

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2023-3042804 (Water)
	:	R-2023-3042805 (Wastewater)
Office of Consumer Advocate	:	C-2023-3044737 (Water)
	:	C-2023-3044738 (Wastewater)
Office of Small Business Advocate	:	C-2023-3044494 (Water)
	:	C-2023-3044528 (Wastewater)
Oleg Chuchin	:	C-2023-3044483 (Water)
	:	C-2023-3044508 (Wastewater)
John Hoopingarner	:	C-2023-3044502 (Water)
	:	C-2023-3044503 (Wastewater)
Rose Cocklin	:	C-2023-3044507 (Water)
	:	C-2023-3044508 (Wastewater)
Michael Sanfilippo	:	C-2023-3044480 (Water)
	:	C-2023-3044481 (Wastewater)
Rafail Kovalenko	:	C-2023-3044599 (Water)
	:	C-2023-3044649 (Wastewater)
Jenny Howard	:	C-2023-3044711 (Water)
	:	C-2023-3044712 (Wastewater)
Christine Corbissero	:	C-2023-3044834 (Water)
	:	C-2023-3044835 (Wastewater)
Scott and Vicky Furey	:	C-2023-3044882 (Water)
	:	C-2023-3044887 (Wastewater)
Christina Boers	:	C-2023-3044944 (Water)
	:	C-2023-3044945 (Wastewater)
George and Miriam Lingg	:	C-2023-3044979 (Water)
	:	C-2023-3044993 (Wastewater)
Gregory Leone	:	C-2023-3045126 (Water)
	:	C-2023-3045127 (Wastewater)
Cassandra Kramer	:	C-2024-3045350 (Water)
	:	C-2024-3045356 (Wastewater)
Monica Wagner	:	C-2024-3045352 (Water)
	:	C-2024-3045357 (Wastewater)
Nanette De Bartolo	:	C-2024-3045504 (Water)
	:	C-2024-3045510 (Wastewater)
Susan J. Nikolaou	:	C-2024-3045546 (Water)
	:	C-2024-3045557 (Wastewater)
Denise Cooper	:	C-2024-3045511 (Water)
	:	C-2024-3045515 (Wastewater)
Ryan Ellison	:	C-2024-3045529 (Water)
	:	C-2024-3045531 (Wastewater)
Craig Morris	:	C-2024-3045534 (Water)
	:	C-2024-3045782 (Wastewater)

Anna Majewski	:	C-2024-3045535 (Water)
	:	C-2024-3045547 (Wastewater)
Richard and Susan DiPiazza	:	C-2024-3045541 (Water)
	:	C-2024-3045556 (Wastewater)
Brian Morrison	:	C-2024-3045560 (Water)
	:	C-2024-3045564 (Wastewater)
Joseph Bellantoni	:	C-2024-3045068 (Water)
	:	C-2024-3045149 (Wastewater)
Joseph Albanese	:	C-2024-3045828 (Water)
	:	C-2024-3045837 (Wastewater)
Gail Bechtold and Thomas Romano	:	C-2024-3045846 (Water)
	:	C-2024-3045847 (Wastewater)
Mario Carlino	:	C-2024-3045937 (Water)
	:	C-2024-3045973 (Wastewater)
Nicholas Corfote	:	C-2024-3045975 (Water)
	:	C-2024-3045974 (Wastewater)
Linda DiGregorio	:	C-2024-3045856 (Water)
	:	C-2024-3045857 (Wastewater)
Rich Franzen	:	C-2024-3045982 (Water)
	:	C-2024-3046077 (Wastewater)
Catherine Gilchrist	:	C-2024-3045943 (Water)
	:	C-2024-3045972 (Wastewater)
Steven and Carol Krauss	:	C-2024-3045910 (Water)
	:	C-2024-3045911 (Wastewater)
Patricia Lathrop	:	C-2024-3045944 (Water)
	:	C-2024-3045970 (Wastewater)
Susan Maeri	:	C-2024-3045978 (Water)
	:	C-2024-3045979 (Wastewater)
Kristen Martin	:	C-2024-3045976 (Water)
	:	C-2024-3045977 (Wastewater)
Peter Mauro	:	C-2024-3045861 (Water)
	:	C-2024-3045862 (Wastewater)
Patricia Merrill	:	C-2024-3046298 (Water)
	:	C-2024-3046299 (Wastewater)
Grace Moro	:	C-2024-3045802 (Water)
	:	C-2024-3045803 (Wastewater)
Suzie Napolitano	:	C-2024-3045876 (Water)
	:	C-2024-3045817 (Wastewater)
Christ and Carol Nielsen	:	C-2024-3045553 (Water)
	:	C-2024-3045563 (Wastewater)
Thomas and Patricia Parillo	:	C-2024-3045969 (Water)
	:	C-2024-3045557 (Wastewater)
Penn Estates POA, Inc	:	C-2024-3045863 (Water)
	:	C-2024-3045830 (Wastewater)
Antonia and Ramon Rivas	:	C-2024-3045986 (Water)
	:	C-2024-3045981 (Wastewater)
Mary Rossetti	:	C-2023-3044561 (Water)
	:	C-2023-3044538 (Wastewater)
Larisa Shin	:	C-2024-3045549 (Water)

Tom Chladny	:	C-2024-3045561 (Wastewater)
Margaret Creo	:	C-2024-3046401 (Water)
Ernesha Halloway	:	C-2024-3046735 (Water)
David Lambie	:	C-2024-3045359 (Water)
Natalie Ortiz	:	C-2024-3045801 (Water)
Anna Paryzki	:	C-2023-3045148 (Water)
Grazyna Parzyka	:	C-2024-3045533 (Water)
Petricia Perville-Davy	:	C-2024-3045542 (Water)
Raju Shah	:	C-2024-3045389 (Water)
Angela Tam	:	C-2024-3047313 (Water)
Tigron Petrosian	:	C-2024-3045333 (Water)
Laura Brennan	:	C-2024-3045833 (Wastewater)
Brian Fenimore	:	C-2024-3044709 (Wastewater)
Robert Zwahlen	:	C-2023-3044383 (Wastewater)
Ernesha Bolden	:	C-2024-3045808 (Wastewater)
David Fardig	:	C-2024-3045716 (Wastewater)
Lynn Buckingham	:	C-2024-3045355 (Wastewater)
Daniel McKoy	:	C-2024-3045354 (Wastewater)
Rene Bressant	:	C-2024-3045480 (Wastewater)
Christopher Williams	:	C-2024-3045559 (Wastewater)
	:	C-2024-3045661 (Wastewater)
	:	
v.	:	
	:	
Community Utilities of Pennsylvania, Inc.	:	

**RECOMMENDED DECISION**

Before  
Steven K. Haas  
Alphonso Arnold III  
Administrative Law Judges

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## I. INTRODUCTION

On November 9, 2023, Community Utilities of Pennsylvania, Inc. (CUPA or Company) filed Supplement No 13 to its Tariff Water – Pa. PUC No. 1 with the Pennsylvania Public Utility Commission (Commission) by which it sought to increase its annual water service revenue by \$1,470,360. If the entire request was approved, the average monthly water bill for residential customers in CUPA’s various service territories would increase as follows: the average bill for a customer in the Penn Estates service territory using 3,452 gallons would increase from \$63.90 to \$101.37, or by 58.65%; the average bill for a customer in the Tamiment service territory using 2,270 gallons would increase from \$44.18 to \$74.68, or by 69.05%; the average bill for a customer in the Westgate service territory using 3,452 gallons would increase from \$63.90 to \$101.37, or by 58.65%. The requested increase represents an overall increase of approximately 62%.

Also on November 9, 2023, CUPA filed Supplement No 11 to its Tariff Wastewater – Pa. PUC No. 1 with the Commission by which it sought to increase its annual wastewater service revenue by \$1,738,944. If the entire request was approved, the average monthly wastewater bill for residential customers in CUPA’s various service territories would increase as follows: the average bill for a customer in the Penn Estates service territory using 3,400 gallons would increase from \$74.73 to \$112.51, or by 50.55%; the average bill for a customer in the Tamiment service territory using 2,225 gallons would increase from \$57.25 to \$91.48, or by 59.79%; the average bill for a customer in the United Inc. of Pennsylvania service territory using 3,400 gallons would increase from \$74.73 to \$112.51, or by 50.55%. The requested increase represents an overall increase of approximately 51%.

Formal Complaints were filed against CUPA’s requests by the Pennsylvania Office of Consumer Advocate (OCA), the Pennsylvania Office of Small Business Advocate (OSBA) and a number of customers of CUPA as identified in the caption above. Additionally, the Commission’s Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance in each proceeding.

On April 26, 2024, CUPA, OCA, OSBA and I&E (Joint Petitioners) submitted a Joint Petition for Full Settlement of Rate Proceedings (Joint Petition or Settlement) in which they are seeking approval of settlement terms that fully resolve all issues in these proceedings. The settlement includes agreement as to the annual revenue increases for water and wastewater service on a “black box” basis, meaning the parties do not specifically identify or resolve individual rate base, revenue, expense, and rate of return issues. The settlement provides for an increase in CUPA’s annual revenue for water service in the amount of \$1,227,538 (an overall increase of approximately 52%) and for wastewater service in the amount of \$1,447,621 (an overall increase of approximately 42.3%). In addition, the settlement includes agreement on a number of other specific issues addressed by the parties as discussed below.

Because the settlement terms are supported by substantial evidence and are in the public interest, we recommend that the Joint Petition be approved in its entirety without modification.

The last reasonable Commission Public Meeting before the end of the suspension period (August 22, 2024) is on August 1, 2024.

## II. HISTORY OF THE PROCEEDING

On November 9, 2023, CUPA filed Supplement No. 13 to Tariff Water – Pa. P.U.C. No. 1 (Supplement No. 13) to become effective January 9, 2024. Supplement No. 13 would increase CUPA’s total annual operating revenue for water service by approximately \$1,470,360,<sup>1</sup> or 62.29%, over Fully Projected Future Test Year (“FPFTY”) levels at present rates. The Commission docketed this filing at Docket No. R-2023-3042804. Also on November 9, 2023, CUPA filed Supplement No. 11 to Tariff Wastewater – Pa. P.U.C. No. 1 (Supplement No. 11) to become effective January 9, 2024. Supplement No. 11 would increase CUPA’s total

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<sup>1</sup> Supplement No. 13 states a proposed water revenue increase of \$1,449,638. However, CUPA’s testimony and schedules state this amount, \$1,470,360. CUPA St. No. 1, p. 9; CUPA St. No. 2, p. 3; Filing Schedule B, pp. 1, 2.

annual operating revenue for wastewater service by approximately \$1,738,944,<sup>2</sup> or 50.83%, over FPFTY levels at present rates. The Commission docketed this filing at Docket No. R-2023-3042805.

On November 13, 2023, I&E filed a Notice of Appearance in both proceedings. On November 29, 2023, OSBA filed Formal Complaints, Public Statements, Verifications, and Notices of Appearances in both proceedings. On December 8, 2023, OCA filed Formal Complaints, Public Statements, Verifications, and Notices of Appearances in both proceedings.

Formal Complaints were filed by the following customers against Tariff Supplement No. 13: Joseph Albanese, Gail Bechtold, Joseph Bellantoni, Christina Boers, Mario Carlino, Tom Chladny, Oleg Chuchin, Rose Cocklin, Denise Cooper, Christine Corbissero, Nicholas Corforte, Margaret Creo, Nanette De Bartolo, Linda DiGregorio, Richard and Suan DiPiazza, Ryan Ellison, Rich Franzson, Scott and Vicky Furey, Catherine Gilchrist, Ernesha Holloway, John Hoopingarner, Jenny Howard, Steven and Carol Krauss, Rafail Kovalenko, Cassandra Kramer, David Lambie, Patricia Lathrop, Gregory Leone, George and Miriam Lingg, Susan Maeri, Anna Majewski, Kristen Martin, Peter Mauro, Patricia Merrill, Grace Moro, Craig Morris, Brian Morrison, Suzie Napolitano, Christ and Carol Nielsen, Susan Nikolaou, Natalie Ortiz, Thomas and Patricia Parillo, Anna Paryzki, Grazyna Paryzka, Penn Estates POA, Inc., Petricia Perville-Davy, Antonia and Ramon Rivas, Thomas Romano, Mary Rossetti, Michael Sanfilippo, Raju Shah, Larisa Shin, Angela Tam, and Monica Wagner.

Formal Complaints were filed by the following customers against Tariff Supplement No. 11: Joseph Albanese, Gail Bechtold, Joseph Bellantoni, Christina Boers, Ernesha Bolden, Laura Brennan, Rene Bressant, Lynn Buckingham, Mario Carlino, Oleg Chuchin, Rose Cocklin, Denise Cooper, Christine Corbissero, Nicholas Corforte, Nanette De Bartolo, Linda DiGregorio, Richard and Suan DiPiazza, Ryan Ellison, David Fardig, Brian Fenimore, Rich Franzson, Scott and Vicky Furey, Catherine Gilchrist, John Hoopingarner, Jenny Howard, Steven and Carol Krauss, Rafail Kovalenko, Cassandra Kramer, Patricia Lathrop,

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<sup>2</sup> Supplement No. 11 states proposed wastewater revenue increase of \$1,720,070. However, CUPA's testimony and schedules state this amount, \$1,738,944. CUPA St. No. 1, p. 9; CUPA St. No. 2, p. 3; Filing Schedule B, pp. 1, 3.

Gregory Leone, George and Miriam Lingg, Susan Maeri, Anna Majewski, Kristen Martin, Peter Mauro, Daniel McKoy, Patricia Merrill, Grace Moro, Craig Morris, Brian Morrison, Suzie Napolitano, Christ and Carol Nielsen, Susan Nikolaou, Thomas and Patricia Parillo, Penn Estates POA, Inc., Tigron Petrosian, Antonia and Ramon Rivas, Thomas Romano, Mary Rossetti, Michael Sanfilippo, Larissa Shin, Monica Wagner, Christopher Williams, and Robert Zwahlen.

On December 21, 2023, pursuant to 66 Pa.C.S. § 1308(d), the Commission suspended both rate filings by operation of law until August 9, 2024, unless permitted by Commission order to become effective at an earlier date (“Suspension Order”). The matters were assigned to the undersigned Administrative Law Judges (ALJs).

On December 27, 2023, a Call-In Telephone Prehearing Conference Notice was issued by the Commission scheduling an initial telephonic prehearing conference for both proceedings for January 11, 2024. A Prehearing Conference Order was subsequently issued by us on December 29, 2023, setting forth rules that would govern the prehearing conference and directing the parties to file prehearing conference memoranda by noon, January 9, 2024.

On December 28, 2023, the Company filed Supplement No. 15 to Tariff Water – Pa. P.U.C. No. 1 and Supplement No. 13 to Tariff Wastewater – Pa. P.U.C. No. 1 in compliance with the Commission’s Suspension Order.

On January 11, 2024, a telephonic prehearing conference was held as scheduled. The following parties were present at the prehearing conference: CUPA, I&E, OCA, and OSBA. No consumer complainants appeared at the prehearing conference. On January 25, 2024, we issued a Scheduling Order consolidating the two proceedings, granting CUPA’s voluntary offer to extend the suspension period from August 9, 2024, to August 22, 2024, contingent upon CUPA being permitted to recover approved rates from the original suspension deadline date through the effective date of Commission-approved rates, modifying the Commission’s discovery regulations, setting a litigation schedule, and scheduling public input hearings.

On January 31, 2024, the Company filed a Motion for Protective Order seeking to protect against non-authorized disclosure of proprietary information that is filed in the

consolidated proceedings. On February 2, 2024, we issued an Order Granting Motion for Protective Order.

