

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

|  |   |                |
|--|---|----------------|
| Pennsylvania Public Utility Commission     | : | R-2023-3041575 |
| Office of Consumer Advocate                | : | C-2023-3043091 |
| Office of Small Business Advocate          | : | C-2023-3043163 |
| George Malloy                              | : | C-2023-3043026 |
| Sharon Arneson                             | : | C-2023-3043397 |
| Douglas A. Smith                           | : | C-2023-3043659 |
| Rhonda Jaquay, et al.                      | : | C-2023-3043552 |
| James S. Tolbert, Jr.                      | : | C-2023-3043979 |
|  | : |                |
| v.   | : |                |
|  | : |                |
| Conneaut Lake Park Water Corporation, Inc. | : |                |
|  | : |                |
| Petition of Conneaut Lake Park             | : |                |
| Water Corporation, Inc. for Approval       | : | P-2023-3042648 |
| Of a Metering Exception                    | : |                |

**RECOMMENDED DECISION**

Before  
Eranda Vero  
Administrative Law Judge

and

Arlene Ashton  
Administrative Law Judge

TABLE OF CONTENTS

|       |  |    |
|-------|--|----|
| I.    | INTRODUCTION .....                                     | 1  |
| II.   | HISTORY OF THE PROCEEDING .....                        | 1  |
| III.  | PUBLIC INPUT HEARINGS .....                            | 7  |
| IV.   | FINDINGS OF FACT.....                                  | 8  |
| V.    | TERMS OF SETTLEMENT .....                              | 17 |
| VI.   | DISCUSSION .....                                       | 26 |
|       | A. Revenue Requirement (Settlement ¶¶ 26-29) .....     | 30 |
|       | B. Customer Service(Settlement ¶¶ 30-37) .....         | 35 |
|       | C. System Improvements (Settlement ¶¶ 38-44).....      | 38 |
|       | D. Funding (Settlement ¶45).....                       | 44 |
|       | E. Customer Complaints (Settlement ¶¶ 46-47).....      | 45 |
|       | F. Regulatory Compliance (Settlement ¶¶ 48-50).....    | 46 |
|       | G. 66 Pa.C.S. § 529 Proceedings (Settlement ¶ 51)..... | 48 |
|       | H. Long-Term Goals (Settlement ¶¶ 52-54) .....         | 50 |
|       | I. Residential Metering.....                           | 51 |
| VII.  | RECOMMENDATION .....                                   | 54 |
| VIII. | CONCLUSIONS OF LAW .....                               | 56 |
| IX.   | ORDER.....   | 57 |

## I. INTRODUCTION

This Decision recommends that the Joint Petition for Approval of Settlement of Rate Proceeding filed on May 17, 2024, by Conneaut Lake Park Water Corporation, Inc., the Pennsylvania Public Utility Commission's Bureau of Investigation & Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, James S. Tolbert Jr., Rhonda Jaquay *et al*, George Malloy and Sharon Arneson be approved by the Commission.

Therefore, we recommend that the Joint Petition for Approval of Settlement of Rate Proceeding be approved in its entirety and without modification, that Conneaut Lake Park Water Corporation, Inc. be authorized to file a tariff supplement to reflect rates and terms consistent with the Settlement terms and applicable to the base rate investigation at Docket No. R-2023-3041575 and that the Petition for Approval of a Metering Exception be approved consistent with the Settlement terms. The Joint Petition for Approval of Settlement of Rate Proceeding is unopposed by any other party, supported by substantial evidence and in the public interest.

The suspension date is November 8, 2024. The last reasonable Commission Public Meeting before the end of the suspension period is October 10, 2024.

## II. HISTORY OF THE PROCEEDINGS

On August 31, 2023, Conneaut Lake Park Water Corporation, Inc. (CLPWC) filed proposed Supplement No. 1 to Tariff – Water Pa. P.U.C. No. 1 to become effective October 31, 2023 (Tariff Supplement). The filing contains proposed changes in rates, rules, and regulations calculated to produce \$257,797 in additional annual revenues, approximately a 970% increase. Residential – flat rate customer bills are proposed to increase from \$172.68 to \$1,467.60 annually (approximately 750%) for year-round customers and from \$86.40 to

\$1,467.60 annually (approximately 1,600%) for seasonal customers.<sup>1</sup> Within the general rate increase filing, CLPWC also proposed an annual fire protection fee for all customers of \$100 based on one hydrant.

On August 31, 2023, CLPWC filed a Petition for Exception from Metering requirements with the Commission. The Petition was docketed at P-2023-3042648 (Meter Case).

By Commission Order dated October 19, 2023, the proposed Tariff Supplement was suspended by operation of law until May 31, 2024. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariff Supplement. The Commission also ordered an investigation into the reasonableness of CLPWC's existing rates, rules, and regulations. The rate increase filing was docketed at R-2023-3041575 (Base Rate Case).

Following the filing of the Base Rate Case and the Meter Case, various individuals expressed comments in opposition, which were collected by the Secretary's Office. In addition, several Formal Complaints were filed in connection with to the Base Rate Case.

On September 18, 2023, the Office of Consumer Advocate filed a Formal Complaint with the Commission relating to the Base Rate Case. The Complaint was docketed at Docket No. C-2023-3043091.

Also on September 18, 2023, George Malloy filed a Formal Complaint with the Commission relating to the Base Rate Case and the Meter Case. The Complaint was docketed at Docket No. C-2023-3043026.

---

<sup>1</sup> The change in rates was calculated as follows: current \$14.39 year-round monthly rate x 12 months = \$172.68 annually; current \$7.20 seasonal monthly rate x 12 months = \$86.40 annually; proposed \$122.30 year-round and seasonal monthly rate x 12 months = \$1,467.60 annually. See CLPWC's Tariff Supplement filing, Notice to Customers, which rounded percentage increases to indicated values.

On September 19, 2023, the Commission's Bureau of Investigation and Enforcement entered the appearance of Allison C. Kastor, Esq. and Michael A. Podskoch, Jr., Esq.,

On September 20, 2023, the Office of Small Business Advocate (OSBA) filed a Formal Complaint relating to the Base Rate Case. The Complaint was docketed at Docket No. C-2023-3043163.

On September 20, 2023, attorney Joshua Brown filed a Notice of Appearance on behalf of Rhonda Jaquay and 48 other Conneaut Lake residents in connection with the Meter Case. Also on September 20, 2023, Mr. Brown filed Preliminary Objections to the Petition filed in the Meter Case.

On October 2, 2023, CLPWC filed an Answer to the Preliminary Objections. An Interim Order dated October 10, 2023, denied the Preliminary Objections.

On October 4, 2023, residential consumer Sharon Arneson filed a Formal Complaint against the general base rate request. The Complaint was docketed at C-2023-3043397.

On October 13, 2023, a Formal Complaint was filed by Joshua D. Brown, Esquire on behalf of Rhonda Jaquay and other Conneaut Lake residents relating to the Base Rate Case and the Meter Case (Individual Consumers). The Complaint was docketed at Docket No. C-2023-3043552.

Pursuant to the Public Utility Code, 66 Pa.C.S. § 1308(d), by Order dated October 19, 2023, the Commission suspended the proceedings in the Base Rate Case until May 31, 2024, instituted an investigation into the proposed Tariff Supplement No. 1 to Tariff – Water Pa. P.U.C. No. 1, and sent the matter to the Office of Administrative Law Judge for evidentiary hearings and a Recommended Decision. The matter was assigned to the undersigned Administrative Law Judges (ALJs).

On October 19, 2023, a Prehearing Notice was issued scheduling a telephonic prehearing conference in the Base Rate Case and the Meter Case for October 26, 2023, at 10:00 a.m. A Prehearing Conference Order was also entered the same day.

On October 20, 2023, Douglas A. Smith filed a Formal Complaint that was docketed at C-2023-3043659.

George Malloy and Sharon Arneson subsequently engaged Joshua D. Brown, Esquire, to represent them in this matter.

The Prehearing Conference was held as scheduled. During the October 26, 2023, Prehearing Conference, the parties agreed to consolidate the Base Rate Case and the Meter Case, and CLPWC agreed to mediation for both cases. In addition, Mr. Smith indicated that he did not wish to participate in this proceeding as an active party.<sup>2</sup> CLPWC filed a letter dated October 26, 2023, documenting its consent to mediation in the Base Rate Case and the Meter Case and agreement to extend the statutory suspension period by 60 days.

On October 30, 2023, James S. Tolbert, Jr. filed a Formal Complaint relating to the Base Rate Case and the Meter Case that was docketed at C-2023-3043979.

By filing dated October 27, 2023, CLPWC voluntarily elected to extend the statutory suspension period by 60 days, until July 30, 2024, in order to accommodate mediation proceedings. 52 Pa. Code § 69.392.

On November 2, 2023, a Mediation Sessions Notice was issued scheduling virtual mediation sessions on November 21, 2023, December 1, 2023, and December 13, 2023.

A Notice of In-Person and Telephonic Public Input Hearings was issued on November 8, 2023, advising of public input hearings scheduled in-person for December 7, 2023,

---

<sup>2</sup> Tr. 45.

in Conneaut Lake, Pennsylvania and by telephone. A Corrected Notice of In-Person and Telephonic Public Input Hearings was issued on November 30, 2020.

An Order issued November 8, 2023, memorialized the consolidation of the Base Rate Case and the Meter Case, established the schedule and the administrative protocol for public input hearings, informed the parties that the due date for filing Reply Briefs was April 5, 2024, requested that the parties submit proposed litigation schedules no later than December 14, 2023, and encouraged the parties to engage in informal discovery.

By filing dated December 14, 2023, CLPWC voluntarily extended the statutory suspension period by an additional 47 days, until September 13, 2024, in order to accommodate further mediation proceedings.

On December 15, 2023, a Mediation Session Notice was issued scheduling virtual mediation session on December 19, 2023.

On December 20, 2023, a Mediation Sessions Notice was issued scheduling virtual mediation session on January 5, 2024.

On December 20, 2023, we issued Prehearing Order #2 wherein we modified the instructions provided in the November 8, 2023, Prehearing Order to reflect the latest extension of the statutory deadline. Prehearing Order # 2 directed the parties to submit proposed litigation schedules and any discovery modifications by no later than January 9, 2024. By email dated January 10, 2024, we extended the deadlines set in Prehearing Order # 2 until January 15, 2024.

On January 5, 2024, a Notice was issued cancelling the Mediation Session for that same day and a Mediation Session Notice was issued scheduling a Mediation Session for January 10, 2024.

By filing dated January 12, 2024, CLPWC voluntarily extended the statutory suspension period by an additional 56 days, until November 8, 2024, in order to accommodate further mediation proceedings.

On January 12, 2024, a Mediation Session Notice was issued scheduling a Mediation Session for February 6, 2024.

Prehearing Order #3 was issued on January 31, 2024, directing the parties to submit proposed litigation schedules and discovery modification by February 9, 2024, and establishing July 5, 2024, as the due date for Reply Briefs.

On February 12, 2024, a Mediation Session notice was issued scheduling a Mediation Session for February 29, 2024.

On March 13, 2024, the ALJs were notified that CLPWC, I&E, OCA, OSBA, Individual Consumers,<sup>3</sup> and Mr. Tolbert (collectively, Joint Petitioners) had reached a full settlement in principle.

On March 27, 2024, ALJs Ashton and Vero conducted a prehearing conference that confirmed the existence of a full settlement in principle and the parties' agreement to a schedule for submission of the Settlement and parties' Statements in Support.

On May 17, 2024, Joint Petitioners filed a Petition for Approval of Settlement of Rate Proceeding (Joint Petition or Settlement), which included the terms of the agreement reached by the Joint Petitioners, Statements in Support of the Settlement by or on behalf of each of the Joint Petitioners, and a list of Exhibits and Appendices to be included in the record for this matter consisting of filings by the parties, public input hearing transcripts and exhibits, and discovery exchanged among the parties. Although the title of the Joint Petition does not

---

<sup>3</sup> One of the Individual Consumers chose to abstain from voting on the Settlement. Individual Consumers St. in Supp. at 3.

reference the Meter Case, by its terms it explicitly addresses and resolves that matter, as explained in more detail below.

On May 17, 2024, a copy of the Joint Petition and attachments was served on *pro se* Complainant, Douglas A. Smith, who filed the Complaint at Docket No. C-2023-3043659.

On May 31, 2024, Attorney Brown filed a statement with the Commission clarifying that “The complete and total list of complainants [under Docket No. C-2023-3043552] is provided on the Attached Appendix D. These are the same parties identified within the Joint Petition for Approval of Settlement filed on May 17<sup>th</sup>, 2024.” The list of Complainants under Docket No. C-2023-3043552 include Mr. Malloy and Ms. Arneson. Consequently, all references to Individual Consumers herein include Mr. Malloy and Ms. Arneson.

