
Devin Ryan

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File #: 201030

May 30, 2023

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: IN THE MATTER OF THE APPLICATION OF THE YORK WATER COMPANY, Under Sections 1102(a)(1)-(3) of the Public Utility Code, for (1) approval of the right to transfer certain public wastewater facilities and rights from the Estate of Jane M. Alexander acting through its executors Lorinda Krause and Marstin Alexander and MESCO, Inc. to The York Water Company; (2) the abandonment by MESCO, Inc. of wastewater service to the public in its service territory in Monaghan Township, York County; and (3) approval for The York Water Company to begin to offer, render, furnish or supply wastewater service to the public in a portion of Monaghan Township, York County, Pennsylvania
Docket No. A-2023-
Docket No. A-2023-**

Dear Secretary Chiavetta:

Enclosed for filing is the above-captioned Joint Application of The York Water Company (“York Water”) and MESCO, Inc. in the above-referenced proceeding. The filing fee in the amount of \$350.00 will be provided at the time of the e-filing.

York Water notes that Proprietary and Non-Proprietary copies of the Joint Application are being submitted.

The Non-Proprietary version is enclosed and is being electronically filed through the Pennsylvania Public Utility Commission’s (“Commission”) eFiling website. The Proprietary version is not enclosed and is being uploaded separately to the Commission’s ShareFile folder for confidential filings.

Rosemary Chiavetta, Secretary
May 30, 2023
Page 2

The Proprietary version contains proprietary and competitively-sensitive nature, namely Exhibit E, which is a copy of the Purchase Agreement. Accordingly, York Water respectfully requests that the Proprietary version of the Joint Application be afforded proprietary treatment and placed in a non-public folder.

Additionally, under separate cover, York Water is sending the Commission a CD containing PDF copies of the Proprietary and Non-Proprietary versions of the Joint Application.

The parties listed on the enclosed Certificate of Service are being served with the Non-Proprietary copy of the Joint Application.

Copies will be provided per the attached Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/dmc
Attachments

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Joint Application of The York Water Company and MESCO, Inc. has been served by certified mail, return receipt requested, upon the following:

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

York County Planning Commission
28 East Market Street
York, PA 17401

Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101

Monagahn Township Planning Commission
202 S. York Road
Dillsburg, PA 17019

Bureau of Investigation and Enforcement
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Department of Environmental Protection
Southcentral Regional Office
909 Elmerton Avenue
Harrisburg, PA 17110-8200

Dated: May 26, 2023



Devin T. Ryan, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

IN THE MATTER OF THE APPLICATION OF :
THE YORK WATER COMPANY, under :
Sections 1102(a)(1)-(3) of the Public Utility Code, :
for (1) approval of the right to transfer certain :
public wastewater facilities and rights from the :
Estate of Jane M. Alexander acting through its :
executors Lorinda Krause and Marstin Alexander : Docket Nos. A-2023-_____
and MESCO, Inc. to The York Water Company; : A-2023-_____
(2) the abandonment by MESCO Inc. of :
wastewater service to the public in its service :
territory in Monaghan Township, York County, :
Pennsylvania; and (3) approval for The York :
Water Company to begin to offer, render, furnish :
or supply wastewater service to the public in a :
portion of Monaghan Township, York County, :
Pennsylvania

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Names and Addresses of Joint Applicants:

THE YORK WATER COMPANY
130 East Market Street
York, PA 17401-1219
Alexandra Chiaruttini, General Counsel
alexc@yorkwater.com

MESCO, INC.
Estate of Jane M. Alexander
Executrix Lorinda Krause
C/O Greist, Himes, Herrold, Reynosa
129 E. Market St.
York, PA 17401

2. Names and Addresses of Joint Applicants' Attorneys:

Michael W. Hassell, Esq.
Devin T. Ryan, Esq.
Post & Schell, P.C.

17 North Second Street – 12th Floor
Harrisburg, PA 17101-1601
mhassell@postschell.com
dryan@postschell.com
For The York Water Company

Dean E. Reynosa, Esq.
Griest, Himes, Herrold, Reynosa LLP
129 E. Market St.
York, PA 17401
For MESCO, Inc.

3(a). The Parties:

The York Water Company (“York Water” or the “Company”) is a Class “A” public utility providing both water and wastewater utility services within its franchised territory and certificated by the Pennsylvania Public Utility Commission (“Commission”). York Water is organized under the laws of the Commonwealth of Pennsylvania, with a primary business address at 130 East Market Street, York, Pennsylvania 17401-1219.

MESCO, Inc. (“MESCO” or “Seller”) is a Class “C” public utility certificated by the Commission to provide public wastewater service within its franchised territory in a portion of Monaghan Township, York County, Pennsylvania. MESCO has a mailing address of 37 Summer Drive, Dillsburg, PA 17019.

MESCO owns and operates a public wastewater collection and treatment system serving approximately 180 residential customers in the Memphord Estates residential community in York County, Pennsylvania. These wastewater assets are the subject of this Joint Application. The Executors and MESCO will be collectively referred to hereinafter as the “Sellers.”

3(b). Brief Corporate History and Purpose:

Under Special Act of the Assembly of February 8, 1816, York Water was incorporated under the laws of the Commonwealth of Pennsylvania on February 23, 1816, for the

purpose of supplying water in the then Borough, now the City of York, York County, Pennsylvania. Over the last 200 years after incorporation, York Water has extended its franchised territory from time to time so as to include a number of Pennsylvania municipalities in which water service and wastewater service is now being rendered as more fully set forth in Paragraph 4 below and **Exhibits A and B** hereto.

York Water has amended its Corporate Charter a number of times by filing Articles of Amendment with the Pennsylvania Department of State. The Department of State has issued Certificates of Amendment to York Water on June 29, 1990,¹ February 28, 1994,² May 20, 1996, March 3, 1997,³ May 1, 2000,⁴ and September 11, 2006. The Company's Articles of Incorporation were amended on May 3, 2010, when York Water was initiating wastewater services.⁵ The amended and restated Articles authorize the Company to provide wastewater service in the area that is the subject of this Joint Application.

3(c). Description of Service Furnished to the Public:

York Water now furnishes water service to the public in the majority of its franchised water territory and now furnishes wastewater service to portions of its franchised wastewater territory, as described more fully in Paragraph 4 below.

MESCO currently provides wastewater service to the public in a portion of Monaghan Township, York County, as herein after specified in Paragraph 5 below.

By this Joint Application, York Water seeks to acquire the Sellers' public wastewater collection and treatment system, including a collection and conveyance system, a wastewater

¹ Microfiche #9033866-903870

² Microfiche #09415.0349-0352

³ Microfilm #09719.1725-1727

⁴ Microfilm #200035.389-392

⁵ Microfilm #8524-8528

treatment plant, a surface water discharge, and related assets that are necessary to provide wastewater service to the current system customers (“Wastewater System Assets”).

3(d). Amount of Stock and Bonds Issued by York Water:

York Water has 14,287,037 issued and outstanding shares of Common Stock as of February 28, 2023. York Water has in force and effect an Optional Dividend Reinvestment and Direct Stock Purchase and Sale Plan, an Employee Stock Purchase Plan, and a Long-Term Incentive Plan.

As of December 31, 2022, there are also the following outstanding Senior Notes, Industrial Development Authority Revenue Bonds, and Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 3.00% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds Series A of 2019, due 2036 (Securities Certificate No. S-2019-3011066 of 2019) | 10,500,000 |
| Variable Rate Exempt Facilities Revenue Refunding Bonds, Series 2008A, due 2029 (Securities Certificate No. S-00041015 of 2004) | 12,000,000 |
| 3.10% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Refunding Bonds, Series B of 2019, due 2038 (Securities Certificate No. S-2019-3011066 of 2019) | 14,870,000 |
| 3.23% Senior Notes, due 2040 (Securities Certificate No. S-2019-3011035 of 2019) | 15,000,000 |
| 4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 – 2045 (Securities Certificate No. S-2014-2405684 of 2014) | 10,000,000 |

| | |
|----------------------------------------------------------------------------------|------------|
| 4.54% Senior Notes, due 2049 (Securities Certificate No. S-2018-3006371 of 2018) | 20,000,000 |
| 3.24% Senior Notes, due 2050 (Securities Certificate No. S-2020-3020763 of 2020) | 30,000,000 |

4. Location of Existing Service Area of York Water:

York Water is now furnishing water service to the public in the majority of its franchised territory, which contains all or portions of over 50 municipalities (**Exhibit A**) in southcentral Pennsylvania. In addition, York Water currently provides wastewater service to the public in portions of six municipalities in York County, a portion of one township in Adams County, and portions of three townships in Franklin County (**Exhibit B**).⁶

The water community served has an estimated population of approximately 208,000 as of December 31, 2022, with water furnished to 70,872 customers as of December 31, 2022. Of these, there were 4,458 commercial customers, 297 industrial customers, 64,443 residential customers, and 1,674 public, bulk, and private fire protection customers. The wastewater community served has an estimated population of approximately 15,000 as of December 31, 2022, with wastewater service furnished to 5,859 customers as of December 31, 2022.

5. York Water’s Proposed Acquisition and Expansion of Service Territory:

York Water respectfully requests that the Commission: (a) approve York Water’s acquisition of the Sellers’ Wastewater System Assets pursuant to Section 1102(a)(3) of the Public Utility Code; and (b) authorize York Water to begin to offer, render, furnish, and supply wastewater service to the public in the requested wastewater service territory, consisting of certain

⁶ All such water and wastewater service rendered to the public has been approved by virtue of the authority granted initially in York Water’s Charter by Special Act of Assembly of February 8, 1816, and at various times subsequently by Certificates of Public Convenience duly granted by the Pennsylvania Public Service Commission and by the Commission under The Public Service Company Law, Public Utility Law, and/or Public Utility Code of Pennsylvania.

portions of Monaghan Township, York County, Pennsylvania (“Requested Territory”), as shown as the area depicted on the map attached hereto as **Exhibit B-1** (Requested Wastewater Territory Map), pursuant to Section 1102(a)(1) of the Public Utility Code. The requested wastewater service territory is described fully with the property’s metes and bounds. *See Exhibit C* (Metes and Bounds).

MESCO currently serves approximately 180 residential wastewater customers daily, treating residential wastewater in Monaghan Township pursuant to its Commission-approved tariff. *See Exhibit D* (MESCO 2005 Rate Case Documents). From September 2017 to August 2021, the Pennsylvania Department of Environmental Protection (“DEP”) has issued a series of Notices of Violation (“NOVs”) to MESCO:

1. **September 1, 2017 NOV** for MESCO’s failure to submit a National Pollutant Discharge Elimination System (“NPDES”) Permit renewal application 180 days prior to the permit’s expiration date;
2. **November 28, 2018 NOV** due to a Sanitary Sewer Overflow (“SSO”) on three separate occasions on September 18, 21, and 25, 2018, and due to DEP’s finding that MESCO violated its NPDES Permit requirement to properly operate and maintain all facilities and systems of treatment and control;
3. **January 29, 2020 NOV** for discharging inadequately treated sewage, discharging in exceedance of the NPDES Permit effluent limitation for ammonia-nitrogen and total suspended solids, nonoperational return activated sludge (“RAS”) line, discharging raw sewage from the manhole adjacent to the pumping station to the surface of the ground and to a storm drain, and failing to properly operate and maintain all facilities and systems of treatment and control; and
4. **August 10, 2021 NOV** for MESCO’s failure to collect effluent samples at the frequency set forth in its NPDES Permit.

Within the last thirty (30) days, MESCO executed a Consent Order and Agreement with DEP relating to those NOVs and is now subject of that compliance Order. In light of the challenges of operating the Wastewater System Assets and the need to close the owner estate, the

Sellers decided it was in the best interest of MESCO's customers and the public to sell the Wastewater System Assets to a certificated wastewater utility that is well-equipped to operate the system safely and reliably and to make all necessary changes to assure future compliance with all applicable regulatory requirements, including the conditions set forth in the final Consent Order and Agreement.

As such, York Water has entered into a Purchase Agreement dated June 9, 2022, to purchase MESCO's Wastewater System Assets. A copy of the Purchase Agreement is attached hereto as **Exhibit E** (Purchase Agreement - **CONFIDENTIAL**). The Purchase Agreement more specifically describes the Wastewater System Assets, such as MESCO's existing wastewater collection and treatment system in Monaghan Township, York County, Pennsylvania that York Water will acquire. York Water is also acquiring all of the permits associated with the wastewater system from the Sellers.

6. MESCO's Proposed Abandonment of Service

Following consummation of the acquisition, MESCO will cease providing public wastewater service in Pennsylvania. Accordingly, as part of this Joint Application, MESCO hereby and concurrently requests approval to abandon its right and obligation to provide wastewater service in a portion of Monaghan Township, which is currently MESCO's certificated wastewater service territory, pursuant to Section 1102(a)(2) of the Public Utility Code.

7. Additional Capital Requirements:

York Water's capital requirements for the acquisition consist of the purchase price of Twenty-Five Thousand Dollars (\$25,000) for the Sellers' Wastewater System Assets and associated real estate. See **Exhibit E, Section 3.1** (Purchase Agreement – **CONFIDENTIAL**).

There have been no contributions toward the construction of the Sellers' wastewater system, and Sellers have no outstanding PENNVEST loans on the wastewater system. The purchase price is based on arm's length negotiations as agreed upon in the Purchase Agreement attached as **Exhibit E** (Purchase Agreement – **CONFIDENTIAL**).

Any costs will be provided by York Water's internally generated funds, proceeds from the issuance of common stock under York Water's dividend reinvestment and direct stock purchase and employee stock purchase plans, and, if necessary, borrowings against York Water's lines of credit.

8. Plant in Service and Plant to be Acquired:

York Water's Financial Statements for 2022 are attached hereto as **Exhibits F, G, and H**. **Exhibit F** (Plant in Service) is a summary, by major plant category, of used and useful plant in service of York Water as of December 31, 2022. **Exhibit G** (Balance Sheet) is a balance sheet of York Water as of December 31, 2022, which provides the capitalization of the Company. **Exhibit H** (Income Statement) is the income statement of York Water as of December 31, 2022.

York Water will acquire the Sellers' Wastewater System Assets as defined in the Purchase Agreement, all of which are located in the Requested Territory and all of which are currently in service. The major system assets consist of a collection system, wastewater treatment plant, and discharge. Additionally, York Water will acquire the utility easements, rights-of-way, and real property assets related to the Sellers' Wastewater System Assets.

York Water will perform an original cost study for the purchase of the Wastewater System Assets upon Commission approval. A more detailed listing and description of assets will be provided when the original cost study is completed.

The provisional journal entries for booking the purchase of the Sellers' Wastewater System Assets are shown in the tables below. The numbers in journal entry (b), including the amount of any acquisition adjustment, are approximate and cannot be confirmed until the final original cost study has been completed. The Utility Plant in Service amounts were obtained from the Sellers' December 2022 Annual Report to the Commission (year ended December 31, 2022) and were projected to current date, in accordance with generally accepted accounting principles.