On February 2, 2024, the Company filed Supplement No. 16 to Tariff Water – Pa. P.U.C. No. 1 and Supplement No. 14 to Tariff Wastewater – Pa. P.U.C. No. 1, suspending the effective date of rates at issue in these proceedings until August 22, 2024.

On January 30, 2024, in-person public input hearings were held in Bethlehem, PA, at 1:00 p.m. and 6:00 p.m. On January 31, 2024, telephonic public input hearings were held at 1:00 p.m. and 6:00 p.m. On February 1, 2024, in-person public input hearings were held in Tamiment, PA, at 1:00 p.m. and 6:00 p.m. A total of 49 witnesses provided testimony at the public input hearings.

On February 6, 2024, I&E, OCA and OSBA each pre-served Direct Testimony. On March 5, 2024, CUPA, I&E OCA, and OSBA each pre-served Rebuttal Testimony. On March 19, 2024, CUPA, I&E, OCA, and OSBA each pre-served Surrebuttal Testimony. On March 25, 2024, CUPA pre-served its written Rejoinder Testimony.

On March 26, 2024, CUPA’s counsel e-mailed us stating that CUPA, I&E, OCA, and OSBA had all agreed to waive cross examination of all witnesses and requested that we excuse all witnesses, cancel the hearings, and allow for the submission of all pre-served testimony and exhibits into the record by way of a Joint Stipulation for Admission of Evidence. On March 26, 2024, we granted the parties request cancelling the evidentiary hearings and directing the parties to file a Joint Stipulation for Admission of Evidence.

On April 1, 2024, CUPA, I&E, OCA and OSBA filed their Joint Stipulation for Admission of Pre-Served Testimony and Exhibits into the Evidentiary Record, seeking to admit into the evidentiary record the previously served written testimony and exhibits prepared by CUPA, I&E, OCA and OSBA. On April 2, 2024, we issued an Order Granting Joint Stipulation and Admitting Evidence. On April 18, 2024, we issued a Revised Order Granting Joint

Stipulation and Admitting Evidence clarifying that OSBA filed both public and confidential versions of OSBA Statement No. 1 – Direct Testimony of Justin Bieber.

On April 26, 2024, CUPA, I&E, OCA and OSBA filed a Joint Petition for Full Settlement of Rate Proceedings, which proposes to resolve all issues raised in the proceeding, with accompanying statements in support from each party. Attached to the Joint Petition are Appendices A-J, which contain the following information: Appendix A – Procedural History, Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs; Appendix B – Water Tariff Supplement; Appendix C – Wastewater Tariff Supplement; Appendix D – Water Proof of Revenues; Appendix E – Wastewater Proof of Revenues; Appendix F – Customer Bill Impacts; Appendix G – CUPA Statement in Support; Appendix H – OCA Statement in Support; Appendix I – I&E Statement in Support; and Appendix J – OSBA Statement in Support.<sup>3</sup> The Joint Petition provided that the settlement will be provided to all Formal Complainants and set a deadline of May 15, 2024, for the submission of comments either in support of or opposition to the settlement. On May 8, 2024, Christ Nielsen filed an Objection to the Joint Petition. No other Formal Complaint filed an objection, or a comment, to the Joint Petition. The record in this proceeding was closed on May 16, 2024, upon expiration of the deadline for the filing of comments to the Joint Petition.

### III. LEGAL STANDARDS

The Commission applies certain principles in deciding any general rate increase case brought pursuant to 66 Pa.C.S. § 1308(d). A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of its property dedicated to public service. *Pa. Gas & Water Co. v. Pa. Pub. Util. Comm'n*, 341 A.2d 239 (Pa. Cmwlth. 1975). In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923) and *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:

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<sup>3</sup> CUPA filed corrected Appendices B and C on May 8, 2024.

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

*Bluefield* at 692-93.

Section 1301(a) of the Code mandates that “[e]very rate made, demanded, or received by any public utility ... shall be just and reasonable, and in conformity with [the] regulations or orders of the [C]ommission.” 66 Pa.C.S. § 1301(a). “In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities.” *Popowsky v. Pa. Pub. Util. Comm’n*, 665 A.2d 808, 812 (Pa. 1995). The term “just and reasonable” is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formula; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. Pub. Util. Comm’n v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980).

The public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request, as set forth in the statute at 66 Pa.C.S. § 315(a):

**Reasonableness of rates.** –In any proceeding upon the motion of the Commission, involving any proposed or existing rate of any public utility, or in any proceeding upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

In a general rate increase proceeding, the burden of proof does not shift to parties challenging a requested rate increase. The utility has the burden of establishing the justness and reasonableness of every component of its rate request throughout the rate proceeding. Other parties to the proceeding do not have the burden of proof to justify an adjustment to the public utility's filing. In this regard, the Pennsylvania Supreme Court in *Berner v. Pennsylvania Public Utility Commission*, 116 A.2d 738, 744 (Pa. 1955) stated:

[T]he appellants did not have the burden of proving that the plant additions were improper, unnecessary or too costly; on the contrary, that burden is, by statute, on the utility to demonstrate the reasonable necessity and cost of the installations.

However, a public utility, in proving that its proposed rates are just and reasonable, does not have the burden to affirmatively defend claims it has made in its filing that no other party has questioned. In *Allegheny Center Associates v. Pennsylvania Public Utility Commission*, 570 A.2d 149 (Pa. Cmwlth. 1990), the Pennsylvania Commonwealth Court stated:

While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.

In analyzing a proposed general rate increase, the Commission also determines a rate of return to be applied to a rate base, measured by the aggregate value of all the utility's property used, and useful, in the public service. In determining a proper rate of return, the Commission calculates the utility's capital structure and the cost of the different types of capital during the period in issue. The Commission has wide discretion, because of its administrative expertise, in determining the cost of capital. *Equitable Gas Co. v. Pa. Pub. Util. Comm'n*, 405 A.2d 1055 (Pa. Cmwlth. 1979).

In this general rate increase case, CUPA, OCA, OSBA and I&E have reached a full settlement. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve precious administrative hearing resources. The Commission has indicated that

settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401

In order to approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991).

In this case, the Joint Petitioners have reached what is referred to as a “black box” settlement where the settlement provides for an increase in the utility’s revenues but does not indicate how the parties calculated the increase. The Commission has permitted “black box” settlements as a means of promoting settlements in contentious base rate proceedings. *Pa. Pub. Util. Comm'n v. Wellsboro Elec. Co.*, Docket No. R-2010-2172662 (Order entered Jan. 13, 2011); *Pa. Pub. Util. Comm'n v. Citizens' Elec. Co. of Lewisburg*, Docket No. R-2010-2172665 (Order entered Jan. 13, 2011). The Commission has observed that determining a utility’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting expenses, depreciation, rate base, taxes and the utility’s cost of capital. Reaching an agreement among the parties on each component can be difficult and impractical. As a result of this complexity, the Commission supports the use of “black box” settlements. *Pa. Pub. Util. Comm'n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered Dec. 19, 2013); *Pa. Pub. Util. Comm'n v. Columbia Water Co.*, Docket No. R-2017-2598203 (Opinion and Order entered Mar. 1, 2018).

Lastly, the decision of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704. Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dept. of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984

#### IV. FINDINGS OF FACT

1. CUPA is a certificated Pennsylvania public utility providing water service to approximately 3,257 customers via nine (9) wells and more than 294,000 linear feet of water distribution main. CUPA St. No. 1, p. 4.

2. CUPA provides water service to three service territories in Pennsylvania, formerly known as Penn Estates Utilities, Inc. (“Penn Estates”), Utilities Inc. - Westgate (“Westgate”), and Pennsylvania Utility Company (“Tamiment”). CUPA St. No. 2, pp. 12-13.

3. CUPA is certificated by the Commission to provide wastewater service and provides service to approximately 3,832 customers via three (3) wastewater treatment plant facilities and a complex network of collection mains and wastewater lift stations. CUPA St. No. 1, p. 4.

4. CUPA provides wastewater service to three service territories in Pennsylvania, Penn Estates, Utilities Inc. of Pennsylvania (collectively, “Consolidated Service”), and Tamiment.

5. I&E was created by the Commission pursuant to 66 Pa. C.S. § 308.2(a)(7) as the prosecutory bureau for purposes of, *inter alia*, representing the public interest in ratemaking matters before the Office of Administrative Law Judge. *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852, at 4-5 (Order entered Aug. 11, 2011).

6. The OCA is empowered to represent the interests of residential consumers before the Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 P.S. §§ 3-901 to 3-907.

7. OSBA is authorized by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50, to represent the interests of small business consumers of utility services in matters before the Commission.

8. CUPA's original base rate filings requested an increase in annual water service revenues of \$1,470,360 and annual wastewater service revenues of \$1,738,944, or 54.66% and 62.29% increases, respectively, over the FPFTY levels at present rates. CUPA St. No. 2, p. 3

9. As part of this proceeding, CUPA proposed full consolidation of the rates charged to customers in its Tamiment service territory with rates charged to CUPA's other customers for both water and wastewater. CUPA St. No. 1, p. 12.

10. For water service, CUPA proposed increases to both the fixed customer charges and volumetric rates. CUPA St. No. 7, Ex. SAM-2, p. 20.

11. For wastewater, CUPA proposed a fixed customer charge and volumetric rates for all customers on a consolidated basis. CUPA St. No. 7, Ex. SAM-3, p. 14.

12. CUPA proposed modifications to its Low-Income Program, including increasing the income eligibility requirement from 100% to 200% of the Federal Poverty Level and establishing a low-income volumetric rate for its residential wastewater customers. CUPA St. No. 2, p. 15.

13. CUPA proposed an Arrearage Management Program, or AMP, for its water and wastewater customers, which would allow qualifying customers with a past-due balance greater than \$400 to have a portion of their past due balances forgiven after demonstrating an ability to cover current bills. CUPA St. No. 6, p. 7.

14. OCA reviewed the Company's customer complaint logs for the period August 1, 2023, through January 21, 2024, and concluded that CUPA adequately addressed customer complaints. OCA St. 5, p. 23.

15. When a customer calls customer service, their complaint is logged within the company's customer database (“CC&B”). Customer service may address the complaint as appropriate. If customer service is unable to resolve the complaint, a Field Activity (“FA”) is generated and dispatched to operations. Operations receives the FA through their field-based platform (“OMS”) and contacts the customer. The complaint is addressed and escalated to management if needed. The FA is updated with corrective actions taken and closed out. The completed FA remains in CC&B and OMS. The Company requires that field operators complete and close out FAs at a rate of 95% or greater per quarter. CUPA St. No. 4-RJ, p. 2.

16. The average 2023 CUPA FA completion rate for all systems is 99%. CUPA St. No. 4-RJ, pp. 2-3.

17. The Company can be contacted 24/7 by customers experiencing issues with their water service. When the Company receives a water quality complaint, if the investigation indicates flushing will address the complaint, it is common practice to flush the water pipes within the area the complaint was made. If the Company is notified that the issue still exists despite flushing, the Company investigates the complaint further. CUPA St. No. 4-RJ, pp. 5-6.

18. CUPA’s Annual Water Quality Reports for the Tamiment System showed recordkeeping and monitoring violations for 2020 and 2021, which the Company has implemented steps to prevent in the future. CUPA St. No. 4-R, p. 12.

19. The 2022 report for Tamiment shows that CUPA had a violation for maintaining chlorine residual, which was addressed with the installation of an on-line chlorine analyzer that notifies operations when chlorine reaches a specific residual. CUPA St. No. 4-R, p. 12.

20. Between January 1, 2022, and January 29, 2024, CUPA received five calls from customers concerning the water quality in Tamiment. CUPA St. No. 4-R, p. 11; CUPA St. No. 4-RJ, p.4.

21. Tamiment's normal operating pressure is within 25 pounds per square inch gauge ("p.s.i.g.") and 125 p.s.i.g. from 2020 to 2023. CUPA St. No. 4-R, p. 14.

22. Hardness levels greater than 150 mg/L as CaCO<sub>3</sub> are considered hard water. CUPA St. No. 4-R, p. 15.

23. The hardness of Tamiment's water is 62.0 mg/l as CaCO<sub>3</sub>. CUPA St. No. 4-R, p. 15.

24. Mineral content and discoloration are generally related to drinking water's hardness, iron and manganese content, total dissolved solids ("TDS"), and color. CUPA St. No. 4-R, p. 15.

25. In 2021, the distribution chlorine residual range in the Tamiment system was 0.90 - 2.10 mg/L, with 1.31 mg/L being the average. The 2021 chlorine residual entry point range was 1.0 - 2.21 mg/L. In 2022, the distribution chlorine residual range was 0.94 - 2.13 mg/L, with 1.36 mg/L being the average. The 2022 chlorine residual entry point range was 0.46 - 2.66 mg/L. CUPA St. No. 4-RJ, p. 14.

26. CUPA water systems are flushed via hydrants at least once per year. CUPA St. No. 4-RJ, p. 5.

27. In 2024, Tamiment's Tank 3 will be taken offline, abrasive blast cleaned, repainted, and repairs will be made. A mixer will also be installed to circulate the water within the tank which will prevent ice from forming and enhance water quality by reducing sediment accumulation and water stagnation. CUPA St. No. 4-RJ, pp. 6-7.

28. In response to complaints about an odor emanating from the Tamiment Drive Lift Station in the Company's Tamiment service area, the Company cleaned the Tamiment Drive Lift Station. CUPA St. No. 4-R, pp. 18-21.

29. The Company has not flushed the Tamiment low-pressure sewer collection system since it acquired Tamiment. CUPA St. No. 4-RJ, p. 10.

30. CUPA's Annual Water Quality Reports for the Penn Estates system showed one recordkeeping and monitoring violation for 2020, no violations for 2021, and one failure to maintain chlorine violation in 2022. CUPA St. No. 4-R, p. 24.

31. Regarding the failure to maintain chlorine violation, on May 6, 2022, the chlorine entry point residual for Well 4 dropped to 0.00 mg/l for 10 minutes while operations was attempting to fix the chlorine pump. Distribution chlorine residual of 1.64 mg/l taken on May 6, 2022, showed sufficient chlorine residual was present in the water distribution system. CUPA St. No. 4-R, p. 24.

32. All routine monthly testing of bacteria in the Penn Estates system showed no bacteria present. CUPA St. No. 4-R, p. 24.

33. The hardness of Penn Estate's water is 76.0 mg/l as CaCO<sub>3</sub>. CUPA St. No. 4-R, p. 24.

34. Per CUPA's water system Consumer Confidence Reports ("CCRs") for the Penn Estates system from 2020, 2021, and 2022, the distribution free chlorine residual ranges from 0.3 to 2.86 mg/l with an overall average of 1.32 mg/l. CUPA St. No. 4-R, pp. 11-15.

35. The Company has completed both a Water Distribution System Study and a Hydraulic Analysis to address system low and high pressures on its Penn Estates system. CUPA St. No. 4-R, p. 4.

36. Third party leak detection was performed November through December 2023 in Penn Estates, and the Company continues to investigate potential leak locations in the system. CUPA St. No. 4-R, p. 26; CUPA St. No. 4-RJ, p. 15.

37. Normal operating pressure in the Westgate system is within 25 p.s.i.g. and 125 p.s.i.g. from 2013 to 2023.

38. The Westgate system's unaccounted for water (UFW) was consistent in 2021 and 2022 at 13%. Westgate's UFW decreased to 8% in 2023. CUPA St. No. 4-RJ, pp. 14-16.

