memorialized in a Prehearing Order dated October 8, 2020, providing for the service of testimony, an evidentiary hearing on December 17, 2020 and the filing of main and reply briefs.

12. By electronic mail correspondence on December 11, 2020, counsel for the City advised Judge Haas that I&E and the City had achieved a settlement of issues without joinder of OCA and OSBA.

13. An evidentiary hearing was held on December 17, 2020 with Judge Haas presiding. The City, I&E, OCA and OSBA participated in the hearing, mutually waived cross examination of witnesses and offered their respective statements of testimony and exhibits into the evidentiary record.

14. Judge Haas directed the City and I&E to file their settlement petition on or before December 30, 2020 and established a due date of January 8, 2021, for the filing of statements in opposition to the settlement. A due date of January 12, 2021, was established for the filing of replies to statements in opposition.

15. Main and reply briefs are due on December 30, 2020 and January 8, 2021, respectively, pursuant to the litigation schedule established at the Prehearing Conference.

Terms and Conditions of Settlement

16. The terms and conditions comprising this Joint Petition, to which Joint Petitioners agree, are as follows:

(a) Increase in Annual Revenue, Rate Design and Scale Back

Joint Petitioners respectfully request that the Commission act as soon as possible to approve this Joint Petition and grant the City special permission to file a tariff supplement in the form attached hereto as Appendix A, to become effective for service on one day's notice, following entry of a Commission Order approving the Joint Petition.

The settlement rates presented in Appendix A are designed to produce additional annual revenue of \$689,932, in lieu of the originally proposed rate increase of \$908,421. The settlement rates are designed reflective of the approximate revenue allocation and scale back of rates as proposed by OSBA

which incorporates the revised peaking factors for the Sales for Resale class.

A proof of revenue for the Appendix A settlement rates is attached hereto as Appendix B.

(b) Other Tariff Change – Elimination of Lower Saucon Honor System Rate

Appendix A implements the proposed elimination of the Lower Saucon Honor System Rate as proposed in Supplement No. 15, which Joint Petitioners agree is reasonable and appropriate.

(c) Unaccounted for Water (“UFW”)

Going forward, and starting with the UFW calculation for calendar year 2020, the City will begin using the Commission Section 500 method for the purpose of assisting the Commission in its review of future rate cases. The City will take steps to maintain UFW below 20% and, in its next base rate case, if UFW is above 20%, provide a narrative explanation of possible reasons for it.

(d) Customer Class Demand Study

Joint Petitioners agree that the City’s demand study as described in City of Bethlehem Statement No. 1 and presented as Exhibit CEH-2 and revised in Exhibit CEH-3 is acceptable.

Other Provisions

17. Under the presently suspended Supplement No. 15: (1) the quarterly cost of water service to a City residential customer using 12,000 gallons per quarter with a 5/8-inch meter would have increased by \$9.61 from \$75.94 to \$85.55 per quarter or by 12.7%; (2) the monthly cost of water service to a commercial customer using 65,000 gallons per month with a 2-inch meter would have increased by \$47.64 from \$301.93 to \$349.57 or by 15.8%; and (3) the monthly cost of water

service to an industrial customer using 228,000 gallons per month with a 1½-meter would have increased by \$167.13 from \$812.96 to \$980.09 or by 20.6%.

18. Under the Joint Petition: (1) the quarterly cost of water service to a City residential customer using 12,000 gallons per quarter with a 5/8-inch meter will increase by \$6.19 from \$75.94 to \$82.13 per quarter or by 8.2%; (2) the monthly cost of water service to a commercial customer using 65,000 gallons per month with a 2-inch meter will increase by \$33.15 from \$301.93 to \$335.08 or by 11.0%; and (3) the monthly cost of water service to an industrial customer using 228,000 gallons per month with a 1½-inch meter will increase by \$116.28 from \$812.96 to \$929.24 or by 14.3%.

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

20. The Joint Petition is consistent with the Commission's policy favoring negotiated settlements and in the public interest. It reduces administrative burden by resolving, after thorough and extensive discovery, issues between two active parties to the rate investigation; recognizes, through the participation of I&E, ratepayer concerns with the proposed rate increase; and provides the City with additional and necessary cash flow. The statements of the City and I&E in support of the Joint Petition and setting forth their respective bases why the settlement and settlement rates are consistent with the Public Utility Code are attached as Appendices C and D.

21. This Joint Petition is proposed to settle the instant matter and is made without any admission against or prejudice to any positions that any Joint Petitioner might adopt during

subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. Joint Petitioners agree that the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding, other than as set forth above, and agree not to contend otherwise in any subsequent proceeding. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint Petition may be withdrawn by any Joint Petitioner upon written notice to the Commission and all parties within three business days by any of the Joint Petitioners. In such event, the Joint Petition shall be of no force and effect.

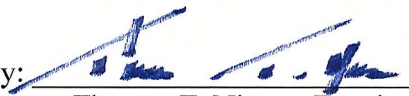
22. In the event that the Commission does not approve the Joint Petition or any Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective right to fully litigate the case, including producing witnesses, conducting full cross-examination and presenting briefs and legal argument.

23. Joint Petitioners will make reasonable, good faith efforts to obtain approval of the Joint Petition by the Administrative Law Judge and the Commission without modification. If the Administrative Law Judge in his Recommended Decision recommends that the Commission adopt the Joint Petition without modification as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their right to file Exceptions with respect to any modifications to the terms and conditions of this Joint Petition, or any additional matters, proposed by Administrative Law Judge Haas in his Recommended Decision. The Joint Petitioners reserve their right to file Reply Exceptions to any Exceptions which may be filed whether by a Joint Petitioner or other party to the proceeding.

24. In recognition of the foregoing, the Joint Petitioners respectfully request that:
- (a) Administrative Law Judge Haas recommend approval of, and the Public Utility Commission approve, this Joint Petition for Approval of Partial Settlement of Rate Investigation;
 - (b) The City be granted special permission to file a tariff supplement in the form attached hereto as Appendix A to become effective for service on one day's notice, following entry of a Commission Order;
 - (c) The Commission's investigation at R-2020-3020256 be terminated and marked closed;
 - (d) The Commission deem the Complaints of the Office of Small Business Advocate at C-2020-3021576 and the Office of Consumer Advocate at C-2020-3021583 to be satisfied and dismissed with prejudice; and
 - (e) The Commission grant such other relief that may be just, reasonable and appropriate under the circumstances.

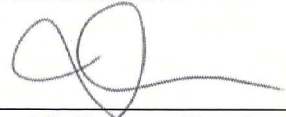
IN WITNESS WHEREOF, the Joint Petitioners hereto have duly executed this Joint Petition for Approval of Partial Settlement of Rate Investigation as of the date indicated herein.

**THE CITY OF BETHLEHEM –
WATER DEPARTMENT**

By: 

Thomas T. Niesen, Esquire
Thomas, Niesen & Thomas, LLC

**THE BUREAU OF INVESTIGATION
AND ENFORCEMENT**

By: 

John M. Coogan, Esquire
Prosecutor

Dated: December 28, 2020

APPENDIX A
Settlement Supplement

CITY OF BETHLEHEM

Rates, Rules and Regulations
Governing the Furnishing of Water
Directly to Customers

in

the following Townships and Boroughs located within
Lehigh and Northampton Counties, Pennsylvania

Salisbury Township (Portions of)	Lehigh County
Upper Saucon Township (Portions of)	Lehigh County
Lower Saucon Township (Portions of)	Northampton County
Bethlehem Township (Portions of)	Northampton County
Hanover Township (Portions of)	Northampton County
Hanover Township (Portions of)	Lehigh County
East Allen Township	Northampton County
Allen Township (Portions of)	Northampton County
Borough of Fountain Hill	Lehigh County
Borough of Freemansburg	Northampton County
Lower Nazareth Township (Portions of)	Northampton County

-and to-

The Authorities of the Township
of Lower Saucon and to
The Township of Upper Saucon, in the
Counties of Lehigh and Northampton for resale

ISSUED: _____

EFFECTIVE: _____

BY: Robert J. Donchez, Mayor
City of Bethlehem

NOTICE

This Tariff Makes Increases and Changes in Existing Rates
See Page 2

LIST OF CHANGES MADE BY THIS SUPPLEMENT

INCREASES

This supplement makes increases to existing rates, except for Public and Private Fire Protection, resulting in an increase in revenue of \$689,932 for outside City customers or by 8.4%.

CHANGES

This supplement eliminates the Lower Saucon Honor System Rate.

ISSUED: _____

EFFECTIVE: _____

TABLE OF CONTENTS

	<u>PAGE</u>
Title page	1
List of Changes	2
Table of Contents	3

Part I. Schedule of Rates and Charges

Sections A & B. Rates for Metered Service and Fire Protection

Schedule A, Meter Rates – General Residential Customer Service	5
Schedule B, Meter Rates – General Commercial Customer Service.	6
Schedule C, Meter Rates – General Industrial Customer Service	7
Schedule D, Meter Rates – General Public Customer Service	8
Schedule E, Flat Rate – Private Fire Protection Service.....	9
Schedule F, Flat Rate – Public Fire Protection Service.....	9
Schedule G, Meter Rates – Sales for Resale.....	10
Schedule H, Meter Rates – Untreated Water Service.....	11

Section C. Rider DIS and Rider DRS

Rider DIS - Demand Based Industrial Service	12
Rider DRS - Demand Based Resale Service.....	13

Section D. Construction Rates	14
-------------------------------------	----

Section E. Service Termination or Resumption Rates	14
--	----

Section F. Meter Test Rates	14
-----------------------------------	----

Section G. Returned Check Charges.....	14
--	----

Part II

Definitions.....	15
------------------	----

Part III

Rules and Regulations

Section A - Applications for Service	18
--	----

Section B - Construction and Maintenance of Facilities	19
---	----

TABLE OF CONTENTS

Part III, cont.

Section C - Discontinuance, Termination and
Restoration of Service 22

Section D - Meters 23

Section E - Billing and Collection 25

Section F - Deposits 27

Section G - Line Extensions 28

Section H - Fire Protection Service 30

Section I - Service Continuity..... 31

Section J - Waivers 32

Part IV

Water Conservation Contingency Plan..... 33

PART I. SCHEDULE OF RATES

SECTIONS A AND B. RATES FOR METERED SERVICE AND FIRE PROTECTION.

Schedule A

Meter Rates – General Residential Customer Service

APPLICATION

This schedule applies to all residential customer service.

CUSTOMER CHARGES

All metered residential customers shall pay the following customer charge based on the required size of meter to render adequate service.

Size of Meter	Customer Charge		Size of Meter	Customer Charge	
	Per Month	Per Quarter		Per Month	Per Quarter
5/8"	\$ 8.25	\$ 24.75	3"	\$ 174.80	\$524.40
3/4"	13.98	41.94	4"	273.56	820.68
1"	27.14	81.42	6"	547.11	1,641.33
1-1/2"	53.04	159.12	8" or Larger	1,098.37	3,295.11
2"	85.28	255.84			

CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	Rate Per 1,000 Gallons	
For all usage monthly or quarterly	\$4.782	(I)

Customer water meter bills will be subject to a penalty of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill if not paid within twenty calendar days from the date the bill is mailed. All customers will be given the option of being billed monthly.