(a) Record Purchase of System

| Account No. | Account Description | Debit | Credit |
|-------------|------------------------------|----------|----------|
| 105 | Construction Work in Process | \$25,000 | |
| 131 | Cash | | \$25,000 |

(b) Close Project to Utility Plant

| Account No. | Account Description | Debit | Credit |
|-------------|-------------------------------------------------------------------------|-----------|-----------|
| 101 | Utility Plant in Service | \$417,731 | |
| 108 | Accumulated Depreciation (Assets net of Depreciation) | | \$366,000 |
| 114 | Utility Plant Acquisition Adj. | | \$16,731 |
| 105 | Construction Work in Process (Purchase price + other acquisition costs) | | \$35,000 |

(c) Record Other Project Costs

| Account No. | Account Description | Debit | Credit |
|-------------|-----------------------------------|----------|----------|
| 105 | Construction Work in Process | \$80,000 | |
| 224 | Line of Credit Borrowings (SCADA) | | \$80,000 |

(d) Close Projects to Utility Plant

| Account No. | Account Description | Debit | Credit |
|-------------|--------------------------------------|----------|----------|
| 101 | Utility Plant in Service | \$80,000 | |
| 105 | Construction Work in Process (SCADA) | | \$80,000 |

9. Map of Service Area and Location of Facilities to Be Acquired:

Attached as **Exhibits B-1 and C** are a map (**Exhibit B-1**) and metes and bounds (**Exhibit C**) of MESCO's existing wastewater service territory, including the general location of the infrastructure facilities currently owned by MESCO, as described in Paragraph 8, above. York Water's proposed additional service territory is the same as MESCO's current service area.

The York County Planning Commission and Monaghan Township are in agreement regarding the proposed territory. *See Exhibits I and J*, respectively.

10. Future Capacity:

MESCO's wastewater collection and treatment system currently serves all customers in a residential development called Memphord Estates in Monaghan Township, Pennsylvania. York Water expects to be able to meet projected requirements through the year 2036. York Water's long-range plans will consider various collection, treatment, and system maintenance to ensure the wastewater system is able to meet future requirements. York Water is not aware of any known developers or landowners proposing additional demand in MESCO's existing service territory or adjacent thereto. Future requests for public wastewater service in this service territory and/or on adjacent land will be considered in accordance with the Company's tariff and line extension rules.

11. Rates for Service:

York Water proposes to charge MESCO's customers the same rates that they are currently being charged by MESCO for wastewater service until York Water's next base rate case, except that MESCO's quarterly rate of \$132.61 will be converted a monthly rate of \$44.20 and billed on a monthly basis by York Water. Attached as **Exhibit K** is York Water's proposed *pro forma* tariff supplement setting forth the proposed monthly rate and other provisions.

A calculation of the estimated annual revenue and expense figures for the proposed, additional customers is attached as **Exhibit L** (Estimated Revenue & Expenses).

12. Profit and Loss Statement:

Attached as **Exhibit H** is York Water's Statement of Income for the twelve (12) months ended December 31, 2022.

13. Compliance with DEP Requirements:

York Water is in good standing with DEP and in general compliance with DEP wastewater regulatory requirements related to the provision of public wastewater service. As noted previously, MESCO received a series of NOV's from DEP from September 2017 through August 2021. Other than those NOV's and the Consent Order and Agreement, the Sellers affirm that there are no other NOV's or inspection report violations pending against MESCO related to the Wastewater System Assets.

All required county and local government consistency letters and actions are attached hereto as:

Exhibit I York County Consistency Letter

Exhibit J Monaghan Township Consistency Letter

Subject to Commission approval of York Water's application for the MESCO territory and wastewater system, Vaughn Wenger, an employee of York Water, will be the Certified Wastewater Operator for the Wastewater System Assets. Mr. Wenger's current Wastewater System Operator License is attached hereto as **Exhibit M** (Operator License).

A Permit Transfer Application for any Public Wastewater Permit(s), if any are held by MESCO, will be submitted upon Closing.

14. No Competitive Condition:

This is a certificated entity to certificated entity asset and operations transfer within the Requested Territory. Other than MESCO, which is selling the Wastewater System Assets, no corporation, partnership, or individual is now furnishing or has corporate or franchise rights to furnish similar service to that which would be rendered by York Water in the Requested Territory. No other entities are providing wastewater services within one mile of the Requested Territory. Thus, no competitive condition will be created by the proposed acquisition.

15. Facilities for Furnishing Service:

York Water will use the Wastewater System Assets acquired from Sellers to furnish wastewater service to the customers currently served by MESCO. The wastewater treatment plant is designed to treat 0.05 MGD and provides wastewater collection and treatment service to approximately 180 accounts through 180 active connections.

York Water will operate and manage the wastewater system as a standalone collection and treatment system from its office in York, Pennsylvania. The wastewater system is approximately 21 driving miles from York Water’s nearest wastewater collection or treatment system. York Water has an existing operational presence and a number of wastewater professionals in York County.

| <u>York Water Facilities</u> | <u>Location</u> | <u>Distance</u> |
|------------------------------|-----------------|-----------------------|
| Asbury Pointe Sewer | York County | 23 miles (crow flies) |
| York Water System | York County | 21 miles (driving) |

The Wastewater System acquisition will be incorporated into York Water’s existing wastewater operations through connection to the Company’s Supervisory Control and Data Acquisition (“SCADA”) system. York Water is not anticipating any physical, operational, or managerial changes of York Water’s operations as a result of the acquisition.

York Water plans to invest initially in evaluating improvements to the equalization tank and inflow and infiltration (“I&I”) of installed wastewater mains and services and will implement connectivity with the Company’s master SCADA system. SCADA connection should occur in the first year after closing. Future improvements will be evaluated and planned for treatment and collection assets as determined after closing.

16. Approval’s Necessity and Propriety:

Approval of the Joint Application is necessary and proper for the service, accommodation, convenience, and safety of the public for the following reasons:

- (a) The Sellers’ assets are part of an estate that must be closed, and the layperson Executors are not interested nor capable of continuing to provide wastewater service in a regulated industry with which they have no experience;
- (b) Prior to and during the Sellers’ ownership, the treatment system has been in violation of applicable regulatory requirements, received a number of Notices of Violation, is being put under an Order from the Pennsylvania Department of Environmental Protection, and the current certified operator has limited ability to address the challenges experienced with operating the Wastewater System Assets and keeping the system in compliance with all applicable regulatory requirements;
- (c) York Water will bring significant experience, professional staff and operators, customer service support, and other customer and facilities resources to the Sellers’ Wastewater System Assets in order to best

serve customers and continue to maintain compliance with both existing and proposed regulatory requirements; and

- (d) The Commission encourages utilities, such as York Water, to acquire small nonviable wastewater systems, such as the Wastewater System Assets owned by MESCO. *See* 52 Pa. Code § 69.711; *see also id.* § 69.721.

17. Notification to Customers:

York Water will notify MESCO's wastewater customers of the filing of this Joint Application as well as the Company's proposed rates. A copy of the notice that is being sent to customers describing the filing and the proposed rates are attached hereto as **Exhibit N** (Notice to Customers).

WHEREFORE, York Water and Sellers respectfully request that the Pennsylvania Public Utility Commission issue Certificates of Public Convenience under the provisions of Sections 1102(a)(1), 1102(a)(2), and 1102(a)(3) of the Public Utility Code evidencing the Commission's approval for: (1) York Water to acquire MESCO's Wastewater System Assets; (2) York Water to expand its wastewater service territory to cover the current MESCO certificated wastewater service territory in a portion of Monaghan Township, York County; and (3) MESCO to abandon its right and obligation to provide wastewater service.

ATTEST:

Molly E. Houck
Assistant Secretary

THE YORK WATER COMPANY

By Joseph T. Hand
Joseph T. Hand, President and CEO

ATTEST:

Assistant Secretary

MESCO, INC.

By _____
Marstin Alexander

ESTATE OF JANE M. ALEXANDER

ATTEST:

By _____
Marstin Alexander, Executor

ATTEST:

By _____
Lorinda Krause, Executor

WHEREFORE, York Water and Sellers respectfully request that the Pennsylvania Public Utility Commission issue Certificates of Public Convenience under the provisions of Sections 1102(a)(1), 1102(a)(2), and 1102(a)(3) of the Public Utility Code evidencing the Commission's approval for: (1) York Water to acquire MESCO's Wastewater System Assets; (2) York Water to expand its wastewater service territory to cover the current MESCO certificated wastewater service territory in a portion of Monaghan Township, York County; and (3) MESCO to abandon its right and obligation to provide wastewater service.

ATTEST:

Assistant Secretary

THE YORK WATER COMPANY

By _____
Joseph T. Hand, President and CEO

ATTEST:

Assistant Secretary

MESCO, INC.

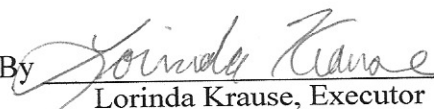
By _____
Marstin Alexander

ATTEST:

ESTATE OF JANE M. ALEXANDER

By _____
Marstin Alexander, Executor

ATTEST:

By 
Lorinda Krause, Executor

WHEREFORE, York Water and Sellers respectfully request that the Pennsylvania Public Utility Commission issue Certificates of Public Convenience under the provisions of Sections 1102(a)(1), 1102(a)(2), and 1102(a)(3) of the Public Utility Code evidencing the Commission's approval for: (1) York Water to acquire MESCO's Wastewater System Assets; (2) York Water to expand its wastewater service territory to cover the current MESCO certificated wastewater service territory in a portion of Monaghan Township, York County; and (3) MESCO to abandon its right and obligation to provide wastewater service.

ATTEST:

Assistant Secretary

THE YORK WATER COMPANY

By _____

Joseph T. Hand, President and CEO

ATTEST:

Assistant Secretary

MESCO, INC.

By _____

Marstin Alexander

ATTEST:

ESTATE OF JANE M. ALEXANDER

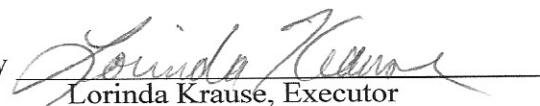
By _____

Marstin Alexander, Executor

ATTEST:



By _____


Lorinda Krause, Executor

WHEREFORE, York Water and Sellers respectfully request that the Pennsylvania Public Utility Commission issue Certificates of Public Convenience under the provisions of Sections 1102(a)(1), 1102(a)(2), and 1102(a)(3) of the Public Utility Code evidencing the Commission's approval for: (1) York Water to acquire MESCO's Wastewater System Assets; (2) York Water to expand its wastewater service territory to cover the current MESCO certificated wastewater service territory in a portion of Monaghan Township, York County; and (3) MESCO to abandon its right and obligation to provide wastewater service.

ATTEST:


Assistant Secretary

THE YORK WATER COMPANY

By _____

Joseph T. Hand, President and CEO

ATTEST:




~~Assistant Secretary~~

MESCO, INC.

By _____

Marstin Alexander

ATTEST:



ESTATE OF JANE M. ALEXANDER

By _____

Marstin Alexander, Executor

ATTEST:

