
 John Day,
 v.
 Aqua Pennsylvania
 Wastewater Incorporated

Docket No.: C-2021-3026213

Initial Call-In
 Telephonic

INDEX TO EXHIBITS

Docket No. C-2021-3026213

Hearing Date: August 31, 2021

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
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Respondent Exhibit's:

Aqua 1	Order dated 5/9/19	26	44
Aqua 2	Letter from		
	Secretary of PUC	28	44
Aqua 3	Rate Zone Tariff	17	44
Aqua 4	Customer Bills for		
	John Day	34	44



PVC DOCKET C-2021-302623
 COMPLAINTANT REPLY
 EXHIBIT A Side 1 of 1

P. O. Box 4973
 Trenton, NJ 08650

Statement Date: 03/18/2021
 Account Number: 2000 0044 0960 1
 Activity For: 01/17/21 - 03/16/21
 Replenishment Method: VISA
 Replenishment Amount: \$35.00



00072077-003165
 JOHN DAY
 614 RUNYON AVE
 PISCATAWAY, NJ 08854-4719



Side 1 of 1
 Account #: 2000 0044 0960 1
 Statement Period: 01/17/21 - 03/16/21
 Tag Deposit: \$0.00

IMPORTANT: Keeping your account updated is important for E-ZPass to work correctly. Visit the E-ZPass website at www.ezpassnj.com to verify that we have the most up to date contact information (address, phone number(s) and e-mail address). You can check your account balance, update vehicle and license plate information, password, credit card information, expiration date and more. You can also pay your violations, attach documents along with accessing other useful tools. You can also call the automated phone system at 1-888-AUTO-Toll (1-888-288-6865) to update your account or speak to a customer service representative directly during regular business hours; be sure to have your account, device or violation number available and to be ready to answer your Challenge Question.

 NJ E-ZPass strives for continuous improvement for the benefit of our customers and the overall success of the NJ E-ZPass Program.
 To help us to improve our services, please log in to your account and take the Customer Satisfaction Survey located under the Feedback link.

POSTING DATE	TRANSACTION DATE	TAG NUMBER /PLATE	AGENCY	PLAZA	ENTRY DATE	TIME	PLAZA	EXIT DATE	TIME	PLAN	CL	AMOUNT	BALANCE
01/17/21	01/17/21	Service Fee										\$1.00	\$16.12
01/19/21	01/18/21	02207534338	✓ DRJTBC				078	01/18/21	09:38	STANDARD	1	\$1.00	\$15.12
02/04/21	02/04/21	02207534338	NJTP	10	02/04/21	18:11	18W	02/04/21	18:34	STANDARD	1	\$10.05	\$5.07
02/04/21	02/04/21	02207534338	NJTP	18W	02/04/21	20:39	10	02/04/21	21:03	STANDARD	1	\$7.40	-\$2.33
02/05/21	02/05/21	Prepaid Payment										\$35.00	\$32.67
02/05/21	02/04/21	02207534338	PANYNJ				GWL	02/04/21	18:43	STANDARD	1	\$13.75	\$18.92
02/05/21	02/04/21	02207534338	MTAB&T				HHB	02/04/21	20:23	STANDARD	1	\$7.00	\$11.92
02/05/21	02/05/21	Prepaid Payment										\$35.00	\$46.92
02/07/21	02/06/21	02207534338	✓ DRJTBC				078	02/06/21	12:18	STANDARD	1	\$1.00	\$45.92
02/17/21	02/17/21	Service Fee										\$1.00	\$44.92
02/28/21	02/27/21	02207534338	✓ DRJTBC				078	02/27/21	13:57	STANDARD	1	\$1.00	\$43.92

On evaluation of toll usage, your replenishment has been changed from \$25 to \$35

PREPAID TOLL BALANCE	
Beginning Balance	\$17.12
Tolls, Non-Tolls and Fees	\$43.20
Payments and Credits	\$70.00
Ending Balance	\$43.92

Thank you for using E-ZPass

Plaza Descriptions:

10 - I-287/Metuchen/Edison Twsp
 HHB - Henry Hudson Br

18W - Geo Washington Br/US 46/I-80
 078 - Interstate 78-ORT

GWL - Geo Washington Br - Lower Level

0007207700316500100100000000



EXHIBIT A (CONT)

P. O. Box 4973
Trenton, NJ 08650

Statement Date: 05/18/2021
Account Number: 2000 0044 0960 1
Activity For: 03/17/21 - 05/16/21
Replenishment Method: VISA
Replenishment Amount: \$25.00



00063020-004604

JOHN DAY
614 RUNYON AVE
PISCATAWAY, NJ 08854-4719



Side 1 of 1
Account #: 2000 0044 0960 1
Statement Period: 03/17/21 - 05/16/21
Tag Deposit: \$0.00

Keep your NJ E-ZPass account updated and avoid violation fees. To manage your account, download the official NJ E-ZPass App from the Google Play or Apple App Store, visit the NJ E-ZPass website at www.ezpassnj.com, or contact the NJ E-ZPass Customer Service Center at (888) AUTO-TOLL (288-6865). When calling be sure to have your account or tag number available and to be ready to answer your Challenge Question.



NJ E-ZPass strives for continuous improvement for the benefit of our customers and the overall success of the NJ E-ZPass Program. To help us to improve our services, please log in to your account and take the Customer Satisfaction Survey located under the Feedback link.

POSTING DATE	TRANSACTION DATE	TAG NUMBER /PLATE	AGENCY	PLAZA	ENTRY DATE	TIME	PLAZA	EXIT DATE	TIME	PLAN	CL	AMOUNT	BALANCE
03/17/21	03/17/21	Service Fee										\$1.00	\$42.92
04/03/21	04/03/21	02207534338	GSP				UNI	04/03/21	08:50	STANDARD	1	\$1.90	\$41.02
04/03/21	04/03/21	02207534338	GSP				EOR	04/03/21	12:40	STANDARD	1	\$1.25	\$39.77
04/04/21	04/03/21	02207534338	✓ DRJTBC				O78	04/03/21	14:47	STANDARD	1	\$1.00	\$38.77
04/17/21	04/17/21	Service Fee										\$1.00	\$37.77
04/17/21	04/17/21	02207534338	NJTP	10	04/17/21	11:48	13A	04/17/21	12:01	STANDARD	1	\$3.35	\$34.42
04/17/21	04/17/21	02207534338	NJTP	13A	04/17/21	15:10	10	04/17/21	15:22	STANDARD	1	\$3.35	\$31.07
04/19/21	04/18/21	02207534338	✓ DRJTBC				O78	04/18/21	06:14	STANDARD	1	\$1.25	\$29.82
04/23/21	04/23/21	02207534338	NJTP	10	04/23/21	16:45	13A	04/23/21	17:02	STANDARD	1	\$3.35	\$26.47
04/23/21	04/23/21	02207534338	NJTP	13A	04/23/21	17:49	10	04/23/21	18:02	STANDARD	1	\$3.35	\$23.12
05/07/21	05/06/21	02207534338	✓ DRJTBC				O78	05/06/21	19:33	STANDARD	1	\$1.25	\$21.87

On evaluation of toll usage, your replenishment has been changed from \$35 to \$25

PREPAID TOLL BALANCE	
Beginning Balance	\$43.92
Tolls, Non-Tolls and Fees	\$22.05
Payments and Credits	\$0.00
Ending Balance	\$21.87

Thank you for using E-ZPass

Plaza Descriptions:

10 - I-287/Metuchen/Edison Twsp
O78 - Interstate 78-ORT

13A - Newark Aprt/Elizabeth Seaport
UNI - Union

EOR - East Orange

0008302000460400100100000000



Meter Reading and Usage Summary

Meter No.	Measure	Size	From Date	To Date	Previous Read	Current Read	Meter Units	Billing Units	Total Gallons
88744465	1,000 gal	5/8"	03/26/2021	04/28/2021	415 (A)	419 (A)	4	40.00	4,000

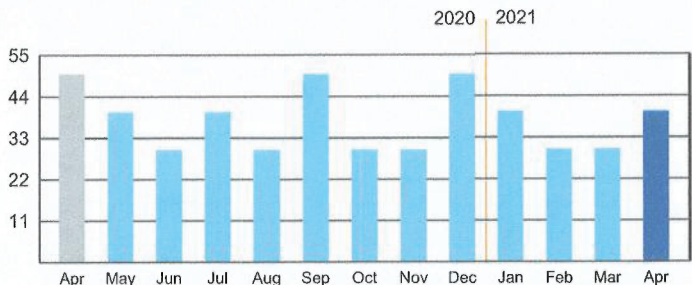
A = Actual E = Estimate

1 Billing Unit = 100 gallons

Total Gallons: 4,000

Billed Usage History (graph shown in 100 gallons)

- 4,000 gallons = usage for this period
- 5,000 gallons = usage for same period last year



Next Scheduled Read Date: on or about May 26, 2021
Account Type: Residential

Average daily use for this period is: (34 days)



Year to Date Billed Usage: 14,000 gallons

875 gallons per week

Account Detail

Account No. 1018-210022058141

Service To: 614 RUNYON AVE PISCATAWAY, NJ 08854

Prior Billing	37.76
Payments	-37.76
Total payments as of Apr 19. Thank you!	-37.76
Balance Forward	0.00
Service Related Charges - 03/26/21 to 04/28/21	
Water Service	46.05
Water Service Charge	18.50
Water Usage Charge (40 x \$0.68884)	27.55
Other Charges	-0.89
Purchased Water Surcharge (40 x \$0.05113)	2.05
TCJA Credit - Water	-2.94
Total Service Related Charges	45.16
Total Current Period Charges	45.16

Total Amount Due



\$45.16

Understanding Your Bill

- Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges.
- Service Related Charges:** This section includes charges for services related to water, wastewater and fire protection.
- Water and Wastewater Service Charge:** This fixed charge represents the cost of meter reading, customer billing, accounting and to maintain the meter and service connection to your property.
- Water and Wastewater Usage Charge:** This charge, which is based on usage, represents the cost related to operating and maintaining source of supply, pumping, treatment, and transmission and distribution facilities as well as the capital cost related to upgrading these facilities. One billing unit equals 100 gallons of water used. If the meter serving your property measures your water in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier for you to understand.
- Discounted Water and Wastewater Charge:** This discount applies to customers who qualify for New Jersey American Water's low income discount program.
- Other Charges:** The Distribution System Improvement Charge relates to the capital costs associated with improvements currently being made to the water system that are not included in base rates. The Purchased Water and Wastewater Surcharges are pass through charges that are paid to other companies or other agencies and do not remain with New Jersey American Water.
- Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- Still have questions?** We are here to help. Our customer service representatives are available M-F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

For more information about your charges and rates, please visit: <https://amwater.com/njaw/rates>



COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

August 28, 2018

FUC DOCKET C-2021-3026213
COMPLAINANT REPLY
EXHIBIT C

FAX (717) 783-5048
consumer@pa.gov

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

Re: Pa. Public Utility Commission
v.
Aqua Pennsylvania, Inc. and
Aqua Pennsylvania Wastewater, Inc.
Docket Nos. R-2018-3003558
R-2018-3003561

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Phillip D. Demanchick
Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Enclosures:

cc: Office of Special Assistants (email only: ra-OSA@pa.gov)
Office of Administrative Law Judge
Bureau of Technical Utility Services (email only)
Certificate of Service

*255864

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :
v. : Docket Nos. R-2018-3003558
Aqua Pennsylvania, Inc. and : R-2018-3003561
Aqua Pennsylvania Wastewater, Inc. :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 28th day of August 2018.

SERVICE BY E-MAIL & INTER-OFFICE MAIL

Richard Kanaskie, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

Anthony C. DeCusatis, Esquire
Catherine Vasudevan, Esquire
Morgan, Lewis and Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

John R. Evans
Office of Small Business Advocate
300 North Second Street
Commerce Building, Suite 202
Harrisburg, PA 17101-1303

Renee T. Marquis
Aqua Pennsylvania, Inc.
762 W. Lancaster Ave.
Bryn Mawr, PA 19010

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Darren Distasio
12 Karin Drive
Tunkahnock, PA 18657

Jordan Goretti
1393 Rothley Ave
Abington, PA 19001-2414

/s/ Phillip D. Demanchick
Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

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

Counsel for the Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: August 28, 2018
*257387

PENNSYLVANIA PUBLIC UTILITY COMMISSION

FORMAL COMPLAINT

1. CUSTOMER NAME (COMPLAINANT)

Tanya J. McCloskey, Acting Consumer Advocate

555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: (717) 783-5048
Fax: (717) 783-7152

2. UTILITY NAME

Aqua Pennsylvania, Inc. & Aqua Pennsylvania Wastewater, Inc.
Docket No. R-2018-3003558 (Water)
Docket No. R-2018-3003561 (Wastewater)

3. TYPE OF UTILITY

Water and Wastewater

4. COMPLAINT

- A. On August 17, 2018, Aqua Pennsylvania Inc. (Aqua or Company) filed Original Tariff Water - Pa. P.U.C. No. 2 (Tariff Water No. 2) and Original Tariff Sewer – Pa. P.U.C. No. 2 (Tariff Sewer No. 2) with the Pennsylvania Public Utility Commission (Commission) to become effective October 16, 2018. Through this filing, Aqua requests that the Commission approve changes in water and wastewater rates to increase the Company's total annual operating revenues by approximately \$71.8 million per year or approximately 16.13% over the amount of annual revenues at present rates.
- B. The Company provides water service to approximately 430,000 customers in portions of Adams, Berks, Bradford, Bucks, Carbon, Chester, Clarion, Clearfield, Columbia, Crawford, Cumberland, Delaware, Forest, Juniata, Lackawanna, Lawrence, Lehigh, Luzerne, Mercer, McKean, Monroe, Montgomery, Northampton, Northumberland, Pike, Schuylkill, Susquehanna, Snyder, Venango, Warren, Wayne, and Wyoming Counties. The Company also provides wastewater service to approximately 30,000 customers in portions of Adams, Bucks, Carbon, Chester, Clarion, Clearfield, Delaware, Lackawanna, Luzerne, Monroe, Montgomery, Pike, Schuylkill, Venango, and Wyoming Counties.

C. According to the customer notices included in the Company's filing, if the full rate increase is approved a typical residential water customer with a 5/8" meter using 4,080 gallons per month would see the following increases in their monthly bill as provided in the following table:

Rate Zone	Water Territory	Present Rates	Proposed Rates	Increase Amount	Increase Percentage
1	Main Division	\$59.85	\$69.07	\$9.22	15.41%
1	Beech Mountain*	\$21.45	\$35.37	\$13.92	64.90%
1	Bristol*	\$55.80	\$69.07	\$13.27	23.78%
1	Bensalem*	\$24.24	\$38.90	\$14.66	60.48%
-	Bunker Hill	\$12.88	\$27.36	\$14.48	112.42%
2	Chalfont	\$47.27	\$69.07	\$21.80	46.12%
1	Clarendon	\$51.05	\$69.07	\$18.02	35.30%
2	Concord Park	\$30.88	\$45.43	\$14.55	47.12%
1	CC Gardens*	\$40.29	\$55.04	\$14.75	36.61%
3	Eagle Rock	\$59.85	\$69.07	\$9.22	15.41%
1	East Cameron	\$57.02	\$69.07	\$12.05	21.13%
1	Honesdale	\$52.20	\$69.07	\$16.87	32.32%
1	Kratzerville*	\$52.29	\$69.07	\$16.78	32.09%
3	Masthope	\$49.36	\$69.07	\$19.71	39.93%
1	Mifflin*	\$37.11	\$51.14	\$14.03	37.81%
1	Mt. Jewett*	\$45.95	\$69.07	\$23.12	50.32%
3	Oakland	\$57.04	\$69.07	\$12.03	21.09%
1	Robin Hood Lakes*	\$40.16	\$55.02	\$14.86	37.00%
1	Sand Springs*	\$40.73	\$55.04	\$14.31	35.13%
-	Sun Valley	\$15.00	\$19.50	\$4.50	30.00%
2	Superior	\$57.02	\$69.07	\$12.05	21.13%
2	Treasure Lake	\$27.20	\$43.31	\$16.11	59.23%

* Consumption Charge exceptions, Private Fire Service Charge exceptions, and Public Fire Service Charge exceptions apply.

D. According to the customer notices included in the Company's filing, if the full rate increase is approved a typical residential wastewater customer* would see the following increases to their monthly bill:

Rate Zone	Wastewater Territory	Present Rates	Proposed Rates	Increase Amount	Increase Percentage
3	Beech Mountain	\$56.04	\$80.00	\$23.96	42.76%
5	Brandywine	\$106.43	\$125.84	\$19.41	18.24%
2	Bridlewood	\$45.46	\$74.88	\$29.42	64.72%
1	Bunker Hill	\$31.92	\$61.40	\$29.48	92.36%
3	Chesterdale	\$54.92	\$72.35	\$17.43	31.74%
3	Deerfield	\$57.87	\$71.50	\$13.63	23.55%
2	Eagle Rock	\$39.67	\$51.39	\$11.72	29.54%
3	Emlenton	\$45.00	\$80.00	\$35.00	77.78%
5	Greens	\$106.38	\$107.60	\$1.22	1.15%
4	Honeycroft	\$66.67	\$100.00	\$33.33	49.99%
4	Kidder	\$47.07	\$70.65	\$23.58	50.10%
4	Lake Harmony	\$65.63	\$100.00	\$34.37	52.37%
3	Laurel	\$51.49	\$81.70	\$30.21	58.67%
4	Links at Gettysburg	\$63.58	\$87.65	\$24.07	37.86%
5	Little Washington	\$98.05	\$106.64	\$8.59	8.76%
1	Masthope	\$28.99	\$40.88	\$11.89	41.01%
1	Media	\$42.19	\$62.92	\$20.73	49.13%
4	New Daleville	\$74.17	\$100.00	\$25.83	34.83%
5	Newlin	-	-	-	-
4	Peddlers View	\$78.44	\$100.95	\$22.51	28.70%
3	Penn Township	\$40.70	\$74.90	\$34.20	84.03%
2	Pinecrest	\$44.05	\$68.40	\$24.35	55.28%
5	Plumsock	\$107.02	\$124.88	\$17.86	16.69%
3	Rivercrest	\$45.22	\$73.20	\$27.98	61.88%
5	Sage Hill	-	-	-	-
3	Stony Creek	\$54.86	\$67.25	\$12.39	22.58%
3	Thornhurst	\$52.36	\$68.10	\$15.74	30.06%
4	Tobyhanna	\$66.67	\$100.00	\$33.33	49.99%
1	Treasure Lake	\$40.52	\$53.80	\$13.28	32.77%
4	Twin Hills	\$70.15	\$101.90	\$31.75	45.26%
3	Woodloch Springs	\$51.87	\$63.00	\$11.13	21.46%

* The amounts listed in the customer notices use different sets of assumptions. For example, Brandywine is calculated based on 5,400 gallons of monthly usage, whereas Penn Township is calculated based on 3,400 gallons of monthly usage.

