

I&E Statement No. 5
Witness: Joseph Kubas

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

AQUA PENNSYLVANIA, INC

Docket No. R-2021-3027385 (Water)

Docket No. R -2021-3027386 (Wastewater)

Direct Testimony

of

Joseph Kubas

Bureau of Investigation and Enforcement

Concerning:

**Overall Act 11 Revenue, Wastewater
Present Rate Revenue, Late Payment Revenue
Proposed Revenue, Tariff Zones
Rate Structure, Revenue Shortfall
Cost of Service Studies Scaleback of Rates**

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1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Joseph Kubas My business address is 400 North Street, Harrisburg, PA
3 17120.

4

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

6 A. I am employed by the Pennsylvania Public Utility Commission in the Bureau of
7 Investigation and Enforcement (I&E) as a Fixed Utility Valuation Engineer
8 Supervisor.

9

10 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

11 A. My education and professional background are set forth in Appendix A, which is
12 attached.

13

14 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN RATE PROCEEDINGS.**

15 A. I&E is responsible for protecting the public interest in proceedings before the
16 Commission. The I&E analysis in this proceeding is based on its responsibility to
17 represent the public interest. This responsibility requires balancing the interests of
18 ratepayers, the regulated utility, and the regulated community as a whole.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

21 A. The purpose of my direct testimony is to evaluate Aqua Pennsylvania, Inc's –
22 Wastewater (Aqua or Company) request for an annual increase in operating revenue

1 of approximately \$11,564,000. My testimony regarding Aqua's request will focus
2 on the rate structure of the various wastewater zones.

3
4 **Q. DOES YOUR TESTIMONY INCLUDE AN EXHIBIT?**

5 A. Yes. I&E Exhibit No. 5 contains schedules relating to my direct testimony.
6

7 **INTRODUCTION**

8 **Q. PLEASE DESCRIBE THE FILING.**

9 A. On August 20, 2021, Aqua filed a combined water and wastewater base rate case.

10 The total increase of approximately \$97,685,000 is comprised of an increase in water
11 revenue of approximately \$86,100,000, and an increase in wastewater revenue of
12 approximately \$11,585,000 (Aqua Volume 1, Sch. Act 11).
13

14 **Q. HOW MANY DIFFERENT WASTEWATER ZONES DOES AQUA HAVE
15 AND DO THE RATES VARY BY ZONE?**

16 A. Aqua has 11 different wastewater rate zones, with different subsystems and 8
17 different third-party customers (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-2, Sch.
18 LMK, Sch. EB, Sch. CH, Sch. EN, and Sch. NG). While a few zones have the same
19 rates, most rates are different. The residential rates vary from a flat rate of \$16.09
20 per month in Zone 1 to \$180.00 per month in Zone 5 (Aqua Volume 5, Ex. 5-B, Part
21 II, Sch. WW-5. p. 7 and p. 34). Since the last case, the Company acquired the
22 Limerick system, the East Bradford system, the Cheltenham system, the East

1 Norriton system, and the New Garden system through separate Section 1329
2 proceedings. These five systems became Zones 7-11 and the rates and revenues for
3 Zones 7 -11 are shown in Aqua Volume 5, Ex. 5-B, Part II, Sch. LMK, EB, CH, EN
4 and NG.

5
6 **Q. IS AQUA PROPOSING TO CONSOLIDATE ANY WASTEWATER RATE**
7 **ZONES?**

8 A. Yes. The Company is proposing to consolidate the rates in Zone 1 and Zone 2.

9
10 **Q. DO YOU GENERALLY AGREE WITH THE CONTINUATION OF**
11 **RATE ZONES?**

12 A. Yes, given the wide variety of present wastewater rates, Aqua's proposal to continue
13 the various rate zones is reasonable. However, I believe some changes should be
14 made to the proposed rates as described below.

15
16 **Q. WHAT IS ACT 11?**

17 A. On February 14, 2012, Governor Corbett signed into law Act 11 of 2012 (Act 11),
18 which amends Chapters 3, 13 and 33 of the Pennsylvania Public Utility (Code). Act
19 11 amends Chapters 3 and 13 to allow jurisdictional utilities to make rate case claims
20 based on a fully-projected future test year, to allow wastewater utilities to allocate a
21 portion of their revenue requirement to the combined wastewater and water utility
22 customer base and to allow water and wastewater utilities, electric distribution

1 companies (EDCs), and natural gas distribution companies (NGDCs) or a city
2 natural gas distribution operation to petition for a distribution system improvement
3 charge (DSIC). (Docket No. M-2012-2293611, Final Implementation Order entered
4 August 2, 2012)

5
6 **Q. DOES ACT 11 SPECIFY HOW RATES SHOULD BE DETERMINED OR**
7 **WHAT PORTION OF A COMPANY'S WASTEWATER REVENUE**
8 **REQUIREMENT SHOULD BE ALLOCATED TO ITS COMBINED WATER**
9 **AND WASTEWATER CUSTOMERS?**

10 A. No. Act 11 does not specify how the Commission should determine rates or dictate
11 the amount of revenue that should be allocated or shifted, leaving the Commission
12 wide latitude in applying this provision of Act 11. However, it is important to
13 remember that Section 1311(c) states that it must be in the public interest for the
14 utility to allocate a portion of the wastewater revenue requirement to the combined
15 water and wastewater customer base.

16
17 **Q. IS AQUA PROPOSING TO SHIFT SOME OF THE WASTEWATER**
18 **REVENUE REQUIREMENT FROM WASTEWATER CUSTOMERS**
19 **TO WATER CUSTOMERS IN THIS FILING?**

20 A. Yes. In its filing, the Company proposes that its wastewater operations receive a
21 \$20,839,425 subsidy from its water operations.

1 **Q. WHY IS AQUA PROPOSING TO SHIFT SOME OF THE WASTEWATER**
2 **REVENUE REQUIREMENT FROM WASTEWATER CUSTOMERS TO**
3 **WATER CUSTOMERS IN THIS FILING?**

4 A. After increasing and consolidating various wastewater rates, to the maximum level
5 Aqua believes is reasonable, the remaining total proposed wastewater revenue
6 shortfall is \$20,839,425; therefore, Aqua has proposed to recover this amount from
7 its water customers (Aqua Volume 2, Sch. Act 11, p. 1).

8

9 **RATE STRUCTURE AND REVENUE SUMMARY**

10 **Q. DID YOU COMPILE A SUMMARY THAT SHOWS THE REVENUE**
11 **IMPACT OF BOTH THE COMPANY’S AND I&E’S RATE STRUCTURE**
12 **RECOMMENDATIONS?**

13 A. Yes. A summary of the Company’s and the I&E wastewater revenue
14 recommendations described below is provided on I&E Ex. No. 5, Sch. 1. On this
15 exhibit, page 1, column B shows the cost of providing service to the various zones.
16 Column C shows the subsidy being requested by the Company to operate the various
17 zones. Column F shows the Company’s proposed revenue target for each zone.
18 Column G shows the present rate revenue from each zone. Column H shows the
19 revenue by zone proposed by I&E. Column I shows the proposed I&E increase in
20 revenue by zone. Column J shows the percentage increase I&E is proposing by zone.
21 Column K shows the reduction to the Company’s subsidy. Column L shows the

1 Company increase by zone and column M shows the proposed subsidy that will
2 remain after the I&E increases by zone are applied.

3 The total reduction to the subsidy needed to operate the wastewater systems is
4 \$5,072,876 (I&E Ex. No. 5, Sch. 1, column K, line 17). The revenue that I&E
5 proposes be recovered from rates and late payment revenue for Zones 1 through 6 is
6 shown on I&E Ex. No. 5, Sch. 1, column, line 4. The revenue that I&E proposed be
7 recovered from rates and late payment revenue for Zones 7 through 11 is shown on
8 I&E Ex. No. 5, Sch. 1, column K, line 15.

9
10 **Q. DID YOU COMPILE A SUMMARY THAT SHOWS THE OVERALL I&E**
11 **REVENUE INCREASE AND ACT 11 ALLOCATION?**

12 A. Yes. A summary of the Company's revenue recommendation and the I&E overall
13 revenue recommendation, which incorporates the adjustments of other I&E
14 witnesses is shown on I&E Ex. No. 5, Sch. 1, page 4.

15
16 **Q. WHERE IS THE OVERALL INCREASE FOR WATER AND**
17 **WASTEWATER REFLECTED?**

18 A. The \$20,683,778 increase by system that I&E recommends is shown on I&E Ex. No.
19 5, Sch. 1, page 4, line 16. The change in Act 11 subsidy is shown on I&E Ex. No. 5,
20 Sch. 1, page 4, line 14.

1 **ZONES 1-6 SUMMARY**

2 **Q. DID THE COMPANY PROVIDE A COST OF SERVICE STUDY (COSS) TO**
3 **DETERMINE THE COSTS OF PROVIDING WASTEWATER SERVICE IN**
4 **ZONES 1 THROUGH 6?**

5 A. Yes. The Company provided one COSS for Zones 1-6 (Aqua Volume 5, Ex. 5-B,
6 Part I).

7
8 **Q. DO THE PROPOSED REVENUES FROM ZONES 1 THROUGH 6**
9 **RECOVER THE ENTIRE COST OF PROVIDING WASTEWATER**
10 **SERVICE TO THESE ZONES?**

11 A. No. The revenue shortfall for Zones 1-6 is approximately \$13.452 million (Aqua
12 Volume 5, Exhibit 5-A, Part 1, Sch. A-WW, column 3).

13
14 **Q. WHAT PERCENTAGE OF TOTAL AQUA CUSTOMERS ARE**
15 **WASTEWATER CUSTOMERS?**

16 A. Based upon the number of customers in each system, wastewater customers
17 comprise only 8.5% of all Aqua customers. Therefore, over 91% of Aqua water
18 customers are not wastewater customers (I&E Ex. No. 5, Sch. 1, p. 4).

19
20 **Q. IS THIS LARGE SUBSIDY REASONABLE?**

21 A. No. Since most Aqua water customers are not wastewater customers, it is
22 unreasonable to require water customers to subsidize wastewater customers. I

1 believe each type of utility service should recover as much of the cost of providing
2 that service as possible. Therefore, as described below, I recommend that rates
3 increase for Zones 1 through Zones 4 and Zone 6 customers to levels higher than the
4 Company proposed to reduce the \$13.452 million subsidy.

5
6 **Q. IN SOME OF THE RATE ZONES CUSTOMERS ARE BILLED ON AN**
7 **EQUIVALENT DWELLING UNIT (EDU) BASIS, WHAT IS AN EDU?**

8 A. According to page 17 of the proposed tariff and EDU is defined as:

9 Equivalent Dwelling Unit or "EDU": The unit of measure by
10 which a wastewater service charge shall be imposed upon each
11 improved property, as determined in the Schedule of Rates of
12 this tariff, which shall be deemed to constitute the estimated,
13 equivalent amount of domestic sanitary wastewater discharged
14 by a single-family dwelling unit in a single day. One (1) EDU
15 shall be equal to two hundred and twenty-five (225) gallons of
16 wastewater per day for a three (3) bedroom residence. (Aqua
17 Pennsylvania, Inc. Tariff Sewer-PA P.U.C. No. 2, Original Page
18 17).
19

20 **Q. WHY IS AN EDU USED FOR BILLING?**

21 A. An EDU is used for billing flat rate customers and is based upon expected usage
22 compared to an average residential customer or “dwelling unit.” For example, the
23 bill for an apartment building with 8 units, would be based on 8 EDUs, or 8 times the
24 charge for an average residential customer. For commercial customers, the nature of
25 the commercial customer’s business typically dictates the number of applicable
26 EDUs.

1 **Q. HOW DID AQUA DETERMINE THE FLAT RATE IF THE CUSTOMER**
2 **HAS NO WATER USAGE DATA AVAILABLE?**

3 A. Based upon the rates proposed by Aqua, the flat rate for a customer with no usage
4 data available is based upon the bill of a customer in that Zone that uses 4,000
5 gallons of water. This 4,000-gallons per month is slightly more than the average
6 3,700 gallons usage of an average residential usage customer. For example, in
7 Zone 1 - Bridlewood, the proposed bill for a customer that uses 4,000 gallons of
8 water is \$77.49 per month, which is the same as the proposed flat rate of \$77.49
9 per month. I continue this reasonable methodology in the zones that have flat rate
10 customers where I adjust the rates (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5,
11 p. 3, and WW-7, p. 2).

12
13 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN ZONES 1**
14 **THROUGH 6.**

15 A. My goal was to reduce the \$13.452 million subsidy needed to operate these
16 wastewater zones. The average bill is lower in Zones 1 and 6 than it is for Zones 2
17 through 5. Therefore, as described below, I propose that the average bill in Zones
18 1 and 6 increase a greater percentage than the average bills in Zones 2 through 4.
19 With respect to Zone 5, I have accepted the Company's proposed rates. I made
20 these recommendations because under one COSS for Zones 1 through 6, there is
21 no justification for such a wide variety in rates and corresponding average bills.