(I) Indicates Increase

ISSUED: _____

EFFECTIVE: _____

SCHEDULE OF RATES

Schedule B

Meter Rates – General Commercial Customer Service

APPLICATION

This schedule applies to all commercial customer service.

CUSTOMER CHARGES

All metered Commercial customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>		<u>Size of Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>		<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$24.75	3"	\$ 174.80	\$524.40
3/4"	13.98	41.94	4"	273.56	820.68
1"	27.14	81.42	6"	547.11	1,641.33
1-1/2"	53.04	159.12	8" or Larger	1,098.37	3,295.11
2"	85.28	255.84			

CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per 1,000 Gallons</u>	
For all usage monthly or quarterly	\$ 3.843	(I)

Customer water meter bills will be subject to a penalty of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill if not paid within twenty calendar days from the date the bill is mailed. All customers will be given the option of being billed monthly.

(I) Indicates Increase

ISSUED: _____

EFFECTIVE: _____

SCHEDULE OF RATES

Schedule C

Meter Rates – General Industrial Customer Service

APPLICATION

This schedule applies to all Industrial customer service.

CUSTOMER CHARGES

All metered Industrial customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>		<u>Size of Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>		<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75	3"	\$ 174.80	\$524.40
3/4"	13.98	41.94	4"	273.56	820.68
1"	27.14	81.42	6"	547.11	1,641.33
1-1/2"	53.04	159.12	8" or Larger	1,098.37	3,295.11
2"	85.28	255.84			

CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per 1,000 Gallons</u>	
For all usage monthly or quarterly	\$ 3.843	(I)

Customer water meter bills will be subject to a penalty of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill if not paid within twenty calendar days from the date the bill is mailed. All customers will be given the option of being billed monthly.

(I) Indicates Increase

ISSUED: _____

EFFECTIVE: _____

SCHEDULE OF RATES

Schedule D

Meter Rates – General Public Customer Service

APPLICATION

This schedule applies to all Public customer service.

CUSTOMER CHARGES

All metered Public customers shall pay the following customer charge based on the required size of meter to render adequate service.

<u>Size of Meter</u>	<u>Customer Charge</u>		<u>Size of Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>		<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75	3"	\$ 174.80	\$524.40
3/4"	13.98	41.94	4"	273.56	820.68
1"	27.14	81.42	6"	547.11	1,641.33
1-1/2"	53.04	159.12	8" or Larger	1,098.37	3,295.11
2"	85.28	255.84			

CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per 1,000 Gallons</u>	
For all usage monthly or quarterly	\$3.843	(I)

Customer water meter bills will be subject to a penalty of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill if not paid within twenty calendar days from the date the bill is mailed. All customers will be given the option of being billed monthly.

(I) Indicates Increase

ISSUED: _____

EFFECTIVE: _____

SCHEDULE OF RATES

Schedule G

Meter Rates – Sales for Resale

APPLICATION

This schedule applies to all sale of water to other water utilities or public authorities for resale.

CUSTOMER CHARGES

All metered sales for resale customers shall pay the following customer charge based on the required size of meter to render adequate service. Also applicable for unmetered sales in honor system areas until such time that meters are installed.

Size of <u>Meter</u>	<u>Customer Charge</u>		Size of <u>Meter</u>	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>		<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75	3"	\$ 174.80	\$524.40
3/4"	13.98	41.94	4"	273.56	820.68
1"	27.14	81.42	6"	547.11	1,641.33
1-1/2"	53.04	159.12	8" or Larger	1,098.37	3,295.11
2"	85.28	255.84	Lower Saucon Honor Sys.	1,098.37	3,295.11 (C)

CONSUMPTION CHARGES

In addition to the customer charge all water consumption will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>	
For all usage monthly or quarterly	\$ 4.498	(I)

Customer water meter bills will be subject to a penalty of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill if not paid within twenty calendar days from the date the bill is mailed. All customers will be given the option of being billed monthly.

- (I) Indicates Increase
- (C) Indicates Change

ISSUED: _____

EFFECTIVE: _____

SCHEDULE OF RATES

Schedule H

Meter Rates – Untreated Water Service

APPLICATION

This schedule applies to all sale of untreated water for non-potable use only.

CUSTOMER CHARGE

Size of Meter	<u>Customer Charge</u>		Size of Meter	<u>Customer Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>		<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 8.25	\$ 24.75	3"	\$ 174.80	\$524.40
3/4"	13.98	41.94	4"	273.56	820.68
1"	27.14	81.42	6"	547.11	1,641.33
1-1/2"	53.04	159.12	8" or Larger	1,098.37	3,295.11
2"	85.28	255.84			

CONSUMPTION CHARGES

In addition to the customer charge all use of untreated water will be billed at the following rates:

	<u>Rate Per</u> <u>1,000 Gallons</u>	
For all usage monthly or quarterly	\$ 2.493	(I)

Customer water meter bills will be subject to a penalty of one and one-half percent (1.5%) interest per month on the full unpaid and overdue balance of the bill if not paid within twenty calendar days from the date the bill is mailed. All customers will be given the option of being billed monthly.

(I) Indicates Increase

ISSUED: _____

EFFECTIVE: _____

APPENDIX B
Proof of Revenue

CITY OF BETHLEHEM - BUREAU OF WATER

Bethlehem, Pennsylvania

PROOF OF REVENUE
IN SUPPORT OF
SETTLEMENT SUPPLEMENT NO. ___ TO
TARIFF WATER PA. P.U.C. NO. 6

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Camp Hill, Pennsylvania

CITY OF BETHLEHEM - BUREAU OF WATER

STATEMENT OF OPERATING REVENUES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2020
 AND THE CALCULATION OF THE SETTLEMENT REVENUE INCREASE FROM INSIDE-CITY AND OUTSIDE-CITY CUSTOMERS BY CUSTOMER CLASSIFICATION

Pursuant To Subsection 53.52 (b)(4) and (c)(5) of Tariff Regulations

Line No.	Customer Classification (1)	Per Books Revenue 31-Dec-19 (2)	Historic Test Year Pro Forma (4)		Future Test Year Pro Forma Adjustments Under Present Rates* Ref. (6)	Present Rates* 31-Dec-19 (5)	Present Rates 31-Dec-20 (8)	Under Settlement Rates, Supplement No. 15 to Tariff Water Pa-PUC No. 6 (10)		Settlement Rates 12/31/2020** (11)
			Adjustments Under Present Rates* Ref. (3)	Present Rates* 31-Dec-19 (5)				Percent (9)	Amount (10)	
1	OUTSIDE-CITY									
2	Sales of Water									
3	Residential	\$ 4,336,864	\$ 759	\$ 4,337,624	R5	\$ 8,506	\$ 4,346,130	8.2%	\$ 354,735	\$ 4,700,865
4	Commercial	1,362,355	(16,304)	1,346,051	R5	(3,623)	1,342,428	10.6%	142,658	1,485,086
5	Industrial	382,119	5,071	387,190	R5	5,071	392,261	12.6%	49,620	441,881
6	Public	449,621	(8,494)	441,127	R5	(2,831)	438,296	11.2%	49,247	487,543
7	Other Water Utilities	802,841		802,841			802,841	11.7%	93,673	896,514
8	Private Fire Protection	577,316		577,316	R7	16,155	593,471	0.0%	-	593,471
9	Public Fire Protection	325,706		325,706	R7	3,652	329,358	0.0%	-	329,358
10										
11	Total Sales of Water	8,236,822	(18,968)	8,217,855		26,930	8,244,785	8.4%	689,932	8,934,717
12										
13	Other Operating Revenues									
14	Penalties	39,111		39,111			39,111			39,111
15	Construction Water	6,108		6,108			6,108			6,108
16	Miscellaneous	44,530		44,530			44,530			44,530
17										
18	Total Other Revenues	89,748	-	89,748		-	89,748		-	89,748
19										
20	Total Outside City	8,326,571	(18,968)	8,307,603		26,930	8,334,533	8.3%	689,932	9,024,465
21										
22	Total Inside & Outside City	\$ 21,175,561	\$ 564,797	\$ 21,740,357		\$ 96,103	\$ 21,836,460	8.6%	\$ 1,875,073	\$ 23,711,533

* See Schedule 5.

** See Schedule 7.

CITY OF BETHLEHEM - BUREAU OF WATER

COMPARISON OF PRESENT AND SETTLEMENT RATES

CUSTOMER CHARGES:

Meter Size	Present Customer Charges		Settlement Customer Charges		Quarterly Increase	
	Per Month	Per Quarter	Per Month	Per Quarter	Amount	Percent
5/8	\$ 8.25	\$ 24.75	\$ 8.25	\$ 24.75	\$ -	0.0%
3/4	13.98	41.94	13.98	41.94	-	0.0%
1	27.14	81.42	27.14	81.42	-	0.0%
1-1/2	53.04	159.12	53.04	159.12	-	0.0%
2	85.28	255.84	85.28	255.84	-	0.0%
3	174.80	524.40	174.80	524.40	-	0.0%
4	273.56	820.68	273.56	820.68	-	0.0%
6	547.11	1,641.33	547.11	1,641.33	-	0.0%
8	1,098.37	3,295.11	1,098.37	3,295.11	-	0.0%
10	1,098.37	3,295.11	1,098.37	3,295.11	-	0.0%
12	1,098.37	3,295.11	1,098.37	3,295.11	-	0.0%

CONSUMPTION CHARGES:

Customer Classification	Rate Per Thousand For All Usage	Settlement Rate Per Thousand For All Usage	Increase	
			Amount	Percent
Residential	\$ 4.266	\$ 4.782	\$ 0.516	12.10%
Commercial, Industrial, Public	3.333	3.843	0.510	15.30%
Sales for Resale	3.969	4.498	0.529	13.33%

PRIVATE FIRE LINES:

Size	Present Quarterly Rate	Settlement Rates		Quarterly Increase	
		Monthly	Quarterly	Amount	Percent
Less Than 6-inch	\$ 112.50	\$ 37.50	\$ 112.50	\$ -	0.00%
6-inch	140.55	\$ 46.85	140.55	-	0.00%
8-inch	168.27	\$ 56.09	168.27	-	0.00%
10-inch	195.99	\$ 65.33	195.99	-	0.00%
12-inch	252.06	\$ 84.02	252.06	-	0.00%
Per Thousand Sq. Ft. of Protected Area	2.79	\$ 0.93	2.79	-	0.00%
Per Private Fire Hydrant	78.27	\$ 26.09	78.27	-	0.00%

PUBLIC FIRE HYDRANTS:

Per Public Fire Hydrant	\$ 66.00	\$ 22.00	\$ 66.00	\$ -	0.00%
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CITY OF BETHLEHEM - BUREAU OF WATER

SUMMARY OF APPLICATION OF SETTLEMENT RATES TO CONSUMPTION ANALYSIS AS OF 12/31/2019
 AND PRO FORMA ADJUSTMENTS UNDER SETTLEMENT RATES AS OF 12/31/2020

