



August 2, 2024

VIA E-FILING

David P. Zambito

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission v. Veolia Water Pennsylvania, Inc.; Docket Nos. R-2024-3045192, R-2024-3045193, et al.

Joint Petition for Approval of Settlement of Rate Proceeding

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Joint Petition for Approval of Settlement of Rate Proceeding, together with all attachments. **Confidential and Proprietary versions of documents will be filed separately.**

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

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

COZEN O'CONNOR

By: David P. Zambito

Counsel for *Veolia Water Pennsylvania, Inc.*

DPZ

Enclosures

cc: Per Certificate of Service

Administrative Law Judge Emily I. DeVoe

James C. Cagle, Vice President, Rates and Regulatory Affairs, Veolia

Maryanne Hatch, Senior Director, Rates and Regulatory Affairs, Veolia

Larry Finnicum, Vice President and General Manager, VWPA

David Njuguna, Senior Manager, Regulatory Business (Municipal Water), Veolia

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2024-3045192
	:	and R-2024-3045193 <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this 2nd day of August 2024, served a true copy of the foregoing **Joint Petition for Approval of Settlement of Rate Proceeding**, as listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

ACTIVE PARTIES – VIA E-MAIL ONLY:

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Respectfully submitted,



David P. Zambito, Esq.
Counsel for *Veolia Water Pennsylvania, Inc.*

VEOLIA WATER PENNSYLVANIA INC.
Customer Complainant Letter

COMMONWEALTH OF PENNSYLVANIA



PATRICK M. CICERO
Consumer Advocate

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August 2, 2024

Re: Your Complaint in Pennsylvania Public
Utility Commission v. Veolia Water
Pennsylvania, Inc.
Docket Nos. R-2024-3045192 (water)
R-2024-3045193 (wastewater)

To All Inactive Consumer Complainants,

We are sending you this letter because you filed a Formal Complaint with the Public Utility Commission (PUC) in this case as a customer of Veolia Water Pennsylvania, Inc. (Veolia or Company). We want to notify you that Veolia, along with the PUC's Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate (OCA), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) have proposed a Joint Petition for Settlement (Settlement) to the PUC to resolve the issues raised in this case.

If you have any comments regarding the Settlement, you must submit them to Administrative Law Judge Emily I. DeVoe (Judge DeVoe) no later than 4:00 p.m. on August 14, 2024. Your options include:

- You may **join** in the proposed Settlement, which will have the effect of discontinuing your Formal Complaint. To join the Settlement, sign and return the enclosed Signature Page to Judge DeVoe by emailing it to her no later than **4:00 p.m. on August 14, 2024.**
- You may **object** to the Settlement. You must submit objections in writing to Judge DeVoe by email no later than **4:00 p.m. on August 14, 2024.**
- You may **disagree with but not actively oppose** the Settlement. You must submit your disagreement to Judge DeVoe by email no later than **4:00 p.m. on August 14, 2024.**
- You may choose to do nothing.

On August 2, 2024, Veolia filed the proposed Settlement with the PUC, sent a copy of the proposed Settlement to Judge DeVoe, and emailed a copy to you.

Please review the Settlement in full. For your convenience, below is a brief summary of the major provisions of the Settlement:

1. Veolia will be allowed to increase its total annual revenue by \$10.9 million for the water division and \$420,000 for the wastewater division. If approved, the rate increase would take effect on November 1, 2024.
2. Veolia will not be permitted to file for another water or wastewater rate increase until November 1, 2025.
3. The monthly water bill for the typical residential customer using 3,500 gallons of water per month would increase for each division as follows:

Division	Present Rates	As Filed Proposed Rates	As Filed Percentage Increase	Settlement Rates	Settlement Percentage Increase
Main	\$49.94	\$60.79	22%	\$57.65	16%
Bethel	\$22.92	\$37.48	63%	\$30.43	33%
Overbrook	\$27.22	\$60.79	123%	\$38.18	40%
Kensington	\$30.12	\$60.79	102%	\$34.42	14%
Mahoning	\$30.22	\$60.79	101%	\$41.86	39%

4. The flat rate for Mahoning wastewater customers would increase as follows:

Division	Present Rates	As Filed Proposed Rates	As Filed Percentage Increase	Settlement Rates	Percentage Increase
Mahoning	\$56.20	\$77.00	37%	\$75.25	34%

5. Veolia will maintain complete data regarding customer complaints, work order and service logs. The complaint log will include all formal and informal complaints received by the Company whether submitted to the PUC or directly to the Company. The Company will also work with the active parties to the case to create a key list of words for the complaints that Veolia will search.
6. Veolia will implement other requirements which will improve the quality and reliability of water service. Veolia will paint the bonnets of identified fire hydrants on mains less than 6 inches in the color red to indicate minimum fire flow criteria. The Company’s hydraulic models of all of its distribution systems are currently under review and will determine that all its fire hydrants attached water mains larger than 6 inches can provide the minimum fire flow criteria of providing 500 gallons per minute a residual pressure of 20 pounds per

square inch for a duration of 2 hours without reducing the pressure in other areas of the distribution system to less than 20 pounds per square inch. Veolia will complete the review by end of CY 2024. If any fire hydrants of concern are identified, Veolia will collaborate with local fire protection agencies to identify solutions to benefit of public safety.

7. Veolia will inspect water tanks more than 15 years old and water tanks that have not been repainted at the 20-year mark using a tank inspection contractor who will submit a report to the Company.
8. Veolia will provide customer notices of proposed rate increases for systems that have been acquired since the last rate case that will include the bill impacts for such systems.
9. For customers impacted by the January 9th incident identified in the Settlement, Veolia will extend the complimentary Experian IdentityWorks credit monitoring services for an additional three (3) months. Also, Veolia is sending a second notification to those impacted persons to inform them of the three-month extension to enroll. In the event of a future breach, Veolia will notify affected customers of the breach, and include a description of the incident, what personal information was breached, and a list of the steps that customers could take to protect their information going-forward.
10. In order to improve affordability, Veolia will implement a four tier, low-income Customer Assistance Program (CAP) and an arrearage management program for customers with incomes at or below 200% of the Federal Poverty Level within 180 days of the effective date of rates.
11. Veolia will also implement a plumbing and leak repair program. The plumbing program will install the conservation kits if the customer agrees.
12. Veolia will analyze census-based estimated low-income data for its wastewater districts to determine the number of households in poverty and termination and arrearage data for wastewater customers. Veolia will provide a report on the need for and feasibility of extending its program to wastewater customers and will provide the results to its Low-Income Advisory Committee (LIAC).
13. Veolia will maintain a \$35,000 per year shareholder contribution to the existing Veolia Cares hardship program for water and wastewater customers. Unspent funds will continue to roll over and be added to the available program budget for the following year. Grants for wastewater customers will be increased from \$150 to \$300.
14. The LIAC will meet twice a year to discuss and solicit input on the CAP including outreach. For the first two meetings after the rate case, the Company will discuss and solicit input regarding opportunities and challenges related to: (1) identifying leaks for CAP participants before they are in threat of termination; and (2) leak repair program accessibility for CAP customers who are not in threat of termination.

15. Veolia will complete a comprehensive review of its tariff to ensure that the language and citations are consistent with applicable laws and the PUC's regulations and will file a compliance tariff if further changes are necessary for compliance.

Again, because you filed a Formal Complaint in this case, you have the following options:

- You may **join** in the proposed Settlement, which will have the effect of discontinuing your Formal Complaint. To join the Settlement, sign and return the enclosed Signature Page to Judge DeVoe by emailing it to her no later than **4:00 p.m. on August 14, 2024**.
- You may **object** to the Settlement. You must submit objections to Judge DeVoe by email no later than **4:00 p.m. on August 14, 2024**.
- You may **disagree with but not actively oppose** the Settlement. You must submit your disagreement to Judge DeVoe by email no later than **4:00 p.m. on August 14, 2024**.
- You may choose to do nothing.

This represents your opportunity to express your opinions regarding the Settlement in this case, if you so choose, before Judge DeVoe issues her Recommended Decision for the PUC's considerations. **Judge DeVoe's email address should be used if you choose to respond to the Settlement in any manner:**

The Honorable Emily DeVoe
edevoe@pa.gov

Once Judge DeVoe issues her Recommended Decision, you may file exceptions to the Recommended Decision if you disagree with it. However, you may not file exceptions if you have signed the Signature Page indicating your agreement with the Settlement, and the Judge subsequently approves the Settlement without any changes.

Please carefully review the proposed Settlement. If you have any questions, feel free to contact the undersigned at the OCA at (717) 783-5048 or toll-free at (800) 684-6560. Thank you for your time and interest in this matter.

Very truly yours,

/s/ Christy M. Appleby
Christy M. Appleby
Senior Assistant Consumer Advocate
Counsel for the Office of Consumer Advocate

cc: The Honorable Emily I. DeVoe
David Zambito, Esquire
Jonathan Nase, Esquire
Michael Podskoch, Esquire
Sharon Webb, Esquire
Rebecca Lyttle, Esquire
John Sweet, Esquire
Elizabeth Marx, Esquire

SIGNATURE PAGE

Please sign this sheet if you would like to join in the Joint Petition for Settlement signed by Veolia Water Pennsylvania, the PUC’s Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Consumer Advocate, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) in the case of Pennsylvania Public Utility Commission v. Veolia Water Pennsylvania, Inc., Docket Nos. R-2024-3045192, R-2024-3045193.

By adding my signature below, I am indicating that I have read the terms of the Joint Petition for Settlement and wish to join in the Settlement. I am willing to allow the terms of the Settlement to resolve my Formal Complaint in this matter if the Public Utility Commission approves the Settlement without modification.

Please Print Your Full Name

Please Sign Your Full Name

Date: _____

Please Write Your Address Here:

Docket Numbers of Your Complaint:

**JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF RATE PROCEEDING**

Veolia Water Pennsylvania, Inc. (“VWPA”)

Office of Consumer Advocate (“OCA”)

Office of Small Business Advocate (“OSBA”)

**Bureau of Investigation and Enforcement (“I&E”) of
the Pennsylvania Public Utility Commission
 (“Commission”)**

**Coalition for Affordable Utility Services and Energy
Efficiency in Pennsylvania (“CAUSE-PA”)**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Emily I. DeVoe

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045192 <i>et al.</i> ,
	:	(Water)
v.	:	
	:	Docket No. R-2024-3045193, <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	(Wastewater)

**JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF RATE PROCEEDING**

Veolia Water Pennsylvania, Inc. (“VWPA”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (individually, a “Petitioner” and collectively, the “Joint Petitioners”) hereby join in this Joint Petition for Approval of Settlement of Rate Proceeding (the “Settlement”) and respectfully request that the Honorable Administrative Law Judge Emily I. DeVoe (the “ALJ”) recommend approval of, and the Pennsylvania Public Utility Commission (“Commission”) approve, this Settlement without modification.

In support of the Settlement, the Joint Petitioners state the following:

I. Procedural History

1. On February 16, 2024, VWPA (Water Division) filed a general base rate proceeding at Docket No. R-2024-3045192. Also on February 16, 2024, VWPA (Wastewater Division) filed a general base rate proceeding at Docket No. R-2024-3045193.

2. On February 16, 2024, the OCA filed its Formal Complaint and Public Statement. The lead counsel for the OCA in this matter is Christy M. Appleby, Esq.

3. On February 20, 2024, Michael A. Podskoch, Jr. entered his Notice of Appearance on behalf of I&E.

4. On February 21, 2024, VWPA filed corrected cover letters for its water and wastewater general base rate cases.

5. On February 23, 2024, VWPA filed affidavits verifying compliance with the notice requirements for its water and wastewater filings.

6. On February 26, 2024, counsel for OSBA filed their Notices of Appearance. The lead counsel for the OSBA in this matter is Sharon E. Webb, Esq.

7. On March 4, 2024, VWPA filed a revised answer to minimum filing requirement II-8.

8. On March 8, 2024, CAUSE-PA filed a Petition to Intervene. The lead counsel for CAUSE-PA is John W. Sweet, Esq.

9. On March 14, 2024, the Commission issued orders suspending both the proposed water tariff and the proposed wastewater tariff until November 16, 2024, and directing VWPA to file suspension tariffs within ten days.

10. On March 20, 2024, the Commission issued a Call-In Telephone Prehearing Conference Notice advising the parties that a Prehearing Conference would be held on March 27, 2024. Also on March 20, 2024, Administrative Law Judge Emily I. DeVoe (the “ALJ”) issued her Prehearing Conference Order.

11. On March 25, 2024, VWPA filed its suspension water tariff and its suspension wastewater tariff.

12. On March 26, 2024, VWPA, the OCA, the OSBA, I&E and CAUSE-PA filed Prehearing Conference Memoranda.

13. The Prehearing Conference was held as scheduled on March 27, 2024.

14. On March 28, 2024, VWPA filed a Petition for Protective Order. The Petition was granted by Order issued April 23, 2024.

15. On April 1, 2024, and again on April 2, 2024, VWPA re-filed the water tariff supplement to make minor language/formatting corrections at the request of Commission staff.

16. Also on April 1, 2024, the ALJ issued her Prehearing Order which, inter alia, granted CAUSE-PA’s Petition to Intervene.

17. On April 2, 2024, the ALJ issued her Interim Order Approving VWPA’s Request to Voluntarily Extend Suspension Period. On April 5, 2024, VWPA filed water and wastewater tariffs voluntarily extending the suspension period subject to the condition that, at the time compliance filings are approved by the Commission, the Company will recoup revenues lost for the period from November 16, 2024 through the date the Commission makes approved rates effective.

18. On April 8, 2024, the Commission issued a Public Input Hearings Notice, scheduling one in-person public input hearing to be held in Bloomsburg on April 29, 2024 and two hybrid public input hearings to be held in Harrisburg on April 30, 2024.

19. On April 18, 2024, the ALJ issued her Interim Order Adding Additional Complainants to Parties List and Providing Information to Customer Complainants.

20. On April 25, 2024, VWPA filed an Affidavit of Compliance with Public Notice Requirements for the Public Input Hearings

21. On June 17, 2024, the Commission issued a Hearing Type Change Notice, advising the parties that the hearing was changed from In-Person Evidentiary Hearings to Call-In Evidentiary Hearings.

22. By e-mail of June 25, 2024, counsel for VWPA notified the ALJ that the parties had reached a unanimous settlement of all issues. He requested that hearings be cancelled and the procedural schedule be suspended. The ALJ advised the parties that the hearings scheduled for June 26 and 27, 2024 would be cancelled, but the hearing scheduled for June 28, 2024 would not be cancelled unless a stipulation for the admission of evidence was filed by noon on June 27, 2024.

23. On June 27, 2004, the parties filed the Joint Stipulation for the Admission of Evidence, and the ALJ cancelled the haring scheduled for June 28, 2024.

II. SETTLEMENT TERMS

24. The Joint Petitioners agree as follows:

A. Water Revenue Requirement

25. Following entry of a Commission final order approving this Settlement, VWPA shall file a compliance water tariff supplement, effective no sooner than November 1,

2024, with new rates designed to produce \$10.9 M in additional annual operating revenue based upon the *pro forma* level of usage/billing determinants as filed in the case.

26. Veolia will not file for an increase in distribution water or wastewater base rate revenues before the end of the Fully Projected Future Test Year in the instant proceeding.

27. VWPA's allowed water revenue requirement will be recovered based upon the schedule of rates as shown in **Attachment A**.

B. Wastewater Revenue Requirement

28. Following entry of a Commission final order approving this Settlement, VWPA shall file a compliance wastewater tariff supplement, effective no sooner than November 1, 2024, with new rates designed to produce \$420 K in additional annual operating revenue based upon the *pro forma* level of usage/billing determinants as filed in the case.

29. VWPA's allowed wastewater revenue requirement will be recovered based upon the schedule of rates as shown in **Attachment A**.

C. Depreciation

30. For purposes of this settlement, VWPA's depreciation rates as filed in its base rate filing will be utilized. The parties to this proceeding continue to disagree about the appropriate depreciation method to be used by VWPA, and this settlement should not be construed as agreement to the methodology. All parties preserve their respective rights to address the depreciation methodology in any future proceeding.

D. State Tax Adjustment Surcharge

31. In accordance with 52 Pa. Code § 69.55, the State Tax Adjustment Surcharge ("STAS") for VWPA shall be established at 0% effective with the effective date of Settlement Rates in this proceeding. The STAS shall be utilized to reflect the impacts of future changes in state income tax rates.

E. Amortizations

32. The amortizations set forth in VWPA Exhibit No. GRH-3, Schedule 1, Summary of Adjustments, are not specifically included in this Settlement except for the following amortizations which are submitted for approval as an integral part of this Settlement and are reflected in the Settlement’s base rate allowance.

Description	Amortization Period	Annual Amortization
TCJA Liability (Protected)	Amortization is reflective of ARAM computations.	(\$300,000)
TCJA Liability (Unprotected)	Three (3) Years	(\$416,247)
Amortization of Acquisition Transaction Costs	Ten (10) Years	\$58,785
Amortization of Acquisition Adjustment	Twenty (20) Years ¹	\$57,744

F. Proposed Positive Acquisition Adjustments

33. The Parties agree that they will not propose, in this or any future proceeding, to amortize or otherwise pass through to ratepayers the difference between the net original cost and the purchase price (“positive acquisition adjustment”) with respect to the Kensington Water Company and the Overbrook Water Company.

34. The Parties agree that Veolia may include the full \$9.5 million for the Mahoning Township Water and Wastewater systems, acquired pursuant to Section 1329 of the Public Utility Code, in ratemaking rate base without a separate line item for an acquisition adjustment. Plant in service balances will be adjusted on a pro-rata basis as shown in **Attachment B** to this agreement.

¹ Prior acquisition adjustment (Brown Manor *et al.*) remains at the amortization period of 20 years and an amount of \$57,744 which will be fully amortized in early 2027.

G. Distribution System Improvement Charge

35. The Distribution System Improvement Charge (“DSIC”) for VWPA shall be established at 0% of billed revenues effective with the effective date of Settlement Rates. The DSIC shall remain at 0% of billed revenues until the later of: (i) the end of the FPFTY; or (ii) when VWPA’s total plant in service balance exceeds the \$569,106,389 (Water) and \$9,125,095 (Wastewater) levels projected by the Company in this proceeding at October 31, 2025 as shown on **Attachment C**. The foregoing provision is included solely for purposes of calculating VWPA’s DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

36. For purposes of calculating its DSIC, VWPA shall use the equity return rate for water utilities contained in the most recent Bureau of Technical Utility Services Quarterly Earnings of Jurisdictional Utilities Report as released by the Commission and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

H. Unaccounted-For Water

37. VWPA shall prepare Section 500 forms for each of its operating systems for which it submits a Chapter 110 Report and provide them to the OCA and the Pennsylvania Public Utility Commission's Bureau of Technical Utility Services ("TUS") in live Excel format at the time of its Chapter 110 Report submission.

I. Customer Complaint Log

38. Veolia agrees to maintain complete data regarding customer complaints, work order and service logs which can be made available via Excel in response to any discovery requests by the parties in, *e.g.*, Veolia's next base rate case. The Company will include in the complaint log all formal and informal complaints received by the Company whether submitted to the PUC or directly to the Company. The Company will also agree to work with the parties to create a list of key words for complaints that Veolia will search as identified in the Direct Testimony of Terry Fought, Exh. TLF-3.

39. If the data is requested as part of discovery, the parties agree to collaborate on an informal basis to ensure that it is provided in a mutually acceptable and reasonably sortable format.

J. Minimum Fire Flow at Hydrants

40. Veolia agrees to paint the bonnets of the identified fire hydrants on mains less than 6 inches in diameter in the color red as per the NFPA coding.

41. The Company's hydraulic models of all its distribution systems, which are used to determine that all its fire hydrants attached to water mains larger than 6-inch can provide the minimum fire flow criteria of providing 500 gallons per minute (gpm) at a residual pressure of 20 pounds per square inch (psi) for a duration of 2 hours without reducing the pressure in other areas of the distribution system to less than 20 psi, are currently under review by VWPA's qualified engineers. The Company commits to concluding the review by end of CY 2024. Should fire hydrants of concern be identified either in the model or via periodic field fire flow testing, VWPA commits to collaborating with local fire protection agencies to identify solutions to the benefit of public safety.

K. Customer Notice

42. Veolia will provide customer notices of proposed rate increases for systems that have been acquired since the previous rate case that will include the bill impacts for such systems.

L. Fully-Projected Future Test Year Reporting

43. VWPA agrees to provide the Commission’s Bureau of Investigation and Enforcement, OCA and OSBA, on or before January 31, 2025, an update to VWPA Exhibit No. LKF-1, to include actual plant additions and retirements by month for the twelve months ending September 30, 2024. On or before July 31, 2025, VWPA shall update VWPA Exhibit No. LKF-1, for the twelve months ending March 31, 2025. In VWPA’s next base rate proceeding, VWPA shall prepare and submit a comparison of its actual expenditures and rate base additions for the twelve months ending October 31, 2025, to its projections in this case.

M. Miscellaneous

44. All other provisions of VWPA’s base rate filing as reflected in Tariff Supplement No. 5 to Tariff Wastewater – Pa. P.U.C No. 2 and Tariff Supplement No. 68 to Tariff Water – Pa. P.U.C. No. 7 shall be adopted without modification in VWPA’s base rate increase compliance tariff supplement filing,² except for the following three changes to the water tariff, described in VWPA St. No. 1-R:

a. The definition of “customer” shall be modified to read: “A Customer shall mean a customer of record, or end user, or both, contracting for a supply of water.”

² The Joint Petitioners acknowledge that proposed changes to VWPA’s water tariff are currently pending before the Commission in *Petition of Veolia Water Pennsylvania, Inc. for Approval of a Lead Service Line Replacement Program*, Docket No. P-2023-3042107 (Recommended Decision issued Jul. 2, 2024).

b. The reference in Paragraph 41 to Section 56.112 through 56.118 of 76 P.R.M.D. - 10 will be replaced with a reference to 52 Pa. Code §§ 56.111 through 56.118.

c. In Paragraph 33, the reference to “information complaints” will be changed to “informal complaints.”

Pro forma versions of the tariff supplements are attached as **Attachment L** (water) and **Attachment M** (wastewater).

45. The Company agrees that tanks more than 15 years old, and tanks not repainted at the 20 year mark, will be inspected by a tank inspection contractor who will submit a report to the Company.

46. In regard to cybersecurity issues, the Parties acknowledge that VWPA is engaging Experian to (1) extend the complimentary Experian IdentityWorks credit monitoring services for an additional three (3) months, and (2) is in the process of sending a second notification to those affected persons that have not enrolled into the complimentary monitoring program informing them of the three (3) month extension to enroll into the complimentary credit monitoring services. Similar to VWPA’s previous notice delivered to affected customers following the January 9, 2024 ransomware incident, in the event of a future breach involving customers’ personal information, the Company will notify all affected customers of the breach, and include a description of the incident, what personal information was breached, and a list of steps that customers could take to protect their information going forward.

N. Customer Assistance Program (“CAP”) and Other Assistance Programs

47. The Company’s proposal to implement a CAP based on the details set forth in Veolia’s direct, rebuttal, and/or surrebuttal testimony is approved, as modified by the terms of this Settlement.

48. The Company will continue to hold Low Income Advisory Committee (LIAC) meetings semi-annually where it will discuss and solicit input regarding its CAP program including outreach. The Company will share its CAP outreach materials with the LIAC and consider feedback from members.

49. The Company will maintain a \$35,000 per year shareholder contribution to the existing Veolia Cares hardship program. Unspent funds will continue to roll over and be added to the available program budget for the following year.

50. The hardship fund program grants for wastewater customers will be increased from \$150 to \$300.

51. The Company will add a fourth income tier to its proposed CAP to reflect the following:

<u>Poverty Level</u>	<u>Service Charge Discount</u>	<u>Volumetric Discount</u>
0-50%	\$0 fixed charge	First 3,000 gallons
50-100%	\$0 fixed charge	First 2,000 gallons
101-150%	\$0 fixed charge	First 1,000 gallons
151-200%	\$0 fixed charge	First 500 gallons

52. The Company will maintain the proposal to implement the proposed CAP (as adjusted) for water customers only. The Company will analyze census-based estimated low income data for its wastewater districts to determine the number of households in poverty, as well as termination and arrearage data for wastewater customers, and will produce a report on the need for and feasibility of extending its CAP program to wastewater customers. The Company will provide the results to the LIAC within one year of effective rates in this case.

53. Regarding CAP Arrearage Forgiveness Payments, the Company will track and report on the length of time it takes for program participants to remediate their arrearages through the program and the rate of success of customers achieving full forgiveness through the program. The Company will report on this data to the LIAC annually. The Company affirms that

its proposal does not require participants to enter a separate payment arrangement to earn monthly forgiveness on pre-program arrears.

54. Plumbing repair will install measures included in the conservation kit, provided the customer agrees.

55. In addition to the census-based estimates for wastewater customers articulated above, the Company will begin calculating its census-based estimated low income water and wastewater customers on an annual basis, consistent with the methodology used by the Company in this case, and report the number to the LIAC.

56. The Company will begin tracking its confirmed low income water and wastewater customers at or below 150% FPL and at or below 200% FPL on a monthly basis and will provide the results to the LIAC. The Company will define “confirmed low income” as: Accounts where the Company has obtained information that would reasonably place the customer in a low-income designation, including but not limited to enrollment in assistance programs, requests for income based payment arrangements, self-certification by the customer, or information obtained in § 56.97(b) (relating to procedures upon rate-payer or occupant contact prior to termination).

57. The Company will request input from the LIAC to develop and implement a process to routinely screen for confirmed low income status during relevant customer contacts, and refer potentially eligible customers to its low income programs.

58. The Company will request input from the LIAC to design affirmative customer outreach for the purpose of identifying and enrolling low income customers in the bill discount program.

59. For the first two semi-annual LIAC meetings after rates in this rate case go into effect, the Company will discuss and solicit input from the LIAC regarding opportunities and challenges related to 1) identifying leaks for CAP participants before they are in threat of termination, and 2) leak repair program accessibility for CAP customers not in threat of termination.

60. The Company will launch its CAP program within 180 days of the effective date of rates in this case and will provide updates on its progress at the semi-annual LIAC meetings.

61. The Company will track all costs associated with the administration of the CAP program, including the provision of services under the program. The Company will report these costs on an annual basis to the LIAC. In its next base rate proceeding, the Company shall identify those costs it seeks to recover as part of its ongoing administration of the CAP program.

O. Comprehensive Review of Tariff Language

62. Within 180 days of the effective date of rates in this case, the Company will initiate a comprehensive review of its tariff to ensure that the language and citations are consistent with applicable laws and the Commission's regulations and will file a compliance tariff if further changes are necessary for compliance.

P. Standard Settlement Conditions

63. It is recognized by the settling parties that this is a "black box settlement" that is a compromise of the settling parties' positions on various issues.

64. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. 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 an Order modifying the Settlement. The Joint Petitioners acknowledge and agree that the Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

65. Each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized or otherwise emphasized, or set forth in the body, a footnote, a parenthetical, an appendix, and exhibit, or otherwise, is material consideration to the entry into this Settlement by the signatory parties.

66. Unless otherwise expressly indicated, all terms and conditions contained herein shall take effect immediately upon issuance of a final order in this proceeding, without the need for additional Commission review or approval.

67. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. 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 Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

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

69. The Joint Petitioners have prepared Proposed Findings of Fact (**Attachment D**), Proposed Conclusions of Law (**Attachment E**), and Proposed Ordering Paragraphs (**Attachment F**). The Joint Petitioners further agree that the facts agreed to in the Proposed Findings of Fact are sufficient to find that the Settlement is in the public interest.

70. Each Petitioner has prepared a Statement in Support of Settlement setting forth the bases upon which the Petitioner believes the Settlement to be in the public interest. **Attachment G-K.**

71. If the ALJ recommends approval of the Settlement without modification, the Joint Petitioners will waive their rights to file Exceptions.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

72. The Joint Petitioners submit that the Settlement is in the public interest because it: (i) provides for the maintenance of safe and adequate service at just and reasonable rates and (ii) avoids the additional cost associated with litigation and the administrative burdens of continuing this proceeding.

IV. REQUEST FOR RELIEF

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that:

1. The Honorable Administrative Law Judge Emily I. DeVoe recommend, and the Commission approve, the Joint Petition for Approval of Settlement of Rate Proceeding, as submitted including all terms and conditions thereof without modification;

2. The Commission's Investigation at Docket Nos. R-2024-3045192 and R-2024-3045193 be terminated and marked closed;

3. The Complaints of the Office of Consumer Advocate at Docket Nos. C-2024-3046520 and C-2024-3046521 be marked closed;

4. The Complaints of the Office of Small Business Advocate at Docket Nos. C-2024-3046893 and C-2024-2046956 be marked closed;

5. All Complaints filed by inactive parties will be dismissed and marked closed in the discretion of the Honorable Administrative Law Judge Emily I. DeVoe and the Commission, with consideration of any comments and/or exceptions to the Settlement that may be filed by the inactive parties; and

6. The Commission enter an order consistent with this Settlement, terminating the proceeding and authorizing Veolia Water Pennsylvania, Inc. to file the water and wastewater tariff supplements attached to the Settlement to be effective on one days' notice. In the event that compliance filings are approved after the statutory suspension period (November 16, 2024), the Company shall recoup revenues lost for the period from the end of the statutory suspension period through the date the Commission makes approved rates effective.

[Signatures appear on next page.]

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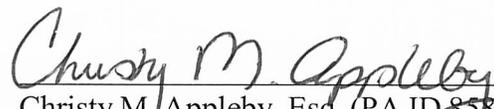
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ATTACHMENT A
VEOLIA WATER PENNSYLVANIA INC.
Rates - Water

VEOLIA WATER PENNSYLVANIA INC.

RATES - WATER

Main Division Customers					
Residential	Commercial (includes Apt)	Industrial	Public Authority	Large Industrial	
Service Charge					
<u>MTR SIZE</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
5/8"-3/4"	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00
1"	35.23	35.23	35.23	35.23	35.23
1-1/2"	70.47	70.47	70.47	70.47	70.47
2"	120.71	120.71	120.71	120.71	120.71
3"	226.42	226.42	226.42	226.42	226.42
4"	377.40	377.40	377.40	377.40	377.40
6"	754.80	754.80	754.80	754.80	754.80
8"	1,207.77	1,207.77	1,207.77	1,207.77	1,207.77
10"	1,736.17	1,736.17	1,736.17	1,736.17	1,736.17
Consumption Charge					
No Block	\$ 11.6142				
First 25 MGL		\$ 11.6142	\$ 11.6142	\$ 11.6142	\$ 5.2226
All Over 25 MGL		8.4422	9.5855	8.4422	

Bethel Water Customers		
Residential	Commercial (includes Apt)	Sales for Resale
Service Charge		
<u>MTR SIZE</u>	<u>Rates</u>	<u>Rates</u>
5/8"	\$ 12.75	\$ 12.75
3/4"	12.75	12.75
1"	26.42	26.42
1-1/2"	52.86	52.86
2"	90.53	90.53
3"	169.81	169.81
4"	283.05	283.05
6"	566.10	566.10
8"	905.83	905.83
10"	1,302.13	1,302.13
Proposed No Block	\$ 5.0500	\$ 5.8540
Proposed First 25 MGL	5.0500	
Proposed All Over 25 MGL	4.0000	

Kensington Customers	
Residential	Commercial (includes Apt)
Service Charge	
<u>MTR SIZE</u>	<u>Rates</u>
5/8"-3/4"	\$ 17.00
1"	35.23
1-1/2"	70.47
2"	120.71
3"	226.42
4"	377.40
6"	754.80
8"	1,207.77
10"	1,736.17
Allowance - 2	\$ -
First Block	11.6142
Proposed First 25 MGL	\$ 11.6142
Proposed All Over 25 MGL	\$ 8.4422
All Usage	

Overbrook Customers
Residential & Non-Residential
<u>Rates</u>
\$ 17.00
35.23
70.47
120.71
226.42
377.40
754.80
1,207.77
1,736.17
\$ 6.0510

VEOLIA WATER PENNSYLVANIA INC.

RATES - WATER

Mahoning Township Customers			
	Residential		Commercial (includes Apt)
Service Charge			
<u>MTR SIZE</u>	<u>Rates</u>		<u>Rates</u>
5/8"	\$ 17.00		\$ 17.00
3/4"	\$ 17.00		\$ 17.00
1"	\$ 35.23		\$ 35.23
1-1/2"	\$ 70.47		\$ 70.47
2"	\$ 120.71		\$ 120.71
3"	\$ 226.42		\$ 226.42
4"	\$ 377.40		\$ 377.40
6"	\$ 754.80		\$ 754.80
8"	\$ 1,207.77		\$ 1,207.77
10"	\$ 1,736.17		\$ 1,736.17
Consumption Charge			
All Usage	\$ 7.1030		
Proposed First 25 MGL			\$ 11.6142
Proposed All Over 25 MGL			\$ 8.4422

FIRE PROTECTION

	<u>Main Division</u>	<u>Bethel</u>	<u>Mahoning Township</u>
Private Fire Protection- Monthly			Private Fire Hydrant- Monthly
<u>CONNECTION SIZE</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates Quarterly</u>
2"	\$ 27.24		
3"	73.48		
4"	94.24	73.51	220.54
6"	156.65	147.04	441.13
8"	233.49		
10"	333.70		
12"	463.88		
14"	852.15		
Private Fire Hydrant-Monthly	Per Hydrant <u>Rate</u>	Per Hydrant <u>Rate</u>	Per Hydrant <u>Rate</u>
\$	60.70	38.20 28.66	\$ 60.70
Public Fire Protection- Monthly	Proposed <u>Rate</u>		
Hydrants-BMB	\$ 28.20		
Hydrants-DAL	28.20		
Hydrants-HAR	36.42		
Hydrants-MEC	36.42		
Hydrants-Bethel		\$ 28.66	
Hydrants-Bethel		38.20	
Hydrants-Bethel*		1.29	
Hydrants-Mahoning			\$ 35.42
*Non-Subdivision customers.			

ATTACHMENT A
VEOLIA WATER PENNSYLVANIA INC.
Rates - Wastewater

VEOLIA WATER PENNSYLVANIA INC.

RATES - WASTEWATER

Mahoning Township Customers

Residential	
<u>MTR SIZE</u>	Flat Rate Charge
All Meter Sizes	\$ 75.25

Non-Residential	
<u>MTR SIZE</u>	Rates
Rate 1	\$ 59.20
Rate 2	64.44
Rate 3	291.86
Fabtex	553.75
Atlantic Equipment	324.41
Geisinger - Justin Dr. II	2,308.56
Geisinger - Hughes North	1,331.87

Volumetric	
First 435 MGL/No Blk Proposed	\$ 5.9500
Over 435 MGL/No Blk Proposed	8.0900

Columbia County Customers

Commercial	
<u>MTR SIZE</u>	Rates
All Meter Sizes	\$ 758.76

Volumetric	
First 5 MGL (Min)	\$ -
Next 5 MGL	6.0710
Next 90 MGL	5.4631
Next 100 MGL	4.8552
Over 200 MGL	4.2500

ATTACHMENT B
VEOLIA WATER PENNSYLVANIA INC.
Summary of Additional Mahoning
Acquisition Costs to Plant in Service

Attachment B

SUMMARY OF ADDITIONAL MAHONING ACQUISITION COSTS TO PLANT IN SERVICE

<u>Account</u>	<u>Description</u>	<u>Proposed</u> <u>Depr Rate</u>	<u>Original Costs</u>	<u>Additional Cost</u>	<u>Accumulated Depr</u> <u>through 10/31/2025</u>	<u>Net Plant</u> <u>Through 10/31/2025</u>
[a]	[b]	[c]	[d]	[e]	[f]	[g]
310.20	Power Generation Equipment - Mahoning AQ	6.92%	\$ 159,191	\$ 36,914	\$ 41,891	\$ 154,214
304.30	Structures and Improvements - Mahoning AQ	2.66%	78,332	18,164	52,504	43,992
303.40	Rsvrs&Stndpipe Land - Mahoning AQ	0.00%	5	1	-	6
304.40	Structures and Improvements - Mahoning AQ	2.50%	374,266	86,787	126,552	334,501
311.40	Pumping Equipment - Mahoning AQ	7.00%	568,582	131,846	353,111	347,317
330.40	Distribution Reservoirs and Standpipes - Mahoning AQ	2.71%	548,403	127,166	194,358	481,211
331.40	Transmission and Distribution Mains - Mahoning AQ	1.42%	3,340,143	774,529	1,060,554	3,054,118
334.40	Meters and Meter Installations - Mahoning AQ	5.63%	12,391	2,873	3,346	11,918
335.40	Hydrants - Mahoning AQ	1.81%	11,431	2,651	1,131	12,951
304.50	Misc Strctr&Improv - Mahoning AQ	2.91%	48,859	11,330	12,937	47,251
340.50	Computer Software - Mahoning AQ	20.00%	18,410	4,269	19,642	3,038
340.50	Office Furniture - Mahoning AQ	6.67%	4,141	960	3,060	2,041
345.50	Power Operated Equipment - Mahoning AQ	10.00%	7,046	1,634	5,124	3,555
346.50	Communication Equipment - Mahoning AQ	10.00%	123,072	28,539	101,094	50,516
399.98	Mahoning Acq Manual Depreciation Entry		-	-	708,474	(708,474)
			<u>\$ 5,294,272</u>	<u>\$ 1,227,662</u>	<u>\$ 2,683,778</u>	<u>\$ 3,838,156</u>

Updated as Exhibit No. GRH-2R, Schedule 1.1

354.4	Pump Station Structures and Improvements - Mahoning AQ	3.00%	\$ 15,679	\$ 4,865	\$ 2,532	\$ 18,012
360.2	Pump Station Force Mains - Mahoning AQ	3.26%	169,734	52,670	95,103	127,302
361.2	Collection Sewers - Gravity - Mahoning AQ	3.25%	4,140,879	1,284,957	1,433,997	3,991,839
371.4	Pumping Equipment - Mahoning AQ	15.34%	601,557	186,669	493,715	294,511
393.7	Tools, Shop and Garage Equipment - Mahoning AQ	26.40%	3,800	1,179	3,672	1,307
399.98	Mahoning Acq Manual Depreciation Entry		-	-	1,206,753	(1,206,753)
			<u>\$ 4,931,649</u>	<u>\$ 1,530,341</u>	<u>\$ 3,235,773</u>	<u>\$ 3,226,217</u>

Updated as Exhibit No. GRH-4R, Schedule 1.1

ATTACHMENT C
VEOLIA WATER PENNSYLVANIA INC.
Summary of Plant in Service Activity for Years Ended
September 30, 2024 and October 31, 2025

SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND OCTOBER 31, 2025

ACCOUNT	2024				2025				BALANCE AS OF 10/31/2025
	BALANCE AS OF 9/30/2023	ADDITIONS	RETIREMENTS	TRANSFERS, ADJUSTMENTS AND ACQUISITIONS	BALANCE AS OF 9/30/2024	ADDITIONS	RETIREMENTS	MAHONING ACQ ADD	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
301.10 ORGANIZATION	\$32,469	\$0	\$0	\$0	\$32,469	\$0	\$0	\$0	\$32,469
302.10 FRANCHISES AND CONSENTS	65,436	-	-	-	65,436	-	-	-	65,436
303.20 MISCELLANEOUS INTANGIBLE PLANT	3,068,761	616,081	-	-	3,684,842	-	-	-	3,684,842
303.30 LAND AND LAND RIGHTS	1,149,369	-	-	-	1,149,369	-	-	-	1,149,369
303.40 RESERVOIRS AND STANDPIPES LAND	900,725	-	-	-	900,725	-	-	1	900,726
303.50 LAND AND LAND RIGHTS	935,368	-	-	-	935,368	-	-	-	935,368
304.20 PUMPING STRUCTURES	6,860,690	2,011,495	21,000	-	8,851,185	2,021,690	376,000	-	10,496,875
304.30 WATER TREATMENT PLANT STRUCTURES	17,937,051	-	-	-	17,937,051	-	-	18,164	17,955,215
304.40 TRANSMISSION AND DISTRIBUTION STRUCTURES	3,003,944	-	-	-	3,003,944	-	-	86,787	3,090,731
304.50 OFFICE STRUCTURES	12,447,129	890,061	54,000	-	13,283,190	1,663,788	-	11,330	14,958,308
304.50 MISCELLANEOUS STRUCTURES	48,859	-	-	-	48,859	-	-	-	48,859
305.20 COLLECTING AND IMPOUNDING RESERVOIRS	425,522	279,088	-	-	704,610	1,635,000	600,000	-	1,739,610
306.20 LAKE, RIVER AND OTHER INTAKES	4,788,459	-	-	-	4,788,459	-	-	-	4,788,459
307.20 WELLS AND SPRINGS	1,322,103	610,462	3,000	-	1,929,565	817,500	-	-	2,747,065
308.20 INFILTRATION GALLERIES AND TUNNELS	10,312	1,773,970	-	-	1,784,282	947,850	-	-	2,732,132
310.20 POWER GENERATION EQUIPMENT	159,191	77,390	-	-	236,581	-	-	36,914	273,495
311.20 ELECTRIC PUMPING EQUIPMENT	10,312,804	130,026	1,100	-	10,441,730	109,000	-	-	10,550,730
311.20 OIL ENGINE PUMPING EQUIPMENT	314,156	-	-	-	314,156	-	-	-	314,156
311.40 PUMPING EQUIPMENT	568,582	-	-	-	568,582	-	-	131,846	700,428
320.30 WATER TREATMENT EQUIPMENT	40,102,339	7,233,625	40,000	-	47,295,965	13,093,800	214,500	-	60,175,265
320.30 PAINTING	82,943	463,036	16,000	-	529,979	-	-	-	529,979
320.30 CHEMICAL EQUIPMENT	4,745,460	-	-	-	4,745,460	-	-	-	4,745,460
330.40 DISTRIBUTION RESERVOIRS AND STANDPIPES	18,221,163	-	-	-	18,221,163	-	-	127,166	18,348,330
330.40 DISTRIBUTION RESERVOIRS AND STANDPIPES PAINTING	-	1,557,614	281,600	-	1,276,014	2,180,000	400,000	-	3,056,014
331.40 TRANSMISSION AND DISTRIBUTION MAINS	241,727,965	25,557,745	1,440,100	-	265,845,610	13,120,670	1,383,900	774,529	278,356,909
333.40 SERVICES	65,113,709	1,298,637	59,220	-	66,353,126	1,355,960	34,220	-	67,674,866
334.40 METERS	25,706,269	2,092,012	101,350	-	27,696,931	1,827,930	70,600	2,873	29,457,135
335.00 HYDRANTS	11,448,935	151,733	12,000	-	11,588,667	136,250	8,000	2,651	11,719,568
340.50 COMPUTER HARDWARE	379,170	-	-	-	379,170	-	-	-	379,170
340.50 COMPUTER SOFTWARE	217,105	-	-	-	217,105	-	-	4,269	221,374
340.50 COMPUTER SOFTWARE - LIGHTHOUSE	150,121	-	150,121	-	-	-	-	-	-
340.50 FURNITURE	682,567	-	-	-	682,567	-	-	960	683,528
341.50 TRANSPORTATION EQUIPMENT	2,936	-	-	-	2,936	-	-	-	2,936
342.50 STORES EQUIPMENT	7,543	-	-	-	7,543	-	-	-	7,543
343.50 SHOP AND GARAGE EQUIPMENT	665,079	-	-	-	665,079	-	-	-	665,079
343.50 TOOLS AND WORK EQUIPMENT	3,987,476	286,755	6,500	-	4,267,730	327,000	14,000	-	4,580,730
344.50 LABORATORY EQUIPMENT	58,432	-	-	-	58,432	-	-	-	58,432
345.50 POWER OPERATED EQUIPMENT	7,046	-	-	-	7,046	-	-	1,634	8,680
346.00 COMMUNICATION EQUIPMENT	5,483,221	2,284,835	5,000	-	7,763,056	1,746,500	5,000	28,539	9,533,094
347.00 MISCELLANEOUS EQUIPMENT	1,255,590	279,437	12,500	-	1,522,527	218,001	2,500	-	1,738,028
TOTAL WATER PLANT	\$484,395,999	\$47,594,000	\$2,203,491	\$0	\$529,786,508	\$41,200,939	\$3,108,720	\$1,227,662	\$569,106,389

SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND OCTOBER 31, 2025

ACCOUNT	BALANCE AS OF 9/30/2023	2024			BALANCE AS OF 9/30/2024	2025			BALANCE AS OF 10/31/2025
		ADDITIONS	RETIREMENTS	TRANSFERS, ADJUSTMENTS AND ACQUISITIONS		ADDITIONS	RETIREMENTS	MAHONING ACQ ADD	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
354.40	STRUCTURES AND IMPROVEMENTS	\$18,450	\$0	\$0	\$18,450	\$0	\$0	\$4,865	\$23,315
360.20	PUMP STATION FORCE MAINS	169,734	-	-	169,734	-	-	52,670	222,404
361.20	COLLECTION SEWERS - GRAVITY	4,512,102	2,131,603	600	6,643,105	54,500	500	1,284,957	7,982,062
371.40	PUMPING EQUIPMENT	654,507	-	-	654,507	-	-	186,669	841,176
380.40	TREATMENT AND DISPOSAL EQUIPMENT	34,282	-	-	34,282	-	-	1,179	35,461
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	3,800	-	-	3,800	-	-	-	3,800
396.70	COMMUNICATION EQUIPMENT	16,876	-	-	16,876	-	-	-	16,876
TOTAL SEWER PLANT		\$5,409,751	\$2,131,603	\$600	\$7,540,754	\$54,500	\$500	\$1,530,341	\$9,125,095

ATTACHMENT D
VEOLIA WATER PENNSYLVANIA INC.
(Non-Proprietary)
Proposed Findings of Facts

APPENDIX D

PROPOSED FINDINGS OF FACT (NON-PROPRIETARY VERSION)

Parties

1. Veolia Water Pennsylvania, Inc. ("VWPA"), f/k/a SUEZ Water Pennsylvania Inc., is a regulated public utility corporation (Utility Codes 210013 (water) and 230077 (wastewater)) that provides water service to approximately 69,800 customers in 11 counties and wastewater service to approximately 1,600 customers in 2 counties. VWPA St. No. 1 p. 8.