On May 31, 2024, the ALJs served a copy of the Joint Petition on Mr. Smith, along with a letter instructing him to review the Joint Petition and indicate to the ALJs, in writing, by June 10, 2024, whether he chose to join in the Joint Petition, oppose the Joint Petition, or not oppose the Joint Petition. Enclosed was a signature page that Mr. Smith could sign and return to the ALJs if he wished to join the Joint Petition.

Mr. Smith did not take any action with regard to the Joint Petition for Settlement.

The record closed on June 10, 2024. This matter is now ripe for recommendation.

### III. PUBLIC INPUT HEARINGS

Public Input Hearings were held telephonically and in-person in Conneaut Lake on December 7, 2023. Twenty-seven CLPWC customers testified at the Public Input Hearings expressing overwhelming opposition to the proposed rate increase and raising concerns regarding affordability, customer service, the behavior of CLWPC’s owner, tap-in fees, and quality of service concerns regarding sediment in their water, the water’s arsenic content (this

issue may be related to a past arsenic issue under prior ownership), and the water's smell and taste.

In the Joint Petition, the Joint Petitioners provide a summary of the testimony entered in the record during the two public input hearing sessions held on December 7, 2024. *See* Joint Petition Appendix A, ¶¶ 58-74. For convenience of review, we have adopted the summary and included it as Attachment 1 to this Recommended Decision.

#### IV. FINDINGS OF FACT<sup>4</sup>

1. Conneaut Lake Park Water Corporation, Inc. ("CLPWC") is a certificated Pennsylvania public utility providing water service to approximately 165 customers, including 162 residential customers and three commercial customers in portions of Sadsbury and Summit Townships in Crawford County, Pennsylvania. Of CLPWC's 162 residential customers, CLPWC considers 68 customers to be seasonal and the remaining 84 customers to be year-round.

2. 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 (Order entered August 11, 2011), at 4-5.

3. The OCA is empowered to represent the interests of Pennsylvania consumers before the Commission, pursuant to Act 1976-161 of the General Assembly, as amended, 71 Pa.C.S. §§ 3-901 *et seq.*

---

<sup>4</sup> The Findings of Fact are based on the Findings of Fact that the parties proposed in the Joint Petition which they requested the Commission to adopt. *See* Appendix A to the Joint Petition for Approval of Settlement of Rate Proceeding filed in this matter on May 17, 2024; however, they have been revised for clarity, accuracy and consistency

4. On August 31, 2023, CLPWC filed proposed Supplement No. 1 to its Water Service Tariff – Pa. P.U.C. No. 1 (Supplement No. 1), with effective dates of October 9, 2023. CLPWC requested an overall increase in annual operating revenues of approximately \$257,797, or 970.8%.<sup>[5]</sup> Statement of Reasons, p. 5. Supplement No. 1 uses a Future Test Year ending December 1, 2023.

5. As part of this proceeding, CLPWC requested the Commission exempt CLPWC from metering requirements, as its system does not currently have meters. *Petition of Conneaut Lake Park Water Corporation, Inc., for Approval of a Metering Exception*, Docket No. P-2023-3042648. The petition and general rate increase request proceedings were consolidated on November 8, 2023.

6. Under CLPWC’s initial filing, CLPWC proposed increasing its flat rate for year-round residential customers from \$14.39 per month to \$122.30 per month, or \$43.18 per quarter to \$366.90 per quarter, an approximate 750% increase. CLPWC also proposed to increase its flat rate for seasonal residential customers – in order to unify the seasonal and year-round residential customer rates – from \$7.20 per month to \$122.30 per month, or \$21.60 per quarter to \$366.90 per quarter, an increase of approximately 1,600%.<sup>6</sup>

7. Commercial customers, under the Company’s initial filing, would transition to metered rates from flat rates. Small commercial or Flat Rate 3. customers would see an increase from \$100 per month to \$850 per month, plus \$10.00 per 100 gallons, or an increase of at least 750%. Large commercial, or Flat Rate 4 customers would see an increase from \$257 per month to \$2,183 per month, plus \$10.00 per 100 gallons, or a monthly increase of at least 750%.<sup>7</sup>

---

<sup>5</sup> See CLPWC Tariff Supplement filing’s Statement of Revenues. CLPWC calculated that the Tariff Supplement would increase present rate revenues by \$257,797, from \$26,555 at current rates to \$284,352 at proposed rates.

<sup>6</sup> See Page 2 of this Recommended Decision for dollar and percentage increase explanations.

<sup>7</sup> See the Bill Analysis in the Tariff Supplement filing and the Settlement, which specify current annual rates of \$1,200 per bill for Flat Rate 3 customers and \$3,082.40 per bill for Flat Rate 4 customers.

8. Conneaut Lake Park (Park) began as an amusement park nearly 120 years ago. Included as part of the Park was a water system that has been providing services for over 95 years.

9. The Park has been through several owners, with the prior owners being a Trust set up to operate the park in 2009.

10. Between 2009 and 2020, several fires destroyed many of the Park's records, including most of the Water System records.

11. The entire Conneaut Lake Water Park property and assets were acquired by Order of the United States Bankruptcy Court of the Western District of Pennsylvania in *In Re: Trustees of Conneaut Lake Park, Inc*, for the amount of \$1.2 million in March 2021. The water system assets were not individually itemized in the purchase price. Bureau of Investigation and Enforcement (I&E) Data Requests Settlement Exhibit 2 (I&E-RR-2-D). There were no appraisals of other documents used in valuing the water system in the Bankruptcy sale. Settlement Exhibit 2 (I&E-RR-4-D).

12. Among the assets acquired was the Water System, which includes a water delivery-system, water holding tank, conveyance system, purification system, rights to service customers, DEP Public Water Supply Operation Permit No. 2009505-MA-1, and four associated public water supply permits (2084504-T3-MA-1, 2009505, 200905-MA-1, and 200845040).

13. Subsequently, upon acquisition, the PADEP permit was transferred directly from the prior owners to CLPWC. The Certificate of Public Convenience also was issued in the name of CLPWC. The ownership of CLPWC was placed in a limited liability company created by Todd Joseph, named CLP Water Park, LLC ("CLP"), which was formed with the intent of using it as the corporate vehicle for the water system. Settlement Exhibit 3 (I&E-RE-8-D).

14. Todd Joseph is the sole member of CLP Water Park LLC. Settlement Exhibit 2 (I&E-RR-1-D).

15. Since its inception, the LLC has funded the monies needed to keep the water system operational. Settlement Exhibit 1 (TUS Data Request Set 1, R-20).

16. Mr. Joseph had no interest in the former owners of Conneaut Lake Park at any point in time. Settlement Exhibit 2 (I&E-RR-5-D).

17. In 2002, Conneaut Lake Park came under Commission jurisdiction when it received a Certificate of Public Convenience to provide water service in portions of Summit and Sadsbury Township, Crawford County, Pennsylvania. *Application of Trustees of Conneaut Lake Park, Inc., for approval to begin to offer, render, furnish, or supply water service to the public in portions of Summit and Sadsbury Townships, Crawford County*, Docket No. A-210096 (Order entered Feb. 21, 2002).

18. The Water System consists of two wells, a 75,000-gallon elevated steel water tank, and a distribution system comprised of approximately 2.65 miles of cast iron and steel mains, and according to the DEP's records, asbestos-concrete water mains. CLPWC does not have a precise inventory of its system, or an accurate map of its distribution main, service lines, isolation valves, or customer curb stops or shut offs. Settlement Exhibit 6 (OCA Set-I-27, 29, 41).

19. The Company's commercial customers include the Hotel Conneaut, Camperland and a Dollar General. Hotel Conneaut and Camperland are entities ultimately owned by Todd Joseph, who is the sole member of the LLC that owns CLPWC.

20. The only customers that have meters are the commercial customers. The system was acquired without meters for residential customers. Settlement Exhibit 6 (OCA-I-29).

21. CLPWC has access to the metered water usage of CLPWC's commercial customers. CLPWC did not monitor the metered water usage of its commercial customers. Settlement Exhibit 1 (Response to TUS Data Request Set 1, R-25).

22. Due to the loss of records in fires and likely inadequate record keeping of prior owners of the Water System, nearly all historical records of the Water System have been lost or destroyed.

23. An initial tariff was filed for the Water System effective June 29, 2009, at Docket Number A-210096. Under the initial tariff, charges were per quarter as follows: commercial customers - \$3,853.00; year-round residential customer - \$43.18; and seasonal residential customers \$21.60. The tariff has not been changed since that time.

24. The Water System is operated by Keystone Water Systems under agreement with CLPWC at a cost of \$24,000 per year. I&E-RE-5-D. Chris Greenberg of Keystone Water Systems is the certified operator of the system. Settlement Exhibit 6 (OCA-I-32).

25. The system is in need of significant repairs and upgrades.

26. CLPWC made no claims in this proceeding for inclusion of the cost of significant repairs to the system or replacement of aging pipe in rate base and did not have specific plans to make such improvements at the time of filing and in response to discovery. Exhibit 9, 11 (I&E RB-1, 2; OCA-II-9).

27. No updates to the water system are currently planned. Settlement Exhibit 11 (OCA-II-9).

28. A company specific cost of equity study was not conducted for CLPWC. Settlement Exhibit 2 (I&E-RR-11-D).

29. CLPWC did not calculate its capital structure for 2020, 2021, or 2022. Settlement Exhibit 2 (I&E-RR-7-D).

30. When CLPWC was asked to provide a copy of their most current audited financial statement and annual report, CLPWC replied "None." Settlement Exhibit 3 (I&E-RE-14-D).

31. CLPWC's estimated capital costs for improvements of \$2.5-\$3.0 million were not based on any engineer supplied cost estimates. CLPWC has not obtained detailed time or cost estimates for any capital improvement projects to the system, including with regard to the cost of installing meters for residential customers. Settlement Exhibit 2 (I&E RR-10-D).

32. A cost-of-service study was not performed in connection with this rate filing. Settlement Exhibit 1 (Response to TUS Data Request Set 1, R-4).

33. A depreciation study to determine an appropriate actual accrual rate by account was not performed due to a claimed lack of funds. Settlement Exhibit 1 (Response to TUS Data Request Set 1, R-8).

34. The annual report submitted by the prior owner of the Water System showed total asset value of \$1,306,747, but the records to substantiate that value could not be located in the records of the prior owner other than past annual reports submitted to the Commission. Settlement Exhibit 1 (TUS Data Request Set 1, R-10). The Company could not locate the source document titled "Utility Plant Benchmark Asset Valuation completed for 12-31-2014 Continuing Property Records." Settlement Exhibit 1 (TUS Data Request Set 1, R-15).

35. CLPWC has not received any grants, nor does it have any PennVest Loans. Settlement Exhibit 6 (Interrogatories of the Office of Consumer Advocate Set 1 ("OCA-I-1, 3)).

36. CLPWC does not have a dedicated website. Settlement Exhibit 6 (OCA-I-8).

37. CLPWC has recently used a private Facebook group for customers to see pertinent information, such as service outages or advanced notice of service interruptions. Tr. 98, 113-15.

38. CLPWC does not have a dedicated phone line for customers to use to contact the utility. Instead, the current listed phone number for CLPWC is that of the utility's owner's other business, the Tiki Bar.

39. When asked to provide a copy of every written public utility company report per 52 Pa. Code §§ 56.151(5)(i) and (ii), CLPWC responded "[n]one." as of September 22, 2023. Settlement Exhibit 1 (TUS-R-24).

40. CLPWC indicated that it does not have a policy preventing discontinuance of service on a Friday. Settlement Exhibit 6 (OCA-I-7).

41. The Company incurred late payment charges on its electric bills during the twelve-month period ending September 2022. Settlement Exhibit 6; OCA-I-16; TUS R-6.

42. There are three stages of water treatment for the water system. In the first stage, Ferric chloride, and sodium hypochloride (liquid chlorine) are injected into the water after it is pumped out of the wells. In the second stage, the water is put through a filtration system that consists of green sand plus filters and anthracite filtration media, which remove iron, manganese, and arsenic. In the third and last stage, sodium silicate is added, which is a corrosion inhibitor for the distribution system. Settlement Exhibit 6 (OCA-I-21).

43. CLPWC currently tests its water quality at four locations: the distribution entry point, the water tower, Hotel Conneaut, and the Dollar General in Conneaut Lake. Settlement Exhibit 6 (OCA-I-34).