39. Tamiment's UFW dropped from 55% to 44% from 2021 to 2022, then dropped to 28% in 2023. CUPA St. No. 4-RJ, pp. 17-19.

40. In 2021, 2022, and 2023, UFW in Penn Estates was 19%, 25%, and 27%, respectively. CUPA St. No. 4-RJ, p. 15; CUPA St. No. 4-R, Ex. EAL-1R, p. 2.

41. CUPA has an average UFW of 24.76%. OCA St. 1, p. 12.

42. Penn Estates was surveyed for leaks by a third-party leak detection service in August 2023 and all discovered leaks were fixed. CUPA St. No. 4-R, p. 3

43. The Company exercises 50 percent of its distribution and hydrant valves on a rotating schedule annually. Zone 1 valves are exercised on odd years and zone 2 valves are exercised on even years. CUPA St. No. 4, p. 6; CUPA St. No. 4, Ex. EAL-2.

44. The Company replaced 38 distribution valves in Penn Estates, Westgate, and Tamiment from 2021 to 2023. CUPA St. No. 4-R, p. 6.

45. Westgate has 83 hydrants, seven of which are not capable of delivering 500 gallons per minute (“gpm”) fire flow at 20 p.s.i.g. residual pressure for a 2-hour duration. CUPA St. No. 4-R, p. 7.

46. Scheduled Westgate water main replacement projects will address hydrants within the replacement areas by making them capable of fire suppression. CUPA St. No. 4-R, p. 7.

47. Penn Estates has 205 hydrants, fifteen of which are not capable of delivering 500 gpm fire flow at 20 p.s.i.g. residual pressure for a 2-hour duration. CUPA St. No. 4-R, p. 7.

48. CUPA acquired the Tamiment system in 2019 and did not construct or design the system. CUPA St. No. 4-R, p. 7.

49. Tamiment’s water system was not designed or constructed to meet current fire flow standards and the hydrants in Tamiment do not provide fire protective service. CUPA St. No. 4-R, p. 7.

50. All hydrants within Penn Estates, Westgate, and Tamiment unable to support fire suppression are visibly marked as flushing hydrants. CUPA St. No. 4-R, p. 7.

## V. TERMS OF THE SETTLEMENT

The terms of the Joint Petition are set forth in Section II of the Joint Petition and are recited verbatim below, with the same numbering and lettering as they appear in the Joint Petition.

### A. Revenue Requirement Increase – Water

4. Upon Commission approval of this Settlement, the Company will be permitted to charge rates for water service as set forth in the proposed Water Tariff Supplement attached hereto as **Appendix B** (“Water Settlement Rates”), to become effective upon one day’s notice. Instead of the \$1,470,360 increase requested in the filing, the Water Settlement Rates are designed to produce an increase of annual water revenue of \$1,227,538 as shown in greater detail on the Proof of Revenues attached hereto as **Appendix D**.

**B. Revenue Requirement Increase – Wastewater**

5. Upon Commission approval of this Settlement, the Company will be permitted to charge rates for wastewater service as set forth in the proposed Wastewater Tariff Supplement attached hereto as **Appendix C** (“Wastewater Settlement Rates”), to become effective upon one day’s notice. Instead of the \$1,738,944 increase requested in the filing, the Wastewater Settlement Rates are designed to produce an increase of annual wastewater revenue of \$1,447,621 as shown in greater detail on the Proof of Revenues attached hereto as **Appendix E**.

**C. Stay Out**

6. The Company agrees that it will not file for a general increase pursuant to 66 Pa C.S. § 1308(d) to water or wastewater base rates earlier than February 9, 2026. This paragraph does not apply to extraordinary or emergency rate relief pursuant to 66 Pa. C.S. § 1308(e) (or upon a petition for emergency rate increase), tariff changes required by Commission order or industry-wide changes in regulatory policy which affect CUPA’s rates.

**D. Effective Date**

7. Upon the entry of a Commission Order approving this Joint Petition, the Company will be permitted to file a tariff for water service, in the form attached hereto as **Appendix B**, and a tariff for wastewater service, in the form attached hereto as **Appendix C**,

reflecting the agreed-upon additional operating revenue. The Joint Petitioners agree to the implementation of the Water Settlement Rates and Wastewater Settlement Rates on August 9, 2024, when the original statutory suspension period was to expire, if the Commission enters an Order approving the Joint Petition prior to or on that date.<sup>4</sup>

8. If the Commission approval of this Settlement occurs after August 9, 2024, the Joint Petitioners agree that CUPA shall be entitled to recoup the revenue increase not billed from the effective date of August 9, 2024, through the date of any PUC approval of new rates in the manner set forth in the Commission's final Order in this proceeding. The revenue increases not billed from the effective date of August 9, 2024, through the date of PUC approval of new rates will be recovered over a six-month period that shall be applied proportionately to all customer classes via a surcharge on each monthly bill during the six-month recovery period. The Company will be permitted to file revised water and wastewater tariff pages to implement the surcharge, as set forth in Appendices B and C, respectively.

E. COVID-19 Regulatory Asset

9. CUPA shall recover the COVID-19 Regulatory Asset balance of \$114,185 amortized over 5 years.

10. CUPA shall remove the deferred charges related to the COVID-19 pandemic from rate base.

11. The above revenue requirement includes recovery of the COVID-19 Regulatory Asset as modified by the Paragraphs 9 and 10, but to the extent CUPA files another rate case prior to the end of 5-year amortization period, CUPA may recover any remaining balance in future rates.

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<sup>4</sup> By Scheduling Order entered January 25, 2024, the procedural suspension date was extended from August 9, 2024, to August 22, 2024.

12. CUPA agrees to no longer continue recording a regulatory asset for ongoing COVID-19 related incremental bad debt (other than reductions to bad debt in the regulatory asset associated with late recovery of such related bad debt) and other COVID-19 related expenses after the effective date of new rates for the instant proceeding.

F. Low-Income Program

13. The Company will expand the eligibility of its Low-Income Program from income up to 100% to income up to 200% of the FPL.

14. Regarding changes to the Company's website:

a. The Company will make the low-income section on its website a permanent news item that is visible as soon as the customer enters the website.

b. The separate, low-income page will include a link to the application form, as well as all information about the sign-up process and eligibility qualification requirements.

c. The Company will change the existing "URL" link to the application page to say "Application" or "Click here to apply".

d. The Company will use its existing customer notification infrastructure to drive customers to the website to explore the Low-Income Program and their possible eligibility. Specifically, the Company will use its Voice Reach system – which sends information directly to customers via email, phone, and text messages – to provide quarterly updates to customers about the existence of the program. This outreach will be modified to both English and a Spanish language.

e. The Company will provide print copies of their low-income handouts to customers in English or Spanish. These mailers will be provided quarterly through bill inserts.

15. The Company will continue to provide quarterly report updates detailing participation, usage, and revenue shortfalls/surpluses.

16. The Company will track all costs associated with the administration of its Low-Income Program, if those costs are dedicated to administering the Program. Such costs include

the Company's payments to Dollar Energy Fund for income verification and costs associated with outreach activities. The Company will report these costs on a quarterly basis in its Low-Income reporting. In its next base rate proceeding, the Company shall identify those costs it seeks to recover as part of its ongoing administration of the Low-Income Program.

17. Until the Commission issues an order in CUPA's next base rate case, the Company will hold annual customer meetings in each of its service territories where topics including the Low-Income Program will be discussed.

#### G. Rate Design and Structure

18. The parties agree to the rate design reflected in **Appendix D** and **Appendix E**, which reflects the following rate design principles:

a. The Company will apply a 45% discount to both the volumetric and customer charge for all participants in the Low-Income Program, regardless of their income relative to the FPL.

b. The company will implement a 6.3% water and a 1% wastewater differential between commercial and residential volume charges.

c. For the purposes of establishing the revenue requirement in this case, CUPA shall utilize a consumption decline of 1.16% from the Historical Test Year ("HTY") consumption levels to the Future Test Year ("FTY") consumption levels and an additional decline of 1.16% from the FTY to the Fully Projected Future Test Year ("FPFTY") consumption levels.

19. In its next base rate filing, CUPA will present a tiered discount income-based plan with tiers at 50% and 75% of the Federal Poverty Level ("FPL"). This tiered income-based plan will only be applied to and recovered from residential customers.

#### H. Arrearage Management Program (AMP)

20. Customers approved for CUPA's low-income rate and with a past-due balance greater than \$400 can participate in CUPA's AMP.

21. The AMP will be comprised of the total past due balance for all services – water and/or wastewater. The past due balance threshold of \$400 for participation in the AMP will be based upon this combined balance.

22. AMP customers will be enrolled in a multi-month Deferred Payment Arrangement ("DPA"). A DPA allows customers to take their past-due balance and split their past-due balance over equal monthly installments.

23. The default AMP period for low-income customers will be 12 months. While these terms may be default periods, CUPA will allow good faith flexibility by including consideration of ability of the customer to pay, length of time over which the past due balance accumulated, payment history, and size of unpaid balance.

24. AMP customers who make timely payments and stay current with their monthly water/wastewater bill, including the DPA portion of their bill, for half of the months of the AMP term will have the remaining monthly DPA payments forgiven. In the next base rate case, the company will present an analysis and costs to implement changes to its billing system that would allow customers on an active AMP to select an alternate billing due date. Should such AMP feature be approved by the Commission, and the costs to implement the changes are deemed reasonable, such costs would be recoverable as a component of the Company's cost of service.

25. If the customer defaults on the DPA, normal collections processes apply. The customer may request to establish a new DPA (not an AMP DPA) for any then-current past due balance. The customer may be eligible for an AMP DPA to be implemented 12 months after default of a previous AMP DPA.

26. If the customer defaults on the DPA, then all payments made by the customer to satisfy the customer's obligations under the DPA will contribute towards satisfying the

customer's overall arrearage (*e.g.*, if a customer makes monthly payments totaling \$250 of their \$500 requirement under the AMP with a \$1,000 overall arrearage balance, then the customer's arrearage balance upon default would be \$750.)

27. The AMP will be indifferent as to how or who makes payments on the balance.

28. Customers who apply for or are approved for the Low-Income Program will be informed of the AMP and offered an opportunity to participate in the AMP in conjunction with the Low-Income Program outreach.

29. If a CUPA customer contacts CUPA or Dollar Energy Fund ("DEF") regarding an issue with paying their bill or signing up for either the AMP or the low-income program, the customer shall be informed of both programs, including eligibility requirements.

#### I. Integration Customer Protection Deferral Mechanism

30. CUPA shall set up a deferral account, "Integration Customer Protection Deferral Mechanism," which will capture accrued costs and benefits of integration that occur for five years after the closing date. All parties reserve their rights to challenge recovery of any deferred amounts in future rate proceedings.

#### J. Water Quality & Service Issues

31. Regarding Unaccounted for Water ("UFW") mitigation and reporting:

a. For all systems, the Company will perform annually system wide leak detection and any associated repairs unless the individual system has an average UFW that is below 20% for the previous 6 months.

b. For Penn Estates, the company is currently working with GHD, an engineering firm, to design and implement virtual district metering areas ("vDMA") at Penn Estates utilizing the existing hydraulic model. The vDMAs serve to split the system into smaller zones, which will allow for ongoing monitoring and quicker response times to locate and repair

leaks. Before the next rate case, CUPA will provide OCA, I&E, and OSBA with an update on the implementation of the vDMA project.

c. CUPA will submit PUC Form 500 method using gallons/year units instead of gallons/day.

d. CUPA will submit an individual Form 500 for each of its systems.

e. In future rate cases, CUPA will continue to provide a breakdown of lost and unaccounted for water by system detailing all identified causes as per the previous base rate case settlement.

f. CUPA shall provide quarterly updates regarding their UFW by system to the OCA and the Commission until CUPA files its next base rate case.

32. Before the next rate case, CUPA will provide an update to OCA, I&E, and OSBA on the implementation of the recommendations from the engineering study and hydraulic analysis to address low and high pressure in Penn Estates.

33. CUPA will submit with its next rate case documentation that identifies the isolation valves that need to be located, uncovered, repaired and/or replaced in the following year.

34. The Company will have GHD develop a hydraulic model utilizing existing data for its Tamiment system. The hydraulic model will then be used to evaluate the fire suppression flows available throughout the Tamiment system before the next base rate case. Monthly unmetered public fire protection rates will not be decreased.

35. The Company will present a no-fee payment option for online payments in the next base rate case. Under this methodology, customers would not be directly charged an additional fee at the time of payment. Instead, these expenses will be recovered by CUPA directly under the O&M expenses in the cost of service.

#### K. Capital Reporting Requirements

36. CUPA will file and serve upon I&E, the OCA, and OSBA an updated CUPA Schedule A-1, Columns A-G, lines 1-50 (water) and 51-119 (wastewater) no later than November 1, 2024, that will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending July 31, 2024.

37. CUPA will provide an additional update for the 12 months ending July 31, 2025, no later than November 1, 2025.

Joint Petition pp. 3-10.

## VI. DISCUSSION / PUBLIC INTEREST

As more fully explained below, the terms of the Joint Petition are just and reasonable and necessary for CUPA to provide safe and adequate water and wastewater service to its customers and, therefore, are in the public interest.

### **A&B. REVENUE REQUIREMENT INCREASE – WATER AND WASTEWATER (Joint Petition ¶¶ 4, 5)**

In Supplement No. 13, CUPA proposed an increase in annual water revenues of \$1,470,360. In Supplement No. 11, CUPA proposed an increase in annual wastewater revenues of \$1,738,944. Pursuant to the Joint Petition, CUPA will be permitted an increase in annual water revenues of \$1,227,538.10. Joint Petition ¶¶ 4, 5. Pursuant to the Joint Petition, CUPA will be permitted an increase in annual wastewater revenues of \$1,447,621. Joint Petition ¶ 5. The total increase in annual revenues agreed to in the Joint Petition is \$2,675,159.10. The Joint Petition represents a “black box” approach to the revenue requirement.

CUPA supports the agreed-upon revenue requirement, stating that the increase permitted pursuant to the Joint Petition, while less than what the Company requested, will allow the Company to cover its expenses and to continue to invest in facilities ensuring that the Company can continue to provide a high quality of service and water to its customers, as well as

implement the terms and conditions agreed to in the Settlement and the regulatory requirements of the Pennsylvania Department of Environmental Protection. CUPA St. in Support, p. 7.

OCA's litigation position was that CUPA receive an increase no higher than \$1,161,538 for its water operations and \$1,201,945 for its wastewater operations. OCA St. 2, pp. 3, 4. OCA supports the agreed-upon revenue requirement, stating that the total increase authorized by the Joint Petition is less than 3% higher than OCA's litigation position, and as such, believes that the revenue increase under the Joint Petition represents a result that would be within the range of likely outcomes in the event of full litigation of the case. OCA St. in Support, p. 5. OCA additionally addresses the advantages of a "black box" settlement with respect to required revenue, stating that "black box" settlements avoid the need for protracted disputes over the merits of individual revenue requirement adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter. OCA St. in Support, pp. 4, 5. Attempting to reach agreement regarding each adjustment in this proceeding, OCA states, would have likely prevented any settlement from being reached. OCA St. in Support, p. 5.

OSBA's litigation position was an overall reduction of \$389,644 to CUPA's requested revenue requirement. OSBA St. No. 1, p. 5. The Settlement provides for a reduction to CUPA's initial overall revenue requirement of more than \$500,000, which is a greater overall reduction than OSBA's recommendation. OSBA supports the agreement-upon revenue requirement, stating that the reduction in the overall revenue increase provided by the Joint Petition will benefit all CUPA's consumers, including the Company's small business customers. OSBA St. in Support, p. 2.