2. The Bureau of Investigation and Enforcement ("I&E") is the prosecutory arm of the Pennsylvania Public Utility Commission ("Commission") for purposes of representing the public interest in ratemaking and service matters, and enforcing compliance with the Pennsylvania Public Utility Code ("Code") and Commission Regulations and Orders. I&E St. No. 1 p. 1; *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered Aug. 11, 2011).

3. The Office of Small Business Advocate ("OSBA") is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small businesses before the Commission. 73 P.S. § 399.41.

4. The Office of Consumer Advocate ("OCA") is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Commission. 71 P.S. § 309-2.

5. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") is an unincorporated association of low and moderate income individuals that advocates on behalf of its members to enable consumers of limited economic

means to connect to and maintain affordable water, electric, heating, and telecommunication services. CAUSE-PA St. 1 p. 2.

BACKGROUND

6. In *Joint Application of Veolia Environnement S.A., Veolia North American, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. for all approvals pursuant to Section 1102(a)(3), (4) and 1103 of the Pennsylvania Public Utility Code, and as otherwise required under the Pennsylvania Public Utility Code for the change in control of SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc.*, Docket Nos. A-2021-3026515 *et al.* (Order entered December 2, 2021) (the “*Veolia Change of Control Order*”), the Commission approved a change in control of VWPA.

7. In *Joint Application of Veolia Water Pennsylvania, Inc. and Veolia Water Bethel, Inc., Pursuant to Section 1102(a)(3) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a)(3), for Approval of a Change of Control of Veolia Water Bethel, Inc. through a Merger*, Docket Nos. A-2022-3035967 *et al.*, the Commission approved a merger of Veolia Water Bethel, Inc. with VWPA.

8. The Company’s last base rate case was Docket No. R-2018-3000834. Rates became effective February 1, 2019. VWPA St. No. 1 p. 5

9. The last base rate case for Veolia Water Bethel Inc. was Docket No. R-2011-2770261. Rates became effective on March 16, 2012. VWPA St. No. 1 p. 5.

REVENUE REQUIREMENT

10. VWPA initially requested an increase of (a) \$15,494,620 (or approximately 26.7% over VWPA’s current annualized revenues) for the water system, and (b) \$568,719 (or

approximately 35% over current annualized revenues) for the wastewater system. VWPA St. No. 1 p. 6.

11. VWPA did not propose to spread any wastewater costs to water customers under Act 11 of 2012, 66 Pa. C.S. § 1311(c). VWPA St. No. 1 pp. 6-8.

12. The OCA initially recommended an increase of \$4,566,589 for the water system and \$427,859 for the wastewater system. OCA St. 1 p. 3.

13. I&E initially recommended an increase of \$9,489,484 for the water system and \$209,362 for the wastewater system. I&E St. No. 1 pp. 5-10.

14. The OSBA did not take a position on the overall revenue requirement, but argued that rates for non-residential customers of the Mahoning wastewater system should not increase. OSBA St. No. 1 p. 5.

DEPRECIATION

15. VWPA calculates its depreciation using the Equal Life Group (“ELG”) methodology. The Company has used this approach for nearly thirty years. VWPA St. No. 5-R p. 2.

16. OCA witness Garrett proposed using the Average Life Group (“ALG”) methodology to calculate depreciation. OCA St. 3 p. 64.

17. OCA witness Garrett also proposed using certain useful life parameters that produce lower depreciation rates than what the Company proposed. OCA St. 3 pp. 67-79.

STATE TAX ADJUSTMENT SURCHARGE

18. VWPA proposed that its state tax adjustment surcharge (“STAS”) be reset to zero. VWPA St. No. 2 p. 5.

AMORTIZATIONS

19. Since its last base rate cases, VWPA has acquired the Township of Mahoning (“Mahoning”) water and wastewater systems, the Kensington Water Company (“Kensington”), and the Overbrook Water Company (“Overbrook”). VWPA St. No. 1 p. 9.

20. The Company’s rate request included the proposed amortization of certain expenses, including the amortization of acquisition adjustments for Brown Manor and other systems that were previously acquired by VWPA, as well as the Kensington, Overbrook and Mahoning systems. VWPA St. No. 2 pp. 14, 16 and 30.

21. I&E recommended removing the acquisition adjustment for the acquisition of the Mahoning systems, and all related depreciation expenses. I&E St. No. 3 p. 10.

22. OCA recommended amortizing the transaction costs for the Company’s acquisitions over ten years rather than five years. OCA St. 2 p. 21.

PROPOSED POSITIVE ACQUISITION ADJUSTMENTS

23. VWPA proposed acquisition adjustments pursuant to 66 Pa. C.S. § 1327 for its acquisition of the Kensington and Overbrook water systems. VWPA St. No. 1 pp. 10-11.

24. I&E did not object to VWPA’s proposal, but the OCA opposed it. VWPA St. No. 1-R pp. 15-16.

25. When the Commission approved the acquisition of the Mahoning systems pursuant to 66 Pa. C.S. § 1329, it approved a rate base addition of \$9.5 million for the acquisition. VWPA St. No. 1 pp. 9-10. Unlike later Commission orders approving Section 1329 acquisitions, the order approving the Mahoning acquisition did not include an Ordering Paragraph that stated the amount of net plant in service to be recorded. The Company accounted for the transaction by referencing the estimated original cost of the acquired assets and the estimated remaining book value. The

difference between the estimated remaining book value and the purchase price was then recorded as acquisition adjustment. VWPA St. No. 8-R pp. 4-5.

26. I&E opposed the acquisition adjustment for the Mahoning systems because the original cost of the acquisition should have been adjusted to reflect the purchase price per the Section 1329 fair market valuation. VWPA St. No. 1-R p. 17.

27. The OCA did not contest including the full \$9.5 million purchase price in VWPA's rate base. VWPA St. No. 1-R p. 17.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

28. VWPA proposed that the DSIC be reset to zero (it is currently 7.5%). VWPA St. No. 2 pp. 5 and 7.

UNACCOUNTED-FOR WATER

29. The unaccounted for water for VWPA's and Veolia Water Bethel's combined systems are under 13%. OCA St. 5SR p. 6.

30. In Docket No. R-2018-3000834, the settlement approved by the Commission provided:

[SUEZ Water Pennsylvania Inc. ("SWPA")] shall prepare Section 500 forms for each of its operating systems for which it submits a Chapter 110 Report and provide them to the OCA and the Pennsylvania Public Utility Commission's Bureau of Technical Utility Services ("TUS") in live Excel format at the time of its Chapter 110 Report submission. SWPA will include records supporting its estimate of "Located and Repaired Breaks in Mains & Services."

Docket No. R-2018-3000834, Joint Petition for Approval of Settlement of Rate Proceeding p. 8.

31. VWPA did not submit any UFW estimates on Form 500 and did not provide separate UFW estimates for each of its Chapter 110 Report systems. OCA St. 5 p. 19.

32. Due to employee turnover, current VWPA staff were not aware of the requirement that Form 500 be separated and submitted for each system where the Company completes a

Chapter 110 Report. This will be corrected going forward, starting with the 2024 reports. VWPA St. No. 1-R pp. 8-9.

CUSTOMER COMPLAINT LOG

33. In Docket No. R-2018-3000834, the settlement approved by the Commission required the Company to prepare a complaint log in sortable Excel format. The log was to include complaints made to the Company about its service or facilities, showing the name and address of the complainant, the date and character of the complaint, and the final disposition of the complaint. *Pa. Pub. Util. Comm'n v. SUEZ Water Pennsylvania, Inc.*, Docket No. R-2018-3000834 (Recommended Decision issued October 31, 2018) p. 14 (adopted by the Commission by Order entered December 6, 2018).

34. VWPA has difficulty providing a complete complaint log because VWPA uses software for a “work order log” that files complaints in a separate file for each customer. It is difficult to adapt the Company’s “work order log” to a “complaint log.” OCA St. 5 pp. 4-5.

MINIMUM FIRE FLOW AT HYDRANTS

35. The Department of Environmental Protection’s Public Water Supply Manual states that the minimum size permitted for a water main connected to a fire hydrant is six inches. OCA Exhibit TLF-6.

36. VWPA has 71 fire hydrants that are connected to water mains less than six inches in diameter. OCA St. 5 p. 10.

37. OCA witness Fought recommended that any fire hydrants connected to water mains less than 6 inches in diameter be marked so that they will only be used for flushing and blow-offs. OCA St. 5 p. 11.

CUSTOMER NOTICE

38. VWPA provided notice of the instant rate increase to customers, as required by the Commission's notice requirements. VWPA St. No. 1 p. 36.

39. VWPA provided notice based on an average consumption of 3,500 gallons per month for a residential customer. Over 60% of residential customers consume between 3,500 and 3,600 gallons per month. VWPA St. No. 1 pp. 14-15.

40. The Company's notice invited customers to contact Veolia Customer Service to more specifically see how the proposed increase may affect their water or wastewater bill. VWPA St. No. 1-R p. 14-15.

41. OCA witness DeAngelo expressed concern that VWPA's notice only provided the rate impact for Main VWPA customers, which does not provide an accurate representation of the rate impact for the Company's Bethel, Overbrook, Kensington and Mahoning customers. OCA St. No. 1 pp. 11-12.

42. OCA witness DeAngelo noted that Pennsylvania-American Water Company sends a different notice to customers in each of its rate zones. Similarly, she argued that VWPA should send a different notice to customers in each of its systems. OCA St. 1-SR pp. 4-5.

43. OCA witness DeAngelo also recommended that VWPA's notice include the rate impact for customers who use 5,000 and 10,000 gallons per month. OCA St. No. 1 pp. 11-12.

FULLY PROJECTED FUTURE TEST YEAR REPORTING

44. VWPA Exhibit LKF-1 contains a summary of the anticipated plant in service activity for the years ended September 30, 2024 (the Future Test Year ("FTY")) and October 31, 2025 (the FPFTY)).

45. I&E witness Sakaya testified:

I&E believes there is value in determining how closely Veolia's projected investments in future plant compare with the actual investments that are made by the end of the FTY and the FPFTY. Determining the correlation between Veolia's projected and actual results will help inform the Commission and the parties in Veolia's future rate cases.

I&E St. No. 3 p. 11.

46. I&E witness Sakaya recommended that the Company provide the statutory advocates with periodic updates of VWPA Exhibit LKF-1. I&E St. No. 3 p. 11.

MISCELLANEOUS

47. OCA witness Fought testified that water utilities periodically inspect and clean storage tanks to maintain good water quality and to maintain the service life of the tank. Tanks may be periodically painted inside and/or outside, depending on their construction. OCA St. 5 p. 22.

48. OCA witness Fought recommended that: (a) once a tank is more than 15 years old, it should be inspected by an experienced tank inspection contractor, who would submit a report of recommendations; (b) existing tanks that have not been repainted for over 20 years should be inspected by an experienced tank inspection contractor, who would again submit a report of recommendations; and (c) after an inspection, the tank should be reinspected at a frequency based on the inspection report's recommendations and Veolia's experience with similar tanks. OCA St. 5 p. 22.

[BEGIN CONFIDENTIAL]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[END CONFIDENTIAL]

51. VWPA is (a) engaging Experian IdentityWorks to extend the complimentary Experian IdentityWorks credit monitoring services for an additional three months, and (b) in the process of sending a second notification to those affected persons that have not enrolled into the complimentary monitoring program informing them of the three month extension to enroll into the credit monitoring service. Settlement ¶ 47.

CUSTOMER ASSISTANCE PROGRAM

52. In the *Veolia Change of Control Order*, the Commission approved a settlement in which the Company agreed to establish a Low-Income Advisory Committee (“LIAC”) and use input from the LIAC to develop improvements to its low-income programs, which would be proposed in the Company’s next base rate case. The Company also agreed to provide a shareholder contribution of \$300,000 to support the low-income changes proposed in its next base rate case. VWPA St. No. 7 p. 3.

53. In this proceeding, the Company proposed a customer assistance program (“CAP”) for water services. The CAP proposal does not apply to wastewater customers. The CAP is modeled on other programs currently offered by other Commission-regulated investor-owned water utilities in the Commonwealth. VWPA St. No. 7 pp. 4-6.

54. As proposed by the Company, the CAP proposal includes a bill discount program, a service line repair program, and an arrearage forgiveness program. VWPA St. No. 7 p. 4.

55. As proposed by the Company, the bill discount program is a tiered discount, providing the most financial relief to those who need it the most. As a conservation component to the discounts, customers below 150% of the Federal Poverty Level (“FPL”) will receive

conservation education, conservation kits, and installation of kits by plumbers for Seniors if needed or those with a disability. VWPA St. No. 7 pp. 7-8.

56. As proposed by the Company, the arrearage forgiveness portion of the proposed CAP would give customers at or below 200% of the FPL who are unable to pay their past due bill flexible payment arrangements that allow an opportunity for forgiveness of \$25 per month of the outstanding balance each time the customer pays his currently monthly bill by the due date. VWPA St. No. 7 p. 8.

57. As proposed by the Company, the service line repair program would involve the Company hiring contractors to provide plumbing repairs of up to \$1,500 (for each occurrence) to eligible low income residential customers at or below 150% of the FPL. To be eligible, the customer must be in threat of termination, or have been terminated, and the leak must occur on an exposed internal line and/or consist of minor plumbing repairs such as faucets and toilets. External customer service side leaks would be repaired from the curb box to the face of the customer's home. VWPA St. No. 7 p. 9.

58. Because the CAP proposal is new, enrollment levels and total costs are difficult to estimate. The Company estimated costs for the CAP assuming that approximately three percent of eligible customers will enroll in the program. VWPA St. No. 7 p. 10.

59. VWPA proposed that a target budget of \$1,000,000 for CAP costs be included in its revenue requirement. VWPA St. No. 7 p. 11. The Company further proposed to track the difference between the overall costs of the program and the proposed target amount as a regulatory asset or liability, to be addressed in the Company's next base rate case filing. After gaining experience with the program, adjustments to the level of costs included in base rates would be adjusted to reflect the costs of the program more accurately in that future case. The shareholder

contribution of \$300,000 would be included in the reconciliation as a direct offset of the overall program costs. VWPA St. No. 6 p. 7.

60. The proposed CAP program is in addition to the existing Veolia Cares program, which will continue. VWPA St. No. 7 p. 4.

61. Veolia Cares offers assistance to customers that are experiencing a hardship such as job loss, illness, or an unforeseen circumstance that prevents a customer from paying his water and/or wastewater bill. Qualifying customers may receive grants of up to \$300 annually toward their water bill and up to \$150 toward their wastewater bills. VWPA St. No. 7 p. 5.

62. The OCA used the asset limited, income and employed (“ALICE”) index, rather than the FPL, to estimate the number of Veolia customers who might need assistance. OCA St. No. 6 p. 3.

63. The OCA proposed numerous changes in the CAP. Among other things, the OCA proposed: expanding the number of discount tiers in the bill discount program, changing the discounts in the program, taking a more incremental approach to cost recovery, and increasing VWPA’s low-income outreach efforts. OCA St. No. 6 p. 11.

64. CAUSE-PA proposed numerous changes in the CAP. Among other things, CAUSE-PA recommended: modifying the proposed bill discounts; extending the bill discount program to wastewater customers; increasing outreach to low income customers; and only requiring CAP customers to pay their discounted CAP bill to receive arrearage forgiveness. CAUSE-PA St. No. 1 pp. 24-25, 29.

65. CAUSE-PA also recommended changes in the Veolia Cares program (*e.g.*, that VWPA work with LIAC to establish objective criteria for program eligibility). CAUSE-PA St. No. 1 p. 21.

TARIFF ISSUES

66. The Company proposed several changes to its tariff, including but not limited to reducing the due date of bills for all classes of customers except residential customers and proposing a fee of \$455 for a hydrant flow test. The Company also proposed various “housekeeping” revisions to the wastewater tariff to bring it into closer alignment with the water tariff, to remove certain elements that are not applicable to wastewater service, and to provide additional clarifications specific to wastewater service. VWPA St. No. 1 pp. 35-36.

67. CAUSE-PA witness Ballenger argued that VWPA should perform a comprehensive review of its water tariff to ensure that it accurately reflects present Pennsylvania law. CAUSE PA St. 1 pp. 34-37.

68. VWPA witness Finnicum testified that the tariff states that the Company will comply with Pennsylvania law and regulations. He also argued that the tariff does not need to restate every applicable provision in Pennsylvania laws and regulations. Since the tariff concerns service to residential and non-residential customers, whereas the regulations at Chapter 56 only apply to residential customers, the Company disagrees that the tariff should incorporate the provisions of Chapter 56. VWPA St. No. 1-R pp. 18-22.

69. VWPA witness Finnicum testified that there are several errors in the proposed tariff that should be corrected. He proposed two changes in the water tariff as initially proposed by the Company (*e.g.*, . correcting a citation in Paragraph 41 of the tariff and revising the definition of “customer,” which ends in mid-sentence). VWPA St. No. 1-R pp. 18-22.

ATTACHMENT E
VEOLIA WATER PENNSYLVANIA INC.
Proposed Conclusions of Law

ATTACHMENT E
PROPOSED CONCLUSIONS OF LAW

1. The Pennsylvania Public Utility Commission (“Commission”) has jurisdiction over the parties and subject matter of this proceeding. 66 Pa. C.S. § 101 *et seq.*

2. Every rate made, demanded, or received by any public utility shall be just and reasonable, and in conformity with regulations or orders of the Commission. 66 Pa. C.S. § 1301.

3. A public utility seeking a rate increase has the burden of proof to establish the justness and reasonableness of each element of its request. 66 Pa. C.S. § 315(a).

4. While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged. *Allegheny Center Assocs. v. Pa. Pub. Util. Comm’n* 570 A.2d 149 (Pa. Cmwlth. 1989).

5. While the burden of proof remains with the public utility throughout the rate proceeding, the Commission has stated that where a party proposes an adjustment to a ratemaking claim of a utility, the proposing party bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *Pa. Pub. Util. Comm’n v. Aqua Pa., Inc.*, Docket No. R-00072711 (Opinion and Order entered July 17, 2008).

6. Pursuant to the just and reasonable standard, a utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment.” *City of Lancaster Sewer Fund v. Pa. Pub. Util. Comm’n*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002).

7. The Commission must consider the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates in exchange for customers

paying rates for service, which include the cost of utility plant in service and a rate of return. 66 Pa. C.S. § 523.

8. The Commission must authorize a sufficient, or fair, rate of return to public utilities to ensure adequate revenues to cover operating expenses, debt service expenses and common and preferred (if necessary) dividends, as well as to maintain the financial integrity of the utility and enable the public utility to attract needed debt and equity capital in the marketplace or on reasonable terms, in competition with firms of similar risk. *Federal Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591 (1944); *Bluefield Water Works Improvement Co. v. Public Service Comm'n*, 262 U.S. 679 (1923).

9. Pennsylvania Courts and the Commission have adopted the U.S. Supreme Court's legal standards regarding the rate of return in *Hope* noting this case requires the Commission to balance utility company and ratepayer interests in setting rates. *Pennsylvania Electric Co. v. Pa. Pub. Util. Comm'n*, 502 A.2d 130 (1985).

10. Commission policy promotes settlements. 52 Pa. Code § 5.231.

11. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative 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.

12. 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 & Sewer Assocs.*, 74 Pa. PUC 767 (1991).

13. The instant settlement is in the public interest.

14. The rates, rules and regulations in the water tariff attached to the settlement are lawful, just and reasonable. 66 Pa. C.S. § 1301.

15. The rates, rules and regulations in the wastewater tariff attached to the settlement are lawful, just and reasonable. 66 Pa. C.S. § 1301.

16. 66 Pa. C.S. § 1358(b)(1) requires a utility's distribution system improvement charge ("DSIC") to be reset to zero on the effective date of new base rates that provide for the prospective recovery of the annual fixed costs of eligible property that were previously recovered under the utility's DSIC.

17. Parties may stipulate to a cost of common equity in the settlement of a base rate proceeding for purposes of calculating a DSIC. This figure may be used for up to two years. *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611 (Final Implementation Order entered August 2, 2012) p. 35. After that date, the cost of equity in the Commission's most recent quarterly report on the earnings of jurisdictional utilities would be used for the cost of equity component of pretax return. 66 Pa. C.S. § 1357(b)(3).

18. The Commission's Statement of Policy concerning water conservation measures provides that, in rate proceedings of water utilities, the Commission will review utilities' efforts to comply with the Statement of Policy when determining just and reasonable rates. 52 Pa. Code § 65.20. That Statement of Policy further provides: "Levels of unaccounted-for water should be kept within reasonable amounts. Levels above 20% have been considered by the Commission to be excessive." 52 Pa. Code § 65.20(4).

19. The Commission's Statement of Policy on Public Fire Protection Service and System Hydraulic Monitoring (the "Fire Protection Service Statement of Policy") provides that

the Commission may consider a water public utility's effort to meet the recommendations of the policy statement when determining just and reasonable rates. 52 Pa. Code § 69.1501(a).

20. The Fire Protection Service Statement of Policy further provides:

Where the water public utility determines a fire hydrant does not provide service at the minimum operating characteristics for fire protection service and may serve a useful purpose as a flushing hydrant, the water public utility can mark the fire hydrant as such, either permanently or until the hydrant can be removed, remediated or replaced.

52 Pa. Code § 69.1503(b)(4).

ATTACHMENT F
VEOLIA WATER PENNSYLVANIA INC.
Proposed Ordering Paragraphs

ATTACHMENT F
PROPOSED ORDERING PARAGRAPHS

1. That the Honorable Administrative Law Judge Emily I. DeVoe recommend, and the Commission approve, the Joint Petition for Approval of Settlement of Rate Proceeding, as submitted including all terms and conditions thereof without modification;
2. That the Commission's Investigation at Docket Nos. R-2024-3045192 and R-2024-3045193 be terminated and marked closed;
3. That the Complaints of the Office of Consumer Advocate at Docket Nos. C-2024-3046520 and C-2024-3046521 be marked closed;
4. That the Complaints of the Office of Small Business Advocate at Docket Nos. C-2024-3046893 and C-2024-2046956 be marked closed;
5. That all Complaints filed by inactive parties be dismissed and marked closed in the discretion of the Honorable Administrative Law Judge Emily I. DeVoe and the Commission, with consideration of any comments and/or exceptions to the Settlement that may be filed by the inactive parties; and
6. That the Commission enter an order consistent with the Settlement, terminating the proceeding and authorizing Veolia Water Pennsylvania, Inc. to file the water and wastewater tariff supplements attached to the Settlement to be effective on one days' notice. In the event that compliance filings are approved after the statutory suspension period (November 16, 2024), the Company shall recoup revenues lost for the period from the end of the statutory suspension period through the date the Commission makes approved rates effective.

ATTACHMENT G
VEOLIA WATER PENNSYLVANIA INC.
(Non-Proprietary)
Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Emily I. DeVoe

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045192 <i>et al.</i> ,
	:	(Water)
v.	:	
	:	Docket Nos. R-2024-3045193, <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	(Wastewater)

**VEOLIA WATER PENNSYLVANIA, INC.’S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF RATE PROCEEDING
(NON-PROPRIETARY VERSION)**

I. INTRODUCTION

AND NOW COMES VEOLIA WATER PENNSYLVANIA, INC. (“VWPA” or the “Company”) to file this Statement in Support of the Joint Petition for Approval of Settlement of Rate Proceeding (the “Settlement) in the above-captioned rate proceedings. The Settlement was executed by all of the active parties to these proceedings: VWPA, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (individually, a “Petitioner” and collectively, the “Joint Petitioners”). VWPA respectfully requests that the Honorable Administrative Law Judge Emily I. DeVoe (the “ALJ”) recommend

approval of, and that the Commission approve, the Settlement, including all terms and conditions thereof, without modification.

The Settlement, if approved, will resolve all the issues raised by the Joint Petitioners in these proceedings, including revenue requirement, revenue allocation, and certain other rate design, operational and tariff issues (including the creation of a customer assistance program (“CAP”)). The Settlement is in the best interest of VWPA, its customers, and the Joint Petitioners and is otherwise in the public interest. It should, accordingly, be approved.

II. LEGAL STANDARDS

Every rate made, demanded, or received by any public utility shall be just and reasonable, and in conformity with regulations or orders of the Commission. 66 Pa. C.S. § 1301. Pursuant to the just and reasonable standard, a utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment.” *City of Lancaster Sewer Fund v. Pa. Pub. Util. Comm’n*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002).

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. 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 Assocs.*, 74 Pa. P.U.C. 767 (1991).

III. ARGUMENT: THE SETTLEMENT IS IN THE PUBLIC INTEREST

As an initial matter, the fact that the Settlement is unopposed by any active party in this general base rate proceeding is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest -- particularly given the diverse interests of the Joint Petitioners and the active role that they have taken in this proceeding. Moreover, the Settlement was achieved only after a comprehensive investigation of VWPA's claims and operations. In addition to informal discovery, VWPA responded to hundreds of formal discovery requests (many of which had multiple subparts). The active parties filed several rounds of testimony and accompanying exhibits, including the direct testimony of VWPA, I&E, OSBA, OCA and CAUSE-PA, the rebuttal testimony of VWPA, I&E, OSBA, OCA, and CAUSE-PA, and the surrebuttal testimony of I&E, OCA, OSBA and CAUSE-PA. Moreover, the active parties participated in numerous settlement discussions and formal negotiations, which ultimately led to the Settlement.

Finally, the active parties in this proceeding, and their counsel and experts, have considerable experience in rate proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build a consensus on the settled issues.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners to this proceeding. For these reasons and the reasons set forth below, the Settlement is just and reasonable and should be approved without modification.

A. Revenue Requirement

VWPA requested that the Commission approve base rate increases totaling approximately \$16 million. This was composed of an increase of (a) \$15,494,620 (or approximately 26.7% over VWPA's current annualized revenues) for the water system, and (b) \$568,719 (or approximately 35% over current annualized revenues) for the wastewater system. VWPA St. No. 1 p. 6. In

contrast, the OCA initially recommended an increase of \$4,566,589 for the water system and \$427,859 for the wastewater system. OCA St. 1 p. 3. I&E initially recommended an increase of \$9,489,484 for the water system and \$209,362 for the wastewater system. I&E St. No. 1 pp. 5-10.

In the Settlement, the Joint Petitioners agree to a revenue increase of approximately \$10.9 million (or approximately 18.9% over current annualized revenues) for the water system and \$420,000 (or approximately 25.9% over current annualized revenues) for the wastewater system. Settlement ¶¶ 25-29. The Settlement is a “black box settlement.” Settlement ¶ 63. As a result, the Joint Petitioners do not explain how they derived the revenue requirement. Further, in the Settlement, the Joint Petitioners agree that VWPA will not file for an increase in water or wastewater rates before the end of the Fully Projected Future Test Year (“FPFTY”) in these proceedings (October 31, 2025). Settlement ¶¶ 26.

These provisions in the Settlement are in the public interest and should be approved. They reduce the total amount of the rate request, but still provide the Company with the funds necessary to continue to provide safe, adequate and reasonable water and wastewater service, plus a fair rate of return. These provisions also ensure that the Company will not seek another rate increase for a brief period, which promotes rate stability for customers but allows the Company to seek another rate increase promptly if necessary to address the infrastructure investments required by the U.S. Environmental Protection Agency’s recent regulations regarding PFAS or other developments.

B. Depreciation

VWPA calculates its depreciation using the Equal Life Group (“ELG”) methodology. The Company has used this approach for nearly thirty years. VWPA St. No. 5-R p. 2. In contrast, OCA witness Garrett proposed using the Average Life Group (“ALG”) methodology. OCA St. 3 p. 64. In addition, OCA witness Garrett proposed using certain useful life parameters that produce lower depreciation rates than what the Company proposed. OCA St. 3 pp. 67-79.

The Joint Petitioners compromised by agreeing to disagree about the depreciation methodology to be used by VWPA, but for these proceedings, the Joint Petitioners agreed to utilize VWPA's depreciation rates as originally proposed by the Company. Settlement ¶ 30. All Petitioners preserve their respective rights to address the depreciation methodology in a future proceeding.

The Settlement is in the public interest because it allows the Joint Petitioners to avoid litigating the issue of the appropriate depreciation methodology for VWPA. Instead, they reserve the right to litigate the issue in a future proceeding. In the meantime, the issue may be presented to, and resolved by, the Commission in another utility's base rate case, eliminating the need for the Joint Petitioners to litigate the issue in the future.

For purposes of this proceeding, the Joint Petitioners agree that the ALJ and the Commission should use the depreciation rates as filed by the Company in its original filing. This gives the ALJ and the Commission the substantial evidence on which they can base a decision.

C. State Tax Adjustment Surcharge

52 Pa. Code § 69.55 provides:

If a utility has on file a State tax adjustment surcharge or gross receipts tax rider at a rate other than zero, the State tax adjustment surcharge and gross receipts tax rider shall be zeroed and the tax expense recovered by the surcharge and rider shall be rolled into base rates in the next general rate increase filed by the utility. If the utility files a cost of service study with its proposed rate increase, the tax expense previously recovered through the surcharge and rider shall be allocated to the various classes of service in a manner consistent with the cost of service study. If a cost of service study is not provided with the rate filing, the surcharge and rider revenues shall be rolled into base rates by applying the same percentage rate to each class of service so that there will be no effective change in total revenues recovered from each service classification as a result of the roll-in.

Consistent with this provision, VWPA proposed that its state tax adjustment surcharge ("STAS") be reset to 0%. VWPA St. No. 2 p. 5. No party objected. The Settlement provides that the STAS will be reset to 0% effective with the effective date of settlement rates in this proceeding

and the STAS will be utilized to reflect the impacts of future changes in state income tax rates. Settlement ¶ 31.

This provision in the Settlement is in the public interest because it sets rates consistent with the Commission's regulations.

D. Amortizations

The Company's rate request included the proposed amortization of certain expenses, including the amortization of acquisition adjustments for Brown Manor, the Kensington Water Company ("Kensington"), the Overbrook Water Company ("Overbrook") and the Mahoning Township water and wastewater systems ("Mahoning"). VWPA St. No. 2 pp. 14, 16 and 30. Some of the Joint Petitioners disputed portions of this claim. For example, I&E recommended removing the acquisition adjustment for the acquisition of the Mahoning water and wastewater systems, I&E St. No. 3 p. 10, and the OCA recommended amortizing the transaction costs for the Company's acquisitions over ten years rather than five years, as proposed by the Company. OCA St. 2 p. 21. In rebuttal testimony, the Company accepted some, but not all, of these proposals. VWPA St. No. 2-R pp. 21 and 33.¹

The Settlement does not include the Company's proposed amortizations, except for four amortizations that are specifically listed (along with the annual amortization and the amortization period). Settlement ¶ 32. The Settlement maintains the amortization of a prior acquisition adjustment (for the acquisition of Brown Manor *et al.*) and memorializes that this prior acquisition adjustment will expire as currently scheduled in early 2027.

This provision of the Settlement is in the public interest because it represents a reasonable compromise of the Joint Petitioners' positions on the amortization issue. The Company agreed to

¹ For the resolution of the Joint Petitioners' dispute over the amortization of acquisition adjustments for Kensington, Overbrook and Mahoning, please see Section E below.

concede certain amortization claims, and the statutory advocates agreed to concede some of their proposed amortization adjustments. These compromises are a key part of the Settlement, which ensures that the Company will be able to continue to provide water and wastewater service to customers at just and reasonable rates.

E. Proposed Positive Acquisition Adjustments

The Company proposed acquisition adjustments pursuant to 66 Pa. C.S. § 1327(a) for its acquisition of the Kensington and Overbrook water systems. VWPA St. No. 1 pp. 10-11. I&E agreed with VWPA's proposal, but the OCA opposed it. VWPA St. No. 1-R pp. 15-16.

With respect to the Section 1329 acquisition of the Mahoning systems, the Commission approved a rate base addition of \$9.5 million for the acquisition (with \$4,734,800 being allocated to water rate base and \$4,765,200 being allocated to wastewater rate base). The assets were recorded on the Company's books at depreciated original cost. The Company requested a return on and of the purchase price. VWPA St. No. 1 pp. 9-10. I&E argued that there should be no acquisition adjustment because the original cost of the acquisition should have been adjusted to reflect the purchase price per the Section 1329 fair market valuation. The OCA did not contest including the full \$9.5 million purchase price into rate base. VWPA St. No. 1-R p. 17.

In her Rebuttal Testimony, VWPA witness Jacob explained:

In the Commission's Order approving the Mahoning acquisition the full amount of the acquisition price was approved for inclusion in rate base. However, the Order did not include an Ordering paragraph which stated the amount of net plant in service to be recorded. Since the Company's acquisition, VWPA has noted this statement has been included in the Orders for other Section 1329 acquisitions in Pennsylvania. At the time of the recording of the acquisition, the Company accounted for the transaction as it believed was appropriate, referencing the estimated original cost of the acquired assets and the estimated remaining book value. The difference between the estimated remaining book value and the purchase price was then recorded as acquisition adjustment.

The Company believes, absent an Order to the contrary, that this accounting was appropriate and complies with the Uniform System of Accounts. However,

accepting [I&E] witness Sakaya's interpretation, the Company has included this adjustment as a part of Company witness Herbert's workpapers whereby the Company would reclassify the acquisition adjustment amount as an addition to plant in service and an elimination of the related acquisition adjustment which would then be depreciated at the proposed depreciation rates in this case. Consequently, if the recommendation to reject the Mahoning acquisition adjustment is adopted, VWPA recommends that the Commission adopt the Company's rebuttal adjustment.

VWPA St. No.8-R pp. 4-5.

In the Settlement, the Joint Petitioners agreed that VWPA will not propose, in this or any future proceeding, that it receive an acquisition adjustment for the Kensington or Overbrook systems. Settlement ¶ 33. The Joint Petitioners also agreed that VWPA may include the full \$9.5 million purchase price for the Mahoning water and wastewater systems in rate base without a separate line item for an acquisition adjustment. The Joint Petitioners further agreed that the plant in service balances will be adjusted on a *pro rata* basis as shown on **Attachment B**. *Id.* ¶ 34.

These provisions are in the public interest. The Settlement provisions concerning Mahoning put VWPA in the position it would have been in if the Commission had included what is now a standard ordering paragraph in the order for VWPA's acquisition of the Mahoning systems. They also help keep rates just and reasonable by preventing VWPA from requesting an acquisition adjustment for the Kensington and Overbrook systems.

F. Distribution System Improvement Charge

66 Pa. C.S. § 1358(b)(1) requires a utility's distribution system improvement charge ("DSIC") to be reset to zero on the effective date of new base rates that provide for the prospective recovery of the annual fixed costs of eligible property that were previously recovered under the utility's DSIC. Consistent with this statutory directive, Settlement ¶ 35 provides that VWPA's DSIC will be reset at 0% of billed revenues effective with the effective date of Settlement rates. The DSIC will remain at this level until the later of: (i) the end of the FPFTY or (ii) when VWPA's

total plant in service balance exceeds the \$569,106,389 (water) and \$9,125,095 (wastewater) levels projected by the Company at October 31, 2025, as shown on **Attachment C**.

The Commission has held that parties may stipulate to a cost of common equity in the settlement of a base rate proceeding for purposes of calculating a DSIC. This figure may be used for up to two years. *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611 (Final Implementation Order entered Aug. 2, 2012) p. 35. After that date, the cost of equity in the Commission's most recent quarterly report on the earnings of jurisdictional utilities would be used for the cost of equity component of pretax return. 66 Pa. C.S. § 1357(b)(3). In Settlement ¶ 36, the Joint Petitioners agree that VWPA will calculate its DSIC using the equity return rate for water utilities contained in the most recent quarterly report on the earnings of jurisdictional utilities.

These provisions are in the public interest because they are consistent with applicable law. In addition, consistently using the Commission's most recent quarterly report on the earnings of jurisdictional utilities to determine the cost of equity ensures that DSIC rates will be stable and just and reasonable.

The DSIC provisions of the Settlement are also in the public interest because they ensure that VWPA will not begin to charge a DSIC until the Company's plant in service balance exceeds the amounts that VWPA projected through the end of the FPFTY. This provision protects consumers against an overestimation of the plant in service that the Company will install by the end of the FPFTY.

G. Rate Structure/Rate Design

VWPA proposes to move toward consolidating the rates of its five water service territories (Main Division, Mahoning, Kensington, Bethel and Overbrook) and toward rates that are more in line with the cost to serve. OCA witness Mierzwa proposed moderating some of the proposed rates to avoid rate shock and provide for gradualism. OCA St. 4 p. 3. He recommended other

changes in VWPA's proposed rate structure, including increasing public fire charges to recover 25% of the cost of service (limited to a maximum increase of twice the system average increase), modifying the monthly customer charges to be based on the direct costs associated with the costs of adding or subtracting a customer, and proportionately adjusting customer charges and volumetric usage charges based on the revenue requirement allowed in this case. *Id.* at 4.