44. The amount that was claimed for purchased power expense was less than the sum of the purchased power bills by several thousand dollars. Settlement Exhibit 5 (I&E-RE-20-D).

45. CLPWC withdrew its expenses for purchased power in an interrogatory response. Settlement Exhibit 5 (I&E-RE-19-D).

46. CLPWC stated that no material and supplies or cash working capital were included in the original cost measure of value. Settlement Exhibit 1 (TUS-R-12).

47. The Company has a current operating permit for the Water System but did not receive from the prior owner any DEP permits related to the Water System from prior to 2021, when the Company acquired the system. Settlement Exhibit 6 (OCA-I-18).

48. The Water System is very small and has only one pressure zone. The water pressures on the distribution system are regularly checked. For the period of 1/2023 through 9/2023, the pressure was typically between 45 and 50 pounds per square inch (psi), with a high of 54.9 psi occurring on May 14, 2023, and a low of 38 psi on August 23, 2023. Settlement Exhibit 6 (OCA-I-25).

49. The Water Systems storage tank is a 70,000-gallon elevated tank, with flow to the tanks automatically controlled by pressure levels directly related to the amount of water in the tank. Water levels are recorded daily, and the normal water level fluctuation is 7 feet. Settlement Exhibit 6 (OCA-I-26).

50. CLPWC raised concerns that there are instances in which customers do not have separate service lines. Originally, the water system operated as one property that was subsequently subdivided and sold off. CLPWC's experience with the system indicated that that the boundaries for the subdivided parcels did not follow the water line connections resulting in

laterals of the main distribution line that may have multiple customers on them. Settlement Exhibit 6 (OCA-I-27).

51. With respect to a leak detection plan, the CLPWC monitors daily usage, given that the daily flows of the water system in each season are consistent. If flows of any single day in a particular season are significantly higher and remain so for a couple of days, CLPWC will begin investigating whether it has a leak and where the leaks occur. Settlement Exhibit 6 (OCA-I-31).

52. Generally, the Water System is flushed quarterly, unidirectionally, which starts close to the water tower and then CLPWC works its way out to the dead ends. Settlement Exhibit 1 (OCA-I-33).

53. CLWP takes daily chlorine measurements at the distribution entry point and at the water tower, Dollar General and at the Hotel. CLPWC maintains a target range of 1.5 – 2.0 milligrams per liter (mg/l) at the entry point and 0.5 1.0 mg/l in the distribution system points. Settlement Exhibit 6 (OCA-I-34).

54. The average day water demand for the system in 2022 was 32,672 gallons per day (gpd) with a maximum day demand of 118,559 gpd. The pumping yield of the water wells are 300 gallons per minute (gpm) combined. The treatment capacity is 180 gpm, with storage capacity of 70,000 gallons. Settlement Exhibit 6 (OCA-I-35)

55. The reports for 2021- 2023 showed no violations for the copper and lead levels in the water system. Settlement Exhibit 6 (OCA-I-37).

56. There are no booster stations in CLPWC's distribution system. Settlement Exhibit 6 (OCA-I-25).

57. CLPWC indicated that the number of dead-end lines that do not have fire hydrants or blow-off valves near the dead end for flushing purposes is unknown. Settlement Exhibit 6 (OCA-I-40).

58. CLPWC is aware of 6 isolation valves, which it exercises on an annual basis. The total number of isolation valves installed in CLPWC's distribution system is unknown. Settlement Exhibit 6 (OCA-I-41, 43).

59. CLPWC indicated that it is unknown how many isolation valves need to be repaired or replace[d]. Settlement Exhibit 6 (OCA-I-42).

60. CLPWC has had numerous leaks in the water system that it has repaired over the last 3 years, and water outages of the water system or a portion thereof as a result of emergency leak repairs. Settlement Exhibit 12 (OCA-II-13, 15).

## V. TERMS OF SETTLEMENT

The Joint Petition is a 20-page document signed by all the parties in this proceeding: CLPWC, I&E, OCA, OSBA, the Individual Consumers and Mr. Tolbert. Attached to the Joint Petition are Appendices A-K and Settlement Exhibits 1-19.

The essential terms of the Joint Petition for Settlement are set forth on pages 6-15 in Section III of the Settlement. These terms are stated below verbatim and, for ease of reference, retain the same numbers and headings as they appear in the Settlement.

### **III. SETTLEMENT TERMS**

25. In settlement of all issues in this base rate proceeding, the Joint Petitioners agree as follows:

**A. Settlement - Revenue Requirement**

26. Following entry of a Commission final order approving this Settlement, Conneaut shall file a compliance tariff supplement, effective as of the date of the filing, with new rates designed to produce \$75,000 in additional operating revenue over present rates upon completion of a set of agreed upon required improvements to the existing water system and distribution service. The rates in the tariff shall be as follows:

- a) Flat Rate - Residential      \$ 38.71 per month to be billed quarterly.
- b) Flat Rate - Commercial      \$240.00 per month to be billed quarterly.
- c) Metered - Commercial      \$38.71 per month to be billed quarterly. \$1.29 per hundred gallons to be billed quarterly.

The rates will be effective as of the date of filing the compliance tariff.<sup>[8]</sup>

26. As part of the terms of this Settlement, no rate increase will go into effect until:

- a) CLPWC submits a report to the Commission with copies to the Joint Petitioners certifying that it has completed the following requirements:
  - 1. The requirements of Paragraph 38;
  - 2. The requirements of Paragraphs 30 - 35, Section B, Customer Service, Items 1 through 6, provided that the required second post card mailing in Paragraph 32 does not need to be satisfied to file the compliance tariff under this Section;
  - 3. The requirements of Paragraphs 46 - 47, Section E, Customer Complaints; and
  - 4. The requirements of Paragraphs 48-50, Section F, Regulatory Compliance.

---

<sup>8</sup>

The OSBA does not oppose the rates agreed to by the parties.

- b) Any comments submitted under Paragraph 28 have been resolved.

28. Upon receipt of the report in Paragraph 27 above, the parties to this proceeding shall have thirty (30) days to submit written comments to the report. The Company shall have thirty (30) days to respond to any responsive comments. Any party filing written comments shall contact the Company at least five (5) days before filing comments to attempt to resolve the concerns of the commenting party. Failure to submit any comments shall constitute a waiver of any claims relating to the status of the Company's compliance with the requirements of Paragraph 26.

29. The Company agrees to not institute a rate proceeding for 22 months following the approval of the Settlement Agreement.

#### **B. Settlement - Customer Service**

30. Within 5 days of signing a Settlement Agreement, CLPWC shall create a phone number, for the water company only, that customers can call. CLPWC shall provide confirmation of the phone number to the parties within two (2) business days after creation of the number.

31. Within 5 days of signing a Settlement Agreement, CLPWC shall hire/designate someone (other than Todd Joseph [sole member of the LLC, CLP Water Park LLC, which is the sole member of CLPWC]) to be responsible for fielding calls from customers.

32. The Company shall include information on customers' bills that provides the number and email they can contact, or place(s) they can go to view documents. Additionally, the Company shall add a bill message indicating that all calls will be responded to within 24 hours, but if there is an emergency then call 330-437-6102. These changes will be implemented in the first bill issued following the entry of the Order.

33. CLPWC shall create a postcard/ mailing to mail to the customer's billing address with Company contact information that will be sent out within 5 days following the entry of the order and a second time three months after the first.

- a) Within 15 days of signing the Settlement Agreement, CLPWC shall work with the OCA on the messaging to be included on the postcard/ mailing; however, CLPWC will have the final say on the language.
- b) At a minimum, the postcard/ mailing should also inform customers that, if their water has a color/ odor, the customer can try running the water for fifteen minutes to a half hour to see if it clears out any built-up sediment (especially seasonal customers). This practice should only be done until customers are metered.
- c) The postcard will also have the following statement: "The Company agrees that water customers will not be restricted any area open to the public or paying patrons at non-utility businesses owned by Todd Joseph located in the service territory due to a water system dispute or complaint."

34. Within five (5) days of signing the Settlement Agreement, CLPWC shall, to the extent not previously mailed, provide all customers with CLPWC's most recent Consumer Confidence Report ("CCR") via mail. The CCRs will also be sent directly to each ratepayer every year in accordance with 25 Pa. Code § 109.416.

35. After the signing of the Settlement Agreement, CLPWC shall create a website or accessible virtual location for customers to view water company documents (i.e., tariffs, reports). In addition, CLPWC shall place the latest CCR on its Company website or Facebook Page.

36. CLPWC shall commit to holding one (1) meeting with customers each year during the summer season, starting in 2024. CLPWC's certified operator shall be present at the meeting. The meeting shall include discussion of the status of the water system any current/ planned improvement projects. CLPWC shall provide confirmation to the Commission and statutory advocates with when the meeting was held and shall include meeting minutes. CLPWC shall hold the meeting once a year during the summer months (June - August).

37. CLPWC agrees that water customers shall not be restricted from accessing any area open to the public or paying patrons at non-utility businesses owned by Todd Joseph located

in the service territory due to a water system dispute or complaint.

**C. Settlement - System Improvements**

38. Water Testing.

- a) No later than 15 days after the signing of the Settlement Agreement, CLPWC shall conduct one round of sampling and testing for arsenic, iron, and manganese at eight (8) prespecified locations, identified in the aerial photo of the area attached hereto as **Appendix E**. Within 30 days of the first round of sampling and testing, a second round of testing shall be performed at the same locations. If the results of the sampling from the second round of testing shows an exceedance of applicable drinking water quality standards in any location that did not have an exceedance in the first round, a third round of sampling shall be conducted at that location within 30 days.
- b) If iron and manganese are found at any point in the system above applicable drinking water quality standards for two consecutive sampling events, within 45 days of receipt of the last noncompliant sample result, CLPWC shall initiate an investigation to identify the source of the iron and/or manganese.
- c) In addition to the water testing requirements described above, CLPWC shall prepare a plan to address any iron and/or manganese found in the water system and subject to Pennsylvania Department of Environmental Protection ("PaDEP") approval, will begin implementing the plan.

39. If the Section 529<sup>[9]</sup> process described in Section G below is not completed within nine (9) months of the Petition under Section 529 being filed, unless an extension is agreed to by the parties, within sixty (60) days after that deadline, the Company shall hire a Professional Engineer with established expertise in water to conduct a feasibility analysis to evaluate the water treatment and distribution system and make a prioritized list of recommended improvements. Each recommendation shall be accompanied by a written estimate and

---

<sup>9</sup>

66 Pa.C.S. § 529.

an estimated time for completion. The Professional Engineer's report shall be completed within ten (10) months.

- a) Upon completion of the Engineer's report, it shall be submitted to the Commission and statutory advocates for their review and comment.
- b) Upon approval, the parties shall negotiate what projects need to be completed and the priority of those selected projects to be initiated and completed within the next five (5) to ten (10) years.
- c) No later than six (6) months after completing item (b) above, CLPWC shall put a plan in place, including an estimated time frame, of when/how it will perform all repairs and replacements recommended by the water engineering firm's inspection report.

40. No later than eight (8) months after entry of the Order, CLPWC shall identify the location of CLPWC's service line and shut off valve for each customer. If a customer fails to cooperate, the deadline for CLPWC shall be extended by three months, up to one time, for locating the service line and shut off valve of the non-cooperative customer.

41. Within thirty (30) days of the issuance of the Order, CLPWC shall obtain quotes to place fencing or other security around the water tank.

42. Upon execution of the Settlement Agreement, CLPWC shall read, record, and bill all commercial meters based on monthly usage; however, CLPWC is allowed to bill quarterly. Commercial and residential customers shall be billed on the same billing schedule. CLPWC shall provide notice to customers of a change in billing schedule from quarterly to monthly at least two billing cycles prior to implementing that change.

43. CLPWC shall adhere to its existing program for maintaining and exercising isolation valves and recording the exercising in its log.

44. CLPWC shall remain current on its electric bills on a going-forward basis.

**D. Settlement – Funding**

45. CLPWC shall apply for PennVEST funding and federal funding, in the form of grants or loans, prior to seeking outside non-affiliated private financing for all projects carried out pursuant to paragraphs 38 and 39 of the Settlement.

**E. Settlement - Customer Complaints**

46. No later than three (3) months after the entry of the Commission’s Order, CLPWC shall create and maintain a customer complaint log in accordance with 52 Pa. Code § 65.3 and will provide the log to the parties each quarter through 2025.

47. No later than three (3) months after the Commission’s Order, to comply with 52 Pa. Code § 65.3 for customer complaints, CLPWC shall provide a report to the Commission and statutory advocates outlining the customer complaint process in detail.