Customer Classification (1)	Revenues Per Books, 12/31/2019 (2)	Bill Analysis, Revenues, Present Rates (3)	Adjustment Factor (4)=(2)/(3)	Bill Analysis, Revenues, Settlement Rates (5)	Pro Forma Revenues Settlement Rates (6)=(5)X(4)	Pro Forma Historic and Future Test Yr. Adjustments, Settlement Rates (7)	Ref. (8)	Pro Forma Revenues Under Settlement Rates (9)=(6)+(7)
OUTSIDE-CITY								
Residential	\$ 4,336,864	\$ 4,357,510	0.995262	\$ 4,713,175	\$ 4,690,844	\$ 10,020	R9,R12	\$ 4,700,865
Commercial	1,362,355	1,362,644	0.999788	1,507,521	1,507,201	(22,115)	R9,R12	1,485,086
Industrial	382,119	377,608	1.011946	425,263	430,343	11,538	R9,R12	441,881
Public	449,621	442,251	1.016666	492,087	500,288	(12,745)	R9,R12	487,543
Other Water Utilities	802,841	797,666	1.006488	890,735	896,514			896,514
Private Fire	577,316	578,375	0.998169	578,375	577,316	16,155	R14	593,471
Public Fire	325,706	326,304	0.998167	326,304	325,706	3,652	R14	329,358
Total Outside	8,236,822	8,242,358		8,933,460	8,928,212	6,505		8,934,717

CITY OF BETHLEHEM - BUREAU OF WATER
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation	Adjustment Increase (Decrease)
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R1 To annualize Inside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 12/31/2019

Customer Classification (1)	Number of Customers		Customer Gain/(Loss) (4)	Average Annual Bill, Present Rates (5)	Annualized Revenue Adjustment (Half Year) (6)	
	31-Dec-18 (2)	31-Dec-19 (3)				
Residential	21,875	21,856	(19)	\$ 303.77	(2,886)	\$ (2,886)
Commercial	727	727	-		-	-
Industrial	69	70	1	21,621.30	10,811	10,811
Public	301	286	(15)	4,623.00	(34,673)	(34,673)
Total	22,972	22,939	(33)		(26,748)	

R2 To annualize Outside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 12/31/2019

Customer Classification (1)	Number of Customers		Customer Gain/(Loss) (4)	Average Annual Bill, Settlement Rates (5)	Annualized Revenue Adjustment (Half Year) (6)	
	31-Dec-18 (2)	31-Dec-19 (3)				
Residential	12,802	12,807	5	\$ 303.77	\$ 759	\$ 759
Commercial	531	522	(9)	3,623.10	(16,304)	(16,304)
Industrial	51	52	1	10,142.45	5,071	5,071
Public	92	89	(3)	5,662.90	(8,494)	(8,494)
Total	13,476	13,470	(6)		(18,968)	

CITY OF BETHLEHEM - BUREAU OF WATER
 HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER PRESENT RATES

Adj. Ref.	Explanation					Adjustment Increase (Decrease)
R3	To impute Inside-City operating revenues for City-owned properties and 1,438 City fire hydrants not billed by the Bureau of Water.					
	Customer Classification	Number of Bills	Usage, 1,000 Gals.	Present Rates	Revenue	
	<u>INSIDE-CITY - Public</u>					
	5/8" Quarterly	54		\$ 24.75	\$ 1,337	
	3/4" Quarterly	8		41.94	336	
	1" Quarterly	20		81.42	1,628	
	5/8" Monthly	40		8.25	330	
	3/4" Monthly	21		13.98	294	
	1" Monthly	31		27.14	841	
	1-1/2" Monthly	48		53.04	2,546	
	2" Monthly	122		85.28	10,404	
	3" Monthly	12		174.80	2,098	
	4" Monthly	36		273.56	9,848	
	6" Monthly	26		547.11	14,225	
	8" Monthly	24		1,098.37	26,361	
	Consumption	<u> </u>	<u>48,194</u>	\$ 3.33	<u>160,632</u>	
	Total	442	48,194		\$ 230,880	\$ 230,880
	<u>INSIDE-CITY -</u>					
	Public Fire Protection					
	Number of Hydrants	1,438		\$ 66.00	\$ 379,632	\$ 379,632
	Total Historic Test Year, Pro Forma Operating Revenue Adjustments Under Present Rates					<u>\$ 564,797</u>

CITY OF BETHLEHEM - BUREAU OF WATER
 FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER PRESENT RATES

Adj. Ref.	Explanation						Adjustment Increase (Decrease)
R4	To adjust Inside-City Operating Revenues for the projected gain in the number of customers during the twelve months ended 12/31/2020						
	Customer Classification	Gain/Loss in Number of Customers, 12 Months Ended		Average Gain/Loss in Customers	Average Annual Bill, Present Rates	Annualized Revenue Adjustment	
		31-Dec-18	31-Dec-19				
	Residential	40	(19)	10.5	\$ 303.77	\$ 3,190	\$ 3,190
	Commercial	5	-	2.5	5,502.91	13,757	13,757
	Industrial	-	1	0.5	21,621.30	10,811	10,811
	Public	27	(15)	6.0	4,623.00	27,738	27,738
	Total	72	(33)	19.5		55,496	
R5	To adjust Outside-City Operating Revenues for the projected gain in the number of customers during the twelve months ended 12/31/2020						
	Customer Classification	Gain/Loss in Number of Customers, 12 Months Ended		Average Gain/Loss in Customers	Average Annual Bill, Present Rates	Annualized Revenue Adjustment	
		31-Dec-18	31-Dec-19				
	Residential	51	5	28.0	\$ 303.77	\$ 8,506	\$ 8,506
	Commercial	7	(9)	(1.0)	3,623.10	(3,623)	(3,623)
	Industrial	-	1	0.5	10,142.45	5,071	5,071
	Public	2	(3)	(0.5)	5,662.90	(2,831)	(2,831)
	Total	60	(6)	27.0		7,123	

CITY OF BETHLEHEM - BUREAU OF WATER
 FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER PRESENT RATES

Adj. Ref.	Explanation					Adjustment Increase (Decrease)
R6	To adjust Inside-City Operating Revenues for projected gain in the number of private fire lines, private fire hydrants, thousand square feet of protected area and the number of public fire hydrants for the future test year, based on average gain in units over the last six years.					
	<u>INSIDE-CITY - Private Fire Protection:</u>					
	Size	Number of Units,		Average Annual Gain in Units	Present Rates	Revenue
		31-Dec-13	31-Dec-19			
	Less than 6"	125	133	1.3	112.50	\$ 600
	6-Inch	169	183	2.3	140.55	1,312
	8-Inch	58	69	1.8	168.27	1,234
	10-Inch	2	5	0.5	195.99	392
	12-Inch	8	11	0.5	252.06	504
	Sq. Ft. of Area	17,325	22,198	812.1	2.79	9,063
	Hydrants	378	378	-	78.27	-
	Total					13,105
						\$ 13,105
	<u>INSIDE-CITY - Public Fire Protection:</u>					
		31-Dec-13	31-Dec-19			
	Hydrants	1,425	1,438	2.2	66.00	572
						572
R7	To adjust Outside-City Operating Revenues for projected gain in the number of private fire lines, private fire hydrants, thousand square feet of protected area and the number of public fire hydrants for the future test year, based on average gain in units over the last six years.					
	<u>OUTSIDE-CITY - Private Fire Protection:</u>					
	Size	Number of Units,		Average Annual Gain in Units	Present Rates	Revenue
		31-Dec-13	31-Dec-19			
	Less than 6"	44	41	(0.5)	112.50	\$ (225)
	6-Inch	80	123	7.2	140.55	4,029
	8-Inch	110	112	0.3	168.27	224
	10-Inch	7	7	-	195.99	-
	12-Inch	9	16	1.2	252.06	1,176
	Sq. Ft. of Area	17,137	21,285	691.4	2.79	7,716
	Hydrants	437	499	10.3	78.27	3,235
	Total					16,155
						\$ 16,155
	<u>OUTSIDE-CITY - Public Fire Protection:</u>					
		31-Dec-13	31-Dec-19			
	Hydrants	1,153	1,236	13.8	66.00	3,652
						3,652
	Total Future Test Year, Pro Forma Operating Revenue Adjustments Under Present Rates					\$ 96,103

CITY OF BETHLEHEM - BUREAU OF WATER
 HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER SETTLEMENT RATES

Adj. Ref.	Explanation	Adjustment Increase (Decrease)
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R8 To annualize Inside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 12/31/2019

Customer Classification (1)	Number of Customers		Customer Gain/(Loss) (4)	Average Annual Bill, Settlement Rates (5)	Annualized Revenue Adjustment (Half Year) (6)	
	31-Dec-18 (2)	31-Dec-19 (3)				
Residential	21,875	21,856	(19)	\$ 328.54	(3,121)	\$ (3,121)
Commercial	727	727	-		-	-
Industrial	69	70	1	24,773.10	12,387	12,387
Public	<u>301</u>	<u>286</u>	<u>(15)</u>	5,173.80	<u>(38,804)</u>	<u>(38,804)</u>
Total	22,972	22,939	(33)		(29,538)	

R9 To annualize Outside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 12/31/2019

Customer Classification (1)	Number of Customers		Customer Gain/(Loss) (4)	Average Annual Bill, Settlement Rates (5)	Annualized Revenue Adjustment (Half Year) (6)	
	31-Dec-18 (2)	31-Dec-19 (3)				
Residential	12,802	12,807	5	\$ 328.54	\$ 821	\$ 821
Commercial	531	522	(9)	4,020.90	(18,094)	(18,094)
Industrial	51	52	1	11,537.81	5,769	5,769
Public	<u>92</u>	<u>89</u>	<u>(3)</u>	6,372.82	<u>(9,559)</u>	<u>(9,559)</u>
Total	13,476	13,470	(6)		(21,063)	

CITY OF BETHLEHEM - BUREAU OF WATER
 HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER SETTLEMENT RATES

Adj. Ref.	Explanation					Adjustment Increase (Decrease)
R10	To impute Inside-City operating revenues for City-owned properties and 1,438 City fire hydrants not billed by the Bureau of Water.					
	Customer Classification	Number of Bills	Usage, 1,000 Gals.	Settlement Rates	Revenue	
	<u>INSIDE-CITY - Public</u>					
	5/8" Quarterly	54		\$ 24.75	\$ 1,337	
	3/4" Quarterly	8		41.94	336	
	1" Quarterly	20		81.42	1,628	
	5/8" Monthly	40		8.25	330	
	3/4" Monthly	21		13.98	294	
	1" Monthly	31		27.14	841	
	1-1/2" Monthly	48		53.04	2,546	
	2" Monthly	122		85.28	10,404	
	3" Monthly	12		174.80	2,098	
	4" Monthly	36		273.56	9,848	
	6" Monthly	26		547.11	14,225	
	8" Monthly	24		1,098.37	26,361	
	Consumption		48,194	\$ 3.84	185,211	
	Total	442	48,194		\$ 255,459	\$ 255,459
	<u>INSIDE-CITY -</u>					
	Public Fire Protection Number of Hydrants	1,438		\$ 66.00	\$ 379,632	\$ 379,632
	Total Historic Test Year, Pro Forma Operating Revenue Adjustments Under Settlement Rates					<u>\$ 584,490</u>

CITY OF BETHLEHEM - BUREAU OF WATER
 FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER SETTLEMENT RATES

Adj. Ref.	Explanation	Adjustment Increase (Decrease)
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R11 To adjust Inside-City Operating Revenues for the projected gain in the number of customers during the twelve months ended 12/31/2020