- E. To achieve these increases, Aqua proposes to collect a portion of its wastewater revenue requirement from its water customers pursuant to 66 Pa. C.S. § 1311(c).
- F. Aqua also requests Commission approval of a Purchased Water Adjustment Clause (PWAC) and an Energy Cost Adjustment Mechanism (ECA) to recover certain costs outside of a general rate proceeding. Specifically, the PWAC will allow the Company to recover increases in rates charged by non-affiliated suppliers from whom the Company purchases water. Similarly, the ECA will allow the Company to recover the costs of energy used to provide water to its customers.
- G. The Consumer Advocate is empowered to represent the interests of Pennsylvania consumers before the Pennsylvania Public Utility Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa. Stat. Ann §§ 309-1 et seq.
- H. A preliminary examination of the Company's rate increase request indicates that:
 - 1. the Company's present rates and proposed charges, increases and changes in rates, rules and regulations contained within the request may be unjust, unreasonable, and in violation of law;
 - 2. the proposed increase may discriminate against certain customers, particularly in regard to the Company's proposed allocation of the rate increase; and
 - 3. the proposed increase may otherwise be contrary to sound ratemaking principles and public policy.
- I. For ratemaking purposes, Aqua proposes a return on equity of 10.75% resulting in an overall rate of return of 7.77% for the Company's water and wastewater operations. The proposed rate of return is excessive and, if accepted, would result in rates that are unjust and unreasonable in violation of Chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1301, *et. seq.*, sound ratemaking principles, and public policy.
- J. The Company's existing rates do not properly reflect any 2018 tax expense savings resulting from the Tax Cuts and Jobs Act, which should be timely returned to customers.



5. RELIEF

The Acting Consumer Advocate respectfully requests that the Commission take the following actions:

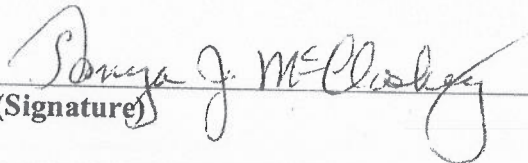
- A. Suspend and investigate the operation of the proposed tariffs, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. Section 1308(d);

- B. Consolidate all complaints filed against the proposed increase;
- C. Hold full evidentiary hearings examining the reasonableness of the Company's current rates and its proposed increases in rates;
- D. After providing the public with adequate notice, hold public input hearings in the Company's service territory, in order to provide its customers with an opportunity to be heard on the record;
- E. Deny or modify any changes contained in the proposal which cannot be fully justified by the Company, or which otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy;
- F. Grant such other relief that the Commission may deem to be necessary and proper.

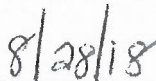
6. VERIFICATION AND SIGNATURE

You must print or type your name below on the line provided for the verification paragraph, and you must sign and date (in ink) this form on the lines provided.

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



 (Signature)



 (Date)

7. LEGAL REPRESENTATION

Phillip D. Demanchick Jr.
 Assistant Consumer Advocate
 PA Attorney ID No. 324761

Christine Maloni Hoover
 Senior Assistant Consumer Advocate
 PA Attorney ID No. 50026

555 Walnut Street
 5th Floor, Forum Place
 Harrisburg, PA 17101-1923

Phone: (717) 783-5048
 FAX: (717) 783-7152

Email: OCAAQUA2018@paoca.org

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held May 9, 2019

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
David W. Sweet, Vice Chairman
Norman J. Kennard
Andrew G. Place
John F. Coleman, Jr.

Pennsylvania Public Utility Commission
Aqua Large Users Group
Office of Consumer Advocate
Office of Small Business Advocate
Pennsylvania American Water Company
Athens Borough
John Bahnweg, *et al.*

v.

Aqua Pennsylvania, Inc.

R-2018-3003558
C-2018-3004981
C-2018-3004331
C-2018-3004941
C-2018-3004425
C-2018-3005332
C-2018-3005657, *et al.*

Pennsylvania Public Utility Commission
Office of Consumer Advocate
Office of Small Business Advocate
Grace Bowes, *et al.*

v.

Aqua Pennsylvania Wastewater, Inc.

R-2018-3003561
C-2018-3004333
C-2018-3004939
C-2018-3005069, *et al.*

Joint Application of Aqua Pennsylvania Inc. and its
Subsidiary, Superior Water Company, for: (1) the
approval of the transfer to Aqua Pennsylvania Inc.,
through merger, of all property of Superior Water
Company used or useful in the public service; (2) the
right for Aqua Pennsylvania Inc. to begin to offer water
service in the service territory of Superior Water
Company; and (3) the abandonment by Superior Water
Company to provide water service to the public.

A-2018-3004108
A-2018-3004109

OPINION AND ORDER

BY THE COMMISSION:

I. Matter Before the Commission

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are: (1) the Exceptions of Mr. Robert Curtius (Mr. Curtius), filed on March 26, 2019, and the Exceptions of the Treasure Lake Property Owners Association, Inc. (TLPOA), filed on March 28, 2019, to the Recommended Decision (R.D.) of Administrative Law Judges (ALJs) Angela T. Jones and F. Joseph Brady, issued on March 18, 2019, relative to the above-captioned proceedings. Replies to Exceptions were jointly filed on April 3, 2019 by Aqua Pennsylvania, Inc., (Aqua Water), Aqua Pennsylvania Wastewater, Inc., (Aqua Wastewater) (collectively, Aqua) and its subsidiary, Superior Water Company, Inc. (Superior); (2) the Joint Petition for Settlement of Aqua's water and wastewater general base rate increase proceedings (Joint Petition, Joint Settlement, or Settlement) filed by Aqua, the Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Aqua Large Users Group (Aqua LUG), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Masthope Mountain Community Property Owners Council (MMPOC), Superior, and The Links at Gettysburg Master Association (LGMA) (collectively, the Joint Petitioners) on February 8, 2019; and (3) the Joint Application of Aqua Water and its subsidiary, Superior (collectively, the Joint Applicants) (Joint Merger Application), filed on August 17, 2018, at Docket Nos. A-2018-3004108 and A-2018-3004109, for the approval of the transfer to Aqua Water, through merger, of all property of Superior used or useful in the public service; the right for Aqua Water to begin to offer water service in the service territory of Superior; and the abandonment by Superior to provide water service to the public.

For the reasons stated, *infra*, we shall: (1) deny the Exceptions of Mr. Curtius and TLPOA ; (2) adopt the Recommended Decision of ALJs Jones and Brady; (3) grant the Joint Petition that approves the Joint Settlement, without modification; and (4) approve the Joint Merger Application.

As discussed below, Aqua originally proposed a rate base change that would have increased its annual water revenues by \$66.3 Million, or 15.39% over present rates; and annual wastewater revenues by \$5.4 Million, or 40.14% over present rates, based on a Fully Projected Future Test Year (FPFTY) ending March 31, 2020. The combined annual revenue increase Aqua proposed was \$71.8 Million, or 16.13% over present revenues. Aqua also proposed to recover approximately \$8.1 Million of its wastewater revenue requirement from its water operations as authorized by Section 1311(c) of the Pennsylvania Public Utility Code (Code), 66 Pa. C.S. § 1311(c). In this Opinion and Order, we shall approve an annual water revenue increase of \$42.3 Million, an increase of 9.8% in annual water operating revenues, and an annual wastewater revenue increase of \$4.7 Million, an increase of 34.6% in annual wastewater operating revenues, based on the Joint Settlement that we will also approve. This will result in a combined annual revenue increase of \$47 Million, or 10.6%. Under the Joint Settlement, the Company will recover approximately \$7.1 Million of its wastewater revenue requirement from its water operations.

II. History of the Proceeding

The history of this proceeding that follows is summarized from the Recommended Decision of ALJs Jones and Brady, the majority of which may be found on pages one through eleven of their Recommended Decision.

On August 17, 2018, Aqua filed proposed Tariff Water – Pa. P.U.C. No. 2, to become effective October 16, 2018. Also, on August 17, 2018, Aqua filed proposed Tariff Sewer – Pa. P.U.C. No. 2 to become effective on October 16, 2018.¹ The water tariff proposed an increase in total annual operating revenues of approximately \$66.3 million or 15.39%. The sewer tariff proposed an increase in total annual operating revenues of approximately \$5.4 million or 40.14%. As noted above, the combined proposed water and wastewater increase for Aqua was about \$71.8 million or 16.13% in annual revenues based on data for a FPFTY ending March 31, 2020. Aqua also proposed to recover approximately \$8.1 million of its wastewater revenue requirement from its water operations as authorized by Section 1311(c) of the Code, 66 Pa. C.S. § 1311(c).

Additionally, on August 17, 2018, the Joint Applicants filed their Joint Application requesting Commission approval of the transfer, through merger, of all Superior Water’s used or useful property in the public service to Aqua Water; for Aqua Water to begin to offer water service in the service territory of Superior, and for Superior to abandon its authority to provide water service.

On August 28, 2018, the OCA filed Formal Complaints against the proposed water and wastewater rate increases. I&E filed a Notice of Appearance on August 29, 2018, and Pennsylvania American Water Company (PAWC) filed a Formal Complaint against the proposed water rate increase on August 31, 2018.

By Order entered September 20, 2018, the Commission suspended Aqua’s Tariff Water – Pa. P.U.C. No. 2 and Tariff Sewer – Pa. P.U.C. No. 2, by operation of law, until May 16, 2019, unless otherwise directed by Commission Order to become effective

¹ By Secretarial Letter issued July 3, 2018, the Commission granted Aqua’s request to depart from the requirements of 52 Pa. Code § 53.53(b)(2), and extend the 120-day interval for filing a general rate increase after the end of a historic test year by nineteen days.

at an earlier date. Subsequently, Aqua voluntarily agreed to extend the suspension date to May 24, 2019.

On September 24, 2018, Cody Vance filed Formal Complaints on behalf of LGMA against the proposed water and wastewater rate increases. Also on September 24, 2018, Cedar Knoll Builders filed a Formal Complaint against the proposed wastewater rate increase.

On September 25, 2018, TLPOA filed a petition to intervene in this proceeding. On September 26, 2018, and September 27, 2018, the OSBA and Aqua LUG, respectively, filed Formal Complaints against the proposed water and wastewater rate increases.

On September 28, 2018, CAUSE-PA filed a petition to intervene in this proceeding, citing a direct interest for low-income individuals to obtain affordable water and wastewater in the service territory of Aqua. Formal Complaints were filed on October 2, 2018, and October 10, 2018, by MMPOC and the Borough of Athens and the South Waverly Borough against the proposed water rate increase.

Additionally, during this proceeding, twenty-eight *pro se* Complainants filed Formal Complaints against the proposed water rate increase and forty-six *pro se* Complainants filed Formal Complaints against the proposed wastewater rate increase. This includes the Formal Complaints filed by Mr. Curtius on October 22, 2018 against the proposed water and wastewater increases.

Consistent with the ALJs' Prehearing Conference Order dated September 21, 2018, at paragraph 9, the following parties took the appropriate steps to be active participants in this proceeding:

- (1) Aqua;
- (2) Aqua LUG;
- (3) I&E;
- (4) LGMA;
- (5) OCA;
- (6) OSBA;
- (7) PAWC; and
- (8) TLPOA.

Additionally, MMPOC and CAUSE-PA filed requests to be treated as active participants. No objection was filed, and the ALJs granted active participant status to these Parties by Prehearing Order dated October 19, 2018.

Public input hearings were held on November 13, 2018, November 14, 2018, November 15, 2018, November 16, 2018, and November 27, 2018.²

On January 18, 2019, an evidentiary hearing convened as scheduled for the sole purpose of admitting uncontested testimony and exhibits into the record. The testimony and exhibits support the Joint Settlement reached by the Joint Petitioners.³

On February 8, 2019, the Joint Petitioners filed the Joint Settlement, including statements in support.⁴ Additionally, the Joint Settlement represented that

² Pages 11 through 25 of the Recommended Decision contains a summary of these Public Input Hearings.

³ See pages 7 through 9 of the Recommended Decision for the list of admitted testimony and Exhibits.

⁴ Although Coyd Vance sent a document indicating that he joined the proposed Settlement, at Docket Nos. C-2018-3004912 and C-2018-3004913, those Formal Complaints are attributed to LGBA, which is represented by counsel and is a signatory party to the Joint Settlement.

PAWC, while not a signatory party to the proposed Joint Settlement, does not oppose it. Further, the Joint Settlement noted that TLPOA opposed the Joint Settlement due to the rates allocated to Treasure Lake.

By letter served February 11, 2019, the OCA informed the *pro se* Complainants that a Joint Settlement was reached in this proceeding. The letter referenced a website where the *pro se* Complainants could view the proposed Joint Settlement and also included an offer to mail a hard copy at the Complainants' discretion. The letter welcomed any response to the Joint Settlement but specifically notified the Complainants that any objection to the proposed Joint Settlement must be postmarked by February 25, 2019. Subsequently, Cedar Knoll Builders filed a statement in opposition to the Joint Settlement. Additionally, nineteen *pro se* Complainants, including Mr. Curtius, filed statements in opposition to the Joint Settlement. See R.D. at 10 for a list of the *pro se* Complainants who objected to the proposed Joint Settlement.

The record in this proceeding closed as ordered on February 25, 2019.

On March 18, 2019, the Commission issued the Recommended Decision of ALJs Jones and Brady, in which the ALJs recommended that the Commission approve grant the Joint Petition to approve the Joint Settlement, without modification, and that the Joint Merger Application be approved.

As previously noted, TLPOA and Mr. Curtius each filed Exceptions on March 28, 2019. Aqua filed Replies to Exceptions on April 3, 2019.

III. Description of the Company

As of December 31, 2017, Aqua provided water service to approximately 433,683 customers in the five counties that comprise the Philadelphia suburbs, as well as

in twenty-four additional counties in the northwestern, central, and Pocono Mountains regions of Pennsylvania. The Company obtains water for its customers from surface and ground water supplies and purchases. The Company also furnishes wastewater service to approximately 21,306 wastewater customers located throughout Pennsylvania. Its service areas are concentrated in southeastern, northeastern, and western areas of the Commonwealth. However, most are not contiguous and are operated independently. Aqua St. 4.0 at 3.

IV. Discussion

As a preliminary matter, we note that any issue or exception that we do not specifically delineate shall be deemed to have been duly considered and denied without further discussion. We are not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *also see, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

In their Recommended Decision, the ALJs reached twenty-one Conclusions of Law. R.D. at 86-89. The Conclusions of Law are incorporated herein by reference and are adopted without comment unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order.

A. Joint Petition for Settlement

1. Legal Standard

The purpose of this investigation is to establish distribution rates for Aqua's customers that are "just and reasonable" pursuant to Section 1301 of the Code, 66 Pa. C.S. § 1301. A public utility seeking a general rate increase is entitled to an opportunity

to earn a fair rate of return on the value of the property dedicated to public service.
Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia,
262 U.S. 679 (1923).

In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield, supra*, and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

Bluefield, 262 U.S. at 692-3.

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. 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. A settlement,

whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case.

The Joint Settlement, in this case, is a “black box” settlement. This means that the Parties did not specify each and every element of the revenue requirement calculations. 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 of a rate increase can be difficult and impractical in many cases.

Pa. PUC v. Peoples TWP LLC, Docket No. R-2013-2355886 (Order entered December 19, 2013)(*Peoples*), at 28 (citations omitted).

Rate cases are expensive to litigate, and the reasonable cost of such litigation is an operating expense recovered in the rates approved by the Commission. Partial or full settlements allow the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and replies to exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission’s decision, yielding significant expense savings for the company’s customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a rate case settlement such as that 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).

With regard to the burden of proof in this matter, Section 315(a) of the Code provides:

§ 315. Burden of proof

(a) Reasonableness of rates.—In any proceeding upon the motion of the commission, involving any proposed or existing rate of any public utility, or in any proceedings upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility. The commission shall give to the hearing and decision of any such proceeding preference over all other proceedings, and decide the same as speedily as possible.

66 Pa. C.S. § 315(a). Consequently, in this proceeding, Aqua has the burden to prove that the rate increase proposed by the Joint Settlement is just and reasonable. The Joint Petitioners have reached an accord on the issues and claims that arose in this proceeding and submitted the Joint Settlement. The Joint Petitioners have the burden to prove that the Joint Settlement is in the public interest.

2. Terms and Conditions of the Joint Settlement

As a result of negotiations, the Joint Petitioners were able to agree to the Joint Settlement, which resolves all of the issues in this proceeding. This includes the resolution of various issues pertaining to Aqua's allowed revenue requirement. The Joint

Settlement produced an agreement among the Joint Petitioners that Aqua is entitled to an increase in total annual operating revenues of \$47 million, or approximately 10.57% in lieu of its initially requested increase of \$71.8 million, or approximately 16.13%. The total Company increase is comprised of an increase in operating revenues from water operations of \$42,347,943 and an increase in operating revenues from wastewater operations of \$4,650,819, as shown on the first page of Appendix C to the Joint Petition. Under the Joint Settlement rates, only \$7.1 million of the wastewater revenue requirement would be allocated to the Company's water operations cost of service, as opposed to the original \$8.1 million proposed by Aqua. According to the Joint Petitioners, the Joint Settlement Rates will allocate the agreed upon revenue requirement to each customer class in a manner that is reasonable in light of the rate structure and cost of service positions of all Joint Petitioners. The Joint Petitioners represent that Joint Settlement Rates will reduce, by consolidation, the number of different water and wastewater rate zones in a manner consistent with the principle of gradualism. The Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able, to agree upon the specific rate case adjustments which support their respective conclusions. Nonetheless, they are in full agreement that this Joint Settlement is in the best interest of customers and of the Company, and therefore, is in the public interest. Joint Petition ¶¶ 12-13, 54 at 5-6, 24; Aqua Statement in Support at 5.

The Joint Petition consists of the terms and conditions of the Joint Settlement, which are embodied within the Joint Petition, Appendices A through D, and Statements A through H, each of which are attached to the Joint Petition. Appendix A includes the proposed Joint Settlement water tariff supplement to be filed and to become effective in accordance with the Joint Settlement. Appendix B contains the proposed Joint Settlement wastewater tariff supplement to be filed and to become effective in accordance with the Joint Settlement. Appendix C contains a Proof of Revenue, comparing Aqua's revenues at the existing rates and at the rates proposed under the Joint

Settlement. Appendix D depicts the rate effects on typical customers in each major water and wastewater rate class.⁵

Statement A includes the Statement in support of the Joint Settlement filed by Aqua (Aqua Statement in Support). Statement B represents the Statement in Support of the Joint Settlement filed by I&E (I&E Statement in Support). Statement C is the Statement in Support of the Joint Settlement filed by the OCA (OCA Statement in Support). Statement D represents the Statement in Support of the Joint Settlement filed by the OSBA (OSBA Statement in Support). Statement E contains the Statement in Support of the Joint Settlement filed by Aqua LUG (Aqua LUG Statement in Support). Statement F represents the Statement in Support of the Joint Settlement filed by CAUSE-PA (CAUSE-PA Statement in Support). Statement G represents the Statement in Support of the Joint Settlement filed by MMPOC (MMPOC Statement in Support). Statement H represents the Statement in Support of the Joint Settlement filed by LGMA (LGMA Statement in Support). *See generally* Joint Petition ¶¶ 53-54 at 23-24.