**F. Settlement - Regulatory Compliance**

48. No later than three (3) months after the entry of the Commission’s Order, the revenues, expenses, and property for CLPWC's water service shall be segregated from non-utility business. CLPWC shall establish and maintain a system of accounts in accordance with the Code and Regulations (66 Pa.C.S. § 1701, 52 Pa. Code § 65.16).

49. CLPWC shall ensure that its termination procedures are fully complaint with Chapter 56 of Commission Regulations, Subchapters E (relating to termination of service) and F (relating to disputes; termination disputes; informal and formal complaints), and the Public Utility Code. CLPWC shall preserve written or recorded disputes and complaints regarding service terminations and reconnections in accordance with 52 Pa. Code § 56.202 (relating to record maintenance).

50. CLPWC shall ensure that it does not bill its customers a greater or lesser rate for water service rendered than that specified in its Commission approved tariff. CLPWC shall not charge customer a tapping fee as it is not a tariff rate.

**G. Settlement - Section 529 Proceeding**

51. The Bureau of Investigation and Enforcement shall initiate a Section 529 proceeding of the Public Utility Code no later than three (3) months after entry of a Commission Order. I&E agrees that it will not seek any fines or penalties against CLPWC for any alleged violations of the Public Utility Code, or PUC rules and regulations, by CLPWC that occurred prior to the date of the Commission's approval of the Settlement Agreement. CLPWC reserves the right to challenge the acquisition and present evidence proving its ability to render adequate, efficient, safe, and reasonable service at just and reasonable rates.

**H. Settlement - Longer-Term Goals**

52. CLPWC shall continue its current plan in place to minimize lead contamination, which is the addition of sodium silicate to the distribution system, provided such plan is allowed by Pa DEP.

53. CLPWC shall continue to measure static and pumping water levels in the manner it currently does.

54. CLPWC shall continue to document instrument calibration.

**I. Settlement - Resident Metering**

55. No later than five (5) years from the date of the settlement, CLPWC shall install meters for all of its residential customers.

**J. Settlement - Miscellaneous**

56. It is understood and agreed among the Joint Petitioners that the Settlement is a black box settlement, the result of compromise and does not necessarily represent the position(s) that would be advanced by any party in this or any other proceeding, if it were fully litigated.

57. The settling parties acknowledge that the Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. The Settlement represents a carefully balanced compromise of the interests of all of the Joint Petitioners in this

proceeding. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

58. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. If the Commission modifies the Settlement, any Joint Petitioner may elect to withdraw from the Settlement and may proceed with litigation. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all Joint Petitioners within five (5) business days after the entry of the Commission's Order, and, in such event, the Settlement shall be of no force and effect. In the event that the Commission disapproves the Settlement or any Joint Petitioner elects to withdraw from the Settlement as provided above, each of the Joint Petitioners reserves their respective rights to fully litigate this case, including, but not limited to, presentation of witnesses, cross-examination, and legal argument through submission of Briefs, Exceptions and Replies to Exceptions. The Joint Petitioners acknowledge and agree that this Settlement, if approved by the Commission without modification, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

59. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

60. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

61. If the ALJs, in the Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to: (a) any modifications to the terms and conditions of this Settlement; or (b) any additional matters proposed by the ALJs in their Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

Joint Petition at 6-15.

## VI. DISCUSSION

### Applicable Legal Standard

The purpose of the Base Rate Case is to establish rates for CLPWC's customers which are "just and reasonable" pursuant to Section 1301 of the Public Utility Code, 66 Pa.C.S. § 1301.

A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pa. Gas and 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 and Improvement Co. v. Pub. Service Comm'n of W. Va.*, 262 U.S. 679 (1923); *Federal Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:

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 too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

*Bluefield*, 262 U.S. at 692-3.

In analyzing a proposed general rate increase, the Commission 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. Because of its administrative expertise, the Commission has wide discretion in determining the cost of capital. *Equitable Gas Co. v. Pa. Pub. Util. Comm'n*, 405 A.2d 1055 (Pa. Cmwlth. 1979).

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 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. Rate cases are expensive to litigate and the cost of such litigation at a reasonable level is an operating expense recovered in the rates approved by the Commission. This means that a settlement, which allows the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and reply exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yields significant expense savings for the company's customers. That is one reason why settlements are encouraged by long-standing Commission policy. *Pa. Pub. Util. Comm'n v. PECO Energy Co.*, Docket No. R-2018-3000164 (Opinion and Order entered Dec. 20, 2018).

In order to accept a settlement, the Commission must 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 and Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991).

This recommended decision is prepared for the Commission in accordance with Section 1308(d) of the Public Utility Code, which states in pertinent part,

Whenever there is filed with the commission by any public utility ... any tariff stating a new rate which constitutes a general rate increase, the commission shall promptly enter into an investigation and analysis of said tariff filing and may by order setting forth its reasons therefore, upon complaint or upon its own motion, upon reasonable notice, enter upon a hearing concerning the lawfulness of such rate, and the commission may, at any time by vote of a majority of members of the commission serving in accordance with law, permit such tariff to become effective, except that absent such order such tariff shall be suspended for a period not to exceed seven months from the time such rate would otherwise become effective. Before the expiration of such seven-month period, a majority of members of the commission serving in accordance with law, acting unanimously, shall make a final decision and order, setting forth its reasons therefore, granting or denying, in whole or in part, the general rate increase requested.

66 Pa.C.S. § 1308(d).

Section 315(a) of the Code articulates the burden of proof applicable in rate cases and places the burden of proof on the utility. It provides as follows:

### **§ 315. Burden of proof**

**(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 proceedings 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. The commission shall give to the hearing and decision of any such proceeding preference over all other proceedings and decide the same as speedily as possible.

66 Pa.C.S. § 315(a). Consequently, in this proceeding CLPWC has the burden of proving that the rate increase it has proposed through the Settlement is just and reasonable. The Joint Petitioners have reached an accord on the issues and claims that arose in this proceeding and submitted a Joint Petition for Settlement for Commission review. In reviewing the Settlement, the question which must be answered is whether the Settlement is in the public interest. The Joint Petitioners have the burden to prove that the Settlement is in the public interest.

CLPWC is a certificated Pennsylvania public utility providing water service to approximately 165 customers, including 162 residential customers and three commercial customers in portions of Sadsbury and Summit Townships in Crawford County, Pennsylvania.

#### Analysis

It is noted that none of the parties opposed the Settlement. The Joint Petitioners state that the Settlement was achieved after an extensive investigation of CLPWC filings, including informal and formal discovery, public input hearings, and exhaustive settlement negotiations. According to the Joint Petitioners, the Settlement represents a balanced compromise on all issues that recognizes the benefit to CLPWC's ratepayers of providing CLPWC with the opportunity to receive sufficient revenue to fund the provision of adequate, efficient, safe, and reasonable service. The Joint Petitioners support the Settlement as consistent with Commission policies promoting negotiated settlements and argue that its acceptance will avoid the necessity of further administrative and possibly appellate proceedings at substantial cost to the Joint Petitioners and CLPWC's customers. The individual parties that make up the Joint Petitioners offer further arguments of why the Settlement is in the public interest in statements of support attached to the Joint Petition. These reasons are provided in the analysis below.

A. Revenue Requirement (Settlement ¶¶ 26-29)

Under the terms of the Settlement, following entry of a Commission final order approving the Settlement, CLPWC shall file a compliance tariff supplement, with new rates designed to produce \$75,000 in additional operating revenue over present rates upon completion of a set of agreed upon required improvements to the existing water system and distribution service. Settlement ¶ 26.

The parties have also agreed to the following rate design:

|                         |   |
|-------------------------|---|
| Flat Rate - Residential | \$38.71 per month to be billed quarterly          |
| Flat Rate - Commercial  | \$240.00 per month to be billed quarterly         |
| Metered - Commercial    | \$38.71 per month to be billed quarterly          |
|                         | \$1.29 per hundred gallons to be billed quarterly |

Settlement ¶ 26. The rates will be effective as of the date of filing the compliance tariff. *Id.*

As part of the terms of this Settlement, no rate increase will go into effect until CLPWC submits a report to the Commission with copies to the Joint Petitioners certifying that CLPWC has completed the following requirements:

- a) The requirements of Paragraph 38 (water testing);
- b) The requirements of Paragraphs 30 - 35, Section B, Customer Service, Items 1 through 6, provided that the required second postcard mailing in Paragraph 32 does not need to be satisfied to file the compliance tariff under this Section (requiring a dedicated phone number; hiring/designation of non-CLPWC owner to field calls; inclusion of contact information on customer bill, mailing of postcard; provision of Consumer Confidence Reports; and creation of a website);
- c) The requirements of Paragraphs 46 - 47, Section E, Customer Complaints (requiring the creation and maintenance of a customer complaint log in accordance with

52 Pa. Code Section 65.3 and a report to the Commission outlining the customer complaint process); and

- d) The requirements of Paragraphs 48-50, Section F, Regulatory Compliance (requiring the segregation of non-utility business and the establishment of a CLPWC system of accounts in accordance with 66 Pa.C.S. § 1701, 52 Pa. Code § 65.16; requiring that CLPWC comply with termination and reconnection procedures in Chapter 56 of the Commission's regulations); requiring that CLPWC ensure that it does not bill its customers a greater or lesser rate for water service rendered than that specified in its Commission approved tariff).

Settlement ¶ 27.

As part of the Settlement, upon receipt of the above-referenced report, the parties have thirty days to submit written comments. Settlement ¶ 28. The Company has thirty days to respond to any such comments. *Id.* Any party filing written comments shall contact the Company at least five days before filing comments to attempt to resolve the concerns of the commenting party. *Id.* Failure to submit any comments shall constitute a waiver of any claims relating to the status of the Company's compliance with the requirements of Paragraph 27. *Id.* Moreover, no rate increase will go into effect until any comments submitted have been resolved. *Id.*

In its Statement in Support, CLPWC avers that a revenue increase of \$75,000 is in the public interest. According to CLPWC, the agreed-upon increase in operating revenues will produce a total revenue of approximately \$102,000. The Company argues for the reasonableness of the increase noting that its total annual expenses are approximately \$90,000 – without factoring in the repair costs that CLPWC will incur annually due to needed water line repairs, nor the losses sustained by CLPWC since taking over the bankrupt water system in 2021. CLPWC St. in Supp. at 5.

CLPWC acknowledges that these rates were agreed upon as a compromise between the parties due to the general lack of flow data that exists on the water system. *Id.* In

addition, CLPWC points out that the 22 month stay-out provision included in the Settlement will secure rate accord and security between the parties, while giving the Company time to plan and prioritize the improvements that will be needed for the water system. *Id.*

In its Statement in Support, OCA noted the lack of information provided by CLPWC to justify its rate increase request as filed. OCA St. in Supp. at 5. According to OCA, CLPWC was either unable to produce necessary information to satisfy its burden of proof, or provided information that was later determined to be inaccurate. OCA St. in Supp. at 6. While missing or incorrect information made reaching compromise difficult, OCA avers that it was able to exclude from consideration unsupportable expenses, costs, and capital requests, thereby reaching an agreement on an increase that is justified by the record and provides accountability through reporting before any increase is authorized. *Id.* Based on OCA's analysis of the Company's filings, OCA's site visit, CLPWC customer testimony, discussions in mediation, and discovery responses received, the rate increase proposed under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. OCA St. in Supp. at 7.

Furthermore, OCA points out that, in the interest of compromise, the parties agreed to consolidate the currently separate seasonal and yearlong customer rates. OCA St. in Supp. at 6. OCA argues that ending the distinction between seasonal and year-round customers not only simplifies rates but also has the potential of minimizing billing disputes that were reported by CLPWC customers. *Id.* (referencing Tr. 118- 119).