I&E's litigation position for the revenue increase for water was \$1,191,309<sup>5</sup> and for wastewater was \$1,468,722.<sup>6</sup> Noting that the negotiated settlement revenue increase for water and wastewater are essentially in line with its final litigation position, I&E supports the

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<sup>5</sup> I&E St. No. 1-SR, p. 5.

<sup>6</sup> I&E St. No. 1-SR, p. 6.

agreed-upon revenue requirement, stating, “[while] the overall revenue requirement is a “black box” compromise, the overall revenue levels are within the levels advanced on the evidentiary record and reflect a full compromise of all revenue-related issues raised by the Parties. I&E St. in Support, p. 8.

We find the terms in the Joint Petition concerning the revenue requirement increase for CUPA’s water and wastewater divisions to be reasonable and in the public interest.

A utility's revenue requirement represents the total revenue that the utility needs to collect through the rates charged to the public to cover its cost of service. *Pa. Pub. Util. Comm’n., et al. v. Aqua Pa. Wastewater, Inc.*, Docket No. R-2021-3027385, at 50 (Opinion and Order entered May 16, 2022). The formula to calculate the utility's revenue requirement is set forth, as follows:

$$RR=T+E+D+(RB \times ROR)$$

Where: RR=Revenue Requirement

T=Taxes

E=Operating Expense

D=Depreciation Expense

RB=Rate Base

ROR=Overall Rate of Return

*Id.*

Here, as previously indicated, the Settlement is a “black box” agreement, which means that it does not reflect a specific resolution of every element of the revenue requirement but rather represents the Joint Petitioners’ agreed upon final revenue increase amount based on their respective analyses of the various revenue and expense items. The fact that the Settlement is a “black box” agreement does not diminish the analysis performed by the Joint Petitioners in coming to the agreed-upon revenue requirement. The Joint Petitioners engaged in extensive discovery and other litigation-related efforts and negotiated the Joint Petition, including the revenue requirement agreed to therein which they profess to be in the public interest. Further, as noted, the Commission supports settlements and permits the use of “black box” settlements due

to the complexity in determining a company’s revenue requirement. As such, use of a “black box” approach with respect to the revenue requirement in this matter is consistent with Commission precedent.

The advantages of achieving a “black box” settlement with respect to the revenue requirement in this matter are apparent. Due to the complexity in determining a company’s revenue requirement, a settlement might not have been reached in this proceeding if the Joint Petitioners had to reach a consensus with respect to every element of the Company’s revenue requirement. Further litigation of this matter would have resulted in the expenditure of additional time, resources, and monies; the costs of which might have been ultimately passed on to CUPA ratepayers in a future base rate proceeding. Further supporting the use of a “black box” approach here to avoid further litigation is the fact that, based on the revenue requirement litigation positions of OCA, I&E, and OSBA, the agreed-upon revenue requirement increase appears to fall within the range of likely outcomes that would have resulted from a fully litigated proceeding.

Lastly, the agreed-upon revenue increase represents a reduction from the Company’s initial proposal. As such, CUPA customers benefit not only from having their economic burden reduced, but also from the fact that the agreed-upon revenue increase affords the Company with revenue sufficient to cover its expenses and to continue to invest in its facilities necessary to provide safe, effective, and reliable water and wastewater service to them as CUPA customers.

Consequently, we recommend that the Commission approve these Settlement terms.

**C. STAY OUT (Joint Petition ¶ 6)**

In the Settlement, CUPA agreed to a “stay out” provision that provides that it will not file for a general increase pursuant to 66 Pa.C.S. § 1308(d) to water or wastewater base rates earlier than February 9, 2026. Joint Petition ¶ 6.

CUPA supports the “stay out” provision, stating that the “stay out” benefits customers with rate stability and benefits the Joint Petitioners and the Commission in that the time and expense of litigating another rate case will be avoided for approximately one and a half years. CUPA St. in Support, p. 8. CUPA further points out that, when considering the statutory suspension period under Section 1308(d) of the Code, the provision delays the effective date of any new general rate increase for approximately two years. *Id.*

OCA supports the “stay out” provision as in the public interest stating that the provision ensures stability in the customers’ newly established rates. OCA St. in Support, p. 5. OCA also notes that, if this case were fully litigated, CUPA could potentially file for another general rate increase at any time. *Id.*

OSBA supports the “stay out” provision, stating that it provides assurance to small business customers that CUPA will not seek to increase rates for a significant period of time. OSBA St. in Support, pp. 2-3. As a result, OSBA states that the provision provides certainty and predictability, which in turn allows small businesses to better budget and forecast their own financial needs during the “stay out” period. OSBA St. in Support, p. 3.

I&E supports the “stay out” provision, stating that it provides the ratepayers with regulatory certainty and a resolution which is in the public interest. I&E St. in Support, p. 9.

We find that the “stay out” provision term in the Joint Petition is reasonable and in the public interest. We agree with the Joint Petitioners that the “stay out” provision provides CUPA customers with a level of rate stability for a period of time. Considering the extended suspension date for Commission action in this proceeding of August 22, 2024, CUPA here has agreed to a “stay out” period of more than 17 months. Factoring in the traditional nine-month period for conducting a general rate increase,<sup>7</sup> rates will remain stable for CUPA customers until,

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<sup>7</sup> The Commission will initially suspend and review a rate filing for up to 60 days before the proposed effective date, before it suspends the rate filing a second time for 7 months. *See* 66 Pa.C.S. § 1308(a) and (d).

at the very least, more than two years following the effective date of the rates approved in this proceeding. Further, the statutory advocates (OCA and OSBA), as well as the Commission itself, benefit from the “stay out” provision by not having to spend resources litigating a general rate increase case until at least February 9, 2026.

In addition, it is important to note that there is no requirement for a settlement agreement in a base rate proceeding to contain any “stay out” provision. *See Pa. Pub. Util. Comm’n, et al. v. Cmty. Utils. of Pa. Inc. – Water and Wastewater Div.*, Docket Nos. R-2021-3025206, R-2021-3025207, at 48 (Opinion and Order entered Jan. 13, 2022) (“CUPA 2021”). The Code only prevents a public utility from filing for a general rate increase prior to final Commission action on its previous general rate increase request. *See* 66 Pa.C.S. § 1308(d.1). As such, the “stay out” provision in this case was voluntarily agreed to by CUPA as part of the negotiations between the Joint Petitioners and is one of the many benefits achieved through the Joint Petitioners reaching a settlement of this matter. The level of rate stability provided by the “stay out” provision would not be available to CUPA customers if this proceeding were fully litigated.

Consequently, we recommend that the Commission approve this Settlement term.

**D. EFFECTIVE DATE (Joint Petition ¶¶ 7, 8)**

As discussed in the History of the Proceeding section of this decision, Supplements No. 13 and Supplement No. 11 were suspended by the Commission until August 9, 2024. CUPA voluntarily agreed to extend this suspension period to August 22, 2024, contingent upon CUPA being permitted to recover rates from the original suspension deadline date through the effective date of Commission-approved rates. The suspension period extension was approved in our January 25, 2024, Scheduling Order. On February 2, 2024, CUPA filed tariff supplements reflecting further extension of these consolidated matters to August 22, 2024.

The Joint Petition permits CUPA to file water and wastewater tariffs reflecting the agreed-upon additional operating revenue, attached to the Joint Petition as Appendix B and C,

respectively. Joint Petition ¶ 7. The Joint Petitioners also agreed to the implementation of the water and wastewater Settlement rates on August 9, 2024, if the Commission enters an Order approving the Joint Petition prior to or on that date. *Id.*

If the Commission approves the Settlement after August 9, 2024, then the Joint Petitioners agreed that CUPA shall be entitled to recoup the revenue increase not billed from the effective date of August 9, 2024, through the date of any Commission approval of new rates in the manner set forth in the Commission's Final Order in this proceeding. Joint Petition ¶ 8. The Joint Petitioners agreed that the revenue increases not billed will be recovered over a six-month period that shall be applied proportionately to all customer classes via a surcharge on each monthly bill during the six-month recovery period. *Id.* The revised water and wastewater tariff pages implementing the surcharge is set forth in Appendices B and C, respectively. *Id.*

CUPA supports these Settlement terms, stating that this provision and surcharge methodology is the result of an agreement between the Joint Petitioners in exchange for voluntarily agreeing to extend the suspension period of new rates from August 9, 2024, to August 22, 2024. CUPA St. in Support, p. 8. CUPA states that the extension provided the Joint Petitioners with additional time to investigate and present evidence regarding the rate case filing leading to a more fulsome record without straining Commission and party resources. *Id.* Lastly, CUPA notes that the surcharge and recovery of revenue will only occur if the Commission enters an Order approving the Settlement after August 9, 2024. *Id.*

OCA supports these Settlement terms, stating that by having the effective date of new rates match CUPA's proposal, no additional surcharges will be charged to CUPA's customers to recover for the period between the original August 9, 2024, suspension date and the modified suspension date of August 22, 2024. OCA St. in Support, p. 6. OCA argues that an additional surcharge to recover rates for approximately 13 days is unnecessarily complicated and could potentially lead to customer confusion, as such, it is in the public interest to use the original effective date of August 9, 2024, as it would simplify the imposition of new rates. OCA St. in Support, pp. 6-7.

OSBA took no position regarding this issue but, as a signatory to the Joint Petition, supports these Settlement terms as in the public interest.

I&E supports these Settlement terms, stating that the terms reflect the agreement made between the Joint Petitioners to extend the procedural suspension date thereby extending the litigation schedule for the convenience of the parties, which was in the public interest then and is in the public interest now. I&E St. in Support, p. 9.

We agree with the Joint Petitioners that these effective date terms in the Joint Petition are reasonable and in the public interest. As the Joint Petitioners noted, these terms reflect the agreement made between the Joint Petitioners, wherein CUPA agreed to voluntarily extend the suspension date from August 9, 2024, to August 22, 2024, contingent upon CUPA being permitted to recover approved rates from the original suspension deadline date through a surcharge. This extension was in the public interest because it provided the Joint Petitioners, the undersigned Presiding Officers, as well as the Commission, with additional time to review the rate filings so that each individual entity could come up with a resolution of this proceeding that they felt was in the public interest.

Further, the surcharge methodology agreed to by the Joint Petitioners was approved by the Commission in CUPA's last base rate case. *See CUPA 2021*. Thus, this Settlement term is consistent with Commission precedent. As the Joint Petitioners noted, the surcharge will be applied to CUPA customers only if the Commission issues its Final Order approving the Joint Petition after August 9, 2024.

Consequently, we recommend that the Commission approve these Settlement terms.

**E. COVID-19 REGULATORY ASSET (Joint Petition ¶¶ 9-12)**

In its initial filing, CUPA proposed recovery of its expenses related to the COVID-19 Regulatory Asset in the amount of \$194,812, with a proposed amortized recovery

over five years. CUPA St. No. 2, pp. 10, 11. The majority of the related costs consist of expenses related to incremental bad debt, foregone late payment charges, foregone reconnection fees, and operating and maintenance expenses such as cleaning supplies, other materials and supplies, safety supplies, etc., incurred during the COVID-19 pandemic. CUPA St. No. 2, p. 10, *see also* OCA St. 2, p. 16. CUPA proposed rate base treatment of the unamortized balance for this claim for water and wastewater operations. CUPA Supplement to Schedule A-10 & B-9.

OCA opposed the inclusion of CUPA's COVID-19 deferred charges in rate base, stating that deferred charges are generally expenses incurred in prior periods that are recorded in a temporary asset account to be written off as expenses, and that the future inclusion of deferred costs in rate base needs to first be authorized by the Commission. OCA St. 2, p. 6. OCA further argued that the deferred charges included by CUPA are not capital investments, but are costs incurred through normal operations. OCA St. 2, p. 7. Past Commission rulings, OCA argued, have determined that no return is allowed to be earned on expenses, only on capital investments, and that expenses are to be recovered without profit. *Id.*

I&E recommended that the Company not be granted permission for rate base treatment of the unamortized COVID-19 regulatory asset, arguing that by subjecting the unamortized COVID-19 regulatory asset balance to rate base treatment, the utility would unjustly earn a return on routine operating and maintenance expenses such as cleaning supplies, other materials and supplies, safety supplies, etc. I&E St. No. 1, p. 25. I&E also recommended that CUPA not be allowed to continue recording a regulatory asset for ongoing COVID-19 related incremental bad debt and other COVID-19 related expenses after the effective date of new rates for the instant proceeding, arguing that such expenses should now be built into routine expenses and are likely not material in nature. I&E St. No. 1, pp. 28-29.

In the Joint Petition, the Joint Petitioners agreed that CUPA shall recover the COVID-19 Regulatory Asset balance of \$114,185, amortized over 5 years. Joint Petition ¶ 9. The Joint Petition further provides that CUPA shall remove the deferred charges related to the COVID-19 pandemic from rate base. *Id.* ¶ 10. To the extent that the Company files for a rate case prior to recognizing full recovery of the COVID-19 Regulatory Asset, it shall be entitled to

recover the remaining amounts. *Id.* ¶ 11. In addition, CUPA also agreed to no longer continue recording a regulatory asset for ongoing COVID-19 related incremental bad debt and other COVID-19 related expenses after the effective date of new rates for the instant proceeding. *Id.* ¶ 12.

CUPA supports these Settlement terms, stating that the provisions are in the public interest because they represent a reasonable compromise amongst the competing positions of CUPA, OCA, and I&E, reduce the balance of the COVID-19 Regulatory Asset that the Company is entitled to recover, remove the unamortized portion from rate base, and adopt I&E's recommendation that the Company no longer continue recording a regulatory asset for ongoing COVID-19 related bad debt and expenses after the effective date of new rates. CUPA St. in Support, p. 10.

OCA supports these Settlement terms, noting that under the terms, CUPA will remove the deferred charges related to the COVID-19 pandemic from rate base. OCA St. in Support, p. 7. OCA states that including the deferred charges in the rate base would have allowed the Company to inappropriately earn a return on these expenses, which is not permitted. As such, OCA argues, the Settlement's removal of the deferred charges related to the COVID-19 pandemic from rate base should be adopted. OCA St. in Support, p. 8.

OSBA took no position regarding this issue but, as a signatory to the Joint Petition, supports these Settlement terms as in the public interest.

I&E supports these Settlement terms, stating that the terms represent a full and fair compromise that provides the Joint Petitioners, CUPA ratepayers, and the Commission with regulatory certainty and a resolution which is in the public interest. I&E St. in Support, pp. 10-11.

We agree with the Joint Petitioners that the COVID-19 Regulatory Asset terms in the Joint Petition are reasonable and in the public interest.

The Commission issued a Secretarial Letter on May 13, 2020, designed to assist utilities in accurately accounting for prudently incurred incremental extraordinary, nonrecurring expenses related to COVID-19. *See* May 13, 2020, Secretarial Letter titled “*COVID-19 Cost Tracking and Creation of Regulatory Asset*,” Docket No. M-2020-3019775. Utilities were directed to track extraordinary, nonrecurring incremental COVID-19-related expenses and to maintain detailed accounting records of such expenses. *Id.* at 2. Utilities were further authorized to create a regulatory asset for such expenses. *Id.* Utilities were not authorized to defer any other potential COVID-19 related expenses. *Id.* CUPA’s COVID-19 Regulatory Asset was created pursuant to this directive.