By _____

Lorinda Krause, Executor

Exhibit A

The York Water Company
130 E. MARKET STREET, YORK, PA 17401
(717) 845-3601

Title: Chartered Territory of The York Water Company

Scale: 1:500,000

Date: September 7th, 2022

Checked By: Andrew Prosser

Drawn By: Jason Heitmann

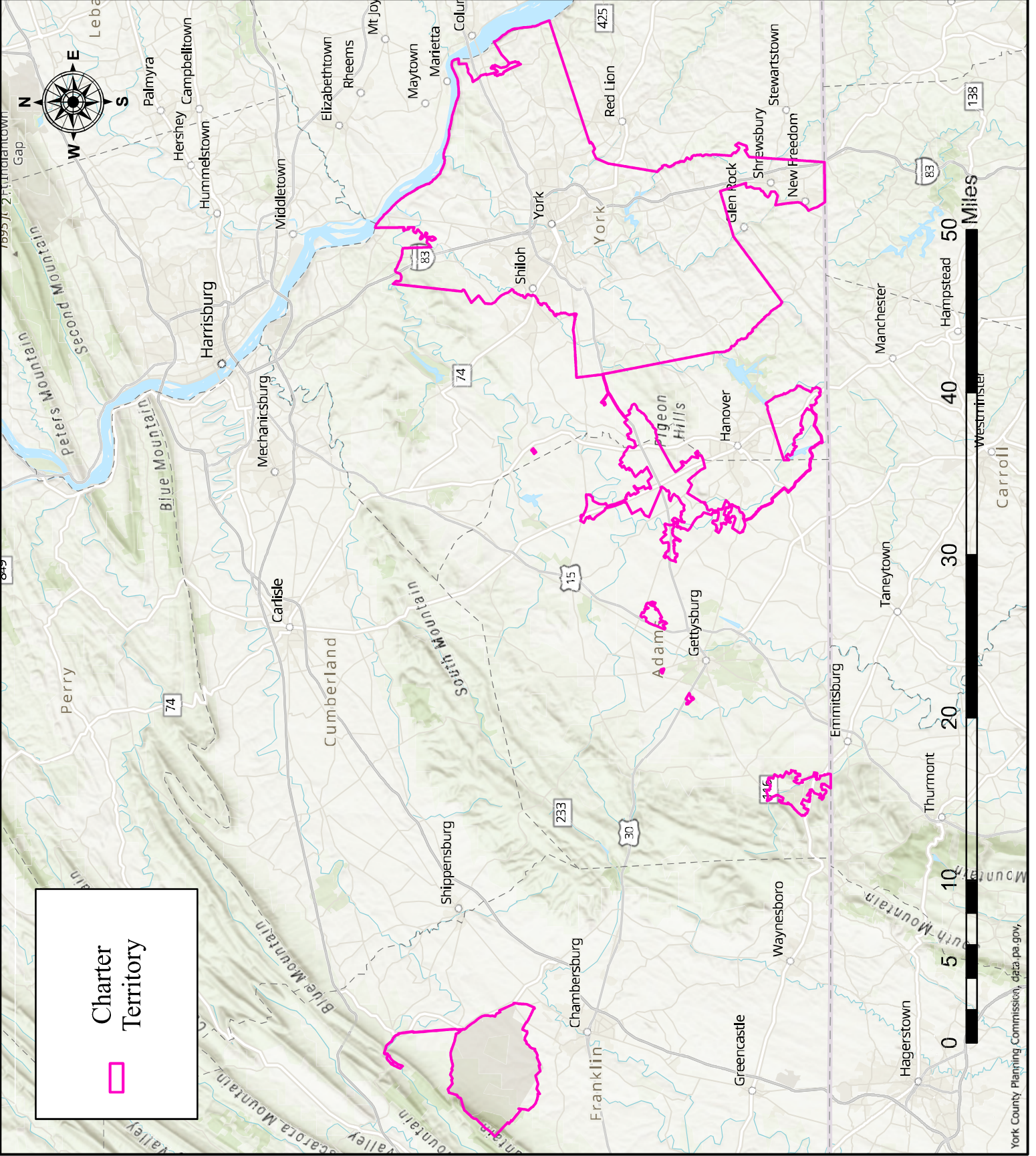


Exhibit B

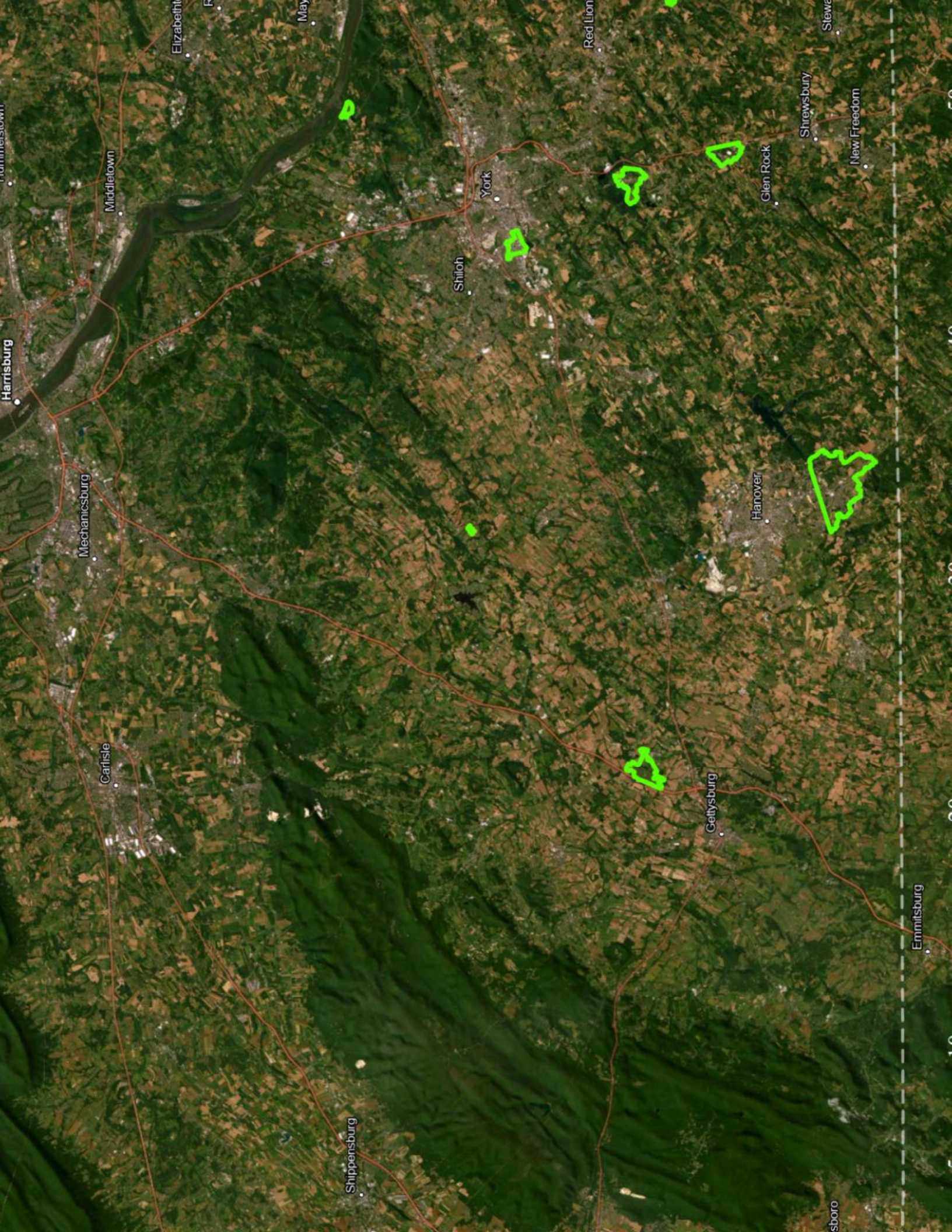


Exhibit B1

Proposed Wastewater Territory

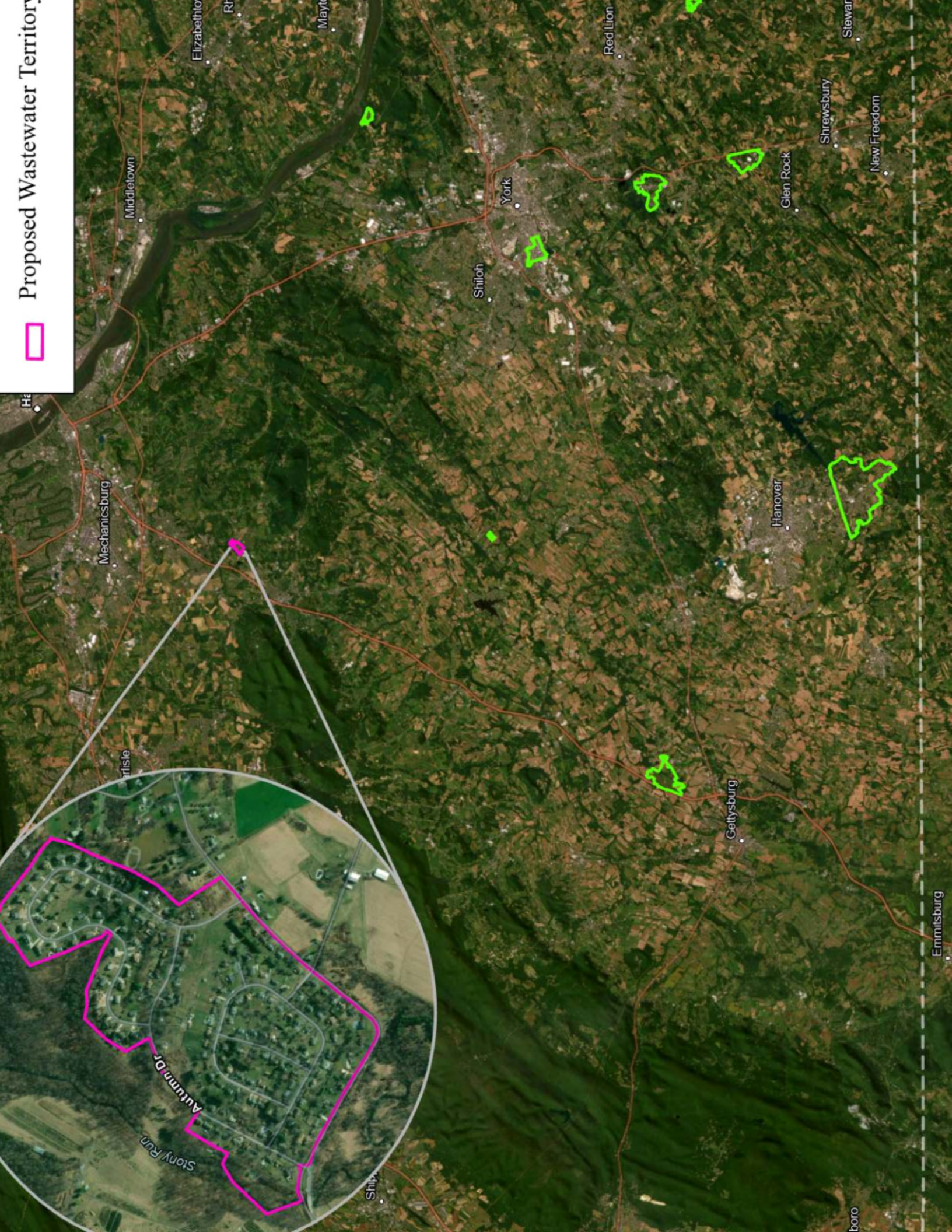


Exhibit C

NOTE: THE METES AND BOUNDS DESCRIBED HEREIN ARE APPROXIMATE. THEREFORE, THIS DOCUMENT SHOULD NOT BE CONSIDERED A LEGAL DEED.

ENCOMPASSING approximately 104 acres of land located in York County, Pennsylvania, the Additional Memphord Estates Certificated Territory is described by metes and bounds as follows:

From the National Geodetic Survey Marker designated as KW2820 said Monument being located at NAD 83 (1986) Position: 40°05'24.70" (N), 77°01'31.94" (W), proceeding N 22°51'06" E, 18,086.07' to Point 1, and thence along the following segments:

| Number | Direction | Distance (ft.) |
|--------|---------------|----------------|
| 1 | N68°06'22.2"E | 68.1 |
| 3 | N1°28'03.5"E | 1.5 |
| 4 | N41°57'51.9"E | 42 |
| 5 | N63°55'28.6"E | 63.9 |
| 6 | N42°07'43.5"E | 42.1 |
| 7 | N28°14'59.8"E | 28.2 |
| 8 | N17°05'40.2"E | 17.1 |
| 9 | N22°27'56.0"E | 22.5 |
| 10 | N78°09'39.6"E | 78.2 |
| 11 | N10°47'23.7"E | 10.8 |
| 12 | N10°07'13.8"E | 10.1 |
| 13 | N9°03'22.3"E | 9.1 |
| 14 | N18°12'44.9"E | 18.2 |
| 15 | N25°19'23.8"E | 25.3 |
| 16 | N39°46'55.1"E | 39.8 |
| 17 | N14°58'55.0"E | 15 |
| 18 | N15°39'58.3"E | 15.7 |
| 19 | N35°13'03.7"E | 35.2 |
| 20 | N41°11'20.5"E | 41.2 |
| 21 | N8°20'23.3"E | 8.3 |
| 22 | N47°10'50.3"E | 47.2 |
| 23 | N37°46'30.6"E | 37.8 |
| 24 | N36°59'07.7"E | 37 |
| 25 | N56°37'29.2"E | 56.6 |
| 26 | N21°22'58.7"E | 21.4 |
| 27 | N11°12'06.6"E | 11.2 |
| 28 | N13°54'53.6"E | 13.9 |
| 29 | N15°12'34.1"E | 15.2 |
| 30 | N23°02'16.6"E | 23 |
| 31 | N24°53'11.8"E | 24.9 |
| 32 | N9°10'08.2"E | 9.2 |
| 33 | N14°38'11.0"E | 14.6 |
| 34 | N7°59'24.9"E | 8 |

| | | |
|----|---------------|-------|
| 35 | N11°08'49.1"E | 11.1 |
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| 37 | N9°57'34.6"E | 10 |
| 38 | N15°50'03.0"E | 15.8 |
| 39 | N22°51'06.5"E | 22.9 |
| 40 | N7°57'47.0"E | 8 |
| 41 | N13°23'09.6"E | 13.4 |
| 42 | N24°26'26.0"E | 24.4 |
| 43 | N19°30'11.8"E | 19.5 |
| 44 | N36°13'40.8"E | 36.2 |
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| 47 | N47°18'38.4"E | 47.3 |
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| 55 | N17°00'54.1"E | 17 |
| 56 | N17°00'54.9"E | 17 |
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| 83 | N3°19'06.0"E | 3.3 |
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| 85 | N1°33'29.5"E | 1.6 |
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| 87 | N2°12'00.1"E | 2.2 |
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| 89 | N3°07'20.8"E | 3.1 |
| 90 | N2°26'00.5"E | 2.4 |
| 91 | N2°50'25.7"E | 2.8 |
| 92 | N2°53'03.6"E | 2.9 |
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| 97 | N1°18'10.9"E | 1.3 |
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| 101 | N1°10'11.8"E | 1.2 |
| 102 | N1°42'33.0"E | 1.7 |
| 103 | N2°10'58.4"E | 2.2 |
| 104 | N2°24'34.4"E | 2.4 |
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| 115 | N0°43'58.4"E | 0.7 |
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| 129 | N4°42'51.7"E | 4.7 |
| 130 | N11°55'21.3"E | 11.9 |
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| 135 | N17°38'08.0"E | 17.6 |
| 136 | N17°11'18.1"E | 17.2 |
| 137 | N23°24'57.5"E | 23.4 |
| 138 | N7°28'31.1"E | 7.5 |
| 139 | N14°14'03.1"E | 14.2 |
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| 153 | N24°19'29.7"E | 24.3 |
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| 155 | S67°26'36.1"E | 112.6 |
| 156 | N88°19'34.8"E | 88.3 |
| 157 | S74°10'29.7"E | 105.8 |
| 158 | S63°02'36.7"W | 243 |
| 159 | S4°04'28.0"W | 184.1 |
| 160 | S15°44'32.8"W | 195.7 |
| 161 | N35°48'57.1"E | 35.8 |
| 162 | S49°26'29.4"E | 130.6 |
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| 164 | N35°35'51.5"E | 35.6 |
| 165 | N22°20'00.7"E | 22.3 |
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| 167 | N41°14'53.4"E | 41.2 |
| 168 | N26°08'47.9"E | 26.1 |
| 169 | N15°14'43.6"E | 15.2 |
| 170 | N58°09'53.7"E | 58.2 |
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| 175 | N81°01'19.1"E | 81 |
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| 191 | N52°22'04.8"E | 52.4 |
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| 193 | N37°43'06.8"E | 37.7 |
| 194 | N13°05'14.2"E | 13.1 |
| 195 | S83°06'06.7"E | 96.9 |
| 196 | S87°36'05.4"E | 92.4 |
| 197 | N23°18'27.6"E | 23.3 |
| 198 | N20°39'35.6"E | 20.7 |
| 199 | S87°49'38.6"E | 92.2 |
| 200 | N52°59'31.2"E | 53 |
| 201 | N44°48'48.2"E | 44.8 |
| 202 | N7°47'00.5"E | 7.8 |
| 203 | N67°54'41.7"E | 67.9 |
| 204 | N59°57'06.9"E | 60 |
| 205 | N21°40'13.8"E | 21.7 |
| 206 | S7°10'23.5"E | 172.8 |

| | | |
|-----|---------------|-------|
| 207 | S86°06'45.1"E | 93.9 |
| 208 | S83°01'43.6"E | 97 |
| 209 | S66°17'54.0"W | 246.3 |
| 210 | S23°34'50.9"E | 156.4 |
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| 213 | N41°41'40.7"E | 41.7 |
| 214 | S22°36'09.6"E | 157.4 |
| 215 | S18°28'01.1"E | 161.5 |
| 216 | S38°35'16.6"E | 141.4 |
| 217 | N60°52'38.4"E | 60.9 |
| 218 | S56°59'45.3"E | 123 |
| 219 | S62°37'47.3"E | 117.4 |
| 220 | S71°00'29.7"W | 251 |
| 221 | S13°38'42.1"W | 193.6 |
| 222 | S31°10'50.3"W | 211.2 |
| 223 | N16°24'06.0"E | 16.4 |
| 224 | N12°11'43.3"E | 12.2 |
| 225 | N47°44'07.8"E | 47.7 |
| 226 | N9°15'56.0"E | 9.3 |
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| 228 | N56°31'25.9"E | 56.5 |
| 229 | N46°28'02.5"E | 46.5 |
| 230 | N53°21'53.4"E | 53.4 |
| 231 | N62°07'29.9"E | 62.1 |
| 232 | N38°48'34.3"E | 38.8 |
| 233 | N45°19'17.1"E | 45.3 |
| 234 | N42°04'04.0"E | 42.1 |
| 235 | N70°19'45.0"E | 70.3 |
| 236 | N44°50'06.4"E | 44.8 |
| 237 | N35°30'25.4"E | 35.5 |
| 238 | N36°36'16.3"E | 36.6 |
| 239 | N29°19'13.7"E | 29.3 |
| 240 | N34°01'11.3"E | 34 |
| 241 | N28°05'07.0"E | 28.1 |
| 242 | N30°21'41.0"E | 30.4 |
| 243 | S3°45'15.4"W | 183.8 |
| 244 | S72°03'46.9"E | 107.9 |
| 245 | N85°05'29.0"E | 85.1 |
| 246 | S84°34'44.6"E | 95.4 |
| 247 | S67°26'38.6"E | 112.6 |
| 248 | S86°41'32.3"E | 93.3 |
| 249 | N39°33'06.1"E | 39.6 |

| | | |
|-----|---------------|-------|
| 250 | S39°16'00.8"E | 140.7 |
| 251 | N26°47'30.3"E | 386.8 |
| 252 | S40°29'24.7"E | 139.5 |
| 253 | N79°44'51.0"E | 79.7 |
| 254 | N76°21'49.4"E | 76.4 |
| 255 | N21°30'32.5"E | 21.5 |
| 256 | N21°38'37.4"E | 21.6 |

To Point 1, the point and place of beginning.

Exhibit D

BERGER LAW FIRM, P.C.