VWPA agreed with some of these proposals in its rebuttal testimony, but disagreed with other proposals. For example, VWPA witness Heppenstall disagreed with Mr. Mierzwa's proposed methodology for determining monthly customer charges. VWPA St. No. 3-R pp. 2-3. VWPA witness Herbert agreed to Mr. Mierzwa's proposed increase in public fire charges, but not his proposal to modify the proposed customer charge. VWPA St. No. 2-R p. 24.

OSBA generally agreed with VWPA's rate design, but proposed that VWPA not increase rates for non-residential customers of Mahoning's wastewater system. Instead, OSBA proposed moving the residential class closer to its cost of service. OSBA St. No. 1 p. 5. VWPA opposed this recommendation because it might cause rate shock for residential wastewater customers of the Mahoning wastewater system. VWPA St. No. 2-R p. 36.

In the Settlement, the Joint Petitioners agreed on the schedule of rates. Schedules of water and wastewater rates are attached to the Settlement as **Attachments A and B**. *Pro forma* versions of the tariff supplements are attached as **Attachments L and M**. As reflected in these schedules of rates, the Settlement reflects the mutual balancing of various issues and positions. Additionally, the schedule of rates addresses the OSBA's concerns about VWPA's proposed increase for Mahoning's non-residential wastewater customers by moving toward rates reflecting revenues more closely aligned to those indicated by the filed cost of service study. These provisions are in

the public interest and should be approved because they represent a reasonable compromise of the positions of the various parties.

H. Unaccounted-For Water

The Commission has a Statement of Policy concerning water conservation measures. 52 Pa. Code § 65.20. That statement of policy provides that, in rate proceedings of water utilities, the Commission will review utilities' efforts to comply with the Statement of Policy when determining just and reasonable rates. This includes compliance with the Statement of Policy's provisions regarding unaccounted-for water ("UFW"): "Levels of unaccounted-for water should be kept within reasonable amounts. Levels above 20% have been considered by the Commission to be excessive." 52 Pa. Code § 65.20(4). OCA witness Fought found that the total UFW for Veolia's Pennsylvania and Bethel combined systems is under 13%, OCA St. 5SR p. 6, which is well within acceptable levels of UFW.

However, OCA witness Fought found that the Company is not in compliance with some UFW provisions from the settlement in its previous (2018) rate case. In that settlement, which was approved by the Commission, the parties agreed as follows:

[SUEZ Water Pennsylvania Inc. ("SWPA")] shall prepare Section 500 forms for each of its operating systems for which it submits a Chapter 110 Report and provide them to the OCA and the Pennsylvania Public Utility Commission's Bureau of Technical Utility Services ("TUS") in live Excel format at the time of its Chapter 110 Report submission. SWPA will include records supporting its estimate of "Located and Repaired Breaks in Mains & Services."

Docket No. R-2018-3000834, Joint Petition for Approval of Settlement of Rate Proceeding p. 8.

In his Direct Testimony, OCA witness Fought stated that VWPA did not submit any UFW estimates on Form 500 and did not provide separate UFW estimates for each of its Chapter 110 Report systems. OCA St. 5 p. 19. In his Rebuttal Testimony, VWPA witness Finnicum explained that, due to employee turnover, current VWPA staff were not aware of the requirement that Form

500 be separated and submitted for each system where the Company completes a Chapter 110 Report. He stated that this will be corrected going forward, starting with the 2024 reports. VWPA St. No. 1-R pp. 8-9.

In the Settlement, the Joint Petitioners agreed to include a provision very similar to the UFW provision that was included in the settlement of VWPA's 2018 rate case. Settlement ¶ 37. The only significant difference between the 2018 settlement and the Settlement proposed in this proceeding is that the final sentence quoted above (concerning supporting records) has been removed in the 2024 Settlement.

The UFW provision in the Settlement proposed in this proceeding is in the public interest. It ensures that VWPA will provide information for discrete systems, consistent with the 2018 agreement. This will help ensure that each discrete system is less than 20% UFW, which will benefit the Company and its ratepayers by promoting the efficiency of each system.

I. Customer Complaint Log

In the settlement of VWPA's 2018 rate case, the Company agreed to prepare a complaint log in sortable Excel format. The log would include complaints made to the Company about its service or facilities, showing the name and address of the complainant, the date and character of the complaint, and the final disposition of the complaint. *Pa. Pub. Util. Comm'n v. SUEZ Water Pennsylvania, Inc.*, Docket No. R-2018-3000834 (Recommended Decision issued Oct. 31, 2018) p. 14 (adopted by the Commission in Order entered Dec. 6, 2018). OCA witness Fought testified that it was difficult for VWPA to provide a complete complaint log because of the computer software used by VWPA. OCA St. 5 pp. 4-5.

The Joint Petitioners agreed to a complaint log provision that is more robust than the complaint log provision in the settlement of VWPA's 2018 rate case proceeding. The complaint

log will include data regarding customer complaints, work orders and service. The complaint log will be available in Excel format in discovery in future cases, including Veolia's next base rate case. The complaint log will include formal and informal complaints submitted to the Commission, as well as complaints directly submitted to the Company. Finally, the Joint Petitioners will collaborate to create a list of key words for complaints that Veolia will search.

Settlement ¶ 38.

The complaint log provision is in the public interest because it will allow VWPA and other parties to more efficiently review data concerning VWPA's responses to customer complaints. This information will be helpful to the Company in conducting normal business operations, as well as being helpful to parties in future litigation. By reviewing and analyzing this data, the Company will be better able to ensure that it is providing reasonable and adequate service (including customer service) to its ratepayers.

J. Minimum Fire Flow at Hydrants

OCA witness Fought noted that the Department of Environmental Protection's Public Water Supply Manual states that the minimum size permitted for a water main connected to a fire hydrant is 6 inches. OCA St. 5 p. 10 and Exhibit TLF-6. VWPA, however, has 71 fire hydrants that are connected to water mains less than 6 inches in diameter. OCA witness Fought recommended that any fire hydrants connected to water mains less than 6 inches in diameter be marked so that they will only be used for flushing and blow-offs. OCA St. 5 pp. 10-11. In the Settlement, the Joint Petitioners agree that the bonnets of fire hydrants on mains less than 6 inches in diameter will be painted red. Settlement ¶ 40.

In addition, the Settlement notes that the Company is currently reviewing its hydraulic models, which are used to determine that all fire hydrants attached to water mains larger than 6

inches can provide the minimum fire flow of 500 gallons per minute at a residual pressure of 20 pounds per square inch for a duration of two hours, without reducing the pressure in other areas of the distribution system to less than 20 pounds per square inch. VWPA commits to completing this review by the end of the year. If fire hydrants of concern are identified, either through the model or through periodic field fire flow testing, VWPA will collaborate with local fire protection agencies to identify solutions that will benefit public safety. Settlement ¶ 41.

These provisions of the Settlement are in the public interest because they promote public safety without exposing the Company to potential liability by making the Company a guarantor of fire service. Additionally, these provisions are consistent with the Commission's Statement of Policy on Public Fire Protection Service and System Hydraulic Monitoring. That Policy Statement provides that the Commission may consider a water public utility's effort to meet the recommendations of the policy statement when determining just and reasonable rates. 52 Pa. Code § 69.1501(a). VWPA is making a good faith effort to meet the recommendations of the Policy Statement.

The Policy Statement further provides that a Class A water public utility (such as VWPA) "should operate with a sophisticated level of technical expertise including the use of modern water industry tools such as computerized hydraulic modeling software." 52 Pa. Code § 69.1501(b). VWPA is using computerized hydraulic modeling software. Finally, the Statement of Policy provides:

Where the water public utility determines a fire hydrant does not provide service at the minimum operating characteristics for fire protection service and may serve a useful purpose as a flushing hydrant, the water public utility can mark the fire hydrant as such, either permanently or until the hydrant can be removed, remediated or replaced.

52 Pa. Code § 69.1503(b)(4). VWPA will review its hydraulic models, by the end of 2024, to determine whether all the fire hydrants on water mains larger than 6 inches provide

service at the Company's minimum operating characteristics for fire protection service. If they cannot, the Company will work with local fire protection agencies to determine whether the hydrant should be removed, remediated, replaced, or used only for flushing/blowoff purposes. Settlement ¶ 41.

The Settlement's provisions concerning minimum fire flow at hydrants are reasonable and consistent with the Commission's Statement of Policy. Therefore, they should be approved without modification.

K. Customer Notice

VWPA provided notice of the rate increase to customers as required by the Commission's notice requirements. VWPA St. No. 1 p. 36. OCA witness DeAngelo had several concerns with the form of VWPA's customer notice. First, she was concerned that the notice only provides the rate impact for Main VWPA customers, which does not provide an accurate representation of the rate impact for the Company's Bethel, Overbrook, Kensington and Mahoning customers. Second, she notes that VWPA provides notice based on an average consumption of 3,500 gallons per month for a residential customer. She recommended that the notice also include the rate impact for customers who use 5,000 and 10,000 gallons per month. OCA St. No. 1 pp. 11-12.

In rebuttal, VWPA witness Finnicum noted that the Company's notice invites customers to contact Veolia Customer Service to more specifically see how the proposed increase may affect their water or wastewater bill. He also argued that over 60% of residential customers consume between 3,500 and 3,600 gallons per month, and few consume 5,000 or 10,000 gallons per month. VWPA St. No. 1 pp. 14-15.

In her Surrebuttal, OCA witness DeAngelo noted that Pennsylvania-American Water Company sends a different notice to customers in each of its rate zones. She argued that VWPA

should do the same. She also continued to argue that the Company should include several usage levels in its customer notice. OCA St. 1SR pp. 4-5.

In the Settlement, the Company agreed that, in the future, it will provide a separate customer notice for customers of systems that have been acquired since the previous rate case. Settlement ¶ 42. This provision is in the public interest because customers of acquired systems tend to experience the more dramatic rate impacts than continuing customers of VWPA. This provision is also in the public interest because it is administratively easier, as well as less costly, for VWPA to develop and distribute a limited number of different versions of its customer notice.

L. Fully-Projected Future Test Year Reporting

VWPA Exhibit LKF-1 contains a summary of the anticipated plant in service activity for the years ended September 30, 2024 and October 31, 2025. I&E witness Sakaya testified:

I&E believes there is value in determining how closely Veolia’s projected investments in future plant compare with the actual investments that are made by the end of the [future test year (“FTY”)] and the FPFTY. Determining the correlation between Veolia’s projected and actual results will help inform the Commission and the parties in Veolia’s future rate cases.

I&E St. No. 3 p. 11. Consequently, Mr. Sakaya recommended that the Company provide the statutory advocates with periodic updates of VWPA Exhibit LKF-1. *Id.*

The Settlement provides that the Company will provide an update of VWPA Exhibit LKF-1 to I&E, OCA and OSBA by January 31, 2025 and by July 31, 2025. In addition, when the Company files its next base rate case, VWPA will include a comparison of its actual expenditures and rate base additions for the twelve months ending October 31, 2025 to the projections in this case. Settlement ¶ 43.

VWPA agrees that there is value in comparing the Company’s expected plant additions and retirements during the FTY and the FPFTY to actual plant additions and retirements during those periods. The updates described in the Settlement will allow the Commission and all parties

to future rate proceedings to assess the accuracy of VWPA’s projections. This provision is in the public interest and should be approved.

M. Miscellaneous

Tariff Revisions. In his Rebuttal Testimony, Mr. Finnicum noted that there are some errors in the proposed tariff that should be corrected and he proposed three changes in the water tariff as initially proposed by the Company. VWPA St. No. 1-R pp. 18-22.

In the Settlement, ¶ 44, the Joint Petitioners recommend that the Commission adopt the tariffs as proposed by VWPA,² **Attachments L and M**, with three corrections proposed in Mr. Finnicum’s Rebuttal Testimony:

- The definition of “customer” on Sixth Revised Page 17 shall be modified to read: “A Customer shall mean a customer of record, or end user, or both, contracting for a supply of water.”
- The sentence in Paragraph 41 that reads “Procedures set forth in Section 56.112 through 56.118 of 76 P.R.M.D. – 10 will be followed.” shall be replaced by the sentence “Procedures set forth in 52 Pa. Code § 56.111 through 56.118 will be followed.”
- In Paragraph 33, the reference to “information complaints” be changed to “informal complaints.”

These provisions are in the public interest because the proposed water and wastewater tariffs include rules and regulations governing the provision of service. These rules and regulations need to be approved by the Commission. Considering that a rate proceeding offers limited time to review the Company’s tariff, the Settlement prudently proposes necessary changes to be made immediately, but also provides for additional time to perform a comprehensive review of the tariffs. *See* Section O (Comprehensive Review of Tariff Language), below. For all these reasons, the proposed tariff revisions should be approved, without modification.

² The Joint Petitioners acknowledge that proposed changes to VWPA’s water tariff are currently pending before the Commission in *Petition of Veolia Water Pennsylvania, Inc. for Approval of a Lead Service Line Replacement Program*, Docket No. P-2023-3042107 (Recommended Decision issued Jul. 2, 2024).

Water Storage Tanks. OCA witness Fought testified that water storage tanks are periodically inspected and cleaned to maintain good water quality in the distribution system and to maintain the service life of the tank. Tanks may be periodically painted inside and/or outside, depending on their construction (for example, glass-lined tanks do not require inside or outside painting). He recommended that once a tank is more than 15 years old, it should be inspected by an experienced tank inspection contractor, who would submit a report of recommendations. He also recommended that existing tanks that have not been repainted for over 20 years should be inspected by an experienced tank inspection contractor, who would again submit a report of recommendations. After an inspection, the tank should be reinspected at a frequency based on the inspection report's recommendations and Veolia's experience with similar tanks. OCA St. 5 p. 22. In his Rebuttal Testimony, VWPA witness Finnicum agreed to this recommendation. VWPA St. No. 1 pp. 7-8.

The Settlement provides that tanks more than 15 years old, and tanks not repainted at the 20 year mark, will be inspected by a tank inspection contractor, who will submit a report to the Company. Settlement ¶ 45. This provision is in the public interest because it will help the Company to maintain good water quality for distribution to customers. It will also help the Company maintain the service life of its tanks, keeping costs stable for customers. These provisions are in the public interest and should be approved.

BEGIN CONFIDENTIAL

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Water Pennsylvania Inc. and SUEZ Water Bethel Inc., Docket Nos. A-2021-3026515 et al. (Order entered Dec. 2, 2021) (the “*Veolia Change of Control Order*”), the Company agreed to establish a Low-Income Advisory Committee (“LIAC”) and use input from the LIAC to develop improvements to its low-income programs, to be proposed in the next base rate case. The Company also agreed to provide a shareholder contribution of \$300,000 to support the low-income changes presented in its next base rate case. VWPA St. No. 7 p. 3.

In this proceeding, the Company proposed a customer assistance program (“CAP”) for water service; the CAP proposal does not apply to wastewater service. The CAP is modeled on CAPs currently offered by other Commission-regulated investor-owned water utilities in the Commonwealth. VWPA St. No. 7 pp. 4-6.

As proposed by the Company, the CAP included a bill discount program, a service line repair program, and an arrearage forgiveness program. VWPA St. No. 7 p. 4. The bill discount program was proposed to be a tiered discount, providing the most financial relief to those who need it the most. As a conservation component to the discounts, customers below 150% of the Federal Poverty Level (“FPL”) would receive conservation education, conservation kits, and installation of kits by plumbers for Seniors if needed or those with a disability. VWPA St. No. 7 pp. 7-8. The arrearage forgiveness program was proposed to give customers at or below 200% of the FPL who are unable to pay their past due bills flexible payment arrangements that allow an opportunity for forgiveness of \$25 per month of the outstanding balance each time the customer pays his currently monthly bill by the due date. VWPA St. No. 7 p. 8. Finally, the service line repair program was proposed to have the Company hire contractors who would provide plumbing repairs of up to \$1,500 (for each occurrence) to eligible low income residential customers at or below 150% of the FPL. To be eligible, the customer must be in threat of termination, or have

been terminated, and the leak must occur on an exposed internal line and/or consist of minor plumbing repairs such as faucets and toilets. External customer service side leaks would be repaired from the curb box to the face of the customer's home. VWPA St. No. 7 p. 9.

Because the CAP proposal is new, enrollment levels and total costs are difficult to estimate. The Company estimated costs for the CAP assuming that approximately three percent of eligible customers will enroll in the program. VWPA St. No. 7 p. 10. VWPA proposed that a target budget of \$1,000,000 for CAP costs be included in its revenue requirement. VWPA St. No. 7 p. 11. The Company further proposed to track the difference between the overall costs of the CAP and the proposed target amount as a regulatory asset or liability, to be addressed in the Company's next base rate case filing. After gaining experience with the program, adjustments to the level of costs included in base rates would be adjusted to reflect the costs of the program more accurately in that future case. The shareholder contribution of \$300,000 would be included in the reconciliation as a direct offset of the overall program costs. VWPA St. No. 6 p. 7.

The proposed CAP program is in addition to the Veolia Cares program, which will continue. VWPA St. No. 7 p. 4. Veolia Cares offers assistance to customers that are experiencing a hardship such as job loss, illness, or an unforeseen circumstance that prevents the customer from paying his water and/or wastewater bill. Qualifying customers may receive grants of up to \$300 annually toward their water bill and up to \$150 toward their wastewater bills. VWPA St. No. 7 p. 5. In 2023, the Company started sending conservation kits to Veolia Cares grant recipients to assist them in reducing their monthly water consumption. VWPA St. No. 7 p. 5.

CAUSE-PA and the OCA proposed changes to the CAP program. The OCA used the asset limited, income and employed ("ALICE") index, rather than the FPL, to estimate the number of Veolia customers who might need assistance. OCA St. No. 6 p. 3. Among other things, the OCA

proposed expanding the number of discount tiers in the bill discount program, changing the discounts in the program, taking a more incremental approach to cost recovery, and increasing VWPA's low-income outreach efforts. OCA St. No. 6 p. 11. Among other things, CAUSE-PA recommended: modifying the proposed bill discounts; extending the bill discount program to wastewater customers; increasing outreach to low income customers; and only requiring CAP customers to pay their discounted CAP bill to receive arrearage forgiveness. CAUSE-PA St. No. 1 pp. 24-25, 29. In addition, CAUSE-PA recommended changes in the Veolia Cares program. CAUSE-PA St. No. 1 p. 21.

In the Settlement, the Joint Petitioners agree that CAP and other assistance programs should be approved as proposed, except as modified by the Settlement. Settlement ¶ 47. VWPA's proposed CAP will be launched within 180 days of the effective date of rates in this case. *Id.* ¶ 60.

The Settlement makes numerous changes in the Company's proposal, Settlement ¶¶ 48-61, including removing the proposal for tracking the difference between the overall costs of the program and the proposed target amount as a regulatory asset or liability, to be addressed in the Company's next base rate case filing. Instead, VWPA will track all costs associated with the administration of the CAP program, including the provision of services under the program. In its next base rate proceeding, the Company will identify those costs it seeks to recover as part of its ongoing administration of the CAP. Settlement ¶ 61.

In terms of the bill discount program, the program is modified as shown in the table below.

As Proposed			Settlement		
Poverty Level	Service Charge Discount	Volumetric Discount	Poverty Level	Service Charge Discount	Volumetric Discount
0-100%	\$0 fixed charge	First 2,000 gallons	0-50%	\$0 fixed charge	First 3,000 gallons
101-150%	\$0 fixed charge	First 1,000 gallons	50-100%	\$0 fixed charge	First 2,000 gallons
151-200%	\$0 fixed charge	0	101-150%	\$0 fixed charge	First 1,000 gallons
			151-200%	\$0 fixed charge	First 500 gallons

VWPA St. No. 7-R p. 3 and Settlement ¶ 51.

In terms of the arrearage forgiveness program, VWPA will track and report to LIAC annually on program participants' success in achieving full forgiveness through the program, and the length of time it takes for them to do so. Settlement ¶ 53.

In terms of the service line repair program, plumbing repairs will include the installation of the conservation kits sent to customers, provided that the customer agrees. Settlement ¶ 54.

Although the CAP program will only apply to water customers, the Settlement provides that the Company will analyze data and consult with the LIAC prior to VWPA's next base rate case to determine the need for and feasibility of extending the CAP program to wastewater customers. Settlement ¶ 52. The Company will also annually calculate census-based estimates of low-income water and wastewater customers and report that figure to the LIAC. Settlement ¶ 55. The Company will also track its confirmed low-income water and wastewater customers at or below 150% and 200% FPL on a monthly basis and provide the results to the LIAC. Settlement ¶ 56. Additionally, the Company will request input from the LIAC on: developing a process to screen for confirmed low-income status during relevant customer contacts; designing customer outreach to enroll low-income customers in the bill discount program; and identifying

opportunities and challenges for (a) identifying leaks for CAP participants before they are in threat of termination and (b) leak repair program accessibility for CAP customers who are not in threat of termination. Settlement ¶¶ 57-59.

The Settlement also modifies the on-going Veolia Cares program. Grants will increase to \$300 and VWPA will make a \$35,000 per year shareholder contribution to the Veolia Cares hardship program, with unspent funds rolling over and being added to the available program budget for the following year. Settlement ¶ 49.

VWPA's CAP and Veolia Cares program, as modified by the Settlement, are reasonable and should be approved. These programs would assist customers in need, targeting the most assistance to customers who are most in need. Additionally, the annual contribution by shareholders to the Veolia Cares program helps ensure that the CAP and Veolia Cares together do not place an undue burden on customers who do not qualify for assistance.

This is VWPA's first CAP. Consequently, there are many unknowns, including customer participation rates and the cost of the program. The Company's proposed CAP, as modified by the Settlement, is a reasonable starting point. Significantly, the Settlement contains numerous data gathering and reporting requirements, and requirements for the Company to obtain feedback from the LIAC, prior to its next base rate case. These requirements will be helpful for the Company to identify needed changes in its programs in the future.

O. Comprehensive Review of Tariff Language

In his Direct Testimony, CAUSE-PA witness Ballenger argued that VWPA should perform a comprehensive review of its water tariff to ensure that it accurately reflects present Pennsylvania law. CAUSE PA St. 1 pp. 34-37. He provided some examples of tariff provisions that appeared to be inconsistent with the Code or Commission regulations.

In his Rebuttal Testimony, VWPA witness Finnicum specifically noted that Mr. Ballenger did not allege that the Company has violated the Code or the Commission's regulations. Mr. Finnicum also noted that the tariff states that the Company will comply with Pennsylvania law and regulations. He argued that the tariff does not need to re-state every applicable provision in Pennsylvania's laws and regulations. Finally, Mr. Finnicum noted that the tariff concerns service to residential and non-residential customers. As a result, the Company disagrees with the suggestion that the tariff should re-state the provisions in the Commission's regulations at Chapter 56, which pertain only to residential customers. VWPA St. No. 1-R pp. 18-22.

The Settlement provides that, within 180 days of the effective date of rates in this case, the Company will initiate a comprehensive review of its tariff to ensure that the language and citations are consistent with applicable laws and the Commission's regulations. The Company will file a compliance tariff if further changes are necessary for compliance. Settlement ¶ 62.

As discussed above, considering that a rate proceeding offers limited time to review the Company's tariff, the Settlement reasonably provides for additional time to perform a comprehensive review of the tariffs. For all the above reasons, the Settlement's provisions concerning tariff issues are reasonable and in the public interest and should be approved.

P. Standard Settlement Conditions

The Settlement is a compromise of competing positions and does not necessarily reflect any Petitioner's position on any particular issue raised in the proceeding. The Settlement may not be cited as precedent, except to the extent required to implement the Settlement. Settlement ¶ 68.

The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Settlement without modification. If the Settlement is approved, the Joint Petitioners agree that it will have the same force and effect as if the Joint Petitioners had fully litigated this proceeding. However, if the Commission modifies the Settlement, any Petitioner

may elect to withdraw from the Settlement and may proceed with litigation. In such event, the Settlement shall be void and of no effect. 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 Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding. ¶¶ 63, 67.

The standard settlement conditions included in the Settlement are routinely included in settlements in Commission proceedings. They protect all of the Joint Petitioners by allowing them to withdraw from the Settlement if the Commission modifies the Settlement in a manner they find unacceptable and details the consequences of that election. The standard settlement conditions make parties to a Commission proceeding more willing to settle than they otherwise might be. They are therefore in the public interest and should be approved.

IV. CONCLUSION AND REQUEST FOR RELIEF

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all issues in the proceeding in a fair and equitable manner. The Settlement is the result of a months-long detailed examination of VWPA's finances and operations through hundreds of discovery responses, multiple rounds of testimony and accompanying exhibits, and extensive settlement negotiations. A fair and reasonable compromise has been achieved in this case, as is evident by the fact that VWPA, I&E, OCA, OSBA, and CAUSE-PA have agreed to the resolution of a broad array of issues in this proceeding.

Consequently, VWPA fully supports this Settlement and respectfully requests:

1. That the Honorable Administrative Law Judge Emily I. DeVoe recommend, and the Commission approve, the Joint Petition for Approval of Settlement of Rate Proceeding, as submitted including all terms and conditions thereof without modification;
2. That the Commission's Investigation at Docket Nos. R-2024-3045192 and R-2024-3045193 be terminated and marked closed;
3. That the Complaints of the Office of Consumer Advocate at Docket Nos. C-2024-3046520 and C-2024-3046521 be marked closed;
4. That the Complaints of the Office of Small Business Advocate at Docket Nos. C-2024-3046893 and C-2024-2046956 be marked closed;
5. That all Complaints filed by inactive parties be dismissed and marked closed in the discretion of the Honorable Administrative Law Judge Emily I. DeVoe and the Commission, with consideration of any comments and/or exceptions to the Settlement that may be filed by the inactive parties; and
6. That the Commission enter an order consistent with the Settlement, terminating the proceeding and authorizing Veolia Water Pennsylvania, Inc. to file water and wastewater tariff supplements consistent with the Settlement to be effective on one days' notice. In the event that compliance filings are approved after the statutory suspension period (November 16, 2024), the Company shall be permitted to recoup revenues lost for the period from the end of the statutory suspension period through the date the Commission makes approved rates effective.

[Signature appears on next page.]

Respectfully submitted,



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ATTACHMENT H
BUREAU OF INVESTIGATION AND ENFORCEMENT
Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2024-3045192 (Water)
	:	R-2024-3045193 (Wastewater)
Veolia Water Pennsylvania, Inc.	:	

**STATEMENT OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT
OF RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE EMILY DEVOE:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through Prosecutor Michael A. Podskoch, Jr., hereby respectfully submits that the terms and conditions of the foregoing “Joint Petition for Approval of Settlement of Rate Proceeding” (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of Veolia Water Pennsylvania, Inc. (“VWPA” or “Company”) and its customers. The parties to this settlement are VWPA, I&E, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (collectively the “Joint Petitioners” or “Parties”). Following extensive review of the Company’s filing and discovery responses, and participation in numerous settlement conferences, I&E is of the

opinion that the terms and conditions of the Joint Petition are in the public interest.

Accordingly, I&E recommends that the Administrative Law Judge and the Commission approve the Settlement in its entirety.

I. INTRODUCTION

On February 16, 2024, Veolia Water Pennsylvania, Inc. – Water and Wastewater Divisions filed proposed Supplement No. 68 to Tariff Water – Pa. P.U.C. No. 7 (“Supplement No. 68”) and proposed Supplement No. 5 to Tariff Wastewater – Pa. P.U.C. No. 2 (“Supplement No. 5”). Supplement No. 68 contained changes in water rates, rules, and regulations with a proposed revenue increase of \$15.4 million, or 26%, including DSIC revenues, and Supplement No. 5 contained changes in wastewater rates, rules, and regulations with a proposed revenue increase of \$568,719, or 35%. Each tariff supplement proposed an effective date of April 16, 2024.

On February 16, 2024, OCA filed a Formal Complaint and Public Statement. On February 20, 2024, I&E filed its Notice of Appearance. On February 26, 2024, OSBA filed a Formal Complaint and Public Statement. On March 8, 2024, CAUSE-PA filed a Petition to Intervene and Answer. Additionally, various individuals filed oppositions to VWPA’s proposed rate increase.

On March 14, 2024, the Commission entered Orders pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates until November 16, 2024, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of

such hearings as may be necessary culminating in the issuance of a Recommended Decision.

A telephonic Prehearing Conference was held on March 27, 2024 before Administrative Law Judge Emily DeVoe (“ALJ”) during which a procedural schedule was established and evidentiary hearings were scheduled on June 26-28, 2024. In-person and telephonic public input hearings were held on April 29-30, 2024. A Joint Stipulation for the Admission of Evidence was filed on June 27, 2024 where the parties’ written testimonies and exhibits were entered into the record. I&E submitted the following:

- I&E Statement No. 1 – Direct Testimony of Vanessa Okum in both Proprietary and Non-Proprietary format
- I&E Exhibit No. 1
- I&E Statement No. 2 – Direct Testimony of D. C. Patel
- I&E Exhibit No. 2
- I&E Statement No. 3 – Direct Testimony of Esysan Sakaya
- I&E Exhibit No. 3
- I&E Exhibit No. 3, Schedule 1 and Schedule 2 – Sakaya – Corrected 5-24-24
- I&E Statement No. 3-R – Rebuttal Testimony of Esysan Sakaya
- I&E Statement No. 1-SR – Surrebuttal Testimony of Vanessa Okum
- I&E Exhibit No. 1-SR
- I&E Statement No. 2-SR – Surrebuttal Testimony of D. C. Patel
- I&E Statement No. 3-SR – Surrebuttal Testimony of Esysan Sakaya
- I&E Exhibit No. 3-SR

The hearings on June 26-28, 2024 were cancelled upon notification that the Joint Petitioners reached a full settlement of all issues as set forth in the Joint Petition and the filing of the Joint Stipulation for the Admission of Evidence.

II. LEGAL STANDARD

I&E serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge.¹ By representing the public interest in rate proceedings before the Commission, I&E works to balance the interests of customers, utilities, and the regulated community as a whole to ensure that a utility's rates are just, reasonable, and nondiscriminatory.² In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

“The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”³ The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁴

Commission policy encourages settlements because, in the Commission's judgment, the results achieved from a negotiated settlement are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁵

¹ *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852, p. 5 (Order Entered August 11, 2011).

² *See* 66 Pa.C.S. §§ 1301(a), 1304.

³ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

⁴ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

⁵ *See* 52 Pa. Code §§ 5.231(a), 69.401.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Revenue Requirement (Joint Petition ¶¶ A.25-B-29)

The Settlement provides that VWPA shall file a compliance tariff supplement, effective no sooner than November 1, 2024, with rates designed to produce additional annual water operating revenue of \$10.9 million as opposed to the Company's requested \$15.4 million increase. VWPA's allowed water revenue requirement will be recovered based upon the schedule of rates as shown in Attachment A to the Joint Petition.

I&E witness Vanessa Okum recommended in direct testimony a total water rate increase of \$9,489,484 based on adjustments made to VWPA's operating and maintenance ("O&M") expense, cash working capital, rate base, and rate of return claims,⁶ and subsequently recommended in surrebuttal testimony a total water rate increase of \$10,454,473 based on further adjustments made to VWPA's O&M expense, cash working capital, rate base, and rate of return claims.⁷ The \$10.9 million water rate increase represents a compromise among the Joint Petitioners' proposals.

The Settlement also provides that VWPA shall file a compliance tariff supplement, effective no sooner than November 1, 2024, with rates designed to produce additional annual wastewater operating revenue of \$420,000 as opposed to the Company's requested \$568,719 increase. VWPA's allowed wastewater revenue requirement will be recovered based upon the schedule of rates as shown in Attachment A to the Joint Petition.

⁶ I&E Statement No. 1, pp. 5-7, 9-10.

⁷ I&E Statement No. 1-SR, pp 6-8, 10-11.

I&E witness Okum recommended in direct testimony a total wastewater rate increase of \$209,362 based on adjustments made to VWPA's O&M expense, cash working capital, rate base, and rate of return claims,⁸ and subsequently recommended in surrebuttal testimony a total wastewater rate increase of \$407,900 based on further adjustments made to VWPA's O&M expense, cash working capital, rate base, and rate of return claims.⁹ The \$420,000 wastewater rate increase represents a compromise among the Joint Petitioners' proposals.

The parties have also agreed that VWPA shall not file a general rate increase under Section 1308(d) of the Public Utility Code before the end of the Fully Projected Future Test Year ("FPFTY") in the instant proceeding. This stay-out term is in the public interest as it provides a period of rate stability for VWPA's customers.

B. Depreciation (Joint Petition ¶ C.30)

I&E has no specific comments on the settlement provisions regarding depreciation rates but supports the Settlement in its entirety as being in the public interest.

C. State Tax Adjustment Surcharge (Joint Petition ¶ D.31)

I&E has no specific comments on the settlement provisions regarding the State Tax Adjustment Surcharge ("STAS") but supports the Settlement in its entirety as being in the public interest.

D. Amortizations (Joint Petition ¶ E.32)

Pursuant to the terms of the Settlement, the following amortizations are submitted for

⁸ I&E Statement No. 1, pp. 7-10.

⁹ I&E Statement No. 1-SR, pp 8-11.

approval as an integral part of the Settlement and are reflected in the Settlement’s base rate allowance:¹⁰

Description	Amortization Period	Annual Amortization
TCJA Liability (Protected)	Amortization is reflective of ARAM computations.	(\$300,000)
TCJA Liability (Unprotected)	Three (3) Years	(\$416,247)
Amortization of Acquisition Transaction Costs	Ten (10) Years	\$58,785
Amortization of Acquisition Adjustment	Twenty (20) Years ¹¹	\$57,744

I&E witness Eryan Sakaya recommended in direct testimony that the water amortization expense be reduced by \$122,766 and the total wastewater amortization expense of \$153,034 be eliminated.¹² Mr. Sakaya accepted VWPA’s updated amortization expense claims following the Company’s proposal to reclassify both Mahoning Water and Wastewater acquisitions.¹³ As such, I&E supports these terms as being in the public interest.

E. Proposed Positive Acquisition Adjustments (Joint Petition ¶¶ F.33-34)

Pursuant to the terms of the Settlement, the parties agree that they will not propose, in this or any future proceeding, to amortize or otherwise pass through to ratepayers the difference between the net original cost and the purchase price (“positive

¹⁰ The remaining amortizations set forth in VWPA Exhibit No. GRH-3, Schedule 1, Summary of Adjustments are not specifically included in the Settlement.

¹¹ Prior acquisition adjustment (Brown Manor *et al.*) remains at the amortization period of 20 years and an amount of \$57,744 which will be fully amortized in early 2027.

¹² I&E Statement No. 3, pp. 9-10.

¹³ I&E Statement No. 3-SR, pp. 5-6.

acquisition adjustment”) with respect to the Kensington Water Company (“Kensington”) and the Overbrook Water Company (“Overbrook”).

The parties also agree that VWPA may include the full \$9.5 million for the Mahoning Township Water and Wastewater systems, acquired pursuant to Section 1329 of the Public Utility Code, in ratemaking rate base without a separate line item for an acquisition adjustment. Plant in service balances will be adjusted on a pro-rata basis as shown in Attachment B to the Joint Petition.

I&E witness Sakaya recommended in direct testimony that the acquisition adjustments for the Kensington and Overbrook acquisitions be accepted based on both systems being in disrepair and that the acquisition adjustments for the Mahoning Water and Wastewater acquisitions be denied because they were acquired pursuant to Section 1329 of the Public Utility Code and there was insufficient reason to reflect an acquisition adjustment in rate base since the original cost should have been adjusted to reflect the purchase price.¹⁴ VWPA agreed with Mr. Sakaya’s recommendation regarding the Kensington and Overbrook acquisitions in rebuttal testimony and Mr. Sakaya accepted the Company’s proposal to reclassify both Mahoning Water and Wastewater acquisitions as additions to the water and wastewater plant which would eliminate the acquisition adjustment claims.¹⁵ As such, I&E supports these terms as being in the public interest.

F. Distribution System Improvement Charge (Joint Petition ¶¶ G.35-36)

I&E has no specific comments on the settlement provisions regarding VWPA’s

¹⁴ I&E Statement No. 3, pp. 7-8.

¹⁵ I&E Statement No. 3-SR, pp. 3-4.

Distribution System Improvement Charge (“DSIC”) but supports the Settlement in its entirety as being in the public interest.

G. Rate Structure/Rate Design

I&E witness Sakaya made several rate design recommendations regarding VWPA’s Main Water and Mahoning Water Divisions. For Main Water, Mr. Sakaya recommended in direct testimony increasing the proposed Other Revenue rate of \$325,208 by \$81,922 to \$407,130, or a 25.2% increase, for late payment revenue.¹⁶ Mr. Sakaya then accepted VWPA’s late payment revenue recommendation of \$46,225.¹⁷ For Mahoning Water, Mr. Sakaya recommended in direct testimony increasing the proposed Other Revenue rate of \$6,984 by \$9,179 to \$16,073, or a 133.13% increase, for late payment revenue and removing the proposed \$4,680 increase to the Public Fire rate.¹⁸ Mr. Sakaya then accepted VWPA’s late payment revenue recommendation of \$1,920 and withdrew his Public Fire recommendation and accepted VWPA’s proposed increase of \$4,680.¹⁹

Mr. Sakaya also recommended in direct testimony disallowing the \$237,000 allocation between the Main Water and Mahoning Water Divisions.²⁰ Mr. Sakaya opined that (1) there is no reason that the rates should be consolidated in this proceeding and disallowing the subsidy would lower the rates for Main Division customers; (2) Mahoning customers are benefiting from being acquired by VWPA through the Section

¹⁶ I&E Statement No. 3, p. 1; I&E Exhibit No. 3, Sch. 3.

¹⁷ I&E Statement No. 3-SR, p. 8.

¹⁸ I&E Statement No. 3, p. 14; I&E Exhibit No. 3, Sch. 4.

¹⁹ I&E Statement No. 3-SR, pp. 12-13; I&E Exhibit No. 3-SR, Sch. 2.

²⁰ I&E Statement No. 3, p. 14.

1329 acquisition; and (3) there is no provision in the Public Utility Code that allows for a transfer of system costs between water rate zones.²¹ In surrebuttal testimony, Mr. Sakaya revised his recommendation following VWPA's reduction of the \$237,000 reclassification by \$95,550 to \$141,450 but still continued to recommend disallowing the allocation.²²

As the Settlement represents a compromise of the parties' positions, I&E supports the water and wastewater schedule of rates as shown in Attachment A to the Joint Petition as being in the public interest.

H. Unaccounted-For Water (Joint Petition ¶ H.37)

I&E has no specific comments on the settlement provisions regarding unaccounted-for water but supports the Settlement in its entirety as being in the public interest.

I. Customer Complaint Log (Joint Petition ¶¶ I.38-39)

I&E has no specific comments on the settlement provisions regarding customer complaints but supports the Settlement in its entirety as being in the public interest.

J. Minimum Fire Flow at Hydrants (Joint Petition ¶¶ J.40-41)

I&E has no specific comments on the settlement provisions regarding VWPA's hydrants but supports the Settlement in its entirety as being in the public interest.

K. Customer Notice (Joint Petition ¶ K.42)

I&E has no specific comments on the settlement provisions regarding customer

²¹ I&E Statement No. 3, p. 16.

²² I&E Statement No. 3-SR, pp. 8-10; I&E Exhibit No. 3-SR, Sch. 1.

notices but supports the Settlement in its entirety as being in the public interest.

L. Fully Projected Future Test Year Reporting (Joint Petition ¶ L.43)

Pursuant to the terms of the Settlement, VWPA agrees to provide I&E, OCA, and OSBA, on or before January 31, 2025, an update to VWPA Exhibit No. LKF-1, to include actual plant additions and retirements by month for the twelve months ending September 30, 2024. On or before July 31, 2025, VWPA shall update VWPA Exhibit No. LKF-1, for the twelve months ending March 31, 2025. In VWPA's next base rate proceeding, VWPA shall prepare and submit a comparison of its actual expenditures and rate base additions for the twelve months ending October 31, 2025, to its projections in this case.

I&E witness Sakaya recommended in direct testimony that VWPA provide I&E and OCA separate reports for Water and Wastewater updating pages 1 and 2 of Veolia Exhibit LKF-1 no later than January 1, 2025, which should include actual capital expenditures, plant additions, and retirements by month from October 1, 2023 through September 30, 2024, and an additional update for actuals from October 1, 2024 through September 30, 2025, no later than January 1, 2026.²³ As such, I&E supports these terms as being in the public interest.

M. Miscellaneous (Joint Petition ¶¶ M.44-46)

The parties have agreed upon the additional annual revenues as a "black box" settlement. A "black box" settlement does not specifically identify the resolution of any

²³ I&E Statement N. 3, pp. 10-11.

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. A “black box” settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. A previous Chairman of the Commission has commented on “black box” settlements and stated that:

Determination of a company’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company’s cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.²⁴

This “black box” revenue increase balances the interests of ratepayers and the Company. VWPA will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the initial proposal. As such, I&E supports the “black box” revenue increase as being in the public interest.

N. Customer Assistance Program (“CAP”) and Other Assistance Programs (Joint Petition ¶¶ N.47-61)

I&E’s testimony regarding VWPA’s proposed Customer Assistance Program (“CAP”) was limited to the program’s implementation costs and cost-tracking and reporting. I&E witness Okum recommended in surrebuttal testimony that VWPA should

²⁴ See Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company*, Docket No. R-2010-2172662 (Order Entered January 13, 2011); See also Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens’ Electric Company of Lewisburg, Pennsylvania*, Docket No. R-2010-2172665 (Order Entered January 13, 2011).

be required to submit annual breakdowns from the program's inception of actual costs as compared to the budgeted amounts for each component of the program including administrative costs, by year, starting with 2025 and beyond, and in subsequent rate filings, VWPA should be required to continue submitting similar annual breakdowns to allow for proper analysis of the program.²⁵ Ms. Okum opined that since this expense will be included in base rates, it is important for the Company to be held accountable to show how the program is working so that in subsequently filed rate cases, the involved parties can make informed recommendations.²⁶ As such, I&E supports these terms as being in the public interest.