As highlighted above, OCA and I&E recommended certain adjustments to recovery of the COVID-19 Regulatory Asset. The adjustments pursuant to the Joint Petition result in a reduction to the COVID-19 Regulatory Asset and represent a reasonable compromise from the litigation positions of the Joint Petitioners. The elimination of deferred charges related to the COVID-19 pandemic ensures, as stated by OCA, that CUPA will not unjustly earn a return on COVID-19 related expenses that occurred in prior periods. The Commission’s May 13, 2020, directive did not permit CUPA to defer COVID-19 related expenses. Therefore, as correctly stated by OCA, CUPA would have to seek Commission approval through the filing of a Petition with the Commission to recover deferred charges in rate base. Furthermore, the agreement that the Company made to no longer continue recording a regulatory asset for ongoing COVID-19 incremental bad debt after the effective date of new rates ensures that the Company will not unjustly earn a return on COVID-19 related expenses once those expenses cease to be extraordinary and nonrecurring.

Consequently, we recommend that the Commission approve these Settlement terms.

## F. LOW-INCOME PROGRAM (Joint Petition ¶¶ 13-17)

CUPA’s Low-Income Program offers a reduced volumetric rate for residential water service to customers with incomes that fall below the Federal Poverty Line (“FPL”).<sup>8</sup> CUPA St. No. 1, p. 11. OCA raised several concerns regarding CUPA’s existing Low-Income Program, determining that CUPA needed to focus on improving the Program’s accessibility.<sup>9</sup> OCA St. 1, p. 21. OCA testified that only 7 customers have signed up for CUPA’s Low-Income-Program as of January 12, 2024, even though OCA estimated that 350 CUPA households are qualified. OCA St. 1, p. 23. OCA also made several specific recommendations to improve the accessibility and knowledge of CUPA’s Low-Income Program. OCA St. 1, pp. 27-29.

The Joint Petition contains several changes agreed upon by the Joint Petitioners to CUPA’s Low-Income Program. As part of the Joint Petition, the Company agreed to expand the eligibility of its Low-Income Program from income up to 100% to income up to 200% of the FPL. Joint Petition ¶ 13. Further, the Company agreed to continue to provide quarterly report updates detailing participation, usage, and revenue shortfalls/surpluses of the Low-Income Program. Joint Petition ¶ 15. Additionally, the Company will track all costs associated with the administration of its Low-Income Program, will report these costs quarterly, and will identify the costs it seeks to recover as part of its ongoing administration of the Low-Income Program. Joint Petition ¶ 16.

Further, the Joint Petition addressed recommendations made by OCA in the following ways:

- OCA recommended that CUPA create a separate low-income section of its website that is clear, transparent, and accessible from the home page in a format that is easily accessible to the customer. OCA St. 1, p. 27. The

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<sup>8</sup> CUPA’s Low-Income Program was proposed and approved in its last base rate proceeding. *See CUPA 2021.*

<sup>9</sup> OCA also raised concerns about the Program’s total discount and how that discount is applied. OCA St. 1, p. 21. That concern was addressed in the Rate Design and Structure section of the Joint Petition, and as such will be addressed by us below in subsection “G.”

Settlement provides that the Company will make the Low-Income Program section on its website a permanent news item that is visible as soon as the customer enters the website; that the separate Low-Income page will include a link to the application form as well as information about the sign-up process and eligibility qualification requirements; and that the Company will change the existing “URL” link to the application page to say “Application” or “Click here to apply.” Joint Petition ¶ 14 a-c.

- OCA recommended that CUPA make informational low-income handouts available in English and Spanish. OCA St. 1, p. 29. The Settlement provides that customers will be provided low-income information through its Voice Reach system quarterly in English and Spanish. The Settlement also provides that the Company will provide print copies of their low-income handouts to customers in English or Spanish. Joint Petition ¶ 14 d, e.
- OCA recommended that CUPA send low-income information to customers via bill inserts. OCA St. 1, p. 29. The Settlement provides that the Company will provide print copies of their low-income handouts to customers quarterly through bill inserts. Joint Petition ¶ 14 e.
- Lastly, OCA recommended that CUPA reach out to its customers in public spaces to inform its customers about the Low-Income Program. OCA St. 1, p. 29. The Settlement provides that CUPA will hold annual customer meetings in each of its service territories where topics including the Low-Income Program will be discussed. Joint Petition ¶ 17.

CUPA supports these Settlement terms, noting that the terms address OCA’s recommendations. CUPA St. in Support, pp. 11, 12. Overall, CUPA posits that the enhancements to the Low-Income Program are in the public interest as it will result in increased awareness and transparency of the program to its customers. CUPA St. in Support, p. 12.

OCA supports these Settlement terms. OCA notes that under the terms of the Settlement, the Company is required to conduct two different outreach activities (bill inserts and customer meetings) that, absent the Settlement, it would not likely have undertaken. OCA St. in

Support, p. 13. In addition to the outreach commitments in the Settlement, CUPA's commitment to providing quarterly low-income information through its Voice Reach system OCA argues provides a well-rounded approach to consumer outreach. OCA St. in Support, p. 14. In totality, the Settlement terms are more likely to result in customers knowing about, understanding, and applying for CUPA's Low-Income Program than at present or under the Company's proposals made during litigation. OCA St. in Support, pp. 14-15

OSBA took no position on the mechanics of CUPA's Low-Income Program, but notes that its concerns about the potential cost recovery of low-income residential costs from commercial customers is a factor in the OSBA's recommended rate design proposal. OSBA St. in Support, p. 3.

I&E supports these Settlement terms, stating that the terms are a full and fair compromise that provides the Joint Petitioners, the Commission, and the ratepayers with regulatory certainty and a resolution which is in the public interest. I&E St. in Support, pp. 11-12.

We agree with the Joint Petitioners that the Low-Income Program terms in the Joint Petition are reasonable and in the public interest. CUPA's Low-Income Program provides payment-troubled customers a pathway to paying their monthly bills on time and in full which will, in turn, reduce CUPA's uncollectible expense. Thus, it is in the public interest that CUPA households that are eligible for CUPA's Low-Income Program take advantage of the Program. Given OCA's testimony concerning the number of eligible households not taking advantage of CUPA's Low-Income Program, it was important that the Joint Petition address the lack of participation in the Program. The changes to the Low-Income Program agreed to in the Joint Petition should serve to enhance participation in the Program. Specifically, the enhancements made to the Company's website should serve to improve access to and enrollment in the Low-Income Program. The expansion of the eligibility of CUPA's Low-Income Program to households within 200% of the FPL will lead to more households being eligible for the

Program.<sup>10</sup> The other commitments in the Joint Petition, such as the commitments made concerning public outreach, will serve to better inform CUPA customers of the existence of the Low-Income Program and the ways in which they can take advantage of the Program. In sum, the totality of the changes made to CUPA’s Low-Income Program should lead to a higher enrollment of eligible households in the Program, which is in the public interest.

Consequently, we recommend that the Commission approve these Settlement terms.

**G. RATE DESIGN AND STRUCTURE (Joint Petition ¶¶ 18, 19; Joint Petition Appendices D, E)**

The Joint Petitioners in the Joint Petition agreed to a comprehensive rate design as set forth in Appendix D for water customers and Appendix E for wastewater customers. The customer bill impact analysis for water and wastewater customers is attached as Appendix F to the Joint Petition.

By way of background, CUPA provides water service in three service territories: Westgate, Penn Estates, and Tamiment. The water rates for the Westgate and Penn Estates service territories are consolidated in that the same rates are currently applicable to customers in both service territories. In addition, CUPA provides wastewater service in three service territories: Utilities, Inc. of Pennsylvania, Penn Estates, and Tamiment. The wastewater rates for the Utilities, Inc. of Pennsylvania and Penn Estates service territories are consolidated. In its original filings in this proceeding, the Company proposed to fully consolidate the rates among its water and wastewater divisions so that all service territories would be charged the same rates. CUPA St. 7; CUPA Ex. SAM-2, p. 20; CUPA Ex. SAM-3, p. 14.

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<sup>10</sup> Expansion of the scope of its Low-Income Program satisfies a commitment CUPA made pursuant to the Settlement approved at Docket Nos. A-2022-3036744 and A-2022-3036745. *See Application of Community Utilities of Pennsylvania Inc., for Certificates of Public Convenience under Sections 1102(a)(3) and 1103 of the Public Utility Code and All Other Approvals Necessary Under the Public Utility for Approval of a Merger Of Equals Transaction*, Docket Nos. A-2022-3036744 and A-2022-3036745 (Initial Decision entered Jul. 31, 2023) (approving the Joint Petition for Full Settlement without modification), *aff’d*, (Final Order entered Sept. 8, 2023) (“2022 CUPA Merger”).

*Water Availability Rates and Customer Charges – Water and Wastewater (Joint Petition Appendices D, E)*

CUPA initially proposed increasing availability charges for water customers from \$18.81 for Consolidated customers and \$9.31 for Tamiment customers to \$45.60 for all customers. CUPA St. 7; CUPA Ex. SAM-2, p. 20. As this would represent a 250% increase for Consolidated customers and a nearly 500% increase for Tamiment customers, OCA argued that this level of increase would be inconsistent with the concept of gradualism. OCA St. 4, p. 14. Instead, OCA recommended availability charges of \$30.66 for Consolidated customers and \$18.11 for Tamiment customers. OCA St. 4R, pp. 4-5. The Joint Petition adopts this recommendation. *See* Joint Petition, Appendix D.

CUPA initially proposed increasing the customer charge for all water customers to \$23.40, up from \$17.25 for Consolidated customers and from \$18.18 for Tamiment customers. CUPA St. 7; CUPA Ex. SAM-2, p. 20. OCA argued that the fixed customer charge for all water customers should be set at \$17.25, arguing that CUPA's proposed customer charges were too high and exceeded the direct customer cost-of-service. OCA St. 4, pp. 9-10. Pursuant to the Joint Petition, the fixed customer charge for all water customers will be set at \$18.18. *See* Joint Petition, Appendix D.

CUPA initially proposed increasing the customer charge for all wastewater customers to \$51.65, up from \$26.15 for Tamiment customers (the customer charge for all other wastewater customers is already set at \$51.65). CUPA St. 7; CUPA Ex. SAM-3, p. 11. OCA argued that the fixed customer charge for all wastewater customers should be set at \$26.15, arguing that CUPA's proposed customer charges were too high and exceeded the direct customer cost-of-service. OCA St. 4, p. 19. Pursuant to the Joint Petition, the fixed customer charge for all wastewater customers will be set at \$39.90. *See* Joint Petition, Appendix E.

CUPA supports the rate design, noting that the rate design pursuant to the Joint Petition moves, in large part, towards full consolidation of its water and wastewater rates

amongst its divisions. CUPA St. in Support, p. 12. As such, the Joint Petition, CUPA argues, appropriately balances the Commission-favored concept of consolidation with principles of gradualism. CUPA St. in Support, p. 13.

OCA supports the rate design, stating that this portion of the Joint Petition is in the public interest. OCA St. in Support, p. 10. In regard to water availability rates, OCA notes that the Joint Petitioners adopted OCA's litigation position which represents a gradual increase for availability customers by falling within the Commission's accepted metric of 1.5 to 2.0 times the system average increase. *Id.*; *see also* OCA St. 4, p. 14. As it pertains to water customer charges, OCA points out that Consolidated customers will experience only a slight increase over current charges and Tamiment customers will experience no increase. OCA St. in Support, pp. 10-11. Finally, concerning wastewater customer charges, OCA notes that the charges will remain closer to the actual cost of service of \$11.55 than under CUPA's proposed rates than under the Company's initial proposal. OCA St. in Support, p. 11; *see also* OCA St. 4, p. 19.

I&E fully supports the revenue allocation and rate design settlement terms as set forth in the Joint Petition and on Appendix D and E attached to the Joint Petition as a full and fair compromise that provides CUPA, the Joint Petitioners, ratepayers, and the Commission with regulatory certainty and resolution of the rate design and revenue allocation, all of which is in the public interest. I&E St. in Support, p. 13.

Although it recommended modifications to the proposed rate design for the residential and commercial volume charges, as will be discussed below, OSBA as a signatory to the Joint Petition, supports the rate design as in the public interest.

We agree with the Joint Petitioners that these Rate Design terms in the Joint Petition are reasonable and in the public interest.

When a utility files for a rate increase and the proposed increase exceeds \$1 million, the utility must include with its filing an allocated class cost-of-service study in which it assigns to each customer class a rate based upon operating costs that it incurred in providing that

service. 52 Pa. Code § 53.53; *Lloyd v. Pa. Pub. Util. Comm'n.*, 904 A.2d 1010 (Pa. Cmwlth. 2006) (*Lloyd*). Public utility rates should enable the utility to recover its cost of service and should allocate this cost among its customers. However, CUPA's cost-of-service studies do not distinguish between types of metered customers; that is, residential and commercial customers are treated equivalently.

As can be observed by the Customer Bill Impacts, included as Appendix F to the Joint Petition, the rate design agreed to in the Joint Petition effectively comports with the principle of gradualism and avoidance of rate-shock. Gradualism is the principle under which utility rates are gradually increased to avoid rate shock, as part of what is overall considered a reasonable rate under the circumstances and is permitted in implementing large rate increases. *Lloyd*, at 1020. Further, the rates agreed upon pursuant to the Joint Petition move the rates closer to the actual cost of service than the rates that were proposed.

Additionally, although CUPA does not achieve consolidation of rates through the Joint Petition, the agreed upon rate design moves CUPA closer towards consolidation. Consolidation of rates promotes the Commission's general policy of encouraging single-tariff pricing in rate cases. *See Pa. Pub. Util. Comm'n, et al. v. Cmty. Utils. of Pa. Inc. – Water and Wastewater Div.*, Docket No. R-2016-2538660 (Opinion and Order entered Nov. 9, 2016).

Given the conflicting objectives in moving towards consolidation of rates and maintaining gradualism in customer bill impacts, we believe that the rate design agreed to pursuant to the Joint Petition effectively balances CUPA's attempts to move towards consolidation of rates with the principles of gradualism and avoidance of rate-shock, and affordability.

Consequently, we recommend that the Commission approve these Settlement terms.

*Low-Income Program Discount (Joint Petition ¶ 18a) and Tiered-discount income-based plan (Joint Petition ¶ 19)*

Reflected in the rate design in Appendices D and E to the Joint Petition is a 45% discount to both the volumetric and customer charge for all participants in the Low-Income Program. Joint Petition ¶ 18a; Joint Petition Appendices D, E. For example, the customer charges for Program participants are \$10 for water (as opposed to \$18.18) and \$21.94 for wastewater (as opposed to \$39.90). Joint Petition Appendices D, E. The discount will be applied regardless of the income of the participant relative to the FPL. Joint Petition ¶ 18a. The 45% discount represents a compromise between the positions of OCA who recommended a 60% discount to both the volumetric and customer charge (OCA St. 1SR, p. 15) and CUPA who initially proposed a 35% discount to just the volumetric charge (CUPA St. 7; CUPA Ex. SAM-2, p. 14).

In addition to the Low-Income Program discount changes, the Joint Petition adopts OCA's recommendation to establish tiered discount rates for the Low-Income Program (OCA St. 1, pp. 33, 34) in that the Company has agreed to present a tiered discount income-based plan with tiers at 50% and 75% of the FPL in its next base rate proceeding. Joint Petition ¶ 19. This tiered income-based plan will only be applied to and recovered from residential customers. *Id.*

CUPA supports these Settlement terms, stating that these modifications will demonstrably reduce the impacts of the rate increase for those most affected. CUPA St. in Support, p. 13.

OCA supports these Settlement terms, stating that the expansion of the Low-Income Program helps to make bills more affordable for Program participants and helps mitigate the impact of the rate increase. OCA St. in Support, p. 13.