Customer Classification	Gain/Loss in Number of Customers, 12 Months Ended		Average Gain/Loss in Customers	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment	
	31-Dec-18	31-Dec-19				
Residential	40	(19)	10.5	\$ 328.54	\$ 3,450	\$ 3,450
Commercial	5	-	2.5	6,188.35	15,471	15,471
Industrial	-	1	0.5	24,773.10	12,387	12,387
Public	<u>27</u>	<u>(15)</u>	<u>6.0</u>	5,173.80	<u>31,043</u>	31,043
Total	72	(33)	19.5		62,351	

R12 To adjust Outside-City Operating Revenues for the projected gain in the number of customers during the twelve months ended 12/31/2020

Customer Classification	Gain/Loss in Number of Customers, 12 Months Ended		Average Gain/Loss in Customers	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment	
	31-Dec-18	31-Dec-19				
Residential	51	5	28.0	\$ 328.54	\$ 9,199	\$ 9,199
Commercial	7	(9)	(1.0)	4,020.90	(4,021)	(4,021)
Industrial	-	1	0.5	11,537.81	5,769	5,769
Public	<u>2</u>	<u>(3)</u>	<u>(0.5)</u>	6,372.82	<u>(3,186)</u>	(3,186)
Total	60	(6)	27.0		7,761	

CITY OF BETHLEHEM - BUREAU OF WATER
 FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
 UNDER SETTLEMENT RATES

Adj. Ref.	Explanation					Adjustment Increase (Decrease)
R13	To adjust Inside-City Operating Revenues for projected gain in the number of private fire lines, private fire hydrants, thousand square feet of protected area and the number of public fire hydrants for the future test year, based on average gain in units over the last six years.					
	<u>INSIDE-CITY - Private Fire Protection:</u>					
	Size	Number of Units,		Average Annual Gain in Units	Settlement Rates	Revenue
		31-Dec-13	31-Dec-19			
	Less than 6"	125	133	1.3	112.50	\$ 600
	6-Inch	169	183	2.3	140.55	1,312
	8-Inch	58	69	1.8	168.27	1,234
	10-Inch	2	5	0.5	195.99	392
	12-Inch	8	11	0.5	252.06	504
	Sq. Ft. of Area	17,325	22,198	812.1	2.79	9,063
	Hydrants	378	378	-	78.27	-
	Total					13,105
						\$ 13,105
	<u>INSIDE-CITY - Public Fire Protection:</u>					
		31-Dec-13	31-Dec-19			
	Hydrants	1,425	1,438	2.2	66.00	572
						572
R14	To adjust Outside-City Operating Revenues for projected gain in the number of private fire lines, private fire hydrants, thousand square feet of protected area and the number of public fire hydrants for the future test year, based on average gain in units over the last six years.					
	<u>OUTSIDE-CITY - Private Fire Protection:</u>					
	Size	Number of Units,		Average Annual Gain in Units	Settlement Rates	Revenue
		31-Dec-13	31-Dec-19			
	Less than 6"	44	41	(0.5)	112.50	\$ (225)
	6-Inch	80	123	7.2	140.55	4,029
	8-Inch	110	112	0.3	168.27	224
	10-Inch	7	7	-	195.99	0
	12-Inch	9	16	1.2	252.06	1,176
	Sq. Ft. of Area	17,137	21,285	691.4	2.79	7,716
	Hydrants	437	499	10.3	78.27	3,235
	Total					16,155
						\$ 16,155
	<u>OUTSIDE-CITY - Public Fire Protection</u>					
		31-Dec-13	31-Dec-19			
	Hydrants	1,153	1,236	13.8	66.00	3,652
						3,652
	Total Future Test Year, Pro Forma Operating Revenue Adjustments Under Settlement Rates					\$ 103,596

CITY OF BETHLEHEM - BUREAU OF WATER
 OUTSIDE CITY

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
 YEAR ENDED DECEMBER 31, 2019

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Settlement Rate (6)	Settlement Revenue (7)
<u>Residential - Quarterly</u>						
Customer Charge						
5/8	50,749	0	24.75	1,256,038	24.75	1,256,038
3/4	881	0	41.94	36,949	41.94	36,949
1	363	0	81.42	29,555	81.42	29,555
1 1/2	29	0	159.12	4,614	159.12	4,614
Subtotal	52,022	0		1,327,156		1,327,156
First Block	0	625,963	4.2660	2,670,358	4.7820	2,993,355
Subtotal	0	625,963		2,670,358		2,993,355
Total	52,022	625,963		3,997,514		4,320,511
<u>Residential - Monthly</u>						
Customer Charge						
5/8	92	0	8.25	759	8.25	759
3/4	12	0	13.98	168	13.98	168
1	12	0	27.14	326	27.14	326
1 1/2	368	0	53.04	19,519	53.04	19,519
2	365	0	85.28	31,127	85.28	31,127
3	48	0	174.80	8,390	174.80	8,390
6	18	0	547.11	9,848	547.11	9,848
8	18	0	1,098.37	19,771	1,098.37	19,771
Subtotal	933	0		89,908		89,908
First Block	0	63,312	4.2660	270,088	4.7820	302,756
Subtotal	0	63,312		270,088		302,756
Total	933	63,312		359,996		392,664
Total Class	52,955	689,275		4,357,510		4,713,175
<u>Commercial - Quarterly</u>						
Customer Charge						
5/8	501	0	24.75	12,400	24.75	12,400
3/4	156	0	41.94	6,543	41.94	6,543
1	199	0	81.42	16,203	81.42	16,203
1 1/2	32	0	159.12	5,092	159.12	5,092
2	13	0	255.84	3,326	255.84	3,326
3	4	0	524.40	2,098	524.40	2,098
4	0	0	820.68	0	820.68	0
6	4	0	1,641.33	6,565	1,641.33	6,565
8	9	0	3,295.11	29,656	3,295.11	29,656
Subtotal	918	0		81,883		81,883
First Block	0	41,466	3.3330	138,207	3.8430	159,355
Subtotal	0	41,466		138,207		159,355
Total	918	41,466		220,090		241,238

CITY OF BETHLEHEM - BUREAU OF WATER
 OUTSIDE CITY

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
 YEAR ENDED DECEMBER 31, 2019

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Settlement Rate (6)	Settlement Revenue (7)
<u>Commercial - Monthly</u>						
Customer Charge						
5/8	58	0	8.25	479	8.25	479
3/4	47	0	13.98	657	13.98	657
1	282	0	27.14	7,653	27.14	7,653
1 1/2	1,045	0	53.04	55,427	53.04	55,427
2	1,706	0	85.28	145,488	85.28	145,488
3	415	0	174.80	72,542	174.80	72,542
4	117	0	273.56	32,007	273.56	32,007
6	36	0	547.11	19,696	547.11	19,696
Subtotal	3,706	0		333,949		333,949
First Block Subtotal	0	242,606	3.3330	808,605	3.8430	932,334
	0	242,606		808,605		932,334
Total	3,706	242,606		1,142,554		1,266,283
Total Class	4,624	284,072		1,362,644		1,507,521
<u>Industrial - Quarterly</u>						
Customer Charge						
5/8	16	0	24.75	396	24.75	396
3/4	16	0	41.94	671	41.94	671
1	32	0	81.42	2,605	81.42	2,605
2		0	255.84	0	255.84	0
Subtotal	64	0		3,672		3,672
First Block Subtotal	0	1,718	3.3330	5,726	3.8430	6,602
	0	1,718		5,726		6,602
Total	64	1,718		9,398		10,274
<u>Industrial - Monthly</u>						
Customer Charge						
1	8	0	27.14	217	27.14	217
1 1/2	108	0	53.04	5,728	53.04	5,728
2	106	0	85.28	9,040	85.28	9,040
3	84	0	174.80	14,683	174.80	14,683
4	72	0	273.56	19,696	273.56	19,696
6	24	0	547.11	13,131	547.11	13,131
8	0	0	1,098.37	0	1,098.37	0
Subtotal	402	0		62,495		62,495
First Block Subtotal	0	91,724	3.3330	305,715	3.8430	352,494
	0	91,724		305,715		352,494
Total	402	91,724		368,210		414,989
Total Class	466	93,442		377,608		425,263

CITY OF BETHLEHEM - BUREAU OF WATER
 OUTSIDE CITY

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
 YEAR ENDED DECEMBER 31, 2019

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Settlement Rate (6)	Settlement Revenue (7)
<u>Public - Quarterly</u>						
Customer Charge						
5/8	44	0	24.75	1,089	24.75	1,089
3/4	6	0	41.94	252	41.94	252
1	29	0	81.42	2,361	81.42	2,361
1 1/2	0	0	159.12	0	159.12	0
6	4	0	1,641.33	6,565	1,641.33	6,565
Subtotal	83	0		10,267		10,267
First Block	0	1,340	3.3330	4,466	3.8430	5,149
Subtotal	0	1,340		4,466		5,149
Total	83	1,340		14,733		15,416
<u>Public - Monthly</u>						
Customer Charge						
5/8	36	0	8.25	297	8.25	297
3/4	0	0	13.98	0	13.98	0
1	29	0	27.14	787	27.14	787
1 1/2	179	0	53.04	9,494	53.04	9,494
2	288	0	85.28	24,561	85.28	24,561
3	166	0	174.80	29,017	174.80	29,017
4	106	0	273.56	28,997	273.56	28,997
6	24	0	547.11	13,131	547.11	13,131
Subtotal	828	0		106,284		106,284
First Block	0	96,380	3.3330	321,234	3.8430	370,387
Subtotal	0	96,380		321,234		370,387
Total	828	96,380		427,518		476,671
Total Class	911	97,720		442,251		492,087

CITY OF BETHLEHEM - BUREAU OF WATER
 OUTSIDE CITY

APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
 YEAR ENDED DECEMBER 31, 2019

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Total Consumption (3)	Present Rate (4)	Revenue (5)	Settlement Rate (6)	Settlement Revenue (7)
<u>Other Water Utilities - Quarterly</u>						
Customer Charge						
2	0	0	255.84	0	255.84	0
8	0	0	3,295.11	0	3,295.11	0
Subtotal	0	0		0		0
First Block	0	0	3.9690	0	4.4980	0
Subtotal	0	0		0		0
Total	0	0		0		0
<u>Other Water Utilities - Monthly</u>						
Customer Charge						
5/8		0	8.25	0	8.25	0
3/4		0	13.98	0	13.98	0
1	12	0	27.14	326	27.14	326
1 1/2	12	0	53.04	636	53.04	636
2	36	0	85.28	3,070	85.28	3,070
3	12	0	174.80	2,098	174.80	2,098
4	36	0	273.56	9,848	273.56	9,848
6	36	0	547.11	19,696	547.11	19,696
8	48	0	1,098.37	52,722	1,098.37	52,722
10	10	0	1,098.37	10,984	1,098.37	10,984
Subtotal	202	0		99,380		99,380
First Block	0	175,935	3.9690	698,286	4.4980	791,355
Subtotal	0	175,935		698,286		791,355
Total	202	175,935		797,666		890,735
Total Class	202	175,935		797,666		890,735
<u>Private Fire - Quarterly</u>						
Less than 6"	164		\$ 112.50	18,450	\$ 112.50	18,450
6-Inch	492		140.55	69,151	140.55	69,151
8-Inch	448		168.27	75,385	168.27	75,385
10-Inch	28		195.99	5,488	195.99	5,488
12-Inch	64		252.06	16,132	252.06	16,132
Protected Area	85,141		2.79	237,543	2.79	237,543
Private Hydrants	1,996		78.27	156,227	78.27	156,227
	88,333			578,375		578,375
<u>Public Fire - Quarterly</u>						
Hydrants	4,944		\$ 66.00	326,304	\$ 66.00	326,304
Total Outside City	152,435	1,340,443		8,242,358		8,933,460