1 **Q. WHY DIDN'T YOU ELIMINATE THE SUBSIDY NEEDED TO OPERATE**
2 **ZONES 1 THROUGH 6.**

3 A. Eliminating the entire subsidy would have resulted in very large increases to the
4 monthly customer charges, usage rates, unmetered rates, and average bills for both
5 residential and Commercial customers. Instead, I recommend monthly customer
6 charges and usage rates that will limit the increase to the average Residential
7 usage customer to less than 53%.

8

9 **ZONE 1 - SUMMARY**

10 **Q. WHAT DIVISIONS ARE INCLUDED IN ZONE 1?**

11 A. Zone 1 includes the former Media, Bridlewood, Eagle Rock, Treasure Lake, Villages
12 at Valley Forge, Bunker Hill, and Penn Township Divisions. In the proof of
13 revenue, the Company presented Zone 1 – Media alone; grouped Bridlewood and
14 Eagle Rock together; grouped Treasure Lake, Villages at Valley Forge, and Bunker
15 Hill into Zone 1-A, and presented Penn Township as Zone 1-B (Aqua Volume 5, Ex.
16 5-B, Part II, Sch. WW-5, pp. 1-5). Below, I will describe Zone 1- Main to include
17 Media, Bridlewood, Eagle Rock and Bunker Hill divisions.

18

19 **ZONE 1 - MAIN**

20 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 1 - MAIN**
21 **CURRENTLY PAY?**

22 A. The present Zone 1 rates are shown on I&E Ex. No. 5, Sch. 2, p. 1, column B, lines

1-16 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, pp. 1-3, column 4).

Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT CUSTOMER CHARGES, FLAT RATES, AND USAGE RATES IN ZONE 1?

A. Yes. The proposed Zone 1 rates are shown on I&E Ex. No. 5, Sch. 2, p. 1, column D, lines 1-16 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, pp. 1-3, column 6).

Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER IN ZONE 1 UNDER THE COMPANY'S PROPOSED RATES?

A. The bill for an average Residential customer in Zone 1 will increase from \$62.08 per month to \$74.61 per month, which is an increase of \$12.54 per month or 20.2% (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, pp. 1-2).

Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 1 CUSTOMERS?

A. My recommended rates for Zone 1 customers are listed on I&E Ex. No. 5, Sch. 2, p. 1, column F, lines 1-16.

Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.

A. I began by selecting a 5/8th inch customer charge of \$45.50 per month. This equates to an increase of \$14.50 per month or 46.8% (I&E Ex. No. 5, Sch. 2, p. 1, columns A-G, line 2). To be consistent, I increased the remaining monthly customer charges by 46.8%, the Apartment and Day Care rates which are based upon an EDU basis by

1 46.8%, and the usage rates by 46.8%. I also recommend that the Media and Bunker
2 Hill flat rate be increased to \$90.00 per month. This results in an increase of 46.6%
3 for the Media flat rate and an increase of 60.1% for the Bunker Hill flat rate (I&E
4 Ex. No. 5, Sch. 2, columns A-G, lines 3-16).

5
6 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
7 **ZONE 1 EXPERIENCE UNDER YOUR PROPOSAL?**

8 A. The bill for an average Residential customer in Zone 1 will increase from \$62.08 per
9 month to \$86.77 per month, which is an increase of \$24.70 per month or 39.8% (I&E
10 Ex. No. 5, Sch. 2, p. 2, line 5).

11
12 **Q. HOW DID YOU DETERMINE THESE RATES?**

13 A. In order to reduce the \$13.452 million subsidy described above, Zone 1 rates should
14 be increased above the Company's average increase of approximately 20%. The
15 rates I recommend were established so that the average Zone 1 customer receives an
16 increase of slightly below 40% in this case. A monthly customer charge of \$45.50
17 per month for the 5/8-inch customer together with a usage rate of \$1.1155 per
18 hundred gallons will result in an average bill increase of just under 40%. The 40% is
19 reasonable given the revenue it will generate and the percentage increases relative to
20 other proposed rates and average bills in this proceeding. I applied the same
21 percentage increase to the other Zone 1 customer charges and the Apartment and
22 Day Care rates. The Media and Bunker Hill flat rates of \$90.00 per month are

1 approximately equal to \$90.12 per month applicable to a Zone 1 residential usage
2 customer that uses 4,000 gallons per month (I&E Ex. No. 5, Sch. 2, p. 2, line 6).

3
4 **ZONE 1-A**

5 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 1-A – TREASURE**
6 **LAKE AND VILLAGES AT VALLEY FORGE CURRENTLY PAY?**

7 A. The present Zone 1-A rates are shown on I&E Ex. No. 5, Sch. 2, p. 1, column H,
8 lines 1-16 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 4, column 4).

9
10 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
11 **CUSTOMER CHARGES AND USAGE RATES IN ZONE 1-A?**

12 A. Yes. The proposed Zone 1-A rates are shown on I&E Ex. No. 5, Sch. 2, p. 1,
13 Column K, lines 1-16 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 4, column
14 6).

15
16 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
17 **IN ZONE 1-A UNDER THE COMPANY’S PROPOSED RATES?**

18 A. The bill for an average Residential customer in Zone 1-A will increase from \$57.03
19 per month to \$74.61 per month, which is an increase of \$17.59 per month or 30.8%
20 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 3).

1 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 1-A**
2 **CUSTOMERS?**

3 A. My recommended rates for Zone 1-A customers are listed on I&E Ex. No. 5, Sch. 2,
4 p. 1, Column L, lines 1-14.

5
6 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

7 A. The rates that I propose are the same rates I proposed for customers in Zone 1 as are
8 described above.

9
10 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
11 **ZONE 1-A EXPERIENCE UNDER YOUR PROPOSAL?**

12 A. The bill for an average Residential customer in Zone 1-A will increase from \$57.03
13 per month to \$86.77 per month, which is an increase of \$29.75 per month or 52.2%
14 (I&E Ex. No. 5, Sch. 2, p. 3, line 5).

15
16 **Q. WHY IS IT REASONABLE FOR THE AVERAGE CUSTOMER'S BILL IN**
17 **ZONE 1-A TO INCREASE MORE THAN THE AVERAGE INCREASE FOR**
18 **ZONE 1 CUSTOMERS?**

19 A. The present usage rate for Zone 1 customers is \$0.76 per hundred gallons and the
20 usage rate for Zone 1-A customers is \$0.63 per hundred gallons. In order to
21 consolidate rates, Zone 1-A customers will need to experience a slightly larger
22 increase than the average Zone 1 customer to equalize the usage rates.

1 **ZONE 1-B**

2 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 1-B – PENN**
3 **TOWNSHIP CURRENTLY PAY?**

4 A. The present Zone 1-B rates are shown on I&E Ex. No. 5, Sch. 2, p. 1, column B,
5 lines 17-20 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 5, column 4).

6

7 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
8 **CUSTOMER CHARGES, UNMETERED RATES, AND USAGE RATES IN**
9 **ZONE 1-B?**

10 A. No. The Company is proposing to increase the residential customer usage rate, but it
11 is proposing reductions to the commercial usage rate, the unmetered rate, and the
12 usage rate. The proposed Zone 1-B rates are shown on I&E Ex. No. 5, Sch. 2, p. 1,
13 column D, lines 17-20 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 5, column
14 6).

15

16 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
17 **IN ZONE 1-B UNDER THE COMPANY’S PROPOSED RATES?**

18 A. The bill for an average Residential customer in Zone 1-B will increase from \$60.90
19 per month to \$74.61 per month, which is an increase of \$13.71 per month or 22.5%
20 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 4).

1 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 1-B**
2 **CUSTOMERS?**

3 A. My recommended rates for Zone 1-B customers are listed on I&E Ex. No. 5, Sch. 2,
4 p. 1, column F, lines 17-20.

5
6 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

7 A. The rates that I proposed are the same rates I propose for customers in Zone 1 that
8 are described above. For Commercial customers, my recommendation adds back
9 \$6.40 per month to the decrease proposed by the Company. For the present
10 unmetered rate of \$80.00 per month, my recommendation increases this rate to
11 \$90.00 (I&E Ex. No. 5, Sch. 2, p. 1, column F, lines 17-20).

12
13 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
14 **ZONE 1-B EXPERIENCE UNDER YOUR PROPOSAL?**

15 A. The bill for an average Residential customer in Zone 1-B will increase from \$60.90
16 per month to \$86.77 per month, which is an increase of \$25.87 per month or 42.5%
17 (I&E Ex. No. 5, Sch. 2, p. 4, line 5).

18
19 **Q. WHY IS IT REASONABLE FOR THE INCREASE IN THE AVERAGE**
20 **CUSTOMER'S BILL IN ZONE 1-B TO BE SLIGHTLY MORE THAN THE**
21 **AVERAGE INCREASE FOR A ZONE 1 CUSTOMER?**

22 A. The present monthly charge for Zone 1-B customers of \$31.00 per month includes an

1 allowance of 1,000 gallons of usage, while the present monthly charge for a Zone 1
2 customer of \$31.00 per month does not include an allowance. The Company
3 proposed to eliminate the 1,000-gallon allowance, which I agree with cause a larger
4 increase for the average Zone 1-B customer. In order to consolidate these rates,
5 Zone 1-B customers will need to experience a slightly larger increase than the
6 average Zone 1 customer.

7
8 **ZONE 2 – SUMMARY**

9 **Q. WHAT GROUPS ARE INCLUDED IN ZONE 2?**

10 A. Zone 2 includes the former Emlenton, Rivercrest, Whitehaven (Kidder), and
11 Pinecrest Divisions. In the proof of revenue, the Company grouped the first three
12 divisions into “Zone 2 – Main” and shows a separate page for Pinecrest labeled as
13 “Zone 2 – Pinecrest” (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, pp. 6-7).

14
15 **ZONE 2 – MAIN**

16 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 2 – MAIN**
17 **CURRENTLY PAY?**

18 A. The present Zone 2 rates are shown on I&E Ex. No. 5, Sch. 3, p. 1, column B, lines
19 1-6 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 6, column 4).

1 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
2 **CUSTOMER CHARGE FLAT RATES, AND USAGE RATES IN ZONE 2 -**
3 **MAIN?**

4 A. Yes. The proposed Zone 2 rates are shown on I&E Ex. No. 5, Sch. 3, p. 1, column
5 D, lines 1-6 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 6, column 6).

6
7 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
8 **IN ZONE 2 - MAIN UNDER THE COMPANY'S PROPOSED RATES?**

9 A. The bill for an average Residential customer in Zone 2 – Main will increase from
10 \$69.27 per month to \$74.61 per month, which is an increase of \$5.34 per month or
11 7.7% (Aqua Volume 5, Ex. 5-B, Part II, Sch, WW-7, p. 5).

12
13 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 2 – MAIN**
14 **CUSTOMERS?**

15 A. My recommended rates for Zone 2 - Main customers are listed on I&E Ex. No. 5,
16 Sch. 3, p. 1, column F, lines 1-6.

17
18 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

19 A. I began by selecting a 5/8th inch customer charge of \$52.80 per month. This equates
20 to an increase of \$16.80 per month or 46.7% (I&E Ex. No. 5, Sch. 3, p. 1, columns
21 A-G, line 1). To be consistent, I increased the Apartment charge by 46.7%, and the
22 Zone 2 usage rates by 46.7% to \$1.1880 per hundred-gallon. I also recommend the

1 Emlenton flat rate be increased to \$100.00 per month. This equates to an increase of
2 46.2% (I&E Ex. No. 5, Sch. 3, p. 1, columns A-G, lines 1-6).

3
4 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
5 **ZONE 2 – MAIN EXPERIENCE UNDER YOUR PROPOSAL?**

6 A. The bill for an average Residential customer in Zone 2 – Main will increase from
7 \$69.27 per month to \$96.76 per month, which is an increase of \$27.49 per month or
8 39.7% (I&E Ex. No. 5, Sch. 3, p. 2, line 5).

9
10 **Q. HOW DID YOU DETERMINE THESE RATES?**

11 A. In order to reduce the \$13.452 million subsidy described above, the Zone 2 rates
12 should be increased. The rates I recommend were established so that the average
13 Zone 2 customer receives an increase of slightly below 40% in this case above the
14 Company's average increase of approximately 20%. The 40% is reasonable given
15 the revenue it will generate and the percentage increases relative to other proposed
16 rates and average bills in this proceeding. Then I applied the same percentage
17 increase to the Zone 2 usage rate. The flat monthly rate of \$100.00 per month is
18 approximately the same bill as a customer that uses 4,000 gallons per month (I&E
19 Ex. No. 5, Sch. 3, p. 2, line 6).