We agree that the expansions to CUPA's Low-Income Program, in terms of a larger discount being provided to Program participants, and CUPA's agreement to introduce a tiered discount income-based plan in its next rate proceeding, are reasonable and in the public interest. Participants in the Low-Income Program will be impacted the most by the rate

increases. The discount will provide for lower bills for Program participants which will mitigate the impact of the rate increases and make it easier for Program participants to pay their bills in full. A tiered discount income-based plan will further serve to reduce the bills of Program participants, and such plan will be available to review in CUPA's next base rate case. As stated above, enhancing CUPA customers' ability to pay their bills in full will benefit all CUPA customers, as CUPA customers must pay for unpaid bills.

Consequently, we recommend that the Commission approve these Settlement terms.

*Commercial water volume charges (Joint Petition ¶ 18(b))*

OSBA recommended modifications to the proposed rate design for the residential and commercial volume charges. OSBA St. No. 1, p. 17. Specifically, noting that CUPA's current commercial water volume charges are approximately 5.1% lower than the residential volume charges, OSBA recommended that the commercial volume charges continue to be discounted by 5.1% relative to residential volume charges. OSBA St. No. 1, p. 16. Pursuant to the Joint Petition, the Company will implement a 6.3% water and a 1% wastewater differential between commercial and residential volume charges. Joint Petition ¶ 18(b).

CUPA supports implementing a differential, stating that the OSBA's concerns have been reasonably addressed. CUPA St. in Support, p. 13. OSBA, in support of implementing a differential, states that implementing a differential reflects the currently approved differential and also provides recognition of efficiencies that higher volume customers provide in their utilization of the water system infrastructure. OSBA St. in Support, p. 4. Also, OSBA states that the differential helps mitigate the disproportionate bill impacts that would otherwise be imposed on commercial water and wastewater customers resulting from the Low-Income Program. *Id.*

We agree that the terms in the Joint Petition relating to commercial water volume charges are reasonable and in the public interest. The agreement in the Joint Petition reflects a

reasonable compromise between CUPA and OSBA, and we agree with OSBA’s arguments, cited above, in support of the differential. No Joint Petitioner contested OSBA’s arguments in regard to the differential.

Consequently, we recommend that the Commission approve this Settlement term.

*Consumption decline (Joint Petition ¶ 18(c))*

The Joint Petition provides that CUPA shall utilize a consumption decline of 1.16% from the Historical Test Year consumption levels to the FTY consumption levels and an additional decline of 1.16% from the FTY to the FPFTY consumption levels when developing settlement rates. Joint Petition ¶ 18(c).

We agree that the term in the Joint Petition relating to utilization of a consumption decline is reasonable and in the public interest. As CUPA stated in its testimony, the decline reflects a normalization of what the Company would expect to see in declining usage year over year, following the heightened usage levels during COVID-19. CUPA St. No. 2, p. 12.

Consequently, we recommend that the Commission approve this Settlement term.

**H. ARREARAGE MANAGEMENT PROGRAM (Joint Petition ¶¶ 20-29)**

To accompany its Low-Income Program, CUPA proposed an Arrearage Management Program (“AMP”) as part of its rate case filing. CUPA St. No. 6, pp. 6-7.<sup>11</sup> The AMP as initially proposed, was adjusted pursuant to the Joint Petition, in consideration of recommendations made by OCA.

Pursuant to the Joint Petition, customers approved for CUPA’s low-income rate and with a past-due balance greater than \$400 can participate in the AMP. Joint Petition ¶ 20.

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<sup>11</sup> Proposal of the AMP satisfies a commitment CUPA made pursuant to the Settlement approved at 2022 CUPA Merger.

The AMP will be comprised of the total past due balance for all services (water and/or wastewater) and the past-due balance threshold of \$400 for participation in the AMP will be based on the combined balance. Joint Petition ¶ 21. Additionally, AMP customers will be enrolled in a multi-month Deferred Payment Arrangement which allows customers to take their past-due balance and split it over equal monthly installments. Joint Petition ¶ 22. The default AMP period for low-income customers will be 12 months. Joint Petition ¶ 23. The Joint Petition further explains the benefits received by AMP customers who make timely payments on the DPA, including arrearage forgiveness, and the consequences of AMP customers who default on the DPA. Joint Petition ¶¶ 24-26. Finally, the Joint Petition explains that customers who apply for or are approved for the Low-Income Program will be informed of the AMP. Joint Petition ¶ 28.

CUPA supports these Settlement terms, stating that the terms represent a reasonable compromise among the Company's proposal and OCA's recommendations, and that the terms collectively enhance the Company's proposed AMP and are in the public interest. CUPA St. in Support, pp. 14-15.

OCA supports these Settlement terms, stating that the terms address OCA's recommendation that a customer who contacts CUPA regarding the Low-Income Program should at the same time be informed of the AMP. OCA St. in Support, p. 15, *see also* OCA St. 1, p. 38. By improving outreach opportunities for the AMP program in this way, OCA states that the Settlement places CUPA on a path to proving its customers with an effective course to participation in the AMP and relief from past-due balances for qualifying customers. OCA St. in Support, p. 16. OCA points out that outreach opportunities are imperative to ensure that the Company administers an effective program which will, in the long-term, reduce customers' uncollectible expense while putting them on track to pay monthly bills on-time and in-full. OCA St. in Support, p. 15.

OCA additionally states CUPA's agreement to allow for good faith flexibility in deviating from the standard 12 month default AMP period, in consideration of ability of the customer to pay, length of time over which the past due balance accumulated, payment history,

and size of unpaid balance, puts customers in a better position to maintain good payment habits and avoid accruing utility debt without compromising CUPA's ability to recover AMP payments. OCA St. in Support, pp. 16-17, *see also* Joint Petition ¶ 23.

OCA further states in support of the Settlement terms that the agreed upon AMP provides customers who may be chronically late in paying their bills with latitude, as CUPA has agreed to present an analysis of costs in its next base rate case to implement changes to its billing system that would allow customers on an active AMP to select an alternative billing due date. OCA St. in Support, pp. 17-18, *see also* Joint Petition ¶ 24.

Finally, OCA points out that the Settlement terms ensure that all customer contributions towards arrearage forgiveness will constitute progress towards their arrearage balance if the customer defaults on the AMP, which ensures that customers' contributions are still going to assist the customer in reducing their utility debt, even if they do not receive total forgiveness. OCA St. in Support, p. 18; *see also* Joint Petition ¶ 26.

OSBA took no position regarding this issue, but, as a signatory to the Joint Petition, supports these Settlement terms as in the public interest.

I&E notes that it did not submit testimony on the AMP issues, but states that it does not oppose the settled upon terms as a full and fair compromise that provides the Joint Petitioners, the Commission, and the ratepayers with regulatory certainty and a resolution which is in the public interest. I&E St. in Support, pp. 14-15.

We agree with the Joint Petitioners that these AMP terms in the Joint Petition are reasonable and in the public interest. Like the enhancements made to the Company's Low-Income Program, the enhancements to the proposed AMP agreed to pursuant to the Joint Petition should serve to put payment-troubled CUPA customers in a position to pay their bills on-time and in-full, which serves to reduce customers' uncollectible expense and benefits the public interest.

Consequently, we recommend that the Commission approve these Settlement terms.

**I. INTEGRATION CUSTOMER PROTECTION DEFERRAL MECHANISM (Joint Petition ¶ 30).**

As part of its base rate filing, CUPA proposed its Integration Customer Protection Deferral Mechanism (“ICPDM”). CUPA St. No.1, p. 12. As stated by CUPA, its ICPDM seeks to capture the accrued costs and integration benefits associated with the merger of SW Merger Acquisition Corp. (“SWMAC”) and Corix Infrastructure (US) Inc. (“Corix US”), a subsidiary of Corix Infrastructure Inc. and an indirect parent of CUPA, and the creation of Intermediate Newco, a subsidiary of the newly merged SWMAC and Corix US, which will acquire indirect control of CUPA (“Merger Transaction”). *See* CUPA St. in Support, p. 15, *see also 2022 CUPA Merger*. Pursuant to the Joint Petition, CUPA will be permitted to capture the accrued costs and integration benefits of integration that occur for five years after the closing date of the Merger Transaction. Joint Petition ¶ 30. All Parties reserved their right to challenge recovery of any deferred amounts in future rate proceedings. *Id.*

Neither OCA nor OSBA took a position regarding this issue, but, as signatories to the Joint Petition, support this Settlement term as in the public interest.

I&E initially opposed CUPA’s ICPDM, recommending that the Company be disallowed from recovering the costs of the Merger Transaction in this or any future rate proceeding, arguing that pursuant to the settlement approved in the *2022 CUPA Merger*, CUPA was not entitled to recover transaction costs as defined in the settlement. I&E St. No. 1 PROPRIETARY, pp. 35-37. However, after thoroughly reviewing the evidentiary record in this proceeding, after considering all of the concerns expressed by the Joint Petitioners, and after extensive negotiations, I&E now fully supports the settled upon term regarding the integration customer protection deferral mechanism as a full and fair compromise that provides the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 15.

CUPA disagreed with I&E’s interpretation of the settlement approved in the Merger Transaction. CUPA St. 6-RJ, pp. 3-6. The Joint Petition, which allows the Company to establish the ICPDM, is an outcome that CUPA argues reasonably addresses the differences between the Company and I&E. CUPA St. in Support, p. 16.

We agree with the Joint Petitioners that this ICPDM term in the Joint Petition is reasonable and in the public interest. The ICPDM was challenged by I&E in this proceeding and the Joint Petition, which permits the establishment of the ICPDM, represents a negotiated compromise between the Company and I&E. We find it persuasive that I&E now fully supports the ICPDM, and that no other party to this proceeding challenged the ICPDM. We also find it persuasive in concluding that this term is in the public interest that the Parties reserved their right to challenge recovery of any deferred amounts in future rate proceedings. This ensures that the Parties will be able to challenge any recovery of any deferred amounts in future rate proceedings that they feel are unjust.

Consequently, we recommend that the Commission approve this Settlement term.

**J. WATER QUALITY & SERVICE ISSUES (Joint Petition ¶¶ 31-35)**

During the public input hearings held in this matter, CUPA customers raised concerns regarding CUPA water quality and service. The testimony provided by these customers is summarized in the “Public Input Hearing Witness Testimony” section of this decision. OCA and I&E also expressed concerns regarding water quality and service in this proceeding. The concerns raised by CUPA customers, OCA, and I&E include issues regarding unaccounted for water (“UFW”), system pressure, isolation valves, fire suppression, and service fees. The Water Quality & Service Issues section of the Joint Petition reflects CUPA’s agreement to address these issues.

*UFW (Joint Petition ¶ 31)*

The Joint Petition contains terms that address UFW mitigation and reporting. Pursuant to the Joint Petition, CUPA has agreed to do the following:

- For all of its systems (Penn Estates, Westgate, and Tamiment), perform annual system wide leak detection and any associated repairs unless the individual system has an average UFW that is below 20% for the previous 6 months. Joint Petition ¶ 31a.
- Design and implement virtual district metering areas (“vDMA”) at Penn Estates utilizing the 6 existing hydraulic model. Joint Petition ¶ 31b. The vDMAs serve to split the system into smaller zones, which will allow for ongoing monitoring and quicker response times to locate and repair leaks. *Id.*
- Submit an individual Form 500 for each of its systems. Joint Petition ¶ 31d.
- Provide a breakdown of lost and UFW by system detailing all identified causes in future rate cases. Joint Petition ¶ 31e.
- Provide quarterly updates regarding their UFW by system to OCA and the Commission until CUPA files its next base rate case. Joint Petition ¶ 31f.

CUPA supports these Settlement terms relating to UFW mitigation and reporting, stating that the terms adopt many recommendations made by OCA concerning the monitoring and reporting of UFW, and further states that the Joint Petition resolves the issues between the parties in a reasonable manner. CUPA St. in Support, pp. 31-32.

OCA points out that the Joint Petition adopts recommendations made by OCA concerning the mitigating and reporting of UFW. Specifically, by adopting OCA’s recommendation to provide a breakdown of lost and UFW by detailing all identified causes in future rate cases (OCA St. 5, p. 7), CUPA will continue to provide this important data to interested stakeholders. *Id.* By adopting OCA’s recommendation to provide quarterly updates to OCA regarding CUPA’s progress in lowering UFW (OCA St. 1, p. 13), the parties will be able to determine whether CUPA is making progress on reducing UFW. *Id.* In totality, OCA supports

the terms in the Settlement concerning UFW, stating that the efforts outlined in the Joint Petition to reduce UFW are in the public interest as they are active steps that the Company will take to attempt to mitigate CUPA's excessive UFW. OCA St. in Support, p. 20.

OSBA did not take a position regarding this issue, but, as a signatory to the Joint Petition, supports these Settlement terms as in the public interest.

I&E supports these Settlement terms, stating that it shares the Joint Petitioners' (OCA's) concerns regarding unaccounted for water mitigation and reporting. After review of the evidentiary record and in consideration of all of the concerns expressed by the Joint Petitioners, I&E fully supports the settled upon terms as a full and fair compromise that provides the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 16.

We agree with the Joint Petitioners that water quality and service terms in the Joint Petition regarding UFW are reasonable and in the public interest. UFW (or non-revenue water) is the difference between the total system output and the amount of metered water that is billed, plus an estimate used for fire service, testing, main flushing and company use. *Pa. Pub. Util. Comm'n. v. Total Env't Sols., Inc. – Treasure Lake Water Div.*, Docket No. R-00072493, at 78 (Opinion and Order entered July 30, 2008). UFW is commonly caused by under registration of meters, system leaks, theft and natural losses. *Id.*

The Commission has cautioned that UFW levels above 20% have been considered by the Commission to be excessive. *See* 52 Pa. Code § 65.20(4). CUPA's year ending July 31, 2023, shows an average UFW of 24.76% for its three systems (Penn Estates, Westgate, and Tamiment). OCA St. 1, p. 12. As such, CUPA's systems are producing UFW at levels that may be excessive. OCA has noted that calculating UFW is important because it determines the amount of non-revenue water in a distribution system, helping to identify leaks and inaccurate meter readings. When UFW is measured, non-revenue water can be reduced which reduces chemical and power costs, provides for water conservation, and helps improve operational efficiency. OCA St. 1, p. 12. Therefore, the agreements made pursuant to the Joint Petition

which should serve to improve the monitoring and calculating of UFW being produced by CUPA's systems should also serve to lead to a reduction in non-revenue water being produced by the systems.

Further, the agreements made pursuant to the Joint Petition should serve to improve the reporting of UFW being produced by CUPA's systems. The heightened reporting requirements pursuant to Joint Petition will enhance the Commission's and OCA's ability to monitor CUPA's progression in reducing the UFW being produced by its systems.

In sum, the enhanced monitoring, calculating, and reporting of UFW being produced by CUPA's systems pursuant to the terms of the Joint Petition should lead to a reduction in the levels of UFW being produced. As stated by I&E, reduction in the amount of UFW correlates with lower expenses incurred by a utility due to reducing the amount of water that needs to be pumped, treated, and sent out into the distribution system. I&E St. No. 3, p. 10. Reducing UFW also increases the amount of water available to customers, especially during peak demand periods, and improves overall quality of service. *Id.* Thus, these Settlement terms which should serve to lead to a reduction in the levels of UFW being produced by CUPA's systems are in the public interest.

Consequently, we recommend that the Commission approve these Settlement terms.