CITY OF BETHLEHEM - BUREAU OF WATER
 INSIDE AND OUTSIDE THE CITY

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

RESIDENTIAL - QUARTERLY

5/8 INCH METER

CONSUMPTION 1000 GALLONS	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	AMOUNT OF INCREASE	PERCENTAGE OF INCREASE
(1)	(2)	(3)	(4)	(5)
0	\$ 24.75	\$ 24.75	\$ -	0.0%
1	29.02	29.53	0.51	1.8%
2	33.28	34.31	1.03	3.1%
3	37.55	39.10	1.55	4.1%
4	41.81	43.88	2.07	5.0%
5	46.08	48.66	2.58	5.6%
6	50.35	53.44	3.09	6.1%
7	54.61	58.22	3.61	6.6%
8	58.88	63.01	4.13	7.0%
9	63.14	67.79	4.65	7.4%
10	67.41	72.57	5.16	7.7%
11	71.68	77.35	5.67	7.9%
12	* 75.94	82.13	6.19	8.2%
13	80.21	86.92	6.71	8.4%
14	84.47	91.70	7.23	8.6%
15	88.74	96.48	7.74	8.7%
16	93.01	101.26	8.25	8.9%
17	97.27	106.04	8.77	9.0%
18	101.54	110.83	9.29	9.1%
19	105.80	115.61	9.81	9.3%
20	110.07	120.39	10.32	9.4%
25	131.40	144.30	12.90	9.8%
30	152.73	168.21	15.48	10.1%
35	174.06	192.12	18.06	10.4%
40	195.39	216.03	20.64	10.6%
45	216.72	239.94	23.22	10.7%
50	238.05	263.85	25.80	10.8%
60	280.71	311.67	30.96	11.0%
70	323.37	359.49	36.12	11.2%
80	366.03	407.31	41.28	11.3%
90	408.69	455.13	46.44	11.4%
100	451.35	502.95	51.60	11.4%
200	877.95	981.15	103.20	11.8%
300	1,304.55	1,459.35	154.80	11.9%
400	1,731.15	1,937.55	206.40	11.9%
500	2,157.75	2,415.75	258.00	12.0%

*Average Residential Quarterly Usage.

CITY OF BETHLEHEM - BUREAU OF WATER
 INSIDE AND OUTSIDE THE CITY

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

COMMERCIAL - MONTHLY

2 INCH METER

CONSUMPTION 1000 GALLONS	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	AMOUNT OF INCREASE	PERCENTAGE OF INCREASE
(1)	(2)	(3)	(4)	(5)
0	\$ 85.28	\$ 85.28	\$ -	0.0%
1	88.61	89.12	0.51	0.6%
2	91.95	92.97	1.02	1.1%
3	95.28	96.81	1.53	1.6%
4	98.61	100.65	2.04	2.1%
5	101.95	104.50	2.55	2.5%
6	105.28	108.34	3.06	2.9%
7	108.61	112.18	3.57	3.3%
8	111.94	116.02	4.08	3.6%
9	115.28	119.87	4.59	4.0%
10	118.61	123.71	5.10	4.3%
11	121.94	127.55	5.61	4.6%
12	125.28	131.40	6.12	4.9%
13	128.61	135.24	6.63	5.2%
14	131.94	139.08	7.14	5.4%
15	135.28	142.93	7.65	5.7%
16	138.61	146.77	8.16	5.9%
17	141.94	150.61	8.67	6.1%
18	145.27	154.45	9.18	6.3%
19	148.61	158.30	9.69	6.5%
20	151.94	162.14	10.20	6.7%
25	168.61	181.36	12.75	7.6%
30	185.27	200.57	15.30	8.3%
32	191.94	208.26	16.32	8.5%
35	201.94	219.79	17.85	8.8%
40	218.60	239.00	20.40	9.3%
45	235.27	258.22	22.95	9.8%
50	251.93	277.43	25.50	10.1%
60	285.26	315.86	30.60	10.7%
65	* 301.93	335.08	33.15	11.0%
80	351.92	392.72	40.80	11.6%
90	385.25	431.15	45.90	11.9%
100	418.58	469.58	51.00	12.2%
200	751.88	853.88	102.00	13.6%
300	1,085.18	1,238.18	153.00	14.1%
400	1,418.48	1,622.48	204.00	14.4%
500	1,751.78	2,006.78	255.00	14.6%
600	2,085.08	2,391.08	306.00	14.7%
700	2,418.38	2,775.38	357.00	14.8%
800	2,751.68	3,159.68	408.00	14.8%
900	3,084.98	3,543.98	459.00	14.9%
1000	3,418.28	3,928.28	510.00	14.9%

*Average Commercial Monthly Usage.

CITY OF BETHLEHEM - BUREAU OF WATER
 INSIDE AND OUTSIDE THE CITY

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

INDUSTRIAL - MONTHLY

1 1/2 INCH METER

CONSUMPTION 1000 GALLONS	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	AMOUNT OF INCREASE	PERCENTAGE OF INCREASE
(1)	(2)	(3)	(4)	(5)
0	\$ 53.04	\$ 53.04	\$ -	0.0%
10	86.37	91.47	5.10	5.9%
50	219.69	245.19	25.50	11.6%
100	386.34	437.34	51.00	13.2%
149	549.66	625.65	75.99	13.8%
150	552.99	629.49	76.50	13.8%
200	719.64	821.64	102.00	14.2%
228	* 812.96	929.24	116.28	14.3%
300	1,052.94	1,205.94	153.00	14.5%
400	1,386.24	1,590.24	204.00	14.7%
500	1,719.54	1,974.54	255.00	14.8%
600	2,052.84	2,358.84	306.00	14.9%
700	2,386.14	2,743.14	357.00	15.0%
800	2,719.44	3,127.44	408.00	15.0%
900	3,052.74	3,511.74	459.00	15.0%
1,000	3,386.04	3,896.04	510.00	15.1%
2,000	6,719.04	7,739.04	1,020.00	15.2%
3,000	10,052.04	11,582.04	1,530.00	15.2%
4,000	13,385.04	15,425.04	2,040.00	15.2%
5,000	16,718.04	19,268.04	2,550.00	15.3%
6,000	20,051.04	23,111.04	3,060.00	15.3%
7,000	23,384.04	26,954.04	3,570.00	15.3%
8,000	26,717.04	30,797.04	4,080.00	15.3%
9,000	30,050.04	34,640.04	4,590.00	15.3%
10,000	33,383.04	38,483.04	5,100.00	15.3%
20,000	66,713.04	76,913.04	10,200.00	15.3%
30,000	100,043.04	115,343.04	15,300.00	15.3%

*Average Industrial Monthly Usage.

CITY OF BETHLEHEM - BUREAU OF WATER
 INSIDE AND OUTSIDE THE CITY

COMPARISON OF BILLS UNDER PRESENT AND SETTLEMENT RATES

OTHER WATER UTILITIES - MONTHLY

8 INCH METER

CONSUMPTION 1000 GALLONS	BILLS UNDER PRESENT RATES	BILLS UNDER SETTLEMENT RATES	AMOUNT OF INCREASE	PERCENTAGE OF INCREASE
(1)	(2)	(3)	(4)	(5)
0	\$ 1,098.37	\$ 1,098.37	\$ -	0.0%
100	1,495.27	1,548.17	52.90	3.5%
200	1,892.17	1,997.97	105.80	5.6%
300	2,289.07	2,447.77	158.70	6.9%
400	2,685.97	2,897.57	211.60	7.9%
500	3,082.87	3,347.37	264.50	8.6%
600	3,479.77	3,797.17	317.40	9.1%
620	3,559.15	3,887.13	327.98	9.2%
700	3,876.67	4,246.97	370.30	9.6%
871	* 4,555.37	5,016.13	460.76	10.1%
900	4,670.47	5,146.57	476.10	10.2%
1,000	5,067.37	5,596.37	529.00	10.4%
1,100	5,464.27	6,046.17	581.90	10.6%
1,200	5,861.17	6,495.97	634.80	10.8%
1,300	6,258.07	6,945.77	687.70	11.0%
1,400	6,654.97	7,395.57	740.60	11.1%
1,500	7,051.87	7,845.37	793.50	11.3%
1,600	7,448.77	8,295.17	846.40	11.4%
1,700	7,845.67	8,744.97	899.30	11.5%
1,800	8,242.57	9,194.77	952.20	11.6%
1,900	8,639.47	9,644.57	1,005.10	11.6%
2,000	9,036.37	10,094.37	1,058.00	11.7%
3,000	13,005.37	14,592.37	1,587.00	12.2%
4,000	16,974.37	19,090.37	2,116.00	12.5%
5,000	20,943.37	23,588.37	2,645.00	12.6%
10,000	40,788.37	46,078.37	5,290.00	13.0%
15,000	60,633.37	68,568.37	7,935.00	13.1%

*Average Other Water Utilities Monthly Usage.

APPENDIX C
Statement in Support of
The City of Bethlehem – Water Department

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2020-3020256
Office of Small Business Advocate	:	C-2020-3021576
Office of Consumer Advocate	:	C-2020-3021583
	:	
v.	:	
	:	
City of Bethlehem – Water Department	:	
	:	

**STATEMENT IN SUPPORT OF
THE CITY OF BETHLEHEM – WATER DEPARTMENT**

TO ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS:

AND NOW, comes the City of Bethlehem – Water Department (“City”), by its attorneys, and submits the following statement in support of the Joint Petition for Approval of Partial Settlement of Rate Investigation (“Joint Petition”)¹ submitted to the Public Utility Commission (“Commission”) by the City and the Bureau of Investigation and Enforcement (“I&E”).

Introduction

The City initiated this proceeding on July 31, 2020 with the filing of Supplement No. 15 to Tariff Water – Pa. P.U.C. No. 6 proposing an increase of \$908,421, or 10.9%, in annual water service revenue for Outside City Customers based on a future test year ending December 31, 2020.²

As of December 31, 2019, the City provided water service to 13,496 customers outside the

¹ The settlement is a partial settlement as defined in 52 Pa. Code Section 69.401 as it resolves all issues but is not joined by all parties. A partial settlement is also sometimes called a “non-unanimous” settlement.

² The City provides water service in the City of Bethlehem and all or parts of eleven other municipalities: (a) in Lehigh County – portions of Salisbury Township, portions of Upper Saucon Township, portions of Hanover Township, and the Borough of Fountain Hill; (b) In Northampton County – portions of Lower Saucon Township, portions of Bethlehem Township, portions of Hanover Township, East Allen Township, portions of Allen Township, portions of Lower Nazareth Township, and the Borough of Freemansburg.