I&E has no specific comments on the other settlement provisions regarding the CAP or other assistance programs but supports the Settlement in its entirety as being in the public interest.

O. Comprehensive Review of Tariff Language (Joint Petition ¶¶ O.62)

I&E has no specific comments on the settlement provisions regarding VWPA's review of its tariff but supports the Settlement in its entirety as being in the public interest.

P. Standard Settlement Conditions (Joint Petition ¶¶ P.63-68)

I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this

²⁵ I&E Statement No. 1-SR, p. 32.

²⁶ *Id.*

litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJ in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any party to this proceeding.

The Settlement is also conditioned upon the Commission's approval of all terms and conditions contained therein, and should the Commission fail to approve or otherwise modify the terms and conditions of the Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

IV. CONCLUSION

I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Company or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties.

I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

WHEREFORE, the Commission’s Bureau of Investigation and Enforcement represents that it supports the “Joint Petition for Approval of Settlement of Rate Proceeding” as being in the public interest and respectfully requests that Administrative Law Judge Emily DeVoe recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,



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Dated: August 2, 2024

ATTACHMENT I
COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA
Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3045193 <i>et al.</i>
	:	(Wastewater)
v.	:	
	:	Docket Nos. R-2024-3045192, <i>et al.</i>
Veolia Water Pennsylvania, Inc.	:	(Water)

STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA IN SUPPORT OF THE JOINT SETTLEMENT

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Approval of Settlement of Rate Proceeding (Joint Petition or Settlement), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Administrative Law Judge (ALJ) Emily DeVoe, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the proposed Settlement are in the public interest and should be approved without modification.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to ensure that Veolia Water Pennsylvania, Inc.'s (Veolia) proposed rates and terms and conditions of service are appropriately designed and implemented in a manner which allows all consumers in Veolia's service territory to access safe and affordable water, wastewater, and stormwater services to their homes,

regardless of income. CAUSE-PA submitted written direct, rebuttal, and surrebuttal testimony from its subject matter expert, Robert W. Ballenger, Senior Supervising Staff Attorney at Community Legal Services of Philadelphia (CLS). Mr. Ballenger has over 14 years' experience providing advice and legal representation to low income utility customers and has served for over a decade as lead counsel in CLS's contractual role as Public Advocate on behalf of residential customers of Philadelphia Water Department and Philadelphia Gas Works. Mr. Ballenger focused his testimony on the unaffordability of Veolia's proposed rates for low income consumers and the crucial need for revisions to the policies and procedures of Veolia's proposed assistance programs to provide universally accessible service. This testimony documented, in detail, the aspects of Veolia's policies and procedures which CAUSE-PA asserts must be reformed to achieve reasonable and just rates and terms and conditions of service consistent with all applicable policies, laws, and regulations governing public utilities.

The proposed Settlement reasonably addresses a number of issues raised by CAUSE-PA through expert testimony. While CAUSE-PA's positions were not fully adopted, the resolution of these issues represents a fair and balanced approach which satisfies the many and varied interests of the Settling parties in a reasonable and just manner. The proposed Settlement was achieved through meaningful negotiations and represents a reasonable compromise by the parties on their respective positions. If the proposed Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals – preserving resources of the parties and the Commission. As such, and for the specific reasons discussed in further depth below, CAUSE-PA asserts that the proposed Settlement is in the public interest and should be approved without modification.

II. LEGAL STANDARDS

The paramount standard for all utility ratemaking is rooted in statute, and requires that rates, fees, charges, and all attendant terms and conditions of service are “just and reasonable.”¹ The Commission has a “duty to set ‘just and reasonable’ rates.”² The just and reasonable standard requires the Commission to carefully weigh the interests of consumers in receiving universally accessible service at affordable rates, the interests of the public in a thriving community, and the financial needs of the utility to deliver safe service.³ In determining just and reasonable rates, the Commission has discretion to determine the proper balance between interests of ratepayers and utilities.⁴ However, satisfying the “just and reasonable” standard requires the Commission to base its decision on substantial evidence. The “substantial evidence” standard is a strict standard, resting squarely on the utility, which benefits from no presumption in its favor. Courts evaluating the application of the substantial evidence standard have clarified that the sufficiency of the evidence required is directly related to the nature and extent of the authority (i.e., rate increase) requested.⁵

The Commission’s regulations declare: “It is the policy of the Commission to encourage settlements.”⁶ The Commission has explained that the results achieved from a negotiated settlement, in which the interested parties have had an opportunity to participate, “are often preferable to those achieved at the conclusion of a fully litigated proceeding.”⁷

¹ See 66 Pa. C.S. § 1301.

² *Popowsky v. PUC*, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995); 66 Pa. C.S. § 1301.

³ *Id.*

⁴ *Id.* citing *Pa. PUC v. Philadelphia Electric Co.*, 522 Pa. 338, 342-43, 561 A.2d 1224, 1226 (1989); *Pa. PUC v. Pa. Gas & Water Co.*, 492 Pa. 326, 337, 424 A.2d 1213, 1219 (1980), cert. denied, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981)).

⁵ *Lansberry v. Pa. PUC*, 578 A.2d 600, 603 (Pa. Commw. Ct. 1990).

⁶ 52 Pa. Code § 5.231.

⁷ 52 Pa. Code § 69.401.

The proposed Settlement was achieved by the Joint Petitioners after an extensive investigation of Veolia's filing by multiple parties, with varied interests and priorities – each focused on advancing aspects of the public interest. Approval of the proposed Settlement will avoid the necessity of further administrative and appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners, Veolia's customers, and the Commission. Although CAUSE-PA's litigation positions were not fully adopted, the proposed Settlement was arrived at through good faith negotiation by all parties. The proposed Settlement is in the public interest in that it (1) addresses the ability of low-income customers' ability to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves a number of critical issues raised by CAUSE-PA and other parties. If the proposed Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals. Thus, CAUSE-PA hereby asserts that the proposed Settlement is just and reasonable and in the public interest and should, therefore, be approved by the Commission.

III. ARGUMENT: THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Revenue Requirement

In his direct testimony, Mr. Ballenger explained that Veolia's proposal to increase rates for water and wastewater services by an average of 22 and 37%, respectively, would result in deep unaffordability for low income customers.⁸ He pointed out that Veolia estimates approximately 32% of its residential water customers have income at or below 200% of the Federal Poverty Level (FPL).⁹ He further noted that the average income for low income

⁸ CAUSE-PA St. 1 at 6-16.

⁹ *Id.* at 7.

customers identified by Veolia was only \$21,000 per year.¹⁰ As Mr. Ballenger explained, low income households lack the necessary income to afford basic necessities without assistance.¹¹

Mr. Ballenger explained that “Veolia’s proposed rates would impose combined water and wastewater household bill burdens that exceed these levels of affordability for many customers, especially those at the lowest levels of income.”¹² He explained that the average debt for Veolia’s low income customers is higher than the debt carried by residential customers as a whole.¹³ He further explained that the substantial rate increase proposed by Veolia would likely exacerbate unaffordability of water and wastewater services for low income customers, which would, in turn, lead to increased payment trouble or force struggling customers to forgo other critical life necessities such as healthy food, medicine, and other essential goods and services to afford water and wastewater service.¹⁴ He explained that the inability to maintain water service adversely impacts the affected household, causing missed school, missed work, and potential loss of housing and can be detrimental to mental and physical health of an entire family.¹⁵ He also explained that water terminations due to the inability to afford service pose a serious threat to public health and human dignity, and results in long-term consequences to housing stability, family unity, and community safety.¹⁶ Thus, Mr. Ballenger recommended that the Commission require Veolia to take necessary steps to address the growing affordability gap.

¹⁰ *Id.* at 12.

¹¹ *Id.* at 11.

¹² *Id.* at 13-15.

¹³ *Id.* at 15.

¹⁴ *Id.* at 16.

¹⁵ *Id.*

¹⁶ *Id.* at 17.

Under the terms of the proposed Settlement, Veolia's rate increase would be limited to \$10.9 million for water and \$420,000 for wastewater.¹⁷ While this substantial increase will still increase unaffordability for low income households, we nevertheless believe the settlement presents a balanced resolution of the issues in this case when taken in combination with the substantial improvements to the Company's universal service programming that will meaningfully improve bill affordability. Thus, as explained more thoroughly below, these terms are just, reasonable, and in the public interest and should be approved by the Commission.

B. Depreciation

CAUSE-PA did not take a position on Depreciation in this proceeding.

C. State Tax Adjustment Surcharge

CAUSE-PA did not take a position on State Tax Adjustment Surcharge in this proceeding.

D. Amortizations

CAUSE-PA did not take a position on Amortizations in this proceeding.

E. Proposed Positive Acquisition Adjustments

CAUSE-PA did not take a position on Proposed Positive Acquisition Adjustments in this proceeding.

F. Distribution System Improvement Charge

CAUSE-PA did not take a position on the Distribution System Improvement Charge in this proceeding.

¹⁷ Joint Pet at ¶ 28.

G. Rate Structure / Rate Design

CAUSE-PA did not take a position on Rate Structure / Rate Design in this proceeding.

H. Unaccounted-For Water

CAUSE-PA did not take a position on Unaccounted-For Water in this proceeding.

I. Customer Complaint Log

CAUSE-PA did not take a position on the Customer Complaint Log in this proceeding.

J. Minimum Fire Flow at Hydrants

CAUSE-PA did not take a position on Minimum Fire Flow at Hydrants in this proceeding.

K. Customer Notice

CAUSE-PA did not take a position on Customer Notice in this proceeding.

L. Fully-Projected Future Test Year Reporting

CAUSE-PA did not take a position on Fully-Projected Future Test Year Reporting in this proceeding.

M. Miscellaneous

CAUSE-PA did not take a position on Miscellaneous issues in this proceeding.

N. Customer Assistance Program (CAP) and Other Assistance Programs

As part of the settlement in the in the Veolia/SUEZ acquisition proceeding, approved by the Commission in December 2021, Veolia agreed to propose improvements to its low income programming its next base rate case (i.e., the current case). This prior settlement

required the proposal to include a bill discount component, arrearage management component, hardship fund component, and a service line leak repair and conservation component.¹⁸ Veolia made its proposal as part of the current rate case.¹⁹ Mr. Ballenger evaluated Veolia’s proposal and provided several recommendations to improve the proposed programs.²⁰ While not all of Mr. Ballenger’s recommendations were adopted, the proposed Settlement contains several provisions that address Mr. Ballenger’s concerns and will substantially improve the proposed programs. These terms are discussed further below.

i. CAP Implementation

As discussed extensively by CAUSE-PA’s expert witness, the Company’s low income customers are subject to unaffordable water and wastewater rates, even before any rate increase is approved.²¹ Any increase in rates will further exacerbate unaffordability of services for low income customers, leading these customers to either experience increased payment trouble or forgo other critical life necessities to afford services.²² This underscores the need to provide meaningful assistance programs so that low income customers can afford and to stay connected to services.

As part of the proposed Settlement, the Company will launch its CAP within 180 days of the effective date of rates in this case and will provide updates on its progress at the semi-annual LIAC meetings.²³ In addition, the proposed Settlement requires that the Company track

¹⁸ *Joint Application of Veolia Environment S.A., Veolia North America, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. for all approvals for the change in control of SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc.*; Docket Nos. A-2021-3026515, A-2021-3026522 and A-2021-3026523, Joint Petition for Approval of Settlement, Stipulation at ¶ 3. iv. (submitted Oct. 27, 2021) (approved via Final Order Dec. 21, 2021) (hereinafter “SUEZ Acquisition Settlement”).

¹⁹ Veolia St. 7 at 6-7.

²⁰ CAUSE-PA St. 1 at 19-34.

²¹ CAUSE-PA St. 1 at 14.

²² *Id.* at 16.

²³ Joint Pet. at ¶ 60.

costs associated with administration of the CAP, report these costs to the LIAC on an annual basis, and identify costs it seeks to recover as part of ongoing CAP administration in its next base rate proceeding.²⁴

Requiring that the Company launch its CAP within 180 days of the effective date of rates will ensure that Veolia's programs are implemented in a timely manner so that Veolia's low income customers are able to access assistance without undue delay. While CAUSE-PA did not take a position related to the cost reporting requirements contained in Paragraph 61 of the proposed Settlement, we nevertheless assert that these provisions reasonably balance the varied interests of the Settlement parties. Taken together, the provisions contained in Paragraph 60 and 61 of the proposed Settlement provide crucial enhancements that will help low income customers afford their monthly bills and stay connected to services, and are therefore just, reasonable, in the public interest – and should be approved.

ii. Low-income Data Tracking

As part of the proposed Settlement in the in the Veolia/SUEZ acquisition proceeding, Veolia agreed that after its next base rate case, it will make best efforts to begin tracking its “confirmed low-income customers (defined as the number of customers for whom SUEZ has information indicating household income at or below 150% FPL).”²⁵ In response to discovery, Veolia indicated that it does not yet actively track confirmed low income customers, nor does it maintain a definition of the term “confirmed low income customers” for these purposes. Veolia indicated that it does not collect income or household composition data from customers except in instances where bill payment assistance has been requested and that it “does not have

²⁴ Joint Pet. at ¶ 61.

²⁵ CAUSE-PA St. 1 at 8.

‘confirmed low income customers.’”²⁶ In response to discovery requests by the Office of Consumer Advocate (OCA), the Company indicated that it has identified approximately 662 known residential customers at 0-200% of the FPL since 2019 based on payment arrangement plans.²⁷ To address these concerns, CAUSE-PA’s expert witness, Mr. Ballenger, recommended that the Company adopt a definition of confirmed low income customers that includes information provided by the customer that reasonably places the customer in a low income designation; seek to partner with local and state agencies in its service territory that can verify customer’s low income status through data sharing; and track and maintain confirmed low income customer information separated by specific income tiers.²⁸

In her rebuttal testimony, Veolia witness Judith Jordan expressed concern that the analyses of Mr. Ballenger and other witnesses were skewed because of limited sample size of confirmed low income customers.²⁹ In his surrebuttal Mr. Ballenger explained that Ms. Jordan’s concerns underscored the need for Veolia to adopt his recommendations to improve its low income data tracking.³⁰

Under the terms of the proposed Settlement, the Company will begin tracking its confirmed low income water and wastewater customers with income at or below 150% FPL and at or below 200% FPL and will provide monthly low income customer counts to the LIAC.³¹ The Company will also request input from the LIAC to develop a process to routinely

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at 9-10.

²⁹ Veolia St. 7-R at 8-9.

³⁰ CAUSE-PA St. 1-SR at 5.

³¹ The Company will define “confirmed low income” as: Accounts where the Company has obtained information that would reasonably place the customer in a low-income designation, including but not limited to enrollment in assistance programs, requests for income based payment arrangements, self-certification by the customer, or information obtained in § 56.97(b) (see Joint Pet. at ¶ 56).

screen for confirmed low income status during relevant customer contacts, and refer potentially eligible customers to its low income programs.³² The Company will also begin calculating its census-based estimated low income water and wastewater customers on an annual basis, consistent with the methodology used in this case, and report the number to the LIAC.³³

Tracking low income customers will help the Company evaluate outreach and enrollment policies for its low income programs and will help determine whether those programs are effective in reducing payment trouble and termination for participants.³⁴ These provisions reasonably address the concerns raised by Mr. Ballenger related to tracking and identification of low income customers and balance the varied interest of the Settlement parties. Thus, these provisions are just, reasonable, in the public interest, and should be approved by the Commission.

iii. CAP Outreach

The Company estimated that that only 3% of eligible customers would actually participate in its newly proposed CAP.³⁵ In his direct testimony, Mr. Ballenger explained that, while enrollment during the initial rollout of the program may be low, 3% enrollment of estimated customers is extremely low compared to the enrollment levels of other regulated water companies with similar programs, some of which are also in early stages of development.³⁶ Mr. Ballenger made a number of recommendations targeted to improve enrollment, including actively screening and tracking low income customers, outreach to households with high usage and missed payments, and working with the LIAC to develop

³² Joint Pet. at ¶ 57.

³³ Joint Pet. at ¶ 55.

³⁴ CAUSE-PA St. 1 at 8-9.

³⁵ Veolia St. 7 at 10.

³⁶ CAUSE-PA St. 1 at 26-27

affirmative customer outreach for the purpose of identifying and enrolling low income customers in the bill discount program.³⁷

Under the terms of the proposed Settlement, the Company will continue to hold LIAC meetings semi-annually where it will discuss and solicit input related to its CAP (including CAP outreach), as well as share CAP outreach materials with the LIAC and consider feedback from members.³⁸ The Company will also request input from the LIAC to design affirmative customer outreach for the purpose of identifying and enrolling low income customers in the bill discount program.³⁹

While the recommendations of CAUSE-PA's expert witness were not adopted in their entirety, these terms will help support Veolia's program implementation, enlisting the help of LIAC members to develop its outreach plan. LIAC members include community groups and advocates who have experience with low income programming. Leveraging this experience will help ensure that the program reaches low-income customers and better address the affordability challenges faced by low income households. Thus, these terms are just, reasonable, and in the public interest, and should be approved.

iv. Bill Discount Component

The Bill Discount Component of Veolia's proposed Customer Assistance Program is designed to provide a tiered discount for low income water bills, but does not extend to wastewater customers.⁴⁰ In Mr. Ballenger's direct testimony, he evaluated the level of discounts proposed and explained that the limited available data indicated that Veolia's proposed

³⁷ *Id.* at 27.

³⁸ Joint Pet. at ¶ 48.

³⁹ *Id.* at ¶ 58.

⁴⁰ Veolia St. 7 at 7-8.

discounts will provide affordable water bills for most groups of participants.⁴¹ However, he explained that high usage households with income at or below 50% FPL will continue to have high water service bills that far exceed accepted affordability standards – with the lowest income households exceeding 7% of household income for water costs alone.⁴² Thus, he recommended that the Company explore the possibility of implementing a percentage of income payment plan and, in the meantime, extend the discount for customers at or below 50% FPL to the first 3,000 gallons of water per month.⁴³ He also recommended that the Company extend the Bill Discount Component to low income wastewater customers due to the high wastewater burdens that would result from Veolia’s proposed rate increase.⁴⁴ In rebuttal, Veolia witness Judith Jordan argued that a wastewater discount was premature due to the low number of wastewater customers served by Veolia.⁴⁵ In his surrebuttal, Mr. Ballenger responded that it is nonetheless important to ensure that all Veolia customers are able to afford water and wastewater service and that, “[a] water discount alone will not achieve affordability for combined water and wastewater or wastewater only customers.”⁴⁶

Under the terms of the proposed Settlement, an additional income tier will be added to Veolia’s Bill Discount Component structure, which will provide an additional 1,000 gallon volumetric discount to customers at or below 50% FPL (totaling a 3,000 gal. volumetric and 100% fixed charge discount).⁴⁷ While the discounts will still be limited to water customers, Veolia will analyze census-based estimated low income data for its wastewater districts to

⁴¹ CAUSE-PA St. 1 at 23.

⁴² *Id.*

⁴³ *Id.* at 24.

⁴⁴ *Id.* at 25-26.

⁴⁵ Veolia St. 7-R at 29.

⁴⁶ CAUSE-PA St. 1-SR at 10.

⁴⁷ Joint Pet. at ¶ 51.

determine the number of households in poverty, as well as termination and arrearage data for wastewater customers, and will produce a report on the need for and feasibility of extending its CAP program to wastewater customers and provide the results to the LIAC within one year of effective rates in this case.⁴⁸

These terms are just, reasonable, in the public interest, and should be approved by the Commission. The additional discount tier provided for in the proposed Settlement will help high usage customers with the lowest incomes receive affordable bills when enrolled in the program, which will, in turn, help reduce uncollectible expenses and terminations among this financially vulnerable group. These enhancements are critical to ensure equitable levels of assistance to households most in need. Further, the low income wastewater data collection and report will provide critical data to analyze the need for extending the Bill Discount Component to wastewater customers. While the recommendations of CAUSE-PA's expert witness were not adopted in their entirety, we assert that these provisions represent a balanced approach of the varied interests of the Settling parties and should be approved without modification.

v. Arrearage Management Component

Another component of Veolia's proposed CAP is an Arrearage Management Component. As proposed, customers who enter CAP with a balance would earn \$25 per month in debt forgiveness each time the customer pays their current, discounted monthly bill on time.⁴⁹ Mr. Ballenger explained that, based on the very limited available data, Veolia's \$25 monthly arrearage forgiveness proposal appeared likely to resolve the arrearages held by most identified low income customers within a reasonable timeframe.⁵⁰ However, he explained that some

⁴⁸ Joint Pet at ¶ 52.

⁴⁹ Veolia St. 7 at 8.

⁵⁰ CAUSE-PA St. 1 at 28-29.

customers have much higher balances, particularly referring to customers who have been terminated.⁵¹ He voiced concern that customers with even higher balances due to leaks or extended payment trouble may have balances that would not be resolved within a reasonable period of time through the program.⁵² Mr. Ballenger recommended that the Company explore the possibility of implementing a time-based arrearage forgiveness program and that the Company count all full payments toward arrearages forgiveness, regardless of whether they are made on time.⁵³

In her rebuttal testimony, Ms. Jordan indicated that the Company opposed implementing a time based forgiveness structure and argued that accepting late payments would be administratively burdensome.⁵⁴ In his surrebuttal testimony, Mr. Ballenger explained that low income consumers are likely to receive income irregularly or inconsistently and lack reserve funds to cover their bills -- and pointed out that his proposed 24-monthly bill forgiveness period aligns with Veolia's proposed recertification timing.⁵⁵

Notably, Mr. Ballenger also raised concern that Veolia's proposed arrearage forgiveness component would require households to also enter a payment arrangement – adding a “co-pay” to the bill and undermining the effectiveness of the program to provide a stable, affordable bill.⁵⁶ However, Ms. Jordan clarified in rebuttal testimony that this was a misunderstanding of the proposal, and that it was not proposing to add a co-pay or payment arrangement.⁵⁷

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

⁵⁴ Veolia St. 7-R at 16-17.

⁵⁵ CAUSE-PA St. 1-SR at 7.

⁵⁶ CAUSE-PA St. 1 at 29.

⁵⁷ Veolia St. 7-R at 14-15.

Under the terms of the proposed Settlement, the Company will track and report on the length of time it takes for program participants to remediate their arrearages through the program and the rate of success of customers achieving full forgiveness through the program and will report this data to the LIAC annually.⁵⁸ Taken in combination with the additional low income data tracking provisions in the proposed Settlement, these terms will help evaluate whether Veolia's \$25 per month arrearage forgiveness structure is adequate to remediate CAP customers' preprogram arrearages within a reasonable time and, if not, will allow the parties to evaluate and make recommendations about this component in future proceedings. Thus, these terms of the proposed Settlement are just, reasonable, in the public interest, and should be approved.

vi. Service Line and Leak Repair

Another component of Veolia's proposed CAP is its Service Line and Leak Repair Component, through which Veolia would hire contractors to provide plumbing repairs of up to \$1,500 (for each occurrence) to eligible low income residential customers at or below 150% FPL. As proposed, the program would be available to customers under threat of termination, or who have been terminated, and the leak would need to occur on an exposed internal line and/or consist of minor plumbing repairs such as faucets and toilets.⁵⁹ Also, external customer service side leaks will be repaired from the curb box to the face of the customer's home.⁶⁰ The Company proposed a maximum budget for this component of \$100,000.⁶¹

⁵⁸ Joint Pet at ¶ 53.

⁵⁹ Veolia St. 7 at 9.

⁶⁰ *Id.*

⁶¹ *Id.*

In his direct testimony, Mr. Ballenger recommended that internal repairs should run in conjunction with the conservation program, as internal leaks can lead to uncontrolled metered usage and should be addressed as part of a comprehensive usage reduction strategy to complement bill discounts.⁶² He explained that it should be anticipated that customers with internal leaks will not receive adequate CAP bill discounts unless and until unnecessarily high water usage associated with a leak is rectified.⁶³ In her rebuttal testimony, Ms. Jordan argued that Mr. Ballenger's recommendations were based on the structure of electric and gas Low Income Usage Reduction Programs (LIURP), which she argued are not applicable to water utilities.⁶⁴ In his surrebuttal testimony, Mr. Ballenger explained that even though water utilities are not explicitly required to provide LIURP, the programs provide a time-tested model of best practices for usage reduction and conservation programs and are critical to an effective universal service program portfolio.⁶⁵

Under the terms of the proposed Settlement, for the first two semi-annual LIAC meetings after rates in this case go into effect, the Company will discuss and solicit input from the LIAC regarding opportunities and challenges related to 1) identifying leaks for CAP participants before they are in threat of termination, and 2) leak repair program accessibility for CAP customers not in threat of termination.⁶⁶ The plumbing repair component will also install the conservation kits, provided the customer agrees.⁶⁷ These terms will help shape the Service Line and Leak Repair component to adequately address the underlying causes of high usage that lead to out of control usage and high bills, which will in turn, help reduce arrearages and

⁶² CAUSE-PA St. 1 at 32.

⁶³ *Id.*

⁶⁴ Veolia St. 7-R at 18.

⁶⁵ CAUSE-PA St. 1-SR at 8.

⁶⁶ Joint Pet at ¶ 59.

⁶⁷ *Id.* at ¶ 54.

terminations and improve the effectiveness of the Company's CAP. Thus, these terms are just, reasonable, in the public interest, and should be approved by the Commission.

vii. Veolia Cares/Hardship Fund

In addition to its proposed CAP, the Company also proposed to continue to operate its Veolia Cares hardship fund, which provides assistance to customers having difficulty paying their bills for a variety of reasons.⁶⁸ As a result of the proposed Settlement in the Veolia/SUEZ acquisition proceeding, Veolia committed to contributing \$50,000 to the SUEZ Pennsylvania Utilities' Cares grant program annually until its next base rate case (i.e. the current case).⁶⁹ Thereafter, Veolia committed to contributing a minimum of \$20,000 annually, though a higher annual contribution level may be established as part of this proceeding.⁷⁰ All unspent funds will be rolled over and added to the budget for the Cares program in the following year.⁷¹ In its filing, Veolia proposed to limit its hardship fund budget to \$20,000, the minimum allowable under the prior settlement.⁷² In his direct testimony, Mr. Ballenger recommended that the Company maintain its \$50,000 per year Cares contribution, with unspent funds rolling over to the following year.⁷³

Under the terms of the proposed Settlement, Veolia will maintain a \$35,000 per year shareholder contribution to the existing Veolia Cares hardship program – an increase of \$15,000 per year over its minimum mandatory contribution level. Unspent funds will continue to roll over and be added to the available program budget for the following year.⁷⁴ Additionally, to

⁶⁸ Veolia St. 7 at 6-7.

⁶⁹ *Joint App. of Veolia North America, Inc., et seq. for all approvals for change in control of SUEZ Water PA., A-2021-3026515, A-2021-3026522, A-2021-3026523, Joint Pet. for Approval of Settlement, Append. at Stip. P.8 ¶ 3.b* (submitted Oct. 27, 2021) (approved via Final Order Dec. 21, 2021).

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² Veolia St. 7 at 7.

⁷³ CAUSE-PA St. 1 at 21.

⁷⁴ Joint Pet. at ¶ 49.

address the increased need for assistance for wastewater customers due to the rate increase and the absence of a wastewater CAP, Veolia will increase hardship fund program grants for wastewater customers from \$150 to \$300.⁷⁵ These terms will help ensure that Veolia's wastewater customers are better protected from termination due to hardship and the increased wastewater rates. Thus, these terms are just, reasonable, in the public interest, and should be approved.

O. Comprehensive Review of Tariff Language

In his direct testimony, Mr. Ballenger pointed to several provisions in Veolia's tariff that are inconsistent with the Commission's regulations due to reliance upon outdated regulations or that reflect company policies that are out of alignment with Commission guidance.⁷⁶ Mr. Ballenger recommended that the Company carefully review its tariff to ensure that the language did not conflict with, or authorize, the Company actions in violation of applicable Commission regulation.⁷⁷

Under the terms of the proposed Settlement, within 180 days of the effective date of rates in this case, the Company will initiate a comprehensive review of its tariff to ensure that the language and citations are consistent with applicable laws and Commission's regulations and will file a compliance tariff if further changes are necessary for compliance.⁷⁸ These provisions reasonably address Mr. Ballenger's concerns related the Veolia's tariff language and will help ensure that Veolia's tariff is up-to-date and reflects the statutes and regulations applicable to regulated water utilities such as Veolia. Thus, these provisions of the proposed

⁷⁵ *Id.* at ¶ 50.

⁷⁶ CAUSE-PA St. 1 at 34-35.

⁷⁷ *Id.* at 36-37.

⁷⁸ Joint Pet. at ¶ 62.

Settlement are just, reasonable, in the public interest, and should be approved by the Commission.

IV. CONCLUSION AND REQUESTED RELIEF

CAUSE-PA submits that the proposed Settlement, which the Joint Petitioners were able to negotiate through meaningful, good faith negotiations, is in the public interest. The proposed Settlement amicably resolves a substantial number of issues raised in this proceeding. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues, preserving the resources of the parties and the Commission. For these reasons and the reasons set forth throughout this proposed Statement in Support, CAUSE-PA respectfully requests that the Honorable Administrative Law Judge Emily DeVoe and the Commission approve the proposed Settlement without modification.

Respectfully submitted,

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Dated: July 29, 2024

ATTACHMENT J
OFFICE OF CONSUMER ADVOCATE
Statement in Support

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,	:	Docket Nos. R-2024-3045192 (Water)
	:	C-2024-3046520 (Water)
v.	:	R-2024-3045193 (Wastewater)
	:	C-2024-3046521 (Wastewater)
Veolia Water Pennsylvania, Inc.	:	

STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Full Settlement of Rate Proceeding (Settlement) submitted by Veolia Water Pennsylvania, Inc. (Veolia or Company) before the Pennsylvania Public Utility Commission (Commission), hereby submits this Statement in Support of Settlement to demonstrate that the terms and conditions of the Settlement are in the public interest and in the interest of Veolia’s customers. The OCA respectfully requests that the Commission approve the Settlement, without modification, for the reasons set forth herein.

I. Introduction

On February 16, 2024, Veolia filed Supplement No. 68 to Tariff Water – PA P.U.C. No. 7 and Supplement No. 5 to Tariff Wastewater- PA P.U.C. No. 2 to become effective April 16, 2024. Veolia requested an increase of the Company’s total annual operating revenues by approximately \$16.2 million (\$15.5 million from water operations, a 26.4% increase and \$568,719 from wastewater operations, a 34.8% increase), over Veolia’s annualized total revenues at present rates including Distribution System Improvement Charge (DSIC) revenue for the fully projected future

test year (FPFTY), ending October 31, 2025. On March 14, 2024, the Commission suspended the effective date of the proposed tariff to November 16, 2024.

On February 16, 2024, the OCA filed a Formal Complaint and Public Statement against both the water and wastewater general rate increase requests. In its investigation of the rate filing and development of its position, the OCA analyzed the Company's claims, written testimony, discovery responses, and reviewed the formal and informal complaints filed in these proceedings. Sixteen individual consumers filed formal complaints in these proceedings.

Public Input Hearings were held in-person in Bloomsburg, Pennsylvania, on April 29, 2024, at 6 p.m. Hybrid in-person and telephonic Public Input Hearings were also held in Harrisburg, Pennsylvania, at the Keystone Building on April 30, 2024, at 1 p.m. and 6 p.m. Six customers testified at the Public Input Hearings expressing concerns regarding notice about the Public Input Hearings; the level of the proposed increase; affordability concerns; and quality of service concerns, including ongoing occurrences of brown water and sediment in the water.¹

On May 17, 2024, the OCA filed its Direct Testimony of Morgan DeAngelo, Lafayette Morgan, David Garrett, Jerome Mierzwa, Nicholas DeMarco, and Terry Fought. The OCA also filed the Rebuttal Testimony of Lafayette Morgan and Jerome Mierzwa on June 7, 2024, and the Surrebuttal Testimony of Morgan DeAngelo, Lafayette Morgan, David Garrett, Jerome Mierzwa, Nicholas DeMarco, and Terry Fought on June 21, 2024.

Additional procedural history is provided in Paragraphs 1 through 23 of the proposed Settlement. Settlement ¶¶ 1-23.

¹ As the OCA discussed in its Surrebuttal Testimony of Terry Fought, Company witness Finnicum's Rebuttal Testimony satisfactorily addressed the quality of service issues raised at the public input hearing. OCA St. 5 at 7-8.

II. Legal Standards

In order to be approved, the proposed rates, rules, and regulations in Veolia's water and wastewater tariffs must be lawful, just and reasonable, and consistent with sound ratemaking principles and public policy. 66 Pa. C.S. § 1301. As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations and orders of the Commission. 66 Pa. C.S. § 1301(a). A public utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment." *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*Lancaster 2002*).

The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates." *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky 1996*) (emphasis added). The Commission's discretion to determine if a requested rate is just and reasonable includes the "power to make and apply policy" concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors. *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995).

There is ample authority for the proposition that the power to fix "just and reasonable" rates imports a flexibility in the exercise of a complicated regulatory function by a specialized decision-making body and that the term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.

Id. (citations omitted) (emphasis added).

Additionally, rates must not be unduly discriminatory among customer groups. 66 Pa. C.S. § 1304. The Commission has discretion to determine reasonable classification of service of rates

as may be justified “by a variety of considerations including the quantity of service used, the nature of the use, the time of the use, the pattern of the use, differences of conditions of service or cost of service.” *Zucker v. Pa. PUC*, 402 A.2d 1377, 1382 (Pa. Cmwlth. 1979) (*Zucker*).

A utility’s cost of providing service guides the ratemaking process. *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Cmwlth. 2006) (*Lloyd*). Additional important ratemaking concerns include quality of service, rate gradualism, and rate affordability. *Pa. PUC v. Columbia Gas of Pa, Inc.*, R-2020-3018835 (Order Feb. 19, 2021) (*Columbia 2021*), at 46-47 (citing 66 Pa. C.S. §§ 523, 526(a)) (citing also *Lloyd* at 1020 and *Pa. PUC v. Twin Lakes Util., Inc.*, 2020 Pa. PUC LEXIS 340, *46-54 (Order Mar. 26, 2020)).²

As a threshold matter, the “fairness” of a utility rate is generally considered to mean that the rate bears a reasonable relationship to the utility’s cost of serving the customer without exceeding the value of service to the customer. *See, e.g., Principles of Public Utility Rates*, James C. Bonbright (New York, N.Y. 1961) (1st Ed.) at 82-92; *The Process of Ratemaking*, Leonard Saul Goodman (Arlington, V.A. 1998), vol. II, at 893-95. In reaching a decision on whether to grant Veolia’s rate increase as well as its various rule and tariff changes, the Commission must give “due consideration to the interests of consumers.” 71 Pa. Stat. Ann. § 309-5(2).

The Commission’s policy promotes settlements. 52 Pa. Code §§ 5.231, 69.401. In order to approve a Settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Philadelphia Electric Company*, 60 Pa. P.U.C. 1, 22 (1985). The Commission recognizes that settlements represent “a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.” *Pa. PUC v. CS Water and Sewer Associates*, 74 Pa. P.U.C. 767, 771 (1991).

² Available at <https://www.puc.pa.gov/pedocs/1693880.docx>.

The terms and conditions of the Settlement address the issues raised in the OCA's Formal Complaint and in its testimony. The Settlement provides additional conditions that are in the public interest and should be adopted as a part of the approval of this proposed Settlement. The OCA recognizes that this Settlement contains modifications from the original recommendations proposed by the OCA. The OCA submits, however, that the agreed-upon Settlement achieves a reasonable resolution of the many complex issues presented in this proceeding. The balance of compromises struck by the settling parties was critical to achieving settlement. Accordingly, the OCA urges the Commission to consider the Settlement as a whole. The Settlement must be viewed in totality because it provides not only a reduction of Veolia's proposed rate increase, but it also provides critical enhancements for customer service, low-income customer protections, and quality of service benefits.

In this Statement in Support, the OCA addresses those areas of the Settlement that specifically relate to issues that the OCA raised in this case. The OCA expects that other parties will discuss how the Settlement's terms and conditions address their respective issues and how those parts of the Settlement support the public interest standard required for Commission approval. For these reasons, and those that are discussed in greater detail below, the OCA submits that the Settlement is in the public interest, in the interest of Veolia's consumers, and should be approved by the Commission without modification.

III. Argument: The Settlement is in the Public Interest

A. Revenue Requirement

Veolia initially proposed to increase its annual operating revenues for its water operations by approximately \$15.5 million from water operations, or a 26.4% increase, over the amount of annual revenues at present rates. OCA St. 2 at 5. Similarly, the Company proposed to increase its annual operating revenues for its wastewater operations by approximately \$568,719, or a 34.8% increase). OCA St. 2 at 5.

In the OCA's Direct Testimony, the OCA witness Morgan recommended that the Company receive an increase of no higher than \$4,566,589 for water operations and \$392,268 for wastewater operations. OCA St. 2 at 6. In his Rebuttal Testimony, OCA witness Morgan corrected an error in his proposed water and wastewater revenue requirements related to depreciation expense. OCA St. 2-R at 3-4, Sch. LKM-W-16R, LKM-WW-14R. In response to the Company's Rebuttal Testimony and due to the correction to his Direct Testimony number, Mr. Morgan revised his recommendation to an increase of no higher than \$4,923,450 for water operations and \$316,779 for wastewater operations in Surrebuttal Testimony.

Under the Settlement, Veolia will be permitted a total annual revenue of \$10.9 million for the Company's water division, or a 25.7% increase, and \$420,000 for the Company's wastewater division, or a 18.6% increase. The new rates to collect the settlement level of water and wastewater revenues from each class are shown on Attachment A of the Joint Petition for Settlement.

In addition to the revenue requirement, under the terms of the Settlement, the Company will not file for an increase in distribution water or wastewater rate revenues before the end of the FPFTY, or October 31, 2025. Settlement ¶ 26. If the case were fully litigated, Veolia could potentially file for another general rate increase at any time. The Settlement provision is in the

public interest and will ensure stability in the customers' newly established rates for at least 21 months (the 21 months is calculated by adding the timeframe from the November 1, 2024 effective date of rates plus the FPFTY ending on October 31, 2025 plus an additional 9 months for litigation of a distribution base rate proceeding).

The Settlement represents a "black box" approach to the revenue requirement including, among other things, cost of capital issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue requirement adjustments and avoid the need for a diverse group of stakeholders to attempt to reach a consensus on each of the disputed accounting and ratemaking issues in this matter, as policy and legal positions can differ. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach agreement regarding each adjustment in this proceeding would have likely prevented any settlement from being reached.

Based on the OCA's analysis of Veolia's filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case, especially when accompanied by other important conditions in the Settlement.

B. Depreciation Rates

The Joint Petitioners have agreed to a black box revenue requirement of \$10.9 million for water and \$420,000 for wastewater, which includes amounts for depreciation expense based on Veolia's depreciation rates as filed in the initial case. Settlement ¶ 30. The parties continue to disagree about the appropriate depreciation procedure to be used to develop Veolia's depreciation rates for utility plant in service (the OCA supports the Average Life Group (ALG) procedure, while the Company uses the Equal Life Group (ELG) procedure), and the Settlement should not

be construed as acceptance by the OCA of the ELG procedure. Settlement ¶ 30; OCA St. 3 at 4. Nevertheless, for purposes of Settlement and to achieve a compromise resolution, as a part of the overall black box revenue requirement, the Joint Petitioners have agreed to accept the depreciation rates as filed. Settlement ¶ 30.

In order to reach a revenue requirement settlement, it is not necessary for the parties to agree on the appropriate depreciation procedure. Under the Settlement, the Joint Petitioners specifically do not agree about the appropriate procedure to be used. Given that this provision of the Settlement preserves the issues should the parties fully litigate the issue of the appropriate depreciation procedure in a future rate case, this provision is in the public interest. Furthermore, as discussed in Section A above, the overall rates agreed to as part of the Settlement of the revenue requirement are just and reasonable and should be approved as in the public interest.

C. State Tax Adjustment Surcharge (STAS)

In accordance with 52 Pa. Code Section 69.55, the Settlement provides that the State Tax Adjustment Surcharge (STAS) for Veolia will be established at 0% on the effective date of Settlement rates in this proceeding. Settlement ¶ 31; 52 Pa. Code § 69.55. The STAS will be used to reflect the impact of future changes in state income tax rates. Settlement ¶ 31. The OCA agrees that the Settlement's proposed treatment of the STAS is consistent with the Commission's regulations and approval is in the public interest.

D. Amortizations

Settlement Paragraph 32 specifies amortizations related to the Tax Cut and Jobs Act (TCJA) liability (protected and unprotected), amortization of acquisition transaction costs, and the remaining amortization of Brown Manor *et al.* should be approved as in the public interest. Settlement ¶ 32. The OCA did not challenge the identified amortizations. OCA witnesses

DeAngelo and Fought challenged the inclusion of positive acquisition adjustments for Kensington Water Company and Overbrook Water Company and the related amortizations as reflected in OCA witness Morgan's testimony. OCA St. 1 at 3-7; OCA St. 2 at 7-8; OCA St. 5 at 23-25. OCA witness Morgan also recommended that the transaction costs be amortized over a ten-year period instead of a five-year period. OCA St. 2 at 21. As discussed in Section E below, Veolia will not seek positive acquisition adjustments and related amortizations for Kensington and Overbrook, and the related amortizations are not reflected in the Company's table in Paragraph 32. The proposed amortizations should be approved as in the public interest.