ATTORNEYS AT LAW

2104 MARKET STREET
CAMP HILL, PA 17011

TELEPHONE: (717) 920-8900

FACSIMILE: (717) 920-8901

EMAIL: publicutilitylaw@bergerlawfirm.net

January 5, 2006

**DOCUMENT
FOLDER**

Honorable Wayne Weismandel
Administrative Law Judge
PA Public Utility Commission
Commonwealth Keystone Building
2nd Floor, L-M West
PO Box 3265
Harrisburg, PA 17105-3265

**DOCUMENT
FOLDER**

RECEIVED
2006 JAN -5 PM 4:07
SECRETARY'S BUREAU
PA PUC

**RE: Mesco, Inc. Request for Rate Increase
Docket No. R-00050678**

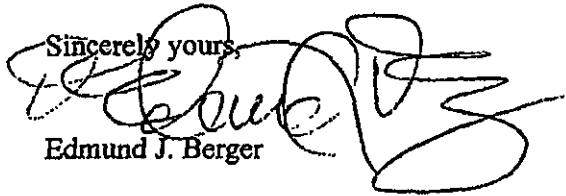
Dear Judge Weismandel:

I am writing to you in connection with the above-captioned proceeding to submit the Joint Petition for Settlement to be filed by the parties as of this date, along with accompanying Appendices. The Appendices include two alternative proposed forms of tariff supplement (Appendices A and C) in accordance with the terms of the settlement, two alternative Proof of Revenues (Appendices B and D) showing the revenues produced by the rates to be established set forth in Appendices A and C, Appendix E providing a schedule showing accumulated depreciation associated with past hook-up fees to be treated as contributions in aid of construction along with the ongoing depreciation expense associated with those past collections, and Statements in Support of the Joint Petition by Mesco, Inc., the Office of Trial Staff, and the Office of Consumer Advocate (Appendices F through H). The proposed settlement provides for a rate increase of \$15,000 unless and until an outside certified operator is hired by Mesco and \$30,000 once such a certified operator is hired. The determination of which rate is ultimately implemented in this case will depend upon the filing by Mesco in this docket of its agreement with such a certified operator in accordance with the terms of this agreement.

As part of the Settlement, we are requesting that you and the Commission promptly approve the proposed settlement at the earliest practical date because the prospect of an early effective date was considered in negotiating the amount of the agreed upon increase.

Hon. Wayne Weismandel
January 5, 2006
Page 2

Please feel free to give me a call if you have any questions..

Sincerely yours,

Edmund J. Berger

cc: James McNulty, Secretary
Certificate of Service

ORIGINAL

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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2006 JAN 10 AM 10:14
SECTION PA PUC
SECRETARY'S BUREAU
HARRISBURG OALJ
PUBLIC UTILITY COMM.
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Pennsylvania Public Utility
Commission, et al.

v.

Mesco Inc.

Docket Nos.
R-00050678
R-00050678C001
R-00050678C002

**DOCUMENT
FOLDER**

**JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

ORIGINAL

I. INTRODUCTION

This Joint Petition for Settlement ("Settlement") is made and entered into by and among the Office of Trial Staff of the Pennsylvania Public Utility Commission ("OTS"), the Office of Consumer Advocate ("OCA"), Jean and George Sheaffer, and Mesco Inc. ("Company" or "Mesco"), active parties to the above-captioned rate proceeding (hereinafter sometimes collectively referred to as "Joint Petitioners"), for the purpose of settling the above captioned rate proceeding under the terms and conditions set forth below.

II. BACKGROUND

In support of this Settlement, the Joint Petitioners state the following:

1. Mesco is a public utility subject to the Commission's regulatory jurisdiction. Mesco provides wastewater service in a portion of Monaghan Township, York County.



2. On July 5, 2005, Mesco filed with the Commission Supplement No. 1 to Tariff Wastewater – Pa. P.U.C. No. 2 (“Supplement No. 1”), together with supporting data, proposing increases in rates, designed to produce annual increased revenues of \$48,300 pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S. § 1308(d), to become effective on September 5, 2005.

3. At Public Meeting of August 25, 2005, the Commission instituted an inquiry and investigation of Tariff No. 2 and application of the proposed rates was suspended by statute for a period of up to seven months or to April 5, 2006, unless otherwise directed by Order of the Commission.

4. On September 12, 2005, Mesco filed Supplement No. 1 suspending the application of the proposed rates until April 5, 2006 in compliance with the Commission’s Order of August 25, 2005 and 66 Pa.C.S. §1308(d).

5. Complaints against the proposed general rate increase were filed by the Office of Consumer Advocate and by Jean and George Sheaffer.

6. Mesco provided answers to Data Requests from the Commission’s Bureau of Fixed Utility Services. In addition, Joint Petitioners undertook formal and informal discovery and Mesco provided full and complete responses to such discovery requests.

7. A Prehearing Conference was held on September 16, 2005.

8. The Joint Petitioners have held several settlement conferences and exchanged various settlement proposals. As a result of these conferences and the efforts of the Joint Petitioners to examine the issues presented by expert testimony and public input testimony, a settlement in principle was achieved by the Joint Petitioners.

9. The Joint Petitioners have been able to agree to a base rate increase and other conditions covering all issues in the proceeding and the Joint Petitioners have agreed to a rate design to recover said increase. The Joint Petitioners are in full agreement that the Settlement is in the best interests of Mesco and its customers.

III. TERMS AND CONDITIONS OF SETTLEMENT

10. Joint Petitioners agree that this rate proceeding can be settled without further litigation. The terms and conditions comprising this Joint Petition, to which Joint Petitioners agree, are as follows:

(a) Additional Revenues

The Commission will act as soon as possible to grant Mesco special permission to file a tariff supplement in the form attached hereto as "Appendix A," to become effective for service on one day's notice, following the entry of a Commission Order approving this Settlement. The tariff supplement increases Mesco's rates for wastewater service so as to produce not in excess of \$78,360 in annual revenue. This represents an increase of \$15,000, or 23.67% over present annual revenues of \$63,360. A proof of revenues is attached hereto in "Appendix B."

Notwithstanding the Commission's approval of the Joint Petition at the level of the rate increase reflected in "Appendix A," the parties agree and request approval by the Commission, upon one day's notice, of a tariff supplement that provides for an overall

increase in base rates from the level of rates in effect before the Commission's approval of this Joint Petition of \$30,000 in the form of the proposed tariff supplement that is attached as "Appendix A" if and when Mesco contracts with a certified operator in accord with paragraph 10 (b) below to take primary responsibility over operations of Mesco's sewage treatment plant and begins to provide such services. This tariff supplement increases Mesco's rates for wastewater service so as to produce not in excess of \$93,360 in annual revenue. This represents an increase of \$30,000, or 47.35% over present annual revenues of \$63,360. A proof of revenues is attached hereto in "Appendix C."

Mesco may contract with a certified operator in accord with paragraph 10(b) below and the certified operator may take primary responsibility over operation of Mesco's sewage treatment plant and begin to provide such service prior to Commission approval of this Settlement. In that event, and after Commission approval of the Settlement, Mesco may file the proposed tariff supplement that is attached as "Appendix C" without first filing the tariff supplement attached as "Appendix A." This would have the effect of increasing Mesco's rates for wastewater service to produce not in excess of \$93,360 in annual revenue – an increase of \$30,000, or 47.35% over present annual revenues of \$63,360.

(b) Certified Operator Contract

Mesco shall provide its contract(s) with certified operator(s) with primary responsibility over operations of Mesco's sewage treatment plant by providing copies of the signed contract(s) between Mesco and the certified operator to the active parties. Mesco shall include within those contract(s) a date certain upon which the certified operator will

take primary responsibility over operations of Mesco's sewage treatment plant and begin to provide such services. . The certified operator or substitute certified operator shall not be related by birth or marriage to any shareholder or officer of Mesco.

(c) Obligation To Retain Certified Operator For Continual 18 Month Period

Mesco agrees that it will retain a certified operator under contract to take primary responsibility over operation of its sewage treatment plant for a continual period of no less than 18 months except as otherwise provided below. As a part of this obligation, Mesco agrees to make available, per year, and for the required 18-month term, at least \$3,000 for the repair and maintenance of the sewage treatment plant to the extent requested by the certified operator.

Except as provided for in the following qualified exceptions, Mesco shall be deemed responsible and Mesco shall file, on one day's notice, a tariff supplement to reduce Mesco's rates to the level provided in Appendix "A" should Mesco not retain a certified operator for the required 18 month period. This provision will not apply to the extent that rates have, in the interim, been changed by the establishment of rates in another proceeding under Section 1308(d) of the Public Utility Code, 66 Pa.C.S. §1308(d).

If Mesco does not retain a certified operator under contract for a continual 18 month period as a result of a qualified exception, Mesco shall have a four month period in which to obtain a substitute certified operator with primary responsibility over operations of Mesco's sewage treatment plant. If Mesco fails to obtain a substitute certified operator within that time through the fault of Mesco, Mesco will reduce its rates to the level provided in

Appendix "A" for a period equal to the time between the expiration of the four month period until a certified operator is retained and assumes primary responsibility over operations of Mesco's sewage treatment plant. This provision will not apply to the extent that rates have, in the interim, been changed by the establishment of rates in another proceeding under Section 1308(d) of the Public Utility Code, 66 Pa.C.S. §1308(d).

i. Qualified and Non-Qualified Exceptions

1. Qualified Exceptions

Mesco will retain such certified operator for the required period unless, through no fault of Mesco, the certified operator:

- a. Fails to meet the requirements of the Pennsylvania Department of Environmental Protection.
- b. Fails to meet other statutory or regulatory requirements with respect to the operation of Mesco's plant.

2. Non-qualified Exceptions

1. Mesco's failure to meet its payment obligations under its agreement with the certified operator shall not release Mesco from its obligation to reduce its rates to the level contained in Appendix "A."

2. Mesco's failure to make available at least \$3,000 per year for repair and maintenance of the sewage treatment plant to the extent requested by the certified operator shall not release Mesco from its obligation to reduce its rates to the level contained in Appendix "A."

3. Any action of Mesco, its officers, employees, or agents that is a substantial cause of the certified operator's failure to meet DEP or other statutory or regulatory requirements with respect to the operation of the plant or departure from operation of the plant, shall not release Mesco from its obligation to reduce its rates to the level contained in Appendix "A."

(d) Rate Filing Prohibition

Mesco agrees that it will be prohibited from filing another general rate increase under Section 1308(d) of the Public Utility Code, 66 Pa.C.S. §1308(d) until 12 months after entry of a Commission Order approving Mesco's rates as contained in "Appendix A" or "C," whichever is the later date.

The foregoing provision shall not prevent Mesco from filing a tariff or tariff supplement proposing a general increase in rates in compliance with Commission orders or in response to fundamental changes in state or federal law or regulatory policies affecting Mesco's rates or costs of providing service.

(e) Hook-up (Tap-on) Fees

For the purposes of this Settlement and during the effective period of rates established in this proceeding, Mesco agrees not to charge hook-up fees and will remove the proposed tariff language on hook-up fees from its tariff. Mesco will treat the previously collected hook-up fees in the amount of \$63,109 as Contributions in Aid of Construction and this amount will be depreciated/amortized in accordance with "Appendix E." The Company verifies that, after conducting a reasonable investigation into the history of collection of hook-up fees, to the best of its knowledge, information and belief, this is the total amount of

hook-up fees that it has collected since the inception of its service. The parties agree that, in future rate proceedings, the only adjustment for hook-up fees collected prior to the effective date of rates in this case will be in the amounts shown and in accordance with "Appendix E" as depreciated on such "Appendix E."

Mesco retains the right to charge inspection fees, and to propose that those fees be treated as revenues, and not CIAC, in future rate proceedings.

(f) Proof Of Revenues

A Proof of Revenues for the rates set forth in "Appendix A" is attached as "Appendix B" and a Proof of Revenues for the rates set forth in "Appendix C" is attached as "Appendix D."

(g) Rate Design

If the increase provided in Appendix "A" were to go into effect, the stipulated rate design incorporates the following elements: (1) an increase of \$21.31, or 23.68%, in the quarterly charge for service.

If the increase provided in "Appendix C" were to go into effect, the stipulated rate design incorporates the following elements: (1) an increase of \$42.61, or 47.34%, in the quarterly charge for service.

(h) Affiliated Interest Agreement

Mesco agrees to revise its affiliated interest agreement pertaining to the office rental from the Law Offices of Jane M. Alexander as follows:

- (1) Paragraph 5 providing for changes in lease rates in accordance with the Consumer Price Index will be eliminated.

- (i) **Commission Approval**

The Joint Petitioners have agreed to make every effort to obtain approval of the Settlement and implementation of the Settlement rates at the earliest possible date.

11. Although Joint Petitioners are not in agreement with respect to each claim in the ratemaking process and would not be able to agree upon the specific rate adjustments which support their respective conclusions, their agreement as to the amount of increase in Mesco's annual wastewater revenues, coupled with the other provisions hereto, provides an appropriate basis for resolution of the instant rate litigation.

12. The Joint Petition is in the public interest because it (a) minimizes cost-prohibitive litigation and administrative burden; (b) recognizes ratepayers' concerns; and (c) provides Mesco with additional cash flow.

13. This Joint Petition is proposed to settle the instant matters and is made without any admission against or prejudice to any positions which any Joint Petitioner might adopt during subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint Petition may be withdrawn upon written notice to the Commission and all parties within three business days by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission does not approve the Joint Petition or any

Joint Petitioner elects to withdraw as provided above and the proceeding continues to hearing, the Joint Petitioners reserve their respective right to submit direct testimony as well as rebuttal and surrebuttal testimony and to conduct full cross-examination, briefing and argument in this rate proceeding.

14. If ALJ Weisman del in his Recommended Decision recommends that the Commission adopt the Joint Petition as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their right to file Exceptions with respect to any modifications to the terms and conditions of this Joint Petition, or any additional matters, proposed by Judge Weisman del in his Recommended Decision. The Joint Petitioners reserve the right to file Reply Exceptions to any Exceptions which may be filed.

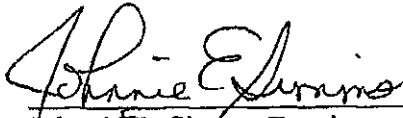
15. Mesco, OTS, and OCA, have attached to this Settlement, as Appendices "F", "G", and "H", respectively, Statements of Support setting forth the bases upon which they believe the Settlement is fair, just and reasonable and is, therefore, in the public interest.

WHEREFORE, for the foregoing reasons, the Joint Petitioners respectfully request that:

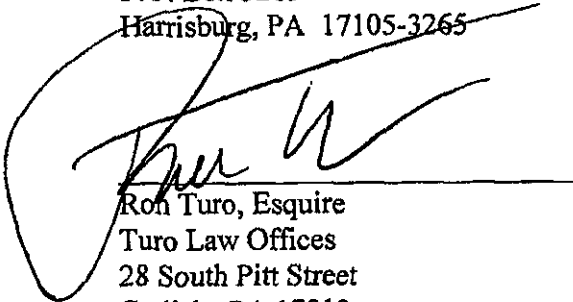
1. Administrative Law Judge Weisman del recommend and the Commission approve this Joint Petition to allow Mesco to increase its present rate revenues as outlined in the Settlement; and
2. Mesco be granted special permission to file a tariff supplement in the form attached hereto as Appendix A to become effective for service on one day's notice, following entry of a Commission Order; and

3. If Mesco meets the conditions outlined in this Settlement, Mesco should be granted special permission to file a tariff supplement in the form attached hereto as "Appendix C" to become effective for service on one day's notice, following entry of a Commission Order; and
4. That the Commission's Investigation at R-00050678 and the Complaints of OCA and Jean and George Sheaffer et al. at R-00050678C0001 and C0002 be marked closed.