City limits and to 22,940 customers inside the City limits. The City supplies drinking water for residential, commercial, industrial, institutional, resale, and public uses, and for fire protection purposes.³

The City and I&E have agreed that this rate proceeding can be settled without further litigation under the terms set forth in the Joint Petition. The settlement provides for an increase in annual revenue of \$689,932, or 8.4% for Outside City Customers.

The Proposed Partial Settlement is Consistent with Commission Regulations and In the Public Interest

It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements.⁴ Settlements eliminate the time, investment of lawyering skills, evidence gathering, witness preparation, witness examination and expenses of litigating a matter to its resolution, which may entail review of the Commission's decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such continuing litigation necessarily entails.⁵

³ The City is the recipient of several awards related to its water service. It has been certified by the Forest Stewardship Council for its forest management practices related to its 23,000 acre water shed in Carbon and Monroe Counties. In 2019, its Water Treatment Plant received its twelfth consecutive Area Wide Optimization Program Award, sponsored by the US EPA and the Association of State Drinking Water Administrators, for outstanding performance in filtration plant operations. *See* City of Bethlehem St. No. 4.

⁴ 52 Pa. Code § 5.231(a). The Commission, moreover, has stated that the results achieved from a negotiated settlement or stipulation in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

⁵ *Pa. P.U.C. v. Pennsylvania-American Water Company*, Docket Nos. R-2020-3019369 and R-2020-3019371, Recommended Decision of Administrative Law Judge Conrad Johnson dated December 22, 2020 (“*Recommended Decision of ALJ Johnson*”), mimeo at 122; *See also Pa. P.U.C. v. Buck Hill Water Company*, Docket No. R-2019-3007103, Recommended Decision of Administrative Law Judge F. Joseph Brady dated May 29, 2019 (“*Recommended Decision of ALJ Brady*”), mimeo at 9-10; *Pa. P.U.C. v. Timberlee Valley Sanitation Company*, Docket No. R-2018-3003104, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated October 16, 2018, mimeo at 10; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2017-2631441, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated May 16, 2018, mimeo at 23; *Pa. P.U.C. v. Imperial Point Water Service Company*, Docket No. R-2012-2315536, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated June 25, 2013, mimeo at 11; *Pa. P.U.C. v. The Newtown Artesian Water Company*, Docket No. R-2011-2230259, Recommended Decision of Administrative Law Judge Elizabeth H. Barnes dated September 20, 2011 (“*Recommended*

The Commission addressed the benefits of a Partial Settlement in its recent Opinion and Order approving a Partial Settlement, without modification, in *Pa. P.U.C., et al. v. Philadelphia Gas Works*, Docket No. R-2020-3017206, Opinion and Order entered November 19, 2020 (“*PGW*”), explaining as follows:

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code §§ 5.231, 69.401. A full settlement of all the issues in a proceeding eliminates the time, effort and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort and expense of litigating a case. Rate cases, in general, are expensive to litigate and settlements may reduce a utility’s rate case expense; an expense which, if reasonable and prudently incurred, is entitled to be recovered from customers through rates approved by the Commission, as a cost of regulation. Therefore, a settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all of the customers of the case. It is for these reasons, that settlements are encouraged by long-standing Commission policy.⁶

Consistent with this long-standing policy, the Joint Petition proposes a resolution of all issues. The Commission’s charge is to evaluate the Partial Settlement through the lens of a public interest review.⁷ The Commission addressed the public interest standard in *PGW* as follows:

Despite the policy favoring settlements, it is well understood that the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as those proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*). The focus of the inquiry for determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote and serve the public interest. *Pa. PUC, et al. v. City of Lancaster –*

Decision of ALJ Barnes”), mimeo at 9; *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Conrad A. Johnson dated January 11, 2011, mimeo at 12; *Pa. P.U.C. v. Lake Spangenberg Water Company*, Docket No. R-2009-2115743, Recommended Decision of Administrative Law Judge Ember S. Jandebour dated March 2, 2010, mimeo at 11; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated February 16, 2010, mimeo at 5.

⁶ *PGW*, mimeo at 13-14.

⁷ *PGW*, mimeo at 66.

Bureau of Water, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011), citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order entered April 1, 1996) and *CS Water and Sewer*.⁸

Similarly, in his Recommended Decision recommending approval of a non-unanimous settlement in the PAWC rate proceeding, Judge Johnson stated the following:

While I am mindful of the economic hardship gripping many ratepayers, the Commonwealth, and the nation at large due to the ongoing COVID-19 pandemic, in deciding whether to recommend approval of the Settlement, I am bound by the Commission's policy that encourages settlement and whether the Settlement is in the public interest. *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991)⁹

The Joint Petition is consistent with the Commission's policy favoring negotiated settlements and in the public interest. It reduces administrative burden by resolving, after thorough and extensive discovery, issues between two active parties to the rate investigation; recognizes, through the participation of I&E, ratepayer concerns with the proposed rate increase; and provides the City with additional and necessary cash flow. These considerations are traditionally recognized as matters that further the public interest in settlement of rate proceedings. They foster, promote and serve the public interest in this proceeding in the same way that they have fostered, promoted and served the public interest in numerous other settled rate proceedings. I&E is also filing an individual statement in support of the Joint Petition.

The Financial Data Submitted By the City Supports the Settlement Increase Which Will Provide the City with Additional and Necessary Cash Flow

The City is increasing its rates to provide sufficient revenue to enable it to continue to provide reasonable and adequate service, to provide the cash flow necessary to continue to operate, maintain and renew its facilities properly and meet its financial obligations and to be permitted an opportunity to achieve an adequate return on the original cost invested in water property. Its last rate

⁸ *PGW*, mimeo at 15.

increase was in 2014. On a pro forma basis, the City will experience a return of 5.57% at present rate levels. The City is in need of immediate rate relief.¹⁰

Under the presently suspended Supplement No. 15, the quarterly cost of water service to a typical City residential customer using 12,000 gallons per quarter with a 5/8-inch meter would have increased by \$9.61, from \$75.94 to \$85.55 per quarter, or by 12.7%. Under the Joint Petition, the quarterly cost of water service to a typical City residential customer using 12,000 gallons per quarter with a 5/8-inch meter will increase by \$6.19 from \$75.94 to \$82.13 per quarter or by 8.2%.

As is common in general base rate proceedings, the settlement is “black box,” meaning that the City and I&E have not negotiated each and every revenue and expense line item but rather have been able to agree upon a final revenue number based on their individual revenue and expense analysis. The Commission has recognized that “black box” settlements are an important aspect in the process of delivering timely and cost-effective regulation.¹¹ The Commission addressed “black box” settlements in *PGW*:

The Commission has recognized that “black box” settlements can serve an important purpose in reaching consensus in rate cases:

We have historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company’s revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company’s cost of capital. Reaching an agreement between various parties on each component

⁹ *Recommended Decision of ALJ Johnson*, mimeo at 126.

¹⁰ City of Bethlehem St. No. 1, Attachment 1 at 6.

¹¹ *See Recommended Decision of Administrative Law Judge Brady*, mimeo at 11, and cases cited therein.

of a rate increase can be difficult and impractical in many cases.
(citation omitted)¹¹

The financial data submitted by the City in support of Supplement No. 15 fully supports the substantially reduced annual increase of \$689,932 provided for in the Joint Petition. The financial data, which included the information required by Commission regulation at 52 Pa. Code Section 53.52, was submitted in the form of a traditional rate base/rate of return analysis.¹² The financial data was supported and sponsored by the testimony of Constance E. Heppenstall,¹³ Harold Walker, III¹⁴ and John J. Spanos¹⁵ of Gannett Fleming Valuation and Rate Consultants, LLC. Edward J. Boscola, P.E., the City's Director of Water and Sewer Resources, addressed and explained the City's water system operations.¹⁶

The City's filing was thoroughly investigated by I&E. I&E propounded and the City answered initial and follow up discovery. I&E identified issues in direct testimony and the City replied in rebuttal testimony. It was only after this investigation that the City and I&E were able to engage in substantive discussions and then agree, in settlement, to a reduced increase in annual revenue of \$689,932 for Outside City Service. The settlement increase, at a level reduced from the City's original filing, reflects a compromise of the positions of the City and I&E, which, consistent with Commission policy, fosters and promotes the public interest.

At the originally proposed revenue increase of \$908,421, the City's overall opportunity rate

¹¹ *PGW*, mimeo at 14; *See also Recommended Decision of ALJ Johnson*, mimeo at 125-126.

¹² *See* City of Bethlehem St. No. 1, Attachment A, Rate Study and Data in Support of Supplement No. 15, and Exhibit CEH-1R, Rebuttal Rate Study and Data in Support of Supplement No. 15.

¹³ City of Bethlehem Statements Nos. 1, 1R and 1RJ.

¹⁴ City of Bethlehem Statements Nos. 2, 2R and 2RJ.

¹⁵ City of Bethlehem Statements Nos. 3, 3R and 3RJ.

¹⁶ City of Bethlehem Statements Nos. 4 and 4R.

of return would have been 8.24%.¹⁷ At the substantially reduced settlement increase of \$689,932, the overall opportunity rate of return is 6.72%. While below the return claim originally presented and less than that supported by the testimony of Mr. Walker, the City accepts the reduced return in settlement as it reflects a compromise of the positions of the City and I&E, which, consistent with Commission policy, fosters and promotes the public interest.

In sum, although less than the increase originally sought by the City and supported by required financial data and substantial supporting testimony and less than the increase that the City believes it could have readily supported if it had proceeded to a litigated conclusion with I&E, the City, in settlement, accepts the annual increase of \$689,932 both as a reasonable and appropriate resolution of issues and as a rate level that is just and reasonable for service to Outside City Customers.¹⁸

Scale Back

The Office of Small Business Advocate (“OSBA”) proposed an allocation of revenue and a scale back of rates which was used to determine the proposed settlement rates. The OSBA’s proposal incorporates the change in demand factors for the Sales for Resale class and modifies the increases by customer class based on the cost of service presented on page 3 of Exhibit CEH-3, page 3 of 3. Although the OSBA is not a party to the Joint Petition, I&E and the City accepted the OSBA’s scale back as appropriate for settlement purposes. The settlement scale back resolves competing positions in the allocation of revenue among Outside City Customers and does so in a

¹⁷ City of Bethlehem St. No. 1 at 10.

¹⁸ The public interest is furthered when a utility is provided with sufficient revenue to meet its obligations under Section 1501 of the Public Utility Code, 66 Pa. C.S. §1501, to provide safe, reliable and adequate service. The courts have long recognized that, in order to function in the public interest, the utility must have rates which are sufficient to recover legitimate operating costs, and at the same time not result in an excessive return. *Recommended Decision of ALJ Barnes*, citing *Orlosky v. Pa. P.U.C.*, 171 Pa. Superior. Ct. 409, 89 A.2d 903 (1952).

mutually acceptable way with resulting class settlement increases in a narrow range of 8.2% to 12.6%.¹⁹ The City submits that the scale back, which is cost based, furthers the public interest.