Regarding the stay out provision included in Paragraph 29 of the Settlement, OCA argues that it will provide some level of rate stability for CLPWC's customers. OCA St. in Supp. at 7. OCA views this specific settlement condition as serving the public interest because it ensures that CLPWC's customers will not be immediately faced with another general rate increase request from CLPWC at the conclusion of this proceeding. *Id.* In addition, OCA notes that the stay out provision will allow for the commencement of 66 Pa.C.S. § 529 proceedings by the Bureau of Investigation and Enforcement as outlined in Paragraph 51 of the Settlement. *Id.*

For its part, I&E notes that the parties to the Settlement have agreed upon the additional annual revenues as a “black box” settlement subject to a few specific provisions detailed within the Joint Petition. I&E St. in Supp. at 5. I&E explains that “black box” settlement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. *Id.* I&E argues that the “black box” revenue increase in the present case balances the interests of ratepayers and the Company. CLPWC will receive sufficient revenue to provide adequate, efficient, safe, and reasonable service while ratepayers are protected as the resulting increase minimizes the impact of the initial proposal. *Id.* According to I&E, the increase is appropriate and, when accompanied by other important provisions contained in the Settlement, yields a result that is both just and reasonable and in the public interest. *Id.*

OSBA supports both the incremental rate increase in annual water revenues and the stay out provision of the Settlement. OSBA St. in Supp. at 2. In particular, OSBA avers that, at a time when all types of utility service are becoming more expensive, and the effects of the COVID-19 pandemic are still being felt by customers, the significant reduction in the overall revenue increase provided by the Settlement will benefit all of CLPWC’s customers, including the Company’s small business customers. *Id.* OSBA supports the Settlement because it substantially reduces the Company’s originally proposed rate increase to mitigate the economic burden on ratepayers, while affording the Company sufficient revenue to proceed with planned infrastructure investments and testing necessary to provide safe, effective, and reliable water service. In addition, OSBA supports the Settlement’s stay-out provision which provides certainty and predictability, allowing small businesses to better budget and forecast their own financial needs during the stay-out period. *Id.*

Next, Individual Consumers note that, after actively engaging in extensive settlement discussions, they support the resulting settlement agreement because it addresses both the immediate and the long-term challenges of the Conneaut Lake water system. Individual Consumers St. in Supp. at 4. In particular, the Individual Consumers support the Settlement because it marks a substantial decrease from the original rate increases, which had raised considerable alarm among the Individual Consumers. *Id.* According to them, by reducing the

monthly rate from the proposed \$122.30 to \$38.71, the agreement eases the financial strain on both full-time and seasonal residents. Individual Consumers St. in Supp. at 5. They argue that the significant rate reduction reflects the system’s current state, its considerable customer service deficiencies, and the actual water usage within the community. *Id.*

Last, in his Statement in Support of the Settlement *pro se* Complainant, James S. Tolbert Jr., notes that while the Settlement is not perfect, it is a product of careful discussions, testimony, both written and oral, and requested documentation. Tolbert St. in Supp. at 1. Mr. Tolbert states that he believes the Settlement is in the best interest of the homeowners and customers of CLPWC. *Id.* In Mr. Tolbert’s view, the Settlement promises to bring substantial benefits to the homeowners, while addressing long-standing issues and providing a framework for future improvements. It represents a balanced approach that seeks to immediately meet the needs of the customers, while ensuring the sustainability and reliability of water service in the Conneaut Lake Park community. *Id.*

We agree with the Joint Petitioners that the provisions of the proposed Settlement concerning revenue requirements are in the public interest. As noted in previous cases before the Commission, CLPWC has a very long history of financial struggles, fiduciary mismanagement, poor record keeping and other managerial mismanagement. *See Joint Application of Trustees of Conneaut Lake Park, Inc. and Conneaut Lake Park Water Corporation, Inc.*, Docket Nos. A-2022-3031711 & A-2022-3031712, p. 21 (Recommended Decision issued on Feb. 15, 2023); *see also*, Supplement No. 1 to Tariff – Water Pa. P.U.C. No. 1, Docket No. R-2023-3041575, Statement of Reasons, p. 2. Additionally, the record contains many references to customer service issues,<sup>10</sup> water quality issues,<sup>11</sup> the poor state of the water system,<sup>12</sup> and Mr. Joseph’s

---

<sup>10</sup> See Tr. 97-98, 102-103, 113, 115, 129, 131, 135-137, 140, 143-144, 149, 164-167, 209-211, 217, 247-248, 272-274, 281.

<sup>11</sup> See Tr. at 72-73, 75, 77-79, 80-82, 88-91, 95, 101, 103, 105-106, 108, 110-111, 127-128, 140, 146, 149-151, 157-158, 161, 164-165, 209-211, 217, 221, 238, 240, 244-246, 251-254, 256-257, 260, 266, 271, 273, 280-283.

<sup>12</sup> See Tr. 77-79, 82-83, 88, 91-92, 107-108, 114, 123-126, 142, 149-150, 152, 154, 158-160, 162, 166, 266.

retaliatory communications with customers.<sup>13</sup> This Settlement reflects a compromise among the parties which significantly reduced the overall revenue increase while conditioning the Company's revenue increase on customer service and water system improvements and greater regulatory compliance. Consequently, we recommend that the Settlement provisions at Paragraphs 26 through 29 be adopted without modification by the Commission.

B. Customer Service (Settlement ¶¶ 30-37)

During the proceedings, a number of customer service concerns were raised by the parties opposing the initial rate increase request. In its Statement in Support, CLPWC states that the Settlement addresses those concerns and sets specific actions to be taken by CLPWC and within specified time frames. CLPWC acknowledges that many of these actions are required by the Commission's rules and regulations and contends that it is meeting these requirements. However, in an effort to address the perceptions of the customers, the Company has agreed to the provisions of Paragraphs 30 through 37 of the Settlement. CLPWC St. in Supp. at 6. CLPWC states that meeting these customer service requirements is in the public interest as they will improve the customer service associated with the water system. CLPWC St. in Supp. at 8.

In its Statement in Support, OCA notes the existence of significant tension between CLPWC's ownership and the customers it serves. OCA maintains that the terms included in Paragraphs 30 through 37 of the Settlement attempt to address the contentious relationships between CLPWC's ownership and its customers in a manner that will both positively impact customer service while simultaneously moving CLPWC towards compliance with the Public Utility Code and the Commission's regulations. OCA St. in Supp. at 7-8.

First, CLPWC currently does not have a dedicated phone number that customers can use to contact the utility. OCA points out that by establishing a dedicated phone number for CLPWC, the Settlement gives CLPWC's customers the ability to contact the Company regarding their vital utility service. Additionally, requiring CLPWC to include information on customers' bills that provides the number and email they can contact, or places they can go to view

---

<sup>13</sup> See Complaint of Individual Consumers at 7-8; *see also* Tr. 71-72, 74, 118-120, 168.

documents helps ensure that customers are aware of Company contact points. Moreover, OCA explains that adding a bill message with an emergency contact number and a promise that all calls will be responded to within 24 hours provides customers with additional assurance that emergency concerns will be dealt with in a responsive manner. OCA supports these settlement terms because they ensure that customers can contact CLPWC directly when they experience issues with their water or have billing questions. OCA St. in Supp. at 9.

Second, at the public input hearing, customers expressed their dissatisfaction with poor water quality and service and requested that CLPWC send out postcards to its customers. *See* Tr. 131. The terms of Paragraph 33 of the Settlement address those concerns by requiring CLPWC to create a postcard/ mailing with Company contact information to be sent to the customer's billing address within five days following the entry of the Final Commission Order in this matter, and a second postcard/ mailing three months after the first mailing. In addition, the postcard/ mailing should also inform customers that, if their water has a color/ odor, the customer can try running the water for fifteen minutes to a half hour to see if it clears out any built-up sediment (especially seasonal customers). The Settlement further notes that this practice should only be done until customers are metered. OCA argues that providing a postcard to CLPWC's customers with CLPWC's contact information, its new dedicated phone number, and other pertinent information is in the public interest. Additionally, OCA supports these settlement terms as they provide customers with a potential solution to sediment build-up in the water they receive from CLPWC. OCA St. in Supp. at 10. OCA adds that by requiring that this practice be done only until customers are metered, the Settlement helps mitigate potential concerns related to elevated bills due to high water usage that could occur once meters are installed. *Id.*

Moreover, at the public input hearings, a CLPWC customer testified that CLPWC did not mail a copy of the Consumer Confidence Report ("CCR") although the Company is required to send CCRs to their customers annually pursuant to 25 Pa.C.S. § 109.416. *See* Tr. 274. OCA supports the provisions of Paragraph 34 of the Settlement because they address this issue by requiring CLPWC to provide all customers with its most recent CCR via mail and to continue to do so each year in the future. Per OCA, this provision is in the public interest as it will bring CLPWC into compliance with the requirements of Title 25.

Third, CLPWC does not currently have a website where customers may access Company documents, forms, and information. OCA finds the lack of a publicly accessible website for CLPWC concerning given that the Company is a Commission-regulated public utility providing vital water service to its customers. OCA St. in Supp. at 11. Consequently, OCA supports the terms of Paragraph 35 of the Settlement, which mandate the creation of a website for CLPWC, as being in the public interest. *Id.* at 12.

Fourth, Paragraph 36 of the Settlement contains provisions requiring CLPWC to hold an annual meeting with customers to discuss the status of the water system and any current/planned improvement projects. OCA submits that these annual public meetings are in the public interest because they will provide a venue for customers to voice their concerns to CLPWC as well as an opportunity for them to address any continuing or new issues related to CLPWC's service. OCA St. in Supp. at 12.

Like OCA, I&E supports the terms incorporated in Paragraphs 30-37 of the Settlement as they are targeted to address issues presented in the testimonies of customers at the public input hearings and relate to the Company's service obligations to customers. Specifically, I&E maintains that these Settlement terms are in the public interest as they are designed to improve customer communications and provide more transparency by making important information more accessible to CLPWC's customers. I&E St. in Supp. at 7.

For their part, the Individual Consumers support the terms included in Paragraphs 30-37 of the Settlement because these measures aim to boost the overall service quality and responsiveness of the water utility, thereby fostering trust and satisfaction among residents. Individual Consumers St. in Supp. at 5. By way of examples, the Individual Consumers point to the terms of the Settlement which create reliable avenues for customer communications beyond a tiki bar phone line and require CLPWC to hold annual meetings where customers can receive updates and directly engage with company representatives, among other improvements.<sup>14</sup> In

---

<sup>14</sup> The current listed phone number for CLPWC is that of the utility owner's other business, the Tiki Bar. Individual Consumers St. in Supp. at 5.

their view, the Settlement mandates enhanced customer service standards and establishes a more consistent and equitable treatment framework for all customers. *Id.*

Lastly, the OSBA notes this is a unique case where the owner of the utility is also the owner of the businesses within the service territory. Nevertheless, the OSBA recognizes that several of the service-related commitments in the Settlement are beneficial for CLPWC's small business customers, patrons of the small businesses and customer relations in general. OSBA St. in Supp. at 2-3.

Upon review of the Settlement provisions in Paragraphs 30 through 37, we find that they are designed to improve customer communications through several mechanisms, including establishing a dedicated phone line for water system customers, ensuring the Company's contact information is provided on customer bills, and conducting an annual meeting for customers to meet with the Company's certified operator. Additionally, these Settlement terms provide more transparency by making Consumer Confidence Reports and other important information more accessible to CLPWC's customers by making them available to customers virtually. Because improved communications and greater transparency is in the public interest, we recommend that the Commission adopt these terms without modification.

C. System Improvements (Settlement ¶¶ 38-44)

Apart from customer services issues, the Settlement also addresses short-term water system improvements. In its Statement in Support, CLPWC indicates that the water leaving the treatment plant meets applicable standards but acknowledges that concerns exist about the impact of its water pipe system on water quality. CLPWC St. in Supp. at 9. By way of a solution, the parties negotiated a water testing protocol to evaluate the quality of the water once it is transported through the water system. *Id.* at 8. CLPWC agrees with these provisions as they will benefit the customers and give them assurances regarding the quality of the water that it transports through the water lines of the water system. *Id.* at 9.

In addition to the water quality concerns, CLPWC acknowledges that it is unable to identify the location of a substantial percentage of the systems water distribution lines, nor can it identify the location of a number of the customer shut off valves. *Id.* CLPWC blames the current situation on historic issues that existed prior to CLPWC taking over the utility, including multiple fires that destroyed historic water system records. *Id.* In the Settlement, CLPWC agrees to identify the location of CLPWC's service line and the shut off valve for each customer and commits to do so no later than eight months after entry of a Final Commission Order in this proceeding, with the possibility of a three-month extension if customers do not cooperate. *Id.*

Under the provisions of Paragraphs 38 through 44, the Company also agrees to continue the following: 1) its existing program for maintaining and exercising isolation valves and recording this exercising in its log; 2) its current plan in place to minimize lead contamination (provided that this plan is allowed by the Pennsylvania Department of Environmental Protection); 3) the measuring of static and pumping water levels; and 4) the documentation of instrument calibration. CLPWC St. in Supp. at 10. The Company submits that these terms are in the public interest as they are intended to assist CLPWC with the overall operation of the water system in accordance with applicable rules and regulations. *Id.*

In its Statement in Support, OCA identified three types of system improvement provisions in the Settlement: a) provisions concerning water testing; b) provisions concerning the engineer's report; and c) provision restoring baseline service adequacy.