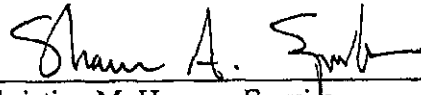
IN WITNESS WHEREOF, the Joint Petitioners hereto have duly executed this Joint Petition for Settlement as of the date indicated herein.



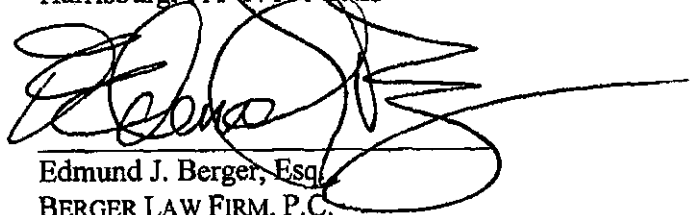
Johnnie Q. Simms, Esquire
Richard Kanaskie, Esquire
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
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P.O. Box 3265
Harrisburg, PA 17105-3265



Ron Turo, Esquire
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Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
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Harrisburg, PA 17101-1923



Edmund J. Berger, Esq.
BERGER LAW FIRM, P.C.
2104 Market Street
Camp Hill, PA 17011

Counsel for Mesco, Inc.

A-97666
Mesco, Inc.

Supplement No. 2 to
Tariff Wastewater – Pa. P.U.C. No. 2

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MESCO, INC.

R.D. #3 DILLSBURG

YORK COUNTY, PENNSYLVANIA

RATES, RULES & REGULATIONS

GOVERNING THE FURNISHING OF WASTEWATER

COLLECTION AND DISPOSAL SERVICE

BY MESCO, INC.

IN A PORTION OF

MONAGHAN TOWNSHIP

YORK COUNTY, PENNSYLVANIA

Issued: July 5, 2005
By: Halvard Alexander, President, Mesco, Inc.
148 South Baltimore Street
Dillsburg, Pennsylvania 17019

Effective:

A-97666
Mesco, Inc.

Supplement No. 2 to
Tariff Wastewater – Pa. P.U.C. No. 2
First Revised Page No. 1a

LIST OF CHANGES

This Supplement implements the rates approved by the Commission at Docket No. R-0050678.

This Supplement increases rates to all customers.

(I)

(I) Indicates Increase

Issued: July 5, 2005

Effective:

A-97666
Mesco, Inc.

Supplement No. 1 to
Tariff Wastewater – Pa. P.U.C. No. 2
First Revised Page No. 3

SCHEDULE OF RATES

SEWER RATES – GENERAL SERVICE

APPLICATION

This Schedule applies to all service throughout the entire territory served.

RATE FOR SERVICE AND USE OF SEWAGE FACILITIES

(I)

The quarterly charge to each domestic customer shall be a flat rate of \$111.31 per quarter.

(I) Indicates Increase

Issued: July 5, 2005

Effective:

MESCO, INC.

APPENDIX B

PROOF OF REVENUES - APPENDIX A RATES

| | Current Rates @12-31-04 | Current Rates @12-31-05 | Appendix A Rates |
|----------------------------------------------------------|-------------------------|-------------------------|------------------|
| <u>Unmetered Consumption Charges</u> Quarterly Charge | \$90.00 | \$90.00 | \$111.31 |
| Number of Customers | 170 | 176 | 176 |
| Annualized Service Revenues | \$61,200.00 | \$63,360.00 | 78,360.00 |
| Adjustment to Service Revenues | | \$2,160.00 | \$15,000.00 |
| Percentage Change | | | 23.67% |

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A-97666
Mesco, Inc.

Supplement No. 2 to
Tariff Wastewater – Pa. P.U.C. No. 2

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MESCO, INC.
R.D. #3 DILLSBURG
YORK COUNTY, PENNSYLVANIA
RATES, RULES & REGULATIONS
GOVERNING THE FURNISHING OF WASTEWATER
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Supplement No. 2 to
Tariff Wastewater – Pa. P.U.C. No. 2
First Revised Page No. 1a

LIST OF CHANGES

This Supplement implements the rates approved by the Commission at Docket No. R-0050678.

This Supplement increases rates to all customers.

(I)

(I) Indicates Increase

Issued: July 5, 2005

Effective:

A-97666
Mesco, Inc.

Supplement No. 2 to
Tariff Wastewater – Pa. P.U.C. No. 2
First Revised Page No. 3

SCHEDULE OF RATES

SEWER RATES – GENERAL SERVICE

APPLICATION

This Schedule applies to all service throughout the entire territory served.

RATE FOR SERVICE AND USE OF SEWAGE FACILITIES

(l)

The quarterly charge to each domestic customer shall be a flat rate of \$132.61 per quarter.

(l) Indicates Increase

Issued: July 5, 2005

Effective:

MESCO, INC.

APPENDIX D

PROOF OF REVENUES - APPENDIX C RATES

| | Current Rates @12-31-04 | Current Rates @12-31-05 | Appendix A Rates |
|--------------------------------------|-------------------------|-------------------------|------------------|
| <u>Unmetered Consumption Charges</u> | | | |
| Quarterly Charge | \$90.00 | \$90.00 | \$132.61 |
| Number of Customers | 170 | 176 | 176 |
| Annualized Service Revenues | \$61,200.00 | \$63,360.00 | 93,360.00 |
| Adjustment to Service Revenues | | \$2,160.00 | \$30,000.00 |
| Percentage Change | | | 47.35% |

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Hook-up Fee Collection
 Depreciation/Amortization Schedule
 (taken from OTS Exhibit 3-S, Schedule 1
 at Docket No. R-0060678)

| Lot No. | Month | Year | Life | Hook Up Charge | Accrued | Remaining OC | Annual Expense |
|---------------------|-------|------|------|----------------|---------|--------------|----------------|
| | | | | | | (5)-(6) | (5)/(4) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 7 |
| | | 1977 | 40 | 9500 | \$6,769 | \$2,731 | \$238 |
| | | 1978 | 40 | 3209 | \$2,206 | \$1,003 | \$80 |
| Total 1977 and 1978 | | | | \$12,709 | \$8,975 | \$3,734 | \$318 |
| 41 | 7 | 1998 | 40 | \$1,200 | \$225 | \$975 | \$30 |
| 2 | 11 | 1998 | 40 | \$1,200 | \$225 | \$975 | \$30 |
| 39 | 5 | 1999 | 40 | \$1,200 | \$195 | \$1,005 | \$30 |
| 38 | 5 | 1999 | 40 | \$1,200 | \$195 | \$1,005 | \$30 |
| 40 | 7 | 1999 | 40 | \$1,200 | \$195 | \$1,005 | \$30 |
| 4 | 8 | 1999 | 40 | \$1,200 | \$195 | \$1,005 | \$30 |
| 37 | 9 | 1999 | 40 | \$1,200 | \$195 | \$1,005 | \$30 |
| 3 | 12 | 1999 | 40 | \$1,200 | \$195 | \$1,005 | \$30 |
| 8 | 5 | 2000 | 40 | \$1,200 | \$165 | \$1,035 | \$30 |
| 42 | 7 | 2000 | 40 | \$1,200 | \$165 | \$1,035 | \$30 |
| 31 | 8 | 2000 | 40 | \$1,200 | \$165 | \$1,035 | \$30 |
| 10 | 8 | 2000 | 40 | \$1,200 | \$165 | \$1,035 | \$30 |
| 9 | 8 | 2000 | 40 | \$1,200 | \$165 | \$1,035 | \$30 |
| 17 | 10 | 2000 | 40 | \$1,200 | \$165 | \$1,035 | \$30 |
| 30 | 2 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 8 | 2 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 21 | 5 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 32 | 6 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 28 | 6 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 16 | 8 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 29 | 10 | 2001 | 40 | \$1,200 | \$135 | \$1,065 | \$30 |
| 14 | 1 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |
| 13 | 7 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |
| 22 | 8 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |
| 1 | 9 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |
| 34 | 10 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |
| 24 | 10 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |
| 18 | 11 | 2002 | 40 | \$1,200 | \$105 | \$1,095 | \$30 |

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| | | | | | | | |
|----------------------------|----|------|----|----------|----------|----------|---------|
| 11 | 3 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 6 | 4 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 7 | 4 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 15 | 4 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 20 | 4 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 12 | 7 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 23 | 7 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 19 | 10 | 2003 | 40 | \$1,200 | \$75 | \$1,125 | \$30 |
| 25 | 6 | 2004 | 40 | \$1,200 | \$45 | \$1,155 | \$30 |
| 27 | 8 | 2004 | 40 | \$1,200 | \$45 | \$1,155 | \$30 |
| 33 | 10 | 2004 | 40 | \$1,200 | \$45 | \$1,155 | \$30 |
| 35 | 9 | 2005 | 40 | \$1,200 | \$15 | \$1,185 | \$30 |
| 26 | 2 | 2005 | 40 | \$1,200 | \$15 | \$1,185 | \$30 |
| 43 | 9 | 2005 | 40 | \$1,200 | \$15 | \$1,185 | \$30 |
| Total 1998 through 2005 | | | | \$50,400 | \$5,070 | \$45,330 | \$1,260 |
| Total Company | | | | \$63,109 | \$14,045 | \$49,064 | \$1,578 |

Mesco, Inc.
Statement in Support of
Settlement Petition at R-00050678

Mesco, Inc. ("Mesco" or the "Company") believes that the Settlement is in the best interests of Mesco and its customers, and is therefore in the public interest. The Settlement was achieved after investigation of Mesco's operations, through both formal and informal discovery (including on-site visits) by the Office of Trial Staff ("OTS"), the Office of Consumer Advocate ("OCA"), investigation and evaluation by Jean and George Sheaffer et al., consideration of the testimony of consumers at a public input hearing, and after discussions and negotiations among the parties as to the revenue level, O&M expenses, rate base, rate design, quality of service and other matters that would be in the public interest.

In order to address customer concerns regarding the quality of service being provided, the Settlement provides for an increase in rates based upon the status of the Company's hiring of an outside certified operator to assume primary responsibility for operation of the Company's sewage treatment plant. The increase is only \$15,000, or 23.67% over the current level of annual revenues if the Company does not hire an outside certified operator. If the Company successfully hires an outside certified operator prior to the Commission's approval of rates, the increase would be \$30,000, or 47.35%, over the current level of annual revenues.

The settlement also requires that the outside certified operator maintain primary responsibility over the sewage treatment plant for an 18-month period of

time. If this is not the case and the departure of the certified operator is due to Mesco's actions as defined in the agreement, then Mesco will be required to reduce its rates from Appendix C rates to Appendix A Rates. Even if the departure of the certified operator is due to the failure of the certified operator to maintain operation of the sewage treatment plant in accordance with state or federal regulatory requirements, Mesco is under an obligation to hire a replacement certified operator within a four-month period unless it is unable to do so through no fault of its own. Mesco's failure to hire a substitute certified operator within that period of time because of its own lack of effort will result in the reduction in rates to Appendix A rates.

As noted above, these provisions have been implemented to address customer concerns over the quality of service. Mesco believes that, after review of the positions of the other parties, the net revenue increases set forth in Appendix A and Appendix C rates are appropriate in lieu of the originally requested increase of \$48,300, or 76.65%, and in light of the additional costs associated with hiring an outside certified operator to replace the current operators of the sewage treatment plant. It is noted that by the time the Settlement rates become effective, it will have been more than fourteen years since Mesco last increased its base rates.

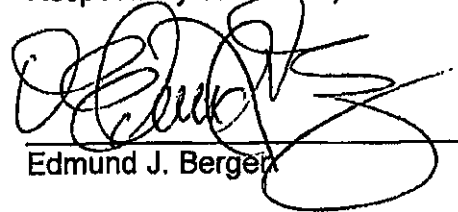
The Settlement also provides for a rate case stay-out of 12 months after the Commission's approval of rates in this case, elimination of any hook-up fees previously charged, and treatment of previously collected hook-up fees as contributions in aid of construction in accordance with OTS's recommendations

in this case. The Company has also agreed to revise its affiliated interest agreement to remove the provision for increases in accordance with the Consumer Price Index.

Under this proposed settlement, unmetered rates to all customers will be increased uniformly.

This settlement is the result of compromises by all parties. Mesco believes a fair and reasonable compromise has been achieved in this case, and fully supports the Settlement. Mesco respectfully requests the Commission's expeditious review and approval of the Settlement, so that rates can be implemented as soon as possible.

Respectfully submitted,



Edmund J. Berger

Berger Law Firm, P.C.
2104 Market Street
Camp Hill, PA 17011
Phone: (717) 920-8900
Fax: (717) 920-8901
E-mail: tberger@bergerlawfirm.net

Attorney for MESCO, INC.

Dated: January 5, 2006

APPENDIX G

Settlement be approved. This request is based upon OTS' conclusion that the Settlement is in the public interest as supported by the following factors:

1. On July 5, 2005, the Company filed Tariff Wastewater - Pa P.U.C. No. 2 (Tariff No. 2") to become effective September 5, 2005, containing proposed changes in rates, rules and regulations designed to produce \$48,300 in additional annual revenue.
2. On August 30, 2005, OTS filed its Notice of Appearance. OCA filed a Formal Complaint with an accompanying Public Statement on August 11, 2005 and a Formal Complaint was also filed by Jean and George Sheaffer et al. on August 4, 2005.
3. By Order adopted and entered August 25, 2005, the Commission suspended the filing until April 5, 2006 and instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations contained in Tariff No. 2. The suspension will remain in effect until April 5, 2006 unless permitted by Commission Order to become effective at an earlier date.
4. The Company declined the Commission offer to schedule this proceeding for mediation. The on-the record proceeding was assigned to Administrative Law Judge ("ALJ") Wayne L. Weisman.
5. A Prehearing Conference was held on September 16, 2005 resulting in the development of a litigation schedule. All parties were represented at the prehearing conference.

6. Evidentiary Hearings commenced in Harrisburg on November 29, 2005. Further settlement discussions were held during the pending proceeding.

7. During this hearing, testimonies of the Company's witnesses as well as that of the OCA and Jean and George Sheaffer et al. were admitted into the record. Additionally, the *Direct Testimony and Exhibit of OTS Expert Witnesses Deardorff and the Direct Testimony and Exhibit as well as the Surrebuttal Testimony of OTS Expert Witness Markovich* were entered into the record without objection. In addition, the *Direct Testimony and Supplemental Direct Testimony, with accompanying Exhibits, of OTS Expert Witness Michael Gruber* were admitted into the record.

8. In accordance with the Commission's policy favoring settlements over costly and time consuming continued litigation, OTS, OCA, Jean and George Shaeffer et al. and the Company were successful in achieving a complete settlement of the disputed issues in this proceeding.

9. The Settlement provides for an increase in the Company's annual operating revenue of \$30,000, provided the Company demonstrates that it has retained the services of a certified wastewater operator who will be responsible for the primary operation of the Company's plant. According to OTS calculations, this allowance represents a 47.35% increase to the Company's annual revenue. This level of revenue provides the Company with sufficient operating funds in order to provide safe and adequate service in

addition to earning an acceptable rate of return while protecting ratepayers from undue increases.

Should retention of a certified wastewater operator not be obtained prior to the adoption and entry of an Order in this proceeding, the Company will receive a revenue increase of \$15,000 to its annual revenue. The remaining \$15,000 increase will be granted, on one day's notice, upon the successful demonstration of the retention of a certified wastewater operator.