The essential terms of the Joint Settlement are set forth in Paragraph Nos. 5 through 52 of the Joint Petition, which is recited in full, below, as it appears in the Joint Petition:

⁵ Appendix A to this Opinion and Order is based on Appendix D of the Settlement.

**A. Revenue Increase, Commission Approval
And Implementation Of Rates**

15. Upon Commission approval of the Settlement, Aqua will be permitted to charge the rates for water service set forth in the proposed Original Tariff – Water Pa. P.U.C. No. 2 annexed hereto as Appendix A and the rates for wastewater service set forth in the proposed Original Tariff – Sewer Pa. P.U.C. No. 2 annexed hereto as Appendix B (hereafter, the “Settlement Rates”). The Settlement Rates are designed to produce additional annual operating revenue of \$47 million (\$42.3 million for water operations and \$4.7 million for wastewater operations), as shown on the proof of revenues annexed hereto as Appendix C.

16. Pursuant to Section 1311(c) of the Public Utility Code and the Commission’s Implementation Order in Docket No. R-2013-2355276, under the Settlement Rates, a portion of the wastewater revenue requirement totaling \$7,087,745 is being allocated to water customers.

17. The Joint Petitioners agree to exercise their reasonable efforts to obtain approval of this Settlement on or before April 11, 2019, and the implementation of the Settlement Rates on May 24, 2019, when the suspension period, as voluntarily extended by Aqua, will expire. Upon the entry of a Commission Order approving this Settlement, Aqua will be permitted to file a tariff for water service in the form attached hereto as Appendix A, and a tariff for wastewater service, in the form attached hereto as Appendix B, reflecting the agreed-to additional operating revenue to become effective on May 24, 2019.

B. Base Rate Filing Stay Out

18. Aqua will not file for another general rate increase under Section 1308(d) of the Public Utility Code for its water and wastewater operations included in this rate case prior to April 30, 2021. However, if a legislative body or administrative agency, including the Commission, orders or enacts fundamental changes in policy or statutes which directly and substantially affect the Company’s rates, this

Settlement shall not prevent the Company from filing tariffs or tariff supplements to the extent necessitated by such action.

C. Distribution System Improvement Charge (“DSIC”)

19. For the purposes of calculating its DSIC for its water and wastewater operations, Aqua shall use the equity return rate for water utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities (the “Quarterly Earnings Report”) and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

20. The DSIC for Aqua shall be established at 0% of billed revenues effective with the effective date of Settlement Rates. The DSIC shall remain at 0% of billed revenues until the later of: (a) the end of the FPFTY or (b) the quarter following the point in time at which Aqua’s DSIC-eligible investment, net of plant funded with customer advances and customer contributions, exceeds the levels projected by Aqua as of March 31, 2020 (i.e., the end of the FPFTY) per Exhibit Nos. 6-A, Part III and 6-B, Part III. The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

D. Adjustment Clauses

21. Aqua agrees to withdraw its proposed Energy Cost Adjustment Mechanism (“ECAM”) and Purchased Water Adjustment Clause (“PWAC”). This withdrawal is made without prejudice to propose these adjustments in the future.

E. Treatment Of Income Taxation – Customer Advances For Construction And Contributions-In-Aid-Of-Construction

22. Within 30 days of a final, unappealed Commission order on the tariff supplement filing of PAWC at Docket No. R-2018-3002504, Aqua shall file a tariff supplement consistent with the Commission's resolution in that proceeding of the issue of cost responsibility for, and ratemaking treatment of, state and Federal income taxes owed on Customer Advances for Construction and Contributions-In-Aid-of-Construction ("CAC/CIAC"). From the effective date of the Settlement Rates until such time as Aqua's tariff supplement becomes effective and unappealable, the Company shall either require the developer to present a letter of credit in the amount of grossed-up income tax that would be owed on the CAC/CIAC or to hold such amount in escrow; the letter of credit or escrow funds, as the case may be, shall be released to the appropriate party within 15 business days of the tariff supplement becoming effective and unappealable. The amount of grossed-up income tax to be subject to escrow or secured by a letter of credit will be not less than the amount calculated by multiplying the CAC/CIAC by a factor of 1.4063 and then deducting from that figure: (1) the amount of CAC/CIAC; and (2) the present value of state and Federal tax benefits of the future depreciation deductions related to the property funded by such CAC/CIAC. Notwithstanding the foregoing, any CAC/CIAC agreement entered into between Aqua and a developer prior to the effective date of the Settlement Rates shall remain in full force and effect without modification.

F. FPFTY Reporting

23. As part of this Settlement, the Company has agreed to provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA, and OSBA with an update to AP Statement No. 2, Attachments 1 and 2, p. 1, no later than July 1, 2019, which should include actual capital expenditures, plant additions, and retirements by month from April 1, 2018 through March 31, 2019. Then, no later than July 1, 2020, another update of AP Statement No. 2, Attachments 1 and 2, p. 1, should be submitted showing

actuals from April 1, 2019 through March 31, 2020. In Aqua's next base rate proceeding,⁵ the Company will prepare a comparison of its actual expenses and rate base additions for the twelve months ended March 31, 2020 to its projections in this case.

G. Contract Customer Reporting

24. The Company will include in its next Pennsylvania water base rate filing documentation of the existence of a viable competitive alternative to water service provided by the Company for the following Rider DRS customers and any new Rider DRS customers added after the date of this Joint Petition:

Rider DRS Customers

Chemung County Industrial Development Agency
New Wilmington Municipal Authority
Warwick Township Water and Sewer Authority
Borough of Sharpsville
City of Hubbard
Horsham Water Authority
Schwenksville Borough Authority

25. Aqua agrees to date each competitive alternative analysis that is submitted regarding the above Rider DRS customers or new Rider DRS customers, and provide dates for when the competitive alternative analysis was last considered, if applicable.

26. Additionally, Aqua agrees to provide a competitive alternative for the rates charged to Masury area customers in its next water base rate filing.

27. Any party to this Joint Petition reserves the right to review and challenge any contract and/or rate in future Aqua base rate filings, or in subsequent litigation related to this proceeding.

H. Revenue Requirement

(i) Income Taxes

28. *Tax Cuts and Jobs Act ("TCJA")*. The Joint Petitioners agree that the Settlement Rates fully account for the impacts of the TCJA and no further adjustments, refunds or credits are required.

29. *Excess Accumulated Deferred Income Taxes ("ADIT")*. The Joint Petitioners agree that the Settlement Rates reflect a reduction to rate base for the excess ADIT amount (regulatory liability) as of the end of the FPFTY. The Company agrees to continue such treatment in future base rate filings until the entire amount has been refunded in future years. The Company agrees to separate ADIT and excess ADIT into two different accounts in future base rate filings.

30. *Tax Repairs Deductions*. The Joint Petitioners agree that the revenue requirement incorporates a reduction to current state and Federal income tax expense based on net repairs deductions in the FPFTY of \$154,514,546 for the water utility and \$4,350,142 for the wastewater utility, for a total of \$158,864,688.

a. If the net repairs deductions for Aqua vary by more than \$3 million above or below that \$158,864,688 amount (i.e. below \$155,864,688 or above \$161,864,688), Aqua will record a regulatory liability or asset for the related income tax expense impacts of the repairs deduction variations below or above \$158,864,688.

b. Aqua shall report on the regulatory asset or liability amounts of the net repairs deduction income tax impacts in its quarterly earnings reports after the conclusion of the FPFTY. Within 30 days of reporting a regulatory liability with a net cumulative income tax impact amount of \$10 million or larger, Aqua shall file with the Commission and shall copy OCA, I&E, and OSBA, a plan for refunding the regulatory liability amount to customers.

c. If there are remaining deferrals of the differences in income tax expense for Aqua's net repairs

deductions, that balance shall be addressed in Aqua's next base rate case based on the recorded regulatory asset and liability amounts.

d. Whether similar recording of the impact on current income tax expense from net repairs deduction variations above or below a collar in a regulatory liability or asset account should continue shall also be re-evaluated in Aqua's next base rate case.

(ii) Acquisition Adjustments

31. The Joint Petitioners agree that this Settlement does not include, and they will not propose, in any future proceeding, to include in rate base or any corresponding amortization expense related to the positive acquisition adjustments for the following water and wastewater acquisitions:

Water:

Mifflin Township
 Beech Mountain
 Sand Springs
 Concord Park

Wastewater:

Township of Tobyhanna

32. The Joint Petitioners agree that the Settlement Rates reflect the amortizations of positive and negative acquisition adjustments set forth below.

Water:

Description	Amortization Period	Annual Amortization
Bristol Township Water	7/14 - 6/24	\$ (22,493)
Yalick Farms Water	1/16 - 12/25	\$ (99,396)
Bunker Hill Water	3/16 - 2/26	\$ (1,725)
Robin Hood Lake Water	3/16 - 2/26	\$ (8,723)
West Cameron Township Water	4/17 - 3/27	\$ (6,986)
Treasure Lake	4/19 - 3/39	\$ 151,240
Mt Jewett Water	4/19 - 3/39	\$ 2,473
Sun Valley Water	4/19 - 3/39	\$ 194

Wastewater:		
Description	Amortization Period	Annual Amortization
Washington Park	3/09 - 2/19	\$ (2,172)
Cove Village	9/09 - 8/19	\$ (14,867)
Eagle Rock	7/04 - 6/24	\$ (105,365)
Links at Gettysburg	1/05 - 12/24	\$ (46,645)
Beech Mountain WM	6/13 - 5/23	\$ (1,765)
Village at Valley Forge	6/13 - 5/23	\$ (118,124)
Kidder Township	2/14 - 1/24	\$ (13,971)
Penn Township Sewer	4/15 - 3/25	\$ (419,031)
Sage Hill	7/16 - 6/26	\$ (77,566)
Honeycroft	1/17 - 12/26	\$ (246,362)
Embleton	7/17 - 6/27	\$ (168,193)
Treasure Lake	4/19 - 3/39	\$ 64,901
Bunker Hill MW	4/19 - 3/39	\$ 1,780
Avon Grove	4/19 - 3/39	\$ 3,738

I. Cost Allocation And Rate Design

(i) Water

33. The Settlement Rates set forth in Appendix A reflect the Joint Petitioners' agreement with regard to water rate structure, rate design and the distribution of the increase in revenues in this case, as follows:⁶

a. Under the Settlement Rates, the Main Division 5/8-inch customer charge for all customer classes will be \$18.00 per month in lieu of the \$18.50 customer charge proposed by the Company. The same percentage increase as that for 5/8-inch meter customer charge will be applied to the customer charges for all other meter sizes in the Main Division.

b. Under existing rates, Aqua has a total of 22 water rate divisions. Under the Settlement Rates, various existing rate divisions will be consolidated and, as a result, there will be a total of 14 rate divisions. Twelve of the rate divisions are grouped into three rate zones (Rate Zones 1-3) based on the similarity of their rate structure and rate design, while Bunker Hill and Sun Valley are displayed separately because they are dissimilar from those divisions grouped into Rate Zones 1-3. The existing rate divisions and the corresponding rate divisions that will exist under the Settlement Rates are set forth on page 1 of Schedule 2 of the

Proof of Revenues for Water Operations in Appendix C to this Joint Petition. The rates of all of the rate divisions that will continue to exist under the Settlement Rates have been moved closer to each other and to the Rate Zone 1 in order to facilitate further consolidation with the Main Division in future cases.

(ii) Wastewater

34. The Settlement Rates set forth in Appendix B reflect the Joint Petitioners' agreement with regard to wastewater rate structure, rate design and the distribution of the increase in revenues in this case, as follows:⁷

a. Under existing rates, Aqua has a total of 33 wastewater rate divisions. Under the Settlement Rates, various existing rate divisions will be consolidated with each other and, as a result, there will be a total of eleven rate divisions (or subdivisions) under the Settlement Rates. The existing rate divisions and the corresponding rate divisions or subdivisions that will exist under the Settlement Rates are set forth on page 1 of Schedule 2 of the Proof of Revenues for Wastewater Operations in Appendix C to this Joint Petition. The rates of the rate divisions that will continue to exist under the Settlement Rates have been moved closer to each other in order to facilitate further consolidation in future cases.

b. The Settlement Rates for all classes of customers and classes of wastewater service for the rate zones that will exist under the Settlement Rates are set forth in the applicable portions of the Wastewater Tariff attached as Appendix B.⁸

c. As a result of Public Input Hearing testimony offered by Mr. Kretschmaier and Mr. Kusko, and testimony provided by OCA witness Rubin, Aqua agrees to study the feasibility of implementing in Pennsylvania a summer wastewater usage cap similar to the method used by Aqua Illinois, Inc. The results of that study, including either a proposal to adopt such a billing method or a detailed explanation for why Aqua believes such a method to be infeasible in Pennsylvania, shall be provided in Aqua's next wastewater base rate filing. If Aqua believes that such a

method would not be feasible in Pennsylvania, Aqua nevertheless shall be required to provide the billing units and rates that would be used if such a method were adopted in the next consolidated wastewater rate case. In addition, consistent with Aqua's rebuttal testimony in this proceeding, the Company will consider proposing a flat wastewater rate structure in its next rate case for seasonal communities in its service territory.

J. Low Income Issues

(i) Helping Hand

35. *Company Contribution.* Aqua will contribute \$125,000 per year to the Helping Hand Program for each of the next three years (2019, 2020, and 2021). The Joint Petitioners agree that the Company is not required to contribute more than this amount each year. However, if the funding is not fully expended in any given year, it will be rolled over to the next year and be available for grants and arrearage forgiveness. Aqua will continue to promote awareness of the program to customers and local agencies for each county within the Company's service territory and will work with participants of the Helping Hand Collaborative to identify new ways to promote the program. Aqua will continue to seek customer contributions for the program that will supplement the funding provided by the Company. The Company agrees to re-evaluate its contribution and the structure of Helping Hand in its next base rate case. In the event that Aqua does not file its next base rate case in 2021, the annual funding amount agreed to in this Settlement will remain in place until such time as its next base rate case is filed and new rates are in effect.

36. *Grant Assistance Component.* Within 180 days of the effective date of the Settlement Rates, Aqua will establish a grant program that accompanies and enhances its Helping Hand Program. Aqua will work with participants of the Helping Hand Collaborative, described in Paragraph 41 of this Settlement, to establish eligibility parameters for receiving a grant and the maximum amount of each grant.

37. *Eliminate Up Front Payment Requirement for the Helping Hand Program.* Aqua will eliminate its current requirement that customers must make a good faith payment in order to enroll in the Helping Hand Program. Instead, Aqua will continue to advertise and promote for Helping Hand enrollment households who are payment troubled and meet the following criteria:

- a. Household income no greater than 200% of poverty
- b. Arrears in excess of \$110
- c. Payment Troubled as evidenced by one or more of the following:
 - i. A broken payment agreement;
 - ii. Threatened with termination of service for non-payment or service already off;
 - iii. Has evidenced an inability to pay bills.

38. *Helping Hand Monthly Payments.* The Company's current Helping Hand payment is a fixed monthly payment based on the customer's monthly average usage and an installment payment toward the customer's arrears. Within 90 days of the effective date of the Settlement Rates, the Company will cease requiring an installment payment toward arrears for new Helping Hand enrollees. The Company will work with the Helping Hand Collaborative to determine the appropriate means of recalculating average bills going forward for Helping Hand participants on no less than an annual basis.

39. *Arrearage Forgiveness.* Aqua will increase the amount of arrearage forgiveness available to each customer enrolled in Helping Hand to \$25 per month for each timely, in-full payment made by the customer.

40. *Helping Hand Data.* Within 120 days from the date that the Settlement Rates are effective, the Company will provide a report to the Helping Hand Collaborative on the feasibility of tracking the following listed data, as well as what data it believes provide the best analysis for whether the intent of the program is working based on its current reporting capabilities and resources.

- a. Number of estimated and confirmed low income customers
- b. Number of confirmed low income customers with arrears and the average arrearage amount
- c. Average monthly bill amount of confirmed low income customers
- d. Amount of arrearages for customers entering Helping Hand
- e. Terminations for nonpayment of confirmed low income customers
- f. Number and amounts of hardship grants disbursed

41. *Helping Hand Collaborative.* The Company will host a series of Helping Hand Collaborative meetings between now and its next base rate case for the purpose of soliciting input about ways to improve Helping Hand. The Company will invite to the collaborative meetings OCA, the Commission's Bureau of Consumer Services and CAUSE-PA. The Company will host collaborative meetings quarterly for the first year after the effective date of the Settlement Rates, with the first meeting to be held within 60 days of the effective date of the Settlement Rates. After the first year, the Company will host collaborative meetings not less than twice a year. The collaborative meetings will be to discuss, among other topics:

1. The scope of low income data that it is feasible and useful for the Company to collect;
2. Details of the grant component of the program;

3. The method of calculating the monthly Helping Hand payment;
4. Improving outreach and messaging for programs;
5. Further develop a holistic communications plan;
6. Assessing applicable data; and
7. Developing efforts to fund the grant assistance program on an ongoing basis.

Aqua will have full discretion as to whether to accept feedback from the Helping Hand Collaborative, and as required, submit proposals to the Commission for approval.

(ii) Domestic Violence Policy

42. Aqua will document its domestic violence procedures and have them readily available to its customer service representative (“CSRs”). Aqua commits to review these procedures with CAUSE-PA, OCA and other interested parties. Aqua agrees to implement a policy allowing that victims of domestic violence be provided three days to provide a copy of their order before termination will proceed and will clearly define the payment arrangement rules available for these customers.

(iii) Medical Certifications

43. Aqua agrees to edit the signature line on its Medical Certification Form to include a reference to physician, physician’s assistant, or nurse practitioner.

(iv) Termination Notices

44. Aqua will remove reference to security deposits from its termination notices and tariff, and amend the language related to domestic violence victims as follows: *“If you are a victim of domestic violence and have a Protection From Abuse Order or other court order that shows clear evidence of domestic violence, there are special protections available.”*

K. Service Related Issues

45. The Company agrees to continue monitoring its water supply for the presence of the two chemicals, Perfluorooctanesulfonic acid ("PFOS") and Perfluorooctanoic acid ("PFOA"), in accordance with the United States Environmental Protection Agency's Third Unregulated Contaminant Monitoring Rule ("UCMR3").⁹ Aqua will also continue to share its sampling results for PFOS and PFOA in Montgomery County on its dedicated website WaterFacts.com, consumer confidence reports ("CCRs"), or other appropriate forms and evaluate treatment options and operational initiatives where appropriate. As long as <http://WaterFacts.com> is in use and there is no other new regulatory requirement specifying data collection and communication, the Company agrees to post the results on <http://WaterFacts.com> after completing its testing, review and posting process in an efficient and expeditious manner. The Company agrees to seek available funding from outside sources and governmental agencies to fund prudent improvements needed to further limit the presence of PFOS and PFOA in the affected water sources.

