

September 18, 2023

Pennsylvania Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

Dear Sir/Madam:

I am responding to Dockets P-2023-3042648 and R-2023-3041575 which were recently filed on behalf of Conneaut Lake Park Water Corporation, Inc. (hereafter CLPWC) on August 31, 2023. CLPWC requests an exception from metering requirements that were ordered by the Commission less than five months ago on April 20, 2023. Inseparable in the same matter is the simultaneous request to increase seasonal, residential water bills on an annual basis from \$86.40 to \$1,473.60 an increase of roughly one thousand six hundred percent over current rates and well in excess of the cost of water we have seen for any residential property.

We respectfully request that the Commission deny CLPWC's request for an exception from metering requirements. As the Commission is likely aware, there currently exists a related party relationship between CLPWC and other for-profit, commercial business ventures that have operated within, are currently operating within or eventually may operate within the geographic boundaries served by CLPWC. The exception request is effectively an attempt to shift the economic burden of operating and maintaining a very old water system from CLPWC and business ventures related to CLPWC to residential customers, many of whom are seasonal residents for less than six months of the year.

The related party business ventures in question may include but not be limited to the following entities, all of which are believed to be owned and/or operated by Mr. Todd Joseph, family members of Mr. Todd Joseph and/or entities owned in whole or in part by Mr. Todd Joseph, with legal address of 713 Broad Acres Road, Narberth, PA 19072. The following is a list of active, for-profit, commercial entities currently on file with the Secretary of State's office. There may exist additional entities of which we are unaware.

- TJP1 Holdings, LLC, formed on 11-14-19, Domestic LLC
- Keldon Holdings LLC, formed on 8-21-20, Domestic LLC
- CLP Marina, LLC formed on 3-26-21, Domestic LLC
- CLP Beach Club, LLC, formed on 3-30-21, Domestic LLC
- CLP Camperland, LLC, formed on 3-31-21, Domestic LLC
- CLP Amusement Park, LLC, formed on 4-13-21, Domestic LLC
- CLP Water Park, LLC, formed on 4-13-21, Domestic LLC
- Hotel Conneaut, LLC, formed on 4-13-21, Domestic LLC

In rebuttal of the specific points outlined in CLPWC's request, the makeup of the water system's customer base has historically been residential. However, commercial activity undertaken by the above related parties is expected to cause or has already caused significant changes to the customer base of CLPWC. Future development plans include up to 400 additional campsites/households being added to the already existing 100-unit campground, plus operations of an approximate 100-unit historic hotel, restaurant/bar/banquet hall, plus a lakeside commercial drinking establishment, plus a marina hosting dockage for approximately 100 boats, plus the operation of a large convention center, plus an estimated 5 acres of land/fairgrounds/amusement park which is used to host large annual festivals such as 814 Takeover, Ghost Lake, Pumpkinfest, etc. We reject CLPWC's position that the system is primarily comprised of residential customers.

Second, CLPWC postures there will be an extraordinarily abundant source of water supply yet fails to provide any projections as to how much water may be used by the addition of the commercial ventures listed above. These commercial activities are creating and are likely to create demands on the water system and its antiquated infrastructure, the likes of which have not been experienced in the past decade or two. We reject CLPWC's position that there is an extraordinarily abundant source of water.

CLPWC asserts that installing meters is cost prohibitive. By way of background, the water company assets were acquired in connection with numerous other operating assets in a bankruptcy proceeding, including but not limited to a fully operating campground, a fully operating hotel, and an amusement park. The acquisition price of \$1,200,000 is widely known to have been well below the current estimated fair market value of the cumulative assets. By way of example, the net book value of the CLPWC assets as listed in its submission is in excess of the cumulative purchase price. Inherent in the below-market purchase price was the notion that the water system was in need of significant repairs. CLPWC was fully aware of this economic need as this was discussed at length during the bankruptcy hearings during 2021. Nevertheless, the purchaser made an intentional business decision to acquire said assets.

Since acquiring the assets from bankruptcy, CLPWC and entities related to CLPWC through common ownership have recognized and continue to recognize significant operating revenues, all of which could be used to fund operations and make required improvements in compliance with the Commission's metering requirement. In a very particular way, dockage space for 100 boats is estimated to generate in excess of \$100,000 annually; the operating lease from the historic hotel and banquet center has also been reported to generate \$100,000 annually; the operation of the existing 100-unit campground also generates significant revenue on an annual basis. There is no evidence that these revenues will cease. In fact, they are likely to increase as the commercial activities listed above come to fruition. CLPWC has provided an income statement (Schedule D) as support for its economic hardship, while omitting the income statements for its various other operating assets that were a material part of the bankruptcy asset acquisition. CLPWC has not established economic hardship in its Petition. To this end, the argument of economic hardship is rejected.

Finally, CLPWC submits that installing meters is impractical and costly due to obstacles and various impracticalities. We acknowledge the possibility that anomalies may exist. However, CLPWC repeatedly fails to provide concrete evidence, relying instead on rank speculation and theory. If CLPWC desires to minimize physical impracticalities and achieve cost savings, it would be prudent to reach out to its existing customers in a collaborative manner. Many customers have owned their property for decades and have firsthand knowledge of location of water lines, shut off valves, etc. In our case, we could lead CLPWC to within 10-20 feet of the existing lines and valves resulting in significant economic savings to CLPWC. To date, no inquiry has been made of us by CLPWC. Nothing we have seen in CLPWC's statement definitively establishes there are physical practicality problems. Therefore, we reject this claim outright.

In closing, CLPWC has failed to meet any of the four established criteria for a metering exception. Furthermore, CLPWC has failed to prove that a one thousand six hundred percent increase to water bills of seasonal customer is reasonable and equitable.

We respectfully request the Commission view this case for exactly what it is – a weak attempt by CLPWC to disproportionately shift the economic cost of operating and upkeep of a very old water system from large, commercial related-party business ventures to 160 or so residential customers, many of which are seasonal and use their property for less than six months of the year. PETIT

Flat rate billing makes sense when the primary customer base is residential under the theory that water usage among residential households ought to be fairly predictable and consistent with little fluctuation. However, when commercial operations are introduced, the water consumption is expected to vary significantly. Metering becomes the mechanism that ensures fair and equitable billing based on actual usage.

CLPWC's current proposal contained in Schedule C of its Tariff proposal is to ask commercial customers, which could include 600 households when considering the hotel and campground, that are owned and operated by related parties of the CLPWC to contribute \$46,000, less than 20% of annual revenue. The remaining \$237,000, 80% of revenue, is projected to be funded by 160 or so overburdened residential customers, many of which are seasonal households that consume some water on weekends during the summer season and no water during the cold winter months.

We submit that water usage consumed by large, commercial ventures housing 600 households will be grossly disproportionate to the water usage consumed by the existing 160 residential customers. Notwithstanding, CLPWC postures that residential customers should fund 80% of operating revenues. This results in an economic unfairness and inequity as residential customers end up paying for water that they do not consume and commercial customers related to the CLPWC are able to consume significant amounts of water while contributing very little, if any, operating revenue. Based on the foregoing, the requested one thousand six hundred percent increase to the water rate is also rejected outright on the grounds that is discriminatory towards seasonal residents.

The above was prepared by Brian R. Lang, on behalf of Elaine and Frank Lang, seasonal residents at 12124 Center Street West, Conneaut Lake, PA. Brian is informed and believes the above statements to be true and accurate.

Respectfully Submitted,

Brian R. Lang

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