It is the position of OTS that this Settlement benefits Mesco's ratepayers in that a 47.35% over-all increase moderates the impact to customer bills as it permits only 62% of the Company's requested increase. Furthermore, the total increase is granted subject to the retention of a certified operator. The ratepayers of Mesco will benefit from this provision as it ensures that the operation of the plant will be maintained by a competent, certified operator. The Company's increase is limited to \$15,000 until it has demonstrated the retention of a certified operator.

The immediate increase of \$15,000 is in the public interest as it will allow the Company to make needed repairs and improvements to ensure that it is providing safe and adequate service. A key factor in the provision of safe and adequate service is the presence of a certified wastewater operator. The additional funds that will be available after the hiring of a certified operator will allow the Company some flexibility in how it provides for the continual management of its facility.

The Joint Petition for Settlement also requires the retention of the certified wastewater operator for a period of 18 months and a specified amount of funds must be available annually for operation and maintenance ("O & M") expenses. The requirement of specified annual funds devoted to O & M and continual retention of a certified operator are in the public interest as it offers further protections for ratepayers. The Company will benefit in that it will receive additional funds through this rate increase to effectuate the necessary changes and allow for continued improvement of its wastewater system. The burden of continually updating and improving the system is appropriately being shared by the Company and the ratepayers.

10. The Company has agreed that it cannot file another base rate case prior to 12 months from the effective date of the final rates established as a result of this proceeding. Final rates will not go into effect until the hiring of a certified wastewater operator. OTS maintains that this "stay-out" provision benefits ratepayers by providing a level of rate stability. The split nature of the rate increase also benefits ratepayers as they are assured that a significant portion of the increased rates they will be paying will be contributing to the retention of a certified operator.

The "stay-out" provision also enables the Company to conduct its operations without the distraction and time consumption involved in organizing and filing a rate case.

11. The parties agree that the hook-up fees identified in this proceeding are appropriately classified as Contributions In Aid of Construction ("CIAC"). This measure is necessary in order to establish an accurate rate base. An accurate rate base is critical in establishing whether an adequate return is being achieved on the Company's plant in service. All parties benefit from an accurate portrayal of the Company's resources.

CONCLUSION

12. Based upon OTS' analysis of the filing, acceptance of this proposed Partial Settlement is in the public interest because resolution of the issues of this case by settlement rather than continued litigation will avoid the additional expense involved in continuing to formally pursue these matters in this proceeding. Moreover, the Company is assured additional revenues which will assist it in providing and maintaining safe and adequate service while ratepayers are protected from an unwarranted level of increase.

13. OTS further submits that acceptance of the foregoing Settlement will negate the need for the preparation of Main Briefs, Reply Briefs, Exceptions and Reply Exceptions, and the filing of possible appeals with respect to the revenue requirement issues. The avoidance of further rate case expense by Settlement of this base rate proceeding serves the interests of the Company and the Company's customers.

14. The Partial Settlement is conditioned upon the Commission's approval of all terms and conditions contained therein and should the Commission fail to grant

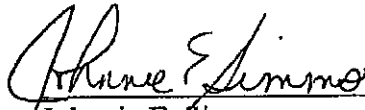
such approval or otherwise modify the terms and conditions of the Partial Settlement, it may be withdrawn by OTS or the Company as provided therein.

15. OTS' agreement to settle the issues in this case is made without any admission or prejudice to any position that OTS might adopt during subsequent litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

16. If the ALJ recommends that the Commission adopt the Settlement as proposed, OTS agrees to waive the filing of Exceptions. However, OTS does not waive its rights to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in his Recommended Decision. OTS also reserves the right to file Reply Exceptions to any Exceptions that may be filed by the Company or any of the Joint Petitioners.

WHEREFORE, the Commission's Office of Trial Staff represents that it supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judge Wayne L. Weismandel recommend, and the Commission subsequently approve, the foregoing Joint Petition For Settlement, including all the terms and conditions contained therein.

Respectfully submitted,



Johnnie E. Simms
Chief Prosecutor

Richard A. Kanaskie
Prosecutor
Office of Trial Staff

Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265
(717) 787-1976

Dated: January 5, 2006

APPENDIX H

August 25, 2005, the Commission instituted an inquiry and investigation of Tariff No. 2 and application of the proposed rates was suspended by statute for a period of up to seven months or to April 5, 2006, unless otherwise directed by Order of the Commission. In response to the Commission's Suspension, on September 12, 2005, Mesco filed Supplement No. 1 suspending the application of the proposed rates until April 5, 2006.

In addition to the Commission's suspension of the Company's tariff, the OCA, and Jean and George Sheaffer, filed formal Complaints against Mesco's proposed general rate increase. In addition, the Commission's Office of Trial Staff also entered its appearance in this matter. The OCA, OTS, and the Company engaged in discovery sufficient to prepare this matter for trial before the Commission, and all the parties provided full and complete responses to the discovery requests directed to them. In addition, the Company provided answers to Data Requests from the Commission's Bureau of Fixed Utility Services.

The ALJ conducted a Prehearing Conference on September 16, 2005, and a second Prehearing Conference on November 4, 2005. The Joint Petitioners held several settlement conferences and exchanged various settlement proposals. As a result of these efforts, the issues presented by expert testimony and public input testimony have been resolved via the Joint Petition for Settlement. The Joint Petitioners have been able to agree to a base rate increase, and appropriate rate design, and other conditions covering all issues in the proceeding. The Joint Petitioners are in full agreement that the Settlement is in the public interest.

On October 19, 2005, the Commission conducted a public input hearing near the Mesco service territory and 15 consumer witness provided testimony regarding Mesco's rates and service.

¹ The signatories to the Joint Petition for Settlement in this proceeding are Mesco Inc., Jean and George Sheaffer, The Office of Consumer Advocate, and the Office of Trial Staff.

In addition to conserving litigation and administrative resources for the Parties and the Commission, the settlement has provided the OCA with the ability to achieve an outcome that is both acceptable to the OCA and to the other Signatories. The OCA submits that the Commission should find the Settlement to be in the public interest and to approve the Settlement without modification. In support thereof, the OCA provides as follows.

II. TERMS AND CONDITIONS OF SETTLEMENT AGREEMENT

In its testimony, the OCA recommended a number of adjustments to Mesco's rate increase request and claims. OCA St. No. 1 at 2-3. The OCA will summarize these adjustments below, and address how the Settlement addresses the issues such that the Settlement is in the public interest.

While this Settlement does not reach all the recommendations proposed by the OCA in its litigation position, the OCA recognizes that the Settlement is a product of compromise. The Settlement sufficiently addresses the issues raised by the OCA such that the OCA submits that the Commission should find the Settlement is in the public interest.

1. OCA Issues Related to The Company's Claim.

In her testimony, OCA witness Kraus recommended that the Commission:

- Make a downward adjustment of \$604 to the Company's claim of \$2,177 in legal expenses. Ms. Kraus based this recommendation on the invoices provided by the Company to justify its \$2,177 claim. OCA St. No. 1 at 4. Ms. Kraus determined that the \$604 adjustment related to legal expenses incurred in defending a criminal charge. Ms. Kraus testified that this was not an appropriate ratepayer expense. OCA St. No. 1 at 4.
- Deny the Company's \$31,510 salary increase claim for the Company's sole part-time employee. OCA St. No. 1 at 6. Ms. Kraus testified that the amount of work actually performed by this employee was decreasing, not increasing. Id. She also

testified that it was inequitable to request that Mesco's ratepayers pay higher rates "simply because his [the employee's] non-utility employment does not produce a higher level of income or pay for benefits." Id.

- Deny the Company's request for a \$2,400 increase in rent expense. Based on the Company's interrogatory responses to OCA discovery, Ms. Kraus determined that the Company's claimed increase was based on estimates, and that no actual costs were provided to support the claimed increase. OCA St. No. 1 at 7.
- Deny the Company's claim of \$5,665 for sludge hauling expense. OCA St. No. 1A at 1. Upon analysis of Mesco responses to OCA interrogatories, Ms. Kraus determined that it was necessary to adjust this number to account for the actual sludge hauling expense of \$3,325.00 that Mesco incurred in 2005. Id. She recommended that the Commission reduce Mesco's sludge hauling expense claim by \$2,340.00 to reflect these actual expenses. Id.

The Overall impact of these adjustments is a recommended revenue increase of \$11,813 which is a reduction of \$36,487 from the Company's original request for an increase of \$48,300. OCA St. No. 1 at 7; OCA Exhibit 2; Schedule MJK-1S.

2. The Joint Application For Settlement Adequately Addresses The OCA's Recommended Adjustments.

While the Settlement itself provides complete details, the OCA will briefly describe how and why the Settlement addresses the concerns raised in the OCA's testimony. The OCA points out that it bases its litigation position here largely on matters of proof. It is clear that all utilities that seek increases in rates bear the burden of proof to show that requested revenue increases are justified, and will result in rates that are both just and reasonable. The OCA's litigation position here is that Mesco has not met its burden of proof on the above issues. The OCA recognizes, however, that the Settlement reaches beyond issues of legal proof, and goes to the unique facts and circumstances present in Mesco's operation of its wastewater facilities. The OCA also recognizes that Mesco has not requested a rate increase since the early 1990s. To that end, the

OCA believes that the Settlement provides adequate assurances that Mesco will operate its facilities in a manner that provides adequate service to its customers and provides that Mesco will do so at just and reasonable rates.

The Settlement provides for a flexible process under which Mesco may ultimately increase its rates by \$30,000. Settlement at 3-4. Whether Mesco attains that level of increase depends on Mesco's ability to contract with, and retain, an independent certified operator that will manage its system for the 18-month term of the Settlement. Id. at 5.

Initially, upon Commission approval of the Settlement, Mesco may file, effective upon one-day's notice, a rate increase of \$15,000, or 23.68 %. Settlement at 3, 8. This aspect of the Settlement addresses the OCA's concerns with the Company's legal expense, rent expense, and sludge hauling expense claims and resolves these issues to the satisfaction of the OCA.

Should Mesco subsequently contract with an independent certified operator to provide primary responsibility for its wastewater system the Settlement then provides that Mesco may file for an additional \$15,000 increase in rates for a total increase of \$30,000, or 47.34 % Settlement at 4, 9. This aspect of the Settlement addresses the OCA concerns with the Company's proposed salary increases and resolves these issues to the satisfaction of the OCA.

In addition, Mesco may only file for its second increase when the independent certified operator assumes control of its system, and not before. Id. Should an independent certified operator assume primary responsibility of Mesco's system before the Commission approves this Settlement agreement, then Mesco may file for the full \$30,000 increase upon Commission approval. Id.

The Settlement also provides that Mesco must make at least \$3000.00 in funds available to the certified operator for maintenance. Mesco must provide this amount per year and for the

18-month term of the Settlement. Id. at 5. This aspect of the Settlement addresses the quality of service issues raised by Mesco's consumers at the October 19, 2005 public input hearing.

Should the Company fail to retain a certified operator for the full 18-month term of the Settlement, Mesco will be required to replace the certified operator within a four-month period. Should it fail to do so, the Settlement requires Mesco to reduce its rates to \$15,000 for the period between the expiration of the four month period and the time when a replacement certified operator takes over primary responsibility of the system, subject to conditions thoroughly described in the Settlement. Settlement at 5-7. This aspect of the Settlement not only addresses the quality of service issues raised by Mesco's consumers at the October 19, 2005 public input hearing, but it also addresses OCA issues regarding Mesco's claimed salary and benefit expense.

In addition, the Settlement provides for rate relief in the form a 12-month stay-out provision that begins tolling with the latter of the Commission's rate approvals in this proceeding. This provision too is subject to certain limitations described in the Settlement.

Taken together, all these aspects of the Settlement – from its limited and conditional increase in rates, to its rate relief provisions – provide for a reasonable and fair resolution of this proceeding. The OCA believes that the Settlement's requirement that Mesco may not increase its rates to the full amount of \$30,000 until an independent certified operator assumes control of its system will provide the necessary quality of service assurances that Mesco's customers discussed at the October 19, 2005 public input hearing in this matter. The OCA understands that it is Mesco's intention to contract with an independent certified operator as soon as is feasible. In short, the OCA believes that the Settlement provides for customer rates that are just and reasonable, and provides adequate funding for the Company to provide adequate and reasonable service.

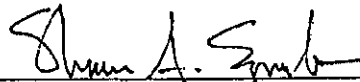
At present, Mesco's customers pay \$90 per quarter for wastewater service. Settlement at 8. Should Mesco increase its rates by \$15,000, each customer would experience an increase of \$21.31, or 23.68 % per quarter. Id. If Mesco increases its rates to the \$30,000 limit contemplated by the Settlement, each Mesco customer will experience an increase of \$42.61, or 47.34% per quarter. Id. at 9. These proposed rates represent an amount which, in the OCA's view, would be within the range of likely outcomes in the event of full litigation of the case.

Given all this, the Commission should find that the Joint Petition for Settlement is in the public interest and should approve it without modification.

III. CONCLUSION

As a whole, the commitments contained in the Settlement provide substantial public benefit. The OCA submits that the Commission should find the Settlement to be in the public interest and should approve the Settlement without modification. For the foregoing reasons, the OCA respectfully requests that the Commission approve the terms and conditions of the Joint Petition For Settlement as being in the public interest.

Respectfully submitted,



Christine Maloni Hoover
Senior Assistant Consumer Advocate
Shaun A. Sparks
Assistant Consumer Advocates

Counsel for:
Irwin A. Popowsky
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor
Harrisburg, PA 17120
(717) 783-5048

Dated: January 5, 2006
00087024.DOC

BERGER LAW FIRM, P.C.

ATTORNEYS AT LAW

2104 MARKET STREET
CAMP HILL, PA 17011

TELEPHONE: (717) 920-8900
FACSIMILE: (717) 920-8901

EMAIL: publicutilitylaw@bergerlawfirm.net

January 11, 2006

Honorable Wayne Weismandel
Administrative Law Judge
PA Public Utility Commission
Commonwealth Keystone Building
2nd Floor, L-M West
PO Box 3265
Harrisburg, PA 17105-3265

**DOCUMENT
FOLDER**

RECEIVED
2006 JAN 13 AM 9:02
PA P.U.C. BUREAU
SECRETARY'S BUREAU

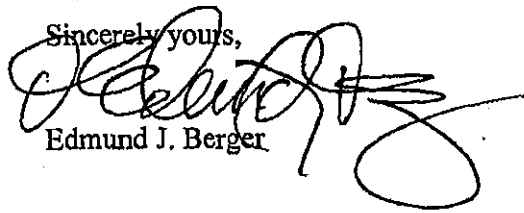
**RE: Mesco, Inc. Request for Rate Increase
Docket No. R-00050678**

Dear Judge Weismandel:

As per our e-mail correspondence of yesterday, enclosed please find a Corrected Page 4 of the Joint Petition for Settlement in the above-captioned matter. As you know, the wrong appendix was indicated at two locations on this page. All parties have authorized me to represent that they concur in this correction. Corrected page 4 should be substituted for the original in your copy of the document.

Thank you for bringing this to my attention and I apologize for any inconvenience that this may have caused. By copy of this letter, I am providing the Secretary's office with this correction as well. Please feel free to contact me should you have any further concerns.

Sincerely yours,


Edmund J. Berger

Enclosure

cc: James McNulty, Secretary
Certificate of Service

increase in base rates from the level of rates in effect before the Commission's approval of this Joint Petition of \$30,000 in the form of the proposed tariff supplement that is attached as "Appendix C" if and when Mesco contracts with a certified operator in accord with paragraph 10 (b) below to take primary responsibility over operations of Mesco's sewage treatment plant and begins to provide such services. This tariff supplement increases Mesco's rates for wastewater service so as to produce not in excess of \$93,360 in annual revenue. This represents an increase of \$30,000, or 47.35% over present annual revenues of \$63,360. A proof of revenues is attached hereto in "Appendix D."