1 **ZONE 2 – PINECREST**

2 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 2 - PINECREST**
3 **CURRENTLY PAY?**

4 A. The present Zone 2 - Pinecrest rates are shown on I&E Ex. No. 5, Sch. 3, p. 1,
5 column B, lines 7-8. However, according to the Company's proof of revenue, the
6 customers are not charged a monthly charge (Aqua Volume 5, Ex. 5-B, Part II, Sch.
7 WW-5, p. 7, column 4).

8
9 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT USAGE**
10 **RATE IN ZONE 2 - PINECREST?**

11 A. No. The same \$3.00 per hundred gallon present and proposed Zone 2 - Pinecrest
12 rates are shown on I&E Ex. No. 5, Sch. 3, p. 1, column D, lines 7-8 (Aqua Volume
13 5, Ex. 5-B, Part II, Sch. WW-5, p. 7, column 6).

14
15 **Q. WHAT IS THE AVERAGE DECREASE TO A COMMERCIAL**
16 **CUSTOMER'S BILL IN ZONE 2 - PINECREST UNDER THE COMPANY'S**
17 **PROPOSED RATES?**

18 A. The bill for an average Commercial customer in Zone 2 – Pinecrest that uses 30,000
19 gallons per quarter will decrease from \$945.00 per month to \$900.00 per month,
20 which is a decrease of \$45.00 per month or 4.8% (Aqua Volume 5, Ex. 5-B, Part II,
21 Sch, WW-7, p. 6). The small decrease in the average bill is a result of removing the

1 7.5% Distribution System Improvement Charge that will be zero upon the
2 establishment of proposed rates.

3
4 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 2- PINECREST**
5 **CUSTOMERS?**

6 A. I recommend that the current rates that the Company has proposed be approved in
7 this case. However, I recommend that the Company begin to convert these
8 customers to a typical monthly customer charge and usage rate in the next
9 proceeding.

10
11 **Q. WHY DO YOU MAKE THIS RECOMMENDATION?**

12 A. As the Zone 2- Main proposed usage of \$1.180 per thousand gallons that I propose
13 increases in each rate case, it will eventually reach the Zone 2- Pinecrest usage rate
14 of \$3.00 per hundred gallons (I&E Ex. No. 5, Sch. 3, p. 1, lines 6 and 8). When this
15 occurs, the Zone 2 - Main monthly charge should also apply to Zone 2 - Pinecrest
16 customers. Rather than apply the Zone 2 customer charge all at once, it will be better
17 to phase-in a customer charge for Zone 2 - Pinecrest customers. An effort should be
18 made to make the first step revenue neutral for Zone 2 - Pinecrest.

19
20 **ZONE 3 – SUMMARY**

21 **Q. WHAT GROUPS ARE INCLUDED IN ZONE 3?**

22 A. Zone 3 includes the former Beech Mountain Lakes, Deerfield Knoll, Links at

1 Gettysburg, Stoney Creek, Thornhurst, Willistown Woods, and the Woodloch
2 Springs Divisions. In the proof of revenue, the Company grouped the first seven into
3 “Zone 3 – Main” and maintained a separate page for Woodloch Springs labeled
4 “Zone 3 – Woodloch Springs” The Woodloch Springs division is two Commercial
5 customers (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, pp. 8-9).

6
7 **ZONE 3 – MAIN**

8 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 3 – MAIN**
9 **CURRENTLY PAY?**

10 A. The present Zone 3- Main rates are shown on I&E Ex. No. 5, Sch. 4, p. 1, column B,
11 lines 1-4 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 8, column 4).

12
13 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
14 **CUSTOMER CHARGES, FLAT RATE, AND USAGE RATES IN ZONE 3 -**
15 **MAIN?**

16 A. Yes. The proposed Zone 3 - Main rates are shown on I&E Ex. No. 5, Sch. 4, p. 1,
17 column D, lines 1-4 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 8, column 6).

18
19 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
20 **IN ZONE 3 - MAIN UNDER THE COMPANY’S PROPOSED RATES?**

21 A. The bill for an average Residential customer in Zone 3 - Main will increase from

1 \$81.32 per month to \$97.81 per month, which is an increase of \$16.48 per month or
2 20.3% (Aqua Ex. 5-B, Part II, Sch. WW-7, p. 7).

3
4 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 3 - MAIN**
5 **CUSTOMERS?**

6 A. My recommended rates for Zone 3 - Main customers are listed on I&E Ex. No. 5,
7 Sch. 4, p. 1, column F, lines 1-4.

8
9 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

10 A. I began by selecting a 5/8th inch customer charge of \$62.70 per month. This equates
11 to an increase of \$16.70 per month or 36.6% (I&E Ex. No. 5, Sch. 4, p. 1, columns
12 A-G, line 1). Then, I increased the Zone 3 – Main usage rate by 36.6% and
13 increased the two flat rates to \$109.00 per month. This results in an increase of
14 36.3% to the Beech Mountain flat rate and an increase of 52.4% to the Links flat rate
15 (I&E Ex. No. 5, Sch. 4, p. 1, columns A-G, lines 2-4).

16
17 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
18 **ZONE 3 - MAIN EXPERIENCE UNDER YOUR PROPOSAL?**

19 A. The bill for an average Residential customer in Zone 3 - Main will increase from
20 \$81.32 per month to \$105.57 per month, which is an increase of \$24.25 per month or
21 29.8% (I&E Ex. No. 5. Sch. 4, p. 2, line 5).

1 **Q. HOW DID YOU DETERMINE THESE RATES?**

2 A. In order to reduce the \$13.452 million subsidy described above, the Zone 3 - Main
3 rates should be increased. The rates I recommend were established so that the
4 average Zone 3 – Main customer receives an increase of slightly below 30% in this
5 case above the Company’s average increase of approximately 20%. The 29.8% is
6 reasonable given the Zone 3 rates are higher than Zone 1 and Zone 2 rates, the
7 revenue it will generate, and the percentage increases relative to other proposed rates
8 and average bills in this proceeding. The flat rate of \$109.00 per month is
9 approximately equal to the bill of a Zone 3 customer that uses 4,000 gallons per
10 month (I&E Ex. No. 5, Sch. 4, p. 2, line 6).

11

12 **ZONE 3 – WOODLOCH SPRINGS – COMMERCIAL**

13 **Q. WHAT PRESENT RATES DO COMMERCIAL CUSTOMERS IN ZONE 3 –**
14 **WOODLOCH SPRINGS CURRENTLY PAY?**

15 A. The present Zone 3 - Woodloch Springs Commercial rates are shown on I&E Ex.
16 No. 5, Sch. 4, p. 1, column B, lines 5-6 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-
17 5, p. 9, column 4).

18

19 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
20 **CUSTOMER CHARGE AND USAGE RATE IN ZONE 3 – WOODLOCH**
21 **SPRINGS - COMMERCIAL?**

22 A. Yes. The proposed Zone 3 – Woodloch Springs - Commercial rates are shown on

1 I&E Ex. No. 5, Sch. 4, p. 1, column D, lines 5-6 (Aqua Volume 5, Ex. 5-B, Part II,
2 Sch. WW-5, p. 9, column 6).

3

4 **Q. WHAT IS THE AVERAGE INCREASE TO COMMERCIAL CUSTOMERS**
5 **IN ZONE 3 – WOODLOCH SPRINGS UNDER THE COMPANY’S**
6 **PROPOSED RATES?**

7 A. The bill for an average Commercial customer in Zone 3 – Woodloch Springs will
8 increase 20.3% (Aqua Ex. 5-B, Part II, Sch. WW-7, p. 8). The Company schedule
9 was incorrectly labeled “Residential.” It should be labeled “2 -Inch Commercial”.

10

11 **Q. WHAT RATES DO YOU RECOMMEND FOR ZONE 3 - WOODLOCH**
12 **SPRINGS COMMERCIAL CUSTOMERS?**

13 A. My recommended rates for Zone 3 – Woodloch Springs customers are listed on I&E
14 Ex. No. 5, Sch. 4, p. 1, column F, lines 5-6.

15

16 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

17 A. I accepted the Company’s proposed monthly charge of \$356.40 per month, which
18 equates to an increase of 26.3%. However, I increased the present usage rate to
19 \$0.295 per hundred gallons (I&E Ex. No. 5, Sch. 4, columns A-G, lines 5-6).

1 **Q. WHAT INCREASE WILL THE AVERAGE COMMERCIAL CUSTOMER**
2 **IN ZONE 3 - WOODLOCH SPRINGS EXPERIENCE UNDER YOUR**
3 **PROPOSAL?**

4 A. The bill for an average Commercial customer in Zone 3 – Woodloch Springs will
5 increase from \$385.07 per month to \$538.82 per month, which is an increase of
6 \$153.76 per month or 39.9% (I&E Ex. No. 5. Sch. 4, p. 3, line 15).

7
8 **Q. HOW DID YOU DETERMINE THESE RATES?**

9 A. In order to reduce the \$13.452 million subsidy described above, the Zone 3-
10 Woodloch Springs - Commercial rates should be increased. The 115.8% increase in
11 the \$0.1200 per hundred-gallon usage rate is justified because the present usage rate
12 of \$0.1200 per hundred gallons is so low compared to the \$1.0734 per hundred-
13 gallon usage rate proposed by the Company for Zone 3 - Main customers (I&E Ex.
14 No. 5, Sch. 4, p. 1, line 4). The average increase of approximately 40% is reasonable
15 and comparable to the 40% increase I propose to the average Zone 1 residential
16 customer and the low present usage rate.

17
18 **ZONE 4 – MAIN**

19 **Q. WHAT GROUPS ARE INCLUDED IN ZONE 4?**

20 A. Zone 4 includes the former Honeycroft Village, Lake Harmony, New Daleville,
21 Peddlers View, Tobyhanna, and Twin Hills divisions (Aqua Volume 5, Ex. 5-B, Part
22 II, Sch. WW-5, p. 10).

1 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 4 CURRENTLY**
2 **PAY?**

3 A. The present Zone 4 rates are shown on I&E Ex. No. 5, Sch. 4, p. 1, column B, lines
4 7-11 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 10, column 4).

5
6 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
7 **CUSTOMER CHARGES, UNMETERED RATE, AND USAGE RATES IN**
8 **ZONE 4?**

9 A. Yes. The proposed Zone 4 rates are shown on I&E Ex. No. 5, Sch. 4, p. 1, column
10 D, lines 7-11 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 10, column 6).

11
12 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
13 **IN ZONE 4 UNDER THE COMPANY'S PROPOSED RATES?**

14 A. The bill for an average Residential customer in Zone 4 will increase from \$102.01
15 per month to \$121.44 per month, which is an increase of \$19.43 per month or 19.1%
16 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 9).

17
18 **Q. WHAT RATES DO YOU RECOMMEND FOR ZONE 4 CUSTOMERS?**

19 A. My recommended rates for Zone 4 customers are listed on I&E Ex. No. 5, Sch. 4, p.
20 1, column F, lines 7-11.

1 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

2 A. I began by selecting a 5/8th inch, 3/4th and 1-inch customer charges of \$81.30 per
3 month. This equates to an increase of \$19.30 per month or 31.1%. I also
4 recommend that the Zone 4 usage rate increase by 31.1% (I&E Ex. No. 5, Sch. 4, p.
5 1, columns A-G, lines 7-11).

6
7 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
8 **ZONE 4 EXPERIENCE UNDER YOUR PROPOSAL?**

9 A. The bill for an average Residential customer in Zone 4 will increase from \$102.01
10 per month to \$127.39 per month, which is an increase of \$25.38 per month or 24.9%
11 (I&E Ex. No. 5, Sch. 4, p. 4, line 5).

12
13 **Q. HOW DID YOU DETERMINE THESE RATES?**

14 A. In order to reduce the \$13.452 million subsidy described above, the Zone 4 rates
15 should be increased. The rates I recommend were established so that the average
16 Zone 4 customer receives an increase of slightly below 25% in this case. The 25% is
17 reasonable given the Zone 4 rates are higher than Zone 1 and Zone 2 rates, the
18 revenue it will generate, and the percentage increases relative to other proposed rates
19 and average bills in this proceeding.

1 **ZONE 5 – SUMMARY**

2 **Q. WHAT GROUPS ARE INCLUDED IN ZONE 5?**

3 A. Zone 5 includes the former Avon Grove School, East Bradford - Brandywine, Little
4 Washington, Greens at Penn Oaks, Sage Hill, Plumsock, and Newlin Green
5 Divisions. In the proof of revenue, the Company grouped the first 6 systems into
6 “Zone 5 – Main” and a separate page for Newlin Green labeled “Zone 5 – Newlin
7 Green” (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, pp. 11-12).