46. The Company commits to revise its procedures for new developments to ensure that it receives timely and accurate connection information for new service once the homes in new developments are completed. The Company also agrees to provide additional training to its customer service representatives so that they know how to further investigate the situation when a customer contacts the Company about initiating service for a new connection. The Company will provide the Statutory Advocates with an overview of the changes made to the Company's procedures and training materials. The Overview will be provided within 60 days of the final order in this proceeding.

47. The Company shall continue to provide water and wastewater customer complaints in a live Excel spreadsheet that shall be made available in future general rate proceedings. The water and wastewater customer complaint logs shall contain separate searchable columns for date of complaint, street number, street name, city (zip code is preferable), and code for the type of complaint. The

Company and OCA agree to continue to discuss how to incorporate into a live Excel spreadsheet the following additional information regarding whether a Company employee made a site visit, if the problem was the responsibility of the Company or the customer, and the date the complaint was resolved. The Company and the OCA agree to have that discussion within 90 days after the entry of a final order in this proceeding. Additionally, the Company agrees to provide a legend explaining the abbreviations used in the complaint logs.

48. The Company agrees to provide a list of existing locations going forward where the Company installs a pressure reducing valve for a residential customer because the static head was anticipated to be greater than 85 psi due to planned engineering changes in the Company's distribution system. The list will include an explanation of how the Company's plan impacts the customer's pressure. The Company agrees to provide the report to OCA twelve months after the entry of a Commission Order in this proceeding and every twelve months after that until the effective date of base rates in its next base rate proceeding.

49. During the Company's next general rate proceeding, the Company shall provide to the Statutory Advocates a live Excel spreadsheet of all fire hydrants connected to 4-inch mains or smaller that are not capable of providing 500 gallons per minute of water at 20 psi.

50. The Joint Petitioners agree that the Company has fully addressed the concerns raised by customers at the Public Input Hearings as follows:

a. Ralph Churchill testified at the evening hearing held on November 13, 2018 in Chester County. Mr. Churchill is not a direct customer of Aqua and lives in Jenners Pond, a retirement community, which is a commercial customer of Aqua. Mr. Churchill requested information on the improvements made in Penn Township. On December 18, 2018, Aqua sent a letter to Mr. Churchill describing the improvements.

b. Debora Hauser testified at the evening hearing held on November 14, 2018, in Bucks County. Ms. Hauser stated that she believed the customer charge of \$69.00 was too high. At the conclusion of the hearing, a representative of Aqua spoke to Ms. Hauser to get more information about her billing concern. Ms. Hauser's current customer charge for a 5/8" meter is \$16.00, not \$69.00. Aqua sent a letter confirming this to Ms. Hauser on December 17, 2018.

c. William Freed testified at the afternoon hearing held on November 15, 2018 in Delaware County. Mr. Freed testified about his previous informal and formal complaints filed with the Commission against Aqua. Aqua confirmed that Mr. Freed had filed both an informal (BCS Case No. 3582179) and a formal complaint (Docket No. C-2018-2645244) with the Commission requesting compensation for damages he alleged were caused by Aqua doing work on his street. The informal complaint was dismissed by the Bureau of Consumer Services because the Commission cannot award damages. Mr. Freed, who was represented by counsel in his formal complaint with the Commission and in a subsequent civil court proceeding, chose not to pursue his complaint at the Commission and filed his claim in municipal court. Aqua and Mr. Freed settled the claim in municipal court.

d. Andria Torres testified at the Smart Public Input Hearing held on November 16, 2018 alleging damages from jackhammering vibrations when the Company was installing a new water main in the street on December 30, 2017. After investigating the matter, Aqua has confirmed that it was not installing a new water main in her street in December of 2017 and has no record of Ms. Torres contacting the Company in December of 2017 on this issue. The Company believes that a contractor for another utility was in the area in December 2017. The Company contacted Ms. Torres to discuss her concerns and provide the information it learned about the work that was done on her street.

e. David Saplansky testified at the Smart Public Input Hearing held on November 16, 2018 and mentioned dirt and smell from his pipes. Mr. Saplansky did contact the Company on September 14, 2018 requesting that the water be tested. The Company did sample Mr. Saplansky's water. On

September 21, 2018, the Company sent those test results to Mr. Saplansky showing that the water met all applicable standards for drinking water.

f. Ms. Kathleen O'Boyle testified at the Smart Public Input Hearing held on November 16, 2018 about water quality and concern about chlorine in her water. The Company contacted Ms. O'Boyle to make an appointment to discuss her concerns.

g. Thomas Driscoll testified at the afternoon hearing held on November 15, 2018 in Delaware County. Mr. Driscoll testified about a chemical taste to his water. The Company contacted Mr. Driscoll to make an appointment to discuss his concerns.

h. Margie Swart testified at the afternoon hearing held on November 13, 2018 in Chester County. Ms. Swart testified about Aqua's private fire protection rates violating Section 1802 of the Second Class Township Code titled Fire Hydrants and Water Service, which provides that all fire hydrants should be classified as public and billed directly to the municipality if that municipality is governed by the Second Class Township Code. The Company researched this issue and determined that the fire hydrants at issue in Ms. Swart's testimony are located on a private street and are the responsibility of the local Homeowner's Association. As such, the Company has been correctly billing the Homeowner's Association for the two fire hydrants at the appropriate private fire hydrant rate.

L. North Heidelberg Sewer Company

51. The Company agrees to initiate settlement discussions and will make a reasonable effort to acquire North Heidelberg Sewer Company in accordance with Section 529 of the Public Utility Code at pending Docket No. I-2018-3001161. In February 2018, the Commission appointed Aqua Pennsylvania Wastewater, Inc. as interim receiver to operate the North Heidelberg system, beginning March 5, 2018.

Aqua has been operating in that role since its appointment by the Commission.

M. Merger Of Superior Water Company, Inc. Into Aqua Pennsylvania, Inc.

52. No Joint Petitioner opposes the Company's request to merge its wholly-owned subsidiary, Superior, into Aqua Pennsylvania, Inc. Accordingly, the Joint Petitioners are in agreement that Aqua and Superior have satisfied the criteria of Section 1102(a)(3) of the Public Utility Code for approval of the merger and that the Commission should issue certificates of public convenience evidencing that approval effective as of the effective date of the Settlement Rates.

⁵ For purposes of the Joint Petition, references to the Company's next base rate proceeding, next base rate case, or next base rate filing mean its next base rate case, proceeding or filing for water and wastewater operations that were included in this case, unless stated otherwise.

⁶ Subparagraphs a. and b. provide a general description of the water rate structure and water rate design incorporated in the Settlement Rates. While every effort has been made to ensure that the description is accurate, if any inconsistency exists between such description and the rates set forth in Appendix A, the latter shall take precedence.

⁷ If any inconsistency exists between the information provided in subparagraphs a. and b. and the rates set forth in Appendix B, the latter shall take precedence.

⁸ Aqua notes that consistent with its Direct Testimony in this proceeding, the Company's wastewater lot availability charge will be eliminated from its wastewater tariff as part of this Settlement.

⁹ UCMR3 also requires, in addition to PFOS and PFOA, the monitoring and reporting of: (1) perfluorononanoic acid (PFNA), (2) perfluorohexanesulfonic acid (PFHxS), (3) perfluoroheptanoic acid (PFHpA), and (4) perfluorobutanesulfonic acid (PFBS).

Settlement at 6-23.

In addition to the specific terms to which the Joint Petitioners have agreed, the Joint Settlement contains other general terms and conditions typically found

in settlements submitted to the Commission. Specifically, the Joint Petitioners agreed that the Joint Settlement is conditioned upon the Commission's approval of all the terms and conditions contained therein without modification. The Joint Petition establishes the procedure by which any of the Joint Petitioners may withdraw from the Joint Settlement and proceed to litigate this case, if the Commission should act to modify or reject the Joint Settlement. In addition, the Joint Petitioners asserted that although the Joint Settlement is proffered to settle the instant case, it may not be cited as precedent in any future proceeding, except to the extent required to implement any term specifically agreed to by the Joint Petitioners. Further, the Joint Petitioners submitted that the Settlement is made without any admission against, or prejudice to, any position which any of the Joint Petitioners might adopt in future proceedings, except to the extent necessary to effectuate or enforce any term specifically agreed to in the Joint Settlement before us. Joint Settlement ¶¶ 55-58 at 25-26.

Moreover, the Joint Petitioners waived their right to file Exceptions in this case if the ALJs, in their Recommended Decision, recommended the Commission adopt the Joint Settlement in full. However, the Joint Petitioners expressly submitted that they did not waive their rights to file Exceptions to any modifications by the ALJs to the terms and conditions of the Joint Settlement or to any additional matters proposed by the ALJs in their Recommended Decision. Similarly, the Joint Petitioners reserved their rights to file Replies to Exceptions. Finally, the Joint Petitioners acknowledged that the Joint Settlement does not bind the *pro se* Formal Complainants. The Joint Petitioners explained that the OCA would serve a letter on each *pro se* Formal Complainant that will inform them that they may comment or object to the Joint Settlement by a date certain. The Joint Petitioners submitted that nothing stated in the Joint Settlement is intended to limit any position which any Joint Petitioner may have or take concerning any comment or objection to the Joint Settlement that may be filed by any *pro se* Formal Complainant. Joint Settlement ¶¶ 59-60 at 26.

The Joint Petitioners respectfully requested that the ALJs and the Commission (1) approve the Joint Settlement, including all terms and conditions thereof; (2) grant the Company permission to file the tariffs attached in Appendix A and B of the Joint Settlement, to become effective for service rendered on or after May 24, 2019; and (3) approve the Joint Merger Application. Joint Settlement at 26-27.

3. Statements in Support of the Joint Settlement

a. Aqua

In its Statement in Support, Aqua asserted that although it has undertaken efforts to reduce Federal and State tax expenses and made investments to enhance its infrastructure, it has experienced a decline in water usage per customer at approximately 1.3% per year. According to Aqua, absent rate relief, its financial results may deteriorate and could jeopardize its ability to appropriately invest in infrastructure needed to improve safety and reliability and to adequately service customers. Aqua Statement in Support at 17.

Aqua stressed that it last increased its water rates in 2012 and its wastewater rates in 2010. Therefore, Aqua emphasized that its customers have not experienced an increase in distribution base rates for at least seven years. Aqua noted that under the Joint Settlement Rates, the monthly bill of a typical residential water customer in the Company Main Division (in which 91% of all residential water customers are served) will increase from \$59.85 to \$65.52, or by 9.47%. Aqua explained that under the Joint Settlement, it will consolidate twenty-two water divisions into fourteen divisions and thirty-three wastewater divisions to eleven divisions. According to Aqua, this facilitates moving customers to one rate. Aqua asserted that the weighted average monthly rate across all wastewater divisions will increase by approximately

13.39% from \$57.64 to \$66.55. However, Aqua pointed out that all of the wastewater Joint Settlement Rates and resulting average customer bills would be higher absent the Section 1311(c) allocation of a portion of wastewater revenue requirement to water operations. Aqua Statement in Support at 15-16.

Aqua argued that the Joint Settlement's revenue requirement provisions provide for Joint Settlement Rates that are consistent with the legal standards articulated in *Bluefield* and *Hope, supra*. According to Aqua, the Joint Settlement Rates mitigate rate shock, while allowing the Company and its investors the opportunity to earn a fair return on investment and to obtain capital needed to meet the Company's service obligations. Additionally, Aqua noted that the Joint Settlement Rates provide for reasonable progress in moving all major customer classes closer to their cost of service, consistent with the principles of gradualism. Further, Aqua emphasized that the Joint Settlement materially enhances the Company's Helping Hand program, domestic violence policy, termination procedures, and medical certificate forms, and assures that all service-related and billing issues raised by witnesses at the public input hearings in this proceeding will be addressed. Accordingly, Aqua submitted that the Joint Settlement is in the public interest. Aqua Statement in Support at 40-41.

b. I&E

In its Statement in Support, I&E asserted, that the rate increase under the proposed Joint Settlement represents a result that is within the range of likely outcomes in the event that this case was fully litigated. According to I&E, this increase is appropriate and, when accompanied by other important provisions contained in the Joint Settlement, yields a result that is both just and reasonable and in the public interest. I&E trumpeted, *inter alia*, the Joint Settlement's Stay out Provision, Aqua's agreement to withdraw its proposed ECAM and PWAC adjustment clauses, Aqua's agreement to treat CAC and CIAC consistent with how the Commission rules in a final Commission order in the

proceeding initiated by PAWC at Docket No. R-2018-3002504 (2018 PAWC Proceeding), and the agreement that the Joint Settlement will not include various positive acquisition adjustments. I&E also supported the cost allocation and rate design agreed upon in the Joint Settlement. Namely, I&E submitted that Aqua's goal of consolidating rates and moving customers toward the Main Division rates is reasonable. According to I&E, transitioning these rates, as opposed to moving all customers to Main Division rates in one step avoids rate shock and is consistent with the goal of consolidating rates and eliminating rate divisions where possible. I&E Statement in Support at 4-17.

c. OCA

In its Statement in Support, the OCA asserted that the Joint Settlement is in the public interest and in the best interest of Aqua's ratepayers and should be approved without modification. In addition to highlighting many of the Joint Settlement Provisions emphasized by I&E, the OCA stressed the service-related issues, raised in the Public Input Hearings, that are resolved by the Joint Settlement. The OCA asserted that the service-related portion of the Joint Settlement will aid consumers with particular concerns regarding the quality of their water and the quality of Aqua's customer service while preserving the Company's operational efficiency. OCA Statement in Support at -20.

d. OSBA

In its Statement in Support, the OSBA submitted that approval of the Joint Settlement is in the best interest of small business customers. The OSBA argued that although the Joint Settlement will increase rates for commercial customers to a higher amount than the OSBA's litigated position, the Joint Settlement's significant reduction to Aqua's originally proposed revenue increase will benefit all customers, including Aqua's small business customers. Similarly, the OSBA stated that the revenue allocation agreed

upon in the Joint Settlement is consistent with that proposed by the testimony of the OSBA's witness Mr. Kalcic and will provide a meaningful benefit to commercial customers. Further, the OSBA supports Aqua's agreement to withdraw its proposed adjustment clauses. OSBA Statement in Support at 3-9.

e. Aqua LUG

In its Statement in Support, Aqua LUG argues that the Joint Petition is in the public interest because (1) it reduces the expenses incurred by the Joint Petitioners and the Commission for completing this proceeding when compared to the cost of full litigation; (2) it avoids uncertainties regarding further expenses associated with possible appeals from a final order of the Commission; (3) it results in an increase in Aqua's rates that is approximately sixty-five percent of Aqua's originally requested rates; and (4) it reflects compromises by each of the Joint Petitioners without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding or may advance in a future proceeding involving the Company. Additionally, Aqua LUG states that the Joint Settlement addresses issues that were of particular concern to Aqua LUG, including the establishment of a rate structure allocating revenues among the customer classes in a just and reasonable manner. Aqua LUG Statement in Support at 2.

f. CAUSE-PA

In its Statement in Support, CAUSE-PA asserts that the Joint Settlement is in the public interest because it addresses the ability of Aqua's low income customers to access safe and affordable service, balances the interests of the parties, and fairly resolves several important issues raised by CAUSE-PA and other parties. CAUSE-PA highlights Aqua's agreement to withdraw its proposed automatic ECAM and PWAC adjustment clauses. Additionally, CAUSE-PA trumpets the enhancements the Joint Settlement makes to Aqua's Helping Hand Program, domestic violence policy, medical

certifications, and termination notices. According to CAUSE-PA, the Joint Settlement takes rate affordability into account by limiting the impact of the rate increase on low-income households and better matching needy households with available assistance. As such, CAUSE-PA submits that the Joint Settlement will help ensure that low income customers have access to stable and affordable utility services over the long term. CAUSE-PA Statement in Support at 4-13.

g. MMPOC

In its Statement in Support, MMPOC asserts, that the Joint Settlement provides a proper resolution of the issues in this proceeding without the incurrance of full litigation costs. MMPOC highlights, *inter alia*, that the Joint Settlement Rates will produce a monthly water customer charge of \$28.00 for MMPOC 5/8-inch customers, in lieu of the originally proposed monthly water customer charge of \$30.10. MMPOC also highlights that the Joint Settlement produces a monthly wastewater customer charge of \$39.64 and a usage charge of \$0.10 per hundred gallons for MMPOC customers, compared to Aqua's originally proposed monthly wastewater customer charge of \$31.00 and usage charge of \$0.76 per hundred gallons for MMPOC customers. According to MMPOC, these results are reasonably consistent with MMPOC's litigation position and should be approved. Additionally, MMPOC notes that the Joint Settlement adopts its recommendation that Aqua study alternatives to metered water service and address this issue in its next rate proceeding. Based on the above, MMPOC avers that the Joint Settlement is in the public interest and should be approved. MMPOC Statement in Support at 2-3.

h. LGMA

In its Statement in Support, the LGMA explains that it chose to be an active participant in this proceeding as a means to receive and monitor the discovery and

testimony of all the interested parties. LGMA opines that based upon its review of the relevant discovery and testimony, the terms and conditions of the Joint Settlement are in the public interest and should be approved. LGMA Statement in Support at 1-2.

4. Comments in Opposition to the Joint Settlement (Comments in Opposition)

a. TLPOA

In the Joint Settlement, the Joint Petitioners noted that TLPOA is not a signatory to the Joint Petition and opposes the level of increases to Treasure Lake.⁶ Joint Settlement at 2, n. 1.

b. Cedar Knoll Builders

On February 20, 2019, Brian Campbell (Mr. Campbell) filed Comments in Opposition to the Joint Settlement (Comments in Opposition) on behalf of Cedar Knoll Builders and Honeycroft Village LP (Honeycroft Village). Mr. Campbell explained that Honeycroft Village's wastewater system is brand new and was purchased by Aqua two years ago. According to Mr. Campbell, the forty-nine percent increase in wastewater rates for Honeycroft Village that is provided for under the Joint Settlement is not acceptable. Cedar Knoll Builders Comments in Opposition at 1.