Mesco may contract with a certified operator in accord with paragraph 10(b) below and the certified operator may take primary responsibility over operation of Mesco's sewage treatment plant and begin to provide such service prior to Commission approval of this Settlement. In that event, and after Commission approval of the Settlement, Mesco may file the proposed tariff supplement that is attached as "Appendix C" without first filing the tariff supplement attached as "Appendix A." This would have the effect of increasing Mesco's rates for wastewater service to produce not in excess of \$93,360 in annual revenue – an increase of \$30,000, or 47.35% over present annual revenues of \$63,360.

(b) Certified Operator Contract

Mesco shall provide its contract(s) with certified operator(s) with primary responsibility over operations of Mesco's sewage treatment plant by providing copies of the signed contract(s) between Mesco and the certified operator to the active parties. Mesco shall include within those contract(s) a date certain upon which the certified operator will

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, **Corrected Page 4 of the Joint Petition for Settlement**, upon the participants, listed below, in accordance with the requirements of § 1.54 (relating to service by a participant):

BY FIRST CLASS MAIL

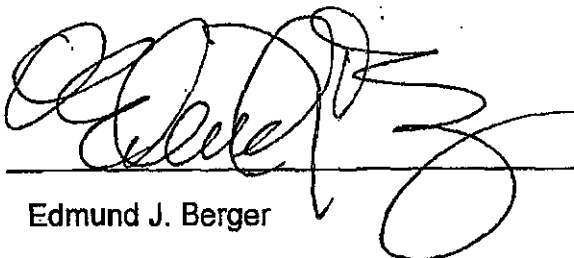
Christine Hoover
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Richard A. Kanaskie, Esq.
Office of Trial Staff
PO Box 3265
Harrisburg, PA 17105-3265

Ron Turo
Turo Law Offices
28 South Pitt Street
Carlisle, PA 17013

Halvard Alexander, President
Mesco, Inc.
148 South Baltimore Street
Dillsburg, PA 17019

Dated this 11th day of January, 2006.



Edmund J. Berger

BERGER LAW FIRM, P.C.
2104 Market Street
Camp Hill, PA 17011

Phone: (717) 920-8900

Fax: (717) 920-8901

E-Mail: tberger@bergerlawfirm.net

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held March 2, 2006

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Bill Shane
Kim Pizzingrilli
Terrance J. Fitzpatrick

Pennsylvania Public Utility Commission

v.

R-00050678

Mesco, Inc.

Irwin A. Popowsky, Consumer Advocate

v.

R-00050678C0001

Mesco, Inc.

Jean and George Sheaffer

v.

R-00050678C0002

Mesco, Inc.

ORDER

BY THE COMMISSION:

We adopt as our action the Recommended Decision of Administrative Law Judge
Wayne L. Weismandel dated January 13, 2006;

THEREFORE,

IT IS ORDERED:

1. That the terms and conditions contained in the Joint Petition for Settlement of Rate Investigation submitted by Mesco, Inc., the Office of Trial Staff, the Office of Consumer Advocate, and Jean and George Sheaffer in Docket No. R-00050678 be, and the same hereby is, approved.

2. That Mesco, Inc. submit a tariff or tariff supplement in the form attached to the Joint Petition for Settlement of Rate Investigation as Appendix A to become effective on one day's notice following entry of the Pennsylvania Public Utility Commission's Order.

3. That, if and when Mesco, Inc. contracts with a certified operator as set forth in Paragraph 10(b) of the Joint Petition for Settlement of Rate Investigation, Mesco, Inc. submit a tariff or tariff supplement in the form attached to the Joint Petition for Settlement of Rate Investigation as Appendix C to become effective on one day's notice following entry of the Pennsylvania Public Utility Commission's Order.

4. That Mesco, Inc. will not file a tariff or tariff supplement proposing an increase in base rates that would constitute a general rate increase under Section 1308(d) of the Public Utility Code, 66 Pa.C.S. §1308(d), prior to one year following the entry date of the Commission's Order approving Mesco, Inc.'s rates as contained in Appendix A or Appendix C (whichever is later) of the Joint Petition for Settlement of Rate Investigation; provided, however, that the foregoing provision shall not prevent the filing of a tariff or tariff supplement at an earlier date proposing a general increase in rates in compliance with Commission orders or in response to fundamental changes in regulatory policies or federal tax policies affecting Mesco, Inc.'s rates.

5. That Mesco, Inc. will retain a certified operator under contract to take primary responsibility over operations of its sewage treatment plant for a continual period of no less than eighteen (18) months, except as specifically provided in Paragraph 10(c) of the Joint Petition for Settlement of Rate Investigation.

6. That during the effective period of rates established in this proceeding, Mesco, Inc. will not charge hook-up fees and will treat the previously collected hook-up fees in the amount of \$63,109 as Contributions In Aid of Construction (CIAC) and will amortize this amount in accordance with Appendix E of the Joint Petition for Settlement of Rate Investigation.

7. That Mesco, Inc. revise its affiliated interest agreement pertaining to the office rental from the Law Offices of Jane M. Alexander to eliminate Paragraph 5 (providing for changes in lease rates in accordance with the Consumer Price Index).

8. That the formal Complaints filed by Irwin A. Popowsky, Consumer Advocate (Docket Number R-00050678C0001), and by Jean and George Sheaffer (Docket Number R-00050678C0002) are sustained in part and dismissed in part in accordance with the terms and conditions of the Joint Petition for Settlement of Rate Investigation.

9. That the Pennsylvania Public Utility Commission's inquiry and investigation in Docket Number R-00050678 is terminated and the record closed.

BY THE COMMISSION,

James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: March 2, 2006

ORDER ENTERED: March 6, 2006

Exhibit E

(CONFIDENTIAL)

Exhibit F

THE YORK WATER COMPANY
UTILITY PLANT

| | As of <u>December 31, 2022</u> |
|------------------------------------------------|-----------------------------------|
| Organization | \$ 5,302 |
| Franchises and consents | 4,918 |
| Water rights | 39,972 |
| Reservoir land | 883,813 |
| Power and pumping land | 1,078,522 |
| Purification land | 98,459 |
| Transmission & distribution land rights-of-way | 142,531 |
| Distribution reservoir and standpipe land | 627,210 |
| Office land | 115,023 |
| Stores, shop and garage land | 135,845 |
| Collecting and impounding reservoirs | 6,541,772 |
| Lake, river and other intakes | 3,645,971 |
| Wells and springs | 106,287 |
| Supply mains | 8,841,841 |
| Other water source structures | 231,680 |
| Power and pumping structures | 17,358,876 |
| Purification buildings | 4,931,530 |
| Office buildings | 1,560,278 |
| Stores, shop and garage buildings | 3,119,510 |
| Miscellaneous structures and improvements | 533,773 |
| Power generation equipment | 2,967,352 |
| Oil engine pumping equipment | 1,315,001 |
| Electric pumping equipment | 5,666,139 |
| Scada system | 698,223 |
| Purification system | 20,839,363 |
| Distribution reservoirs and standpipes | 28,813,589 |
| Mains and accessories | 243,655,267 |
| Services | 56,827,217 |
| Meters | 21,131,562 |
| Fire hydrants | 10,805,685 |
| Backflow preventors | 657,938 |
| Office furniture and equipment | 12,756,066 |
| Transportation equipment | 2,213,732 |
| Stores equipment | 216,482 |
| Shop equipment | 71,313 |
| General equipment | 863,533 |
| Tractor | 34,370 |
| Laboratory equipment | 185,659 |
| Construction equipment | 128,072 |
| Communication equipment | 3,120,815 |
| Miscellaneous equipment | 547,884 |
| Wastewater collection land | 203,176 |
| Wastewater pumping land | 305,427 |
| Wastewater treatment land | 298,026 |
| Wastewater treatment structures | 11,532,629 |
| Wastewater power generation equipment | 691,906 |
| Wastewater collection sewers | 21,377,807 |
| Wastewater services | 3,395,643 |
| Wastewater pumping equipment | 874,414 |
| Wastewater treatment and disposal equipment | 3,907,373 |
| Wastewater monitoring equipment | 182,183 |
| Wastewater detention pond | 2,682 |
| Wastewater outfall lines | 103,082 |
| Wastewater office computer | 102,321 |
| Wastewater transportation equipment | 258,133 |
| Wastewater shop equipment | 20,304 |
| Wastewater communication equipment | 351,495 |
| Wastewater miscellaneous equipment | 48,203 |
| Total Utility Plant in Service | <u>\$ 507,173,179</u> |
| Construction work in progress | 41,967,980 |
| Utility plant acquisition adjustment | <u>(9,178,293)</u> |
| TOTAL UTILITY PLANT | <u>\$ 539,962,866</u> |

Exhibit G

**THE YORK WATER COMPANY
BALANCE SHEET**

As of
December 31, 2022

ASSETS

UTILITY PLANT:

| | |
|---------------------------------|--------------------|
| Utility Plant, at original cost | \$539,962,866 |
| Less-Reserve for depreciation | 108,758,287 |
| | <u>431,204,579</u> |

OTHER PHYSICAL PROPERTY:

| | |
|-------------------------------|---------|
| Less-Reserve for depreciation | 695,865 |
|-------------------------------|---------|

CURRENT ASSETS:

| | |
|-------------------------------------|-------------------|
| Cash and cash equivalents | (3,174,428) |
| Accounts receivables, less reserves | 6,699,915 |
| Unbilled revenue | 3,289,940 |
| Materials and supplies, at cost | 2,335,104 |
| Prepaid expenses | 1,025,454 |
| | <u>10,175,985</u> |

OTHER LONG-TERM ASSETS:

| | |
|----------------------------|-------------------|
| Notes receivable | 255,481 |
| Deferred regulatory assets | 27,640,011 |
| Other | 21,705,752 |
| | <u>49,601,244</u> |

\$491,677,673

THE YORK WATER COMPANY
BALANCE SHEET

As of
December 31, 2022

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:

| | |
|-----------------------------------|-------------------|
| Common stock, no par value | \$134,220,514 |
| Earnings retained in the business | 72,962,505 |
| | <hr/> 207,183,019 |

| | |
|--------------------------------------------|-------------------|
| Long-term debt | 112,370,000 |
| Committed line of credit | 29,739,959 |
| Less-Unamortized discount and debt expense | 2,644,940 |
| | <hr/> 346,648,038 |

CURRENT LIABILITIES:

| | |
|-----------------------------------|------------------|
| Current portion of long-term debt | 0 |
| Accounts payable | 7,635,807 |
| Dividends payable | 2,627,965 |
| Accrued taxes | (848,104) |
| Accrued interest | 964,588 |
| Deferred regulatory liabilities | 593,327 |
| Other accrued expenses | 1,994,895 |
| | <hr/> 12,968,478 |

DEFERRED CREDITS:

| | |
|--------------------------------------|-------------------|
| Customers' advances for construction | 14,911,166 |
| Contributions in aid of construction | 42,301,259 |
| Deferred employee benefits | 3,725,069 |
| Deferred regulatory liabilities | 22,542,787 |
| Deferred income taxes | 47,900,884 |
| Other deferred credits | 679,992 |
| | <hr/> 132,061,157 |

\$491,677,673

Exhibit H

THE YORK WATER COMPANY
STATEMENT OF INCOME

Twelve Months
Ended
December 31, 2022

OPERATING REVENUES:

| | |
|---------------------------|-------------------|
| Residential | \$39,065,854 |
| Commercial and industrial | 16,254,799 |
| Other | 4,740,152 |
| | <u>60,060,805</u> |

OPERATING EXPENSES:

| | |
|----------------------------|-------------------|
| Operation and maintenance | 14,133,154 |
| Administrative and general | 11,201,106 |
| | <u>25,334,260</u> |

| | |
|--------------------------------|-------------------|
| Depreciation | 10,139,279 |
| Taxes other than income taxes | 1,379,746 |
| Federal and state income taxes | 15,149 |
| | <u>36,868,434</u> |

Operating income 23,192,371

INTEREST EXPENSE AND OTHER INCOME:

| | |
|----------------------------------------------|------------------|
| Interest on debt | 5,113,390 |
| Allowance for funds used during construction | (1,501,104) |
| Other (income) expenses, net | (91) |
| | <u>3,612,195</u> |

NET INCOME \$19,580,176

Exhibit I

**PLANNING
COMMISSION**

COUNTY LAND USE LETTER

Mary E. Coble
Chairman

Sean P. Kenny
Vice Chairman

Matthew Chronister
Secretary

James J. Morris
Treasurer

Brian Brenneman

Thomas W. Earp

David Gonzalez

Walter A. Kuhl

Bruce Miller

Felicia S. Dell
Director

Jeffrey L. Rehmeyer II
Solicitor

**EQUAL
OPPORTUNITY
EMPLOYER**

Date: July 21, 2022

To: The York Water Company
Attn.: Steven Metzler
130 E. Market Street
York, PA 17401

From: York County Planning Commission

Re: PUC Certificate of Public Convenience
Memphord Estates Wastewater Service (water and wastewater charter area expansion)
Monaghan Township, York County, PA
YCPC File #146-22

The County of York states that it:

It has adopted a county or multi-county comprehensive plan. If yes, please provide a date of adoption: 12/16/2020

It has not adopted a county or multi-county comprehensive plan.

If applicable:

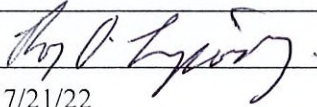
The above-reference project:

Is consistent with the adopted county or multi-county comprehensive plan.