8
9 **ZONE 5 – MAIN**

10 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 5 – MAIN**
11 **CURRENTLY PAY?**

12 A. The present Zone 5- Main rates are shown on I&E Ex. No. 5, Sch. 5, p. 1, column B,
13 lines 1-8 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 11, column 4).

14
15 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
16 **CUSTOMER CHARGES, FLAT RATES, AND USAGE RATES IN ZONE 5 -**
17 **MAIN?**

18 A. Yes, with the exception of the Sage Hill flat rate where a rate decrease to \$141.94 per
19 month is proposed. The proposed Zone 5 - Main rates are shown on I&E Ex. No. 5,
20 Sch. 5, p. 1, column D, lines 1-8 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p.
21 11, column 6). The flat rate of \$141.94 per month is equal to the bill of a Zone 5

1 customer that uses 4,000 gallons per month (Aqua Volume 5, Ex. 5-B, Part II, Sch.
2 WW-7, p. 11).

3
4 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
5 **IN ZONE 5 - MAIN UNDER THE COMPANY'S PROPOSED RATES?**

6 A. The bill for an average Residential customer in Zone 5 - Main will increase from
7 \$115.00 per month to \$138.31 per month, which is an increase of \$23.31 per month
8 or 20.3% (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 11).

9
10 **Q. WHAT RATES DO YOU RECOMMEND FOR ZONE 5 - MAIN**
11 **CUSTOMERS?**

12 A. I recommend that the Company proposed rates be approved (I&E Ex. No. 5, Sch. 5,
13 p. 1, column F, lines 1-8).

14
15 **Q. WHY DO YOU ACCEPT THE COMPANY'S PROPOSED RATES?**

16 A. The rates proposed by the Company result in the average customer receiving an
17 increase of approximately 20%. The 20% is reasonable given the Zone 5 rates are
18 higher than Zone 1 and Zone 2 rates and the percentage increases are reasonable
19 relative to other proposed rates and average bills in this proceeding.

1 **ZONE 5 – NEWLIN GREEN**

2 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 5 – NEWLIN**
3 **GREEN CURRENTLY PAY?**

4 A. The present Zone 5 - Newlin Green rates are shown on I&E Ex. No. 5, Sch. 5, p. 1,
5 column B, lines 9-12 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 12, column
6 4).

7
8 **Q. IS THE COMPANY PROPOSING TO REDUCE THE PRESENT**
9 **CUSTOMER CHARGE AND INCREASE THE USAGE RATE IN ZONE 5 –**
10 **NEWLIN GREEN?**

11 A. Yes. The proposed Zone 5 – Newlin Green rates are shown on I&E Ex. No. 5, Sch.
12 4, p. 1, column D, lines 5-6 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 12,
13 column 6).

14
15 **Q. WHAT IS THE AVERAGE RESIDENTIAL CUSTOMER BILL IN ZONE 5 –**
16 **NEWLIN GREEN UNDER THE COMPANY’S PROPOSED RATES?**

17 A. The bill for an average Residential customer in Zone 5 – Newlin Green will decrease
18 4.4% (Aqua Ex. 5-B, Part II, Sch. WW-7, p. 12).

19
20 **Q. WHAT RATES DO YOU RECOMMEND FOR ZONE 5 - NEWLIN GREEN**
21 **CUSTOMERS?**

22 A. I recommend that the Company’s proposed rates be approved (I&E Ex. No. 5, Sch.

1 5, p. 1, column F, lines 9-12).

2
3 **Q. WHY DO YOU ACCEPT THE COMPANY'S PROPOSED RATES?**

4 A. The current monthly customer charge of \$110.00 per month in Zone 5 - Newlin
5 Green is the highest monthly charge of any rate zone; therefore, it is reasonable to
6 accept a slight decrease in the present Zone 5 - Newlin Green customer charge. It is
7 also reasonable to accept a slight decrease in the customer charge because the
8 Company is proposing to increase the Zone 5 - Newlin Green usage rate 61.6% to
9 offset the loss of revenue that will occur when the monthly customer charge is
10 decreased (I&E Ex. No. 5, Sch. 5, p. 1, line 12).

11
12 **ZONE 6 – MASTHOPE**

13 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 6 CURRENTLY**
14 **PAY?**

15 A. The present Zone 6 rates are shown on I&E Ex. No. 5, Sch. 5, p. 1, column B, lines
16 13-19 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 13, column 4).

17
18 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
19 **CUSTOMER CHARGE, FLAT RATE, AND USAGE RATES IN ZONE 6?**

20 A. Yes. The proposed Zone 6 rates are shown on I&E Ex. No. 5, Sch. 5, p. 1, column
21 D, lines 13-19 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-5, p. 13, column 6).

1 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
2 **IN ZONE 6 UNDER THE COMPANY’S PROPOSED RATES?**

3 A. The bill for an average Residential customer in Zone 6 will increase from \$45.51 per
4 month to \$54.77 per month, which is an increase of \$9.27 per month or 20.4% (Aqua
5 Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 15).

6
7 **Q. WHAT RATES DO YOU RECOMMEND FOR ZONE 6 CUSTOMERS?**

8 A. My recommended rates for Zone 6 customers are listed on I&E Ex. No. 5, Sch. 5, p.
9 1, column F, lines 13-19.

10

11 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

12 A. I began by selecting a 5/8th inch customer charge of \$65.20 per month. This equates
13 to an increase of \$16.56 per month or 41.8% (I&E Ex. No. 5, Sch. 5, p. 1, columns
14 A-G, line 13). To be consistent, I increased the remaining customer charges to the
15 same amount as all Zone 6 customer charges are the same. I increased the usage rate
16 to \$0.2600 per hundred gallons. This results in an increase of 160.0%. I also
17 recommend the Zone 6 flat rate increase to \$67.00 per month. This results in an
18 increase of 53.5.7% (I&E Ex. No. 5, Sch. 5, columns A-G, lines 14-19).

19

20 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
21 **ZONE 6 EXPERIENCE UNDER YOUR PROPOSAL?**

22 A. The bill for an average Residential customer in Zone 6 will increase from \$45.51 per

1 month to \$65.82 per month, which is an increase of \$20.31 per month or 44.6% (I&E
2 Ex. No. 5, Sch. 5, p. 2, line 5).

3
4 **Q. HOW DID YOU DETERMINE THESE RATES?**

5 A. In order to reduce the \$13.452 million subsidy described above, the Zone 6 rates
6 should be increased more than proposed by the Company. The rates I recommend
7 were established so that the average Zone 6 customer receives an increase of slightly
8 below 45% in this case. The 45% is reasonable given the low present bill for an
9 average customer, the revenue it will generate, and the percentage increase relative to
10 other proposed rates and average bills in this proceeding. I recommended the same
11 \$56.20 per month charge for all other Zone 6 customer charges. The flat rate of
12 \$67.00 per month that I recommended is approximately equal to the \$66.60 per
13 month bill applicable to a Zone 6 customer that uses 4,000 gallons per month (I&E
14 Ex. No. 5, Sch. 5, p. 2, line 6).

15
16 **ZONES 7-11 SUMMARY**

17 **Q. DO ZONES 7-11 INCLUDE THE SYSTEMS RECENTLY ACQUIRED**
18 **UNDER ACT 129?**

19 A. Yes. The Limerick system became Zone 7, the East Bradford system became Zone
20 8, the Cheltenham system became Zone 9, the East Norriton System became Zone
21 10, and the New Garden System became Zone 11.

1 **Q. WHAT DOES ACT 129 ALLOW?**

2 A. Act 129, at 66 Pa. C.S §1329, enables the investor-owned utility to establish the
3 ratemaking rate base of the acquired property in the same proceeding that it seeks to
4 acquire the property based upon a fair market valuation of the system.

5
6 **Q. DID THE COMPANY PROVIDE COST OF SERVICE STUDIES (COSS) TO
7 DETERMINE THE COST OF PROVIDING WASTEWATER SERVICE TO
8 EACH SYSTEM?**

9 A. Yes. The Company provided separate COSS' for Zones 7-11 (Aqua Volume 5, Ex.
10 5-B, Part I).

11
12 **Q. DO PROPOSED REVENUE FROM ZONES 7-11 RECOVER THE COST OF
13 PROVIDING SERVICE TO ZONES 7-11?**

14 A. No. The revenue shortfall under Company proposed rates for Zones 7-11 is
15 \$7,387,428 (\$2,977,700 + \$457,861 + \$515,804 + \$1,749,281 + \$1,686,782) (Aqua
16 Volume 2, Sch. Act 11). The Company is requesting that this revenue shortfall be
17 subsidized by Aqua water customers.

18
19 **Q. IS THIS LARGE SUBSIDY REASONABLE?**

20 A. No. Since most Aqua water customers are not wastewater customers, it is
21 unreasonable to require water customers to subsidize wastewater customers. I
22 believe each type of utility service should recover as much of the cost of providing

1 that service as possible. Therefore, as described below, I recommend adjustments to
2 rates in Zone 7 - Zone 11 to reduce the subsidy, simplify the rate structure, and limit
3 the increase to Zone 7 flat rate customers and certain Zone 11 usage blocks. Overall,
4 my recommendations reduce the \$7,387,428 by \$2,539,680 to \$4,847,748 (I&E Ex
5 No. 5, Sch. 1, p. 1, line 16).

6
7 **Q. SHOULD THE COMMISSION BE CONCERNED IF THE RATES AND**
8 **AVERAGE BILL FOR THESE CUSTOMERS INCREASE GREATER**
9 **THAN THE SYSTEM AVERAGE INCREASE?**

10 A. No. In each acquisition, the municipalities benefited by selling the system and
11 therefore the customers benefited by the sale. As stated in the various acquisitions,
12 examples of these benefits to the municipality and/or customers include gaining the
13 expertise of wastewater professionals, economies of scale, environmental impacts,
14 spreading the cost of improvements over a larger customer base, access to low-
15 income programs, paying off municipal debt, lowering taxes, exiting the ever-
16 increasing difficult utility business, and improving public facilities such as parks, and
17 libraries.

18
19 **Q. SHOULD THE BENEFITS TO THE MUNICIPALITIES BALANCE THE**
20 **HIGHER PERCENTAGE INCREASES TO SOME OF THESE SYSTEMS?**

21 A. Yes. These benefits balance the larger than average increase customers will
22 experience to recover the cost to Aqua and its other customers of acquiring the

1 systems. Acquiring these systems should not harm existing customers; therefore, the
2 larger than average increase in rates will limit the harm to other Aqua customers by
3 reducing the subsidy paid by other Aqua customers.

4
5 **Q. WHAT OVERALL MISCONCEPTION DID YOU OBSERVE IN MOST OF**
6 **THESE ACQUISITIONS?**

7 A. In most cases, the municipal governments believed that the cost to acquire, operate,
8 and upgrade their system would be borne by other Company customers through the
9 large customer base/economies of scale arguments presented by the Company, thus
10 keeping their residents' rates low. There are two flaws in this belief. First, they fail
11 to consider that Aqua needs to recover the excess costs of operating the acquired
12 system as is evidenced in the separate COSS' provided for the acquired systems.
13 Second, the municipalities fail to recognize that the Company has acquired and will
14 continue to acquire other systems and that any revenue shortfall for operating cost
15 coverage will be spread across the Company's existing customers, which their
16 residents have now become, so regular rate increases will be a certainty for those
17 former municipal customers. Those acquired customers are now part of a large
18 investor-owned utility that must ensure return for shareholders and coverage in rates
19 for tax liabilities that did not apply to the municipality, and it would be untenable for
20 existing Aqua customers to endlessly bear the burden of the revenue shortfalls that
21 are typical of these acquired systems.

1 **Q. WHY DIDN'T YOU ELIMINATE THE SUBSIDY NEEDED TO OPERATE**
2 **ZONES 7 THROUGH 11.**

3 A. Eliminating the entire subsidy would have resulted in very large increases to the
4 monthly customer charges, usage rates, unmetered rates, and average bills for both
5 residential and Commercial customers. Instead, I limited the increase in the
6 monthly customer charges and usage rates that will limit the increase to the
7 average Residential usage customer to generally less than 100%.

8

9 **ZONE 7 – LIMERICK**

10 **Q. WHEN DID AQUA ACQUIRE THE LIMERICK SYSTEM?**

11 A. Aqua acquired the Limerick system on July 26, 2018, at Docket A-2017-2605434.

12

13 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 7 CURRENTLY**
14 **PAY?**

15 A. The present Zone 7 rates are shown on I&E Ex. No. 5, Sch. 6, p. 1, column B, lines
16 1-7 (Aqua Volume 5, Ex. 5-B, Part II, Sch. LMK-3, p. 1, column 4).