E. Proposed Positive Acquisition Adjustments

The Company sought in its testimony positive acquisition adjustments related to Kensington Water Company and Overbrook Water Company. Settlement ¶ 33. In order to be treated as a positive acquisition adjustment, Veolia must demonstrate that it has met the nine criteria set forth in Section 1327(a)(3) to demonstrate that the systems were not providing adequate service at the time of the acquisition. OCA witnesses DeAngelo and Fought disputed that the nine criteria had been met for either of the companies. 66 Pa. C.S. § 1327(a)(3); OCA St. 1 at 3-7; OCA St. 5 at 23-25. The Settlement specifically disallows these positive acquisition adjustments. For the reasons set forth in the OCA's Direct Testimonies of Ms. DeAngelo and Mr. Fought, the OCA believes that removal of these positive acquisition adjustments and the related amortizations is appropriate and in the public interest.

The parties also agree that Veolia may include the full \$9.5 million purchase price for the Mahoning Township Water and Wastewater systems, acquired pursuant to Section 1329 of the Public Utility Code, in ratemaking rate base without a separate line item for an acquisition adjustment. Settlement ¶ 34. The plant in service balances will be adjusted on a pro rata basis as

shown in Attachment B to this Settlement Agreement. Settlement, Attach. B. The OCA accepted this treatment in its Rebuttal and Surrebuttal testimony and agrees that the treatment is appropriate and that this provision of the Settlement is in the public interest.

F. Distribution System Improvement Charge (DSIC)

The Settlement provides that the Distribution System Improvement Charge (DSIC) will be reset to 0% of billed revenues and establishes the total balance of plant in service exceeds the \$569,106,389 (water) and \$9,125,095 (wastewater) levels projected by the Company as of October 31, 2025 (the end of the FPFTY). Settlement ¶ 35, Attach. C.

The Settlement is a black box and does not otherwise identify a specific return on equity number which is necessary for the calculation of the DSIC. The Settlement provides that for purposes of calculating the DSIC, the Company shall use the equity return rate for water utilities in the most recent Bureau of Technical Utility Services Quarterly Earnings of Jurisdictional Utilities Report as released by the Commission and shall update it each quarter consistent with any changes for water utilities until such time as the DSIC is reset pursuant to Section 1358(b)(1). Settlement ¶ 36.

These provisions will help to ensure that the DSIC is calculated properly, sets the return on equity necessary for calculating the DSIC, and otherwise establishes the threshold for plant in service when the Company may begin to charge the DSIC again. The proposed terms provide clarity, are just and reasonable, and should be approved as in the public interest.

G. Rate Structure/Rate Design

1. Rate Structure

The allocation of the proposed revenue requirement for water and wastewater is reflected in Attachment A of the Settlement. The OCA notes that the Settlement revenue allocation between

classes represents a compromise among parties who offered various allocation proposals, including the OCA, OSBA, and I&E. As a threshold matter, the “fairness” of a utility rate is generally considered to mean that the rate bears a reasonable relationship to the utility’s cost of serving the customer without exceeding the value of service to the customer. *See, e.g., Principles of Public Utility Rates*, James C. Bonbright (New York, N.Y. 1961) (1st Ed.) at 82-92; *The Process of Ratemaking*, Leonard Saul Goodman (Arlington, V.A. 1998), vol. II, at 893-95. The Settlement allocation meets this standard, and it was heavily vetted during the settlement discussions in this case. The proposed allocation is within the range of the proposals made by the Company, OCA, I&E and OSBA in this proceeding and represents a fair resolution of the interests of all customers.

2. Rate Design

At the full revenue requirement, OCA witness Mierzwa recommended that the monthly customer charge for customers with a 5/8 inch meter in the Main Division be reduced from the proposed \$19.80 customer charge to \$17.96 and then proportionally scaled back if the revenue requirement authorized was less than the Company’s original filing. OCA St. 4 at 4.

OCA witness Mierzwa also recommended changes to the rate design proposed for 5/8 inch meter customers using 3,500 gallons per month for Bethel Water, Kensington, Overbrook, and Mahoning Township in order to avoid rate shock and to provide for gradualism to bring the customers to the Main Division cost of service. OCA St. 4 at 17-19. For Bethel customers, OCA witness Mierzwa recommended that the 5/8 inch residential customer charge is 75% rather than 100% of the Main Division charge and then proportionally scaled back. OCA St. 4 at 3. The Company proposed to increase the \$6.31 per month Bethel Water charge to \$19.80 per month. OCA St. 4 at 17. Under the Settlement, the Bethel Water customer charge would be \$12.75 per month under the Settlement. Settlement, Attach. A.

The Settlement Attachment A provides for a \$17.00 customer charge for Main Division, Kensington, Overbrook, and Mahoning customers. Settlement, Attach. A. The Mahoning Township wastewater customers will be charged a flat rate of \$75.25. Settlement, Attach. A (Wastewater). The Settlement brings the Kensington, Overbrook, and Mahoning customers to the proportionally scaled back customer charge for the Main Division.

The proposed rate designs and customer charges are within the ranges proposed by the OCA and the Company. The OCA agrees that the proposed customer charge for each of the divisions is reasonable and should be approved.

H. Unaccounted-For Water

The Settlement adopts OCA witness Fought's recommendation and provides that the Company shall prepare Section 500 forms for each of its operating systems for which it submits a Chapter 110 Report and provide them to the OCA and the Commission's Bureau of Technical Utility Services (TUS) in live Excel format at the time of its Chapter 110 Report submission. Settlement ¶ 37. The same term was previously approved as a part of Veolia's predecessor Suez's 2018 base rate proceeding at Docket No. R-2018-3000834. *Pa. PUC v. Suez Water Pennsylvania, Inc.*, Docket No. R-2018-3000834, Settlement ¶ 19(i),(ii) (October 10, 2018). OCA witness Fought testified that the method that the Company has been using was not consistent with the 2018 settlement term.

OCA witness Fought expressed concern regarding the difficulty of reconciling between the Company's Section 500 submissions and Chapter 110 Reports. Mr. Fought testified regarding the importance of accurate Unaccounted For Water (UFW) calculations. OCA St. 5 at 18. Calculating the amount of Unaccounted For Water is a method of estimating the amount of non-revenue water in a distribution system due to leaks and inaccurate meter readings. OCA St. 5 at 18. As Mr. Fought

testified, reductions to non-revenue water saves money in chemical and power costs and provides for important water conservation in areas water supply sources. OCA St. 5 at 18. OCA witness Fought testified that “[t]he accuracy of the UFW depends on reliable estimates of unavoidable non-metered water uses such as flushing the distribution system, firefighting, normal pipe leakage, repaired main breaks, etc.” OCA St. 5 at 18. Tracking the UFW allows the water utility to better understand the extent of unknown leaks in the distribution system so that “informed decisions can be made on the necessity of finding and repairing leaks.” OCA St. 5 at 18. Mr. Fought testified that the water audit methodology that has been established by the International Water Association (IWA) and the American Water Works Associations is becoming a more accepted method of identifying the amounts of wasted water. Both the Commission and the AWWA methods can provide water utilities with the information needed to improve operational efficiencies to meet the levels identified by the Commission’s regulations at 52 Pa. Code Section 65.20(4).

For the reasons set forth above and in OCA witness Fought’s testimony, the Settlement provision is in the public interest as it will allow the parties to better analyze the UFW data, reconcile it with the DEP Chapter 110 Report information, and to more easily identify locations where improvement is necessary.

I. Customer Complaint Log

As a result of this settlement, Veolia has adopted OCA witness Fought’s recommendations and agreed to provide a complete complaint log, including customer complaints, work order and service logs. Settlement ¶ 38. The complaint log can be made available via Excel in response to any discovery requests by the parties in, e.g., Veolia’s next base rate case. Settlement ¶ 38. The Company agrees to include in the complaint log all formal and informal complaints received by the Company whether submitted to the Commission or directly to the Company. Settlement ¶ 38.

The Company has also agreed to work with the parties to create a list of key words for complaints that Veolia will search as identified in the Direct Testimony of OCA witness Fought. Settlement ¶ 38. If the data is requested as part of discovery, the parties agree to collaborate on an informal basis to ensure that it is provided in a mutually acceptable and reasonably sortable format. Settlement ¶ 39.

OCA witness Fought identified concerns with how the Company was meeting the requirements of Section 65.3 of the Commission's regulations to maintain its customer logs. OCA St. 5 at 4-5; 52 Pa. Code § 65.3. In particular, Mr. Fought raised a concern in his testimony that the Company was only able to provide information about informal and Formal Complaints submitted to the Commission but was unable to provide information in response to a discovery request related to all customer complaints received by the Company. OCA St. 5 at 4. The informal and formal complaints received by the Commission only represent the proportion of customer complaints that were escalated to the Commission and do not represent all other complaints that may be received by the Company. OCA witness Fought testified:

[a]ssuming Veolia used the same software in this case that was used in previous rate cases, Veolia (Suez and United) used software for a "Work Order Log" that files complaints in a separate file for each customer. The "Work Order Log" is not easily adapted to a "Complaint Log" because searches for complaints are by using "key words" that searches every customer file for the key word. For example, it is possible that a "Work Order Log" search for "Pressures" may find more pressure complaints than a search for "Low Pressures" and if the "key words" do not include abbreviations, complaints may be missed.

OCA St. 5 at 4-5.

In his testimony, OCA witness Fought proposed that a list of key words be agreed to by the parties for complaints that the Company would search and provide information on in a future rate proceeding, and his testimony included a sample list of potential key words. OCA St. 5 at 5,

Exh. TLF-3. Mr. Fought also recommended that the Company should provide the complete “Work Order Log” that could be searched for additional key words by other parties. OCA St. 5 at 5.

The Settlement addresses the OCA’s concerns raised in this proceeding, and the OCA is satisfied with this result. This action will improve reporting and facilitate review of complaints to better be able to identify and sort the types of customer complaints.

J. Minimum Fire Flow at Hydrants

The Settlement addresses the concerns raised in OCA witness Fought’s testimony regarding fire hydrants. OCA St. 5 at 10-11. The Settlement provides that the Company will paint the bonnets of the identified fire hydrants on mains less than 6 inches in diameter in the color red as per the NFPA coding. Settlement ¶ 40. The Settlement provides that:

[t]he Company’s hydraulic models of all of its distribution systems, which are used to determine that all its fire hydrants attached to water mains larger than 6-inch can provide the minimum fire flow criteria of providing 500 gallons per minute (gpm) at a residential pressure of 20 pounds per square inch (psi) for a duration of 2 hours without reducing the pressure in other areas of the distribution system to less than 20 psi, are currently under review by VWPA’s qualified engineers. The Company commits to concluding the review by the end of CY 2024. Should fire hydrants of concern be identified either in the model or via periodic fire flow testing, VWPA commits to collaborating with local fire protection agencies to identify solutions to the benefit of public safety.

Settlement ¶ 41.

OCA witness Fought raised safety concerns regarding the identification of public fire hydrants that were not able to be used for public fire protection purposes. The Company identified that it has 4400 fire hydrants, but did not know how many of them could provide the minimum flow of 500 gpm at 20 psig for two hours. OCA St. 5 at 10. The Company also has 71 fire hydrants connected to mains that are less than 6-inch in diameter. OCA St. 5 at 10.

Mr. Fought recommended that all fire hydrants that cannot provide the minimum fire flow of 500 gpm at 20 psig for a 2-hour duration should be marked so that they will only be used for

flushing and blow-offs. OCA St. 5 at 10. OCA witness Fought also recommended that any fire hydrants connected to less than 6-inch water mains should also be marked so that they will only be used for flushing and blow-offs unless the Company could document that they can provide the minimum fire flow. *Id.* Mr. Fought testified that this was important because if these criteria are not met, it may cause negative pressures that contaminate other parts of the system. OCA St. 5 at 10. OCA witness Fought also recommended that if the information could not be located, a qualified engineer should provide an analysis to determine which hydrants could provide the minimum fire flow requirements. OCA St. 5 at 10.

The OCA is satisfied that the provisions address the important safety concern raised by OCA witness Fought in his testimony. The Settlement will provide critical information to fire protection teams about which fire hydrants may be used for fire protection needs and which cannot.

K. Customer Notice

The Settlement addresses the OCA's concern regarding information that should be presented in the customer notice of rate increases. The Settlement provides that going forward "Veolia will provide customer notices of proposed rate increases for systems that have been acquired since the previous rate case that will include the bill impacts for such systems." Settlement ¶ 42.

In her Direct Testimony, OCA witness DeAngelo identified concerns with the accuracy of the customer notice that was provided in the instant rate proceeding and the notice's ability to correctly inform consumers about the anticipated bill increases that they can expect based on usage levels and based upon information provided to acquired customers. OCA St. 1 at 10-12. Ms. DeAngelo testified that "the customer notice only provides the rate impact based on proposed rates for the Main VWPA customers." OCA St. 1 at 12. In this case, the Company proposed different

rate increases for its Bethel, Overbrook, Kensington, and Mahoning customers. OCA St. 1 at 12. As Ms. DeAngelo testified, “the notice depicts an inaccurate representation of the rate impact at the proposed rates for each of these system customers,” particularly in light of the potential rate shock that OCA witness Mierzwa identified that customers in these system areas would face under the original filed rates. OCA St. 1 at 12.

OCA witness DeAngelo recommended that the notice in future cases should include a rate impact for each of the proposed rate increases, depicting a more accurate representation of what customers could expect. OCA St. 1 at 12. The Settlement adopts this recommendation and is in the public interest because it will ensure that customers in acquired systems receive more accurate depictions of the proposed rate increases and how it will impact them.

L. Fully Projected Future Test Year (FPFTY) Reporting

Under the Settlement, Veolia will provide to the Commission’s Bureau of Investigation and Enforcement (I&E), OCA and the Office of Small Business Advocate (OSBA), “on or before January 1, 2025, an update to VWPA Exhibit No. LKF-1, include actual plant additions and retirements by month for the twelve months ending September 30, 2024.” Settlement ¶ 42. Thereafter, the Company will provide a further update on or before July 31, 2025 for the twelve months ending March 31, 2025. Settlement ¶ 42. In the next base rate proceeding, Veolia will provide a comparison of its actual expenditures and rate base additions for the twelve months ending October 31, 2025, to its projections in this case. Settlement ¶ 42.

The proposed Settlement provision will allow the parties to track and to evaluate the Company’s actual plant additions in the future and FPFTY in comparison to the Company’s projections in this case. The information will assist with evaluating the accuracy of the Company’s projections in future rate proceedings. The provision should be approved as in the public interest.

M. Miscellaneous

1. Tariff Revisions (Settlement ¶ 44)

The Settlement provides that Company will revise several provisions of its tariff that are inconsistent with the law and corrects inaccurate or outdated information in the tariff. The definition of “customer” shall be modified to read: “A Customer shall mean a customer of record, or end user, or both, contracting for a supply of water.” Settlement ¶ 44(a). The language corrects typographical errors in the current tariff.

The Settlement also corrects inaccurate and outdated information in the tariff. As detailed in Paragraph 44(b) of the Settlement, the Company will correct the reference to “Paragraph 41 in Section 56.112 through 56.118 of 76 P.R.M.D.-10” and will replace “with a reference to 52 Pa. Code §§ 56.111 through 56.118.” Settlement ¶ 44(b). As discussed in the Direct Testimony of CAUSE-PA witness Ballenger, the “76 P.R.M.D.-10” references the Commission’s Standards and Billing Practices for Residential Service, that was adopted in 1978 and subsequently adopted as formal Commission regulations in Title 52, Chapter 56 of the Pennsylvania Code. *See*, CAUSE-PA St. 1 at 36. Finally, the Company will change the reference in Paragraph 33 of the tariff from “information complaints” to “informal complaints.” Settlement ¶ 44(c).

As discussed in Section below, the Company will also complete a comprehensive review of the tariff in order to correct any additional inaccurate information that is not consistent with the law or Commission regulations. The proposed revisions and comprehensive review will address inaccurate information provided in the tariff and should be adopted as in the public interest.

2. Tank Repainting

The Settlement adopts OCA witness Fought’s recommendation that tanks more than 15 years old and existing tanks that have not been repainted at the 20-year mark will be inspected by

a tank inspection contractor who will submit a report to the Company. Settlement ¶ 45; OCA St. 5 at 22. OCA witness Fought testified that periodic inspections and cleanings of water storage tanks help to maintain good water quality in the distribution system and extend the service life of the tank. OCA St. 5 at 22. Mr. Fought testified that the need for the type of painting to be completed may depend upon the type of tank. He explained that ground steel distribution tanks generally are painted inside and outside in order to prevent rusting from impacting the water quality and tank structure, while other ground tanks may only need to be painted inside periodically. Glass-lined storage tanks may not need to be painted inside or outside. Sediment may also need to be removed in between painting intervals. OCA St. 5 at 21.

Mr. Fought's recommendations will help to maintain the water quality and extend the service lives of the tanks. The Settlement provision satisfies the OCA's concerns raised in OCA witness Fought's testimony and should be approved as in the public interest.

3. Cybersecurity

OCA witness DeAngelo raised in her testimony issues about cybersecurity. OCA St. 1 at 12-14 (CONFIDENTIAL version); *see* Settlement ¶ 46. In response to the concerns identified by OCA witness DeAngelo, the Settlement provides that:

[i]n regard to cybersecurity issues, the Parties acknowledge that VWPA is engaging Experian to (1) extend the complimentary Experian IdentityWorks credit monitoring services for an additional three (3) months, and (2) is in the process of sending a second notification to those affected persons that have not enrolled into the complimentary credit monitoring services. Similar to VWPA's previous notice delivered to affected customers following the January 9, 2024 ransomware incident, in the event of a future breach involving customers' personal information, the Company will notify all affected customers of the breach, and include a description of the incident, what personal information was breached, and a list of steps that customers could take to protect their information going forward.

Settlement ¶ 46.

The proposed Settlement provision will extend protections to customers who were impacted by the January 2024 breach by extending coverage for credit monitoring services and giving customers an additional opportunity to enroll in the free credit monitoring services. Settlement ¶ 46. The Settlement will also provide what notifications are to be provided to customers in the event of a future breach of customers' personal information. Settlement ¶ 46. The proposed Settlement term satisfies the OCA's concerns identified in Ms. DeAngelo's testimony.

N. Customer Assistance Program (CAP) and Other Assistance Programs for Low - Income Customers

1. Overview

In its base rate filing, Veolia proposed a water Customer Assistance Program (CAP) that it stated was modeled after other Commission-regulated investor-owned water utilities in Pennsylvania and with input from the Low-Income Advisory Committee (LIAC). VWPA St. 7 at 3-4; OCA St. 6 at 3. As part of the program, the Company will provide water customers with a bill credit on their bill that goes to 200% of the Federal Poverty Level (FPL). *Id*; *see also*, OCA St. 6 at 7, Table 2. Customers under 150% of the FPL will receive conservation education, conservation kits, and the installation of the kits for those over the age of 65 or with a disability. VWPA St. 7 at 7-8; OCA St. 6 at 7.

The Company will also implement an Arrearage Management Program (AMP). VWPA St. 8 at 7; OCA St. 6 at 7. The Company's proposed AMP would provide customers with income at or below 200% of the FPL \$25 per month forgiveness each time the customer pays their current monthly bill by the due date. *Id*. The Company also clarified in Rebuttal testimony of Veolia witness Jordan that they also offer the statutory payment arrangement to help customers manage arrears. VWPA St. 7 at 3.

Veolia also proposed the introduction of a line repair program. OCA St. 6 at 7. Under the filed proposal, the Company proposed to a plan to hire contractors to provide plumbing repairs of up to \$1500 (for each occurrence) to eligible low-income customers at or below 150% of the FPL. To be eligible a customer must be in threat of termination or have been terminated, and the leaks must occur in an exposed internal line and/or consist of minor plumbing repair such as faucets and toilets. VWPA St. 7 at 9; OCA St. 6 at 7-8. The Company proposed a budget of \$100,000. OCA St. 5 at 8.

In order to recover the costs of the program, the Company proposed a ratemaking treatment that would track the difference between the overall costs of the program and the proposed target amount as a regulatory asset or liability. OCA St. 6 at 10. The difference would be addressed in the next rate case filing. The information would then be used to inform the estimated adjustment necessary for future rate cases. OCA St. 6 at 10. The Company proposed a \$300,000 shareholder commitment to support the program and would be used as an offset to the overall program costs. VWPA St. 6 at 7; OCA St. 6 at 10.

The Settlement expands upon the framework for a CAP discount for water customers, AMP, and line repair program. The Settlement also continues the hardship fund program and increases grant levels for wastewater customers. The Settlement also modifies the proposed cost recovery mechanism. As discussed below, the Settlement provides for improvements to low-income customer affordability for Veolia water customers and provides that the Company will set forth the data necessary to develop a framework for a wastewater bill discount program and/or AMP in the next base rate proceeding. Settlement ¶¶ 51-52.

2. Bill Discount Program for Low-Income Customers

a. Water

The Settlement proposes the adoption of the Company’s filed proposed low-income CAP but modifies the program to add a fourth income tier consistent with the recommendation of OCA witness DeMarco. Settlement ¶ 51. The program will be launched within 180 days of the effective date of rates in this case and will provide updates to the progress at the semi-annual LIAC meetings. Settlement ¶ 60. For the reasons set forth below and in the Direct and Surrebuttal Testimony of OCA witness DeMarco, the OCA supports the implementation of the proposed CAP discount program for water. As discussed below in subsection (b), Mr. DeMarco also recommended that a wastewater discount and arrearage management program be developed in the next base rate proceeding to improve affordability for wastewater customers. OCA St. 6 at 29. While the Settlement does not provide that the Company will implement a wastewater program in the next base rate proceeding, the Settlement establishes the framework and collection of the necessary data for moving forward with a wastewater and arrearage management discount program in the future. Settlement ¶ 52.

The Settlement adopts the recommendation of OCA witness DeMarco to add in a fourth tier to its water CAP design and adopts the alternative discount level recommendations in his Surrebuttal Testimony to reflect the following:

<u>Poverty Level</u>	<u>Service Charge Discount</u>	<u>Volumetric Discount</u>
0-50%	\$0 fixed charge	First 3,000 gallons
50-100%	\$0 fixed charge	First 2,000 gallons
101-150%	\$0 fixed charge	First 1,000 gallons
151-200%	\$0 fixed charge	First 500 gallons

Settlement ¶ 51; OCA St. 6SR at 6. OCA witness DeMarco recommended that a fourth income tier be added to better target affordability. *Id.* Mr. DeMarco testified that the “addition of a 4th tier

encompassing those at 151%-200% FPL helps to assist those households who are above the poverty threshold but nevertheless struggling.” OCA St. 6SR at 17.

The proposed design of the structure will improve affordability over the Company’s originally proposed design and will ensure that all participants pay a monthly bill. In his Direct Testimony, OCA witness DeMarco testified:

I recommend a lower discount on the fixed customer charge while recommending a higher discount on the volumetric charge. I recommend the lower discount on the fixed customer charge because in order to implement a \$0 customer charge, as proposed by Veolia, would result in customers receiving a \$0 bill to the extent their monthly usage was at or below the discounted volumetric usage. Through my alternative structure, unlike Veolia’s proposal, all low-income customers will pay something toward their monthly Veolia service. Despite the higher fixed customer charge, however, my recommended alternative low-income discount will better achieve affordability for low-income customers.

OCA St. 6 at 16-17, Table 8.

In his Direct Testimony, OCA witness DeMarco recommended a more complex design, and in response to the concerns identified by Company witness Jordan, he proposed in his Surrebuttal Testimony a compromise proposal. OCA St. 6SR at 6. Mr. DeMarco explained the purpose and benefits of the compromise proposal in his Surrebuttal Testimony:

[w]hile I continue to recommend that Veolia address affordability at a deeper level than their proposal would allow and believe that my recommendations in direct would increase affordability, I am cognizant of the cost uncertainties and administrative complexities that were raised by Ms. Jordan. In order to address the small sample size of the Company data, the possible administrative burden, and the fact that this is a brand-new program, I propose an alternative recommendation that should be simpler to implement.

OCA St. 6SR at 6. The compromise proposal was adopted as a part of the Settlement with a modification to the 151-200% to ensure that a minimum bill would apply. OCA St. 6SR at 6-7.

The OCA supports the Company’s proposal to develop a bill discount and AMP. Bill affordability is a significant concern, particularly given the proposed increases to water bills. This

concern is raised in the Direct Testimony and Surrebuttal Testimony of OCA witness DeMarco. The proposed low-income program and its expansion to four tiers with the simpler design proposed in Mr. DeMarco's Surrebuttal Testimony will help to make bills more affordable and mitigate the impact of the increase. The proposed Settlement will help to provide more affordable bills to Veolia's customers.

b. Wastewater

The Company stated that it wanted to gain experience with a water discount program before implementing a wastewater discount program or AMP. Mr. DeMarco agreed that this made sense in this proceeding; however, OCA witness DeMarco recommended that the Company also design and implement a wastewater discount in its next base rate proceeding. OCA St. 6 at 29. The Settlement does not implement a wastewater discount but establishes the framework for potential design of a wastewater discount program in the future. Settlement ¶ 52. The Settlement provides that the Company will analyze census-based estimated low-income data for its wastewater districts to determine the number of households in poverty, as well as termination and arrearage data for wastewater customers. Settlement ¶ 52. The Company will produce a report on the "need for and feasibility of extending its CAP program to wastewater customers." Settlement ¶ 52. The results will be provided to the LIAC within one year of the effective date of rates in this case. Settlement ¶ 52.

The OCA continues to believe that it is important to develop a wastewater bill discount program and AMP in addition to the water bill discount program and AMP in order to improve affordability for wastewater customers. The data gathered as a result of the Settlement will provide the necessary information to be able to design a wastewater bill discount program in a future base rate proceeding.

3. Arrearage Management Program (AMP)

The Company will also implement an AMP for water customers. VWPA St. 8 at 7; OCA St. 6 at 7. The Company's proposed AMP would provide customers with incomes at or below 200% of the FPL \$25 per month forgiveness each time the customer pays their current monthly bill by the due date. *Id.* The Company also clarified in Rebuttal testimony of Veolia witness Jordan that they also offer the statutory payment arrangement to help customers to manage arrears. VWPA St. 7 at 3. A customer is not required to enter into a payment arrangement in order to earn monthly forgiveness on the pre-program arrears. Settlement ¶ 53.

OCA witness DeMarco identified a concern with the Company's limited 5-day grace period which may not be enough time for customers with fixed or inconsistent income. OCA St. 6SR at 9. Mr. DeMarco recommended that the customer receive forgiveness for each in-full payment regardless of whether the payment was timely. *Id.* at 10. Mr. DeMarco testified that "households often do not have the financial flexibility needed to pay all bills on time, but 4 this would reward customers who pay their bills in full." *Id.* OCA witness DeMarco also recommended:

Veolia adopt a program in which, after 36-months of in-full payments the remainder of a customer's debt is forgiven. This is consistent with the Commission's CAP Policy Statement. While not binding, the CAP Policy Statement should be considered an acceptable framework from which utility companies can base their CAP policy, as it is an acceptable framework to the Commission itself. The 36-month arrearage forgiveness program would also allow customers with exceedingly large debts to be free from perpetual debt to the Company.

OCA St. 6 at 10.

The Settlement provides that Veolia will track and report on the length of time it takes for program participants to pay off their arrearages through the program and the rate of success of the program. Settlement ¶ 53. The Company will report the data annually to the LIAC. Settlement ¶

53. The information provided will allow the parties to better understand the success of the AMP and the time it takes customers to pay off their arrears. This information will provide a foundation for recommendations for future improvements to the AMP. The Settlement provision is in the public interest and should be approved.

4. Cost Recovery

In order to recover the costs of the program, the Company proposed a ratemaking treatment that would track the difference between the overall costs of the program and the proposed target amount as a regulatory asset or liability. OCA St. 6 at 10. The difference would be addressed in the next rate case filing. The information would then be used to inform the estimated adjustment necessary for future rate cases. OCA St. 6 at 10. The Company proposed a \$300,000 shareholder commitment to support the program and would be used as an offset to the overall program costs. VWPA St. 6 at 7; OCA St. 6 at 10.

The OCA had concerns about both the level of the costs proposed and the cost recovery mechanism proposed. OCA witness DeMarco recommended that the Commission limit Veolia's cost recovery to the incremental cost of implementing its low-income programs using to different tests and after contribution by Veolia of its \$300,000 contribution promised in the merger with Suez. OCA St. 6 at 30. After this contribution, cost recovery should be limited to the incremental costs of the program and the net costs of the program. OCA St. 6 at 30. OCA witness DeMarco expressed concerns that Veolia's proposal did not limit cost recovery to the net incremental costs of the program because a substantial portion of the costs would have been incurred in the absence of the program. *Id.*

The Settlement addresses the OCA's concerns related to the cost recovery for the program. The Settlement provides:

[t]he Company will track all costs associated with the administration of the CAP program, including the provision of services under the program. The Company will report these costs on an annual basis to the LIAC. In its next base rate proceeding, the Company shall identify those costs it seeks to recover as part of its ongoing administration of the CAP program.

Settlement ¶ 61.

The proposed language is in the public interest and should be approved. As the CAP is a new program, it will allow the parties and the members of the LIAC to understand the costs of the program. It will also specifically track the administrative costs which the OCA identified as a concern with the program estimates. In the next base rate proceeding, Veolia will identify the costs that it is seeking recovery of on a going-forward basis.

5. Hardship Fund

The Settlement provides that the Company will maintain its current \$35,000 per year shareholder contribution to the existing Veolia Cares hardship fund program. Settlement ¶ 49. Unspent funds will be rolled over and added to the available program budget for the following year. Settlement ¶ 49.

Maintaining the existing hardship fund levels at the existing post-merger \$35,000 levels instead of the proposed \$20,000 will provide greater assistance to water and wastewater customers in danger of losing service. The Settlement also adopts OCA witness DeMarco's recommendation to increase the hardship fund grants for wastewater customers from \$150 to \$300. Settlement ¶ 50; OCA St. 5SR at 14. The proposed increase will match the amount of the grant level available for water customers. OCA St. 5 at 6. In particular, as there is not a wastewater discount or AMP, this provision will provide additional necessary grant assistance to wastewater customers to help wastewater customers to manage their arrears.

6. Plumbing Repair and Line Repair Program

As noted above, the Company proposed a plumbing repair and line repair program. The Settlement extends the program to further assist customers by the Company installing measures included in the conservation kit, provided the customer agrees. Settlement ¶ 54. The provision will assist low-income customers who may struggle with the self-installation of conservation kit measures and help them to reduce their usage.

7. Low-Income Advisory Committee (LIAC)

The Settlement includes several provisions to maximize the assistance of the LIAC as the new CAP develops. The Settlement continues the work of the LIAC semi-annual meetings. Settlement ¶ 48. At the meetings, the LIAC will discuss and solicit input from the members regarding CAP and outreach and outreach materials will be shared with the group to solicit feedback. Settlement ¶ 48.

The Settlement also provides specific areas for the LIAC to provide input and to utilize the LIAC as a resource to help maximize the benefits of the new program to customers. The Company will seek input from the LIAC to develop and implement a process to routinely screen for confirmed low-income status during customer contacts and to refer potentially eligible customers to the low-income program. Settlement ¶ 57.

In response to OCA witness DeMarco's recommendations regarding improving customer outreach, Veolia will also request input from the LIAC to design affirmative customer outreach for the purpose of identifying and enrolling low-income customers in the bill discount program. Settlement ¶ 58.

The LIAC is an important tool to get on-going feedback about how to maximize the efforts of the Company. It allows both the stakeholders to understand how the program is operating and

allows the Company to use the group's collective knowledge of low-income customer needs to benefit the growth of the program. The Settlement provisions are in the public interest, particularly in the interests of growing and developing the new programs and should be approved.

8. Additional Data Collection

Under the Settlement, Veolia will begin calculating its census-based estimate low-income water and wastewater customers on an annual basis and report the information to the LIAC. Settlement ¶ 55. The Settlement also provides that the Company will track its confirmed low-income water and wastewater customers at or below 150% FPL and at or below 200% of the FPL on a monthly basis and will provide results to the LIAC. Settlement ¶ 56. Paragraph 56 also specifies how the Company will define a confirmed low-income customer. Settlement ¶ 56.

The data will help the Company and the parties to better understand how to develop the program going-forward, the population of confirmed and estimated low-income water and wastewater customers, and what the need of these customers are. The data will also provide a tool for growing the programs in the future. The Settlement provision should be approved as in the public interest and be approved.

O. Comprehensive Review of Tariff Language

CAUSE-PA witness Robert Ballenger identified concerns about the tariff language and whether the language was consistent with the applicable laws and Commission regulations. CAUSE-PA St. 34-35. Mr. Ballenger recommended that the Company review its tariff to ensure that it was not in conflict with the applicable laws and Commission regulations. CAUSE-PA St. 1 at 36-37. The Settlement adopts the recommendation and provides that within 180 days of the effective date of rates, the Company will initiate a comprehensive review of the review its tariff to

ensure that the language and citations are consistent with the applicable laws and Commission regulations. Settlement ¶ 62.

The OCA supports the proposed comprehensive review of the tariff language to ensure that it is up-to-date and consistent with the applicable law and Commission regulations. The provision should be adopted as in the public interest.

P. Standard Settlement Conditions

The Settlement also provides for the standard settlement conditions. Settlement ¶¶ 63-71. As discussed above in Section, the conditions set forth that the settlement is a black box settlement and reflects a “compromise of competing positions and does not necessarily reflect any Petitioner’s position with respect to any issues raised in these proceedings.” Settlement ¶ 68. The Settlement provisions set forth the framework for the parties’ agreement and how the terms of the Settlement will be effectuated. The OCA supports the process set forth in the standard settlement conditions.

IV. Conclusion and Request for Relief

The OCA submits that the terms and conditions of the proposed Settlement of these investigations, taken as a whole, represent a fair and reasonable resolution of the issues raised by the OCA in this matter. Therefore, the OCA respectfully requests that the Settlement be approved by the Commission without modification as being in the public interest and in the interest of Veolia's ratepayers.

Respectfully Submitted,

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DATE: August 2, 2024

ATTACHMENT K
OFFICE OF SMALL BUSINESS ADVOCATE
Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.: R-2024-3045192
	:	R-2024-3045193
v.	:	
	:	
Veolia Water Pennsylvania, Inc.	:	
	:	

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR FULL SETTLEMENT OF RATE PROCEEDING**

I. Introduction

On February 16, 2024, Veolia Water Pennsylvania, Inc. (“VWPA” or the “Company”) filed Supplement No. 68 to Tariff Water – Pa. P.U.C. No. 7 (“Supplement No. 68”), and Supplement No. 5 to Tariff Wastewater – Pa. P.U.C. No. 2 (“Supplement No. 5”). The rates set forth in Supplement No. 68, if approved by the Commission, would increase the Company’s annual water revenues by approximately \$15.4 million or 26% including DSIC revenues. The rates set forth in Supplement No. 5, if approved by the Commission, would increase the Company’s annual wastewater revenues by approximately \$568,000 or approximately 35%.

By Order entered March 14, 2024, the proposed Supplement Nos. 5 and 68 were suspended by operation of law until November 14, 2024. The Commission ordered an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariff Supplements No 5 and 68.

The OSBA actively participated in the negotiations that led to the proposed Joint Petition for Full Settlement of Rate Proceeding (“*Joint Petition*”) and is a signatory to the *Joint Petition*. The OSBA submits this statement in support of the *Joint Petition*.

II. Legal Standard

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed Notice of Appearance and Complaint on February 26, 2024. The OSBA’s Complaint was docketed at C-2024-3046893.

Current Commission policy promotes settlements. 52 Pa. Code §5.231. Settlements reduce the burden of both time and expense that parties must expend litigating a particular case and ultimately the cost to ratepayers. The Commission has recognized that settlements reflect compromises of the positions held by the parties in interest.

When active parties in a proceeding reach a settlement, the principal issue for the Commission’s consideration is whether the proposed terms and conditions are in the public interest. *Warner v. GTE.*, Docket No. C-00902815 (Opinion and Order entered April 1, 1996); (*Pa. Pub. Util. Comm’n. v CS Water & Sewer Associates*, 74 Pa. P.U.C. 767 (1991). Further, the primary consideration in evaluating a settlement is whether the settlement serves the public interest. *Pa. Pub. Util. Comm’n v. City of Lancaster-Bureau of water*, Docket. No. R-2010-2179103 (Order entered July 14, 2011.)

III. Argument

The *Joint Petition* sets forth a list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Joint Petition* was in the best interests of VWPA's small business customers.

A. Revenue Requirement

The OSBA did not take a position on this issue with respect to the overall amount of the rate request. The OSBA recommended that if the Commission were to approve a water revenue requirement that was less than requested by VWPA, that the Commercial class receive a proportional scale back that was consistent with that which was proposed in the Company's initial filing. Additionally, with respect to the wastewater request, the OSBA recommended that the Mahoning Township non-residential class receive no increase which would allow the benefit of the reduction in the overall revenue requirement to be realized by the customers who are subject to the rate increase.¹

The *Joint Petition* also provides that VWPA will not file for an increase in water or wastewater revenues before the end of the Fully Projected Future Test year in this matter. That stay-out is in the public interest and provides a period of rate stability for all of VWPA's ratepayers, including the Company's small business customers.²

B. Depreciation

The OSBA did not take a position on this issue.

C. State Tax Adjustment Surcharge

The OSBA did not take a position on this issue.

¹ OSBA Statement No. 1, p. 6.

² Joint Settlement, Para. 26

D. Amortizations

The OSBA did not take a position on this issue.

E. Proposed Positive Acquisition Adjustments

The OSBA did not take a position on this issue.

F. Distribution System Improvement Charge

The OSBA did not take a position on this issue.

G. Rate Structure and Rate Design

OSBA witness Neal Townsend summarized that that VWPA’s various class cost of service studies were reasonable representations of the cost to provide both water and wastewater service to each class of customers at the Company’s requested revenue requirement.³

For the Mahoning Township wastewater utility, Mr. Townsend recommended no rate increase be imposed on the non-residential customer class and testified as follows:

For the Mahoning Township wastewater utility, the non-residential customers merit a rate *decrease* of 59.3% according to VWPA’s cost of service, but VWPA proposes increasing non-residential wastewater rates by 17.3%. Based on the VWPA CCOS study, I recommend no rate increase for the non-residential class and moving the residential class closer to its cost of service. While this would result in a higher rate increase for the residential class than VWPA proposes, non-residential customers would still be paying a substantial subsidy to that class, even if non-residential rates are not increased.⁴

Even with no increase for the non-residential customers, the Mahoning Wastewater commercial customers would continue to pay a substantial subsidy of over \$400,000 to the Residential customer class.⁵

³ OSBA Statement No. 1, p. 3

⁴ OSBA Statement No. 1, p.5

⁵ OSBA Statement No. 1-S, p. 6

The Joint Petition acknowledges the significant subsidy that exists for non-residential wastewater customers and results in rates that move those customers closer to the cost of service. The rates proposed in the Joint Petition result in an increase of 5.3% to non-residential wastewater customers of Mahoning instead of the 17.3% increase initially proposed by VWPA.

The *Joint Petition* represents a compromise of the various parties' positions, and the OSBA supports the schedule of rates shown as Attachment A to the *Joint Petition* as a reasonable compromise and in the public interest.

H. Unaccounted for Water

The OSBA did not take a position on this issue.

I. Customer Complaint Log

The OSBA did not take a position on this issue.

J. Minimum Flow at Hydrants

The OSBA did not take a position on this issue.

K. Customer Notice

The OSBA did not take a position on this issue.

L. Fully-Projected Future Test Year Reporting

The OSBA did not take a position on this issue.

M. Miscellaneous

The OSBA did not take a position on this issue.

N. Customer Assistance Program ("CAP) and Other Assistance Programs

The OSBA did not take a position on this issue.

O. Comprehensive Review of Tariff Language

P. Standard Settlement Terms and Conditions

The OSBA's agreement to settle this case is specifically made without prejudice to any future positions in this, or any other litigated matter. Should the ALJ recommend that the Joint Petition be approved as filed, the OSBA has agreed to waive its right to file Exceptions.

IV. Conclusion and Request for Relief

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

/s/ Sharon E. Webb

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101

Dated: August 2, 2024

ATTACHMENT L
VEOLIA WATER PENNSYLVANIA INC.
VWPA TARIFF WATER SUPP 71 PA PUC NO 7
Eff XX.XX.2024

VEOLIA WATER PENNSYLVANIA, INC.

Supplement No. 71 to:
Water – Pa. P.U.C. No. 7

VEOLIA WATER PENNSYLVANIA, INC.

Harrisburg, Pennsylvania,

Rates, Rules and Regulations

Governing the Distribution of Water in

(See Page 5 for Territories Served)

ISSUED: XX XX, 2024

EFFECTIVE: XX XX 2024

BY: Larry Finnicum, Regional President
Veolia Water Pennsylvania, Inc.
6310 Allentown Road
Harrisburg, PA 17111

NOTICE

This tariff supplement is a general rate increase under Section 1308(d) of the Pennsylvania Public Utility Code, 66 Pa. C.S. S 1308(d), and updates the schedule with rates for customers pursuant to the Pennsylvania Public Utility Commission's Final Order at Docket No. R-2024-3045192.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Schedule of Meter Rates, Page 6, 6A, 6B, 6C, 6D, 6E, 6F, 7, 8, 8A, 9, 9A, 10, 10A, 10B, 10C, reflects rate increase in this case.

(C)

Reduction of the due date of bills from twenty (20) days to fifteen (15) days for all customer classes other than the residential class.