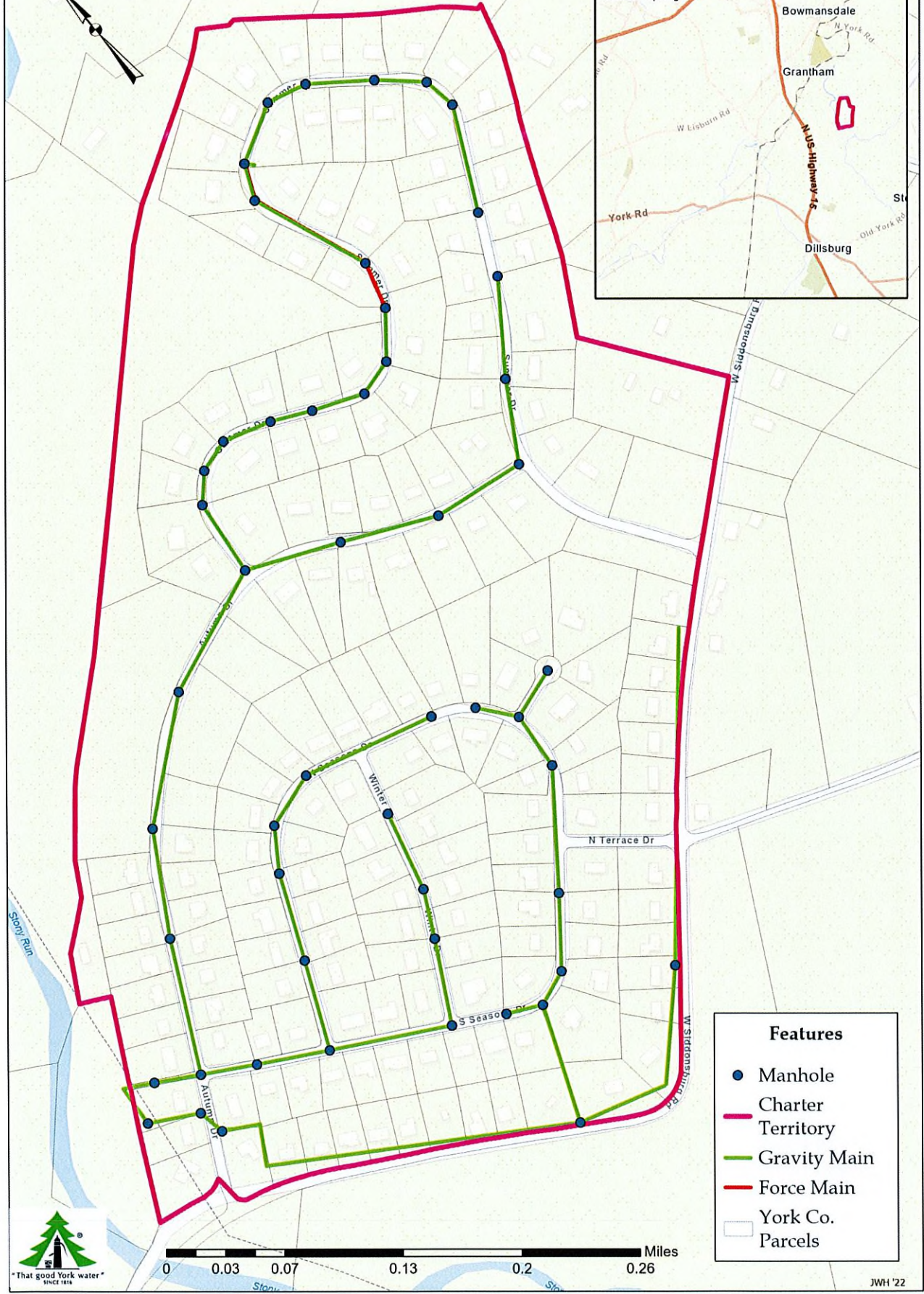
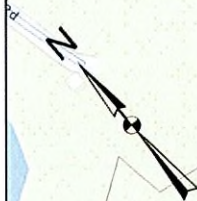
Is not consistent with the adopted county or multi-county comprehensive plan.

Additional Comments (attach addition sheets if necessary):

Submitted by:

| | |
|---------------------|-------------------------------------------------------------------------------------|
| Name | Roy O. Livergood, Jr. |
| Title | Senior Planner |
| Contact Information | York County Planning Commission - 28 East Market Street, York, PA 17401 |
| Signature |  |
| Date | 7/21/22 |
| cc: | file |

Memphord Estates



- Features**
- Manhole
 - Charter Territory
 - Gravity Main
 - Force Main
 - York Co. Parcels

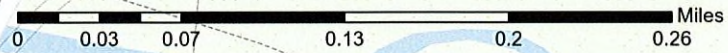


Exhibit J



The York Water Company

"That good York water"
SINCE 1878

September 26, 2022

Monagahn Township Planning Commission
202 S. York Road
Dillsburg, PA 17019

Re: York Water Company Application to Serve Memphord Estates Residential Development in a Portion of Monagahn Township, York County

York Water Company, a private utility entered into an Agreement to acquire the wastewater assets of the Memphord Estates Residential Development (MESCO) which currently serves residential customers in the Memphord Estates Residential Development, in a portion of Monagahn Township, York County. York Water Company will file an application with the PA Public Utility Commission (PUC) requesting a certificate of public convenience to furnish wastewater service to the public in the portion of Monagahn Township currently served by MESCO. York Water Company's application requests to expand its water and wastewater charter areas to serve customers in Monagahn Township.

As part of York Water's request to the PUC, we have been asked to receive input from the Township to determine if York Water's proposed expansion complies with the Township's land use planning.

Specifically, the PUC requests that the Township reviews the following questions:

1. Are there adopted municipal comprehensive plans for the townships/boroughs involved? yes
2. Is there an adopted county comprehensive plan? yes
3. Is there an adopted multi-municipal or multi-county comprehensive plan? No
4. Is there an adopted county or **municipal zoning ordinance** or **joint municipal zoning ordinance**? yes
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? yes
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (717) 718-2961 or email: stevem@yorkwater.com.

Sincerely,

Steven M. Metzlor
Senior Engineering Project Manager

We concur that York Water's Application is consistent with the applicable comprehensive plans and zoning ordinances.

Monagahn Township Signature

Printed Name/Title

Joy Schreffler
Vice-Chairperson

Date

12-27-22

Exhibit K

THE YORK WATER COMPANY
RATES, RULES AND REGULATIONS GOVERNING
THE PROVISION OF WASTEWATER COLLECTION, TREATMENT AND/OR
DISPOSAL SERVICE TO THE PUBLIC IN
THE BOROUGHS OF EAST PROSPECT, FELTON, JACOBUS, AND WEST YORK
AND THE
TOWNSHIPS OF EAST MANCHESTER (ASBURY POINTE RESIDENTIAL SUBDIVISION),
LOWER WINDSOR, MONAGHAN, SPRINGFIELD, (C)
SHREWSBURY, WASHINGTON, AND WEST MANHEIM (C)
IN YORK COUNTY, PENNSYLVANIA
AND THE
TOWNSHIPS OF GREENE, HAMILTON, AND LETTERKENNY
IN FRANKLIN COUNTY, PENNSYLVANIA
AND THE
TOWNSHIP OF STRABAN IN ADAMS COUNTY, PENNSYLVANIA

ISSUED: XXXXXX

EFFECTIVE: XXXXXX

By: Joseph T. Hand
President and CEO
130 East Market Street
York, Pennsylvania

(C) Indicates Change

 **NOTICE**

Filed in compliance with the order of the Pennsylvania Public Utility Commission of XXXXXX,
at Docket No. A-XXXX-XXXXXXX.
(SEE PAGE NO. 2)

LIST OF CHANGES

This tariff supplement authorizes The York Water Company – Wastewater Division to begin to offer or furnish wastewater service to the public in Monaghan Township, York County, Pennsylvania, as previously served by MESCO, Inc., in accordance with the Pennsylvania Public Utility Commission Order at Docket No. A-XXXX-XXXXXXX, entered XXXXXXXXXXXX.

The York Water Company – Wastewater Division proposes to charge customers in Monaghan Township a flat monthly rate of \$44.20, which is the monthly equivalent of the current quarterly rate of \$132.61 that is paid by MESCO, Inc.'s residential customers.

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| | 4 (b) Original | |
| | 4 (c) Original | |
| | 4 (d) Original | |
| | 4 (e) Original | |
| | 4 (f) Original | |
| | 4 (g) Original | |
| | 4 (h) Original | |
| | 4 (i) Original | |
| | 4 (j) Original | |
| | 4 (k) Original | |
| | 4 (l) Original | |
| Schedule of Miscellaneous Fees and Charges | 5 Second Revised | |
| State Tax Adjustment Surcharge | 6 Third Revised | |
| Part II | | |
| Definitions | 7 Second Revised | |
| | 8 Second Revised | |
| | 9 Second Revised | |
| | 10 Second Revised | |
| | 10 (a) Original) | |
| | 10 (b) Original | |
| (C) Indicates Change | | |

PART I: SCHEDULE OF RATES AND CHARGES

Asbury Pointe Area, Felton Borough Area, and Letterkenny Township Area

A flat rate of \$86.90 per month per equivalent dwelling unit.

East Prospect and Lower Windsor Area, Jacobus Borough Area, and Straban Township Area

A metered rate (based on water consumption) as follows:

| | <u>Per Month</u> | <u>Rate</u> |
|--------------------------------------|-----------------------------|-------------------------|
| East Prospect and Lower Windsor Area | 1 st 4,000 Gals. | \$86.90 |
| Over | 4,000 Gals. | \$7.565 per 1,000 Gals. |

West York Borough Area

| | <u>Rate per Month</u> |
|------------------------------------------|-----------------------|
| A flat rate per equivalent dwelling unit | |
| Residential | \$60.00 |
| Commercial/Industrial | \$69.55 |

Monaghan Township

(C)

| | <u>Rate per Month</u> |
|--------------------------|-----------------------|
| A flat rate per customer | |
| Residential | \$44.20 |

(C) Indicates Change

Exhibit L

EXHIBIT L

Estimated Annual Revenue and Expense Figures

Projected annual revenue is based upon the current quarterly rate of \$132.61 charged by MESCO for the number of residential customers connected. York Water will bill customers a flat monthly rate of \$44.20, which is the monthly equivalent of the current quarterly rate, until York Water's next base rate case.

| | |
|-------------------------------------|-------------------------|
| Monthly Residential Customer Charge | \$ 44.20 |
| | <u> x 180</u> |
| Monthly Residential Revenue | \$ 7,956 |
| | |
| Monthly Total Revenue | \$ 7,956 |
| | <u> x 12</u> |
| Annual Total Revenue | <u><u>\$ 95,472</u></u> |

Estimated expenses are calculated based on the Company's latest cost of service study performed with the latest rate filing effective March 1, 2023. The Company expects the expenses for the new MESCO customers to mirror those of the current system.

| | |
|-----------------------------------|----------|
| O & M Expenses (34.1% of revenue) | \$32,474 |
| Depreciation (18.6% of revenue) | 17,713 |
| General Taxes (2.1% of revenue) | 2,000 |
| Income Taxes (5.4% of revenue) | 5,143 |
| Total Operating Expenses | \$57,330 |
| | |
| Operating Income | \$38,142 |

Exhibit M

Commonwealth of Pennsylvania

Department of Environmental Protection

*In accordance with the
State Board for Certification of Water and Wastewater Systems Operators
and the Regulations of the*

Department of Environmental Protection

VAUGHN A WENGER

Is Hereby Authorized to Operate
WASTEWATER SYSTEM

Class: B,E, Wastewater

Subclass: 1,3,4

Client ID: 275737

**VAUGHN A WENGER
2033 WESTBURY CT
RED LION PA 17356-9418**

Issue Date

Jan 1, 2022

Expiration Date

Dec 31, 2024

Mary Roland

Board Chairperson

Certificate No. S19722

Exhibit N

May 31, 2023

Dear Memphord Estates Sewer Customer:

The York Water Company has entered into an agreement to purchase the wastewater facilities owned by the Memphord Estates Sewage Company (MESCO, Inc.). York Water is applying to the Pennsylvania Public Utility Commission (PUC) for a Certificate of Public Convenience in order to serve the wastewater needs of your community. Following our application to and approval by the PUC, our goal is to provide a smooth transition to the MESCO Inc. customers to billing and service by York Water.

York Water will acquire and continue to use the MESCO, Inc. collection, conveyance and treatment system facilities and infrastructure. Each of MESCO, Inc.'s current wastewater customers is served as an individual customer, and that will not change. Our understanding is that as a customer of MESCO, Inc., you currently pay a flat rate of \$132.61 per quarter for your wastewater service. Upon approval from the PUC and closing on the sale of the system, York Water expects to be charging each customer the same annual rate per customer, but we will bill on a monthly invoice to you. The charge on a monthly basis will be at a rate of \$44.20 per month ($\$132.61 / \text{quarter divided by } 3$). We expect approval from the PUC prior to the end of this year (2023).

As a current MESCO, Inc. customer, there is nothing you will need to do to continue wastewater service, nor will you incur transition costs. Once approved by the PUC, you will receive a follow-up letter informing you of the transition date. Until that time, you will remain customers of the current service provider, and you should contact them for any wastewater related questions.

The York Water Company has been locally owned and operated since 1816 and has the highest customer satisfaction rating in the Commonwealth of Pennsylvania. We now provide water and wastewater service in 54 municipalities in York, Adams and Franklin Counties and we look forward to providing the same superior service to our new wastewater customers in your community. We have attached a general information letter, which responds to commonly asked questions. When the PA PUC approves the transfer, we will contact you with more detailed information on what it means to be a York Water customer. In the meantime, if you have questions about this information or need additional information about the transition of wastewater service through The York Water Company, please do not hesitate to contact me at vernonb@yorkwater.com or one of the Company's customer service representatives at (717) 845-3601.

Sincerely,

Vernon L. Bracey
Vice President- Customer Service

**The York Water Company
Memphord Estates Sewage Company, Inc. Project
May 31, 2023**

Dear Memphord Estates Community Resident:

The York Water Company (“York Water”) has entered into an agreement with the Memphord Estates Sewer Company, Inc. (MESCO, Inc.) to provide wastewater service to the Memphord Estates Community. The following are commonly asked questions:

- 1. Why did MESCO, Inc. decide to sell the wastewater system?** Environmental regulations are making it more difficult for small wastewater systems to operate. The owners of MESCO, Inc. reviewed their options and determined that selling to the York Water Company is the best alternative for the long term needs of the Memphord Estates residents.
- 2. When do I become a wastewater customer of York Water?** Probably not for another 8-9 months or so. We will send out a “Welcome Packet” when that date gets closer.
- 3. Who must stay connected to the wastewater system?** All current customers of MESCO, Inc. will automatically become wastewater customers of York Water, once approved by the Pennsylvania Public Utility Commission.
- 4. What must I do to become a wastewater customer of York Water?** Nothing, York Water will be taking over the MESCO, Inc. system as is. Once York Water has received the necessary approvals, we will contact you to confirm our ownership.
- 5. I see York Water employees around the area, what are they doing?** We will have workers and contractors marking facilities, mains, services, and inventorying assets.
- 6. Are there any transfer fees?** No.
- 7. How much will my wastewater service cost?** The amount of your service remains the same, but you will be billed monthly rather than quarterly. The quarterly rate of \$132.61 will be billed in monthly invoices \$44.20. Any future rate increases can only occur with approval of the Pennsylvania Public Utility Commission.
- 8. Who do I call for information?** You will still be served by MESCO Inc. for the next 8-9 months, so if you have any questions regarding your existing wastewater service, you should contact them. If you want to talk about this transition with a York Water representative, you can contact our Customer Service Department at 717-845-3601 or toll free at 1-800-750-5561 or email us at customer.service@yorkwater.com.

AFFIDAVIT

SC :
COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF Beaufort : SS.
:

Marstin Alexander, being duly sworn according to law, deposes and states that he is
Treasurer of MESCO, INC. that (s)he is authorized to and does make this affidavit for it;
and that the facts set forth herein are true and correct to the best of his knowledge, information and
belief; and that he expects MESCO, INC. to be able to prove the same at any hearing hereof.

Marstin Alexander

Name:

SWORN TO AND SUBSCRIBED

before me this 26 day

of May, 2023.

Patricia McMorro

Notary Public

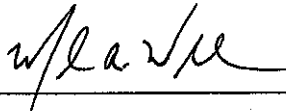
My Commission Expires: 9-24-2028



AFFIDAVIT

:
COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF YORK : SS.
:

MARK A WHEELER, being duly sworn according to law, deposes and states that he is Chief Operating Officer of THE YORK WATER COMPANY; that he is authorized to and does make this affidavit for it; and that the facts set forth herein are true and correct to the best of his knowledge, information and belief; and that he expects THE YORK WATER COMPANY to be able to prove the same at any hearing hereof.



Mark A. Wheeler

SWORN TO AND SUBSCRIBED

before me this 30th day
of May, 2023.



Molly Elizabeth Norton

Notary Public

My Commission Expires: March 3, 2025

Commonwealth of Pennsylvania - Notary Seal
Molly Elizabeth Norton, Notary Public
York County
My commission expires March 3, 2025
Commission number 1307000
Member, Pennsylvania Association of Notaries