17

18 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
19 **CUSTOMER CHARGE, UNMETERED RATE, AND USAGE RATES IN**
20 **ZONE 7?**

21 A. Yes. The proposed Zone 7 rates are shown on I&E Ex. No. 5, Sch. 6, p. 1, column
22 D, lines 1-7 (Aqua Volume 5, Ex. 5-B, Part II, Sch. LMK-3, p. 1, column 6).

1 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
2 **IN ZONE 7 UNDER THE COMPANY'S PROPOSED RATES?**

3 A. The bill for an average Residential customer in Zone 7 will increase from \$37.69 per
4 month to \$70.43 per month, which is an increase of \$32.74 per month or 86.9%
5 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 16).

6
7 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 7 CUSTOMERS?**

8 A. My recommended rates for Zone 7 customers are listed on I&E Ex. No. 5, Sch. 6, p.
9 1, column F, lines 1-7.

10

11 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

12 A. I began by rounding up the proposed 5/8th inch customer charge to \$39.50 per month.
13 This equates to an increase of \$11.40 per month or 40.6% (I&E Ex. No. 5, Sch. 6, p.
14 1, columns A-G, line 1). To be consistent, I applied the same customer charge to the
15 remaining meter sizes. I recommend a usage rate of \$0.8600 per hundred gallons,
16 which is an increase of \$0.214 per hundred gallons or 33.1%. I also recommend that
17 the present unmetered rate of \$28.33 per month be increased to \$60.00 per month.
18 This is an increase of \$31.67 per month or 111.8% for unmetered customers (I&E
19 Ex. No. 5, Sch. 6, p. 1, columns A-G, lines 2-7).

1 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
2 **ZONE 7 EXPERIENCE UNDER YOUR PROPOSAL?**

3 A. The bill for an average Residential customer in Zone 7 will increase from \$37.69 per
4 month to \$71.32 per month, which is an increase of \$33.63 per month or 89.2% (I&E
5 Ex. No. 5, Sch. 6, p. 2, line 5).

6
7 **Q. HOW DID YOU DETERMINE THESE RATES?**

8 A. In order to reduce the \$13.452 million subsidy described above, the Zone 7 rates
9 should be increased. The rates I recommend were established so that the average
10 Zone 7 customer receives an increase of slightly below 90% in this case. The 90% is
11 reasonable given the revenue it will generate, the subsidy to Zone 7, the percentage
12 increase relative to other proposed rates, the elimination of the current allowance, the
13 average bills in this proceeding, and the benefits to Limerick customers from the
14 acquisition by Aqua. I applied the same percentage increase to the other Zone 7
15 customer charges. The present unmetered rate is \$28.33 per month and establishing
16 an unmetered rate of \$60.00 per month would be an increase of \$31.67 per month or
17 111.8% ($\$31.67 / \28.33) over the present unmetered rate of \$28.33 per month (I&E
18 Ex. No. 5, Sch. 6, p. 1, line 6).

1 **ZONE 8 – EAST BRADFORD – RESIDENTIAL**

2 **Q. WHEN DID AQUA ACQUIRE THE EAST BRADFORD SYSTEM?**

3 A. Aqua acquired the East Bradford system on December 13, 2018, at Docket A-2018-
4 3001582.

5

6 **Q. WHAT PRESENT RESIDENTIAL RATES DO CUSTOMERS IN ZONE 8**
7 **CURRENTLY PAY?**

8 A. The present Zone 8 rates are shown on I&E Ex. No. 5, Sch. 6, p. 1, column B, lines
9 8-11, and 13 (Aqua Volume 5, Ex. 5-B, Part II, Sch. EB-3 and EB-4, column 4).

10

11 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
12 **CUSTOMER CHARGE AND FLAT RATES, INCLUDING SWITCHING**
13 **SOME CUSTOMERS TO METERED RATES IN ZONE 8?**

14 A. Yes. The proposed Zone 8 rates are shown on I&E Ex. No. 5, Sch. 6, p. 1, Column
15 D, lines 8-11, and 13. All Residential customers are presently charged flat rates.
16 Under proposed rates, most Residential customers will switch to being charged a
17 customer charge plus a usage rate, but some will remain flat rate customers (Aqua
18 Volume 5, Ex. 5-B, Part II, Sch. EB-3 and EB-4, column 6).

19

20 **Q. WHAT IS THE INCREASE TO A RESIDENTIAL CUSTOMER IN ZONE 8**
21 **UNDER THE COMPANY’S PROPOSED RATES?**

22 A. The bill for a flat rate Residential single-family detached customer in Zone 8 will

1 increase from \$71.49 per month to \$83.42 per month, which is an increase of \$11.93
2 per month or 16.7% (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 17). The bill
3 for a flat rate Residential townhome customer in Zone 8 will increase from \$55.36
4 per month to \$83.42 per month, which is an increase of \$28.06 per month or 50.7%
5 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 18). The Company did not present
6 a bill comparison for a Multi Family Zone 8 usage customer. Therefore, I created a
7 bill comparison based upon the present and the Company's proposed rates. Under
8 this comparison, the bill for an average customer will increase from \$55.36 per
9 month to \$80.10 per month, which is an increase of \$24.74 per month or 44.7% per
10 month (I&E Ex. No. 5, Sch. 6, p. 3, line 5).

11
12 **Q. WHAT RATES DO YOU RECOMMEND FOR ZONE 8 RESIDENTIAL**
13 **CUSTOMERS?**

14 A. My recommended rates for Zone 8 residential customers are listed on I&E Ex. No. 5,
15 Sch. 6, p. 1, Column F, lines 8-11 and 13.

16
17 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
18 **ZONE 8 EXPERIENCE UNDER YOUR PROPOSAL?**

19 A. Since the present Multi-Family monthly charge is lower than the single-family
20 monthly charge, I will describe the Multi-Family bill increase to show the largest
21 percentage increase that any customer will experience my proposal. The bill for an
22 average Multi-Family Residential customer in Zone 8 will increase from \$55.36 per

1 month to \$96.44 per month, which is an increase of \$41.08 per month or 74.2% (I&E
2 Ex. No. 5, Sch. 6, p. 4, line 5).

3
4 **Q. HOW DID YOU DETERMINE THESE RATES?**

5 A. In order to reduce the \$13.452 million subsidy described above, the Zone 8 rates
6 should be increased. I began by recommending a customer charge of \$55.00 per
7 month. This monthly charge is slightly more than the lowest present flat rate of
8 \$52.50 per month applicable to townhomes. I also increased the newly proposed
9 usage rate to \$1.120 per hundred gallons. Specifically, my proposed rates result in
10 an average Zone 8 Residential – Multi-family customer receiving an increase of
11 74.2% in this case. The 74.2% increase is reasonable given the revenue these rates
12 will generate, the percentage increases relative to other proposed rates, switching
13 most customers to a rate structure with a customer charge and usage rate, the average
14 bills in this proceeding, and the benefits to East Bradford customers from the
15 acquisition by Aqua. I also recommend a flat rate of \$100.00 per month which is an
16 increase of 46.9% (I&E Ex. No. 5, Sch. 6, p. 1, lines 8-11 and 13). The flat rate is
17 approximately equal to the \$100.00 per month monthly bill of a Residential usage
18 customer that uses 4,000 gallons per month (I&E Ex. No. 5, Sch. 6, p. 4, line 6).

1 **ZONE 8 – EAST BRADFORD – COMMERCIAL AND PUBLIC**

2 **Q. WHAT PRESENT COMMERCIAL AND PUBLIC RATES DO**
3 **CUSTOMERS IN ZONE 8 CURRENTLY PAY?**

4 A. The present Zone 8 rates are shown on I&E Ex. No. 5, Sch. 6, p. 1, column H, lines
5 12 and 14 (Aqua Volume 5, Ex. 5-B, Part II, Sch. EB-3 and EB-4, column 4).

6
7 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
8 **CUSTOMER CHARGE AND USAGE RATES FOR COMMERCIAL AND**
9 **PUBLIC CUSTOMERS?**

10 A. Yes. The proposed Zone 8 rates are shown on I&E Ex. No. 5, Sch. 6, p. 1, Column
11 K, lines 12 and 14. All Commercial and Public customers are presently charged a
12 monthly charge plus a usage rate (Aqua Volume 5, Ex. 5-B, Part II, Sch. EB-3 and
13 EB-4, column 6).

14
15 **Q. WHAT IS THE INCREASE TO AN AVERAGE COMMERCIAL**
16 **CUSTOMER IN ZONE 8 UNDER THE COMPANY’S PROPOSED RATES?**

17 A. The Company did not provide a bill comparison for Commercial customers,
18 therefore, I created the bill comparison for Commercial customers which shows that
19 under the Company’s rate proposal, the average bill for a Commercial that uses
20 7,200 gallons per month will increase from \$64.97 per month to \$118.88 per month
21 which is an increase of \$53.90 per month or 83.0% (I&E Ex. No. 5, Sch. 6, p. 5, line
22 9, columns A through D).

1 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 8**
2 **COMMERCIAL AND PUBLIC CUSTOMERS?**

3 A. My recommended rates for Zone 8 commercial customers are listed on I&E Ex. No.
4 5, Sch. 6, p. 1, Column F, lines 12 and 14.

5
6 **Q. WHAT INCREASE WILL THE AVERAGE COMMERCIAL CUSTOMER**
7 **IN ZONE 8 EXPERIENCE UNDER YOUR PROPOSAL?**

8 A. The bill for an average Commercial customer using 7,200 gallons per month in Zone
9 8 will increase from \$64.97 per month to \$119.74 per month, which is an increase of
10 \$54.77 per month or 84.3% (I&E Ex. No. 5, Sch. 6, p. 5, line 9).

11
12 **Q. HOW DID YOU DETERMINE THESE RATES?**

13 A. In order to reduce the \$13.452 million subsidy described above, the Zone 8 rates
14 should be increased. I accepted the Company's proposed monthly customer charge
15 of \$39.10 per month. However, I increased the Commercial class usage rate to
16 \$1.120 per hundred gallons to match the Residential usage rate describe above (I&E
17 Ex. No. 5, Sch. 6, p. 1, lines 12 and 14). The specific rates I recommend result in the
18 average Zone 8 Commercial customer receiving an increase of approximately 84.3%
19 in this case. The 84.3% is reasonable given the low present average bill, the revenue
20 it will generate, the percentage increases relative to other proposed rates, the other
21 rates and average bill increases in this proceeding, and the benefits to East Bradford
22 customers from the acquisition by Aqua.

1 **ZONE 9 – CHELTENHAM**

2 **Q. WHEN DID AQUA ACQUIRE THE CHELTENHAM SYSTEM?**

3 A. Aqua acquired the Cheltenham system on December 20, 2020, at Docket A-2019-
4 3008491.

5

6 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 9 CURRENTLY
7 PAY?**

8 A. The present Zone 9 rates are shown on I&E Ex. No. 5, Sch. 7, p. 1, column B, lines
9 1-2 (Aqua Volume 5, Ex. 5-B, Part II, Sch. CH-3, column 4).

10

11 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT
12 CUSTOMER CHARGE AND USAGE RATES IN ZONE 9?**

13 A. Yes. The proposed Zone 9 rates are shown on I&E Ex. No. 5, Sch. 7, p. 1, column
14 D, lines 1-2 (Aqua Volume 5, Ex. 5-B, Part II, Sch. CH-3, column 6).

15

16 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER
17 IN ZONE 9 UNDER THE COMPANY'S PROPOSED RATES?**

18 A. The bill for an average Residential customer in Zone 9 will increase from \$35.36 per
19 month to \$47.76 per month, which is an increase of \$12.40 per month or 35.1%
20 (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 19).

1 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 9 CUSTOMERS?**

2 A. My recommended rates for Zone 9 customers are listed on I&E Ex. No. 5, Sch. 7, p.
3 1, column F, lines 1-2.

4

5 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

6 A. I began by increasing the monthly charge to \$30.00 per month, which equates to an
7 increase of 43.6%. I also increased the usage rate to \$0.680 per hundred gallons; this
8 equates to an increase of 73.9% (I&E Ex. No. 5, Sch. 7, p. 1, columns A-G, lines 1-
9 2).

10

11 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
12 **ZONE 9 EXPERIENCE UNDER YOUR PROPOSAL?**

13 A. The bill for an average Residential customer in Zone 9 will increase from \$35.36 per
14 month to \$55.16 per month, which is an increase of \$19.80 per month or 56.0% (I&E
15 Ex. No. 5, Sch. 7, p. 2, line 5).

16

17 **Q. HOW DID YOU DETERMINE THESE RATES?**

18 A. In order to reduce the \$13.452 million subsidy described above, the Zone 9 rates
19 should be increased. The revenue shortfall for Cheltenham under proposed rates is
20 \$515,804 (Aqua Volume 2, Act 11, p. 1). Therefore, my rates were established so
21 that Zone 9 customers provide a subsidy of approximately 10% of the cost of service
22 to subsidize the other wastewater systems where a revenue shortfall exists (I&E Ex.