Page 13 reflects a fee for meter tampering or theft.

Page 14 reflects a fee for hydrant flow testing of \$455.00.

Page 23 modified to add grounds for rejecting applications for service.

Page 64 reflects changes to the language of FTAC and is modified to reduce FTAC rate.

- (I) Indicates an Increase
- (D) Indicates a Decrease
- (C) Indicates a Change

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SURCHARGE CREDIT

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of (0.00%) will apply to all charges except the DSIC for services rendered on or after January 1, 2024 (for customers of Veolia Water Pennsylvania, Inc.) and (0.00%) on or after January 1, 2024 (for customers formerly served by Veolia Water Bethel, Inc.).

(C)

The above surcharge will be recomputed, using the same elements prescribed by the Commission.

- a. Whenever any of the tax rates used in calculation of the surcharge are changed;
- b. Whenever the utility makes effective any increased or decreased rates; and
- c. On or before March 31 of each year.

(C)

The above recalculation will be submitted to the Commission within 10 days after the occurrence of the event or date which occasion such recomputation; and, if the recomputed surcharge is less than the one then in effect, the Company will, and if the recomputed surcharge is more than the one then in effect, the Company may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing.

TERRITORIES SERVED

The Boroughs of Dauphin, Highspire, Hummelstown, Paxtang and Penbrook; the Townships of Lower Paxton, Middle Paxton and Swatara; Portions of the Townships of Derry, Lower Swatara, South Hanover and Susquehanna; all in Dauphin County, Pennsylvania; and Portions of East Pennsboro Township, in Cumberland County, Pennsylvania; and in the Borough of Marysville, Rye Township and Penn Township in Perry County, Pennsylvania; and Newberry Township in York County, Pennsylvania

The Borough of Dallas, Dallas Township, Village of Shavertown and Vicinity, Kingston Township, Harvey's Lake Borough, Lake Township and Lehman Township, Luzerne County, Pennsylvania; and Village of Noxen and Vicinity, Noxen Township, Wyoming County, Pennsylvania;

The Borough of Mechanicsburg and portions of the Townships of Upper Allen, Lower Allen, Hampden, Silver Spring and Monroe, All in Cumberland County, Pennsylvania, and Portions of Monaghan Township, in York County Pennsylvania

The Town of Bloomsburg, The Townships of South Centre and Scott; and Portions of the Townships of Hemlock and Montour, Columbia County, Pennsylvania; A Portion of Cooper Township, and Township of Mahoning, Montour County, Pennsylvania; The Village of Nuremberg, Township of North Union, Schuylkill County, Pennsylvania.

Portions of Hamilton and Letterkenny Townships, Franklin County, Pennsylvania.

Overbrook, Dallas Township, Luzerne County

Portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania

SCHEDULE OF METER RATES

Application:

To all residential customers residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc.; all customers residing in the Township of Mahoning, Montour County served by Veolia Water Pennsylvania, Inc.; all customers residing in portions of Hamilton and Letterkenny Townships, Franklin County, Pennsylvania; and all customers in Overbrook, Dallas Township, Luzerne County, Pennsylvania, previously served by Overbrook Water Company.

Volume Charges:

All consumption at \$1.16142 per 100 gallons | (I)

Customer Service Charges:

<u>Meter Size</u>	<u>Per Month</u>
5/8" – 3/4" (C)	\$ 17.00 (I)
1"	35.23
1 1/2"	70.47
2"	120.71
3"	226.42
4"	377.40
6"	754.80
8"	1,207.77
10"	1,736.17

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service charge. The volume charge is based on all metered water for the billing period.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers.

(C)

SCHEDULE OF METER RATES

Application:

To all commercial, commercial residence/apartments and public authority customers residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc.; all customers residing in the Township of Mahoning, Montour County served by Veolia Water Pennsylvania, Inc.; all customers residing in portions of Hamilton and Letterkenny Townships, Franklin County, Pennsylvania; and all customers in Overbrook, Dallas Township, Luzerne County, Pennsylvania, previously served by Overbrook Water Company.

Volume Charges:

	<u>Per Month</u>	Rate Per <u>100</u> <u>Gallons</u>
First	25,000 Gallons	\$1.16142 (I)
Over	25,000 Gallons	0.84422

Customer Service Charges:

<u>Meter Size</u>	<u>Per Month</u>
5/8" – 3/4" (C)	\$ 17.00 (I)
1"	35.23
1 1/2"	70.47
2"	120.71
3"	226.42
4"	377.40
6"	754.80
8"	1,207.77
10"	1,736.17

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service charge. The volume charge is based on all metered water for the billing period.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for commercial/public authority customers.

| (C)

SCHEDULE OF METER RATES

Application: To all regular industrial customers residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc.; all customers residing in the Township of Mahoning, Montour County served by Veolia Water Pennsylvania, Inc.; all customers residing in portions of Hamilton and Letterkenny Townships, Franklin County, Pennsylvania; and all customers in Overbrook, Dallas Township, Luzerne County, Pennsylvania, previously served by Overbrook Water Company.

Volume Charges:

	<u>Per Month</u>	<u>Rate Per 100 Gallons</u>	
First	25,000 Gallons	\$ 1.16142	(I)
Over	25,000 Gallons	0.95855	

Customer Service Charges:

<u>Meter Size</u>	<u>Per Month</u>	
5/8" – 3/4" (C)	\$ 17.00	(I)
1"	35.23	
1 1/2"	70.47	
2"	120.71	
3"	226.42	
4"	377.40	
6"	754.80	
8"	1,207.77	
10"	1,736.17	

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service charge. The volume charge is based on all metered water for the billing period.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for industrial.

(C)

SCHEDULE OF RATES

Application: To all customers residing in the Township of Mahoning, Montour County served by Veolia Water Pennsylvania, Inc.

(C)

Volume Charges:

	Consumption Charge Residential (All Usage) Per 100 Gallons		
	\$ -	\$ 0.71030	(I)
	Consumption Charge Non-Residential Per 100 Gallons		
First	25,000 Gallons	\$ 1.16142	(I)
Over	25,000 Gallons	\$ 0.84422	

Customer Service Charges:

<u>Meter Size</u>	<u>Per Month</u>	
5/8"	\$ 17.00	(D)
3/4"	17.00	
1"	35.23	
1 1/2"	70.47	
2"	120.71	
3"	226.42	
4"	377.40	
6:	754.80	
8"	1,207.77	
10"	377.40	

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service Charge. The Volume Charge is based on all metered water for the billing period.

Terms of Payment

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers, and a due date of fifteen (15) days after the date the bill is mailed for all other customers.

(C)

SCHEDULE OF RATES

Application: To all customers residing in portions of portions of Hamilton and Letterkenny Townships, Franklin County, Pennsylvania.

Volume Charges:

Consumption Charge Residential (All Usage) Per 100 Gallons	
\$ -	\$ 1.16142 (I)

Consumption Charge Non-Residential Per 100 Gallons	
First 25 MGL	\$ 1.16142 (I)
Over 25 MGL	\$ 0.84422 (I)

Customer Service Charges:

<u>Meter Size</u>	<u>Per Month</u>	
5/8"	\$ 17.00	(D)
3/4"	17.00	(D)
1"	35.23	(I)
1 1/2"	70.47	(I)
2"	120.71	(I)
3"	226.42	(I)
4"	377.40	(I)
6"	754.80	(I)
8"	1207.77	(C)
10"	1736.17	(C)

Conditions of Contract

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service Charge. The Volume Charge is based on all metered water for the billing period.

Terms of Payment

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers, and a due date of fifteen (15) days after the date the bill is mailed for all other customers. (C)

SCHEDULE OF RATES

Application: To all customers in Overbrook, Dallas Township, Luzerne County, Pennsylvania, previously served by Overbrook Water Company.

Volume Charges:

Consumption Charge Residential (All Usage) Per 100 Gallons	
\$ -	\$ 0.60610 (l)

Customer Service Charges:

<u>Meter Size</u>	<u>Per Month</u>
5/8"	\$ 17.00 (C)
3/4"	17.00 (C)
1"	35.23 (C)
1 1/2"	70.47 (C)
2"	120.71 (C)
3"	226.42 (C)
4"	377.40 (C)
6"	754.80 (C)
8"	1,207.77 (C)
10"	1,736.17 (C)

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service Charge. The Volume Charge is based on all metered water for the billing period.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is for residential customers, and a due date of fifteen (15) days after the date the bill is mailed to all other customers.

(C)

SCHEDULE OF METER RATES

Application: To all metered customers in portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, previously served by Veolia Water Bethel, Inc. for domestic, commercial and industrial or municipal service.

Rates:

Consumption Charge Residential (All Usage) Per 100 Gallons		
\$	-	\$ 0.50500 (l)

Consumption Charge Non-Residential Per 100 Gallons		
First 25 MGL	\$	0.50500 (l)
Over 25 MGL	\$	0.40000 (l)

Minimum Charge:

<u>Meter Size</u>	<u>Per Month</u>
5/8"	\$ 12.75 (l)
3/4"	12.75 (l)
1"	26.42 (l)
1-1/2"	52.86 (l)
2"	90.53 (l)
3"	169.81 (l)
4"	283.05 (l)
6"	566.10 (l)
8"	905.83 (l)
10"	1,302.13 (l)

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers, and a due date of fifteen (15) days after the date the bill is mailed for all other customers.

(C)

SCHEDULE OF METER RATES

Application:

To all large industrial customers.

Large Industrial Tariff – Applicable to all Industrial customers that elect to be on the Large Industrial Tariff rate. Those Industrial customers will take or pay for 7 million gallons per month at a fixed minimum charge of \$36,558.20, with usage over 7 million gallons per month to be charged at \$0.52226 per 100 gallons. Once an Industrial customer elects to be on the Large Industrial Tariff, they must remain on the Large Industrial Tariff for a minimum of six consecutive months before electing to be removed from the Large Industrial Tariff with a 30 day written notice to Veolia Water Pennsylvania Inc’s customer service department.

<u>Service Charge</u>	<u>Per Month</u>
<u>3”</u>	<u>226.42</u> (I)
<u>4”</u>	<u>377.40</u>
<u>6”</u>	<u>754.80</u>
<u>8”</u>	<u>1,207.77</u>
<u>10”</u>	<u>1,736.17</u>

Consumption Charge

All usage over 7 million gallons per month to be charged at \$0.52226 per 100 gallons. | (I)

Fixed minimum charge per month \$36,558.20.

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service charge. The volume charge is based on all metered water for the billing period.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for industrial customers. | (C)

RATES FOR PUBLIC FIRE HYDRANT SERVICE

Application:

To all political subdivisions except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc.

(C)

Rates:

For fire hydrant installed and maintained by the Company at its expense.

		<u>Per Month</u>	
(Harrisburg)	Each fire hydrant	\$ 36.42	(l)
(Dallas)	Each fire hydrant	28.20	(l)
(Mechanicsburg)	Each fire hydrant	36.42	(l)
(Bloomsburg)	Each fire hydrant	28.20	(l)

Conditions:

Water from fire hydrants is intended to be used for fighting fires. Any water used for purposes other than fighting fires shall be billed at the Residential rate on Page 6.

Water used from fire hydrants for other than fighting fires should be based on meter readings where possible. If a meter cannot be used, the Company will estimate the usage.

RATES FOR PUBLIC FIRE HYDRANT SERVICE

Application: To all customers residing in portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, previously served by Veolia Water Bethel, Inc. for domestic, commercial and industrial or municipal service.

Rates:

	<u>Per Month</u>	<u>Per Quarter</u>
To political subdivisions:		
For lateral connection to the curb and fire hydrant at the curb installed and maintained by the Company at its expense: Each fire hydrant	\$38.20	\$114.61
For lateral connection to the curb and fire hydrant at the curb installed at the expense of the political sub-division and maintained by the Company at its expense: Each fire hydrant	\$28.66	\$85.98
To individuals in protected areas so designated by the National Board of Fire Underwriters, when liability for service is not assumed by a political subdivision: Each customer	\$1.29	\$3.88

Conditions of Contract:

The monthly charge to individual customers shall be in addition to charges under any other schedule of rates.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for fire protection customers.

(C)

RATES FOR PRIVATE FIRE HYDRANT SERVICE

Application: To all customers having private fire hydrant installations residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc..

Rates:

For a lateral connection from the main in a private easement to a hydrant valve at the curb, easement boundary or property line to serve a fire hydrant installed and maintained by the customer at his expense:

	<u>Per Month</u>	
Each fire hydrant	\$60.70	(I)

Conditions of Contract:

The Company reserves the right to meter any fire line where evidence indicates that water is being taken from the line for purposes other than fire fighting, and such metered service shall then be billed in accordance with the regular Schedule of Meter Rates in addition to the above rates, with proper allowance for water consumed in fire fighting.

Terms of Payment

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for fire protection customers. | (C)

RATES FOR PRIVATE FIRE HYDRANT SERVICE

Application: To all customers residing in portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, previously served by Veolia Water Bethel, Inc. for domestic, commercial and industrial or municipal service.

Rates:

	<u>Per Month</u>	<u>Per Quarter</u>
For lateral connection to the curb and fire hydrant at the curb installed and maintained by the Company at its expense: Each fire hydrant	\$38.20	\$114.60
For each fire hydrant installed and maintained by the customer at his expense: Each hydrant	\$28.66	\$85.98

Conditions of Contract:

The Company reserves the right to meter any fire line where evidence indicates that water is being taken from the line for purposes other than fire protection, and such metered service shall then be billed in accordance with the regular schedule of meter rates in addition to the above rates, with proper allowance for water consumed in fire fighting.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for fire protection customers.

RATES FOR PRIVATE FIRE SPRINKLER AND HOSE SERVICE

Application: To all customers having separate fire hydrant in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc..

(C)

Rates:

For fire service through a separate fire service line.

	<u>Per Month</u>	
For each 2" service line(or smaller)	\$ 27.24	(I)
For each 3" service line	73.48	
For each 4" service line	94.24	
For each 6" service line	156.65	
For each 8" service line	233.49	
For each 10" service line	333.70	
For each 12" service line	463.88	
For each 14" service line	852.15	

There will be no additional charge for sprinkler heads, or hose connections, supplied from the service line. There shall be no additional charge for hydrants installed on a private fire sprinkler line

Conditions of Contract:

All new fire services will be metered by a meter approved by the Company. The Company reserves the right to determine the location of the meter/meter vault. All piping appurtenances and the vault will be at the sole cost of the customer and be maintained by the customer.

All new fire services shall be equipped with a backflow preventer device. The Customer shall provide a Company specified meter installed in a Company specified meter vault with a Company specified back flow preventer for all fire services. The cost of any piping modifications needed to accommodate the appropriate backflow preventer and or detector check will be at the customer's expense.

The Company reserves the right to meter any existing fire line where evidence indicates that water is being taken from the line for purposes other than fire fighting, and such metered service shall then be billed in accordance with the regular Schedule of Meter Rates in addition to the above rates, with proper allowance for water consumed in fire fighting. The Company shall also have the right to reclassify the customer to the regular Schedule of Meter Rates, in the same manner, when two or more months of usage are recorded within a rolling 12-month period unless the customer can demonstrate, by evidence acceptable to the Company that the usage was in fact for the purpose of firefighting. Following a reclassification, the customer shall not be returned to a fire service-only rate until the customer has made a request for such service and can demonstrate, by evidence acceptable to the Company, 12 continuous months of no usage for purposes other than firefighting. The customer will be responsible for the cost of the meter and any piping modifications needed to accommodate the meter.

RATES FOR PRIVATE FIRE SPRINKLER AND HOSE SERVICE (CONTINUED)

The Company reserves the right to require the fire service line to be separate from the domestic service line.

For existing private fire services that are not metered, the customer must notify the Company three business days prior to any testing of the fire flow system. The Company will determine the acceptable rate of flow for testing purposes. The Company will assess a charge of \$250 per fire flow test. A penalty charge of \$1,000 will be assessed for any fire flow test conducted without notifying the Company.

The Company reserves the right to make system changes that may impact both the static and residual pressures. In such events, as long as the pressures meet the PUC pressure requirements, the Company will not be held responsible, or otherwise liable, for any required changes to the customer's fire suppression system as a result of the change to the Company's pressure.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for fire protection customers.

(C)

RATES FOR PRIVATE FIRE SPRINKLER AND HOSE SERVICE

Application: To all customers residing in portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, previously served by Veolia Water Bethel, Inc. for domestic, commercial and industrial or municipal service.

Rates:

	<u>Per Month</u>	<u>Per Quarter</u>	
For each 4" service line	\$ 73.51	\$220.54	(I)
For each 6" service line	147.04	441.13	

Conditions of Contract:

All new fire services will be metered by a meter approved by the Company. The Company reserves the right to determine the location of the meter/meter vault. All piping appurtenances and the vault will be at the sole cost of the customer and be maintained by the customer.

All new fire services shall be equipped with a backflow preventer device. The Customer shall provide a Company specified meter installed in a Company specified meter vault with a Company specified back flow preventer for all fire services. The cost of any piping modifications needed to accommodate the appropriate backflow preventer and or detector check will be at the customer's expense.

The Company reserves the right to meter any existing fire line where evidence indicates that water is being taken from the line for purposes other than fire fighting, and such metered service shall then be billed in accordance with the regular Schedule of Meter Rates in addition to the above rates, with proper allowance for water consumed in fire fighting. The Company shall also have the right to reclassify the customer to the regular Schedule of Meter Rates, in the same manner, when two or more months of usage are recorded within a rolling 12-month period unless the customer can demonstrate, by evidence acceptable to the Company that the usage was in fact for the purpose of firefighting. Following a reclassification, the customer shall not be returned to a fire service-only rate until the customer has made a request for such service and can demonstrate, by evidence acceptable to the Company, 12 continuous months of no usage for purposes other than firefighting. The customer will be responsible for the cost of the meter and any piping modifications needed to accommodate the meter.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for fire protection customers.

SCHEDULE OF WHOLESALE SERVICE RATES

Application:

To all wholesale service customers using more than 500,000 gallons per month residing in portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, previously served by Veolia Water Pennsylvania, Inc. who have sprinkler systems and inside hose connections for fire protection.

Rate:

Rate Per 100 Gallons

All use	\$0.58540
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Customer Charge:

<u>Meter Size</u>	<u>Per Month</u>
2"	\$90.53
3"	\$169.81
4"	\$283.05
6"	\$566.10
8"	\$905.83
10"	\$1,302.13

(I)

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for wholesale customers.

(C)

NON-RESIDENTIAL STANDBY RATE

Application:

This rate is available to all non-residential customers that have an alternative supply source or a non-residential customer that purchases water from the Company and develops or obtains a new source of supply.

The Non-Residential Standby Rate is available on a firm basis, not interruptible.

The daily requirement, as nominated by the customer, shall be equal to the maximum day capacity of the non-residential customer's alternative supply or the new source of supply or another reasonable amount agreed to by the Company and the non-residential customer.

A monthly charge of \$14.18 per 100 gallons of daily requirement as nominated as well as a usage charge of \$2.87 per thousand gallons for any actual usage.

Standby Charge:

A monthly charge of \$14.18 per 100 gallons of daily requirement as nominated

Consumption Charge

All usage per 100 gallons	\$0.287
---------------------------	---------

Conditions of Contract:

The rate will consist of the total of (A) the Volume Charge and (B) the Customer Service Charge and (C) the Standby rate agreed to by the Company and the non-residential customer.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for standby customers. (C)

SCHEDULE OF MISCELLANEOUS FEES AND CHARGES

1. Customer Requested Turn-on/off Charge

Application: This charge is applicable to all customers who request the temporary shut-off or turn-on of service for performing routine maintenance, repairs, or replacement of the customer's portion of the service line.

Rates:

	<u>Each Occurrence</u>
Turn-on/off charge (during normal business hours)	No Charge
Turn-on/off charge (other than normal business hours)	\$75.00

Terms of Payment:

The turn on/off charge will be added to the customer's bill once the service has been provided.

2. Reconnection Charge for Nonpayment Terminations

Application:

This charge is applicable to all customers where water has been physically turned off for nonpayment of a delinquent bill.

Rates:

	<u>Each Occurrence</u>
Reconnection Charge (during normal business hours)	\$50.00
Reconnection Charge (other than normal business hours)	\$75.00

Terms of Payment:

The reconnection charge will be added to the customer's bill once the service has been terminated and is due and payable before water will be turned on.

3. Returned Check Charge

Application:

Should the Company receive a negotiable instrument from the applicant or customer in payment of any bill, charge or deposit due and such instrument be subsequently dishonored or be uncollectible for any reason, the Company shall charge the applicant or customer a handling charge as provided below.

Rate:

	<u>Each Occurrence</u>
Returned check charge	\$30.00

Terms of Payment:

Bills will be rendered at time customer's check is returned by the Bank and are due and payable when rendered.

(C)

(I)

SCHEDULE OF MISCELLANEOUS FEES AND CHARGES (Cont'd.)

4. Tampering Or Theft Of Service

Application: Tampering with Company equipment or affecting customer piping to receive unmetered or unauthorized water service shall be prohibited and subject to the following charges:

Rate:

First occurrence	\$250.00
Second occurrence	\$500.00

5. Meter Test Charge (Deposit)

Application:

This charge is applicable to all customers who request a test of a water meter for accuracy.

Rates:

	<u>Per Test</u>
For each meter, 1" diameter or smaller	\$10.00
For each meter greater than 1" or smaller than 2"	\$20.00
For other meters, including those which are so located that the cost is out of proportion to the fee specified	As approved by the Pa. P.U.C., pursuant to 52 Pa. Code § 65.8 (h)

Terms of Payment:

Payment must accompany customer's request for the test of a meter for accuracy. If the meter so tested shall be found to have an error in registration of less than four percent (4%), the deposit shall be retained by the Company as compensation for such test; if the error in registration is found to be four percent (4%) or more, then the cost of the test shall be borne by the Company and the amount of the deposit shall be returned to the customer.

6. Damaged Meter/ Radio Read Unit Charge

Application:

This charge is applicable to all customers for damage or loss by any meter or the radio read device arising out of or caused by the customer's negligence or carelessness or that of his servants, employees, members of his household, or any person upon his premises under or by his consent of sufferance. Damage means theft, freezing, water damage, or damage to the meter or radio read unit.

Rates:

	<u>Each Occurrence</u>
For all 5/8" (during normal business hours)	\$100.00
For all 5/8" (other than normal business hours)	\$150.00
<u>For all meters larger than 5/8" diameter, the Company will bill the actual cost of the meter plus the actual fee for labor and overheads.</u>	

Terms of Payment:

The damaged meter charge will be either added to the customer's bill once the service has been provided or via a separate invoice.

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SCHEDULE OF MISCELLANEOUS FEES AND CHARGES (Cont'd.)

7. Bulk Water Charge

Application:

This charge is applicable to all customers who purchase water through a company approved bulk water filling location.

Rate:

All water purchased shall be billed at the volumetric charge as stated on the "Schedule of Meter Rates applicable for residential.

Terms of Payment:

Bills will be rendered monthly in arrears and are payable within fifteen (15) days after the bill is rendered.

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8. Water Main Extension Design Deposit

Application:

This deposit is applicable to all water main extension agreements for Non Bona Fide service applicants.

Rate:

\$1,000 per application. In the event that the project is for both water and wastewater, only \$1,000 total shall be collected.

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Terms:

The deposit is due upon request for an extension agreement and will be applied to the cost of the project. If the project is not completed, within one year of the application, the deposit will be retained by the water company and any future applications will require another \$1,000.

8. Hydrant Flow Test

Application:

For all work and labor performed and all materials furnished by the Company for hydrant flow tests, a charge of \$455.00 will be charged to the customer or party requiring such service.

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Terms of Payment:

Bills will be rendered monthly in arrears and are payable within fifteen (15) days after the bill is rendered.

8. Hydrant Flow Test

Application:

For all work and labor performed and all materials furnished by the Company for hydrant flow tests, a charge of \$455.00 will be charged to the customer or party requiring such service.

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Terms of Payment:

Bills will be rendered monthly in arrears and are payable within fifteen (15) days after the bill is rendered

1. **Industrial Economical Rate- RIDER DIS - DEMAND-BASED INDUSTRIAL SERVICE**

Applicability.

Throughout the territory served under this tariff.

Availability.

This rider is available to a customer or prospective customer that:

- (1) purchases or intends to purchase water from the Company for industrial purposes;
- (2) enters into a Service Agreement for a term of not less than 2 years
- (3) during the original and any renewal terms of the Service Agreement, agrees to purchase a minimum of 10 million gallons of water per month at a daily load factor of not less than 0.60; and
- (4) has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

Rate.

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

Maximum Rate: The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

Minimum Rate: The minimum rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with the facilities necessary to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water (where applicable).

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and /or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

Filing With The Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within thirty (30) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 PA Code §1.74.

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DEFINITIONS

Amortization Agreement: A mutually satisfactory written agreement whereby a customer, who admits liability for billed service, is permitted to amortize or pay the unpaid balance of the account in one or more payments over a reasonable period of time.

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Annual Line Extension Cost. The sum of a utility's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operation and maintenance of the line extension. For Non Bona Fide customers, equity costs are included.

Annual Revenue. (as related to line extensions). The utility's expected additional annual revenue from the line extension based on the utility's currently effective tariff rates and on the average annual usage of customers similar in nature and size and/or class.

Applicant. Any person seeking to contract for utility service, other than a transfer of service from a residence or dwelling within the Company's service area; or to reinstitute service more than 60 days following a termination or discontinuance of service.

"Backflow Preventer". A device designed to prevent a potential backflow of contaminants from the customer's activities or property into the Company's distribution system.

Billing Period. A billing period may be monthly as provided in the Company's tariff.

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Bona Fide Service Applicant. A person or entity applying for water service to an existing or proposed structure within the utility's service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business (see also Non Bona Fide Service Applicant).

Commercial Service/Public Authority Service. Service supplied to multiple residences that are served through a single meter with two or more units, public entities, governmental entities (other than sales for resale), municipal entities, private institutions and businesses such as, but not limited to: car washes, hotels, offices, retail and wholesale establishments, laundries, churches, schools, private education institutions, hospitals, nursing homes, restaurants, golf courses, nurseries, etc.

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Commission: The Pennsylvania Public Utility Commission.

Company. Veolia Water Pennsylvania Inc.

Company Service Line. The connection between the Company's distribution main and the inlet connection of the customer's service line at the curb or property line.

Customer. A Customer shall mean a customer of record, or end user, or both, contracting for a supply of water.

Customer's Service Line. The service line extending from the curb, property line or utility connection to provide domestic or fire service.

"Curb Box". A cylindrical device with a lid which is normally placed by the curb affording access to the curb stop. Normally, this device is initially installed by the Company, but may be subject to having its condition or position adjusted by natural forces or the work of the developer or a plumber. Accordingly, it is the responsibility of the customer to maintain the curb box in a safe condition, or to notify the Company in writing to make the necessary repairs or relocation to the curb box or curb box lid.

"Curb Stop". A device owned, installed, maintained and controlled exclusively by the Company that can be turned to an open or closed position for the purpose of controlling the supply of water to the service property.

Cross Connection. A cross-connection is any pipe, valve or other physical connection, or other arrangement or device connecting the pipelines of the Company, or facilities directly or indirectly connected therewith, to and with pipes or fixtures by which any contamination might be admitted or drawn from lines other than the Company's into the distribution system of the Company, or into lines connected therewith.

Debt Cost (as related to line extensions). The utility's additional annual cost of debt associated with financing the line extension investment based on the utility's current debt ratio and weighted long-term debt cost rate.

Delinquent Account. Charges for utility service which have not been paid in full by the due date stated on the bill or otherwise agreed upon; provided that an account shall not be deemed delinquent if prior to the due date a Payment agreement with the Company has been entered into by the customer or an informal or formal complaint is timely filed with, and is pending before, the Commission.

Depreciation Charges (as related to line extensions). The utility's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates.

Dwelling. A house, apartment, or single meter multi-unit structure being supplied with residential service.

Emergency. An unforeseen combination of circumstances requiring temporary discontinuance of service in order to effect repairs or maintenance, or to eliminate an imminent threat to life, health, safety or property.

ERC (Equivalent Residential Customer). The total amount of revenue received from the residential class customers, divided by the total number of residential customers for the same calendar year.

Industrial Service. Service supplied to manufacturing or processing establishments such as factories, refineries, bottling plants, and food processing plants.

Line Extension. An addition to the utility's main line which is necessary to serve the premises of a customer.

Main. The pipe of the public utility system, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting water.

Meter Pit. A Company specified meter tile, meter setter with backflow preventer, frame, and lid assembly for meter's 2" and smaller used for domestic service or combination fire/domestic service.

Meter Vault. A Company specified pre-cast concrete vault assembly for domestic services larger than 2", fire services larger than 1", and combination fire/domestic services larger than 1". Complete assembly includes meter and backflow preventer.

Non Bona Fide Service Applicant. An applicant shall be deemed a Non Bona Fide Service Applicant if:

- (i) Applicant is requesting water service to a building lot, subdivision or a secondary residence;
- (ii) The request for service is part of a plan for development of a residential dwelling or subdivision;
- (iii) The applicant is requesting special utility service.

Occupant. Any person, business or corporation who resides in the premises to which utility service is provided.

Operating and Maintenance Costs. (as related to bona fide line extension). The utility's average annual operating and maintenance cost associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

Payment Agreement. A mutually satisfactory agreement whereby a customer who admits liability for billed service, is permitted to amortize or pay the unpaid balance of the account in one or more payments over a reasonable period of time typically not to exceed the time period it took to accumulate the bill.

Physician. An individual licensed under the laws of this Commonwealth to engage in the practice of medicine and surgery in all of its branches within the scope of the act of June 3, 1911 (P.L. 639) relating to medicine and surgery as amended, or in the practice of osteopathy or osteopathic surgery within the scope of the act of March 19, 1909 (No. 29) as amended.

Premises or Affected Premises. Unless otherwise indicated, the building where service is provided.

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Private Hydrant. A privately owned hydrant not available to protect the general public. In all cases, the hydrant would be located on private property. If the hydrant is connected to a private main, each hydrant will be billed at the private hydrant rate unless hydrant is connected to a private fire service line which the customer is being billed via a master meter.

Public Hydrant. A Company-owned fire hydrant that is available for use to protect the general public and is paid for by a municipal government. The hydrant is typically located along a public road, street or highway.

Remote Meter. A device that transmits readings from a meter.

Residential Service. Service supplied to a dwelling, including service provided to a commercial establishment if concurrent service is provided to a residential premise attached thereto. Residential service as it pertains to line extensions can be further defined as single family dwellings, multi-family, and townhouses serving less than two dwelling units.

Special Utility Service. Residential or business service which exceeds that required for ordinary residential purposes. Special utility service may include, but not be limited to, installation of facilities such as, additional mains, oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet required pressure criteria, and service to large water consuming commercial and industrial facilities.

Temporary Service. A water service connection which, at the time of application, is anticipated to be in service for less than a 12-month period. Temporary service shall include any meter installed to a hydrant.

Termination of Service. Cessation of service, whether temporary or permanent, without the consent of the customer.

Veolia Cares Program. The Company's payment assistance program.

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RULES AND REGULATIONS

APPLICATION FOR SERVICE:

1. GENERAL PROVISIONS:

- (a) The application and these rules and regulations constitute the contract between the customer and the Company and each customer, by the taking of water, agrees to be bound thereby. The use of water by a customer shall be in accordance with the class, scope and type of use, and for the purpose stated in the customer's application and service contract.
- (b) Service connection will be made, and the prospective customer (or a properly authorized agent) will be furnished water upon written application on a form prepared by the Company for this purpose and after approval of such application by the Company. The application for service shall state clearly the class, scope and type of use to be made of the service, as well as the purpose for which it will be used. Service shall only be furnished after a meter has been properly installed by the Company. In a Company approved meter pit/vault.
- (c) Before an application for service shall be accepted by the Company, the Company shall determine that a water main does exist in the public street area or on a private right-of-way along or through the property to be served, and that said water main must extend across the total frontage of the deeded property.
- (d) When an extension to serve a bona fide service applicant is required or requested, such extension will be made under the terms of a "Water Main Extension Agreement for a Bona Fide Service Applicant", as hereinafter set forth. An extension to a Non Bona Fide Service Applicant will be made under a "Water Main Extension Agreement for a Non Bona Fide Service Applicant". The Company shall have the exclusive right to determine the type and size of mains to be installed and the other facilities required to render adequate service.
- (e) Should it be necessary, in the Company's opinion, to extend the new main or any other main in order to connect to an existing main(s) to provide more adequate and reliable service to the applicant, this additional extension shall be part of the total main extension. All estimate or actual cost figures referred to in the "Water Main Extension Agreement for a Bona Fide Service Applicant" and the "Water Main Extension Agreement for a Non Bona Fide Service Applicant" shall include an allowance for Company overhead costs. The main extension shall conform to the requirements of the Department of Environmental Protection which concern sanitation and potability of water. Pipe diameter of less than eight (8) inches on a main extension which is part of a fire flow grid and six (6) inches on a main extension which is not a part of a fire flow grid shall not be installed except in cul-de-sacs or dead end streets not longer than two hundred fifty feet. Water mains shall be looped to existing mains when practicable and consistent with acceptable engineering practices to provide reliability and maintain quality of service. All water main installations shall as a minimum requirement conform to the standards of design set forth in 52 Pa. Code § 65.17.

- (f) As used in Rule (d), above "bona fide prospective customer" and the "non bona fide customer" shall mean any owner or lessee who is or will be the occupant of an existing developed premise having a curb line abutting on that part of a street or public highway in which there is, or is to be located a distribution main of the Company, who shall file a signed application for a new customer service line to such premises and for water service to begin immediately following installation of the customer service line.
- (g) The Customer service line shall be placed four feet below the final graded surface of the ground. All service lines from the curb to the meter shall be approved by the Company as to size, kind of pipe and installation, and shall be installed and kept in good repair by the customer at their expense. A Company specified meter pit shall be installed on the customers property within five feet of the curb stop.
- (h) A customer service line supplying a premise shall not pass through or across any premises or property other than that to be supplied, and no water pipes or plumbing in any premises shall be extended therefrom to adjacent or other premises. A customer service line shall not be connected to hydrant branch lines and it will not be permitted to cross intervening properties even with the protection of easements, unless approved by the Company. Only Customers owning property in fee which directly abuts a street wherein there is an existing main of the Company will be permitted to attach a customer service line to the Company's main for the purpose of receiving water service therefrom. It is understood that such property owned in fee by said prospective Customer shall be a complete standard building lot which complies with the existing zoning laws and regulations of the municipality in which such property is located. It is further understood that if such property owned in fee by a Customer is subsequently sold, the purchaser of such property will be entitled to receive water service upon compliance with all of the provisions of this tariff, but that the seller of such property shall only be entitled to continue to receive service if such seller complies with all of the provisions of this tariff.
- (i) A new application either written, faxed, via phone or via the internet must be made to, and approved by, the Company upon any change in the identity of the customer at a property or in the service as described in the application, and the Company may discontinue the water supply until such new application has been made and approved.
- (j) The Company, in its discretion, and with the agreement of the applicant, may enter into a Main Extension Agreement with alternative terms and conditions for funding of extensions if the Company concludes that the extension will provide a reasonable return or otherwise is in the long term interest of its customers.
- (k) These provisions shall not be construed to apply to an extension, or portion thereof, undertaken for general system improvement or to connect any water company or municipally owned system acquired by the Company to the Company's distribution system.

- (l) The Company or a Company approved Contractor will make all connections to its mains and furnish, install and maintain the Company's service lines from the main to and including the curb stop, which under normal circumstances will be placed inside the curb-line. The Company's service line will be the property of the Company and under its control. The point of delivery and sale for any water service furnished to the Customer shall be at the curb stop.
- (m) The maximum Company investment per Company service line shall be as follows:

<u>Size of Service</u>	<u>Maximum Investment</u>
1 ½ inches in diameter or less	\$2,000
Greater than 1 ½ inches but not to exceed four inches	\$4,000
Greater than 4 inches	\$6,000

The cost of any Company service line in excess of the applicable maximum Company investment shall be paid by the Customer, plus all applicable taxes including income taxes occasioned by the contract. Any amount paid by Customer shall not be subject to refund. The Company may require payment of the estimated amount of such excess cost in advance of the installation and will make a partial repayment to the extent the actual cost is determined to be less than the estimate.

Whenever it is necessary to install a service line in advance of the date on which the premises are occupied and a meter is set, the customer may be required to pay in advance the amount which exceeds the maximum Company investment listed above.

- n) The Company may reject applications for service for the following reasons:
- (a) Where such service is not available.
 - (b) Where such service might adversely affect the safety or adequacy of service furnished other customers present or prospective.
 - (c) When the applicant's piping installation is not in accordance with the Company's standard terms and conditions or any applicable plumbing codes.
 - (d) Where the applicant refuses to agree to comply with the Company's standard terms and conditions.
 - (e) When any valid bill to the applicant for water and/or wastewater service furnished at any previous or present location remains outstanding. However, the Company will accept applications in such situations if the customer agrees to a reasonable payment arrangement as agreed upon between customer and the Company.

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Water Main Extension for a Bona Fide Customer

1. Upon written request, the Company shall extend existing distribution mains for a bona fide service applicant commencing immediately upon installation of the customer service line consistent with the following:
2. A line extension to a bona fide service applicant shall be funded without a Customer Advance where the actual cost of the line extension equals or is less than the Company funded costs.
3. When the cost of the main extension exceeds the Company contribution, then such extension shall be made according to the terms of an Extension Deposit Agreement for Bona Fide Service Applicant. The Company's investment for the line extension shall be the portion of the total construction costs which equal the Company's investment as per paragraph (4) below. The Customer Advance amount shall be the difference of the total construction costs less the Company's investment for the line extension.
4. The Company's investment for the line extension shall be based on the following formula, where X equals the utility's investment attributed to each bona fide applicant:

X	=	[AR - OM] divided by [I + D]; and
AR	=	the Company's estimated annual revenue from the applicant
OM	=	the Company's annual operating and maintenance cost for the line extension
I	=	the Company's current debt ratio multiplied by the Company's weighted long term debt cost rate.
D	=	the Company's current depreciation accrual rate.
5. Two or more bona fide service applicants may join in a request for a line extension and water service. The AR and OM components of the above formula will be adjusted to reflect the number of applicants. Joint requests may include only bona fide service applicants subject to this rule.
6. The Company shall require a bona fide service applicant to pay, prior to work commencing, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the applicant.
7. When the main extension cost exceeds the Company contribution and the main extension physically passes through, or in front of, property not owned by the bona fide applicant, some or all of the remaining customer advanced main extension costs may be refundable to the applicant based on the following:

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- A. Refunds on Main Extensions for Residential Class Customers for Main Extensions for Residential Class Customers. For each metered connection made during a ten (10) year period from the date of the agreement, the Bona Fide Service applicant will be entitled to a refund.
- B. Refunds on Main Extensions for Structures other than Residential Customers. For each metered connection made during the ten (10) year period from the date of the agreement, the applicant will have an option to receive a refund in one of the two (2) following methods. The method set forth in the sub-paragraph (i) above and based on the average usage of similar usage customers, or the actual annual revenue received from the non-residential customer for the prior year, by the Company. When an option is selected, all metered connections to the main will be subject to the same refund formula for the remaining life of the agreement.
- C. In no case shall the bona fide applicant receive further refunds which exceed the amount originally deposited.

Financing of Customer Advance for Bona Fide Service Applicant:

- 1. If a Customer Advance is required from a bona fide service applicant for a line extension and the applicant is unable to advance the entire amount due, the Company shall do one of the following:
 - A. After the deposit of one third of the Advance, allow the applicant to pay the remainder of the Customer Advance in equal monthly payments over a period of 36 months or less with the Company recovering financing costs equal to the Company's weighted cost of long term debt at the time of the loan; or
 - B. Provide information to the applicant on financial institutions that may offer financing to the applicant for the line extension.

Water Main Extension for a Non Bona Fide Customer:

- 1. A Non Bona Fide Service Applicant who requests a line extension shall execute a Water Main Extension Agreement for a Non Bona Fide Customer. The cost of such water main extension shall be estimated by the Company and shown in the Preliminary Memorandum. A Master Agreement may be executed for extensions that are to be made in phases over a period of time. A separate Agreement and payment of a separate Customer Advance shall be made with each phase.
- 2. The Preliminary Memorandum shall include a fee for the company's administrative, engineering and inspection costs to be paid by the Non Bona Fide Service Applicant. The company's construction overhead costs which relate to its administrative, engineering and inspection expenses will be expressed as a percentage of the total construction costs. The construction overhead percentage rate is applied to the applicant's estimated and final cost of construction and is intended to offset the administrative, engineering and inspection costs that are incurred by the company as a result of the project. The Preliminary Memorandum shall include any applicable taxes.