*a. Water Testing (Settlement ¶ 38).*

During the public input hearings, numerous CLPWC customers testified that they did not drink the Company's water due to taste, smell, or fear of unsafe levels of arsenic or other harmful contaminants in the water.<sup>15</sup> In addition, OCA expressed concerns regarding the quality of the water in Conneaut Lake due to the myriad of unknown factors regarding the system, such as where service lines, laterals, and mains are located and what they are made of. OCA St. in Supp. at 12-13.

---

<sup>15</sup> Tr. 80, 90, 95, 102, 106, 110, 128, 150, 157, 164, 217, 245, 253, 266, 271, 281.

In its Statement in Support, OCA states that the provisions of Paragraph 38 of the Settlement address these concerns by requiring sampling and testing for arsenic, iron, and manganese, which in the OCA's engineer's estimation, are the likely culprits behind of the dark color and rusty odor of the water reported during the hearings. *See, e.g.*, Tr. 105-08. In addition, the Settlement provides for multiple rounds of testing, at varied locations, and incorporates steps that the Company will need to take in the event that iron or manganese water quality standards are exceeded. OCA supports these terms because they ensure the accuracy of the testing results and require the Company to investigate and correct the cause of the exceedance. OCA St. in Supp. at 13.

OCA acknowledges that the current state of CLPWC's system makes it impossible to ensure that a more concrete plan could be set in place through the Settlement terms at this time. OCA St. in Supp. at 14. In that regard, OCA submits that the plan to address iron, manganese, and arsenic contamination of CLPWC water contained in the Settlement represents a reasonable compromise between the Company's interests in cost containment and the Joint Petitioners' interests in improving the quality of the system's water, which is technically feasible at the time of the Settlement. *Id.*

*b) Engineer's Report (Settlement ¶ 39).*

In its Statement in Support, OCA notes that the Company has not made any strides towards making capital improvements since acquiring the system in 2021, despite its poor condition. OCA St. in Supp. at 16, referencing Settlement Exhibit 2 (indicating that the Company has only made several, wide ranging estimates regarding the cost of installing meters and other capital projects, but had no actual projections and did not include any capital improvements in its rate increase request). Therefore, OCA argues that the provisions of Paragraph 39 of the Settlement, which require the Company to develop a long-term capital improvement plan through the development of a qualified engineer's report, are in the public interest. OCA submits that, through the implementation of this plan, if the 66 Pa.C.S. § 529 (Section 529) proceeding is not resolved shortly after approval of the Settlement, CLPWC will

be better equipped to address ratepayer concerns regarding the Company's ability to provide safe, adequate, efficient, and reasonable service suitable for all household purposes than if no Settlement had been achieved. OCA St. in Supp. at 16.

In OCA's view, by developing a long-term plan to address the system's need for improvement, the Settlement represents a compromise between the OCA's interest in ensuring all necessary system upgrades be installed as quickly as possible with the Company's interest in acquiring capital through increased rates before undertaking improvement projects. Finally, permitting the statutory advocates to work with the Company during the implementation of a long-term capital improvement plan provides for continued cooperation between the parties, including continued representation of ratepayers by OCA.

c) *Restoring Baseline Service Adequacy (Settlement ¶¶ 40-44).*

OCA notes that currently, the Company's information regarding its own system is severely lacking. More specifically, CLPWC does not know where all customer service lines and laterals are, where all customers' curb stops or shut-off valves are, how many isolation valves are present in the system, nor does the Company have DEP permits related to its system from prior to 2021, when the Company acquired the system. Settlement Exhibit 6 (OCA-I-27 and 28; OCA-I-41; OCA-I-18). According to OCA, it is difficult to require the Company to make improvements to the system until the Company knows where its system is, what the system is made of, and where there are isolation and shut-off valves. OCA supports the terms of Paragraphs 40-44 of the Settlement as important preliminary steps to system improvement for CLPWC.

OCA supports the provisions of Paragraphs 40 and 43 because they provide the Company with a reasonable time frame during which it can identify such lines and valves, and because both the Company and any potential future owner will benefit from knowing the location of the water distribution system. Once the Company has identified the location of its isolation valves, under Paragraph 43, the Company will continue to exercise its isolation valves and log such exercising.

Further, OCA supports the provisions of Paragraph 41 because they address OCA's concerns regarding the adequacy of the fencing around CLPWC's water tank, and its compliance with the Commission's regulations regarding security for utility infrastructure. *See* 52 Pa. Code §§ 101.1–101.7. OCA argues that requiring the Company to obtain quotes for fencing or further security to be installed around the water tank enables the Company to pursue improvements to its security infrastructure around its water tank, especially if obtained in conjunction with the engineer's report described *supra*.

Next, OCA submits that the provisions of Paragraph 42 are in the public interest because they allow both commercial and residential customers to be billed in a quarterly basis and require CLPWC to monitor the metered usage of its commercial customers, and bill accordingly, which the Company is not currently doing. OCA St. in Supp. at 18-19. The former requirement satisfies a Company request while ensuring that commercial and residential customers receive the same protections. The latter will resolve a concern raised at the public input hearings that the Company's owner was providing free water service to commercial clients which are also Company affiliates. *Id.* at 19; *see also* Tr. 206-207.

Finally, OCA points out that the Company incurred substantial late payment charges on its electric bills during the twelve-month period ending September 2022. OCA St. Supp. 19. OCA agrees with terms of Paragraph 44 of the Settlement which require the Company to stay current on its electric bills as late penalties are not a prudent or reasonable inclusion in a purchased power expense. OCA St in Supp. at 19 (citing to *Nat'l Fuel Gas Distrib. Corp. v. Pa. Pub. Util. Comm'n*, 464 A.2d 546 (Pa. Cmwlth. 1983) (“[T]he utility may not receive retroactive rate relief on account of expense items which are greater than anticipated or of revenue items which are lesser.”)).

Ultimately, OCA maintains that it is in the public interest to ensure that CLPWC returns to what OCA calls “a baseline level of service adequacy.” OCA St. in Supp. at 20. In so doing, CLPWC will not only provide improved service to its customers but will also better prepare the system for a transfer of control under a Section 529 proceeding. *Id.* OCA submits

that, while the Commission could have made similar demands of the Company in the course of this proceeding, had it been fully litigated, these particular concerns were flagged and identified in the course of mediation and may not have come to the Commission's attention absent the Settlement. *Id.*

I&E supports the system improvement terms stated in Paragraphs 38 through 44 of the Settlement as they address issues presented in the testimony of customers at the public input hearings and raised during the course of the mediation sessions. I&E St. in Supp. at 9. Although the Settlement contemplates the initiation of a Section 529 proceeding, I&E argues that the terms in question are designed to ensure the Company is currently satisfying its obligations under 66 Pa.C.S. § 1501 to provide safe and reliable water service until an acquisition is approved. *Id.*

For its part, OSBA supports the agreed-upon terms in Paragraphs 38-44 of the Settlement because they require Conneaut to undertake a number of system improvements and to coordinate with the Pennsylvania Department of Environmental Protection (PaDEP) in any remediation plans for water service. According to OSBA, the collection and presentation of such information is in the public interest as it will assist the OSBA in representing small business customers of the Company in the next rate case.

Lastly, the Independent Consumers agree with the Company, OCA, I&E and OSBA in their support of the Settlement terms about system improvements. In particular, they support the mandatory water testing before CLPWC's rate increases are approved. In their opinion, this condition guarantees that the community receives safe and reliable water service, linking charges to tangible improvements in service quality. Independent Consumers St. in Supp. at 7.

As a certificated public water utility in the Commonwealth of Pennsylvania, CLPWC should have already been operating under the terms provided in Settlement Paragraphs 38 through 44. However, due to the state of the CLPWC system and records surrounding the system, and the length of time since the previous rate increase, that has not been the case.

Therefore, we find that it is in the public interest to ensure that CLPWC returns to a baseline level of service adequacy by identifying the location of its service lines and isolation valves, applying its isolation valve exercising plan to any newly identified isolation valves, having all ratepaying customers paying their tariffed rates, and paying its electric bills on time. We recommend that the Commission adopt these Settlement terms without modification.

D. Funding (Settlement ¶ 45)

As mentioned above, the Settlement contemplates the initiation of a Section 529 proceeding. However, to the extent the Company is the entity that will complete the long-term improvements, CLPWC agrees to apply for PennVEST funding and seek federal grants and loans prior to being permitted to seek outside non-affiliated private financing. Similarly, to complete residential metering, CLPWC must first apply for PennVEST funding and seek federal grants and loans prior to being permitted to seek outside non-affiliated private financing. CLPWC submits that the Settlement ensures that the long-term issues existing with the condition of the water system will be addressed, which is in the public interest. CLPWC St. in Supp at 11.

The OCA supports the provisions of Paragraph 45 of the Settlement which require the Company to attempt to secure PennVEST or federal loans or grants for capital improvements to its system prior to seeking private financing. OCA submits that due to the small number of customers of CLPWC, it is important to minimize the costs included in rate base, thereby reducing the rate impact of capital improvements on each ratepayer. OCA St. in Supp. at 20-21. While there are currently no accurate estimates of the amount of capital improvements needed in the system, OCA opines that the need to install meters, determine where the system is, and address water contaminants will likely incur substantial costs. *Id.* at 21. Therefore, the OCA maintains that this term is in the public interest, as subsidized funding will mitigate ratepayer impact for the extensive capital improvement projects. *Id.*

I&E also supports these terms as being in the public interest because they relate to the Company's existing service obligations as well as its obligations under the Settlement and therefore are in the public interest. I&E St. in Supp. at 9. I&E is joined in its support by OSBA,

which argues that the alternative funding sources described in the Settlement, if realized, will help to mitigate the future cost increases that would otherwise be recovered from all of the Company's water service customers. OSBA St. in Supp. at 3.

We agree with the Joint Petitioners that requiring CLPWC to apply for PennVEST funding as well as federal funding, in the form of grants or loans, prior to seeking outside non-affiliated private financing for its projects is in the public interest because it mitigates the economic burden on ratepayers while affording the Company sufficient funds to proceed with planned infrastructure improvements. Consequently, we recommend that the Commission adopt these Settlement provisions without modification.

E. Customer Complaints (Settlement ¶¶ 46-47).

In its Statement in Support, OCA notes that throughout the course of the proceedings, it became apparent that CLPWC does not currently maintain a customer complaint log that tracks when the Company receives a complaint or the nature of the complaint. In addition, at the public input hearings multiple customers testified that they had either attempted to contact CLPWC to no avail or received little to no follow-up in response to their concerns. OCA St. in Supp. at 21 (referencing Tr. 74, 76, 97-98, 137, 143-144). They testified that when they complained about their water service, they were threatened with termination of water service by CLWPC owner, Todd Joseph. OCA St. in Supp. at 21 (referencing Tr. 71).

Pursuant to the terms in the Settlement, no later than three months after the Commission's Final Order approving the Settlement, CLPWC shall create and maintain a customer complaint log in accordance with 52 Pa. Code § 65.3 and will provide the log to the parties each quarter through 2025. No later than three months after the Commission's Final Order approving the Settlement, CLPWC shall provide a report to the Commission and statutory advocates outlining the customer complaint process in detail.

OCA supports the provisions of Paragraphs 46 and 47 of the Settlement because they require CLPWC to comply with the Commission's regulations at 52 Pa. Code § 65.3

regarding the investigation of customer complaints and the record maintenance of same. OCA St. in Supp at 22. OCA argues that requiring CLPWC to issue a report to the Commission and the statutory advocates helps ensure that a customer complaint process that complies with the Commission's regulations is created and put into place as soon as practicable. Ultimately, OCA submits that bringing CLPWC into compliance with the Commission's regulations serves the public interest. *Id.*

I&E agrees with OCA that these Settlement provisions are in the public interest because they regulate the Company's service obligations to customers. I&E St. in Supp. at 10. In particular, I&E supports the provision requiring the Company to maintain a customer complaint log and provide it to the parties quarterly because it allows I&E and other parties to monitor those issues beyond the conclusion of this rate proceeding. *Id.*

We find the provisions of Paragraphs 46 and 47 of the Settlement to be in the public interest because they require CLPWC to comply with the Commission's regulations at 52 Pa. Code § 65.3 regarding the investigation of customer complaints and the record maintenance of same. As a result, we recommend that the Commission adopt these Settlement terms.

F. Regulatory Compliance (Settlement ¶¶ 48-50)

Similar to Paragraphs 40 through 44, Settlement Paragraphs 48 through 50 provide a level of accountability to ensure that the Company is committing to complying with the Public Utility Code and the Commission's regulations.