⁶ As discussed below, in their Recommended Decision, the ALJs noted that TLPOA did not file any testimony in this proceeding; nor did it file any comments in opposition to the settlement. R.D. at 63.

c. Mr. Curtius

In his Comments in Opposition,⁷ Mr. Curtius objected to the wastewater rate increase provided for in the Joint Settlement. Mr. Curtius took issue with the allocation of a portion of the wastewater revenue requirement assessed to water customers. Mr. Curtius also submitted that the stay-out provision in the Joint Settlement should be increased to no less than four years. Additionally, Mr. Curtius argued that as a Formal Complainant, he was not properly informed. For example, Mr. Curtius asserted that he was not informed about the prehearing conference in this proceeding. According to Mr. Curtius, he should have been served with all documents that were served on the other parties to this proceeding. Mr. Curtius Comments in Opposition at 1-2.

d. Other *Pro Se* Complainants

In addition to Mr. Curtius, the following other *pro se* Complainants filed Comments in Opposition to the Joint Settlement: Grace Bowes, Douglas and Linda Dudjak, Lee Euard, William Finn, Byron Goldstein, Denise Johnson, Edward Levy, Tammy Livziey, Michael Luciano, Ben Mroz III, Paul Nice, Jacqueline Pasquini, Dony Pierre, Rafael Rodriguez, Robert Shafer, Brian Sheppard, and Wayne Weismandel. In general, the *pro se* Complainants argued that the water and wastewater rate increases provided for in the Joint Settlement are excessive and that the Joint Settlement is not in the public interest.⁸

⁷ Mr. Curtius initially submitted Comments in Opposition on February 15, 2019. However, he filed revised Comments in Opposition on February 18, 2019. We shall summarize his revised Comments in Opposition.

⁸ See R.D. at 64, 68-80 for a specific summary of each *pro se* Complainant's comments.

5. ALJs' Recommendation

In their Recommended Decision, in addressing the various Comments in Opposition to the Joint Settlement, the ALJs cited to *Burleson v. Pa. PUC*, 443 A.2d 1373 (Pa. Cmwlth. 1982). The ALJs explained that since the Company and the Joint Petitioners have presented evidence sufficient to satisfy the burden of proof, the burden of going forward with the evidence to rebut the evidence of the Joint Parties shifts to the parties that object to the Joint Settlement. The ALJs stated if the objector to the Joint Settlement presents evidence of co-equal weight, the Joint Parties have not satisfied their burden of proof. Additionally, citing to *Harmon v. Mifflin County Sch. Dist.*, 713 A.2d 620, 623 (Pa. 1998) (*Harmon*), the ALJs stated that the Commission's decision must be supported by "substantial evidence," which consists of evidence that a reasonable mind might accept as adequate to support a conclusion. The ALJs further cited to *Norfolk and Western Railway Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. Cmwlth. 1980) in explaining that a mere "trace of evidence or suspicion of the existence of fact" is not sufficient. R.D. at 63.

The ALJs first addressed TLPOA's opposition to the Joint Settlement. The ALJs stated that TLPOA was the sole active participant in this proceeding to object to the Joint Settlement. However, the ALJs found that TLPOA did not file testimony in this proceeding, nor did it provide any documents to support why it opposed the Joint Settlement. Rather, the ALJs emphasized that TLPOA's sole communication and rationale for its opposition is contained in footnote 1 of the Joint Settlement in which the Joint Petitioners explained that TLPOA opposes the level of rate increases to Treasure Lake. Therefore, the ALJs concluded that TLPOA has not provided any evidence to sustain its burden of persuasion that the Joint Settlement is not just and reasonable. As such, the ALJs overruled TLPOA's objection to the Joint Settlement and dismissed TLPOA's Complaint. R.D. at 63-64.

The ALJs next addressed Cedar Knoll Builders' Comments in Opposition. As background, the ALJs stated that on September 24, 2018, Mr. Campbell filed a Complaint on behalf of Cedar Knoll Builders against Aqua's originally-proposed wastewater increase. Mr. Campbell indicated that he is the President of Cedar Knoll Builders and listed fifteen wastewater accounts that were involved in his Complaint. Additionally, Mr. Campbell listed J. Charles Gerbron Jr. (Attorney Gerbron) as legal representation. R.D. at 64.

The ALJs explained that because the instant case is a general rate increase proceeding under 66 Pa. C.S. § 1308(d), it is an adversarial proceeding in which non-individuals are to be represented by counsel in accordance with 52 Pa. Code § 1.21(b). However, the ALJs noted that there is no record of an initial pleading signed by Attorney Gerbron or any other attorney authorized by the Commonwealth of Pennsylvania, as required under 52 Pa Code § 1.24(b), nor is there any record evidence of any attorney participating in this proceeding on behalf of Cedar Knoll Builders. The ALJs stressed that because Cedar Knoll Builders is an entity, and not an individual, it must be represented by counsel. Therefore, the ALJs found that the Complaint of Cedar Knoll Builders is not viable because of the Complainant's failure to follow Commission procedure to be represented by counsel. By extension, the ALJs concluded that Cedar Knoll Builders' Comments in Opposition are prohibited because Mr. Campbell is not an attorney. R.D. at 65-66.

In addressing the Comments in Opposition filed by Mr. Curtius, the ALJs quoted Section 1311(c) of the Code, 66 Pa. C.S. § 1311(c), which permits a utility that provides water and wastewater service to combine its water and wastewater revenue requirements. The ALJs ruled that Mr. Curtius received notice and the opportunity to be heard on allocating a portion of Aqua's wastewater requirement on water customers. According to the ALJs, nothing in Mr. Curtius' Comments in Opposition shows that Aqua violated Section 1311(c) of the Code or rebuts the ALJs' finding that the Joint

Settlement, including the provision to allocate a portion of the wastewater revenue requirement, is in the public interest. R.D. at 66-67.

The ALJs also noted that Mr. Curtius did not provide any evidence to substantiate his claim that a stay-out provision of less than four years is unreasonable, nor did he cite any authority, precedent, case law, statute, or regulation to support his assertions. Further, the ALJs pointed out that Mr. Curtius is an inactive participant in this proceeding. The ALJs explained that as an inactive participant, Mr. Curtius was provided with copies of all of the ALJs' letters and Orders and all Commission Hearing Notices. However, the ALJs found that Aqua was under no obligation to communicate with Mr. Curtius about any discovery or negotiations because he is not an active litigant in this proceeding. In addition, the ALJs stressed that Mr. Curtius did not file his Complaint until October 22, 2018, which was after the September 28, 2018 prehearing conference in this proceeding. Accordingly, the ALJs found that the objections outlined in Mr. Curtius's Comments in Opposition are not substantiated, overruled his objections, and dismissed his Complaint.

Finally, with regard to the remaining Comments in Opposition, the ALJs restated the standard under *Harmon, supra*, that the Commission's decision must be supported by substantial evidence. In reviewing each of these Comments in Opposition, the ALJs concluded that none of the *pro se* Complainants provided any record evidence to support their objections to the Joint Settlement or to show that the Joint Settlement is not just and reasonable. Therefore, the ALJs rejected each of these Comments in Opposition and dismissed each underlying Complaint. Further, with respect to the Comments in Opposition filed by Lee Euard, the ALJs noted that Mr. Euard repeatedly stated that he was filing on behalf of TLPOA. However, the ALJs stated that counsel already filed a Petition to Intervene in this proceeding on behalf of TLPOA and are therefore the only ones authorized to speak on its behalf. Therefore, the ALJs found that

Mr. Euard was not authorized to file Comments in Opposition to the Joint Settlement on behalf of TLPOA. R.D. at 68-80.

In addressing the provisions of the Joint Settlement, the ALJs explained that in the instant case, the Parties have reached a black box settlement in which the Joint Settlement provides for an increase in Aqua's revenues but does not indicate the specifics of how this increase was calculated. Citing to *Peoples*, the ALJs noted that the Commission has observed that determining a utility's revenue requirement is a calculation that involves many complex and interrelated adjustments which affect expenses, depreciation, rate base, taxes, and the utility's cost of capital, and which makes it difficult for the parties to a proceeding to reach an agreement on each component. As such, the ALJs found that the submission of a black box settlement in this case is reasonable and consistent with Commission precedent. R.D. at 39-44.

The ALJs noted that the Joint Settlement provides an increase in total operating revenues of \$47 million, with \$42.3 million for water operations and \$4.7 million for wastewater operations. The ALJs explained that this amounts to approximately 34.5% less than what the Company requested. The ALJs further noted that the Joint Settlement will reduce the wastewater revenue requirement allocated to Aqua's water operations cost of from \$8.1 million to \$7.1 million, or approximately 12.3%. R.D. at 45.

The ALJs summarized each of the provisions of the Joint Settlement and the Parties' Statements in Support thereof. The ALJs noted that I&E, the OCA, and the OSBA, generally referred to as the statutory advocates, are part of the Joint Petitioners that fully support the Joint Settlement. Citing to *Pa. PUC v. T.W. Phillips Gas and Oil Co. (T.W. Phillips)*, Docket No. R-2010-2167797 (Order entered November 4, 2010), the ALJs found that when each of these statutory advocates fully support a settlement, it is strong evidence that the terms are just, reasonable, and in the public interest.

Accordingly, the ALJs concluded that Aqua and the Joint Petitioners sustained their burden of proving by substantial evidence that the proposed rates are just and reasonable and that the Joint Settlement is in the public interest. Therefore, the ALJs recommended that the Commission approve the Joint Settlement, without modification. R.D. at 43-63.

6. Exceptions

a. TLPOA's Exceptions and Aqua's Replies

In its Exceptions, TLPOA argues that as described in *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1015 (Pa. Cmwlth. 2006) (*Lloyd*), "rate shock" is a phrase used to describe the public outcry associated with rate increases, while "gradualism" is the concept that rates should be gradually increased over longer periods of time to prevent customers from experiencing rate shock. Applying this to the instant proceeding, TLPOA submits that while the ALJs recognized that gradualism should be used to prevent rate shock for a customer class, they erred by recommending that the Joint Settlement be accepted, without modification. According to TLPOA, the rates produced by the Joint Settlement fail to adhere to the principles of gradualism. TLPOA claims that the fact that Aqua has not increased its water rates since June 2012 and its wastewater rates since October 2010 is significant because Aqua's customers, including those residing in the Treasure Lake rate division, have grown accustomed to paying consistent and reliable water and wastewater rates. TLPOA Exc. at 2-3.

TLPOA elaborates that under the Joint Settlement, a residential water customer using a 5/8-inch meter who resides in Treasure Lake would see an increase in the monthly customer charge from \$12.84 to \$18.00, representing a 40.19% increase. According to TLPOA, when compared to other residential customers affected by the Joint Settlement, Treasure Lake customers will be disproportionately impacted. TLPOA compares the rate increase that customers in the Treasure Lake Division will receive with

a comparison group of customers in other Aqua rate divisions. TLPOA submits that Treasure Lake customers will receive significantly larger increases than customers in each of these other rate divisions. For example, TLPOA points out that, in contrast, the monthly customer charge for a residential water customer residing in Aqua's Main Division⁹ will increase by just 4.65%. TLPOA also submits that Treasure Lake customers will be disproportionately impacted by an increase in usage charges. For example, TLPOA argues that a Treasure Lake customer using 4,000 gallons of water per month will experience an increase of 47.55% compared to a 9.42% increase for customers in Aqua's Main Division. TLPOA submits that the Joint Settlement will also result in disproportionate increases to the monthly customer charge and monthly usage charges for wastewater customers residing in Treasure Lake, compared to customers in other Aqua rate divisions.¹⁰ TLPOA contends that if the Joint Settlement is approved, such immediate, significant, and disproportionate increases will result in rate shock for Treasure Lake's customers, in violation of the principles of gradualism described in *Lloyd*. Therefore, TLPOA argues that the Commission should modify the Joint Settlement to produce rates that are consistent with the principles of gradualism. TLPOA Exc. at 3-7.

In its Reply to TLPOA's Exceptions, Aqua emphasizes that TLPOA did not submit any testimony or exhibits in this proceeding, nor did it file any briefs or lodge any objection to the Joint Settlement. Rather, Aqua points out that TLPOA's bill comparisons and associated arguments were presented for the first time in TLPOA's

⁹ In addition to the Main Division, TLPOA lists monthly water rate percentage increases for customers in the following rate divisions: Superior, Eagle Rock, Fawn Lake, Tanglewood, Thorhurst, Woodledge Village, Western, Pinecrest, Oakland Beech Lakeland Acres, Karatzerville, and East Cameron. See TLPOA Exc at 4, n.2.

¹⁰ Specifically, TLPOA compares the monthly wastewater rate percentage increases Treasure Lake customers will receive with those for customers in the following rate divisions: Willston Woods, Links at Gettysburg, Twin Hills, Withaven Division-Kidder Township, Eagle Rock, and Stony Creek. See TLPOA Exc. at 5, 5, n.3.

Exceptions and are not part of the record in this proceeding. Therefore, Aqua submits that, for this reason alone, TLPOA's Exceptions should be denied. Aqua R. Exc. at 4-5, 13-14. Nevertheless, Aqua rebuts TLPOA's specific arguments as set forth below.

Aqua explains that the customers on whose behalf TLPOA has intervened in this proceeding are part of Aqua's Treasure Lake rate division, which encompasses the Treasure Lake community. Aqua states that it acquired the Treasure Lake water and wastewater systems in 2013 from Total Environmental Solutions, Inc. (TES). According to Aqua, because Treasure Lake's water and wastewater facilities were troubled systems when Aqua acquired them, Aqua had to invest \$27 million to replace and rehabilitate those systems' seriously degraded water and wastewater infrastructure in order to restore reasonable water and wastewater service to the residents of that community. Aqua emphasizes that it has not increased its base rates for its water or wastewater services since acquiring ownership of the Treasure Lake systems in 2013. Further, Aqua asserts that Treasure Lake's customers have not received *any* increase to their water and wastewater rates since TES last increased such rates in 2011 in *Pa. PUC et al. v. Total Environmental Solutions, Inc. – Water and Wastewater Divisions*, Docket Nos. R-2010-2171918, R-2010-2171924, *et al.* (Order entered Mar. 17, 2011) (*2011 TES Order*). Aqua R. Exc. at 3-4.

Aqua takes the position that Treasure Lake's customers have no rational basis to expect that they will be exempt from future rate increases that are necessary to move their revenues closer to the cost of service, especially in light of the significant improvements Aqua made after acquiring Treasure Lake's water and wastewater system. Aqua points out that the current rates paid by customers in the Treasure Lake rate division are far less than their cost of service, and the rates for Treasure Lake customers will continue to be less than their cost of service even under the Joint Settlement rates. Aqua avers that in determining the applicable rates for its customers, the Joint Petitioners balanced the interests of all of Aqua's customers so that non-Treasure Lake customers

will not have to bear unreasonable subsidies simply to moderate the rate increases to customers in the Treasure Lake rate division. Aqua therefore submits that TLPOA's reliance on *Lloyd* to support its argument regarding gradualism and rate shock is inapposite because the Commonwealth Court held in *Lloyd* that the cost of providing service is the "polestar" of ratemaking. As such, Aqua asserts that *Lloyd* did not give the Commission unbounded discretion to perpetuate disparities between rates and cost of service based on "gradualism." Further, Aqua notes that while TLPOA contends that the Joint Settlement Rates for the Treasure Lake rate division are not consistent with the principles of gradualism, TLPOA never specified or supported what it believes would be the appropriate rates. Aqua R. Exc. at 7-13, 17-18.

Aqua also argues that TLPOA's focus on the percent increase to the bills of customers in the Treasure Lake rate division vis-a-vis customers in certain of Aqua's other rate divisions is misleading. More specifically, Aqua points out that TLPOA provides both dollars-and-cents increases and percent increases under present and Joint Settlement rates for customers in the Treasure Lake rate divisions, but only provides percent increases for customers in the other rate divisions in its comparison group. Aqua asserts that when the dollars-and-cents monthly bills for the Treasure Lake rate division and the other rate divisions mentioned by TLPOA in its comparison group are examined, as set forth in Appendix D to the Joint Settlement,¹¹ it is clear that the rate divisions TLPOA claims would have lower percentage increases will, in all but one instance, pay higher bills than those of Treasure Lake, both under present and Joint Settlement Rates. In addition, Aqua stresses that even the 47.61% increase in the monthly bills of Treasure Lake's residential water customers and the 23.15% increase in the monthly bills of

¹¹ Aqua points out that unlike the arguments TLPOA sets forth in its Exceptions, the bill comparisons in Appendix D have been agreed to by all the Joint Petitioners, are based on actual record evidence, were filed with the Joint Petition, and were made available for review and comment by all parties when the notice of the Joint Petition was served. See Aqua R. Exc. at 15, n.56.

Treasure Lake's residential wastewater customers, as set forth in the Joint Settlement, are materially less than the 58.4% increase the Commission approved for the monthly bills of Treasure Lake's residential water customers in Treasure Lake's last base rate case, as set forth in the *2011 TES Order*. Therefore, Aqua insists that the Commission has already determined in a prior proceeding, with specific reference to residential customers in the Treasure Lake rate division, that an increase of 58.4% does not violate the principle of gradualism. Aqua R. Exc. at 14-16.

b. Mr. Curtius' Exceptions and Aqua's Replies

In his Exceptions, Mr. Curtius takes issue with the ALJs' recommendation that the Joint Settlement be approved without modification. Mr. Curtius remains of the opinion that Aqua should not be permitted to allocate a portion of its wastewater revenue requirement to its water customers. Mr. Curtius avers that he obtains his wastewater service from the Philadelphia Water Company, and not Aqua. As such, Mr. Curtius submits that permitting Aqua to bill a water customer for wastewater service is akin to the customer being double billed for the same service it receives from another provider. According to Mr. Curtius, this is not in the public interest and is not the policy of the Commission.

In its Replies to the Exceptions of Mr. Curtius, Aqua stresses that Section 1311(c) of the Code expressly permits a water utility to allocate a portion of its wastewater revenue requirement to its water customers. Aqua argues the Commission has previously approved water rates that reflect a portion of the utility's wastewater requirement in other proceedings and that Mr. Curtius has not presented a valid basis to overturn the ALJs' recommendation that the Joint Settlement be approved as filed. Aqua avers that the fact that a diverse array of stakeholders, including all the statutory parties, support the Joint Settlement Rates is evidence that such rates are in the public interest. Aqua R. Exc. at 18-19.

We will address the disposition of the Exceptions later in this Opinion and Order.