1 No. 5, Sch. 1, p. 1, line 12). The specific rates I recommend result in an average
2 Zone 9 customer receiving an increase of 56.0% in this case. The 56.0% is
3 reasonable given the revenue it will produce, the percentage increases relative to
4 other proposed rates, the average bills in this proceeding, and the benefits to
5 Cheltenham customers from the acquisition by Aqua.

6
7 **ZONE 10 – EAST NORRITON**

8 **Q. WHEN DID AQUA ACQUIRE THE EAST NORRITON SYSTEM?**

9 A. Aqua acquired the East Norriton system on June 19, 2020, at Docket A-2019-
10 3009052.

11
12 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 10 – EAST
13 NORRITON CURRENTLY PAY?**

14 A. The present Zone 10 – East Norriton rates are shown on I&E Ex. No. 5, Sch. 7, p. 1,
15 column B, lines 3-5 (Aqua Volume 5, Ex. 5-B, Part II, Sch. EN-5, p. 1, column 4).

16
17 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT
18 CUSTOMER CHARGE, UNMETERED, AND USAGE RATES IN ZONE 10 -
19 EAST NORRITON?**

20 A. Yes. The proposed Zone 10 – East Norriton rates are shown on I&E Ex. No. 5, Sch.
21 7, p. 1, column D, lines 3-5 (Aqua Volume 5, Ex. 5-B, Part II, Sch. EN-5, p. 1,
22 column 6).

1 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
2 **IN ZONE 10 – EAST NORRITON UNDER THE COMPANY’S PROPOSED**
3 **RATES?**

4 A. The bill for an average Residential customer in Zone 10 - Norriton will increase from
5 \$36.56 per month to \$56.57 per month, which is an increase of \$20.01 per month or
6 54.7% Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 20).

7
8 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 10 EAST**
9 **NORRITON CUSTOMERS?**

10 A. My recommended rates for Zone 10 – East Norriton customers are listed on I&E Ex.
11 No. 5, Sch. 7, p. 1, column F, lines 3-5.

12
13 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

14 A. I began by increasing the monthly charge to \$35.00 per month, which equates to an
15 increase of 66.0%. I also increased the usage rate to \$0.760 per hundred gallons, this
16 equates to an increase of 16.2% (I&E Ex. No. 5, Sch. 7, p. 1, columns A-G, lines 3-
17 5).

18
19 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
20 **ZONE 10 – EAST NORRITON EXPERIENCE UNDER YOUR PROPOSAL?**

21 A. The bill for an average Residential customer in Zone 10 will increase from \$36.56

1 per month to \$63.12 per month, which is an increase of \$26.56 per month or 72.6%
2 (I&E Ex. No. 5, Sch. 7, p. 3, line 5).

3
4 **Q. HOW DID YOU DETERMINE THESE RATES?**

5 A. In order to reduce the \$13.452 million subsidy described above, the Zone 10 rates
6 should be increased. The rates were established so that the average Zone 10
7 customer receives an increase of slightly below 73% in this case. The 72.6% is
8 reasonable given the revenue it will generate, the percentage increases relative to
9 other proposed rates, the average bills in this proceeding, and the benefits to East
10 Norriton customers from the acquisition by Aqua described above.

11
12 **ZONE 10 – WHITPAIN**

13 **Q. WHEN DID AQUA ACQUIRE THE WHITPAIN SYSTEM?**

14 A. Aqua acquired the Whitpain system with the East Norriton system on June 19, 2020,
15 at Docket A-2019-3009052.

16
17 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 10 – WHITPAIN**
18 **CURRENTLY PAY?**

19 A. The present Zone 10 - Whitpain rates are shown on I&E Ex. No. 5, Sch. 7, p. 1,
20 column B, lines 6-11 (Aqua Volume 5, Ex. 5-B, Part II, Sch. EN-5, p. 2, column 4).

1 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
2 **CUSTOMER CHARGE AND USAGE RATES IN ZONE 10 - WHITPAIN?**

3 A. Not entirely. The Company is proposing increases to some rates and decreases to
4 others. The changes the Company proposes result in a common customer charge and
5 usage rate for metered customers. The proposed Zone 10 - Whitpain rates are shown
6 on I&E Ex. No. 5, Sch. 7, p. 1, column D, lines 6-11 (Aqua Volume 5, Ex. 5-B, Part
7 II, Sch. EN-5, p. 2, column 6).

8
9 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
10 **IN ZONE 10 – WHITPAIN UNDER THE COMPANY’S PROPOSED**
11 **RATES?**

12 A. The bill for an average Residential customer in Zone 10 – Whitpain will increase
13 from \$31.66 per month to \$56.57 per month, which is an increase of \$24.91 per
14 month or 78.7% (Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 21).

15
16 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 10 EAST**
17 **NORRITON CUSTOMERS?**

18 A. My recommended rates for Zone 10 - Whitpain customers are listed on I&E Ex. No.
19 5, Sch. 7, p. 1, column F, lines 6-11.

20
21 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

22 A. I began by increasing the monthly charge to \$35.00 per month, which equates to an

1 increase of 66.0%. I also increased the usage rate to \$0.760 per hundred gallons; this
2 equates to an increase of 16.2% (I&E Ex. No. 5, Sch. 7, p. 1, columns A-G, lines 6-
3 11).

4
5 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
6 **ZONE 10 – WHITPAIN EXPERIENCE UNDER YOUR PROPOSAL?**

7 A. The bill for an average Residential customer in Zone 10 - Whitpain will increase
8 from \$31.66 per month to \$63.12 per month, which is an increase of \$31.46 per
9 month or 99.4% (I&E Ex. No. /5, Sch. 7, p. 4, line 5).

10
11 **Q. HOW DID YOU DETERMINE THESE RATES?**

12 A. The rates I recommend are the same rates that I propose for rate Zone 10 - Norriton.

13
14 **Q. WHY IS A LARGER THAN AVERAGE INCREASE JUSTIFIED FOR THE**
15 **AVERAGE ZONE 10 – WHITPAIN CUSTOMERS?**

16 A. There are three reasons. First, the beginning bill of \$31.66 per month is the lowest
17 average bill for all zones. Therefore, to move the average bill closer to other average
18 bills, a larger percentage increase is necessary. Second, the Company's desire to
19 consolidate all Zone 10 rates justifies the higher rates for Zone 10 -Whitpain to
20 match the Zone – 10 Norriton rates. Third, even with higher rates causing a higher
21 than average increase for Zone 10 – Whitpain, total Zone – 10 operations will

1 continue to need \$1,378,735 of subsidy from water customers (I&E Ex. No. 5, Sch.
2 1, p. 1, line 13).

3

4 **ZONE 11 – NEW GARDEN**

5 **Q. WHEN DID AQUA ACQUIRE THE NEW GARDEN SYSTEM?**

6 A. Aqua acquired the New Garden system on December 22, 2020, at Docket A-2016-
7 2580061.

8

9 **Q. WHAT PRESENT RATES DO CUSTOMERS IN ZONE 11 – NEW GARDEN**
10 **CURRENTLY PAY?**

11 A. The present Zone 11 – New Garden rates are shown on I&E Ex. No. 5, Sch. 8, p 1,
12 column B (Aqua Volume 5, Ex. 5-B, Part II, Sch. NG-3, column 4).

13

14 **Q. IS THE COMPANY PROPOSING TO INCREASE THE PRESENT**
15 **CUSTOMER CHARGE AND USAGE RATES IN ZONE 11 - NEW**
16 **GARDEN?**

17 A. Yes. The proposed Zone 11 – New Garden rates are shown on I&E Ex. No. 5, Sch.
18 8, p. 1, column D (Aqua Volume 5, Ex. 5-B, Part II, Sch. NG-3, column 6).

1 **Q. WHAT IS THE AVERAGE INCREASE TO A RESIDENTIAL CUSTOMER**
2 **IN ZONE 11 – NEW GARDEN UNDER THE COMPANY’S PROPOSED**
3 **RATES?**

4 A. The bill for an average Residential customer in Zone 11 will increase from \$68.48
5 per month to \$94.09 per month, which is an increase of \$25.61 per month or 37.4%
6 Aqua Volume 5, Ex. 5-B, Part II, Sch. WW-7, p. 23).

7
8 **Q. WHAT RATES DO YOU RECOMMEND FOR THE ZONE 11 NEW**
9 **GARDEN CUSTOMERS?**

10 A. My recommended rates for Zone 11 – New Garden customers are listed on I&E Ex.
11 No. 5, Sch. 8, p. 1, column F.

12
13 **Q. PLEASE SUMMARIZE YOUR RATE PROPOSAL.**

14 A. I began by increasing the monthly charge to \$63.00 per month, which equates to an
15 increase of \$25.36 per month or 67.4%. To be consistent, I increased the
16 Commercial-1 monthly charge to \$88.20 per month which is approximately the same
17 67.3% increase. Then I made the Commercial-2 monthly charge the same monthly
18 charge of \$88.20 per month. Finally, I recommend that the Company begin charging
19 \$1.6250 per hundred gallons for the first 1,667 gallons per month in Zone 11 – New
20 Garden for both Residential and Commercial customers (I&E Ex. No. 5, Sch. 8, p.
21 1).

1 **Q. WHAT INCREASE WILL THE AVERAGE RESIDENTIAL CUSTOMER IN**
2 **ZONE 11 – NEW GARDEN EXPERIENCE UNDER YOUR PROPOSAL?**

3 A. The bill for an average Residential customer in Zone 11 – New Garden will increase
4 from \$68.48 per month to \$123.12 per month, which is an increase of \$54.64 per
5 month or 79.8% (I&E Ex. No. 5, Sch. 8, p. 2, line 5).

6
7 **Q. HOW DID YOU DETERMINE THESE RATES?**

8 A. In order to reduce the \$13.452 million subsidy described above, the Zone 11 – New
9 Garden rates should be increased. My rates are proposed so that the average Zone 11
10 – New Garden customer receives an increase of 79.8% in this case. The 79.8%
11 increase is reasonable given the revenue shortfall in the New Garden system, the
12 percentage increases relative to other proposed rates, the average bills in this
13 proceeding, and the benefits to New Garden customers from the acquisition by Aqua.
14 I recommend that the Company begin to charge \$1.625 per hundred gallons for the
15 first 1,667 gallons per month to generate revenue, eliminate the usage allowance, and
16 begin to move towards a single usage rate.

17
18 **Q. WHY SHOULD THE ALLOWANCE BE ELIMINATED AND THE**
19 **VARIOUS USAGE RATES MOVE TOWARDS ONE USAGE RATE?**

20 A. For the Residential class, the Company's proposing to maintain the 1,667 gallons per
21 month allowance. However, having an allowance sends the wrong pricing signal by
22 discouraging conservation as customers do not benefit by reducing their usage if

1 their bill includes an allowance. One single usage rate is the simplest rate structure
2 to implement and understand. Additionally, maintaining this allowance makes
3 consolidating the usage rates into one usage rate in the future more difficult. Under
4 my proposal, the difference between the proposed usage rates is \$0.975 (\$2.600 -
5 \$1.625) per hundred gallons, while the difference between the usage rates proposed
6 by the Company is \$2.6999 (\$2.6999 - \$0.000) per hundred gallons (I&E Ex. No. 5,
7 Sch. 8, p. 1, lines 10-12). A smaller difference in the usage rates in this case will
8 make consolidating the usage rates into one Residential usage rate easier in the next
9 base rate case.

11 **THIRD PARTY SALES**

12 **Q. WHAT PRESENT RATES DO THIRD PARTY CUSTOMERS CURRENTLY**
13 **PAY?**

14 A. There are eight third party customers. The present rate revenue is \$1,095,381 (I&E
15 Ex. No. 5, Sch. 1, p. 1, line 3, column G (Aqua Volume 5, Ex. 5-B, Part II, WW-5,
16 pp. 15-16, column 5).

17
18 **Q. IS THE COMPANY PROPOSING TO INCREASE THIRD PARTY**
19 **PRESENT RATE REVENUE?**

20 A. Yes. The Company is proposing to increase third party revenue from \$1,095,381 to
21 \$1,370,910, which is an increase of \$275,925 or 25.2% (Aqua Volume 5, Ex. 5-B,
22 Part II, WW-5, p. 15-16, columns 5 and 7). However, there are two customers where

1 the Company shows no increase in rates or revenue. These include Southdown
2 Homes and East Brandywine customers (I&E Ex. No. 5, Sch. 9, p. 1, line 12-15).
3 The remaining customers will experience an increase in annual bills ranging from
4 14% to 58.8% (I&E Ex. No. 5, Sch. 9, p. 1, lines 1-3 and p. 2, lines 16-23).