*System Pressure (Joint Petition ¶ 32)*

The Joint Petition addresses service pressure issues raised by CUPA customers and the Parties to this proceeding.<sup>12</sup> In that regard, CUPA agreed to, before the next rate case, provide an update to OCA, I&E, and OSBA on the implementation of the recommendations from the engineering study and hydraulic analysis to address low and high pressure in Penn Estates. Joint Petition ¶ 32.

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<sup>12</sup> As discussed in the "Public Input Hearing Testimony" section of this decision, customers testified to water pressure issues present in their communities.

By means of background, the engineering study and hydraulic analysis mentioned in the Joint Petition was conducted by GHD, an engineering firm, on behalf of CUPA pursuant to *CUPA 2021* to assess the water pressure of CUPA's Penn Estates system to comply with Commission pressure requirements, due to the low and high-water pressure issues present within Penn Estates. OCA St. 5, p. 11. The study made multiple recommendations on how to address system p.s.i.g., with certain benefits and disadvantages. *Id.*

CUPA supports this Settlement term, stating that the term adopts the recommendation of OCA as CUPA has agreed to provide an update to the Joint Petitioners regarding the implementation of the recommendations from the engineering study and hydraulic analysis. CUPA St. in Support, p. 33. CUPA also notes that in response to the study and analysis, it has begun work on the High Zone Booster Station Project with GHD, expected to be completed in June 2025, which will address low pressure within Penn Estates and result in approximately 7 additional hydrants being able to begin providing fire protection service. *Id.*

OCA supports this Settlement term, noting that the term adopts OCA's recommendation to provide an update to the parties in this proceeding concerning CUPA's plans to implement the recommendations of the engineering study and hydraulic analysis to address the high and low water pressure issues in Penn Estates. OCA St. in Support, p. 22.

OSBA did not take a position regarding this issue, but, as a signatory to the Joint Petition, supports this Settlement term as in the public interest.

I&E states that, after review of the evidentiary record and in consideration of all of the concerns expressed by the Joint Petitioners, I&E fully supports the settled upon term as a full and fair compromise that provides the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 16.

We agree with the Joint Petitioners that the water quality and service terms regarding system pressure are reasonable and in the public interest. The Commission's pressure

requirements state that a water utility shall maintain normal operating pressures between 25 p.s.i.g. and 125 p.s.i.g. at the main, except that during periods of peak seasonal loads, the pressures at the time of hourly maximum demand may be between 20 p.s.i.g. and 150 p.s.i.g., and that during periods of hourly minimum demand the pressure may not be more than 150 p.s.i.g. *See* 52 Pa. Code § 65.6(a). CUPA's Penn Estates system's water distribution p.s.i.g. exceeds 125 p.s.i.g. in the lower elevations and does not meet 25 p.s.i.g. in the higher elevations of the community. OCA St. 5, p. 10. The Tamiment and Westgate CUPA systems are in compliance with the Commission's pressure requirements. *Id.* As stated by OCA, low water pressures can allow contaminated ground water to enter the water mains at pipe joints and unrepaired leaks and can impair a customers' ability to use the water for daily needs. OCA St. 5, p. 11. High pressure can cause damage to customer service lines and the inside plumbing. OCA St. 5, p. 12. Therefore, because of the problems low and high-water pressures present to CUPA and its customers, it is in the public interest that CUPA work to correct the pressure issues in the Penn Estates community.

CUPA has already begun to work on the water pressure issues through its work on the High Zone Booster Station Project which will help address the low-pressure issues within Penn Estates once completed. CUPA will also continue to work to address the water pressure issues pursuant to the Joint Petition, wherein it agreed to update the parties to this proceeding on their progress implementing the recommendations of the GHD study and analysis prior to the next base rate proceeding. The fact that CUPA will update the parties on its progress means that the parties will be able to review CUPA's progress to ensure that CUPA is taking the steps necessary to correct the water pressure issues within Penn Estates. Ultimately, CUPA's continued efforts to correct the water pressure issues present in Penn Estates, as agreed to in the Joint Petition, is in the public interest.

Consequently, we recommend that the Commission approve this Settlement term.

*Isolation valves (Joint Petition ¶ 33)*

The Joint Petition addresses concerns raised by OCA relating to isolation values, as CUPA has agreed to submit with its next rate case documentation that identifies the isolation values that need to be located, uncovered, repaired, and/or replaced in the following year. Joint Petition ¶ 33.

CUPA notes that OCA found the Company's isolation valve exercise schedule acceptable (that is, that CUPA exercises 50% of its distribution and hydrant valves on a rotating schedule annually), but that OCA recommended changes regarding CUPA's reporting on isolation valves. CUPA St. in Support, pp. 33-34. CUPA supports this term, noting that the term adopts OCA's recommendation concerning the reporting on isolation valves. CUPA St. in Support, p. 34.

OCA supports this term, noting that the term adopts OCA's recommendation that CUPA provide additional information regarding isolation valves in the form of a summary report that should be submitted to the parties annually that identifies the valves that need to be uncovered, repaired and/or replaced. OCA St. 5, pp. 15-16; OCA St. in Support, pp. 23-24.

OSBA did not take a position regarding this issue, but, as a signatory to the Joint Petition, supports this Settlement term as in the public interest.

I&E states that, after review of the evidentiary record and in consideration of all of the concerns expressed by the Joint Petitioners, I&E fully supports the settled upon term as a full and fair compromise that provides the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 16.

We agree with the Joint Petitioners that water quality and service term regarding isolation values is reasonable and in the public interest. Isolation valves are installed on water mains so that the water can be shut off in sections of the distribution system in case of a water main break or for main repairs and replacements. OCA St. 5, p. 13. According to OCA, it is important to exercise isolation valves to prevent the valves from seizing up and getting stuck. OCA St. 5, pp. 13-14. If an isolation valve becomes inoperable due to lack of being exercised,

the valve will have to be repaired or replaced which can be very expensive. OCA St. 5, p. 14. The agreement in the Joint Petition to enhance CUPA's reporting on isolation valves will ensure that the parties can monitor CUPA's actions taken to address isolation valves in need of fixing to prevent said valves from being inoperable. The expenses avoided by preventing isolation valves from becoming inoperable serves the public interest.

Consequently, we recommend that the Commission approve this Settlement term.

*Fire Suppression (Joint Petition ¶ 34)*

OCA raised concerns in relation to CUPA fire suppression services. OCA raised concern over the fact that fire hydrants in the Tamiment system do not provide fire protective service. OCA St. 5, p. 16. Regarding the Westgate and Penn Estates systems, OCA raised concern over the fact that there are several fire hydrants in those systems that are incapable of providing the minimum fire flow<sup>13</sup> requirements. *Id.* OCA noted that, in addition to public safety concerns, if fire companies use hydrants that cannot provide the minimum necessary flow, it may cause negative pressures that can contaminate the distribution system. OCA St. in Support, p. 24. OCA recommended that fire hydrants that cannot produce the minimum fire flow requirements be painted black or otherwise identified to be used only as blow-off valves. OCA St. 5, p. 16.

In addition to OCA, CUPA customers at the public input hearings also raised concerns regarding the lack of fire suppression in their communities.<sup>14</sup>

In response to the fire suppression concerns, the Company noted that its Westgate water main replacement projects will address hydrants within the replacement area by making them capable of fire suppression. CUPA St. No. 4-R, p. 7. Regarding Penn Estates, several

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<sup>13</sup> Fire hydrants are capable of fire suppression if they can produce 500 gallons per 12-minute fire flow at 20 pounds per square inch gauge residual pressure 13 for a 2-hour duration. CUPA St. No. 4-R, p. 7.

<sup>14</sup> As discussed in the "Public Input Hearing Witness Testimony" section of this decision.

hydrants currently unable to provide the minimum fire flow requirements will be able to begin providing fire protection service with the addition of the booster station in 2025.<sup>15</sup> *Id.* CUPA additionally noted that hydrants unable to support fire suppression in its systems are marked as flushing hydrants. *Id.* CUPA further stated that it is willing to explore investing in systems to provide fire protection services and to have GHD perform a Fire Flow Study of the Tamiment system. CUPA St. No. 4-R, p. 8.

The Joint Petition addresses the remaining fire suppression issues raised by CUPA customers and OCA concerning the Tamiment system, which as stated above does not currently have fire hydrants that can provide fire suppression (i.e. provide the minimum fire flow requirements). The Company will have GHD develop a hydraulic model utilizing data from the Tamiment system, and CUPA will use the model to evaluate the fire suppression flows available throughout the Tamiment system before the next base rate case. Joint Petition ¶ 34.

CUPA supports this Settlement term, stating that it has made movement to correct the fire suppression issues in Westgate and Penn Estates, and that the hydraulic model to be developed by GHD will be used to evaluate the fire suppression flows available throughout the Tamiment system before the next base rate case. CUPA St. in Support, pp. 35-36.

OCA supports this Settlement term, stating that CUPA utilizing GHD to develop a hydraulic model utilizing existing data is a reasonable approach to address the Tamiment fire suppression flows issue in a cost-effective manner and is in public interest. OCA St. in Support, p. 25.

OSBA did not take a position regarding this issue, but, as a signatory to the Joint Petition, supports this Settlement term as in the public interest.

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<sup>15</sup> As noted in the “system pressure” discussion above, CUPA is working on a High Zone Booster Station Project with GHD for the Penn Estates system, expected to be completed in June 2025.

I&E states that, after review of the evidentiary record and in consideration of all of the concerns expressed by the Joint Petitioners, I&E fully supports the settled upon term as a full and fair compromise that provides the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 16.

We agree with the Joint Petitioners that the water quality and service term regarding fire suppression is reasonable and in the public interest. The lack of availability of fire hydrants in CUPA's systems capable of suppressing fires presents a large health and safety risk to CUPA customers if fires are unable to be put out in a timely manner. Obviously, fires that cannot be put out in a timely manner can cause property damage, and worse, personal injuries. Therefore, it is important that CUPA works to make certain that fire hydrants capable of suppressing fires are readily available to CUPA customers and emergency personnel. This is especially true of the Tamiment system that currently does not have fire hydrants capable of fire suppression.

In this regard, CUPA already has begun to address the fire suppression issues in its Penn Estates and Westgate communities, noted in its rebuttal testimony cited above. Through the Joint Petition, CUPA will work to address the fire suppression issues in Tamiment by having GHD develop a hydraulic model that will be used to evaluate the fire suppression flows available throughout the Tamiment system. In light of the fact that the Tamiment system is not currently designed or constructed to meet fire flow standards (CUPA St. No. 4-R, p. 7), this agreement in the Joint Petition is a strong step in the direction of correcting the fire suppression flow issues in Tamiment.

Consequently, we recommend that the Commission approve this Settlement term.

*Service Fees (Joint Petition ¶ 35)*

Concerns with the service fees that are applied to online payments of CUPA customer bills were raised by OCA in this proceeding. Currently, CUPA customers are charged a "service fee" by First Billing Services for eCheck, credit, and debit card payments made online

or over the phone. OCA St. 2, p. 24. OCA recommended that the Company offer no-fee payment methods for all customers regarding online payments. OCA St. 2, p. 25. Under this methodology, customers would not be directly charged an additional fee at the time of payment. *Id.* Instead, these expenses would be recovered by CUPA directly under the Operation & Maintenance (O&M) expenses in the cost of service. *Id.* A no-fee methodology, OCA argued, increases customer convenience for these common payment methods, easing the process and removing a barrier to payment. *Id.*

The Joint Petition adopts OCA's proposal, stating that the Company will present a no-fee payment option for online payments in the next base rate case. Joint Petition ¶ 35. These expenses will be recovered by CUPA directly under the O&M expenses in the cost of service. *Id.*

CUPA supports this Settlement term, stating that this provision is in the public interest as it reasonably addresses the concerns of OCA and will allow for the presentation of appropriate evidence in the next base rate case from which the Commission can make a more informed decision on this issue. CUPA St. in Support, p. 36.

OCA supports this Settlement term, stating that electronic payment is not an irregular method of payment but rather extremely and increasingly common. OCA St. in Support, p. 26. Thus, OCA states that would be inappropriate to allow an outside company to impose additional charges on this common method of doing business. *Id.* CUPA's presentation of a service fee payment option in the next base rate case, OCA argued, is a reasonable attempt to move away from using a third-party billing system that charges fees to its customers merely for customers to be able to pay their bills. OCA St. in Support, p. 27.

OSBA did not take a position regarding this issue, but, as a signatory to the Joint Petition, supports this Settlement term as in the public interest.

I&E states that, after review of the evidentiary record and in consideration of all of the concerns expressed by the Joint Petitioners, I&E fully supports the settled upon term as a

full and fair compromise that provides the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 16.

We agree with the Joint Petitioners that the water quality and service term regarding service fees is reasonable and in the public interest. We agree with OCA that online payment is becoming increasingly more common, and that customers should not be deterred from making their payments online due to being assessed service fees by a third-party to do so. CUPA presenting a no-fee option in its next base case will remove the existing barriers to online payment.

Consequently, we recommend that the Commission approve this Settlement term.

**K. CAPITAL REPORTING REQUIREMENTS (Joint Petition ¶¶ 36, 37)**

I&E, in its testimony, expressed its belief that there is value in determining how closely CUPA's projected investments in future facility compare with the actual investments that are made by the end of the FTY and FPFTY, noting that determining the correlation between CUPA's projected and actual results will help inform the Commission and the parties in CUPA's future rate cases. I&E St. No. 3 (water), pp. 7-9; I&E St. No. 3 (wastewater), pp. 7-11.

The Joint Petition contains capital reporting requirements, in that CUPA agreed to provide OCA, I&E, and OSBA with updates to its water and wastewater filings showing actual capital expenditures, plant additions, and retirements by month for the twelve months ending July 31, 2024. Joint Petition ¶ 36. CUPA will provide an additional update for the 12 months ending July 31, 2025. Joint Petition ¶ 37.

CUPA supports these Settlement terms, stating that the Settlement contains various reporting requirements requested by the Statutory Parties that promote the public interest. CUPA St. in Support, p. 36.

OSBA did not take a position regarding this issue, but, as a signatory to the Joint Petition, supports this Settlement term as in the public interest.

I&E supports these Settlement terms, stating that the terms regarding capital reporting requirements represents a full and fair compromise that provides CUPA, the Joint Petitioners, ratepayers, and the Commission with regulatory certainty which is in the public interest. I&E St. in Support, p. 17.

We agree with the Joint Petitioners that the capital reporting requirement terms are reasonable and in the public interest. The updating of capital expenditures, plant additions and retirements is consistent with Section 315(e) of the Code which states that a utility utilizing a future test year or a fully projected future test year (as is the case here) shall provide “appropriate data evidencing the accuracy of the estimates contained in the future test year or a fully projected future test year. . . .” 66 Pa.C.S. § 315(e). The updates that CUPA will provide to the Commission and to OCA, OSBA, and I&E will allow these parties to monitor CUPA’s on-going investments so that the accuracy of CUPA’s projections can be evaluated in future rate cases.

Consequently, we recommend that the Commission approve these Settlement terms.

## VII. CONDITIONS OF SETTLEMENT

The Joint Petition contains standard conditions that are routinely included in settlement petitions presented to the Commission. Joint Petition ¶¶ 38-44. These conditions provide that Commission approval of the Settlement does not constitute approval of any Joint Petitioner’s position on any issue but, rather, the Settlement agreement represents a compromise of competing positions, that the Settlement does not necessarily represent the position(s) that would be advanced in this or any other proceeding, and that it cannot be cited as precedent in any future proceeding except to the extent required to implement or enforce any Settlement Term. Joint Petition ¶¶ 38, 39.