B. Joint Merger Application

1. Background

Superior is a wholly owned subsidiary of Aqua, which Aqua acquired by a stock merger approved in *Joint Application of Aqua Pa., Inc. and Superior Water Co., Inc. for Approval of transfer and control by merger to Aqua Pa., Inc.*, Docket Nos. A-2015-2472472 and A-2015-2472473 (Order entered September 17, 2015) (*September 2015 Order*). Pursuant to the *September 2015 Order*, the acquisition was effective January 1, 2016. Superior currently offers, renders, furnishes, and supplies water service in portions of Douglass, New Hanover, Lower Pottsgrove, Upper Frederick, Upper Pottsgrove and Worcester Townships, Montgomery County; North Coventry Township, Chester County; and Washington Township, Berks County, Pennsylvania. In subsequent filings with the Commission after the acquisition of Superior by Aqua Water, Superior indicated that it would be merged into Aqua Water in their next base rate case proceeding. Aqua provides certain services to Superior under Affiliated Interest Agreements on file with the Commission at Docket No. G-2016-2544156. Namely, Aqua provides accounting and financial, administrative, communications, engineering, fleet maintenance, lab testing, labor, legal, metering services, operation, purchasing, contracts and sales of real estate, rates and regulatory, and water quality services to Superior. Under the Joint Merger Application, Superior will merge into Aqua and will abandon its authority to provide water service to the public in the areas it currently serves, and customers in those abandoned service territories will then be served by Aqua. Joint Merger Application at 1-3. Aqua's proposed water tariff supplement, filed as part

of the Joint Settlement, *supra*, includes Superior in Aqua's Rate Zone 2. Joint Settlement at Appendix B.

2. Applicable Law

a. Burden of Proof

Section 332(a) of the Code, 66 Pa. C.S. § 332(a), provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. It is well established that “[a] litigant’s burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible.” *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990), *alloc. den.*, 602 A.2d 863 (Pa. 1992). “Preponderance of the evidence” requires the party with the burden of proof, in this case the Joint Applicants, to present evidence that is more convincing than that presented by any other party. *Id.*

In addition, the Commission’s decision must be supported by “substantial evidence,” which consists of evidence that a reasonable mind might accept as adequate to support a conclusion or stated another way, a reasonable person would accept as adequate to support a determination. *See Harmon., supra*. A mere “trace of evidence or a suspicion of the existence of a fact” is insufficient. *Norfolk and Western Railway Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. Cmwlth. 1980); *Se-Ling Hosiery v. Margulies*, 70 A.2d 854 (Pa. 1950).

The burden of proof is comprised of two distinct burdens—the burden of production and the burden of persuasion. The burden of production tells the adjudicator which party must come forward with evidence to support a particular proposition. *See In re Loudenslager’s Estate*, 240 A.2d 477, 482 (Pa. 1968). The burden of persuasion

determines which party must produce sufficient evidence to convince a judge that a fact has been established, and it never leaves the party on whom it is originally cast. *Reidel v. County of Allegheny*, 633 A.2d 1325, 1329 n. 11 (Pa. Cmwlth. 1993).

In this proceeding, there were no Protestants. No one disputed the proposed Applications. The Joint Applicants have the burden to prove that the proposed merger of Superior into Aqua Water and the abandonment of Superior is just and reasonable. Thus, the analysis pursued is whether the Joint Applicants satisfied their burden of proof by substantial evidence.

b. Standard of Review Under Chapter 11 of the Code

Chapter 11 of the Code requires a utility to obtain a certificate of public convenience (CPC) for different activities, including the transfer or acquisition of used or useful property. Specifically, Section 1102(a)(3) of the Code states:

For any public utility or an affiliated interest of a public utility as defined in section 2101 . . . to acquire from, or to transfer to, any person or corporation . . . by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

66 Pa. C.S. § 1102(a)(3).

The statute at Section 1103(a) of the Code provides the standard as to whether an approval is warranted, stating:

A certificate of public convenience shall be granted by order of the commission, only if the commission shall find or

determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public. The commission, in granting such certificate, may impose such conditions as it may deem to be just and reasonable.

66 Pa. C.S. § 1103(a). The ultimate issue is whether granting the CPC is in the public interest—that is for the service, accommodation, convenience, or safety of the public. *Id*; see also *Seaboard Tank Lines v. Pa. PUC*, 502 A.2d 762, 764-65 (Pa. Cmwlth. 1985) (*Seaboard*).

In this proceeding the Joint Applicants are seeking a CPC involving the acquisition of all property of Superior by Aqua Water. The Supreme Court of Pennsylvania has quoted with approval from *Seaboard* as follows:

The PUC's mandate with respect to the granting of certificates of public convenience is a broad one; 'a certificate of public convenience shall be granted by order of the commission, only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.' The legislature, however, provided no definition of specifically what the criteria were to be in determining the propriety of granting a certificate, leaving the formulation of such criteria to the PUC.

Elite Indus. v. Pa. PUC, 832 A.2d 428, 432 (Pa. 2003) (*Elite Industries*), quoting, *Seaboard*, 502 A.2d at 764-65 (Pa. Cmwlth. 1985).

Commission decisions show that a CPC is not to be granted by the Commission unless it is able to find an affirmative public benefit. *City of York v. Pa. PUC*, 295 A.2d 825, 828 (Pa. 1972) (*City of York*); *Popowsky v. Pa. PUC*, 937 A.2d 1040, 1055-57 (Pa. 2007); *Application of Sunoco Pipeline, L.P.*, Docket Nos. A-2013-

2371789 and P-2013-2371775 (Order entered August 29, 2013); *Application of Buckeye Pipeline Co., L.P.*, Docket No. A-140110F2000 (Order entered March 7, 2005). Thus, the affirmative public benefits test is applied to determine if granting a CPC is in the public interest. The mere absence of any adverse effect upon the public will not fulfill the affirmative public benefits test. The Joint Applicants must show that the approval of the application “will affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way.” *Popowsky* at 1053-1054.

Under the affirmative public benefits test, there is no requirement to establish legally binding commitments beyond all doubt to assure a public benefit. *Id.* at 1055. Rather, a general determination finding that more likely than not a benefit will occur is all that is needed. *Id.* at 1055 n. 18. Furthermore, the Commission is not to undertake quantifying benefits where it may be impractical, burdensome or impossible. Additionally, the Commission can impose conditions that it deems just and reasonable. *Id.* at 1057, *see also McCloskey v. Pa. PUC*, 195 A.3d 1055 (Pa. Cmwlth. 2018).

The Commission and the courts have definitively held that a project need not be “absolutely necessary” in order to be in the public interest. In *Hess v. Pa. PUC*, 107 A.3d 246, 262 (Pa. Cmwlth. 2014), an electric utility demonstrated that a project to add load transfer capability would shorten the duration of future outages in the project area. The project’s opponents contended the project was not “absolutely necessary” to provide electric service and, therefore, was not needed, which was affirmed by the ALJs applying an absolute necessity standard. The Commission unanimously reversed and rejected the absolute necessity standard. On appeal, the Commonwealth Court upheld the Commission’s decision, explaining that an “absolute necessity” standard would require utilities to wait until the need was imminent, as in a system failure, before seeking approval. *Id.* at 262. The Commonwealth Court reasoned, “Not only would this approach be impractical and unrealistic, it would actually pose a danger to the health,

safety and welfare of the public.” *Id.* Thus, the need and benefits of a project need not be shown to be absolutely necessary.

In addition, when considering the public interest, the Commission may consider how the benefits and detriments impact “all affected parties, and not merely one particular group or geographic subdivision.” *Middletown Twp. v. Pa. PUC*, 482 A.2d 674, 682 (Pa. Cmwlth. 1984) (emphasis in original). *See also, Dunk v. Pa. PUC*, 232 A.2d 231, 234-35 (Pa. Super. 1967) (where public benefit included companies and customers other than the proponent utility).

3. Positions of the Parties

In the Joint Merger Application, the Joint Applicants stressed that in the *September 2015 Order*, the Commission concluded that the transfer of control of Superior to Aqua would enhance the services provided by Superior by giving Superior greater access to the financial and technical resources of Aqua. The Joint Applicants explained that in relying on the public interest benefits claimed by Aqua and Superior and citing *City of York*, the Commission concluded that the record in that proceeding provided substantial evidence of affirmative public benefits sufficient to warrant approval of the transaction. Joint Merger Application at 4-5 (citing *September 2015 Order* at 6-7).

According to the Joint Applicants, approval of the Joint Merger Application and the issuance of the requested CPC and such other approvals as may be required is “necessary or proper for the service, accommodation, convenience, or safety of the public” and will provide affirmative public benefits as the merger of Superior into Aqua, as anticipated in the *September 2015 Order*, will save the Commission and the Joint Applicants time and resources and promote administrative efficiency. The Joint Applicants elaborated that upon the folding of Superior into Aqua and after the

conclusion of the instant base rate proceeding, Superior will cease providing utility service. The Joint Applicants noted that, as it will no longer exist as a public utility, Superior will no longer have a separate tariff, Long-Term Infrastructure Improvement Plan, annual report, earnings reports, or other Commission administrative filings. Moreover, the Joint Applicants asserted the folding of Superior, through merger, into Aqua, will eliminate duplicity and will free the Commission from having to devote scarce time and resources to reviewing these various filings. Joint Merger Application at 4-5.

4. ALJs' Recommendation

In their Recommended Decision, the ALJs recommended approval of the Joint Merger Application. The ALJs explained that the Joint Applicants are simply fulfilling what has been anticipated since the issuance of the *September 2015 Order*. The ALJs found that the record shows substantial evidence of affirmative public benefits sufficient to warrant the approval of the merger of Superior into Aqua and the abandonment of Superior pursuant to *City of York* and *Popowsky, supra*. Therefore, the ALJs concluded that the merger of Superior into Aqua is necessary and proper for the service, accommodation, convenience, or safety of the public. The ALJs also concluded that the abandonment of Superior is efficient and beneficial to the operation of Aqua and, therefore, in the public interest. Finally, the ALJs found it compelling that there is no opposition to the approval of the Joint Merger Application. R.D. at 84-86.

We will dispose of the Joint Merger Application, *infra*.

C. Disposition

1. Exceptions

We find no merit in the Exceptions of TLPOA. As Aqua points out, TLPOA did not present any of its arguments until it filed Exceptions to the ALJs' Recommended Decision. As such, they are not part of the record in this proceeding. It is axiomatic that this Commission must base its decisions on the evidence in the record, and we are prohibited from looking beyond the record for evidence not previously supplied to support a desired finding of fact or conclusion of law. 52 Pa. Code § 5.431. Nonetheless, it is important to note that even if we considered the arguments TLPOA set forth in its Exceptions, we find that TLPOA has failed to make a convincing argument that the ALJs erred in recommending that the Joint Settlement be approved, without modification. Our review of the Residential Average Monthly Bill Comparison for Aqua Water customers in Appendix D to the Joint Settlement¹² corroborates Aqua's assertion that TLPOA's focus on the percent increase that Treasure Lake's customers will experience in their monthly bills is misleading. Instead, it is evident, based on our examination of Appendix D, that in most cases, customers in the Treasure Lake rate division will still pay less than customers in other Aqua rate divisions despite receiving higher percentage increases under the Joint Settlement Rates.

Additionally, we are persuaded by Aqua's assertion that TLPOA's reliance on *Lloyd* to support its gradualism arguments is inapposite because the Commonwealth Court concluded in *Lloyd* that class cost of service is the "polestar" of utility ratemaking. See *Lloyd*, 904 A.2d at 1020. We echoed the Commonwealth Court's finding in *Lloyd* in our recent decision in *Pa. PUC, et al. v. UGI Utilities Inc. – Electric Division*, Docket

¹² As previously noted, Appendix A of this Opinion and Order is based on Appendix D of the Settlement.

Nos. R-2017-2640058, *et al.* (Order entered October 25, 2018)(*UGI*). More specifically, in analyzing the rate design in that proceeding, we found UGI's rate design proposal was consistent with *Lloyd*, which held that rate structures should be adjusted to reflect the cost of service to each rate class and to eliminate cross-subsidization. We further noted that as set forth in *Lloyd*, gradualism concerns should not trump cost of service considerations. *See UGI* at 173-74. Our same reasoning applies here in rejecting TLPOA's gradualism arguments. The record indicates that Aqua made large investments in new water and wastewater plant and equipment in the Treasure Lake division that could not be sustained without rate increases of the magnitude needed to make reasonable progress in moving Treasure Lake's rates closer to their cost of service. Aqua St. 8-R at 8-9; Aqua St. 10-R at 11. In our view, it is fair, just and reasonable for rate divisions with current rates below the cost of service to receive larger increases. As the Treasure Lake rate division has been subsidized by other Aqua rate divisions, we do not consider the revenue allocation and rate design produced by the Joint Settlement to be unreasonable. *See also UGI* at 165.

Moreover, as the ALJs noted, when each of the statutory advocates fully support a settlement, it is a good indicator that the terms and conditions of the settlement are just and reasonable. *See T.W. Phillips*. It is of great significance that the statutory advocates fully support the Joint Settlement rates, and we, therefore, conclude that the principle of gradualism was properly considered by the Joint Petitioners and the ALJs when they developed their consensus position embodied in the proposed rates. As such, we shall deny the Exceptions of TLPOA.

We also are not persuaded by the arguments of Mr. Curtius in his Exceptions that because he receives his wastewater service from another entity, Aqua's recovery of a portion of its wastewater revenue requirement from its water operations results in double billing. Section 1311(c) of the Code states as follows:

When any public utility furnished more than one of the different types of utility service, the commission shall segregate the property used and useful in furnishing each type of such service, and shall not consider the property of such public utility as a unit in determining the value of the rate base of such public utility for the purpose of fixing base rates. **A utility that provides water and wastewater service shall be exempt from this subsection upon petition of a utility to combine water and wastewater revenue requirements. The commission, when setting base rates, after notice and opportunity to be heard, may allocate a portion of the wastewater revenue requirement to the combined water wastewater customer base if in the public interest.**

66 Pa. C.S. § 1311(c) (emphasis added). Thus, the Code, which we are obligated to uphold and cannot waive, explicitly authorizes the allocation that Mr. Curtius opposes. We note that in other proceedings before the Commission, we have approved water rates that reflect a portion of the utility's wastewater revenue requirement. *See Pa. PUC v. Pennsylvania-American Water Company*, Docket No. R-2017-2595853 (Order entered December 7, 2017)(*2017 PAWC Order*); *Pa. PUC v. Pennsylvania-American Water Company*, Docket No. R-2013-2355276 (Order entered December 19, 2013)(*2013 PAWC Order*) (collectively, *PAWC Rate Cases*). We emphasize that in our *2013 PAWC Order*, we found that it is in the public interest to pass moderate increases to water-only customers for the greater public good of reasonable wastewater rates and wastewater improvements. *2013 PAWC Order* at 28. As such, we find that Mr. Curtius has not presented a valid basis for us to reverse the ALJs' recommendation that the Joint Settlement be approved, without modification. Rather, we find that the Joint Settlement Rates, which include the allocation permitted under Section 1311(c) of the Code, are fully supported by the record evidence in this proceeding. Accordingly, Mr. Curtius' Exceptions are denied.

2. Joint Settlement

Based on our review of the record, the ALJ's Recommended Decision, the Exceptions to the Recommended Decision, and the Replies to Exceptions and after our thorough review of the Joint Application and proposed rates in the Joint Settlement, we are of the opinion that the proposed Joint Settlement is in the public interest because it reasonably balances the concerns of all Parties involved. Accordingly, as discussed below, we shall adopt the ALJs' recommendation to approve the Joint Settlement without modification.

a. Joint Merger Application

As noted above, the folding of Superior, through merger, into Aqua via the instant proceeding had been anticipated since the issuance of the *September 2015 Order*, and no party has opposed this transaction. Furthermore, no Parties filed Exceptions regarding the ALJ's recommendation to approve the Joint Merger Application as part of the Joint Settlement. Based on our review of the proposed Application, we agree with the ALJ's recommendation to approve the Joint Application. Accordingly, we shall approve the Joint Merger Application consistent with the Joint Settlement.

b. Rate Case Proceeding

As noted above, we have thoroughly reviewed the Joint Application and proposed rates in the Joint Settlement, and we conclude that it is in the best interest of the public to approve the Joint Settlement. In taking this action, we echo the Joint Petitioners and the ALJs that there are a number of settled issues within the Joint Settlement that are beneficial to customers. Among those provisions are: (1) the reduced revenue increase of about 34.5% less than what the Company requested; (2) the reduced wastewater revenue requirement allocated to the Company's water operation's cost of service; (3) the rate

stability that will result from the stay-out provision; (4) the agreement that for the purposes of calculating its DSIC for its water and wastewater operations the Company shall use the most recent rate of return on equity as calculated for water utilities and published in the Quarterly Earnings Report; (5) the agreement that Aqua will not reinstitute a DSIC prior to April 1, 2020; (6) the agreement that Aqua will withdraw its proposed ECAM and PWAC adjustment clauses, without prejudice to proposing these adjustment clauses in the future; (7) the agreement that Aqua will use the Commission precedent, that will be set forth in a final Commission Order in the *2018 PAWC Proceeding*, to treat income tax on CAC and CIAC; (8) the agreement that in its next base rate proceeding, Aqua will prepare a comparison of its actual expenses and rate base additions for the twelve months ended March 31, 2020 to its projections in this case; (9) the agreement that in its next water base rate case, the Company will provide updated competitive alternative data regarding the water contracts for the sale of water to resale customers under the Company's Rider DRS and that any party may challenge any contract or rate under Rider DRS after this case; (10) the agreement that the Joint Settlement Rates fully account for the impacts of the TCJA; (11) the agreement that Aqua will separate ADIT and excess ADIT into two different accounts in future base rate filings; (12) the agreement that Aqua will not include various positive acquisition adjustments; (13) the agreement that Aqua's revenue allocation and rate design will be done in such a way as to move all classes closer to their cost of service consistent with the principle of gradualism; (14) Aqua's agreement to consolidate its rate divisions based on the similarity of their rate structure and rate design; (15) the commitment of Aqua to enhance its Helping Hand Program; (16) the commitment of Aqua to document its domestic violence procedures and to have them readily available to customer service representatives and to review those procedures with interested parties; (17) Aqua's agreement to change the language on the signature block of its medical certification to make it clear that the certifications may be completed by a physician, nurse practitioner, or physician's assistant; (18) Aqua's agreement to remove all references to security deposits in its termination notices and tariff and to amend its termination notice language

to make it clear that victims of domestic violence have access to special protections; (19) Aqua's agreement to seek available funding from outside sources and government agencies to fund prudent improvements needed to further limit the presence of PFOS and PFOA in its water supply; (20) the agreement that Aqua will revise its internal procedures to ensure that it receives timely and accurate connection information about new customers that purchase homes in new developments in its service territory and that Aqua will provide an explanation of these changed internal procedures to the OCA within sixty days of the entry of a final order in this proceeding; (21) the assertion of the Joint Petitioners that in response to service issues raised by customers in the Public Input Hearings, Aqua has both reached out to individual customers and committed to improve certain business practices; (22) Aqua's commitment to initiate settlement discussions in the ongoing Section 529 proceeding at Docket No. I-2018-3001161 and to make a reasonable effort to acquire North Heidelberg Sewer Company; and (23) the agreement that the Joint Merger Application of Aqua Water and Superior to merge Superior into Aqua should be approved, with the necessary certificates of public convenience issued.