During these proceedings, it became apparent that CLPWC's customers were concerned that the owner of the Company is recording expenses for the Company's affiliates in the Company's books. Tr. 207-208; *see also* Settlement Exhibit 9 (CLPWC claimed repairs to affiliated entities' property for inclusion in CLPWC rate base). Certificated public utilities are required by the Commission to maintain separate books and records from affiliated entities. 66 Pa.C.S. § 1701; 52 Pa. Code § 65.16. Under the terms of the Settlement, the Company's customers can be assured that the Company has committed to maintaining separate books and

records from its affiliated entities to prevent future claims of ratepayer recovery of expenses for the Company's affiliates. Settlement ¶ 48.

Further, the Company indicated that it may terminate customers on Fridays, which would be in violation of the Public Utility Code. 66 Pa.C.S. § 1503(a)(1). Indeed, when CLPWC was asked whether the Company would discontinue service or otherwise interrupt water service upon three days' notice if the date of the discontinuance occurs on a Friday, Saturday, Sunday, on a holiday, or the day prior to a holiday, CLPWC stated that "[i]t does not have a policy preventing discontinuance of service on a Friday provided proper notice has been provided." Settlement Exhibit 6.

Additionally, during public input hearings, four customers mentioned that they had to pay a tap-in fee to connect to the CLPWC system following the change in ownership in 2021, which is not permitted under the Public Utility Code, as the Company's tariff does not provide for tap-in fees. Tr. 237, 257, 262, 280; 66 Pa.C.S. § 1303.

The Settlement provides that the Company will not terminate customers on Fridays and will cease charging tap-in fees. Settlement ¶¶ 49, 50. Additionally, the Company accepted the OCA's suggestions to modify its tariff to only terminate customers for failure to pay an undisputed, delinquent account, complete payment of a deposit, or comply with the material terms of a payment arrangement, as required by 66 Pa.C.S. § 1406(a) and 52 Pa. Code § 56.81, as well as explicitly stating in its tariff that security deposits would not be required from confirmed low-income customers, as required by 66 Pa.C.S. § 1404(a)(1).

In its Statement in Support, CLPWC agrees that meeting these customer service requirements are in the public interest as they will improve customer service associated with the water system. CLPWC St. in Supp. at 8.

For its part, OCA acknowledges that no Settlement is necessary to enforce the Public Utility Code and Commission regulations. OCA St. in Supp. at 22. However, OCA explains that the Settlement presented the Joint Petitioners with an opportunity to review the

Company's practices and find an amicable, binding solution to areas where the Company was not aware it could fall out of compliance with the Public Utility Code and Commission's regulations. *Id.* OCA submits that as a result of this work, the Settlement provisions at Paragraphs 48 through 50 assist the Company in providing adequate service in areas where it may not have been aware it was at risk of violating the mandates of the Public Utility Code and Commission's regulations. OCA St. in Supp. at 23.

Like OCA, I&E too supports these terms because they will bring the Company into greater compliance with the Public Utility Code and Commission regulations, which is invariably in the public interest. I&E St. in Supp. at 10.

We find that, by adjusting its tariff and practices, the Company will be brought into greater compliance with the Public Utility Code and Commission regulations under the terms of the Settlement. Therefore, we recommend that the Commission adopt the terms of Paragraphs 48 through 50 of the Settlement for being in the public interest. Additionally, we recommend that CLPWC be directed to file monthly verified statements, beginning 20 days after the entry of the final Order in this proceeding, confirming that it is charging its customers, both residential and commercial, in accordance with its Commission-approved tariff rates.

G. 66 Pa.C.S. § 529 Proceedings (Settlement ¶ 51)

Pursuant to the terms of the Settlement, I&E shall initiate a Section 529 proceeding no later than three months after entry of a Final Commission Order. Settlement ¶ 51. CLPWC reserves the right to challenge the acquisition and present evidence proving its ability to render adequate, efficient, safe, and reasonable service at just and reasonable rates. *Id.* Additionally, I&E agrees that it will not seek any fines or penalties against CLPWC for any alleged violations of the Public Utility Code or Commission regulations by the Company that occurred prior to the date of the Commission's approval of the Settlement. *Id.*

For its part, CLPWC views the benefits related to the Section 529 proceedings within the context of long-term system-wide improvements that need to be performed by

CLPWC or a purchasing company whose business is the operation of a water utility. CLPWC St. in Supp. at 10.

OCA argues that instituting a Section 529 proceeding in this instance is necessary to ensure that CLPWC's customers receive quality water service in accordance with Commission regulations. OCA St. in Supp. at 24. In support of its position, OCA points out that CLPWC's customers are being threatened with service termination by the Company's owner, CLPWC is not in compliance with Title 66 of the Code, and customers are experiencing widespread water quality issues. *Id.* Per OCA, CLPWC is a small water utility that cannot reasonably be expected to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in the future. Drawing this argument to its reasonable conclusion, OCA maintains that initiating a Section 529 proceeding for CLPWC is in the public interest. *Id.*

Similarly, I&E submits that, following extensive review of the Company's instant filing and discovery responses, as well as prior filings with the Commission, and following a site visit, two public input hearings, seven mediation sessions, and numerous settlement discussions, it believes that it is in the public interest for the Commission to open an investigation pursuant to Section 529 of the Public Utility Code into whether the Commission should order a capable public utility to acquire Conneaut Lake Park Water Corporation, Inc. I&E St. in Supp. at 11. As a result, I&E has committed to initiating such a proceeding no later than three months after the Commission Order is entered. *Id.*

The Individual Consumers also support the initiation of Section 529 proceeding for CLPWC. They view the Section 529 proceeding as a critical component of the Settlement that will lead to the sale of the water company to a more capable and reliable operator. Individual Consumers St. in Supp at 7. In addition, they anticipate the proceeding to enhance management and operational efficiencies of the Company, ensuring the long-term sustainability of water services for the customers of CLPWC. *Id.*

Upon review, we find that CLPWC is a troubled system and that Section 529 of the Public Utility Code (66 Pa.C.S. § 529) should be instituted due to quality of service and

compliance issues. Based on concerns raised at the public input hearings and in the parties' Statements in Support, we conclude that it is in the public interest to investigate, through a Section 529 proceeding, whether a more capable public utility with greater access to capital and a larger customer base should own and operate the water system. We anticipate that this process will bring in more competent management, which will facilitate necessary repairs and restore community trust in the water utility. We note all parties agreed that it is in the public interest to initiate a Section 529 proceedings for CLPWC. Therefore, we recommend that the Commission approve these Settlement terms without modification.

H. Long-Term Goals (Settlement ¶¶ 52-54)

Pursuant to the terms of the Settlement at Paragraphs 52 through 54, CLPWC shall continue its current plan in place to minimize lead contamination, which is the addition of sodium silicate to the distribution system, provided such plan is allowed by DEP. CLPWC shall also continue to measure static and pumping water levels in the manner it currently does and shall continue to document instrument calibration.

CLPWC agrees that these terms serve the public interest because they ensure that the long-term issues existing in its water system will be properly addressed. CLPWC St. in Supp at 11.

OCA supports these provisions because they further the goals of Paragraphs 38 through 44 of the Settlement seeking to ensure that the Company is able to maintain a baseline level of service adequacy. OCA St in Supp. at 25. OCA acknowledges that lead contamination of the water in CLPWC's system is a serious concern. *Id.* However, OCA opines that, by ensuring that the Company utilizes a DEP-approved plan to minimize the possibility of lead contamination, the Company ensures not only that its current addition of sodium silicate to the water supply as a corrosion inhibitor is DEP-approved, but also that the Company will continue to treat its water to reduce corrosion and the possibility of lead contamination. *Id.*

In its Statement in Support, OCA notes that measuring static and pumping water levels and documenting instrument calibration are standard operating procedures necessary to ensure that the water system is adequately operated over time. *Id.* OCA was concerned that the Company had not consistently done so previously. OCA supports the provisions of Paragraphs 53 and 54 of the Settlement which address its concerns by memorializing CLPWC's continuing commitment to follow these standard operating procedures in the future. *Id.* These assurances are in the public interest, as they represent the Company's commitment to providing adequate service which may not have been specifically secured absent a settlement in this proceeding. OCA St in Supp. at 26.

Similarly, I&E supports these terms as being in the public interest because they further the Company's commitment to provide safe and reliable water service. I&E St. in Supp at 10.

We find the assurances contained in Paragraphs 52 through 54 of the Settlement document the Company's ongoing commitment to maintain a standard of adequate service with regard to lead contamination, measuring static and pumping water levels, and documenting instrument calibration. Maintaining baseline adequacy of the Company's treatment and distribution system were critical concerns raised during this proceeding by both the Joint Petitioners and the Company's customers. We find that the provisions of Paragraphs 52 through 54 address those concerns, and therefore recommend that the Commission approve them without modifications.

#### I. Residential Metering

Commission regulations require public utilities to provide metered service. 52 Pa. Code § 65.7(a). Along with CLPWC's request for a general rate increase, on August 31, 2023, the Company filed a Petition seeking approval to be exempt from this metering requirement because it (1) serves primarily residential/recreational customers; (2) has an extraordinarily abundant source of water supply; (3) would be economically unfeasible; and (4) has physical impracticability problems. *Petition of Conneaut Lake Park Water Corporation, Inc. for Approval of a Metering*

*Exception*, Docket No. P-2023-3042648. OCA filed an Answer opposing the requested metering exemption and many CLPWC customers spoke in favor of obtaining metered service.

In its Statement in Support, OCA notes that the Commission has adopted the following criteria to evaluate whether to waive its metering requirements:

1. Companies serving primarily residential/ recreational customers. This category encompasses companies with 50% or more seasonal customers. However, the Company even if exempted from metering residential customers, would still be required to meter commercial and industrial users;
2. Companies with an extraordinarily abundant source of water supply;
3. Companies whose cost of compliance is demonstrably economically unfeasible; and
4. Companies with physical impracticability problems

*Petition of Finch Hill Water Company for exemption of metering requirements, pursuant to 52 Pa. Code § 65.7, 2011 Pa.P.U.C. LEXIS 1990, \*2 (2011)*. OCA maintains that CLPWC has not established that it has met the necessary criteria to be granted a waiver of the Commission's metering requirements.

In particular, OCA questions the “primarily residential” nature of CLPWC's system as the Company serves water to a campground and a hotel (both of which are owned by the same owner of CLPWC). OCA St. in Supp at 27. Next, OCA casts doubt on CLPWC's assertion of possessing an extraordinarily abundant source of water supply because the Company provided no information as to how much it is billing for water compared to how much water the Company is producing for their customers. *Id.* Moreover, OCA expresses strong reservations regarding the Company's claim that its cost of compliance is demonstrably economically unfeasible. OCA first notes that “cost alone has never been a sufficient excuse for failure to comply with metering regulations.” OCA St. in Supp. at 28 (citing *Pa. Pub. Util. Comm'n v. City of Bethlehem – Bureau of Water*, 2009 Pa. PUC LEXIS 2092, \*13). Second, OCA points out

that the estimated range of the costs to meter that was provided by the Company appears speculative and wide ranging, going from \$500 to “possibly approximately \$1,500 - \$2,500+ per meter installation.” OCA St. in Supp. at 28 (citing Joint Petition at ¶ 15). Lastly, OCA rejects the Company’s claim of physical impracticability problems by arguing that the fact that CLPWC currently lacks sufficient information about its water system is not a reasonable basis upon which to grant an exemption from the Commission’s metering requirements. In addition, OCA challenges CLWPC’s claim that there are a number of properties that cannot have a meter installed due to having a small crawl space following a site visit where no physical impracticality was detected to installing meters for residential customers. Finally, OCA points out that CLWPC’s Petition fails to indicate whether the Company has explored other options for meter placement, such as a meter pit. OCA St. in Supp. at 29.

Under the terms of the Settlement, no later than five years from the date of the Final Commission Order approving the Settlement, CLPWC shall install meters for all of its residential customers. Settlement ¶ 55. OCA submits that this Settlement provision is a result of compromise and allows CLPWC an extended period of time of five years to meet the Commissions’ regulatory requirements. OCA St. in Supp at 29. According to OCA, having an explicit commitment that CLPWC will install meters for all of its residential customers is a step towards ensuring that CLPWC’s customers are confident that they are paying for the water that they are using and are not being unnecessarily overcharged. *Id.*

Like OCA, I&E supports this provision because residential metering will bring the Company into greater compliance with Commission regulations. However, given the cost of installing meters and the potential acquisition of the system by a capable public utility through the Section 529 process, I&E submits that the five-year compliance period contained in the Settlement is in the public interest. I&E St. in Supp. at 12.

