

COMMONWEALTH OF PENNSYLVANIA



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June 20, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission
v.
City of Lock Haven Water Department
Docket No. R-2024-3049248

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this matter.

Copies have been served as shown on the attached Certificate of Service.

Very truly yours,

/s/Christine Maloni Hoover
Christine Maloni Hoover
Of Counsel
PA Attorney I.D. # 50026
CHoover@paoca.org

Enclosures:

cc: Office of Administrative Law Judge (email only: crainey@pa.gov)
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Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
v. : Docket No. R-2024-3049248
City of Lock Haven Water Department :

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

Dated this 20th day of June 2024.

SERVICE BY E-MAIL ONLY

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Water Department*

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Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
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Date: June 20, 2024

/s/Christine Maloni Hoover
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Erin L. Gannon
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PENNSYLVANIA PUBLIC UTILITY COMMISSION

FORMAL COMPLAINT

1. COMPLAINTANT INFORMATION

Patrick M. Cicero, Consumer Advocate

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

Phone: 717-783-5048

2. FULL NAME OF UTILITY COMPANY:

City of Lock Haven Water Department
Docket No. R-2024-3049248

3. TYPE OF UTILITY:

Water

4. COMPLAINT:

- A. On May 24, 2024, City of Lock Haven Water Department (City) filed Supplement No. 19 to Tariff Water - PA P.U.C. No. 1 to become effective July 23, 2024. A full suspension by the Public Utility Commission (Commission) would delay any increase until February 24, 2025. Through this filing, City requests that the Commission approve a general rate increase to water rates for Commission jurisdictional customers (those customers living outside of the City of Lock Haven), pursuant to section 1308 of the Public Utility Code, 66 Pa. C.S. § 1308. The City's proposal would increase its annual water revenues by \$377,823 or 71.4% overall based on a Raftelis Financial Consultants, Inc. (Raftelis) water rate study for the 2025 fiscal year (FY), starting on January 1, 2025.¹

¹ The City proposes to increase the base water rates for all customers (total customers, both PUC-jurisdictional and non-jurisdictional) by \$990,432 per year, or 64.2%.

- B.** The City concurrently filed a Petition for Authorization to Implement a PENNVEST Surcharge pursuant to section 1307 of the Public Utility Code, 66 Pa. C.S. § 1307, and Policy Statement at Sections 69.361-69.364 of the Commission’s regulations, 52 Pa. Code §§ 69.61-69.364. The City’s PENNVEST surcharge (PVS) petition would increase the City’s jurisdictional annual revenues by an additional \$106,048.² Together, the City’s general rate increase proposal and PENNVEST surcharge petition would increase the City’s annual revenues from jurisdictional customers by a combined \$483,872 or 91.5% overall.
- C.** On May 24, 2024, the City also filed a Motion to Consolidate Proceedings regarding the base rate docket R-2024-3049248 and the PVS petition docket P-2024-3049249.
- D.** As of May 24, 2024, City serves approximately 1,076 jurisdictional water customers located in Allison, Castanea, and Wayne Townships, in Clinton County.
- E.** According to the customer notices included in City’s filing, a residential water customer using 13,500 gallons per quarter would see an increase from \$100.46 to \$108.85 per quarter, or 8.4%.
- F.** The proposed water rate changes do not reflect the changes that will be experienced by all customers; rather they only reflect changes for customers who City asserts as the “average” residential customer using 13,500 gallons per quarter. In the OCA’s experience, the increase reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers.
- G.** The OCA is investigating the basis for, and calculation of, estimated bill increases and decreases to ensure that they are consistent with applicable standards and will produce just and reasonable rates.
- H.** The City proposes a number of rate design changes based on its rate study, including proposals to remove existing minimum charges for Residential, Commercial and Industrial, Public and Healthcare, and Education customer classes. The City also proposes a fixed quarterly service charge scaled by meter size, a two-tier inclining block rate for residential customers, and uniform class-based volumetric rates for the Commercial and Industrial, Education, and Public Healthcare customer classes.

² The total proposed increase to be recovered from the PVS, is \$334,396 (for both PUC-jurisdictional and non-jurisdictional customers).

- I.** The proposed rate increase, if approved, may result in rates that are unjust and unreasonable in violation of chapter 13 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §1301, *et seq.*, sound ratemaking principles, and public policy.
- J.** In reaching a decision on whether to grant the City's rate increase as well as its various rule and tariff changes, the Public Utility Commission must give "due consideration to the interests of consumers." 71 Pa. Stat. Ann. §309-5(2).
- K.** A preliminary examination of City's general rate increase request indicates that the rates requested, including specific elements of its request, including operation and maintenance expenses, revenue allocation, proposed customer charges and rate design, and the PENNVEST surcharge may not be just and reasonable and otherwise in violation of the law.

5. RELIEF

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

- A.** Suspend and investigate the operation of the proposed tariff supplements. City of Lock Haven Water Department Original Tariff Water- PA P.U.C. No. 19 pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. §1308(d) and the proposed PENNVEST surcharge petition;
- B.** Consolidate all complaints filed against the proposed increase;
- C.** Ensure that the City has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission's regulations;
- D.** Hold full evidentiary hearings examining the reasonableness of the City's current rates and its proposed increase;
- E.** After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in the City's jurisdictional service territory, as well as by telephone or virtually, in order to provide the City's customers with an opportunity to be heard on the record;

- F. Deny any charges or changes contained in the rate increase proposal and PENNVEST surcharge petition³ which would result in unjust and unreasonable rates, or cannot be fully justified by the City, or otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- G. Grant such other relief that the Commission may deem appropriate.

6. VERIFICATION AND SIGNATURE

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

/s/ Patrick M. Cicero

06/20/2024

Signature

Date

7. Legal Representation

Erin L. Gannon, Senior Assistant Consumer Advocate, PA Bar No. 83487
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 555 Walnut Street, 5th Floor, Forum Place
 Harrisburg, PA 17101-1923
 Dauphin County

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³ If the base rate case and PVS petition proceedings are consolidated.

**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

Act 161 of the Pennsylvania General Assembly, 71 Pa. C.S. §309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in the proceedings before the Commission involving the proposed water rate increase by the City of Lock Haven Water Department (City).

On May 24, 2024, the City filed a general rate increase request seeking the Commission's approval to increase its overall operating revenue for customers outside of the City of Lock Haven by approximately \$377,823 or 71.4%, over the amount of annual revenues at present rates. The City simultaneously filed a Petition for Authorization to Implement a PENNVEST Surcharge (PVS) that would increase its overall annual revenue from customers outside of the City by approximately \$106,048. The City's petition and proposal would increase its annual revenue from customers outside of the City by a combined \$483,872 or 91.5% overall. A residential water customer using 13,500 gallons per quarter would see an estimated increase from \$100.46 to \$108.85 per quarter, or 8.4%.

The objective of the Consumer Advocate in filing this complaint is to protect the interests of the City's Commission jurisdictional customers (those customers living outside of the City of Lock Haven). The Consumer Advocate will seek to ensure that City is permitted to implement only rates that are fully justified, just and reasonable, not unduly discriminatory, and otherwise consistent with sound ratemaking principles and the Public Utility Code, Commission regulations and orders, and case law. The Consumer Advocate

submits that City's current rates and its proposed rates may be unjustifiable and unlawful based upon information filed by City in support of its claim.

The City of Lock Haven serves 1,076 customers outside of the City in the Townships of Allison, Castanea, and Wayne Townships, Clinton County.