Elimination of Lower Saucon Honor System Rate

Supplement No. 15 also proposed the elimination of the Lower Saucon Honor System Rate. The installation of three master meters on distribution mains delivering water to the Lower Saucon Authority Honor System area was completed in 2017. The Seidersville Road metered connection was activated on November 18, 2016. The Clauser Drive metered connection and the Black River Road metered connection were both activated on April 1, 2017. All water service to the Lower Saucon Authority System is now fully master metered.²⁰ No customer receives service under the Honor System Rate and no revenue from the Rate is included in the City's revenue requirement calculation. No party opposed the removal of the Honor System Rate from the tariff and the City and I&E have agreed that this tariff change may go into effect as filed. The City submits that this unopposed tariff revision is reasonable and appropriate.

Unaccounted For Water

There are a number of ways to calculate Unaccounted for Water ("UFW"). Historically, the City has used the Department of Environmental Protection Chapter 110 method for calculating UFW. It also has used the Delaware River Basin Commission Water Audit methodology since the 2012 reporting year. The DEP and DRBC calculation methods differ, slightly, from the Commission's Section 500 calculation method in their calculations.²¹ In settlement, the City has agreed to begin using the Commission's Section 500 method. Doing so will aid the Commission in

¹⁹ As presented in Appendix A – Proof of Revenue, settlement percentage increases by class are 8.2% - Residential; 10.6% - Commercial; 12.6% - Industrial; 11.2% - Public; and 11.7% - Other Water Utilities. Private and Public Fire Protection rates do not increase under the settlement. The City proposed no increase to Fire Protection Rates in its original filing. City of Bethlehem St. No. 1 at 19.

²⁰ City of Bethlehem St. No. 4 at 10.

²¹ City of Bethlehem St. No. 4R.

its review of future City rate cases. Easing future rate case review will further the public interest and is reasonable and appropriate.

The City has also agreed, in settlement, to take steps to maintain UFW below 20% and, in its next base rate case, if UFW is above 20%, provide a narrative explanation of possible reasons for it. The public benefit of this settlement term is readily apparent and the City accepts it, in settlement, as reasonable and appropriate.

Demand Study

The City and I&E agree the Demand Study presented in Exhibit CEH-2 and revised in Exhibit CEH-3 is acceptable. The City prepared and submitted the Demand Study pursuant to the Joint Petition for Settlement at Docket No. R-2013-2390244.²² The City monitored inside and outside City customers for a total of 161 residential customers, 30 commercial and public customers, 16 industrial customers and all 17 of the sales for resale customers. The results of the Demand Study were used in the City's cost of service study presented in Exhibit CEH-2R – Rebuttal Cost of Service Allocation Study for the Test Year Ended December 31, 2020.²³ No party contested the Demand Study. The City submits that the Demand Study should be accepted.

COVID Pandemic Concerns

The City is aware of the difficulties faced by City residents and neighbors as a result of the COVID pandemic. Although not part of the Joint Petition, the City has voluntarily taken steps to assist customers during this time. As explained in City Hearing Exhibit No. 1:

1. In order to best serve its customers, the City is continuing with a moratorium on all service terminations regardless of whether or not a customer is

²² City of Bethlehem St. No. 1 at 3.

²³ The Demand Study included in the record as Exhibit CEH-2 was prepared in April 2020. Additional data for the Sales for Resale class was gathered during the Summer of 2020 and submitted with Ms. Heppenstall's direct testimony as Exhibit CEH-3 – Revised Table II-7 of the Demand Study. The original and revised data was brought together and used in Exhibit CEH-2R – Rebuttal Cost of Service Allocation Study for the Test Year Ended December 31, 2020..

classified as a “protected customer” as defined in the Order at M-2020-3019244. This moratorium has been in effect since the March 13, 2020 Emergency Order and shall continue until March 31, 2021 unless modified by the Commission.

2. The City is continuing to offer payment arrangements for customers who have difficulty making payments or who otherwise have significant overdue balances. This City effort predates the Covid-19 pandemic and shall continue indefinitely.
3. The City is waiving all new late payment charges for all customers until March 31, 2021.

The elected City officials weighed the impact of a rate increase on water customers while in the midst of the COVID-19 pandemic and determined that the need for a rate increase to adequately operate and maintain the City’s water system was justified and required even during this challenging period. The City’s elected officials would be the most qualified to make this decision as they are close to their constituents and the situation in Lehigh and Northampton Counties.²⁴ The City, even at the proposed rate level, has one of the lowest rates for water service in the region.²⁵

Conclusion

The Joint Petition, which occurred only after extensive discovery and discussion, is the result of arms’ length negotiation between the City and I&E. The settlement increase of \$689,932 will provide the City with additional and necessary cash flow to meet operating expenses and the opportunity to earn a reasonable return on investment. Through the settlement, all matters of interest between the City and I&E are addressed and the uncertainty of litigation with I&E and the related time and burden of doing so are avoided. The City submits that the Joint Petition is reasonable and in the public interest; that the proposed settlement rates are just and reasonable; and that the Commission should approve the Joint Petition without modification.

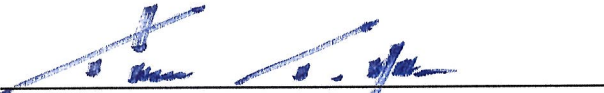
²⁴ City of Bethlehem St. No. 1R at 3.

²⁵ City of Bethlehem St. No. 1R at 4.

WHEREFORE the City of Bethlehem respectfully requests that Administrative Law Judge Steven K. Haas and the Public Utility Commission accept the foregoing in support of the Joint Petition for Approval of Partial Settlement of Rate Investigation and further that Administrative Law Judge Haas recommend approval of, and the Public Utility Commission approve, the Joint Petition for Approval of Partial Settlement of Rate Investigation.

Respectfully submitted,

By



Thomas T. Niesen, Esquire
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212 Locust Street, Suite 302
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*Attorneys for
The City of Bethlehem*

Dated: December 28, 2020

APPENDIX D
Statement in Support of the
Bureau of Investigation and Enforcement

needs to ratepayers, utilities, and regulated community as a whole. In all proceedings, including those resolved through negotiated settlements, I&E must ensure that the public interest is served and comment on how resolution of a proceeding will benefit the public interest.²

2. Based on I&E's analysis of the City's base rate filing, acceptance of this proposed Partial Settlement is in the public interest and I&E recommends that the Administrative Law Judge and the Commission approve the Partial Settlement in its entirety and without modification.

3. On July 31, 2020, the City filed Supplement No. 15 to its Tariff Water-Pa. P.U.C. No. 15 to become effective September 29, 2020. The City requested an overall increase to its total annual operating revenues for water service by \$908,421 (10.9%).

4. I&E entered its appearance on August 14, 2020. The Office of Consumer Advocate ("OCA") filed a Notice of Appearance and Formal Complaint on August 27, 2020. The Office of Small Business Advocate ("OSBA") filed a Notice of Appearance and Formal Complaint on August 27, 2020.

5. By Order entered September 17, 2020, the Commission instituted a formal investigation to determine the lawfulness, justness, and reasonableness of the existing and proposed rates, rules, and regulations. Pursuant to 66 Pa. C.S. §1308(d), the filings were

² See *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 Pa. P.U.C. 1 (Pa. P.U.C. 1985) ("The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest").

suspended by operation of law until April 29, 2021, unless permitted by Commission Order to become effective at an earlier date.

6. On September 23, 2020, the City declined mediation and filed a tariff suspension, suspending its proposed tariff to April 29, 2021.

7. Administrative Law Judge Steven K. Haas (“ALJ Haas”) was assigned to this proceeding to conduct hearings and issue a Recommended Decision.

8. ALJ Haas held a prehearing conference on October 8, 2020 during which the parties agreed to a procedural schedule, including the service of testimony among the parties and the dates for evidentiary hearings.

9. In accordance with the procedural schedule established at the prehearing conference, I&E served all active parties the following pieces of testimony and accompanying exhibits:

I&E Witness Brenton Grab	Operating and Maintenance Expenses
Direct Testimony	1. I&E Statement No. 1 2. I&E Exhibit No. 1
Surrebuttal Testimony	1. I&E Statement No. 1-SR 2. I&E Exhibit No. 1-SR
I&E Witness Anthony Spadaccio	Rate of Return
Direct Testimony	1. I&E Statement No. 2 2. I&E Exhibit No. 2
Surrebuttal Testimony	1. I&E Statement No. 2-SR
I&E Witness Esyan Sakaya	Rate Base/Revenue Allocation/UFW

Direct Testimony

1. I&E Statement No. 3
2. I&E Exhibit No. 3

Surrebuttal Testimony

1. I&E Statement No. 3-SR
2. I&E Exhibit No. 3-SR

10. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple settlement discussions with parties to the proceeding. Following extensive settlement negotiations, and before hearings began, I&E reached a partial settlement with the City.

11. ALJ Haas presided over an evidentiary hearing on December 17, 2020.

II. TERMS AND CONDITIONS OF SETTLEMENT

12. It is the policy of the Commission to encourage settlements.³ The Commission issued the following policy statement that articulates general settlement guidelines and procedures for major rate cases:

In the Commission’s judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. It is also the Commission’s judgment that the public interest will benefit by the adoption of §§ 69.402—69.406 and this section which establish guidelines and procedures designed to encourage full and partial settlements as well as stipulations in major section 1308(d) general rate increase cases.⁴

³ 52 Pa. Code § 5.231.

⁴ 52 Pa. Code § 69.401. This policy statement also notes that “[a] partial settlement is a comprehensive resolution of all issues in which less than all interested parties have joined.”

13. This policy statement highlights the importance of settlement in Commission proceedings, including partial settlements. The instant rate case was filed on July 31, 2020, and over the past five months, the parties engaged in extensive formal and informal discovery, preparation of testimony, and lengthy settlement discussions. The signatories to the Joint Petition actively participated and represented their respective positions in the settlement process. As such, the issues raised by I&E have been satisfactorily resolved through discovery and discussions with the City and are incorporated in the Joint Petition. I&E represents that the Partial Settlement satisfies all applicable legal standards and results in terms that are preferable to those that may have been achieved at the end of a fully litigated proceeding. Accordingly, for the reasons articulated below, I&E maintains that the proposed Partial Settlement is in the public interest and requests that the following terms be approved by the ALJ and the Commission without modification:

A. Revenue Requirement (Joint Petition ¶ 16(a))

The City's proposed rate increase was \$908,421. However, pursuant to the Joint Petition, settlement rates are designed to produce additional annual operating revenue of \$689,932.⁵ I&E fully supports the revenue levels compromised upon in the Partial Settlement. I&E's support is based on its witnesses' analysis of the ratemaking claims contained in the City's base rate filing, including operating and maintenance expenses,

⁵ Joint Petition at p. 3.

rate base, taxes, cash working capital, rate structure, capital structure, and cost of equity and debt.

The Partial Settlement is a “black box” settlement, meaning there is no agreement upon individual issues; instead, the Joint Petitioners have agreed to an overall increase to base rates that is approximately \$218,000 less than what was requested by the City. Black box settlements benefit ratepayers and utilities by allowing for the resolution of a contested proceeding in a manner that avoids significant expenditure of time and resources related to further litigation. The Commission has endorsed the use of black box settlements, as discussed in an Order approving such a settlement:

We have historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings [citations omitted]. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company’s revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company’s cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a “black box” settlement in this proceeding....⁶

The Commission has also recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁷ The Partial Settlement in this proceeding promotes the public interest

⁶ *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886, p. 28 (Order entered December 19, 2013).