5
6 **Q. WHAT DO YOU RECOMMEND FOR THE TWO CUSTOMERS WHERE**
7 **THE COMPANY HAS PROPOSED NO INCREASE IN RATES OR**
8 **REVENUE?**

9 A. I recommend that the Southdown Homes usage rate increase from \$0.749 per
10 hundred gallons to \$0.9535 per hundred gallons. This equates to an increase of
11 \$0.2045 per hundred gallons or approximately 27.3%. I recommend that the East
12 Brandywine customer charge be increased from \$351.00 per month to \$446.75 per
13 month. This equates to an increase of \$95.75 per month or approximately 27.3%
14 (I&E Ex. No. 5, Sch. 9, p. 1, lines 11-15).

15
16 **Q. HOW DID YOU DETERMINE THESE RATES?**

17 A. The average increase in third party revenue without these two customers proposed by
18 the Company is 27.3% (I&E Ex. No. 5, Sch. 9, p. 2, line 33). Therefore, I believe it
19 is reasonable to increase the rates for these two third party customers the same
20 percentage to reduce the \$13.452 million subsidy described above. This percentage
21 increase is reasonable considering the higher percentage increase being proposed for

1 other Third-party customers and the higher percentage increases proposed by Aqua
2 for other wastewater customers.

3
4 **Q. HOW MUCH ADDITIONAL THIRD-PARTY SALES REVENUE DO YOUR**
5 **RECOMMENDATIONS PRODUCE?**

6 A. Applying these rates to the volumes and bills increases proposed revenue by \$23,506
7 (I&E Ex. No. 5, Sch. 5, p. 2, line 23, column H). However, because of variations
8 between the proof of revenue and final revenue, the Company applies a billing factor
9 of 0.9907573 to all Third-party revenue (I&E Ex. No. 5, Sch. 1, p. 2, line 5, column
10 E). Therefore, when the \$23,506 increase in billing revenue is applied to the billing
11 factor, the \$23,506 is reduced to \$23,484 ($\$23,506 \times 0.99907573$). My
12 recommendations increase third-party revenue \$23,484 more than the \$89,613
13 increase proposed by the Company, for an increase of \$113,097. Accordingly, under
14 my recommendation, total third-party sales revenue will increase from \$1,280,031 to
15 \$1,393,128(I&E Ex. No. 5, Sch. 1, p. 1, line 3).

16
17 **Q. IS IT REASONABLE FOR THE TOTAL AMOUNT OF THIRD-PARTY**
18 **REVENUE TO EXCEED THE TOTAL COST OF PROVIDING SERVICE**
19 **TO THIRD PARTY CUSTOMERS?**

20 A. Yes. The COSS is just a guide in establishing rates. The COSS is based on
21 estimates and judgement that may not represent the true cost of providing a specific
22 class of service such as Third-party service. Also, since Third party customers are

1 part of the system, they should contribute to the subsidization of other wastewater
2 customers. Under my proposed Third-party rates, the Third-party customer revenue
3 will exceed the cost of providing Third party service by approximately \$23,485.
4 With the total cost of providing Third party service is \$1,388,690, this \$23,485
5 subsidy is a minimal 1.69% ($\$23,485 / \$1,388,690$) of the cost of providing service
6 to Third party customers (I&E Ex. No. 5, Sch. 1, line 3).

7
8 **OTHER OPERATING REVENUE – LATE PAYMENT REVENUE – PRESENT RATES**

9 **Q. HOW MUCH LATE PAYMENT REVENUE DOES THE COMPANY**
10 **PROJECT IT WILL RECEIVE UNDER PRESENT RATES FOR THE**
11 **FPFTY?**

12 A. The total claim for Operating Revenue - Late Payment Revenue under present and
13 proposed rates for the FPFTY ending March 31, 2023, is \$76,434. The \$76,434 is
14 comprised of two parts. The first part is \$23,436 from Zones 1-6 (Aqua Volume 5,
15 Ex. 5-B, Part II, Sch. WW-1, p. 1, column 2) and \$52,998 from Zones 7-11 (\$8,808
16 + \$16,378 + \$20,377 + \$7,435 + \$0) (Aqua Volume 5, Ex. 5-B, Sch. WW-LMK, p.
17 1. EB, p. 1, CH-1, p. 1, EN-1, p. 1, and NG-1, p. 1).

18
19 **Q. DID THE COMPANY NOT REFLECT ANY LATE PAYMENT IN ONE OF**
20 **THE SYSTEMS UNDER PRESENT RATES?**

21 A. Yes. The Company did not reflect any late payment revenue for Zone 11 - New

1 Garden (Aqua Volume 5, Ex. NG-2, p. 1). The Company's response to I&E-RS-30-
2 D indicates that since the Company acquired the system in December 2020, no late
3 payment revenue was recorded for Zone 11 – New Garden (I&E Ex. No. 5, Sch. 8, p.
4 3).

5
6 **Q. DID THE COMPANY PROVIDE THE AMOUNT OF LATE PAYMENT**
7 **REVENUE RECEIVED IN ZONE 11 – NEW GARDEN IN 2021?**

8 A. Yes. The Company's response to I&E-RS-30-D indicates that the Company
9 received \$8,691 in Late Payment revenue from April through September of 2021 in
10 Zone 11 – New Garden (I&E Ex. No. 5, Sch. 8, p. 3, and I&E Ex. No. 5, Sch. 8, p. 5,
11 lines 1-8).

12
13 **Q. WHAT DO YOU RECOMMEND CONCERNING LATE PAYMENT**
14 **REVENUE FOR ZONE 11 – NEW GARDEN?**

15 A. I recommend that late payment revenue for Zone 11 – New Garden be increased
16 from \$0 to \$17,382 under present rates.

17
18 **Q. HOW DID YOU DETERMINE THE \$17,382 OF LATE PAYMENT**
19 **REVENUE FOR ZONE 11 – NEW GARDEN?**

20 A. For a six-month period, the average monthly late payment revenue received for Zone
21 11 – New Garden is \$1,448.50 for April through September 2021. Therefore, I
22 recommend \$17,382 (\$1,448.50 X 12 months) of annual late payment revenue be

1 added to reflect Zone 11 – New Garden late payment revenue in present rates (I&E
2 Ex. No. 5, Sch. 8, p. 5, line 8-10).

3
4 **Q. WHY DO YOU RECOMMEND LATE PAYMENT REVENUE FOR ZONE**
5 **11 – NEW GARDEN BE INCREASED TO \$17,382?**

6 A. While the Company did not collect Late Payment Revenue in the HTY, it is
7 currently collecting and will continue to collect late payment revenue in the FPFTY
8 ending March 31, 2023. Therefore, it is reasonable to reflect Zone 11 – New Garden
9 late payment revenue that the Company will collect in the FPFTY under present rates
10 in this case.

11
12 **OTHER OPERATING REVENUE – LATE PAYMENT REVENUE – PROPOSED RATES**

13 **Q. HOW MUCH LATE PAYMENT REVENUE DOES THE COMPANY**
14 **PROJECT IT WILL RECEIVE UNDER PROPOSED RATES FOR THE**
15 **FPFTY?**

16 A. The total claim for operating revenue - late payment revenue under proposed rates
17 for the FPFTY ending March 31, 2023, is also \$76,434. The \$76,434 is comprised
18 of two parts. The first part is \$23,436 from Zones 1-6 (Aqua Volume 5, Ex. WW-1,
19 p. 1, column 7) and \$52,998 (\$8,808 + \$16,378 + \$20,377 + \$7,435 + \$0) from
20 Zones 7-11 (Aqua Volume 5, Ex. WW-1, p. 1).

1 **Q. WHAT DO YOU RECOMMEND CONCERNING THE \$23,436 LATE**
2 **PAYMENT REVENUE IN ZONES 1 THROUGH 6 UNDER PROPOSED**
3 **RATES?**

4 A. I recommended that the late payment revenue be increased from \$23,436 to \$30,994,
5 which is an increase of \$7,558 or 32.2% under proposed rates for the FPFTY (I&E
6 Ex. No. 5, Sch. 1, line 6, column H). The 32.2% is the same percentage increase I
7 propose for the tariff rates in Zones 1-6.

8
9 **Q. WHAT DID YOU RECOMMEND CONCERNING PRESENT RATE LATE**
10 **PAYMENT REVENUE FOR ZONES 7 THROUGH 11?**

11 A. As described above, I recommended that the \$52,998 be increased by \$17,382 to
12 \$70,380 to include late payment revenue from Zone 11. As described below, my
13 recommendation under proposed rates will be based upon my recommended late
14 payment revenue of \$70.380 for Zones 7 through 11.

15
16 **Q. WHAT DO YOU RECOMMEND CONCERNING THE \$70,380 LATE**
17 **PAYMENT REVENUE IN ZONES 7 THROUGH 11 LATE PAYMENT**
18 **REVENUE UNDER PROPOSED RATES?**

19 A. I recommend that the \$70,380 of late payment revenue be increased to \$110,519
20 which is an increase of \$40,139 or 57.0% under proposed rates for the FPFTY (I&E
21 Ex. No. 5, Sch. 1, line 18, columns G-J).

1 **Q. WHY DO YOU RECOMMEND LATE PAYMENT REVENUE BE**
2 **INCREASED UNDER PROPOSED RATES?**

3 A. I believe it is reasonable to expect that late payment revenue will increase when a
4 utility's base rates are increased as a result of a base rate proceeding. Since late
5 payment revenue is generally a percentage of a customer's bill, increasing water
6 service revenue through a rate increase will cause revenues from late payments to
7 increase over time.

8

9 **SCALE BACK OF RATES**

10 **Q. SHOULD WASTEWATER RATES BE SCALED BACK IF THERE IS A**
11 **SUBSIDY BEING PROVIDED FROM WATER CUSTOMERS TO**
12 **WASTEWATER CUSTOMERS?**

13 A. No. Until the total wastewater subsidy is eliminated, wastewater rates should not be
14 scaled back. To determine if there remains any subsidy, the Company should
15 recalculate the subsidies and determine the total wastewater subsidy after the
16 Commission order is entered.

17

18 **Q. WHY DO YOU RECOMMEND THAT WASTEWATER RATES NOT BE**
19 **SCALED BACK UNTIL THE TOTAL WASTEWATER SUBSIDY IS**
20 **ELIMINATED?**

21 A. As described above, it is in the public interest to reduce the subsidy being provided
22 to wastewater customers. Therefore, all wastewater customers should contribute to

1 cover any wastewater subsidy and the total wastewater subsidy should be considered,
2 rather than the subsidy in the individual zones. This is especially important in Zones
3 7 through 11 where the Section 1329 Applications stated there would be no short-
4 term harm to existing customers and that the municipalities and the customers in
5 these Zones benefited from the acquisition by Aqua. Therefore, until the total
6 subsidy is eliminated, wastewater rates should not be scaled back.

7
8 **Q. WHAT DO YOU RECOMMEND AFTER THE TOTAL WASTEWATER**
9 **SUBSIDY IS ELIMINATED?**

10 A. If at some point, the total subsidy is eliminated, then the rates in the zones where the
11 proposed revenue exceeds the cost of providing service to that zone can be reduced.
12 I recommend rates be scaled back proportional to the percent increase I propose.
13 This scale back should exclude rates that were not proposed to increase.

14
15 **TARIFF ZONES**

16 **Q. DID THE COMPANY GROUP THE VARIOUS SYSTEMS INTO ZONES IN**
17 **THE PROPOSED TARIFF?**

18 A. Yes. The Company grouped the various systems in the proposed tariff. Each system
19 falls into a zone that determines the rates the customer pay. Since the Company is
20 proposing the same rates for Zone 1 and 2 under proposed rates, the Company
21 reclassified Zone 3 customers into Zone 2, Zone 4 customers into Zone 3, Zone 5

1 customers into Zone 4, and Zone 6 customers into Zone 5 (Aqua Volume 1, - Aqua
2 Pennsylvania Wastewater, Inc. Tariff Sewer Pa P.U.C. No. 3, Original page 5 and 6).

3
4 **Q. IF THE COMMISSION AGREES WITH YOUR RECOMMENDATION TO**
5 **INCREASE RATES IN ZONE 2 ABOVE WHAT THE COMPANY**
6 **PROPOSED, WHAT DO YOU RECOMMEND?**

7 A. I recommend that the Emlenton, Pinecrest, Rivercrest and White Haven Division
8 (Kidder) systems continue to be listed under Zone 2.

9
10 **Q. WHAT DO YOU RECOMMEND CONCERNING THESE FOUR SYSTEMS?**

11 A. I recommend that the Company keep Zones 3 through Zone 6 in the existing Zones 3
12 through Zone 6 designations, respectively.