The Individual Consumers join OCA and I&E in supporting the provisions of Paragraph 55 of the Settlement. In fact, they see the Company’s commitment to install water meters throughout the community within the next five years as a critical element of this agreement. Individual Consumers St. in Supp. at 5. In their view, the introduction of meters

addresses a major community grievance by linking rates directly to water consumption. As a result, the Individual Consumers believe that this initiative will shift the billing system from one perceived as arbitrary to one based on actual water usage, promoting fairness and transparency. *Id.*

We find CLPWC's commitment to installing water meters and enhancing customer service practices demonstrates a proactive effort to change previous practices. The installation of water meters is designed to prevent future violations and encourage better utility practices. This measure is in the public interest as it will ensure greater billing fairness and transparency, as charges will be directly linked to actual water usage, eliminating arbitrary billing practices and promoting equitable treatment of all consumers. Therefore, we recommend that the Commission approve it without modification.

## VII. RECOMMENDATION

In reviewing this Settlement, it is important to note that the Settlement is a "black box" settlement, which memorializes a series of compromises agreed to by the Joint Petitioners and which does not necessarily represent the positions that would be advanced by any party if the matter were fully litigated. *See* Settlement ¶ 56. This Settlement was achieved by the Joint Petitioners after an extensive investigation of CLPWC's filings, including informal and formal discovery, public input hearings, and exhaustive settlement negotiations. The Joint Petitioners in this proceeding held substantially different views on many issues in this proceeding, including rate design principles; nevertheless, they were able to reach a balanced compromise on all issues which benefit CLPWC's ratepayers while simultaneously providing CLPWC with the opportunity to receive sufficient revenue to fund the provision of adequate, efficient, safe, and reasonable service.

It is also noteworthy, not only that the Settlement is unopposed, but also that all the statutory advocates have filed statements in support of it. In particular, despite having discovered and being aware of CLPWC's history of financial struggles, fiduciary mismanagement, poor record keeping and other managerial mismanagement, the Commission's

prosecutory bureau for purposes of, *inter alia*, representing the public interest in ratemaking matters before the Office of Administrative Law Judge, I&E, has agreed not to “seek any fines or penalties against CLPWC for any alleged violations of the Public Utility Code, or PUC rules and regulations, by CLPWC that occurred prior to the date of the Commission’s approval of the Settlement Agreement.” Settlement ¶ 51.

The Joint Petitioners’ support for the Settlement is grounded in the two purposes served by the Settlement. First, the Settlement provides the Company with sufficient revenue to provide adequate, efficient, safe, and reasonable service while addressing immediate improvements to customer service, regulatory compliance, and the water system. Second, it establishes long-term improvement goals while simultaneously pursuing acquisition of the Company by a capable public utility through a Section 529 proceeding.

With regard to the first purpose, the Settlement allows CLPWC to file a compliance tariff with new tariff rates designed to provide an overall base rate revenue increase of \$75,000, instead of the Company’s requested \$257,797 increase, effective the date of the filing of the compliance tariff. Under its terms, all residential customers pay the same flat rate of \$38.71 per month until meters are installed. For year-round customers, instead of experiencing an approximate 750% increase in rates, under the Settlement, year-round customer rates will be increased by 168.9%. For seasonal customers, instead of experiencing an approximate 1,600% increase, under the Settlement, seasonal customer rates will be increased by 437.6%. The second purpose is realized through an acknowledgement by all the parties that CLPWC’s water system is in need of large-scale maintenance and repairs and that CLPWC does not have the capital to invest nor the customer base to shoulder the costs of these improvements.

In addition, the Settlement is consistent with Commission policies promoting negotiated settlements. The Parties participated in seven mediation sessions, each lasting several hours. Their effort resulted in reasonably negotiated compromises on the issues addressed. Thus, the Settlement is consistent with the Commission’s rules and practices encouraging settlements, 52 Pa. Code §§ 5.231, 69.391, 69.401-69.406, and is supported by record evidence.

With the approval of the Settlement, the parties and the Commission avoid the time, expense and uncertainty that would occur if the parties were required to fully litigate the issues in this proceeding. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which benefits the parties' discrete interests.

For these reasons and the reasons addressed in more detail above, we find that this Settlement is in the public interest and recommend its adoption with the sole modification which requires CLPWC to file monthly verified statements, beginning 20 days after the entry of the final Order in this proceeding, confirming that it is charging its customers in accordance with its Commission-approved rates. Consequently, we recommend that the Commission's investigations at Docket No. R-2023-3041575 be marked closed once the Joint Petition is approved and the appropriate documents have been filed in compliance with Commission regulations. We also recommend that CLPWC's Petition for Approval of Metering Exception at Docket No. P-2023-3042648, along with the Formal Complaints filed by the Office of Consumer Advocate at Docket No. C-2023-3043091; the Office of Small Business Advocate at Docket No. C-2023-3043163; George Malloy at Docket No. C-2023-3043026; Sharon Arneson at Docket No. C-2023-3043397; Douglas Smith at Docket No. C-2023-3043659; Rhonda Jaquay, et al. at Docket No. C-2023-3043552; and James S. Tolbert, Jr. at Docket No. C-2023-3043979 be terminated and marked closed.

## VIII. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the Parties to this proceeding. 66 Pa.C.S. §§ 501, 1308(d).

2. To determine whether a settlement should be approved, the Commission must decide whether the settlement promotes the public interest. *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 60 Pa.P.U.C. 1 (1985).

3. CLPWC's proposed base rate increase, and tariff, as modified by the terms of the Settlement and this Recommended Decision comply with the requirements of the Pennsylvania Public Utility Code. 66 Pa.C.S. §§ 1301, 1308(d); 315(a).

4. Approval of the Settlement, as modified, is in the public interest. *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 60 Pa.P.U.C. 1 (1985).

## IX. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement filed on May 17, 2024, by Conneaut Lake Park Water Corporation, Inc., the Office of Consumer Advocate, the Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Individual Consumers and James S. Tolbert, Jr. be granted, and the Settlement be adopted as modified by this Recommended Decision.

2. That Conneaut Lake Park Water Corporation, Inc., be authorized to file tariffs, tariff supplements or tariff revisions containing rates, rules, and regulations, consistent with the rates, rules and regulations set forth in the tariff supplement included in Appendix C of the Joint Petition for Settlement, to produce a total base rate revenue increase of \$75,000 and total revenue of \$102,757.

3. That, upon entry of a Final Commission Order in this proceeding, Conneaut Lake Park Water Corporation, Inc. shall be permitted to submit a compliance filing implementing the rate and tariff changes agreed to in this Settlement and consistent with the findings herein, to become effective upon at least one day's notice after: 1) entry of the

Commission's Final Order approving the Settlement; 2) submittal of a report to the Commission with copies to the Joint Petitioners certifying that the Conneaut Lake Park Water Corporation, Inc. has completed the requirements stated in Paragraphs 27, 30-35, 38, 46-47 and 48-50 of the Settlement for services rendered on or after November 8, 2024; and 3) the Commission deems Conneaut Lake Park Water Corporation, Inc.'s report to be complete and any comments submitted under the Settlement's Paragraph 28 to be resolved.

4. That the Complaint of the Office of Small Business Advocate at Docket No. C-2023-3043163 be deemed satisfied and marked closed.

5. That the Complaint of the Office of Consumer Advocate at Docket No. C-2023-3043091 be deemed satisfied and marked closed.

6. That the Complaint of George Malloy at Docket No. C-2023-3043026 be deemed satisfied and marked closed.

7. That the Complaint of Sharon Arneson at Docket No. C-2023-3043397 be deemed satisfied and marked closed.

8. That the Complaint of Rhonda Jaquay, et al. at Docket No. C-2023-3043552 be deemed satisfied and marked closed.

9. That the Complaint of James S. Tolbert, Jr. at Docket No. C-2023-3043979 be deemed satisfied and marked closed.

10. That the Complaint of Douglas Smith at Docket No. C-2023-3043659 be deemed satisfied and marked as closed.

11. That the Petition of Conneaut Lake Park Water Corporation, Inc. at Docket No. P-2023-3042648 be marked closed.

12. That upon acceptance and approval by the Commission of the tariffs and allocation of proposed Settlement rate increase filed by Conneaut Lake Park Water Corporation, Inc. consistent with this Order, the Commission's investigation at Docket No. R-2023-3041575 shall be terminated, and these dockets shall be marked closed.

Date: July 1, 2024

\_\_\_\_\_/s/\_\_\_\_\_  
\_\_\_\_\_

Eranda Vero  
Administrative Law Judge

\_\_\_\_\_/s/\_\_\_\_\_  
\_\_\_\_\_

Arlene Ashton  
Administrative Law Judge

## ATTACHMENT 1<sup>16</sup>

At the public hearing, four consumers testified about the difficulty of contacting someone from the CLPWC regarding service concerns. Ed Greiser testified that there was no way to get in touch with the Company and that the Company's phone line was the same as the Tiki Bar (also owned by Todd Joseph). *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, pp. 113, 115-116.

Several consumers reported water quality issues during their testimony at the in person and telephonic hearings. Five customers expressed concern about the odor of the water. Five customers testified that their water had color, and four testified that they refused to drink the water. Four complained of low water pressure.

More specifically, customers Heather Shean, Constance Koch, David Arrigo, Tracey Eiler, Lydia Batcha, Gary Meinen, Doug Stanton, and Alexander Hilliard all testified that the watercolor was orange, rust-color, or black. *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, pp. 75, 78, 80-81, 89, 91, 106, 108, 127-128, 146, 149; *See* Public Hearing 6:00 p.m. Transcript dated Dec. 7, 2023, p. 266. One customer stated that he noticed it had gotten better since the water park was removed from the area, but that turning the water on in the spring seems to be a reason why the water would turn yellow, would smell, or lose pressure. Tr. 266.

Four customers complained of historical issues regarding the Water System that occurred prior to Mr. Joseph taking over the System.

Ten of the customers who spoke felt that the proposed rate increases were too high. Twenty-One were strongly in favor of metering the Water System. Doug Smith testified that it was an "extreme amount all at once." *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, p. 70. Other customers, like Robert Eiler, stated that in light of the fact they cannot drink the water they cannot be expected to pay \$120 per month. Customer, Paul Hohman,

---

<sup>16</sup> Joint Petition, Appendix A, ¶¶ 58-74.

testified that a 1000% rate increase is a little bit usury, among many other customers who offered similar testimony. *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, pp. 74, 85, 105, 132-133. *See* Public Hearing 6:00 p.m. Transcript dated Dec. 7, 2023, pp. 216, 238, 251, 259, 271-272, 276-277.

Regarding water meters, customer Gary Meinen testified that he has long been miscategorized as a full-time resident even though he was seasonal and that water meters would be the only equitable way to ensure customers are charged what they actually use. Many other customers offered similar testimony. *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, pp. 71, 79, 85, 90, 101-102, 105, 111, 119, 126-127, 132, 134, 141-142, 159, 164; *See* Public Hearing 6:00 p.m. Transcript dated Dec. 7, 2023, pp. 206, 230, 234, 238, 259, 271-272, 276.

Four customers questioned Mr. Joseph's fitness to be the owner and his behavior towards them. More specifically, customer Heather Shean testified that Todd Joseph, the CLPWC owner, threatened to not provide her water and testified that he retaliated against her for her involvement in this rate dispute by canceling a dock lease. *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, pp. 71-74; *see also* Complaint in Opposition dated Oct. 13, 2023, ¶¶9-12, filed at R-2023-3041575; *see also* LETTER/COMMUNICATIONS WITH MEMBERS - CONNEAUT LAKE PARK WATER CORP, dated Dec. 6, 2023, filed at R-2023-3041575.

Customer Tammy Claypoole testified to Mr. Joseph's harassing conduct toward her in response to filing complaints associated with her water. *See* Public Hearing 1:00 p.m. Transcript dated Dec. 7, 2023, pp. 118-120; *see also* LETTER/COMMUNICATIONS WITH MEMBERS - CONNEAUT LAKE PARK WATER CORP, dated Dec. 6, 2023, filed at R-2023-3041575.

Four customers reported adding their own water treatment in their home.

Four customers stated they did not receive an annual CCR report. Five recalled having received one within the last year. Two customers raised concerns that CLPWC's

successive owner, Mr. Joseph, was not charging CLPWC's affiliated companies that are also commercial customers, the Hotel Conneaut and Camperland, their monthly water rates, and that Mr. Joseph may not be adequately separating the books and records of CLPWC from its affiliates. Tr. 151, 206-208.