The Settlement is further conditioned upon the Commission's approval of the Settlement without modification, that if the Commission should disapprove the Settlement or modify any terms or conditions of the Settlement, any Joint Petition can withdraw upon written notice to the Commission and active Parties within five business days of the entry of the Commission's order and in that case, the Settlement will be of no force or effect and each Party reserves its right to fully litigate the case. The signatories agreed to make good reasonable and good faith efforts to obtain approval of the Settlement by the ALJs and the Commission without modification, waived the filing of exceptions in the event the ALJs' recommended that the Commission adopt the settlement without modification, but reserved the right to file exceptions and reply exceptions should the ALJs modify or reject the Settlement agreement. Joint Petition ¶¶ 40, 41.

Finally, the conditions provide that the Complainants to this proceeding may join, disagree but not actively oppose, or object to the Joint Petition, by May 15, 2024. Joint Petition ¶ 42.

We determine that these important provisions in the Joint Petition are part of a comprehensive settlement that is in the public interest.

#### VIII. PUBLIC INPUT HEARING WITNESS TESTIMONY

As noted above, in-person public input hearings were held at 1:00 p.m. and 6:00 p.m. on January 30, 2024, in Bethlehem, PA, and at 1:00 p.m. and 6:00 p.m. on February 1, 2024, in Tamiment, PA. Additionally, telephonic public input hearings were held on January 31, 2024, at 1:00 p.m. and 6:00 p.m. A total of 49 witnesses provided on-the-record testimony at the hearings. The public input hearings generated approximately 375 transcript pages.

The issue raised most frequently by customers was the impact the requested revenue increase would have on their water and wastewater bills. Many witnesses testified that they would be unable to afford to pay the increased bills. For example, Cheryl Long testified that she is retired and lives on a fixed income. Tr. 64. She stated that she is very

environmentally conscious about her electricity and water usage but is still concerned about whether she will be able to afford to pay all of her bills. Tr. 65. Cassandra Kramer testified she was shocked when she received notice of the proposed rate increase. Tr. 171. She stated her bills for water and sewer service would double from her current bills if the requested increase were approved. Tr. 172. She stated that the proposed increase on top of an increase that occurred in 2022 is excessive and she requested a more reasonable increase, maybe 5%. Tr. 173.

Sharon Famous testified that she too is on a fixed income and that the proposed increase is unfair to customers. Tr. 182. Senator Lisa Baker testified on behalf of her constituents in the 20<sup>th</sup> Senatorial District. She testified that the quickness of the proposed increase since the company's last increase, as well as the size of the proposed increase, caught her attention. Tr. 229-230. She has been informed that, if the full increase is approved, CUPA's rates for water and sewer service could be among the highest in the country. Tr. 230. She stated that residents, many of whom are on fixed incomes, have told her they will not be able to afford the increase. Tr. 230. Representative Tarah Probst represents the 189<sup>th</sup> District. She testified that many residents do not qualify for the company's assistance program but, nonetheless, will be unable to afford their bills if the increase is approved. Tr. 241-242. Ernest Vaupel testified that he has lived in various communities in New Jersey, one in South Carolina and now in Pennsylvania. He stated that he has seen rate increases over those 50 years, but he has never seen anything like the current proposed increase. Tr. 286. He opined it is simple greed on the part of the utility. Tr. 286. Frank Dipiazza noted that CUPA had a rather large rate increase two years ago. Tr. 234. He likewise testified that many residents are on fixed incomes and can ill-afford to pay the proposed increase. He stated that the increase is exorbitant and unconscionable. Tr. 237.

A number of witnesses also testified about various service quality issues. These service issues include, but are not limited to, low water pressure, lack of fire protection, water quality and taste, odor from certain sewer facilities and water clarity. On pages 17-31 of its Statement in Support of the Joint Petition, CUPA provides a comprehensive review and discussion of the various service issues raised by customers during the public input hearings, as well as the Company's responses to those issues. The Company reviewed the public input

hearing testimony of the various witnesses who complained about service issues and described how the Company responded to each complaint. We will not further review the service quality testimony here but, rather, will incorporate the summary and explanations provided by CUPA in its Statement in Support.

We believe, as described above in the “Discussion / Public Interest” section, that the settlement terms that have been negotiated and agreed to by the Joint Petitioners either have resolved, or provide a plan to resolve in the near future, the various service quality issues raised during the public input hearings.

#### IX. COMMENTS TO THE JOINT PETITION

One formal complainant, Christ R. Nielsen IV, filed an objection to the Joint Petition. As a CUPA water and wastewater customer living in Tamiment, PA, Mr. Nielsen challenged the increases on the basis that the approved rates will create financial hardship for himself and other CUPA customers in Tamiment.

As explained above, the increases approved by the Joint Petitioners were achieved through careful analysis and consideration by the parties of their respective positions and represents a fair compromise of the initial positions of the various parties. The Joint Petitioners agree that the approved increases fall within the range of likely outcomes that would have resulted from a fully litigated proceeding, while saving the significant added time and expense that would have been expended in such a proceeding. As we highlighted, the costs resulting from a fully litigated proceeding would have resulted in additional expenses that would have been ultimately passed on to CUPA customers in a future base rate proceeding.

Mr. Nielsen further asked for a “delayed base rate application” no earlier than February 2027 so the Company can successfully complete its Tamiment forecasted improvement projects and evaluate their effectiveness. Mr. Nielsen additionally complains of the water service provided by CUPA, and argues that there is no indication from CUPA of any intent on its part to improve the quality of the water service it provides to its customers.

As discussed, the rate increases agreed upon pursuant to the Joint Petition will permit the Company to continue to invest in its facilities and allow it to implement the terms and conditions agreed to in the Joint Petition. This includes implementation of a hydraulic model developed by GHD to evaluate the fire suppression flows available throughout the Tamiment system so that the fire suppression issues in Tamiment can be corrected. Delaying the rate increases agreed upon in this proceeding will delay this project and the other projects that CUPA has agreed to implement through this Joint Petition. As discussed in Section “J” of the “Discussion / Public Interest” section of this decision, CUPA has agreed to make a number of improvements to its water quality and service and the rates agreed upon pursuant to the Joint Petition will allow them to make these agreed upon improvements.

## X. CONCLUSION

After considering the terms and conditions of the settlement, we find that it produces rates that are just and reasonable, as well as addresses a number of other issues raised by the parties during the course of this proceeding. The active parties presented expert testimony in support of the various elements of the rate filing. The active parties engaged in discovery and reviewed and evaluated the filing. The active parties also engaged in extensive settlement negotiations and made compromises, which the Commission has stated “fosters and promotes the public interest.”<sup>16</sup> The unanimous agreement of the Company and other Joint Petitioners resulted in lower rate increases than originally proposed by CUPA.

We find that the settlement is supported by substantial evidence, is in the public interest, and is consistent with the requirements of 66 Pa.C.S. § 1308. Accordingly, we recommend that the Commission approve the proposed settlement without modification and that CUPA file tariff supplements reflecting the rates set forth in its proposed compliance tariffs attached to the Joint Petition as Appendices B (water) and C (wastewater) to become effective as of August 9, 2023.

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<sup>16</sup> *Pa. Pub. Util. Comm’n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767, 771 (1991).

## XI. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of and the parties to this proceeding. 66 Pa.C.S. §§ 1301, 1308(d).

2. Under Section 1301 of the Public Utility Code, a public utility's rates must be just and reasonable. 66 Pa.C.S. § 1301.

3. In any proceeding upon the motion of the Commission, involving any proposed or existing rate of any public utility, or in any proceeding upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility. 66 Pa.C.S. § 315(a).

4. "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Popowsky v. Pa. Pub. Util. Comm'n*, 665 A.2d 808, 812 (Pa. 1995).

5. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formula; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. Pub. Util. Comm'n v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980).

6. Commission policy promotes settlements. Settlements lessen the time and expense the parties must spend litigating a case and at the same time conserve administrative resources. 52 Pa. Code § 5.231.

7. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

8. The Commission supports the use of "black box" settlements. *Pa. Pub. Util. Comm'n v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Opinion and Order entered

Dec. 19, 2013); *Pa. Pub. Util. Comm'n v. Columbia Water Co.*, Docket No. R-2017-2598203 (Opinion and Order entered Mar. 1, 2018).

9. In order to approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991).

10. The decision of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704.

11. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dept. of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

12. The rates and terms of service set forth in the Joint Petition are supported by substantial evidence and are in the public interest.

## XII. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Full Settlement of Rate Proceedings filed on April 26, 2024, by Community Utilities of Pennsylvania, Inc., the Bureau of Investigation and

Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate be approved, and the Settlement be thereby adopted, in full, without modification or correction.

2. That Community Utilities of Pennsylvania, Inc. is authorized to file tariffs, tariff supplements or tariff revisions containing rates, rules and regulations, consistent with the Joint Petition for Full Settlement of Rate Proceedings, to produce a total increase of \$1,227,538.10 for its water operations and \$1,447,621 for its wastewater operations consistent with the rates, rules and regulations set forth in the tariff supplements included in the Joint Petition for Full Settlement of Rate Proceedings as Appendices B (Water) and C (Wastewater).

3. That Community Utilities of Pennsylvania, Inc. shall be permitted to file tariffs in the form set forth in Appendices B (Water) and C (Wastewater) to the Joint Petition for Settlement, to become effective upon at least one day's notice, for service rendered on and after August 9, 2024, so as to produce an annual increase in revenues consistent with this Opinion and Order.

4. That Community Utilities of Pennsylvania, Inc., the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate shall comply with the terms of the Joint Petition for Full Settlement of Rate Proceedings submitted in this proceeding as though each term and condition stated therein had been the subject of an individual ordering paragraph.

5. That the complaints of the Office of Consumer Advocate at Docket Nos. C-2023-3044737 (Water) and C-2023-3044738 (Wastewater) are deemed satisfied and marked closed.

6. That the complaints of the Office of Small Business Advocate Docket Nos. C-2024-3044494 (Water) and C-2023-3044528 (Wastewater) are deemed satisfied and marked closed.

7. That the following formal complaints at the respective docket numbers be dismissed and marked closed by the Commission's Secretary's Bureau:

<b>Complainant</b>	<b>Docket Number (Water)</b>
Joseph Albanese	C-2024-3045828
Gail Bechtold and Thomas Romano	C-2024-3045846
Joseph Bellantoni	C-2023-3045068
Christina Boers	C-2023-3044944
Mario Carlino	C-2024-3045937
Tom Chladny	C-2024-3046401
Oleg Chuchin	C-2023-3044483
Rose Cocklin	C-2023-3044507
Denise Cooper	C-2024-3045511
Christine Corbissero	C-2023-3044834
Nicholas Corforte	C-2024-3045975
Margaret Creo	C-2024-3046735
Nanette De Bartolo	C-2024-3045504
Linda DiGregorio	C-2024-3045856
Richard and Suan DiPiazza	C-2024-3045541
Ryan Ellison	C-2024-3045529
Rich Franzson	C-2024-3045982
Scott and Vicky Furey	C-2023-3044887
Catherine Gilchrist	C-2024-3045943
Ernesha Holloway	C-2024-3045359
John Hoopingarner	C-2023-3044502
Jenny Howard	C-2023-3044711
Rafail Kovalenko	C-2023-3044599
Steven and Carol Krauss	C-2024-3045910
Cassandra Kramer	C-2024-3045350
David Lambie	C-2024-3045801
Patricia Lathrop	C-2024-3045944
Gregory Leone	C-2023-3045126
George and Miriam Lingg	C-2023-3044979
Susan Maeri	C-2024-3045978
Anna Majewski	C-2024-3045535
Kristen Martin	C-2024-3045976
Peter Mauro	C-2024-3045861
Patricia Merrill	C-2024-3046298
Grace Moro	C-2024-3045802
Craig Morris	C-2024-3045534
Brian Morrison	C-2024-3045560
Suzie Napolitano	C-2024-3045876
Christ and Carol Nielsen	C-2024-3045553
Susan Nikolaou	C-2024-3045546
Natalie Ortiz	C-2024-3045142
Thomas and Patricia Parillo	C-2024-3045969

Anna Paryzki	C-2024-3045533
Grazyna Paryzka	C-2024-3045542
Penn Estates POA, Inc.	C-2024-3045863
Petricia Perville-Davy	C-2024-3045389
Antonia and Ramon Rivas	C-2024-3045980
Mary Rossetti	C-2023-3044561
Michael Sanfilippo	C-2023-3044480
Raju Shah	C-2024-3047313
Larissa Shin	C-2024-3045549
Angela Tam	C-2024-3045333
Monica Wagner	C-2024-3045352

<b>Complainant</b>	<b>Docket Number (Wastewater)</b>
Joseph Albanese	C-2024-3045837
Gail Bechtold and Thomas Romano	C-2024-3045847
Joseph Bellantoni	C-2023-3045149
Christina Boers	C-2023-3044945
Ernesha Bolden	C-2024-3045716
Laura Brennan	C-2024-3044709
Rene Bressant	C-2024-3045559
Lynn Buckingham	C-2024-3045354
Mario Carlino	C-2024-3045973
Oleg Chuchin	C-2023-3044484
Rose Cocklin	C-2023-3044508
Denise Cooper	C-2024-3045515
Christine Corbissero	C-2023-3044835
Nicholas Corforte	C-2024-3045974
Nanette De Bartolo	C-2024-3045510
Linda DiGregorio	C-2024-3045857
Richard and Suan DiPiazza	C-2024-3045556
Ryan Ellison	C-2024-3045531
David Fardig	C-2024-3045355
Brian Fenimore	C-2023-3044383
Rich Franzson	C-2024-3046077
Scott and Vicky Furey	C-2023-3044882
Catherine Gilchrist	C-2024-3045972
John Hoopingarner	C-2023-3044503
Jenny Howard	C-2023-3044712
Rafail Kovalenko	C-2023-3044649
Steven and Carol Krauss	C-2024-3045911
Cassandra Kramer	C-2024-3045356
Patricia Lathrop	C-2024-3045970
Gregory Leone	C-2023-3045127

George and Miriam Lingg	C-2023-3044993
Susan Maeri	C-2024-3045979
Anna Majewski	C-2024-3045547
Kristen Martin	C-2024-3045977
Peter Mauro	C-2024-3045862
Daniel McKoy	C-2024-3045480
Patricia Merrill	C-2024-3046299
Grace Moro	C-2024-3045803
Craig Morris	C-2024-3045782
Brian Morrison	C-2024-3045564
Suzie Napolitano	C-2024-3045877
Christ and Carol Nielsen	C-2024-3045563
Susan Nikolaou	C-2024-3045557
Thomas and Patricia Parillo	C-2024-3045971
Penn Estates POA, Inc.	C-2024-3045830
Tigran Petrosian	C-2024-3045833
Antonia and Ramon Rivas	C-2024-3045981
Mary Rossetti	C-2023-3044538
Michael Sanfilippo	C-2023-3044481
Larisa Shin	C-2024-3045561
Monica Wagner	C-2024-3045357
Christopher Williams	C-2024-3045561
Robert Zwahlen	C-2024-3045808

8. That upon acceptance and approval by the Commission of the tariffs and allocation of proposed settlement rate increase filed by Community Utilities of Pennsylvania, Inc. consistent with this Order, the Commission's investigation at Docket No. R-2023-3042804 (Water) and Docket No. R-2023-3042805 (Wastewater) shall be terminated and these dockets shall be marked closed.

Date: May 28, 2024

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/s/  
Steven K. Haas  
Administrative Law Judge

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/s/  
Alphonso Arnold III  
Administrative Law Judge