13
14 **Q. WHY DO YOU MAKE THIS RECOMMENDATION?**

15 A. If the Commission agrees that Zone 2 rates should be higher than Zone 1, Zone 2
16 through Zone 6 will need to have separate tariff pages.

17
18 **COST OF SERVICE STUDIES**

19 **Q. DID AQUA ADDRESS THE CONTINUATION OF FILING OF SEPARATE**
20 **COST OF SERVICE STUDIES IN FUTURE BASE RATE CASES?**

21 A. No. The Company did not address the continuation of separate COSS' in the next
22 case for each current Section 1329 acquisition reflected in this proceeding.

1 However, this is the first base rate case to include separate COSS for the systems
2 acquired under Section 1329.

3
4 **Q. WHAT DO YOU RECOMMEND THE COMPANY PROVIDE IN THE**
5 **NEXT BASE RATE CASE?**

6 A. I recommend the Company continue to combine Zones 1 through 6 in one COSS. I
7 also recommend the Company combine Zones 7 through 11 into one COSS.

8
9 **Q. WHY DO YOU RECOMMEND THAT ZONES 7 THROUGH 11 BE**
10 **COMBINED INTO ONE COSS?**

11 A. Since these zones include systems that were acquired under Section 1329, they
12 represent a unique group of zones and cost recovery requirements. Therefore, these
13 zones should be grouped into one COSS in future cases. It is important to
14 distinguish the difference between these systems and systems not acquired under
15 1329 because of the generally higher cost of providing service to customers in the
16 system acquired under 1329. Newly acquired Section 1329 systems subsequent to
17 this rate proceeding should continue to have a separate COSS included in the first
18 base rate proceeding where those systems are included in Aqua's wastewater system.

19
20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 A. Yes.

JOSEPH KUBAS

***PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET
HARRISBURG, PA 17120***

Education: Bachelor of Science in Civil Engineering Technology, 1985, University of Pittsburgh at Johnstown, Johnstown, PA.

Continuing

Education: Legal Principles and Practices of Surveying at the University of Maryland. Economics, Accounting, 33 Credit hours of accounting at the Howard County Community College and the University of Pittsburgh at Johnstown. Managing Multiple Priorities at the Pennsylvania State University. Various PA-PUC and Utility Company Seminars.

Professional: Engineer In Training, 1985,

Exams: Uniform Certified Public Accounting Exam, 1993.

Rate School: Cost of Service - Rate Structure & Rate Design instructor at Commission's Rate School - September 2010, 2012 and 2014.

Title: **FIXED UTILITY VALUATION ENGINEER SUPERVISOR**

December 2011 - Present
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

Duties: Duties include the areas of Engineering, Revenue and Rate Structure for all fixed utility types. During the course of formal and informal investigations personnel under my direction are responsible for reviewing and presenting recommendations regarding tariff rate schedules, tariff rules and regulations, measures of value claims, revenue annualizations, depreciation claims, fuel purchasing practices and economic analyses. The types of dockets reviewed by the Bureau of I&E include: applications, formal complaints, investigations, petitions and rate investigations. The Engineering Section is also responsible for reviewing all pertinent supporting information such as cost of service studies, bill frequency

analyses, proofs of revenue, depreciation studies, water quality test results and formal complaints. Duties also include reviewing default service petitions by electric distribution companies and Act 129 Filings by the seven major electric Utilities, including energy efficiency and conservation plans and Smart Meter Plans.

Title: RATE CASE REVIEW SPECIALIST

December 2009 - December 2011
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement and Office of Trial Staff

Duties: These duties include the determination of the reasonableness of claims and proposals in the areas of plant in service, rate base, depreciation expense, cost of service, quality of service, revenues, acquisitions, purchase gas expense, rate structure, and tariff proposal submitted by Water, Sewer, Telephone, Gas and Steam Heat utilities to justify utility service rates, or alternative forms of regulation. Research, analyze, and review rate case filings, tariff filings, acquisitions and investigations. Participate in on-site inspections of utility properties to determine the used and usefulness of the plant-in service and make recommendations. Prepare interrogatories in the areas of rate base, depreciation expense, purchase gas expense, amortizations, rate structure, revenue and quality of service in order to obtain additional information regarding a utility's filing. Analyze present revenue, proposed revenue, rate structure and tariff issues. Recommend adjustments to rate base, depreciation expense, revenue, rate structure and other issues concerning fixed utilities. Prepare testimony and exhibits for the purpose of establishing the I&E position in formal and informal proceedings before the Commission. Provide assistance and input to I&E employees concerning engineering and rate structure issues including input for briefs and exceptions. Participate in Commission consultative report proceedings and collaboratives undertaken by the Commission.

Title: FIXED UTILITY VALUATION ENGINEER III

December 1999 - December 2009
Pennsylvania Public Utility Commission
Office of Trial Staff

Duties: These duties include the determination of the reasonableness of claims and proposals in the areas of plant in service, rate base, depreciation expense, cost of service, quality of service, revenues, acquisitions, purchase gas expense, rate structure, and tariff proposal submitted by Water, Sewer,

Telephone, Gas and Steam Heat utilities to justify utility service rates, or alternative forms of regulation. Research, analyze, and review rate case filings, tariff filings, acquisitions and investigations. Participate in on-site inspections of utility properties to determine the used and usefulness of the plant-in service and make recommendations. Prepare interrogatories in the areas of rate base, depreciation expense, purchase gas expense, amortizations, rate structure, revenue and quality of service in order to obtain additional information regarding a utility's filing. Analyze present revenue, proposed revenue, rate structure and tariff issues. Recommend adjustments to rate base, depreciation expense, revenue, rate structure and other issues concerning fixed utilities. Prepare testimony and exhibits for the purpose of establishing the OTS position in formal and informal proceedings before the Commission. Provide assistance and input to OTS employees concerning engineering and rate structure issues including input for briefs and exceptions. Participate in Commission consultative report proceedings and collaboratives undertaken by the Commission.

Title: FIXED UTILITY VALUATION ENGINEER II

April 1996 - December 1999
Pennsylvania Public Utility Commission
Office of Trial Staff and Bureau of Fixed Utility Services

Duties: Perform the duties of a Fixed Utility Valuation Engineer II in the Office of Trail Staff (OTS) and Bureau of Fixed Utility Services.

Title: FIXED UTILITY VALUATION ENGINEER TRAINEE, I & II

May 1993 - March 1996
Pennsylvania Public Utility Commission
Office of Trial Staff
Telecommunications and Water Division

Duties: Perform the duties of a Fixed Utility Valuation Engineer II in the Rate Structure/Engineering Section of the Telecommunications and Water Division of the Office of Trial Staff (OTS).

Title: CIVIL ENGINEER

May 1985 - January 1991
Clark Finefrock & Sackett Inc.
7135 Minstrel Way
Columbia, MD 21045

Duties: Engineering, Surveying, Computer, and Field Inspection work related to land development projects in Maryland.

Testimony Before the Pennsylvania Public Utility Commission

1.	National Utilities Inc. (Water)	R-00953416
2.	Consumer Pennsylvania Water Company - Roaring Creek Division	R-00973869
3.	Philadelphia Suburban Water Company	R-00973952
4.	Bell Atlantic - Pennsylvania Inc.	P-00971307
5.	City of Bethlehem- Bureau of Water	R-00984375
6.	Pennsylvania Telephone Association - Chapter 30 Plan	P-00981425
7.	GTE North Inc. Telephone Chapter 30 Plan	P-00981449
8.	Pennsylvania American Water Co.	R-00994638
9.	Philadelphia Suburban Water Co.	R-00994868
10.	PG Energy (Gas)	R-00005119
11.	Pennsylvania American Water - Coatesville Acquisition	A-212285-F0071
12.	T. W Phillips Gas and Oil Company	R-00005459
13.	Verizon North - Chapter 30 Plan	P-00001854
14.	Philadelphia Gas Works	R-00006042
15.	PFG Gas Inc. & Penn Fuels Gas Co.	R-00013679
16.	Pennsylvania American Water Co.	R-00016339
17.	Philadelphia Suburban Water Co.	R-00016750
18.	Philadelphia Gas Works	R-00017034
19.	PFG Gas Inc. & Penn Fuels Gas Co	R-00027389
20.	Verizon - Pennsylvania, Inc.	P-00021973
21.	Verizon - Pennsylvania, Inc.	P-00937105-F0002
22.	Pennsylvania American Water Co.	R-00027982
23.	Dominion Peoples 1307(f)	R-00038170
24.	Verizon PA / Verizon North	C-20027195
25.	National Fuel Gas Distribution, Inc.	R-00038168
26.	Aqua Pennsylvania Inc.	R-00038805
27.	Dominion Peoples 1307 (f)	R-00049153
28.	PPL Electric Utilities	R-00049255
29.	National Fuel Gas Distribution, Inc.	R-00049656
30.	City of Lancaster - Sewer	R-00049862
31.	Dominion Peoples 1307(f)	R-00050267
32.	Verizon PA / Verizon North	C-20027195
33.	PPL Gas Utilities Inc. 1307(f)	R-00050540

34.	United Telephone	A-313200-F0007
35.	Aqua Pa	R-00051030
36.	T.W. Phillips 1307(f)	R-00051134
37.	City of Dubois	R-00050671
38.	T.W. Phillips	R-00051178
39.	The Peoples Natural Gas Co. 1307(f)	R-00061301
40.	Meted/Penelec	R-00061366 and R-00061367
41.	The York Water Company	R-00061322
42.	PPL Gas Utilities Corporation	R-00061398
43.	National Fuel Gas Distribution, Inc.	R-00061493
44.	Pennsylvania American Water Co.	P-00062241
45.	Philadelphia Gas Works	R-00061931
46.	PPL Electric	R-00072155
47.	Pennsylvania-American Water Co.	R-00072229
48.	Valley Energy	R-00072349
49.	City of Bethlehem	R-00072492
50.	Aqua Pennsylvania, Inc.	R-00072711
51.	T.W. Phillips 1307(f)	R-2008-2013026
52.	Columbia Gas	R-2008-2011621
53.	The Peoples Natural Gas Co. 1307(f)	R-2008-2022206
54.	PECO Energy	P-2008-2032333
55.	NRG Energy Center Harrisburg	R-2008-2028395
56.	PAWC - Coatesville Wastewater	R-2008-2032689
57.	York Water	R-2008-2023067
58.	Pike County Power and Light (Gas)	R-2008-2046520
59.	Columbia Water	R-2008-2045157
60.	T. W. Phillips Gas (1307-f)	R-2008-2075250
61.	The Peoples Natural Gas Co. (1307-f)	R-2009-2088069
62.	UGI Utilities Inc. (1307-f)	R-2009-2105911
63.	PAWC Water	R-2009-2097323
64.	UGI Utilities Inc.	R-2009-2105911
65.	Penn Estates Water	R-2009-2117532
66.	Penn Estates Sewer	R-2009-2117740
67.	AT&T Communications	C-2009-2098380
68.	Aqua Pennsylvania Inc.	R-2009-2132019
69.	T.W. Phillips Gas (1307-f)	R-2009-2145441
70.	PGW Gas	R-2009-2139884
71.	City of Bethlehem - Remand	R-00072492
72.	Dominion Peoples (1307-f)	R-2010-2155608
73.	PECO Energy - Gas Division	R-2010-2161592
74.	UGI Penn National Gas	R-2010-2172928
75.	PAWC Coatesville Operations	R-2010-2166212
76.	PAWC Northeast Operations	R-2010-2166214

77.	Duquesne Light	R-2010-2179522
78.	Peoples Natural Gas Company	R-2010-2201702
79.	T.W. Phillips - Steel River Application	A-2010-2210326
80.	Peoples Natural Gas 1307(f)	R-2011-2228694
81.	UGI Penn Natural Gas 1307(f)	R-2011-2238943
82.	Pennsylvania American Water	R-2011-2232243
83.	Aqua Pennsylvania, Inc.	R-2011-2267958
84.	Borough of Quakertown	R-2011-2251181
85.	Peoples Natural Gas Company	R-2012-2285985
86.	Columbia Gas of Pennsylvania	R-2012-2321748
87.	UGI Utilities Inc.	R-2015-2518438
88.	Aqua Wastewater	A-2017-2605434
89.	Pennsylvania American Water	R-2017-2595853
90.	UGI Electric	R-2017-2640058
91.	PECO Electric	R-2018-3000164
92.	York Water Company	R-2018-3000019
93.	Penn Power	P-2019-3012628
94.	Aqua-PA -New Garden Twp	A-2019-2580061
95.	UGI Gas	R-2019-3015162
96.	Pittsburgh Water and Sewer Auth.	P-2020-3019019
97.	PAWC Wastewater	R-2020-3019371