The Joint Settlement fairly and equitably resolves all of the issues impacting residential consumers, business customers, and the public interest at large and represents a fair balance of the interests of Aqua and its customers. Additionally, we find that the Joint Settlement will result in significant savings of time and expenses for all Parties involved by avoiding the necessity of further administrative proceedings, as well as possible appellate court proceedings, thereby conserving precious administrative resources. Further, the Joint Settlement provides regulatory certainty with respect to the disposition of issues which benefits all Parties. For the reasons stated herein and in the Joint Petitioners' Statements in Support, we concur with the ALJs' conclusion that the Joint Settlement is in the public interest. Accordingly, we shall adopt the ALJ's Recommended Decision that grants the Joint Petition and approves the Joint Settlement without modification.

V. Conclusion

Based on our review of the record and the positions of the Parties, we shall deny the Exceptions filed by TLPOA and Mr. Curtius and adopt the Recommended Decision of ALJs Jones and Brady that approves the Joint Merger Application that folds Superior into Aqua Water and grants the Joint Petition to approve the Joint Settlement, without modification; **THEREFORE,**

IT IS ORDERED:

1. That the Exceptions, filed by Robert Curtius on March 26, 2019, and by the Treasure Lake Property Owners Association on March 28, 2019, to the Recommended Decision of Administrative Law Judges Angela T. Jones and F. Joseph Brady, issued on March 18, 2019, are denied, consistent with this Opinion and Order.

2. That the Recommended Decision of Administrative Law Judges Angela T. Jones and F. Joseph Brady, issued on March 18, 2019, is adopted, consistent with this Opinion and Order.

3. That the Joint Petition for Settlement, filed by Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., the Bureau of Investigation & Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Aqua Large Users Group, the Coalition of Affordable Utility Service and Energy Efficiency in Pennsylvania, the Masthope Mountain Community Property Owners Council, the Links at Gettysburg Master Association, and Superior Water Company, Inc., is granted and the Joint Settlement is thereby approved, consistent with this Opinion and Order.

4. That Aqua Pennsylvania, Inc. shall not place into effect the rates, rules, and regulations contained in Supplement No. 1 to Tariff Water – Pa. P.U.C. No. 2 as filed on August 17, 2018, the same having been found to be unjust, unreasonable, and therefore, unlawful.

5. That Aqua Pennsylvania Wastewater, Inc. shall not place into effect the rates, rules, and regulations contained in Supplement No. 1 to Tariff Sewer – Pa. P.U.C. No. 2 as filed on August 17, 2018, the same having been found to be unjust, unreasonable, and therefore, unlawful.

6. That Aqua Pennsylvania, Inc. shall be permitted to increase its annual operating revenues for water service in the total amount of not more than \$42.3 million consistent with the rates for water service set forth in the proposed Original Tariff Water – Pa. P.U.C. No. 2, which is attached to the Joint Settlement Petition as Appendix A.

7. That Aqua Pennsylvania, Inc. shall be permitted to recover no more than \$7,087,754 million of its wastewater revenue requirement from its water operations as authorized by Section 1311(c) of the Public Utility Code.

8. That Aqua Pennsylvania, Inc. shall file a tariff or tariff supplement in substantially the same form as that attached as Appendix A to the Joint Petition for Settlement, filed September 8, 2018, at Docket No. R-2018-3003558, *et al.*, reflecting the rates, rules, and regulations to become effective upon at least one (1) day's notice, for service rendered on or after the date of entry of this Opinion and Order.

9. That upon acceptance of the appropriate compliance filing, the investigation at Docket R-2018-3003558 shall be marked closed.

10. That Aqua Pennsylvania Wastewater, Inc. shall be permitted to increase its annual operating revenues for wastewater service in the total amount of not more than \$4.7 million consistent with the rates for wastewater service set forth in the proposed Original Tariff – Sewer Pa. P.U.C. No. 2, which is attached to the Joint Settlement Petition as Appendix B.

11. That Aqua Pennsylvania Wastewater, Inc. shall file a tariff or tariff supplement in substantially the same form as that attached as Appendix B to the Joint Petition for Settlement, filed September 8, 2018, at Docket No. R-2018-3003561, *et al.*, reflecting the rates, rules, and regulations to become effective upon at least one (1) day's notice, for service rendered on or after the date of entry of this Opinion and Order.

12. That upon acceptance of the appropriate compliance filing, the investigation at Docket R-2018-3003561 shall be marked closed.

13. That the following Formal Complaints against Aqua Pennsylvania, Inc., are dismissed and marked closed:

Docket Number	Complainant
C-2018-3004270	Jordan Goretti
C-2018-3004318	Darren Distasio
C-2018-3004331	Office of Consumer Advocate
C-2018-3004375	Byron Goldstein
C-2018-3004381	Joseph Lorusso
C-2018-3004425	Pennsylvania American Water Company
C-2018-3004631	Marilyn Marbo
C-2018-3004648	Albert Bowman
C-2018-3004690	Robert Leupold
C-2018-3004748	Brian Sheppard
C-2018-3004884	Robert Shafer

C-2018-3004896	Carl & Kathy Haybedian
C-2018-3004901	Robert Kreisich
C-2018-3004912	Links at Gettysburg Master Association c/o Cody Vance
C-2018-3004941	Office of Small Business Advocate
C-2018-3004981	Aqua Large Users Group
C-2018-3004988	Donald Labranche
C-2018-3004991	Stephen & Janice McHenry
C-2018-3005067	Masthope Mountain Community Property Owners
C-2018-3005077	Dony Pierre
C-2018-3005097	Lee Euard
C-2018-3005123	Denise Johnson
C-2018-3005174	Kenneth Ferguson
C-2018-3005207	James Grace
C-2018-3005287	Paul Nice
C-2018-3005332	Athens Borough
C-2018-3005335	South Waverly Borough
C-2018-3005360	Desiree Kreidler
C-2018-3005404	Brian Edwards
C-2018-3005417	David Jarrett
C-2018-3005418	Tara Carpenter
C-2018-3005419	Catherine Palicki
C-2018-3005610	Surge Ghosh
C-2018-3005639	Robert Curtius
C-2018-3005657	John Bahnweg
C-2018-3005709	Kenneth Reeves

14. That the following Formal Complaints against Aqua Pennsylvania Wastewater, Inc., are dismissed and marked closed:

Docket Number	Complainant
C-2018-3004324	Darren Distasio
C-2018-3004333	Office of Consumer Advocate
C-2018-3004389	John Stull
C-2018-3004531	Ben Mroz
C-2018-3004563	Ralph & Laretta Camardelli

C-2018-3004662	Arnold Kring
C-2018-3004692	Robert Leupold
C-2018-3004693	Phyllis Genauer
C-2018-3004694	Thomas Davis
C-2018-3004695	Thomas Davis
C-2018-3004856	Michael Luciano
C-2018-3004883	Robert Shafer
C-2018-3004887	Carl & Kathy Haybedian
C-2018-3004913	Links at Gettysburg Master Association c/o Cody Vance
C-2018-3004923	Susan Siensa
C-2018-3004938	Carey & Sandra Terrell
C-2018-3004939	Office of Small Business Advocate
C-2018-3004985	Cedar Knoll Builders
C-2018-3004987	Donald Labranche
C-2018-3004989	Janice & Stephen McHenry
C-2018-3005014	Donna May
C-2018-3005015	James May
C-2018-3005016	David Marano
C-2018-3005069	Grace Bowes
C-2018-3005079	The Masthope Mountain Community Property Owners
C-2018-3005091	Donald & Linda Dudjak
C-2018-3005130	Scott Peterson
C-2018-3005132	Wayne Weismandel
C-2018-3005150	Carroll Stroh
C-2018-3005153	Jacqueline Pasquini
C-2018-3005220	Tammy Livziey
C-2018-3005235	Rafael Rodriguez
C-2018-3005288	Paul Nice
C-2018-3005295	Colleen Essick
C-2018-3005320	Sylvia Habacker
C-2018-3005322	Stephen DeLeo
C-2018-3005327	Joseph & Karen Calvacca
C-2018-3005329	William Finn
C-2018-3005338	Michael McKiernan
C-2018-3005347	Desiree Kreidler
C-2018-3005406	Brian Edwards

C-2018-3005414	Edward Levy
C-2018-3005415	Patricia Manning
C-2018-3005416	Catherine Palicki
C-2018-3005467	Claire Mann
C-2018-3005471	Jeri Ramagnano
C-2018-3005521	William Smith
C-2018-3005651	Robert Curtius
C-2018-3005661	Kimberlyann King
C-2018-3005662	Louis and Barbara Riccio
C-2019-3008086	Dorothy Bruzgo

15. That the Joint Merger Application of Aqua Pennsylvania, Inc. and Superior Water Company, Inc. at Docket Nos. A-2018-3004108 and A-2018-3004109 be approved.

16. That a Certificate of Public Convenience be issued pursuant to Section 1102(a)(3) of the Public Utility Code, 66 Pa. C.S. § 1102(a)(3), authorizing the transfer to Aqua Pennsylvania, Inc., through merger, of all property of Superior Water Company, Inc. used or useful in the public service.

17. That a Certificate of Public Convenience be issued pursuant to Section 1102(a)(1)(i) of the Public Utility Code, 66 Pa. C.S. § 1102(a)(1)(i), authorizing Aqua Pennsylvania, Inc. to begin to offer, render, furnish, or supply water service to the public in the territory currently served by Superior Water Company, Inc.

18. That within thirty (30) days following consummation of the transaction approved by Ordering Paragraph No. 15, above, Aqua Pennsylvania, Inc. shall notify this Commission of the effective date of the merger.

19. That upon receiving the notice required by Ordering Paragraph No. 18, above, a Certificate of Public Convenience shall be issued pursuant to Section

1102(a)(2) of the Public Utility Code, 66 Pa. C.S. § 1102(a)(2), authorizing Superior Water Company, Inc. to abandon its authority to provide water service in its current service territory.

20. That if the Joint Applicants determine that the instant transaction will not occur, they shall promptly file notice of such determination with the Commission.

21. That upon filing of either notice directed by Ordering Paragraph Nos. 18 or 20, above, the proceedings at Docket Nos. A-2018-3004108 and A-2018-3004109 shall be marked closed.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: May 9, 2019

ORDER ENTERED: May 9, 2019

APPENDIX A

Pennsylvania Public Utility Commission

v.

**Aqua Pennsylvania, Inc.
Docket No. R-2018-3003558**

Pennsylvania Public Utility Commission

v.

**Aqua Pennsylvania Wastewater, Inc.
Docket No. R-2018-3003561**

**Joint Settlement Rate Effects for Typical Customers in
each Water and Wastewater Rate Class**

Table I	Residential Average Monthly Water Bill Comparison
Table II	Commercial Average Monthly Water Bill Comparison
Table III	Industrial Average Monthly Water Bill Comparison
Table IV	Residential Average Monthly Wastewater Bill Comparison
Table V	Commercial Average Monthly Wastewater Bill Comparison
Table VI	Industrial Average Monthly Wastewater Bill Comparison

TABLE I
 Aqua Pennsylvania, Inc.
 Residential Average Monthly Bill Comparison - Water
 Docket No. R-2018-3003558

Current Division	New Rate Zones	Present Rates*	Settlement Rates*	\$ Change	% Change
1 Main Division	1	\$59.85	\$65.52	\$5.67	9.47%
Eagle Rock, Fawn Lake, Tanglewood, Thornhurst, Woodledge Village, Western &					
2 Pinecrest Divisions	3	\$59.85	\$65.52	\$5.67	9.47%
3 Bensalem Division	1	\$55.80	\$65.52	\$9.72	17.42%
4 Chalfont Division	2	\$47.27	\$65.52	\$18.25	38.61%
5 Oakland Beach/Lakeside Acres Division	3	\$57.04	\$65.52	\$8.48	14.87%
6 CS Water Division (Masthope)	3	\$49.36	\$65.52	\$16.16	32.74%
7 Country Club Gardens Division	1	\$40.29	\$52.98	\$12.69	31.50%
8 Clarendon Water Division	1	\$51.05	\$65.52	\$14.47	28.34%
9 Kratzville Division	1	\$52.29	\$65.52	\$13.23	25.30%
10 Honesdale Division	1	\$52.20	\$65.52	\$13.32	25.52%
11 Sand Springs Division	1	\$40.73	\$52.98	\$12.25	30.08%
12 Mifflin Township Division	1	\$37.11	\$50.64	\$13.53	36.46%
13 Beech Mountain Lakes Division	1	\$21.45	\$31.73	\$10.28	47.93%
14 Treasure Lake Division	2	\$27.20	\$40.15	\$12.95	47.61%
15 Concord Park Division	2	\$30.88	\$43.91	\$13.03	42.20%
16 Bristol Township Water System Division	1	\$24.24	\$38.40	\$14.16	58.42%
17 Mt Jewett Borough Division	1	\$45.95	\$65.52	\$19.57	42.59%
18 Bunker Hill Subdivision	Bunker Hill	\$12.88	\$26.36	\$13.48	104.66%
19 Robin Hood Lakes Division	1	\$40.16	\$53.09	\$12.93	32.20%
20 East Cameron Division	1	\$57.02	\$65.52	\$8.50	14.91%
21 Sun Valley Division**	Sun Valley	\$15.00	\$19.50	\$4.50	30.00%
22 Superior Water Company	2	\$57.02	\$65.52	\$8.50	14.91%

*Residential water rates are based on 5/8" meter and an average consumption of 4,080 gallons per month for all divisions.
 **Sun Valley customers are flat rate, unmetered customers.

TABLE II
Aqua Pennsylvania, Inc.
Commercial Average Monthly Bill Comparison - Water
Docket No. R-2018-3003558

	Current Division	New Rate Zone	Meter Size	Avg. Consumption	Present Rates	Proposed Rates	\$ Change	% Change
1	Main Division	1	5/8"	37,800	\$380.00	\$419.63	\$39.63	10.43%
	Eagle Rock, Fern Lake, Tanglewood, Thornhurst, Woodedge Village, Western &							
2	Pinecrest Division	3	5/8"	13,600	\$171.34	\$166.73	\$15.39	8.96%
3	Bensalem Division	1	5/8"	50,700	\$468.54	\$531.51	\$62.97	13.44%
4	Chalfont Division	2	5/8"	7,100	\$70.32	\$102.49	\$32.17	45.75%
5	Oakland Beach/Lakeside Acres Division	3	5/8"	5,500	\$84.39	\$93.45	\$9.06	10.74%
6	CS Water Division (Mashtope)	3	5/8"	42,300	\$426.00	\$468.66	\$42.66	10.01%
7	Country Club Gardens Division	1	5/8"	33,900	\$271.22	\$333.27	\$62.05	22.88%
8	Claremont Water Division	1	5/8"	9,900	\$93.91	\$135.81	\$41.90	44.62%
9	Krazeville Division	1	5/8"	7,600	\$82.55	\$108.44	\$25.89	31.35%
10	Honesdale Division	1	5/8"	12,600	\$133.84	\$164.18	\$30.34	22.67%
11	Sand Springs Division	1	2"	40,800	\$309.80	\$523.34	\$213.54	68.93%
12	Mifflin Township Division	1	5/8"	19,600	\$112.70	\$174.80	\$62.10	55.10%
13	Beech Mountain Lakes Division	1	5/8"	23,000	\$51.34	\$95.40	\$44.06	85.82%
14	Treasure Lake Division	2	5/8"	30,800	\$121.26	\$185.24	\$63.98	52.78%
15	Concord Park Division	2	4"	487,300	\$2,226.92	\$3,381.86	\$1,154.94	51.86%
16	Bristol Township Water System Division	1	5/8"	14,800	\$116.15	\$146.76	\$30.61	26.35%
17	1st Jewett Borough Division	1	5/8"	2,200	\$33.07	\$44.18	\$11.11	33.60%
20	East Cameron Division	1	3/4"	300	\$50.00	\$34.04	-\$15.55	-31.22%
22	Superior Water Company	2	5/8"	8,400	\$99.18	\$117.96	\$18.78	18.94%

TABLE III
Aqua Pennsylvania, Inc.
Industrial Average Monthly Bill Comparison - Water
Docket No. R-2018-3003558

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>
1	Main Division	1	5/8"	231,500	\$1,897.56	\$2,099.59	\$202.03	10.65%
3	Bensalem Division	1	1"	53,500	\$523.48	\$580.30	\$56.82	12.76%
4	Chalfont Division	2	2"	37,000	\$358.73	\$484.19	\$125.46	34.97%
5	Bechtelakeside Oakland Acres Division	3	5/8"	76,500	\$681.26	\$765.28	\$74.02	10.71%
10	Honesdale Division	1	5/8"	23,200	\$222.27	\$275.01	\$52.74	23.73%
17	Mt Jewett Borough Division	1	1"	600	\$22.11	\$59.64	\$37.53	169.74%

TABLE IV
 Aqua Pennsylvania Wastewater, Inc.
 Residential Average Monthly Bill Comparison - Wastewater
 Docket No. P-2019-3009261

Current Division	New Rate Zone	Avg Consumption	Present Rates	Estimated Rates	\$ Change	% Change
1 Pinecrest Division	2	Unmetered	\$41.29	\$69.40	\$28.12	68.06%
2 Uffstown Woods Division	3	3,100	\$54.92	\$72.35	\$17.43	31.74%
3 Links at Gettysburg Division	3	2,700	\$51.09	\$68.35	\$17.26	33.80%
4 East Bradford Division	5	6,400	\$106.13	\$123.64	\$17.51	16.51%
5 Twin Hills Division	4	4,200	\$70.15	\$117.50	\$47.35	67.50%
6 Plumcock Division	5	5,300	\$107.12	\$124.88	\$17.76	16.58%
7 Media Division	1	4,200	\$42.19	\$62.92	\$20.73	49.15%
8 White Haven Division	2	2,900	\$17.07	\$39.49	\$22.42	131.35%
9 Bridlewood Division	1	4,100	\$13.04	\$27.18	\$14.14	108.43%
10 Eagle Rock Division	1	1,900	\$36.67	\$45.44	\$8.77	23.91%
11 Trothurst Division	3	2,800	\$62.36	\$88.10	\$25.74	41.27%
12 Rivercrest Division	2	3,200	\$45.22	\$81.92	\$36.70	81.16%
13 Links Vardington Division	5	3,400	\$98.05	\$106.64	\$8.59	8.76%
14 Laurel Lakes Division	2	4,200	\$51.49	\$91.70	\$40.21	78.10%
15 Deerfield Knoll Division	3	3,000	\$57.87	\$71.00	\$13.13	22.69%
16 CS Sweet Mill Division (Maasthope)	6	1,300	\$26.59	\$40.94	\$14.35	53.96%
17 Paddlers View Division	4	4,100	\$78.44	\$100.95	\$22.51	28.70%
18 The Greens at Penn Oaks Division	5	3,500	\$106.38	\$107.60	\$1.22	1.15%
19 Nardin Green Division	5*	6,500	\$98.75	\$99.70	\$0.95	0.96%
20 Yoculboth Springs Division	3	2,000	\$51.97	\$63.00	\$11.03	21.23%
21 Stone Creek Division	3	2,500	\$54.86	\$67.25	\$12.39	22.59%
22 New Daleville Division	4	Unmetered	\$74.17	\$100.00	\$25.83	34.83%
24 Beech Mountain Lakes Division	3	Unmetered	\$55.04	\$80.00	\$24.96	45.35%
25 Lake Harmon Division	4	Unmetered	\$65.63	\$100.00	\$34.37	52.37%
26 Treasure Lake Division	1A	3,900	\$40.62	\$49.50	\$8.88	21.86%
27 Penn Township Division	1B	3,100	\$40.70	\$65.00	\$24.30	59.70%
28 Sunk or Hill Subdivision	1A	Unmetered	\$31.92	\$69.20	\$37.28	116.76%
29 Honeycroft Village Division	4	Unmetered	\$68.97	\$100.00	\$31.03	45.00%
30 Embleton Borough Division	2	Unmetered	\$46.00	\$68.40	\$22.40	48.70%
31 Tobyhanna Township Division	4	Unmetered	\$66.67	\$100.00	\$33.33	49.99%
33 Sa-J-Hill	5*	Unmetered	\$180.00	\$180.00	\$0.00	0.00%

* Special Charges have been assigned to these divisions within Rate Zone 5.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 1/8" meter.