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3. In addition, if service to the applicant requires the use of facilities that were financed by a previous Customer Advance, which has not been fully refunded, the Company, at its discretion, may require the applicant to deposit an additional amount as a Customer Advance to finance a reasonable portion of such previously constructed facilities. Any additional amount so advanced shall be paid, as a refund, to the other applicant that previously financed such facilities.
4. The Non Bona Fide Service Applicant shall be required to install the water main, service lines and appurtenances through a pre-qualified contractor retained by the applicant and to pay all costs related thereto. The Company shall supply the applicant with a list of Company approved contractors. At the sole discretion of the Company, the Company may undertake construction of all or part of the facilities otherwise subject to this section, in which event the Non Bona Fide Service Applicant will retain financial responsibility for the installation of mains, services and appurtenances as specified.
5. All construction costs, whether initially incurred by the applicant or the Company, related to the main extension shall be the responsibility of the Non Bona Fide Service Applicant.
6. Mains, services and appurtenance installation work shall be performed in accordance with the specifications and conditions of the Company.
7. All costs of materials, installations, permits, engineering, franchise applications, legal fees, inspections and the company's construction overhead costs required to serve the Non Bona Fide Service Applicant's property shall be the responsibility of the Non Bona Fide Service Applicant. The Non Bona Fide Service Applicant shall contract directly with a pre-qualified contractor, recognized and approved by the Company, for all mains, service lines and appurtenances required to serve the project.
8. Any construction involving existing facilities of the Company, including but not limited to relocation of existing facilities and connections of mains or services with existing facilities shall be the responsibility of the Non Bona Fide Service Applicant. According to good engineering practices, the company has the right to require the relocation of any of its existing facilities contained within a right of way that transverses the applicant's project. The cost of relocating such facilities shall be the responsibility of the Non Bona Fide Service Applicant.
9. The Non Bona Fide Service Applicant's estimate of the cost of construction must be acceptable to the Company. Estimates which appear to be inaccurate may be rejected by the Company.
10. The Non Bona Fide Service Applicant shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Company shall apply for the permits.
11. All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval from company inspectors.

12. The Non Bona Fide Service Applicant shall supply the company with an “as built” set of plans for the construction project certified by either a professional engineer or surveyor. This “as built” set of plans shall be created on the version of AUTO CAD which is compatible with the Company’s version of the AUTO CAD. The plans shall be submitted electronically in a format readable by the Company. The plans shall contain coordinate geometry of the property or development roadways and/or lot layout, lot numbers, street addresses, street names, section township and range information and locations of all mains, pipelines, service lines and valves referenced from a fixed point, i.e. property corners and centerline of roadway intersections located by a registered surveyor or Engineer. GPS coordinates for all hydrants, valves blow offs and curb stops must be provided as specified in the most current version of the Company’s standard specification for main installation. Roadway stations are not acceptable for “as built” information. The properties of entities cannot be changed. The Non Bona Fide Service applicant’s Engineer of Record shall provide a letter certifying the “as built” information to be correct. A scanned reproduction will not be accepted as an original electronic file.
13. The Company, in its sole discretion, will not accept ownership of the mains or services or provide water service to any metered connection therefrom until the Company determines: (1) that all construction related to installation of mains and services is properly completed, (2) that the facilities are acceptable for public service, (3) that all company costs have been paid, (4) that a proper accounting of the construction costs has been provided to the Company, (5) that the Company has received the “as built” plans as specified in Paragraph 12 above, (6) the bill of sale and (7) the maintenance bond
14. Following completion of the construction of facilities, ownership of all mains, services and appurtenances shall be transferred to the Company, at no cost to the Company and free and clear of any liens.
15. At the time of transfer of ownership of the facilities to the Company, the Company shall be provided, at no cost to the Company, appropriate rights of way to provide future access for repair, maintenance, replacement or other related reasons.
16. Upon completion of the installation of the extension, a final memorandum shall be prepared and completed by the Non Bona Fide Service Applicant and signed by both parties showing the actual costs and the Company construction overhead costs.
17. The Non Bona Fide Service Applicant shall warrant and be responsible for all maintenance of facilities constructed by the Non Bona Fide Service Applicant and holds the Company harmless against all costs, expenses and losses, including, without limitation, incidental and consequential damages resulting from any defects in the facilities, including, without limitation, defects in material and workmanship, which are discovered or arise within the warranty period of no less than two (2) years period following the transfer of ownership of the facilities to the company. As security for the Non Bona Fide Service Applicant’s performance of its representation and warranty, simultaneously with the conveyance of the facilities to the Company, the Non Bona Fide Service Applicant shall deliver to the Company an executed contract bond in form and substance satisfactory to the Company in the amount of twenty five percent (25%) of the total cost of the extension. The contract bond shall have as the surety thereon such surety company, acceptable to the Company, as is authorized to write bonds of such character and amount under the laws of the Commonwealth of Pennsylvania. The attorney-in-fact, or other officer who signs a contract bond for a surety company, must file

with such bond a certified copy of his power of attorney authorizing him to do so. Subject to the approval of the Company, the Non Bona Fide Service Applicant may elect to deliver to the Company a contract bond in compliance with all requirements herein and in a form acceptable to the Company, from the Non Bona Fide Service Applicant's contractors as the principal with the Non Bona Fide service Applicant and the Company as co-obligees. The contract bond shall remain in force for no less than two (2) years following the date of the transfer of ownership of the facilities to the Company, as defined herein. Once the Company is aware of a defect in the facilities, the Non Bona Fide Service Applicant will be notified of the defect within ten (10) days. If the Non Bona Fide Service Applicant fails to make or commence timely repairs or replacements of any defects in the facilities discovered or arising within said warranty period, the Non Bona Fide Service Applicant or his surety shall be liable to the Company for all costs arising therefrom. All documents referred to in or required by this paragraph shall be a form acceptable to the Company.

18. The Company shall pay refunds to the Non Bona Fide service applicant only in the manner and in the amounts provided below. A refund will be paid for each metered connection that is made to the main extension within the period of ten (10) years from the date of the agreement. Any unrefunded portion of the construction costs shall be considered to be contributed to the Company. In no event shall there be refunded more than the full amount of construction costs transferred to the Company.
- (i) Refunds on Main Extensions for Residential Class. For each metered bona fide customer connection made during a ten (10) year period from the date of the agreement, the applicant will be entitled to a refund in the following manner. For the first three (3) years of the ten year agreement, such applicant will receive two 2 times the prior years average annual revenue received by the Company for a similar class residential customer. During the remaining seven (7) years of the agreement the applicant will receive one (1) times the average annual revenue received by the Company for a similar class residential customer. Residential Class Customers are based on an ERC (Equivalent Residential Customer). An ERC is the total amount of revenue received from the residential class customers, divided by the total number of residential customers. A single family residential home is considered as 100% of a ERC. Individually metered Townhomes, Duplexes and Condominiums are given credit for 70 %ERC. Individually metered apartment houses are given credit for 50 % ERC.
 - (ii) Refunds on Main Extensions for Structures other than Residential Customers, excluding apartments. For each metered connection made during the ten (10) year period from the date of the agreement, the applicant will have an option to receive a refund in one of the two (2) following methods. The method set forth in the sub-paragraph (i) above and based on the average usage of similar usage customers, or the same method based on the actual annual revenue received from the non-residential customer for the prior year. When an option is selected, all metered connections to the main will be subject to the same refund formula for the remaining life of the agreement.

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Water Main Extension Agreement for a Bona Fide Customer

C.E.A. No. _____

This agreement entered into this ____ day of (month), (year), by and between Veolia Water Pennsylvania Inc., a Pennsylvania Corporation, (hereinafter called the “Company”) and _____, a Bona Fide Service Applicant, (herein after called the “Applicant”).

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WHEREAS, the Applicant wishes to receive water service from the Company at the foregoing location;

WHEREAS, an adequate water distribution main does not presently abut the location in question such that a service connection cannot be made to serve such property in accordance with the Company’s Rules and Regulations;

WHEREAS, the Applicant has executed a Service Application, the terms and conditions of which are hereby incorporated by reference; and

WHEREAS, the Company is willing to extend its distribution system to provide water service to the Applicant at the requested location, subject to the following terms and conditions.

THEREFORE, in consideration of the mutual promises contained herein and intending to be legally bound hereby the parties hereto agree as follows:

1. The Company shall install the main extension and/or other facilities as shown on the diagram attached to this Agreement and described below:
2. The Applicant shall pay to the Company a Customer Advance (or Contribution) as described in the rules of a Bona Fide Service Applicant Line Extension.
3. The Applicant agrees to connect to and take continuous service from the installed water main within 30 days after the water main extension is in service.
4. All of the facilities, with the exception of the service line on private property, installed pursuant to this agreement shall be owned and maintained by the Company.
5. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

Executed by the parties hereto on the date first above written.

Bona Fide Service Applicant:

Veolia Water Pennsylvania Inc.

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BY _____

Water Main Extension Agreement for a Non Bona Fide Customer

C.E.A. No. _____

THIS AGREEMENT, made this ____ day of ____ (MONTH)____, (YEAR) by and between _____ (hereinafter called the "APPLICANT"), and Veolia Water Pennsylvania Inc., a Pennsylvania Corporation, (hereinafter called The "COMPANY").

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WHEREAS, the Applicant has requested the Company to extend its water mains to service areas or property, the dimensions and locations of which do fully and accurately appear on a certain plan attached to this agreement, made a part hereof and marked Exhibit "A"; and

WHEREAS, Company has determined that the potential revenues from such extension are such as to make it economically unfeasible for the Company to assume all of the initial cost; and

WHEREAS, the Applicant is willing and desires to assist in the installation of such extension and desires initially to bear the cost thereof, and the Company is willing to reimburse the Applicant for the cost of said extension to the extent and in the manner hereinafter set forth.

NOW, THEREFORE, IN CONSIDERATION OF THESE PRESENTS, the parties, intending to be legally bound hereby, mutually promise, covenant and agree as follows:

First: Prior to the execution of this Agreement, the Applicant hereby agrees to give to the Company, a written estimated cost for the water main extension including mains, services, public fire hydrants and other appurtenances. In addition the applicant hereby agrees to deposit with the Company an amount in cash equal to the company's construction overhead percentage rate of the total estimated cost of the water main extension and any additional facilities. The Applicant also hereby agrees that the installation and materials selected for the extension shall conform to the Company's specifications.

(1) The Estimated Cost shall be the estimated cost of the extension, including the mains, services, public fire hydrants and the estimated cost of any other facilities which the Company shall have decided are required to render adequate service. Costs for additional facilities, such as booster pumps, storage tanks and the like are Contributions in Aid of Construction which shall not be subject to refund.

(2) The Per Customer Refund Amount shall be for each additional permanent customer for whom a metered service connection shall be directly attached to applicant's main extension. Except that no refund shall be paid with respect to the attachment of an applicant if the applicant is a bona fide service applicant. The amount of the Per-customer Refund shall be determined as follows:

- a. For attachments and connections made during the first three years following the date of the Agreement, the refunds will be equal to two (2) times the first year's calculated average annual revenue received from each residential customer, or the calculated annual revenue of that customer's class. The residential revenue shall be calculated on the average annual revenue for residential customers. Townhouses, apartments, and other multifamily customers may be refunded based on their first year's actual revenue or calculated based on their ERC.

- b. For attachments made during the fourth and subsequent years following the date of the Agreement, the refund shall be equal to the first year's annual revenue of that customer as explained in (a.) above.
- c. Prior to the execution of this Agreement, a Preliminary Memorandum in the form attached to this agreement shall be prepared by the Applicant and signed by both parties showing the estimated cost and deposit required in accordance with the foregoing provisions. Upon completion of the installation of the extension, a Final Memorandum in the form attached to this agreement shall be prepared by the Applicant and signed by both parties showing the actual cost and the company's construction overhead costs on the same calculation as set forth above but by using the actual cost of the extension including the mains, services, fire hydrants and other appurtenances. If the required company's actual construction overhead costs shown to be due on the final memorandum differs from the estimated construction overhead costs shown on the Preliminary Memorandum, then the construction overhead costs will be adjusted. The Applicant will deposit any additional amount shown to be due, without interest within 30 days of notification of said adjustment, or the company will refund to the applicant any excess amount shown to have been deposited without interest, it being the intent of this agreement that the company's construction overhead costs shall be based on actual installation costs. Failure to make any such additional deposit may result in water service being refused or discontinued subject to Pennsylvania public utility commission regulations.

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Second: The Applicant, upon receipt of the signed agreement and the Company approved estimated amount for the water main extension, will begin the installation of the water main extension, together with the necessary valves, service lines, fire hydrants, fittings and other appurtenances, all to be installed by a Contractor approved by the Company at locations and places more fully and completely described on attached Exhibit "A".

Third: The Company agrees that the above water main extension shall be as described in the attached Exhibit "A". The customer's service lines shall be of such sizes and in such locations as shall be agreed to by the Company and shall terminate immediately inside the curb line or at the limits of private rights-of-way.

Fourth: The Applicant covenants and agrees that the Applicant will indemnify the Company against any and all loss or damage which the Company may suffer as a result of any damage to its water mains, service lines, or fire hydrants by the Applicant, Applicant's employees, agents, servants, workmen or any contractors or subcontractors employed by the Applicant: (a) in the development of and construction upon the lots or properties abutting upon the streets or rights-of-way in which water mains are to be constructed pursuant to this agreement; or, (b) in the construction and surfacing of any of the streets in which water mains are to be installed pursuant to this agreement.

Fifth: The Applicant covenants and agrees that the Applicant will secure, at Applicant's sole cost and expense, the approval (if any be required) of the proper regulatory governmental body having jurisdiction thereof as to the established subgrades of the streets or rights-of-way in which water mains are to be installed pursuant to this agreement.

Sixth: Applicant will grant to the Company an irrevocable easement, at no cost to Company, for the maintenance, operation, repair and replacement of said main extension, services, fire hydrants and appurtenances within the limits of any existing or proposed street, avenue, roadway, private property or easement area, together with right of ingress and egress thereto, in a form satisfactory to the Company and duly executed and acknowledged in proper form for recording.

Seventh: It is further understood and agreed by and between the parties hereto that the Applicant's agreement to construct the said extension is subject to the Applicant obtaining all necessary consents, orders, permits and approvals of public officers or public bodies having jurisdiction over or lawful interest in any of the subject matters herein. In the event that the Applicant, after prompt application and diligent effort is unable to obtain any necessary consent, order, permit or approval as aforesaid, or in the event that the Applicant is enjoined or prevented by lawful action of any such public officer or official body from constructing the said extension, the Company's sole obligation will be to repay the Applicant the amount advanced for the Company's construction overhead costs less the cost which is incurred by the Company in conjunction with the main extension and appurtenances which are the subject of this Agreement.

Eighth: Applicant agrees that before the commencement of work, the Applicant will clearly mark upon the ground by means of stakes or in some other equally positive manner the exact lines and grades to which the street, highway, or land in which the said water pipes are to be laid is to be finally built and that he will grade the said street, highway, or land so that it will be at all points within less than one (1') foot of the above finished grades before the work of installing the said water pipes. The Company, however, shall not permit the Applicant's contractor to lay pipes according to lines or grades of which the Company does not approve. And it is agreed that any time, prior to the dedication and acceptance as a public street or highway by the governing body of any street or highway under which water mains are laid in conformity with this agreement it shall become necessary to change or move the said pipes or their appurtenances by reason of any change or alteration in the lines or grades of the street, highway, or land in which they are laid, then the expense of such change or moving of said pipes and their appurtenances, and any other expense incidental thereto, shall be borne by Applicant. And its also agreed that the applicant shall supply the company with an accurate "as built" set of plans for the construction project certified by a professional engineer or professional surveyor. The As-built plans must clearly show all fittings, valves, bends, hydrants, blow off assemblies, and service lines and include GPS coordinates as specified in the latest version of the Company's general information and standard specifications for the installation of water main and services. All appurtenances must be located using station numbers and or electronically coordinates referenced to a point established by a registered surveyor or engineer. Roadway stations are not acceptable for as built information. The final As-Built plan must be supplied to the Company in an acceptable format (currently AutoCad.dwg). A letter from the applicant's Engineer of Record certifying that the As-Built information is correct must accompany the electronic submission before the Company approves the As-Built.

Ninth: It is agreed by Applicant that the Applicant will not build at any time hereafter on, in, or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult of access the water pipes or appurtenances of the Company, or lay other pipes or conduits within four (4') feet or ten (10) feet in the case of sewer mains measured horizontally, from the said water pipe except pipes crossing same at right angles in which latter case a minimum distance of eighteen (18") inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said water

pipes. Provided, however, that should the Applicant wish to do so it may, at its own expense, provide a new location acceptable to the Company for the said water pipes and the Applicant's contractor will then move said water pipes and appurtenances to said new location, and the whole cost of such moving and altering and any expense incident thereto, shall be borne by the Applicant.

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Tenth: After acceptance by the Company, the water main extension as hereinbefore described with the necessary valves, connections, fittings and other appurtenances shall be the property of the Company and no charge or lien upon them shall arise as a result of the refund agreement set forth in Paragraph Twelfth hereof. The Company shall also have the right, by virtue of its ownership of said extensions, to make any additions to or extensions to said extension in its sole and absolute discretion.

Eleventh: Upon the completion of the aforesaid water main extension the Company, upon proper application shall provide water service to customers located along said extension in accordance with the rules and regulations of its published tariff.

Twelfth: The Company hereby agrees to refund to the Applicant during the period of ten (10) years from actual date of the agreement a per-customer refund amount for each additional Non Bona Fide Customer for whom a service connection shall be directly attached to such main extension, as distinguished from main extensions thereof; provided however, that the total amount refunded shall not exceed the total actual cost, and that all or any part of the deposit not refunded within said 10 year period shall be considered a contribution to the Company.

Thirteenth: It is agreed between the parties hereto that the Applicant shall execute this agreement within thirty (30) days from the date upon which this agreement is transmitted to the Applicant and that upon the failure of the Applicant to execute within the time mentioned, this agreement shall be void at the option of the Company.

Fourteenth: This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties, however, it is understood and agreed between the parties hereto that the right to receive payment of refunds under the terms hereof shall be personal to the Applicant and the same shall not be assigned either as collateral security or otherwise.

IN WITNESS WHEREOF, the Applicant has hereunto set his hand and seal and the Company upon proper authority of its Board of Directors has caused this agreement to be executed by its Vice President, all on the day and year first above written.

ATTEST:

APPLICANT:

ATTEST:

VEOLIA WATER PENNSYLVANIA INC.:

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Vice President

PRELIMINARY MEMORANDUM

This Preliminary Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph First of a certain agreement in writing between the parties entered into on the ___ day of (month), (year) for the installation by the Applicant of a certain water main(s) therein described. It is, therefore, agreed and stipulated:

	Refundable	Non-Refundable
(a) Estimated Cost Main(s)	\$ _____	\$ _____
(b) Estimated Cost of Fire Hydrants	\$ _____	\$ _____
(c) Estimated Cost of Services	\$ _____	\$ _____
(d) Estimated Cost of Other Facilities	\$ _____	\$ _____
(e) Subtotal	\$ _____	\$ _____
(f) Estimated Company Construction Overhead	\$ _____	\$ _____
(g) Total	\$ _____	\$ _____

This Preliminary Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph First thereof.

Dated:

WITNESS:

VEOLIA WATER PENNSYLVANIA INC.:

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Vice President

WITNESS:

APPLICANT:

FINAL MEMORANDUM

This Final Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph First of a certain agreement in writing between the parties entered into on the ___ day of ___(month)___, (year) for the installation by the Applicant of a certain water main(s) therein described. It is, therefore, agreed and stipulated:

	Refundable	Non-Refundable
(a) Actual Cost Main(s)	\$ _____	\$ _____
(b) Actual Cost of Fire Hydrants	\$ _____	\$ _____
(c) Actual Cost of Services	\$ _____	\$ _____
(d) Actual Cost of Other Facilities	\$ _____	\$ _____
(e) Subtotal Actual Costs	\$ _____	\$ _____
(f) Actual Company Construction Overhead	\$ _____	\$ _____
(g) Total	\$ _____	\$ _____

This Final Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph First thereof.

Dated:

WITNESS:

VEOLIA WATER PENNSYLVANIA INC.:

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 Vice President

WITNESS:

APPLICANT:

APPENDIX A

IWO DC _____

AGREEMENT DATED _____

TO: _____

FROM: _____

Regarding the installation of water mains in the plan of _____ under Paragraph Sixth of an Agreement dated _____ we hereby certify that the subgrades have been established and under Paragraph Ninth that the lines and grade stakes have been installed by our Engineer (Name _____), (Phone _____), and that the necessary grading of the area for water mains has been completed, and that all other utilities to be installed at a greater depth have been completed. Further, we hereby set forth below any changes in the official approved plan for any unusual or unexpected conditions which would affect the horizontal or vertical locations of the water mains.

Date: _____

By: _____

Title: _____

Phone: _____

Appendix B

ADDENDUM TO REFUNDABLE CONSTRUCTION DEPOSIT AGREEMENT dated between _____ and _____.

THIS ADDENDUM AGREEMENT made and entered into this _____ day of _____ 19__ by and between _____, a public utility corporation of the State of Pennsylvania, having its principal place of business at, "COMPANY" and _____ "DEPOSITOR".

WHEREAS, the PENNSYLVANIA PUBLIC UTILITY COMMISSION has not reviewed the COMPANY'S tariff filing at the time of execution of this agreement;

WHEREAS, COMPANY is obligated to abide by the decision and orders of the PENNSYLVANIA PUBLIC UTILITY COMMISSION;

THEREFORE, COMPANY and DEPOSITOR agree as follows:

If the Pennsylvania Public Utility Commission directs the Company to implement accounting treatment other than that provided for in the Refundable Construction Deposit Agreement or this Addendum, DEPOSITOR and COMPANY hereby agree to comply with such order, including appropriate retroactive adjustments to the date of the Commission determination or such date that said determination becomes effective should there be subsequent appeals and orders.

DEPOSITOR

COMPANY

By: _____

By: _____

Title: _____

Title: Vice President

RULES AND REGULATIONS

APPLICATION FOR SERVICE

1. The application and these rules and regulations constitute the contract between the customer and the Company and each customer, by the taking of water, agrees to be bound thereby. The use of water by a customer shall be in accordance with the class, scope and type of use, and for the purpose stated in his application and service contract.

2. Service connection will be made, and water will be furnished upon written application by the prospective customer (or his properly authorized agent), on a form prepared by the Company for this purpose, and after approval of such application by the Company. The application for service shall state clearly the class, scope and type of use to be made of the service, as well as the purpose for which it will be used. Service shall only be furnished after a meter has been properly installed by the Company.

Before an application for service shall be accepted by the Water Company, the Company shall determine that a water main does exist in the public street area or on a private right-of-way along or through the property to be served, and that said water main must extend across the total frontage of the deeded property. In instances where the necessary main does not exist, the applicant shall enter into an agreement with the Company to permit the installation of the necessary main extension, the cost to be paid by the applicant. Where main extensions are required, the design shall conform to standard acceptable engineering practices to provide reasonably adequate and safe service and shall conform to the requirements of the PA Department of Environmental Protection which concern sanitation and potability of water. Pipe diameter of less than six inches shall not be installed except in cul-de-sacs not longer than two hundred fifty feet. Water mains shall be looped to existing mains when practicable and consistent with acceptable engineering practices to provide reliability and maintain quality of service.

All water main installations shall as a minimum requirement conform to the standards of design set forth in Title 52 Chapter 65 Section 65.17.

3. A new application must be made to, and approved by, the Company upon any change in the identity of the contracting customer at a property or in the service as described in the application, and the Company may discontinue the water supply until such new application has been made and approved.

4. Each application for service shall be made in conformity with, and shall state the basis of, rates applicable to customers under the tariff provisions.

SERVICE CONNECTION:

5. The Company will make all connections to its mains and will furnish, install and maintain all service lines from the main to and including the curb stop and box, which shall be placed inside the curb and shall be accessible to and under its control.

6. All service lines from the curb to the meter shall be approved by the Company as to size, kind of pipe and installation, and shall be kept in good repair by the customers at their expense. All such service lines shall be placed at least four feet below the final graded surface of the ground.

7. No service line shall be laid in the same trench or with less than four feet horizontal separation and 18 inches vertical separation from any gas pipe, sewer pipe, buried electric or telephone wires, or any other facility of a public service company or authority; and no line shall be laid within four feet horizontally of any open excavation vault, embankment or ditch.

8. All leaks in service lines from the curb to, and in and upon the premises supplied shall be promptly repaired. On failure to make such repairs, with reasonable dispatch, the Company may turn off the water and it will not be again turned on until repairs are completed. Residential customers will be notified in accordance with Section 56.71 of the consumer standards and billing practices for residential service.

9. Requests for the temporary shut-off or turn-on of service during normal business hours for routine maintenance or service will be honored without charge to the customer. However, such requests for service during other than normal business hours will carry a charge for the Company's costs, as specified in the Company's tariffs.

10. The Company shall, in no event, be responsible for damage done by water escaping from the service line or any other pipe or fixture.

11. A customer shall not use, or allow use of water service through his service facilities for others or for purposes other than those covered by his application. To make service available for other purposes or character of use, a new application and contract is required.

12. No direct connection of pumping equipment for any proposed or cross-connection with any other piping system will be allowed unless approved in writing by the Company.

12A. Company reserves the right to require any customer, owner or tenant to install at their expense as part of a service connection such equipment or material which it deems necessary and as may be acceptable or required from time to time by any regulatory agency or good engineering practices to prevent backflow into the water supply system and minimize or eliminate possible contamination of its water supply system. When such equipment or material is present, Company reserves the right to test same periodically but the customer, owner or tenant shall have the obligation at their expense to provide annual certification to the Company that same has been maintained and tested and is in operating condition to serve the purpose for which it was intended. Failure to comply with this may result in termination of water service.

12B. The Company may refuse to connect with any piping system or furnish water through one already connected if such system is not properly installed or maintained. The Company may also refuse to connect a customer if lead base materials as defined in the Safe Drinking Water Act have been used after January 6, 1991, in any plumbing beyond the Company's curb stop. It shall be the customer's responsibility to provide certification that the materials used to construct the plumbing system are lead free.

METERS:

13. All water service will be rendered only through meters Including new private fire services.

14. Each customer shall have a separate service line and meter to measure the amount of water consumed. Meters will typically be installed in a pit at the property line unless conditions prohibit the installation of a pit. Meter pits remain the property of the customer and the customer is required to maintain, at the customer's expense, the pit in good operating and safe condition.

15. All meters shall be furnished, installed and remain the property of the Company. The Company reserves the right to establish the size of meters required by each customer including whether such meter shall be a manual read meter or a meter that can be read via a radio signal. As a condition of providing service and continuing to provide service, the Company shall have the right to install such equipment, connections and wiring in the manner and location it deems appropriate. The equipment necessary to read meters using the designated mode of communication will be installed by the Company and will remain the property of the Company.

16. Any tampering with the meter or meter seals is cause for discontinuance of service, in accordance with Paragraph 29 and subject to a charge of up to \$500 as shown in the Schedule of Miscellaneous Fees And Charges..

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17. Meters will be maintained by the Company for ordinary wear and tear, but the customer shall be responsible to the Company for damage or loss of any meter, meter pit and radio read appurtenances arising out of or caused by the customer's negligence or carelessness or that of his servants, employees, members of his household, or any person upon his premises under or by his consent or sufferance. The customer shall not permit anyone except an agent of the Company or other lawfully authorized person to remove, inspect or repair the Company's meter or other property of the Company on his premises. Any damages accordingly will be repaired or replaced by the Company and the customer shall be billed for all labor and material charges, as specified in the Company's tariffs.

17A. It shall be the customer's responsibility to provide unobstructed access of the remote register or radio reading device. Should the customer desire to fence or otherwise restrict the free access of the remote register, it shall be the customer's responsibility to compensate the Company for all costs incurred in moving the register to an area which is accessible.

18. The Customer shall notify the Company of any damage to, or of any cessation in registration of, the meter as soon as it comes to their knowledge.

METER SETTING:

19. When the meter is installed inside the home or building, it shall be the responsibility of the customer to install the meter setting in a safe and readily accessible and protected location in the home or building in accordance with Company plans and specifications. The meter shall be installed at such a point where the customer service line enters the premise foundation wall so as to ensure all water is metered. Said location must be acceptable to the Company as most convenient for examination, reading, maintenance and/or removal of the meter.

20. The Customer shall install a meter pit or vault in accordance with Company plans and specifications. The meter pit or pit or vault shall be placed within the street or highway right-of-way at or just inside the Customer's property line, or at such other location as may be ordered by the Company.

21. The cover and locking device for each outside meter vault or meter box shall conform to a uniform standard established by the Company.

For meters requiring a confined space pit the meter shall have remote reading capability so as to eliminate the need to enter the pit to read the meter.

Meter pit lids shall be set flush with the surrounding surface and shall not have any obstruction overhanging the meter pit, such as shrubbery, porches or steps which would prevent reasonable ease in obtaining a meter reading or installing or replacing the meter.

22. An appropriately specified and sized backflow preventor, as approved by the American Water Works Association, will be installed at the customer's expense on the discharge side of the meter at a point prior to the installation of any branch piping to prevent the backflow of water into the Company's meter. The type of backflow preventor will be determined by the Company and will be based on the customer's usage hazard classification.

In the case of meters two (2") inches and larger, the customer shall provide suitable piping and valves to by-pass the meter in order to provide uninterrupted service during testing and/or changing of the meter. All bypasses shall be fitted with a lockable control valve to prevent unauthorized and unmetered water use during normal periods of service. In the case of an unmetered fire sprinkler system, a double check valve backflow with a detector check shall be installed.

Backflow preventors shall be required for all new services and when feasible for replacement services.

23. A control valve shall be placed by the Customer on the service line on the inlet and outlet sides of the meter. When required, a suitable check valve should be placed by the Customer between the meter and the control valve on the outlet side of the meter. When a check valve, backflow prevention device or pressure reducing valve is installed, the Customer shall install a pressure relief valve and a thermal expansion tank (to be sized and designed by the Customer or his agent) at some convenient point on the house piping to relieve pressure fluctuations and/or excess pressure due to heating water. In accordance with the specifications of the Company, the Customer shall install a pressure reducing valve (PRV), to be set at a pressure not to exceed the applicable limits, as follows: 1) on the domestic service line when the pressure on the Company's distribution system exceeds 100 pounds per square inch (psi); 2) on the fire service line when the pressure exceeds 150 psi; or 3) when required in the discretion of the Company where it is believed that the pressure may exceed either limit. The Customer or his authorized agent shall check with the Company to determine whether a pressure reducing valve is required prior to finalizing the design of the internal plumbing system. In all cases, the pressure-reducing valve must be installed at a location after the inlet control valve and before the meter, but in the case of the domestic service line an additional control valve must be installed between the PRV and the meter.

METER TESTING:

24. The quantity of water recorded by the meter shall be conclusive for both the customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register in either of such cases, the meter will be promptly repaired or replaced by the Company and the quantity of water consumed shall be estimated by the average registration of the meter on previous corresponding periods.

25. In case of a dispute bill involving the accuracy of a meter, such meter shall be tested, upon the request of the customer, in conformity with the provisions of the rules and regulations pertaining thereto of the Pennsylvania Public Utility Commission. If the meter so tested is found to have an error in registration of four per cent (4%) or more, the bills will be increased or decreased accordingly as provided by the said rules.

26. Each request for the testing of a meter for accuracy shall be in writing and shall be accompanied by a deposit, the amount of which shall be determined by the size of the meter as set forth in applicable rules and regulations of the Pennsylvania Public Utility Commission. If the meter so tested shall be found to have an error in registration of less than four per cent (4%), the deposit shall be retained by the Company as compensation for such test. If the error in registration is found to be four per cent (4%) or more, then the cost of the test shall be borne by the Company and the amount of the deposit shall be returned to the customer. A report of the test shall be made to the customer.

BILLING AND PAYMENT STANDARDS:

27. The Company shall render a bill once every billing period to every customer in accordance with approved rate schedules. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers and fifteen (15) days after the date the bill is mailed for commercial/public authority, industrial, sales for resale, public fire and private fire customers, except as provided by law for governmental entities. Payment received by the Company more than five (5) days after the due date will be charged a penalty of 1.50%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually

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28. Except as provided in this section, the Company shall render bills based on actual meter readings by company personnel.

- (1) This Section shall not apply to customers billed on a seasonal basis in accordance with terms included in the tariff of the Utility.
- (2) Limitation of Liability. If a water company has estimated bills and if the customer or occupant during the period has consumed an amount of water in excess of his normal seasonal usage because of a verified leak that could not reasonably have been detected or other unknown non-beneficial loss of water, the customer shall not be liable for more than 150% of the average amount of water consumed for the corresponding period during the previous season.
- (3) The Company may estimate the bill of any customer if extreme weather conditions, emergencies, equipment failure, work stoppages or other circumstances prevent actual meter reading.
- (4) The Company may estimate the bill of any customer if Company personnel are unable to gain access to obtain an actual meter reading so long as the Company has undertaken reasonable alternative measures to obtain a meter reading.
- (5) Notice. The utility shall inform new customers, and annually shall inform existing customers, of their rights under this section.
- (6) Charges for other than basic service, such as damaged meter fees and other special charges shall be billed separately.

DISCONTINUANCE OF SERVICE:

29. **GENERAL**

- (1) Any customer who is about to vacate any premises supplied with utility service, or who for any reason wishes to have service discontinued, shall give at least seven days notice to the Company and any non-customer occupant, specifying date of which it is desired that service be discontinued. In the absence of such notice, the customer shall be responsible for all services rendered.

- (2) In the event of discontinuance or termination of service at a residence or dwelling, the Company may transfer any unpaid balance to any new residential service account of the same customer.
- (3) When premises will be unoccupied temporarily, the customer shall notify the Company in writing, and the water will be turned off, and all charges will cease from the date when water service is turned off. When the property is again occupied, the Customer shall notify the Company in writing, and the water will be turned on. No refund or allowance will be made for unoccupied property when written notice had not been given as above provided. No refund will be allowed for property unoccupied for a period less than one month. The customer will sign a new application for service before the water is turned back on.
- (4) In cases of vacancy of a customer's property, the customer must notify the Company in writing of such vacancy, and upon his failure to do so, he will become responsible for any damage to the property of the Company arising from loss through theft, freezing, water damage, injury to meter, or any other failure. The charge for damage to the Company's meter shall be the actual cost of replacement of the meter plus a reasonable fee for appropriate labor and overheads, as specified in the Company's tariffs.

30. **INTERRUPTION AND DISCONTINUANCE OF SERVICE:**

- (A) The Company may temporarily interrupt service where necessary to effect repairs or maintenance, to eliminate an imminent threat to life, health, safety or substantial property damage, or for reasons of local, state or national emergency.
 - (1) Interruption with prior notice. Where the Company knows in advance of the circumstances requiring the service interruption, prior notice of the cause and expected duration of the interruption shall be given to customers and occupants who may be affected.
 - (2) Interruption without prior notice. Where service must be interrupted due to unforeseen circumstances, notice of the cause and expected duration of the interruption shall be given as soon as possible, to customers and occupants who may be affected.
 - (3) Notification Procedures. Where customers and occupants are to be notified pursuant to this Section, the Company shall take all reasonable steps, such as personal contact, phone contact, and use of the mass media, to notify affected customers and occupants of the cause and expected duration of the interruption.
 - (4) Permissible duration. Service may be interrupted for only such periods of time as are necessary to protect the health and safety of the public, to protect property, or to remedy the situation which necessitated the interruption; and service shall be resumed as soon as possible thereafter.

33. **PROCEDURES UPON CUSTOMER OR OCCUPANT PRIOR TO TERMINATION**

If at any time after the issuance of the initial termination notice and prior to the actual termination of service, a ratepayer or occupant contacts the Company concerning a proposed termination, an authorized Company employee shall fully explain:

- (1) The reasons for the proposed termination;
- (2) All available methods for avoiding a termination, including:
 - (i) tendering payment in full or otherwise eliminating the grounds for termination; and
 - (ii) entering into a settlement or amortization agreement
 - (iii) applying for payment assistance via the Company's United Cares program.
- (3) The ratepayer's right to file a dispute with the utility, and, thereafter, an informal complaint with the Commission;
- (4) The procedures for resolving disputes and informal complaints, including address and telephone number of the utility and of the nearest regional Commission office;
- (5) The ratepayer's duty to pay any portion of a bill which he does not honestly dispute; and
- (6) The medical emergency procedures.

The Utility, through its employees, shall exercise good faith and fair judgment in attempting to enter a reasonable settlement or amortization agreement, or otherwise equitably to resolve the matter. Factors to be taken into account when attempting to enter into a reasonable settlement or amortization agreement shall include, but are not limited to, the size of the unpaid balance, the ratepayer's ability to pay, the ratepayer's payment history and the length of time over which the bill accumulated.

34. **USE OF TERMINATION NOTICE SOLELY AS COLLECTION DEVICE PROHIBITED.**

The Company shall not threaten to terminate service when it has no present intent to terminate service or when actual termination is prohibited under this Chapter; notice of the intent to terminate shall be used only as a warning that service will in fact be terminated in accordance with the procedures set forth by this Chapter unless the customer or occupant remedies the situation which gave rise to the Company's enforcement efforts.

CUSTOMER DEPOSITS:

35. **GENERAL** - A deposit may be required from an Applicant for service or an existing Customer in accordance with, and to the maximum extent permitted by, the Commission's regulations. If an Applicant for service or an existing Customer receives more than one type of service, a separate deposit may be required for each type of service. Deposits collected shall have interest paid to the depositing Customer in accordance with the Commission's regulations. Upon termination or discontinuance of service, other than termination for non-payment, the Company shall within 30 days apply the Customer's deposit, including accrued interest, to any outstanding balance and refund the remainder to the Customer.
36. **DEPOSIT NOT TO APPLY TO A CURRENT BILL** – Any Customer having made a deposit shall currently pay bills for water service as rendered and the deposit shall not be considered as payment on account of a bill during the time the Customer is receiving water service. At the option of the Company, deposits may be used to pay delinquent bills for water service and, if appropriate, a new deposit may thereafter be required.
- (A) Application of Deposit:
- (1) Where a customer has paid a deposit but has failed to pay an undisputed bill, or portion of an undisputed bill, immediately prior to the termination of service to that customer the Company shall apply that customer's deposit insofar as it is necessary to satisfy such bill and to avoid termination, and may require that the deposit be restored to its original amount. The Utility shall mail or deliver a statement showing the amount of the original cash deposit, accrued interest, the amount of any unpaid bills satisfied, and balances remaining. Said statement may be included in a termination notice.
- (B) Refund of Deposit:
- (1) Interest on a deposit will be paid at the rate governed by 52 Pa Code Chapter 56.
- (2) Termination or discontinuance of service. Upon termination or discontinuance of service, the Company shall promptly apply the customer's deposit, including accrued interest, to any outstanding balance for utility service and refund the remainder to the customers.
- (3) Prompt payment of bills (except for deposits that apply to unmetered fire services and services that provide both domestic and fire protection). After a customer has paid bills for service for 12 consecutive months without having service termination and without having paid his bill subsequent to the due date or other permissible period as stated in this Chapter on more than two occasions, the utility shall refund any cash deposit, plus accrued interest, so long as the customer currently is not delinquent.

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TEMPORARY SERVICE:

37. Temporary service for short-term use. The Company will require the customer to pay all costs in advance for making the service connection and removing the service equipment after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses.
38. Where the customer is temporary he shall make application for service and advance an amount established by meter size. The customer shall pay for water at the Company's metered rates and upon discontinuance of service, the Company shall refund the deposit, less any gross water charges unpaid.
39. The Company reserves the right to refuse temporary service between October 15 and April 15 to prevent freezing of water lines and meters.
40. Bills for temporary water service are payable and due after service is rendered and upon presentation.

EMERGENCY PROVISIONS:

41. The Company shall not terminate, or refuse to restore, service to any premises when any occupant therein is certified by a physician to be seriously ill or affected with a medical condition which will be aggravated by a cessation of service or failure to restore service. Procedures set forth in 52 Pa. Code § 56.111 through 56.118 will be followed. Whenever service is restored or termination postponed pursuant to the medical emergency procedures, the customer shall retain a duty to equitably arrange to make payment on all bills.

42. **TERMINATION AT ANY PREMISES THAN THE CUSTOMER RESIDENCE:**

- (1) Prior to termination of service, the Company shall notify the landlord customer of the proposed termination, in writing, by mail or hand delivery, at least 37 days before the date of termination. Said notice also requesting the names and addresses of affected tenants.
- (2) Notify each dwelling unit reasonably likely to be occupied by an affected tenant of the proposed termination, in writing, by first class mail or otherwise hand delivered, making two separate attempts at personal service, at least seven days after notice to the landlord customer and at least 30 days before the termination of service.
- (3) Notify each dwelling unit reasonably likely to be occupied by an affected tenant of the proposed termination, in writing, by first class mail or otherwise hand delivery, making two separate attempts at personal service, at least ten days before the termination of service.
- (4) Notify the following agencies which serve the community in which the affected premises are located, in writing, at the time of delivery of notice to the tenants, of the proposed termination not less than ten days before the proposed termination of service.

- (i) The Department of Licenses and Inspections of any city of the first class.
 - (ii) The Department of Public Safety of any city of the second class, second class: A, or third class.
 - (iii) The City or county Public Health Department or, in the event that such a department does not exist, the Department of Health office responsible for that county.
- (5) Landlord Customers Notice contents as required by paragraph (1) above.
- (i) The reason(s) for the proposed termination.
 - (ii) The date on or after which service will be terminated.
 - (iii) The date on or after which the company will notify tenants of the proposed termination and their rights.
 - (iv) The right of the landlord customer to stay the notification of tenants by filing a complaint with the Commission disputing the right of the utility to terminate service.
- (6) Tenants Notice contents as required by paragraph (2) and (3) above.
- (i) The date on which the notice is rendered.
 - (ii) The date on or after which service will be terminated.
 - (iii) The circumstances under which service to the affected tenants may be continued.
 - (iv) The bill for the thirty-day period preceding the notice to the tenants.
 - (v) The statutory rights of a tenant to:
 - (a) Deduct the amount of any direct payment to the utility from any rent payments then or thereafter due.
 - (b) Protection against any retaliation by the landlord for exercising such statutory right.
 - (c) Recover money damages from the landlord for any such retaliation.

