

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility Commission
Office of Consumer Advocate
Office of Small Business Advocate**

**Public Meeting of August 1, 2024
Agenda No. 3043189-OSA
Docket No. R-2023-3042804, *et al.***

v.

Community Utilities of Pennsylvania

STATEMENT OF CHAIRMAN STEPHEN M. DeFRANK

Before the Commission is the Recommended Decision approving the Joint Settlement in the general rate increase proceedings filed by Community Utilities of Pennsylvania (CUPA or Company). CUPA proposed base rate changes that would increase its total operating revenues by \$3.2 million, or 56.2 percent, between its water and wastewater operations.

I appreciate the diligent work of our ALJs and thank the customers of Community Utilities who participated in these proceedings and attended our public input hearings. I also applaud the statutory parties—the Commission’s Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate—for arriving at a Joint Settlement that was ultimately deemed in the public interest. Having said that, I must note that I have some reservations that gave me pause about the recommendation in front of us today.

To begin, there are a lot of positive elements in this settlement. The final rate increase is lower than the Company’s initial request—a combined increase of just under \$2.7 million, or 46.8 percent.. Community Utilities agreed to raise the eligibility threshold for its Low-Income Assistance Program and make changes to its treatment of arrearages. It agreed to stop charging customers who are just trying to pay their bills by phasing out a \$2.25 service fee on customers paying by credit and debit card. It agreed to evaluate options to improve service pressure and quality. Those are all positive steps, and the parties that negotiated the settlement are to be commended for making them.

However, a number of customers raised serious service concerns that I believe warrant mentioning. By far the most disconcerting fact brought to light is the lack of fire protection in much of CUPA’s system. Several hydrants in the Westgate and Penn Estates areas are inadequate for fire suppression, which is alarming. Meanwhile, the Tamiment community has no fire hydrants capable of meeting state standards of 500 to 1,000 gallons per minute.

I’m somewhat reassured by the Company’s plans to address some of these pressure issues in Westgate and Penn Estates and its agreement to develop a hydraulic model to evaluate fire suppression in Tamiment. But I remain concerned. I would urge the Company, in the strongest terms, to take action on this issue as expeditiously as possible. While I obviously can’t speak to

future proceedings, I can say that I would be very displeased if the Company files another rate case in two years and this serious public safety issue remains unaddressed.

At public input hearings, we received several complaints of poor water quality. Our ALJs heard testimony about damaged appliances, water that tasted or smelled metallic, and high sediment content. Tamiment resident John Oakes, when discussing his concerns about water quality, said, "I don't even give it to my dog." Cindy Toscano, also of Tamiment, said, "I don't separate my white clothes anymore when I do laundry. You know why? They're turning yellowish red."

While the Company maintains that water across its system is compliant with relevant safety standards and the record in this case showed no serious problems, these are still troubling reports. Though lower than the Company's original request, this settlement still provides it with a significant rate increase and its ratepayers deserve value for the higher bills they'll be paying as a result. Encouragingly, some system improvements such as the cleaning of a tank in Tamiment and installation of a mixer, will already be under way before the end of the year.

CUPA acknowledged issues with Unaccounted for Water rates which have been falling but remain above Commission guidelines. The Company is already working with an engineering firm to design and implement virtual district metering areas in portions of its service territory. This effort will help CUPA identify and address leaks and bring its UFW rates down even further.

Community Utilities also agreed to submit documentation with its next rate case about the efforts it will undertake this year to locate, uncover, repair, and replace isolation valves. Again, this is a positive step to improve service and a commendable outcome from this settlement.

After reviewing the sum of the record of this case, I believe Community Utilities still has work to do on behalf of its ratepayers. Having said that, I believe that the Joint Settlement before us is in the public interest and support its approval today.

August 1, 2024
Date



Stephen M. DeFrank
Chairman