Pinecrest Division's Present Rate is based on the weighted average of the present rates of all customers both inside Pinecrest and outside Pinecrest.

Bridlewood Division's Average Consumption and Present Rate are based on the weighted average of both townhome and single family home customers.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

TABLE V
Aqua Pennsylvania Wastewater, Inc.
Commercial Average Monthly Bill Comparison - Wastewater
Docket No. R-2018-390561

Current Division	New Rate Zone	Average Consumption	Current Rates	Settlement Rates	± Change	% Change
2 Willow Woods Division	3	3,200	\$95.23	\$73.20	17.37	37%
3 Links at Gettysburg Division	3	20,000	\$216.50	\$216.00	-0.50	0%
7 Media Division	1	65,700	\$111.97	\$88.32	28.45	34%
8 White Haven Division	2	3,798	\$50.80	\$82.17	31.57	62%
9 Birdwood Division	1	Unmetered	\$38.42	\$81.40	22.38	60%
10 Eagle Rock Division	1	11,700	\$52.02	\$124.92	72.9	140%
12 Rivercrest Division	2	12,200	\$32.66	\$191.82	42.16	48%
15 CS Sweet Division (Masthope)	6	24,900	\$41.33	\$64.44	23.11	56%
16 The Gardens at Penn Oaks Division	5	78,400	\$796.28	\$1,122.64	324.38	41%
20 Woodloch Springs Division	3	117,000	\$62.62	\$71.90	8.68	14%
23 Village at Valley Forge Division	1A	144,500	\$1,051.42	\$1,220.35	168.53	16%
24 Beech Mountain Lakes Division	3	Unmetered	\$89.74	\$80.00	10.26	15%
25 Lake Harmony Division	4	Unmetered	\$65.63	\$600.00	34.37	52%
26 Treasure Lake Division	1A	31,700	\$53.53	\$230.71	77.18	80%
27 Penn Township Division	3B	88,800	\$873.10	\$965.50	82.4	9%
29 Honeycroft Village Division	4	Unmetered	\$468.69	\$700.00	233.31	50%
30 Eminton Borough Division	2	Unmetered	\$45.00	\$69.40	23.4	52%
31 Toboggans Township Division	4	9,600	\$68.00	\$153.20	67.2	78%
32 Avon Grove School District	6*	Unmetered	\$5,251.00	\$8,281.25	1656.25	25%

* - Special Charges have been assigned to these divisions within Rate Zone 5.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 50" meter.

Birdwood Division's Present Rate and Settlement Rate are based on the weighted average of the EDU rate charged to the 2 commercial customers.

Woodloch Springs Division's Present Rate and Settlement Rate are based on the customer charge per EDU.

As per the Asset Purchase Agreement, the Toboggans Division rate increase will not become effective until January 1, 2020.

TABLE VI
Aqua Pennsylvania Wastewater, Inc.
Industrial Average Monthly Bill Comparison - Wastewater
Docket No. R-2018-3003561

<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>
7 Media Division	1	58	3,200	\$36.13	55.32%	\$19.19	53%



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE
REFER TO OUR FILE

July 10, 2019

Docket No. R-2018-3003561
Utility Code: 230240

Ms. Renee T. Marquis
Manager of Rates and Planning
Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

Re: Pennsylvania Public Utility Commission v.
Aqua Pennsylvania Wastewater, Inc.
Original Tariff Sewer – PA P.U.C. No. 2

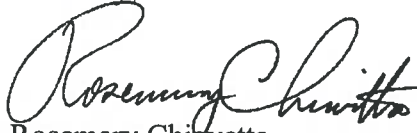
Dear Ms. Marquis:

By Order entered May 9, 2019, the Commission authorized Aqua Pennsylvania Wastewater, Inc. (the Company) to file a tariff in substantially the same form as found in Appendix A to the Joint Settlement Petition for Rate Investigation filed in the above docketed rate investigation, designed to produce additional annual operating revenues of not more than \$4.7 million. On May 23, 2019, the Company filed Original Tariff Sewer – PA P.U.C. No. 2 to become effective May 24, 2019.

Commission Staff has reviewed the tariff revisions and found that suspension or further investigation does not appear warranted at this time. Therefore, in accordance with 52 Pa. Code Chapter 53, Original Tariff Sewer - PA P.U.C. No. 2 is effective by operation of law as of the effective date contained on each page of the tariff. However, this is without prejudice to any formal complaints timely filed against said tariff revisions.

If you have any questions in this matter, please contact Marie Intrieri of the Bureau of Technical Utility Services at (717) 214-9114 or maintrieri@pa.gov.

Sincerely,



Rosemary Chiavetta
Secretary

cc: Marc Lucca, President, Aqua Pennsylvania, Inc.

AQUA PENNSYLVANIA WASTEWATER, INC.
(hereinafter referred to as the "Company")
RATES, RULES, AND REGULATIONS
GOVERNING THE COLLECTIONS OF
WASTEWATER
IN PORTIONS OF
ADAMS, BUCKS, CARBON, CHESTER, CLARION, CLEARFIELD, DELAWARE,
LACKAWANNA, LUZERNE, MONROE, MONTGOMERY, PIKE, SCHUYLKILL, VENANGO,
AND WYOMING COUNTIES
IN THE COMMONWEALTH OF PENNSYLVANIA

ISSUED: June 18, 2021

EFFECTIVE: July 1, 2021

By:

Marc Lucca, President
Aqua Pennsylvania, Inc.
762 Lancaster Avenue
Bryn Mawr, Pennsylvania 19010

NOTICE

THIS TARIFF DECREASES THE DISTRIBUTION SYSTEM IMPROVEMENT
CHARGE.

DESCRIPTION OF TERRITORIES SERVED

	<u>Township</u>	<u>County</u>
RATE ZONE 4		
Honeycroft Village Division	Londonderry (portion)	Chester
Lake Harmony Division	Kidder	Carbon
New Daleville Division	Londonderry (portion)	Chester
Peddlers View Division	Solebury (portion)	Bucks
Tobyhanna Township Division	Tobyhanna (portion)	Monroe
Twin Hills Division	West Pikeland (portion)	Chester
RATE ZONE 5		
Avon Grove School District	New London (portion)	Chester
Avon Grove School District	Penn (portion)	Chester
East Bradford Division (Brandywine)	East Bradford (portion)	Chester
Little Washington Division	East Brandywine (portion)	Chester
Plumsock Division*	Willistown (portion)	Chester
The Greens at Penn Oaks Division	Thornbury (portion)	Chester
Newlin Green Division	Newlin	Chester
Sage Hill Division	Thornbury (portion)	Chester
RATE ZONE 6		
CS Sewer Division (Masthope)	Lackawaxen	Pike
RATE ZONE 7		
Limerick Division	Limerick (portion)	Montgomery
RATE ZONE 8		
East Bradford Township Division	East Bradford (portion)	Chester
East Bradford Township Division	Birmingham (portion)	Chester
RATE ZONE 9		
Cheltenham Township Division	Cheltenham	Montgomery
Cheltenham Township Division	Jenkintown Borough (portion)	Montgomery
RATE ZONE 10		
East Norriton Township Division*	East Norriton	Montgomery
RATE ZONE 11		
(C) New Garden Township Division*	New Garden	Chester

(C) *All Divisions and Subdivisions above are billed on a per EDU basis, with the exception of the East Norriton Township Division, Media Division, New Garden Division, Plumsock Division, Treasure Lake Division, and Village of Valley Forge Division.

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 4 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 4
Fixed (per EDU)	\$ 62.00
<u>Meter Size:</u>	
5/8 inch	62.00
3/4 inch	93.00
1 inch	155.00
1-1/2 inch	310.00
2 inch	496.00
3 inch	930.00
4 inch	1,550.00
6 inch	3,100.00
8 inch	4,960.00
10 inch	7,130.00
Unmetered Charge (per EDU)	\$ 100.00

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 9.50
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Special Charges

QUARTERLY SERVICE CHARGE

Tobyhanna Division

Customer Charge per EDU	\$ 200.00
Nonresidential User Consumption Charge (per 1,000 gallons water used above 23,000 gallons per quarter)	\$ 10.00

The Special Charges for the Tobyhanna Division will remain effective through December 31, 2019. Beginning January 1, 2020, and thereafter; the monthly charges of Rate Zone 4 will be effective for the Tobyhanna Division.



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date Total Amount Due Current Charges Due Date
December 28, 2020 \$ 101.30 January 19, 2021

Billing Detail

For period
 beginning **November 25, 2020** and ending **December 24, 2020**

Amount Owed from Last Bill	\$ 0.00
Total Payments Received	0.00
Remaining Balance	0.00
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	1.30
Amount Due.....	\$ 101.30

Message Center (see reverse side for other information)

- Effective October 1, 2020 the allowable wastewater DSIC is 1.30%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

RETURN THIS PORTION WITH YOUR PAYMENT



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

MAKE CHECK PAYABLE TO:
Aqua PA WW

Account Number
002638176-1495677

Please do not remit payment to the above address

Cyc=15YK 1up=2793968

Seq=24524

DUE DATE
01/19/2021

TOTAL AMOUNT DUE
\$101.30

Amount Enclosed \$



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

AQUA PA WW
 PO BOX 70279
 PHILADELPHIA PA 19176-0279



00263817614956770000000101309



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date **January 28, 2021** Total Amount Due **\$ 102.61** Current Charges Due Date **February 19, 2021**

Billing Detail

For period beginning **December 24, 2020** and ending **January 27, 2021**

Amount Owed from Last Bill	\$ 101.30
Total Payments Received	101.30
Remaining Balance	0.00
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	2.61
Amount Due.....	\$ 102.61

Message Center (see reverse side for other information)

- Effective January 1, 2021 the allowable wastewater DSIC is 2.61%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- Aqua is aware that some of our customers have experienced delays in receiving their invoice and the receipt of payments. We have proactively waived any late fees charged from Dec/Jan- which is applied as a credit on your invoice.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Account Number
002638176-1495677

Please do not remit payment to the above address

Withdrawn on or after
02/19/2021

TOTAL AMOUNT DUE
\$102.61

Cyc=15YK 1up=2856534

Seq=20793



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

Do Not Pay
 Your bill will be paid through our
 Automatic Payment Program.



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date Total Amount Due Current Charges Due Date
February 25, 2021 \$ 102.61 March 19, 2021

Billing Detail

For period
 beginning **January 27, 2021** and ending **February 24, 2021**

Amount Owed from Last Bill	\$ 102.61
Total Payments Received	102.61
Remaining Balance	0.00
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	2.61
Amount Due.....	\$ 102.61

Message Center (see reverse side for other information)

- Effective January 1, 2021 the allowable wastewater DSIC is 2.61%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- Aqua is aware that some of our customers have experienced delays in receiving their invoice and the receipt of payments. We have proactively waived any late fees charged from Dec/Jan- which is applied as a credit on your invoice.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Account Number
002638176-1495677

Please do not remit payment to the above address

Withdrawn on or after
03/19/2021

TOTAL AMOUNT DUE
\$102.61

Cyc=15YK 1up=2908058 Seq=170



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

Do Not Pay
 Your bill will be paid through our
 Automatic Payment Program.



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date **March 25, 2021** Total Amount Due **\$ 205.22** Current Charges Due Date **April 16, 2021**

Billing Detail

For period beginning **February 24, 2021** and ending **March 24, 2021**

Amount Owed from Last Bill	\$ 102.61
Total Payments Received	0.00
Remaining Balance	102.61
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	2.61
Amount Due.....	\$ 205.22

Message Center (see reverse side for other information)

- Effective January 1, 2021 the allowable wastewater DSIC is 2.61%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

RETURN THIS PORTION WITH YOUR PAYMENT



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

MAKE CHECK PAYABLE TO:
Aqua PA WW

Account Number
002638176-1495677

Please do not remit payment to the above address

DUE DATE
04/16/2021

TOTAL AMOUNT DUE
\$205.22

Cyc=15YK 1up=2960114

Seq=4

Amount Enclosed \$



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

AQUA PA WW
 PO BOX 70279
 PHILADELPHIA PA 19176-0279



00263817614956770000000205224



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date Total Amount Due Current Charges Due Date
April 27, 2021 \$ 105.64 May 19, 2021

Billing Detail

For period
 beginning **March 24, 2021** and ending **April 26, 2021**

Amount Owed from Last Bill	\$ 205.22
Total Payments Received	205.22
Remaining Balance	0.00
Total Current Sewer Charges	100.00
Late Charge.....	1.28
Distribution System Improvement Charge (Sewer)	4.36
Amount Due.....	\$ 105.64

Message Center (see reverse side for other information)

- Effective April 1, 2021 the allowable wastewater DSIC is 4.36%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- Do you need help paying your rent and utilities? Find out if you are eligible for assistance from the Emergency Rental & Utility Assistance Program (ERAP). For more information visit www.compass.state.pa.us, call 211, text 898211, or visit www.DHS.PA.gov for your local county office.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Account Number
002638176-1495677

Please do not remit payment to the above address

Withdrawn on or after
05/19/2021

TOTAL AMOUNT DUE
\$105.64

Cyc=15YK 1up=3020590 Seq=1983



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

Do Not Pay

Upcoming Improvements to AutoPay
 Aqua is implementing a new AutoPay feature. Effective May 15, 2021, your Current Balance will be drafted from your bank account, if less than the Total Amount Due listed on this statement.



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date **May 27, 2021** Total Amount Due **\$ 208.72** Current Charges Due Date **June 18, 2021**

Billing Detail

For period
 beginning **April 26, 2021** and ending **May 26, 2021**

Amount Owed from Last Bill	\$ 105.64
Total Payments Received	0.00
Remaining Balance	105.64
Adjustments	1.28 Credit
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	4.36
Amount Due.....	\$ 208.72

Message Center (see reverse side for other information)

- Effective April 1, 2021 the allowable wastewater DSIC is 4.36%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- Do you need help paying your rent and utilities? Find out if you are eligible for assistance from the Emergency Rental & Utility Assistance Program (ERAP). For more information visit www.compass.state.pa.us, call 211, text 898211, or visit www.DHS.PA.gov for your local county office.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

RETURN THIS PORTION WITH YOUR PAYMENT



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

MAKE CHECK PAYABLE TO:
Aqua PA WW

Account Number
002638176-1495677

Please do not remit payment to the above address

DUE DATE
06/18/2021

TOTAL AMOUNT DUE
\$208.72

Cyc=15YK 1up=3075950

Seq=3240

Amount Enclosed \$



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

AQUA PA WW
 PO BOX 70279
 PHILADELPHIA PA 19176-0279



00263817614956770000000208720



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date Total Amount Due Current Charges Due Date
June 25, 2021 \$ 159.36 July 19, 2021

Billing Detail

For period
 beginning **May 26, 2021** and ending **June 24, 2021**

Amount Owed from Last Bill	\$ 208.72
Total Payments Received	153.72
Remaining Balance	55.00
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	4.36
Amount Due.....	\$ 159.36

Message Center (see reverse side for other information)

- Effective April 1, 2021 the allowable wastewater DSIC is 4.36%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

RETURN THIS PORTION WITH YOUR PAYMENT



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

MAKE CHECK PAYABLE TO:
Aqua PA WW

Account Number
002638176-1495677

Please do not remit payment to the above address

DUE DATE
07/19/2021

TOTAL AMOUNT DUE
\$159.36

Cyc=15YK 1up=3129741

Seq=26

Amount Enclosed \$



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

AQUA PA WW
 PO BOX 70279
 PHILADELPHIA PA 19176-0279



00263817614956770000000159364



Service To:
JOHN W. DAY & LIU HSIU-CHEN
481 MOSEYWOOD RD UNIT 2
LAKE HARMONY, PA 18624
Lot: 19-21-A3 Block:

Account Number
002638176 1495677
 KIDDER WW
 2150892 PWSID # PA0061204

Aqua Pennsylvania Wastewater Toll Free: **877.987.2782**
 762 W. Lancaster Avenue Fax: **866.780.8292**
 Bryn Mawr, PA 19010-3489 **AquaAmerica.com**

Questions about your sewer service? Contact us before the due date.
 Bill Date **July 28, 2021** Total Amount Due **\$ 103.00**
 Current Charges Due Date **August 19, 2021**

Billing Detail

For period beginning **June 24, 2021** and ending **July 27, 2021**

Amount Owed from Last Bill	\$ 159.36
Total Payments Received	159.36
Remaining Balance	0.00
Total Current Sewer Charges	100.00
Distribution System Improvement Charge (Sewer)	3.00
Amount Due.....	\$ 103.00

Message Center (see reverse side for other information)

- Effective July 1, 2021, the allowable wastewater DSIC is 3.00%. The PA Public Utility Commission permits a maximum wastewater DSIC of 5%.
- The due date refers to current charges and any deferred payment amount only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit, please remember to provide your full 16-digit account number when paying your bill.

RETURN THIS PORTION WITH YOUR PAYMENT



Aqua Pennsylvania Wastewater
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

MAKE CHECK PAYABLE TO:
Aqua PA WW

Account Number
002638176-1495677

Please do not remit payment to the above address

DUE DATE
08/19/2021

TOTAL AMOUNT DUE
\$103.00

Cyc=15YK 1up=3190606

Seq=11546

Amount Enclosed \$.



JOHN W. DAY & LIU HSIU-CHEN
 614 RUNYON AVE
 PISCATAWAY NJ 08854-4719

AQUA PA WW
 PO BOX 70279
 PHILADELPHIA PA 19176-0279



00263817614956770000000103003