⁷ *Pa. P.U.C. v. C S Water and Sewer Associates*, 74 Pa. P.U.C. 767 (Pa. P.U.C. 1991).

because a review of the testimony demonstrates that the Joint Petition reflects a compromise of positions. Therefore, I&E submits that the Partial Settlement balances the interests of Bethlehem and its customers in a fair and equitable manner. Ratepayers will continue to receive safe and reliable service at just and reasonable rates while allowing Bethlehem sufficient additional revenues to meet its operating and capital expenses and providing the opportunity to earn a reasonable return on its investment. Accordingly, I&E submits that the revenue requirement reflected in the proposed Partial Settlement is in the public interest and requests that it be approved by the ALJ and the Commission without modification.

B. Rate Design and Scale Back (Joint Petition ¶ 16(a))

Bethlehem's proposed distribution of revenue among the customer classes and rate design generally was a matter of interest to all parties in the proceeding.⁸ Issues related to rate design and scale back were extensively addressed by I&E in testimony and thoroughly vetted in settlement negotiations. The settlement rates in Appendix A to the Joint Petition are designed based on the approximate revenue allocation and scale back of rates recommended by OSBA.

In Direct Testimony, I&E acknowledged that the City's proposed revenue allocation moved the relative rate of return towards the goal of 1.00.⁹ Regarding a scale back of rates, I&E recommended no scale back to the customer charges, the Private Fire

⁸ See Bethlehem St. No. 1; Bethlehem St. No. 1-R; Bethlehem St. No. 1-SR; Bethlehem St. No. 1-RJ; I&E St. No. 3; I&E St. No. 3-SR; OCA St. No. 4; OCA St. No. 4-R; OCA St. No. 4-SR; OSBA St. No. 1; OSBA St. No. 1-R; OSBA St. No. 1-SR.

⁹ I&E St. No. 3, p. 18.

rates, and the Public Fire rates because these rates were not increased by the City.¹⁰

Additionally, if the Commission granted less than the full increase, I&E recommended that all usage rates be scaled proportionally to the increase proposed by the City for each usage rate because a proportional scale back will still satisfy the goal of moving the relative rate of return of classes towards 1.00, i.e. the cost of service.¹¹ I&E avers this movement is consistent with the Commonwealth Court's decision regarding revenue allocation in *Lloyd v. Pa. P.U.C.*¹²

In OSBA's direct testimony, OSBA recommended corrections to the City's cost of service study regarding the Sales for Resale class, and recommended that any scale back be proportional.¹³ In rebuttal testimony, the City agreed with the scale back that reflects the change in the Sales for Resale class demand factors as proposed by OSBA.¹⁴ In surrebuttal, I&E confirmed its agreement with the OSBA's recommendations because they reflected the corrections to the Sales for Resale class and otherwise reflected the same proposal I&E made in direct testimony.¹⁵ Accordingly, I&E submits that the rate design and scale back reflected in the proposed Partial Settlement is consistent with *Lloyd v. Pa. P.U.C.* and in the public interest, and requests that it be approved by the ALJ and the Commission without modification.

¹⁰ I&E St. No. 3, p. 18.

¹¹ I&E St. No. 3, p. 18.

¹² 904 A.2d 1010 (Pa. Cmwlth. 2006) ("*Lloyd v. Pa. P.U.C.*").

¹³ OSBA St. No. 1.

¹⁴ City St. No. 1-R, pp. 17-18.

¹⁵ I&E St. No. 3-SR, p. 18.

C. Other Tariff Changes – Elimination of Lower Saucon Honor System Rate (Joint Petition ¶ 16(b))

Appendix A implements the proposed elimination of the Lower Saucon Honor System Rate as proposed in Supplement No. 15. Although not addressed by I&E witnesses in this proceeding, I&E agrees this proposed elimination is reasonable and appropriate. Lower Saucon Authority (“LSA”) is one of the Sales for Resale customers served by the City, and a portion of the LSA system served by the City was previously unmetered and charged an “honor system” rate.¹⁶ By Order entered October 14, 2011, the Commission directed the City to install meters in the unmetered portion of LSA’s system.¹⁷ In the City’s last base rate filing, I&E recommended that the City work with LSA to ensure that meters can be installed in the unmetered portion of the LSA system in accordance with the Commission’s October 2011 Order.¹⁸ In this proceeding, the City explains that all water service to the LSA system is now fully metered.¹⁹ Therefore, consistent with I&E position in the City’s last base rate filing and the Commission’s October 2011 Order, I&E submits it is appropriate to eliminate the Lower Saucon Honor System Rate and the ALJ and the Commission should approve this settlement term without modification.

¹⁶ See I&E Statement No. 3, p. 29 (Docket No. R-2013-2390244).

¹⁷ *Pa. P.U.C. v. City of Bethlehem*, Docket No. R-00072492 (Order entered October 14, 2011) (“October 2011 Order”).

¹⁸ I&E Statement No. 3, p. 31 (Docket No. R-2013-2390244).

¹⁹ City St. No. 4, p. 10.

D. Unaccounted for Water (“UFW”) (Joint Petition ¶ 16(c))

Starting with 2020, the City will begin using the Commission Section 500 method for its calculation of UFW. I&E’s witnesses did not take a position regarding use of the Commission’s Section 500 method for calculation of UFW. However, I&E noted that, using the methodology submitted by the City in this proceeding, UFW for the years ending 2017, 2018, and 2019 averages 21.1%.²⁰ Additionally, the City’s UFW has been steadily increasing, from 15.6% in 2017, to 21.4% in 2018, to 26.3% in 2019.²¹ The Commission’s policy statement on water conservation is set forth in 52 Pa. Code § 65.20(4), which states, in part, that “[l]evels of unaccounted-for water should be kept within reasonable amounts. Levels above 20% have been considered by the Commission to be excessive.”

The City is unsure of the reasons that UFW has recently increased.²² To comply with the Commission’s policy statement, I&E recommended that the City identify the reasons for its increase in UFW and take steps to maintain UFW below 20% by the time of its next base rate proceeding.²³ Through this settlement, the City agrees it will take steps to maintain UFW below 20% and, in its next base rate case, if UFW is above 20%, provide a narrative explanation of possible reasons for it. These terms substantially comply with I&E’s recommendations in this proceeding. Most importantly, the City agrees it will take steps to maintain UFW below 20% by the time of its next base rate

²⁰ I&E St. No. 3, p. 14; I&E Ex. No. 3, Sch. 6, p. 4, col. C, line 4.

²¹ I&E St. No. 3, p. 15; I&E Ex. No. 3, Sch. 6, p. 4.

²² I&E Statement No. 3, p. 15; I&E Ex. No. 3, Sch. 5.

²³ I&E Statement No. 3, p. 15.

proceeding. This is necessary to come into compliance with the Commission's policy statement on water conservation.²⁴ As explained by I&E, reducing UFW benefits customers by reducing electric, chemical, and pumping expenses.²⁵ If the City fails to maintain UFW below 20% by the time of its next base rate proceeding, I&E may recommend an adjustment to the City's next base rate claim to account for excessive UFW. I&E therefore submits that this settlement term is in the public interest and should be approved by the ALJ and Commission without modification.

E. Customer Class Demand Study (Joint Petition ¶ 16(d))

I&E agrees the City's demand study as described in City of Bethlehem Statement No. 1 and presented as Exhibits CEH-2 and revised in Exhibit CEH-3 is acceptable. Additionally, the City's presentation of a demand study with the current base rate filing was a settlement term approved by the Commission in the City's last base rate filing.²⁶ Accordingly, I&E submits the City's demand study is appropriate and this settlement term should be accepted by the ALJ and Commission without modification.

F. Other Issues

The remaining issues raised by I&E have been satisfactorily resolved through discovery and discussions with the City and are incorporated into the black box

²⁴ I&E also notes that the Commission just recently entered an Advance Notice of Proposed Rulemaking Order on September 17, 2020 at Docket No. L-2020-3021932 regarding the replacement of the policy statement at 52 Pa. Code § 65.20 with a Commission regulation to implement the International Water Association/American Water Works Association Water Audit Methodology as a best management practice in water loss control in Pennsylvania. Therefore, it is possible that issues related to the City's UFW may be subject to new regulations by the time of City's next base rate proceeding. Nonetheless, this settlement term reflects consideration of the Commission's current policy statement on UFW.

²⁵ I&E Statement No. 3, p. 15.

²⁶ *Pa. P.U.C. v. City of Bethlehem – Bureau of Water*, Docket No. R-2013-2390244 (Order entered July 9, 2014).

resolution of the revenue requirement in this proceeding. A black box settlement does not identify resolution of all issues on a line-by-line basis, and therefore no representation of the resolution of any issue not specifically identified is possible for future proceedings.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

14. Based upon I&E's analysis of the filing, acceptance of this proposed Partial Settlement is in the public interest. I&E represents that all issues raised in its testimony have been satisfactorily resolved through discovery and discussions with the City, or are incorporated or considered in the resolution proposed in the Partial Settlement. The specific terms and conditions in this Partial Settlement were carefully discussed and negotiated among I&E and the City. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Partial Settlement is not necessary as I&E represents that the Partial Settlement maintains the proper balance of the interests of I&E and the City.

15. I&E further submits that the acceptance of this Partial Settlement will negate the need for evidentiary hearings, which would create extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of briefs, and the potential of filed exceptions and/or appeals, all yielding substantial savings for the Commission and parties, and ultimately all customers, as well as certainty on the disposition of issues.

16. If ALJ Haas recommends that the Commission adopt the Partial Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive

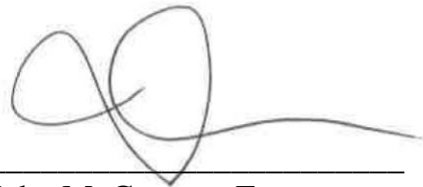
its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ in his Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

17. The Partial Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Partial Settlement in any way, it may be withdrawn by any Joint Petitioner. Additionally, I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Partial Settlement is rejected by the Commission or otherwise properly withdrawn by I&E or the City.

18. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement supports the *Joint Petition for Approval of Partial Settlement of Rate Investigation* as being in the public interest and respectfully requests that Administrative Law Judge Steven K. Haas recommend, and the Commission approve, the terms and conditions contained in the Partial Settlement.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a long horizontal tail, positioned above a horizontal line.

John M. Coogan, Esq.
Attorney I.D. #313920
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120
(717) 783-6151

Dated: December 28, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2020-3020256
Office of Small Business Advocate	:	C-2020-3021576
Office of Consumer Advocate	:	C-2020-3021583
	:	
v.	:	
	:	
City of Bethlehem – Water Department	:	
	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this 23th day of December 2020, served a true and correct copy of the foregoing Joint Petition for Approval of Partial Settlement of Rate Investigation, upon the persons and in the manner indicated below:

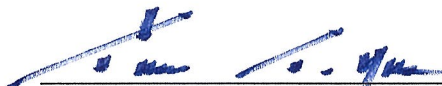
VIA ELECTRONIC MAIL

The Honorable Steven K. Haas
Administrative Law Judge
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
sthaas@pa.gov

John M. Coogan, Prosecutor
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