THIRD PARTY NOTIFICATION:

43. The Company shall permit its customers to designate a consenting individual or agency which is to be sent, by the Company, a duplicate copy of all reminder notices, past due notices, delinquent account notices or termination notices of whatever kind issued by the Company. When contact with a third party is made, the Company shall advise the third party of the pending action and the efforts which must be taken to avoid termination. The Company shall institute and maintain a program:
- (1) To allow customers to designate third parties to receive copies of a customer's or group of customers' notices of termination of service;
 - (2) To advise customer of the availability of such a third party notification program and to encourage their use thereof; and
 - (3) To solicit community groups and police to accept third party notices in order to assist in preventing unnecessary terminations and protecting the public health and safety.

DISPUTES; TERMINATION DISPUTE; INFORMAL AND FORMAL COMPLAINTS:

44. Any notice of dispute, including termination disputes, shall proceed in the first instance, according to the provisions set forth in Chapter 56 of Title 52 of the Pennsylvania Code (regarding "Disputes").
- (vi) That tenants may make payment to the utility on account of non-payment of charges by the landlord customer only by check or money order drawn by the tenant to the order of the utility.
 - (vii) A telephone number at the utility and at the Commission which a tenant may call for an explanation of his/her rights.

RESTORATION OF SERVICE:

45. When service to a dwelling has been terminated, the Company shall reconnect service by the end of the first full working day after receiving:
- (1) Full payment of any outstanding charges plus a reasonable reconnection fee as specified in the Company's tariffs or that which may be the subject to a Payment agreement; or
 - (2) Payment of all amounts currently due according to a Payment agreement, plus a reasonable reconnection fee which may be a part of the Payment agreement; or
 - (3) Adequate assurances that any unauthorized use or practice will cease, plus full payment of the Company's reasonable reconnection fee which must be subject to a Payment agreement; and
 - (4) Compliance or adequate assurance of compliance with any applicable provision for the establishment of credit, posting of deposits or guarantees.

PERSONNEL AVAILABLE TO RESTORE:

46. The Company shall have adequate personnel available between 8:00 a.m. and 4:00 p.m. on each working day, or for the commensurate period of eight consecutive hours, to restore service when required under these Rules and Regulations.

MISCELLANEOUS:

47. Water shall not be turned off by any person who is not an agent of the Company, except temporarily by a plumber, with Company approval, to enable him to test his work, provided it shall be turned on immediately after the test is made.
48. The authorized agents of the Company shall have the right of access, at all reasonable hours, to the premises supplied with water for the purpose of reading meters, examining pipes and fixtures, observing manner of using water, and for any other purpose which is proper and necessary in the conduct of the Company's business. Such agents shall carry proper credentials evidencing their employment by the Company.
49. No customer shall open or close any of the Company's corporation stops or valves in any public or private line.
50. No agent or employee of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules and regulations.
51. The Company reserves the right to alter or amend these rules and regulations in the manner provided by law.

FIRE PROTECTION:

52. Water from fire hydrants or other fire fighting facilities shall be used only for fire fighting purposes.
53. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in service, but it cannot and does not guarantee that such will not occur. The Company shall have no greater duty, with regard to fire hydrant service or private fire hydrant sprinkler and hose service, than to supply only such volumes of water at such pressures as may be available in the normal operation of the waterworks facilities at the time of use.
54. The Company shall not be considered an insurer of property or persons or to have undertaken to extinguish fire or to protect persons or property against loss or damage by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

55. Where metered or unmetered service is provided to any customer, the Company shall not be responsible for the quantities of water or pressure which may be available for any fire fighting facilities or purposes where the customer installs such facilities, or makes connection to his water system for such purposes, on the discharge side of the meter in his service line, and shall not be held liable for any claim based upon loss due to fire or fire fighting. The customer will indemnify, save harmless, and defend the Company from all claims, loss, costs, or damage on account of injury to persons or property occurring as a result of the installation, operation, performance, or existence of such customer-installed fire fighting facilities, including but not limited to injury or damage to persons or property by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever, to the extent that the injury to persons or property is the result of the intentional or negligent acts of the customer, its employees, or agents.
56. Company will consider installation of public fire hydrants only upon authorization from the political subdivision in which the unit is to be installed which will be responsible for payment or for services rendered.

LIABILITY

1. In the course of furnishing service that needs to be adequate, but not perfect, it is recognized that there will be times when service is subject to interruption or disruption as a result of water main breaks, the failure of equipment or facilities, and for other reasons. Accordingly, the liability of the Company shall in all such events be limited to either \$2,000 or an amount equivalent to the customer's average monthly bill (calculated using the four billing periods prior to the billing period during which the deficiency occurred), whichever is less in any legal action brought against the Company for damages in connection with: 1) a service interruption or delay, or cessation or lack of adequate, efficient, safe and reasonable service and facilities; and/or 2) a failure of equipment or supply, including, but not limited to, a break or leak in a water main, service line or meter owned by the Company.

In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of the Company are in conformity with the regulations and Orders of the Commission, the Company may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory order with the Commission.

Furthermore, the Company shall not be liable in any action where the loss or damage involves an act of God or does not involve a duty of the Company, including, but not limited to, breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or conditions in the Customer's own service line, meter pit, internal plumbing or fixtures, or due to the materials out of which those facilities are made. Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of a duty of the Company, including, but not limited to, where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a customer's property) is in need of repair, such as the condition or elevation of a curb box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or the person or event.

WATER CONSERVATION CONTINGENCY PLAN

Section 1. **Purpose**

When the Company is experiencing a Short Term Supply Shortage, the Company may request general conservation of water uses and may impose mandatory conservation measures to reduce or eliminate non-essential uses of water. The Water Company has this authority under 52 PA Code 65.11.

Section 2. **Scope**

The conservation measures shall apply to all customers within the franchise area of the Water Company.

Section 3. **Definitions**

- a. The Water Company - VEOLIA Water Pennsylvania, Inc.
- b. Customers - any person who is connected to and receives water service from the water supply system of the Water Company.
- c. Non-Essential Uses - Non-Essential uses of water include:
 - (i) The use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, gardens, vegetables, flowers, or any other vegetation.
 - (ii) The use of water for washing automobiles, trucks, trailers, trailer houses, or any other type of mobile equipment.
 - (iii) The washing of streets, driveways, parking lots, service stations aprons, office building, exteriors of homes, sidewalks, apartments, or other outdoor surfaces.
 - (iv) The operation of any ornamental fountain or other structure making a similar use of water
 - (v) The use of water for filling swimming or wading pools.
 - (vi) The operation of any water-cooled comfort air conditioning which does not have water-conservation equipment.
 - (vii) The use of water from fire hydrants for construction purposes or fire drills.
 - (viii) The use of water to flush a sewer line or sewer manhole.
 - (ix) The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops, and livestock.

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Section 4. **Water Conservation Contingency Plan**

- a. This plan establishes priorities for water conservation measures from voluntary to mandatory curtailments of non-essential uses.
- b. Notice of the implementation of the Water Conservation Contingency Plan shall be sent to all customers or be provided by radio, television or newspaper advertisements.
- c. The first phase of the Water Conservation Contingency Plan requests all customers of the utility to voluntarily curtail all non-essential uses of water.
- d. The second phase of the Water Conservation Contingency Plan is to require mandatory curtailment of all non-essential uses of water.
- e. If any customer refuses to comply with such mandatory measures, the Water Company may either adjust the outside water valve connection in a manner which will restrict water flow by up to one-half (1/2) or otherwise restrict flow by the insertion of a plug device.
- f. Prior to valve adjustment or other restriction of flow, The Water Company must make a bona fide attempt to deliver notice of the valve adjustment or other flow restriction to a responsible person at the affect premises and fully explain the reason for the proposed flow restriction and the needs by which the customer may eliminate such flow restriction. Less restrictive means may be imposed to secure compliance.
- g. Complete service termination may be imposed by an Administrative Law Judge or other presiding officer after an expedited hearing has been held to provide the effected customer with an opportunity to be heard.
- h. The conservation measures shall be terminated at such time as the supply storage is eliminated.

Section 5. **Additional Restrictions**

In addition to the provisions set forth above, the Pennsylvania Emergency Management Council is authorized to promulgate, adopt, and enforce a water rationing plan by virtue of the Emergency Management Services Code 35 PA C.S. §1701 et seq. as implemented by the Drought Emergency Proclamation dated November 6, 1980.

Section 6.

Any customer that uses 125% of its average yearly consumption when mandatory restrictions are in force, may have their water service terminated. All turn on and turn off charges for this purpose will be assessed at the after hour turn on/off fee.

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Utility with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

Utility projects receiving PENNVEST funding or using PENNVEST surcharges are not DSIC-eligible property to the extent of the PENNVEST funding or surcharge.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Services (account 333000), meters (account 334100) and hydrants (account 335000) installed as in-kind replacements for customers;
- Mains and valves (account 331800) installed as replacements for existing facilities that have worn out, are in deteriorated condition, or are required to be upgraded to meet under 52 Pa Code § 65 (relating to water service);
- Main extensions (account 331800) installed to eliminate dead ends and to implement solutions to regional water supply problems that present a significant health and safety concern for customers currently receiving service from the water Utility;
- Main cleaning and relining (account 331800) projects; and
- Unreimbursed costs related to highway relocation projects where a water Utility must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The DSIC will become effective for bills rendered on and after March 8, 1998 as modified in the Commission Order dated 10/27/2022 at Docket No. M-2012-2293611.

D. Application: To all customers residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc. The DSIC shall not be implemented for customers formerly served by Veolia Water Bethel, Inc. until an amendment to Veolia Water Pennsylvania, Inc.'s Long Term Infrastructure Improvement Plan that incorporates the Veolia Water Bethel, Inc. system is filed with and approved by the Commission.

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2. Computation of the DSIC

A. Calculation: The DSIC shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Utility's rate base and will have been placed in service between the three month period ending one month prior to effective date. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Thus changes in the DSIC rate will occur as follows:

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<u>Effective Date of Change</u>	<u>Date to which DSIC-Eligible Plant Additions Reflected</u>
April 1	February 28/29
July 1	May 31
October 1	August 31
January 1	November 30

B. Determination of Fixed Costs: The fixed costs of eligible distribution system improvements projects will consist of depreciation and pre-tax return, calculated as follows:

- 1. Depreciation:** The depreciation expense shall be calculated by applying the annual accrual rates employed in the Utility's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.
- 2. Pre-tax return:** The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Utility's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Utility's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

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C. Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service under the Utility's otherwise applicable rates and charges, excluding amounts billed for public fire protection service and the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Utility's projected revenue for distribution service (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of revenues from public fire protection service and the STAS.

D. Formula: The formula for calculation of the DSIC is as follows:

$$\text{DSIC} = \frac{(\text{DSI} * \text{PTRR} + \text{STFT} + \text{Dep} + e) 1/(1-T)}{\text{PQR}}$$

Where:

- DSI** = Original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. § 168.
- PTRR** = Pre-tax return rate applicable to DSIC-eligible property.
- STFT** = (State Tax Flow Through) Pre-tax flow through calculation on book tax timing accelerated tax depreciation and book depreciation net of federal tax.
- Dep** = Depreciation expense related to DSIC-eligible property.
- e** = Amount calculated (+/-) under the annual reconciliation feature or Commission audit, as described below.
- T** = If applicable, Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.
- PQR** = Projected quarterly revenues for the applicable three month period for distribution service (including all applicable clauses and riders) from applicable customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

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3. Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

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4. Customer Safeguards

A. Cap: The DSIC is capped at 7.5% of the amount billed to customers for distribution service (including all applicable clauses and riders), as determined on an annualized basis.

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B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, *et seq.*, shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the Utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in

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accordance with Section 1307(e), over a one-year period commencing on April 1 of each year, or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, *et seq.*) and will be refunded in the same manner as an over-collection. The Utility is not permitted to accrue interest on under collections.

C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Utility's rates or rate base will be reflected in the quarterly updates of the DSIC.

D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing. (C)

E. All customer classes: The DSIC shall be applied equally to all customer classes. (C)

F. Earning Reports: The DSIC will also be reset at zero if, in any quarter, data filed with the Commission in the Utility's then most recent Annual or Quarterly Earnings reports show that the Utility would earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The Utility shall file a tariff supplement implementing the reset to zero due to overearning on one-days' notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs. (C)

G. Residual E-Factor Recovery Upon Reset To Zero: The Utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The Utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The Utility shall refund any overcollection to customers and is entitled to recover any under collections as set forth in Section 4.B. Once the Utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the Utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement. (C)

H. Public Fire Protection: The DSIC of a water Company will not apply to public fire protection customers. (C)

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
(DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply to all charges for bills rendered on or after XX XX, 2024 to customers residing in all territories served by Veolia Water Pennsylvania, Inc. except for portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania, formerly served by Veolia Water Bethel, Inc.

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The above charge will be recomputed quarterly, using the elements prescribed by the Commission in its Order dated August 26, 1996 at Docket No. P-00961031 As modified in the Commission Order dated 10/27/2022 at Docket No. M-2012-2293611.

FEDERAL TAX ADJUSTMENT CREDIT (“FTAC”)

The FTAC will refund the difference in the cumulative amount of the amortization of the Excess Deferred Income Taxes (EDIT) as Ordered in Docket 2018-R-3000834 and the cumulative amount of EDIT which was eligible to be returned to ratepayers based on the Average Rate Assumption Method (ARAM). A credit value of 0.0% will apply to all charges except the DSIC during the period November 1, 2024 through October 31, 2025 to pass the difference to customers.

If, after the twelve-month refund period elapses, the calculated amount of tax expense savings to be refunded to customers is greater than the estimated refund amount of \$530,541 or if the Company has not refunded the full tax expense savings amount, the Company will provide interest on any necessary reconciliation at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101 *et seq.*). If the calculated amount of tax expense savings to be refunded to customers is less than the estimated refund amount of \$530,541 or the Company has refunded more than the actual tax expense savings amount, the Company will forego interest on any necessary reconciliation.

PURCHASED WATER ADJUSTMENT CHARGE

(C)

Application: To all customers residing in the portions of the Township of Bethel and portions of the Township of Concord, Delaware County, Pennsylvania served by Veolia Water Pennsylvania, Inc.

The Company may apply a Purchased Water Adjustment Charge (“PWAC”) to its water rates set forth under Schedule of Metered Rates and Wholesale Service Rates to reflect an increase or decrease in the rates charged by its wholesale water suppliers who are referred to jointly as (“Wholesalers”).

The PWAC will be calculated based on changes in the Company’s Wholesalers’ rates from the purchased water included in the Company’s Baseline Costs. For the purpose of calculating the PWAC, the Baseline Cost is the annual purchased water cost reflected as an operating expense in the Company’s most recently concluded base rate case. This amount will remain constant until such time base rates are reset.

The Company shall provide notice to its customers of such change in rates resulting from application of the PWAC.

When the Company’s Wholesalers change their rates for water purchased by the Company, the Company will re-compute the PWAC based on its annual purchased water cost reflecting the level of consumption and other billing determinants that formed the basis for the Baseline Cost.

Determination of Purchased Water Adjustment Charge

A PWAC may be implemented on the effective date of a change in Wholesalers’ rates charged to the Company for purchased water, but not on less than forty-five (45) days notice to the customer. The Company may at its option, implement a PWAC to recover an increase in purchased water costs. However, if the rate change is a decrease, the Company must implement a credit PWAC to reflect that decrease.

The baseline items established in the Company’s most recently concluded rate case are:

Baseline Purchased Water Cost (per thousand gallons)	\$4.002
Baseline 1,000 Gallons of Purchased Water	427,211
Baseline 1,000 Gallons of Water Sales	383,855

The PWAC, per thousand gallons, shall be computed to the nearest one-tenth cent (0.1¢) in accordance with the formulas set forth below.

$$PWAC = \frac{(CHGPWC \times 427,211)}{383,855}$$

PURCHASED WATER ADJUSTMENT CHARGE (cont.)

(C)

Determination of Purchased Water Adjustment Charge (cont.)

In computing the PWAC pursuant to the formulas above, the following definitions shall apply:

“CHGPWC” – Change in Purchased Water Cost, per thousand gallons, is determined by subtracting the Baseline Purchased Water Cost per thousand gallons from the Company’s most recently concluded rate case from the Pro Forma Purchased Water Cost per thousand gallons that arises from the Wholesalers’ change of the rates charged to the Company and shall include any over/under recovery as determined by the Annual Reconciliation.

“PWAC” – the PWAC determined to the nearest one-tenth cent (0.1¢) to be charged for each thousand gallons of domestic metered water sales supplied under Schedule Metered Rates and Wholesale Service Rates after allowance for any applicable tax.

Safeguards

Annual Reconciliation

Upon implementation of a PWAC the Company will annually provide a reconciliation of PWAC revenues with the actual cost of purchased water from its Wholesalers pursuant to Section 1307 (e) of the Public Utility Code. The revenue received under the PWAC for the reconciliation period will be compared to the Company’s eligible costs for that period. The difference between revenue and costs will be recovered or refunded as appropriate, in accordance with Section 1307-(e), over a one-year period commencing on July 1 of each year. If PWAC revenues exceed PWAC eligible costs, such overcollections will be refunded with interest. Interest on the overcollections will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. Sec. 101, et seq.) and will be refunded in the same manner as an overcollection. For the purposes of calculating such over or under collection, the reconciliation period shall be the annual period ended March 31.

New Base Rates

The PWAC will be reset to zero as of the effective date of new base rates that provide for prospective recovery of the annual costs that had theretofore been recovered under the PWAC. Thereafter, only new purchased water adjustments, which have not previously been reflected in the Company’s base rate, are eligible for PWAC recovery.

Cap

The PWAC shall not exceed seven and one-half percent (7.5%) of the amount billed to customers, exclusive of the amounts recovered under the State Tax Adjustment Surcharge.

ATTACHMENT M
VEOLIA WATER PENNSYLVANIA INC.
VWPA Tariff Wastewater Supp 8 to Pa. P.U.C. No. 2
Eff. XX.XX.2024

VEOLIA WATER PENNSYLVANIA, INC.

Harrisburg, Pennsylvania,

Rates, Rules and Regulations

Governing the Provision of Wastewater Collection, Treatment
and Disposal Service to the Public in

(See Page 5 for Territories Served)

BY: Larry Finnicum, Regional President
Veolia Water Pennsylvania, Inc.
6310 Allentown Blvd.
Harrisburg, PA 17111
Phone: (717) 564-3662

NOTICE

This tariff supplement is a general rate increase under Section 1308(d) of the Pennsylvania Public Utility Code, 66 Pa. C.S. S 1308(d), and updates the schedule with rates for customers pursuant to the Pennsylvania Public Utility Commission's Final Order at Docket No. R-2024- 3045193.

LIST OF CHANGES

This tariff supplement is a general rate increase under Section 1308(d) of the Pennsylvania Public Utility Code, 66 Pa. C.S. S 1308(d), and updates the schedule with rates for customers pursuant to the Pennsylvania Public Utility Commission's Final Order at Docket No. R-2024- 3045193.

C

- (I) Indicates an Increase
- (D) Indicates a Decrease
- (C) Indicates a Change

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SURCHARGE

STATE TAX ADJUSTMENT SURCHARGE

In addition to the charges provided in this tariff, a surcharge of (0.00%) will apply to all charges for service rendered on or after January 1, 2024.

The above surcharge will be recomputed, using the same elements prescribed by the Commission.

- a. Whenever any of the tax rates used in calculation of the surcharge are changed,
- b. Whenever the utility makes effective any increased or decreased rates; and
- c. On or before March 31 of each year thereafter.

The above recalculation will be submitted to the Commission within 10 days after the occurrence of the event or date which occasion such recomputation; and, if the recomputed surcharge is less than the one then in effect, the Company will, and if the recomputed surcharge is more than the one then in effect, the Company may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing.

| C

TERRITORIES SERVED

The Township of South Centre, Columbia County, Pennsylvania.

Township of Mahoning, a portion of Cooper Township and a portion of Valley Township,
Montour County, Pennsylvania.

SCHEDULE OF RATES

Application:

To all Commercial, industrial or municipal use customers residing in the Township of South Centre, Columbia County, Pennsylvania.

Volume Charges:

	<u>Per Month</u>	<u>Minimum Monthly Charge</u>		<u>Rate Per</u> <u>1,000 Gallons</u>
First	5,000 Gals.	\$758.76	(I)	Allowance *
Next	5,000 Gals.			6.0710
Next	90,000 Gals.			5.4631
Next	100,000 Gals.			4.8552
Over	200,000 Gals.			4.2500

* (The \$758.76 minimum monthly charge allows for 5,000 gallons of wastewater delivered to the collection system as measured by a potable water meter located on the customers premises).

Conditions of Contract:

The volume charge is based on all metered domestic water consumed by a customer during the billing period, except as otherwise provided. A wastewater customer who has water supplied by sources other than Veolia Water Pennsylvania, Inc., shall be required to maintain a meter for the purpose of measuring water flow to any structure determined to be served by the wastewater collection system.

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of fifteen (15) days after the date the bill is mailed for commercial/industrial/municipal use customers.

Veolia Water Pennsylvania, Inc.

RESERVED FOR FUTURE USE.

SCHEDULE OF RATES

Application:

To all residing in the Township of Mahoning, a portion of Cooper Township and a portion of Valley Township, Montour County served by Veolia Water Pennsylvania, Inc.

(C)

Charges:

Residential – Flat Rate

Per Month

\$75.25

(I)

All other customers shall be billed the higher of the Consumption rate or the EDU rate. The EDU rate shall be applied as outlined in the Schedule of EDU's.

Per Month:

<u>Category</u>	<u>Water Charge per 1,000 Gallons < 435,000 Gallons Per Month</u>	<u>Water Charge per 1,000 Gallons > 435,001 Gallons Per Month</u>	<u>EDU</u>
Commercial 1	\$5.9500	\$8.0900	\$59.20
Commercial 2	5.9500	8.0900	64.44

(I)

Current Customers not currently being billed as outlined above:

Current non-residential wastewater customers, whose wastewater billings do not follow the schedule outlined above, will be billed as provided in the schedule below.

C

Account Name

Geisinger Justin Drive II
 Geisinger Hughes North
 Atlantic Equipment
 FAB-TEX

Monthly Bill

\$ 2,308.56
 \$ 1,331.87
 \$ 324.41
 \$ 553.75

(I)

Conditions of Contract:

The volume charge is based on all metered domestic water consumed by a customer during the billing period, except as otherwise provided. A wastewater customer who has water supplied by sources other than Veolia Water Pennsylvania, Inc. shall be required to maintain a meter for the purpose of measuring water flow to any structure determined to be served by the wastewater collection system.

C

Terms of Payment:

All bills shall be rendered monthly. Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers and fifteen (15) days after the date the bill is mailed for all other customers.

C

Veolia Water Pennsylvania, Inc.

SCHEDULE OF EDU'S:

All commercial, residential, institutional and industrial customers will be billed on a minimum of equivalent consumer units as established in the following EDU schedule.

<u>Category</u>	<u>Equivalent Dwelling Units</u>
Residential	1
Each retail store, office, business, industry or industrial:	
1. Ten or less employees	1
2. Each additional five employees or fraction thereof	½
3. Can be based on estimated water usage	
Each business, industry or institutional providing showers for employees:	
1. Eight or less employees	1
2. Each additional four employees or fraction thereof	½
3. Can be based on estimated water usage	
Funeral home	2
Each School, public or private:	
1. Toilet facilities only, per 40 pupils and staff or fraction thereof	1
2. Toilet facilities and kitchen, per 30 pupils and staff or fraction thereof	1
3. Toilet facilities and gymnasium, per 25 pupils and staff or fraction thereof	1
4. Toilet facilities, kitchen and gymnasium, per 20 pupils and staff or fraction thereof	1
Each improved property having a commercial (¾ horsepower or greater) garbage grinder, for each such grinder	1
Each hotel per four rooms or fraction thereof	1
Each restaurant, club or tavern, per 15 seats or fraction	1
Each church or social hall plus daycare center or any other business in the church hall or banquet room	1
Each firehouse or hall plus clubhouse, restaurant, tavern or banquet hall	1
Each service station or automobile repair garage	
1. Two bays or less	2
2. Each additional bay over two	½
Each hair salon, spa, nail salon and massage salon	
1. Two chairs or less	2
2. Each additional chair	1
Each laundromat, per five washes and fraction thereof	1
Each convalescent home, per two beds/hospitals/institutions	1
Each barn or stable, per five stalls or fraction thereof	1

All categories, mentioned or not mentioned, may be based on an estimated water consumption.

Veolia Water Pennsylvania, Inc. reserves the right from time to time, to adopt modifications of, supplements to, or amendments of this Schedule of EDU's.

SCHEDULE OF MISCELLANEOUS FEES AND CHARGES

1. Reconnection Charge for Nonpayment Terminations

A. Application:

This charge is applicable to all customers where water service provided by Veolia Water Pennsylvania, Inc. has been physically turned off for nonpayment of a delinquent sewer bill.

Rates:

	<u>Each Occurrence</u>
Reconnection Charge (during normal business hours)	\$50.00
Reconnection Charge (other than normal business hours)	\$75.00

B. Application:

This charge is applicable to all customers where water service is not provided by Veolia Water Pennsylvania, Inc., and where the sewer service lateral has been excavated and plugged to prevent use of the wastewater collection system.

Rates:

Reconnection Charge shall be the actual costs incurred by Veolia Water Pennsylvania, Inc., its agents or assigns, as a direct result of the removal and restoration of service to any customer subject to this application.

Terms of Payment:

The reconnection charge will be added to the customer's bill once the service has been terminated and is due and payable before water will be turned on.

SCHEDULE OF MISCELLANEOUS FEES AND CHARGES (Cont'd)

2. Returned Check Charge:

Application:

Should the Company receive a negotiable instrument from the applicant or customer in payment of any bill, charge or deposit due and such instrument be subsequently dishonored or be uncollectible for any reason, the Company shall charge the applicant or customer a handling charge as provided below.

Rate:

	<u>Each Occurrence</u>
Returned check charge	\$11.15

Terms of Payment:

Bills will be rendered at the time the customer's check is returned by the Bank and are due and payable when rendered.

3. Wastewater Main Extension Design Deposit

Application:

This deposit is applicable to all wastewater main extension agreements.

Rate:

\$1,000 per application. In the event that the project is for both water and wastewater, only \$1,000 total shall be collected.

Terms:

To be applied to the cost of the project if the project is completed. To be retained by Veolia Water Pennsylvania, Inc. if the project is terminated by the applicant or the Company.

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DEFINITIONS

Amortization Agreement: A mutually satisfactory written agreement whereby a customer, who admits liability for billed service, is permitted to amortize or pay the unpaid balance of the account in one or more payments over a reasonable period of time.

Annual Revenue. (as related to line extensions). The utility's expected additional annual revenue from the line extension based on the utility's currently effective tariff rates and on the average annual usage of customers similar in nature and size and/or class.

Applicant: Any person seeking to contract for utility service, other than a transfer of service from a residence or dwelling within the Company's service area; or to re-institute service more than 60 days following a termination or discontinuance of service.

Billing Period: A billing period shall be monthly as provided in the Company's tariff.

Biochemical Oxygen Demand: Denoted hereinafter as "B.O.D.", shall mean the quantity of oxygen utilized (demanded) in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days when incubated at 20oC.

Building Drain: shall mean that part of the lowest horizontal piping of a drainage system which receives the discharge from drainage pipes inside the walls of the building, terminating outside the face of the building wall at a clean out, or if no clean out exists, five (5) feet outside the face of the building wall from whence it becomes known as the building sewer. The Building Drain shall be the responsibility of and maintained by the customer.

Building Sewer: shall mean the extension from the building drain to service line and/or other point of connection to the Company system. The Building Sewer shall be the responsibility of and be maintained by the customer.

Collection Main: A pipe which collects sewage from the service pipes which serve the premises of customers.

Commission: The Pennsylvania Public Utility Commission

Company: Veolia Water Pennsylvania, Inc.

Company Sewerage System: Shall mean those sewers, pipes, manholes, pumping stations or other facilities of the Company used for collecting and conveying sewage.

Customer: A Customer shall mean a customer of record, or end user, or both contracting for wastewater collection, treatment and/or disposal

Delinquent Account: Charges for utility service which have not been paid in full by the due date stated on the bill or otherwise agreed upon; provided that an account shall not be deemed delinquent if prior to the due date an amortization or settlement agreement with the Company has been entered into by the customer or a timely filed notice of dispute is pending with the Company; or an informal or formal complaint has been filed with, and is pending before, the Commission.

Veolia Water Pennsylvania, Inc.

Emergency: An unforeseen combination of circumstances requiring temporary discontinuance of service in order to effect repairs or maintenance, or to eliminate an imminent threat to life, health, safety or property.

Garbage: The solid wastes from domestic cooking and dispensing of food, and from the handling and storage of produce.

Grinder Pump: Any mechanical or powered device used to grind, macerate or fluidize garbage so that it can be discharged into the wastewater system of the Company.

Line Extension: An addition to the utility's main line which is necessary to serve the premises of a customer.

Meter: Any device supplied by the company for the purpose of measuring water or wastewater flows.

Nonresidential Service: Wastewater service supplied to a commercial or industrial building, including, but not limited to, a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building

Occupant: Any person, business or corporation who resides in the premises to which utility service is provided.

Physician: An individual licensed under the laws of this Commonwealth to engage in the practice of medicine and surgery in all of its branches within the scope of the act of June 3, 1911 (P.L. 639) relating to medicine and surgery as amended, or in the practice of osteopathy or osteopathic surgery within the scope of the act of March 19, 1909 (No. 29) as amended.

Premises or Affected Premises: Unless otherwise indicated, the building where service is provided.

PH: The logarithm to the base ten of the reciprocal of the weight of hydrogen ions in moles per liter of solution.

Properly Shredded Garbage: Garbage that has been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in the sewerage system with no particle greater than one-half inch (1/2") in any dimension.

Regulatory Agency: Agencies, including but not limited to the Commission, the Pennsylvania Department of Environmental Protection (DEP) and the U.S. Environmental Protection Agency (EPA), which have authority over the operations of and/or discharges into and/or from the Company's treatment facilities.

Residential Service: Service supplied to a dwelling, including service provided to a commercial establishment if concurrent service is provided to a residential premise attached thereto. Residential service as it pertains to line extensions can be further defined as single family dwellings, multi-family, and townhouses serving less than two dwelling units.

Sanitary Sewer: A collection system of sewer mains and service lines which carries sanitary wastewater and excludes storm, surface and ground water.

Veolia Water Pennsylvania, Inc.

Service Line: The extension from the Company collection system, usually to a clean out at the curb line, where it then connects to the Building Sewer. The Service Line shall be the responsibility of and be maintained by the Company. If there is no cleanout, the Company's responsibility ends at the curb line.

Slug: The discharge of water, sewerage, or industrial waste which in concentration of any constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four-hour flow or concentration under normal operating conditions.

Settlement Agreements: A mutually satisfactory settlement of any claim of dispute, reduced to writing and signed by the parties or their representatives. The settlement agreement offered by the Company shall state immediately preceding the space provided for the customer's name, and in bold face print at least two point sized larger than any other used thereon: "If you are not satisfied with this agreement do not sign it. You may file an informal complaint before the Public Utility Commission without making yourself subject to retaliation by the Company. If you do sign this agreement, you give up your right to a hearing before the Commission on any matter involved in this dispute except the Company's failure to follow the terms of this agreement."

Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. Special utility service may include, but not be limited to, installation of facilities such as additional mains, oversized mains, booster pumps, lift stations and manholes as necessary to provide adequate flows or to meet required pressure criteria, and service to large wastewater producing commercial and industrial facilities.

Storm Sewer: A sewer which receives discharges of storm water and/or carries off surface, subsurface, or storm water from the buildings, grounds, streets, or other areas, including street wash.

Suspended Solids: Solids that either float on the surface of, or are suspended in water, wastewater, or other liquids, and which are largely removable by filtration.

Tariff: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document.

Termination of Service: Cessation of service, whether temporary or permanent, without the consent of the customer.

Toxic Substances: Any substances whether gaseous, liquid or solid which when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment facility, or as pursuant to PL 92-500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments.

Wastes: Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled including sanitary wastewater but excluding storm water.

Wastewater: A combination of the water-carried wastes from any building or structure, together with such ground, surface, and storm water as may be present in sanitary sewers.

RULES AND REGULATIONS

APPLICATION FOR SERVICE:

GENERAL PROVISIONS:

- (1) The application and these rules and regulations constitute the contract between the customer and the Company and each customer, by the collection of wastewater, agrees to be bound thereby. The use of wastewater services by a customer shall be in accordance with the class, scope and type of use, and for the purpose stated in the customer's application and service contract.
- (2) Service connection will be made, and wastewater service will be furnished upon written application by the prospective customer (or a properly authorized agent), on a form prepared by the Company for this purpose, and after approval of such application by the Company. The application for service shall state clearly the class, scope and type of use to be made of the service, as well as the purpose for which it will be used. Service shall only be furnished after a meter has been properly installed by the Company.
- (3) Before an application for service shall be accepted by the Company, the Company shall determine that a wastewater collection main does exist in the public street area or on a private right-of-way along or through the property to be served, and that said wastewater collection main must extend across the total frontage of the deeded property.
- (4) Separate and independent service lines shall be installed for each customer when practicable.
- (5) Upon making service connections, the tapping of the collection main and clean outs, the service line from main to curb shall be furnished by the Company or its agent at its expense.
- (6) When an extension to serve is required or requested, such extension will be made under the terms of a "Wastewater Collection Main Extension Agreement", as hereinafter set forth. The Company shall have the exclusive right to determine the type and size of mains to be installed and the other facilities required to render adequate service.
- (7) Should it be necessary, in the Company's opinion, to extend beyond the last lot in a street in order to connect to an existing main so as to provide more adequate and reliable service, this additional extension shall be part of the total collection main extension whenever the last lot in the street does not exceed 150 feet. All estimated or actual cost figures referred to in the "Wastewater Collection Main Extension Agreement" shall include a reasonable allowance for overhead costs. The main extension shall conform to the requirements of the Department of Environmental Protection which concern sanitation.
- (8) All service lines from the curb to the premises shall be approved by the Company as to size, kind of pipe and installation, and shall be installed and kept in good repair by the customer at its expense.
- (9) A service line serving a premise shall not pass through or across any premises or property other than that to be supplied, whether or not an easement has been obtained, and no wastewater pipes or sanitary plumbing in any premises shall be extended therefrom to

adjacent or other premises. A customer service line shall not be connected to any type of plumbing not specifically designed for the conveyance of sanitary wastewater. Only Customers owning property in fee which directly abuts a street wherein there is an existing main of the Company will be permitted to attach a customer service line to the Company's main for the purpose of delivering wastewater thereto. It is understood that such property owned in fee by said prospective Customer shall be a complete standard building lot which complies with the existing zoning laws and regulations of the municipality in which such property is located. It is further understood that if such property owned in fee by a Customer is subsequently sold, the purchaser of such property will be entitled to receive wastewater service upon compliance with all of the provisions of this tariff, but that the seller of such property shall only be entitled to continue to receive service if such seller complies with all of the provisions of this tariff.

- (10) A new application must be made to, and approved by, the Company upon any change in the identity of the customer at a property, or in the service as described in the application, and the Company may discontinue the wastewater service until such new application has been made and approved.
- (11) Each application for service shall be made in conformity with the provisions of this tariff.
- (12) The Company, in its discretion, and with the agreement of the applicant, may enter into a Wastewater Collection Main Extension Agreement with alternative terms and conditions for funding of extensions if the Company concludes that the extension will provide a reasonable return on investment or otherwise is in the long term interest of its customers.
- (13) These provisions shall not be construed to apply to an extension, or portion thereof, undertaken for general system improvement or to connect any wastewater company or municipally-owned system acquired by the Company to the Company's collection system.
- (14) The Company may reject applications for service for the following reasons:
 - (a) Where such service is not available.
 - (b) Where such service might adversely affect the safety or adequacy of service furnished other customers present or prospective.
 - (c) When the applicant's piping installation is not in accordance with the Company's standard terms and conditions or any applicable plumbing codes.
 - (d) Where the applicant refuses to agree to comply with the Company's standard terms and conditions.
 - (e) When any valid bill to the applicant for water and/or wastewater service furnished at any previous or present location remains outstanding. However, the Company will accept applications in such situations if the customer agrees to a reasonable payment arrangement as agreed upon between customer and the Company.

Veolia Water Pennsylvania, Inc.

- (15) No customer shall discharge or cause to be discharged any storm water, surface water, ground water, roof runoff, swimming pool water, sub-surface drainage, foundation or basement sump drainage, uncontaminated cooling water or unpolluted industrial process water.
- (16) No customer shall discharge or cause to be discharged the following described substances, materials, waters, or wastes without the prior written approval of the Company. Such wastes can harm the sewerage system or treatment process and/or equipment, have an adverse effect upon the receiving stream for the treated sewage, or can otherwise endanger life, limb or private property or create a nuisance. In forming the opinions as to whether or not to permit the discharge, the Company will consider the effect upon receiving sewers, as well as the conditions placed upon the Company by any local, state or federal regulations. Also refer to section Wastewater Control Regulations.

Wastewater Collection Main Extension for an Applicant:

1. An Applicant who requests a line extension shall execute a Wastewater Collection Main Extension Agreement. The cost of such wastewater main extension shall be estimated and shown in the Preliminary Memorandum. A Master Agreement may be executed for extensions that are to be made in phases over a period of time. A separate Agreement and payment of a separate Customer Advance shall be made with each phase.
2. The Preliminary Memorandum shall include a fee for the company's administrative, engineering and inspection costs to be paid by the Applicant. The company's construction overhead costs which relate to its administrative, engineering and inspection expenses will be expressed as a percentage of the total construction costs. The construction overhead percentage rate is applied to the applicant's estimated and final cost of construction and is intended to offset the administrative, engineering and inspection costs that are incurred by the company as a result of the project.
3. The Applicant shall be required to install the wastewater collection main, service lines and appurtenances through a pre-qualified contractor retained by the applicant and to pay all costs related thereto. The Company shall supply the applicant with a list of Company approved contractors. At the sole discretion of the Company, the Company may undertake construction of all or part of the facilities otherwise subject to this section, in which event the Applicant will retain financial responsibility for the installation of mains, service lines and appurtenances as specified.
4. All construction costs, whether initially incurred by the applicant or the Company, related to the main extension shall be the responsibility of the Applicant.
5. Collection mains, service lines and appurtenance installation work shall be performed in accordance with the specifications and conditions of the Company.
6. All costs of materials, installations, permits, inspections and the company's construction overhead costs required to serve the Applicant's property shall be the responsibility of the Applicant. The Applicant shall contract directly with a pre-qualified contractor, recognized and approved by the Company, for all mains, service lines and appurtenances required to serve the project.

Veolia Water Pennsylvania, Inc.

7. Any construction involving pre-existing facilities of the Company including, but not limited to, relocation of existing facilities and connections of mains or service lines with existing facilities shall be the responsibility of the Applicant.
8. The Applicant's estimate of the cost of construction must be acceptable to the Company. Estimates which appear to be inaccurate may be rejected by the Company.
9. The Applicant shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Company shall apply for the permits.
10. All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval from company inspectors.
11. The Applicant shall supply the company with an accurate "as built" set of plans for the construction project certified by either a professional engineer or surveyor. This "as built" set of plans shall be created on the version of AUTO CAD which is compatible with the Company's version of AUTO CAD. The plans shall be submitted electronically in a format readable by the Company. The plans shall contain coordinate geometry of the property or development roadways and/or lot layout, lot numbers, street addresses, street names, section, township and range information and locations of all mains, pipelines, service lines and manholes referenced from a fixed point, i.e. property corners and centerline of roadway intersections. Roadway stations are not acceptable for "as built" information. The properties of entities cannot be changed. The Applicant's Engineer of Record shall provide a letter certifying the "as built" information to be correct. A scanned reproduction will not be accepted as an original electronic file.
12. The Company, in its sole discretion, will not accept ownership of the collection mains or service lines or provide wastewater service to any connection therefrom until the Company determines: (1) that all construction related to installation of mains and service lines is properly completed, (2) that the facilities are acceptable for public service, (3) that all company costs have been paid, (4) that a proper accounting of the construction costs has been provided to the Company, and (5) that the Company has received the "as built" plans as specified in Paragraph 12 above.
13. Following completion of the construction of facilities, ownership of all mains, service laterals and appurtenances shall be transferred to the Company, at no cost to the Company and free and clear of any liens.
14. At the time of transfer of ownership of the facilities to the Company, the Company shall be provided, at no cost to the Company, appropriate rights of way to provide future access for repair, maintenance, replacement or other related reasons.
15. Upon completion of the installation of the extension, a final memorandum shall be prepared and completed by the Applicant and signed by both parties showing the actual costs and the Company construction overhead costs.
16. The Applicant shall warrant and be responsible for all maintenance of facilities constructed by the Applicant and holds the Company harmless against all costs, expenses and losses, including, without limitation, incidental and consequential damages resulting from any

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defects in the facilities, including, without limitation, defects in material and workmanship, which are discovered or arise within a two (2) year period following the transfer of ownership of the facilities to the company. As security for the Applicant's performance of its representation and warranty, simultaneously with the conveyance of the facilities to the Company, the Applicant shall deliver to the Company an executed contract bond in form and substance satisfactory to the Company in the amount of twenty five percent (25%) of the total cost of the extension. The contract bond shall have as the surety thereon such surety company, acceptable to the Company, as is authorized to write bonds of such character and amount under the laws of the Commonwealth of Pennsylvania. The attorney-in-fact, or other officer who signs a contract bond for a surety company, must file with such bond a certified copy of his power of attorney authorizing him to do so. Subject to the approval of the Company, the Applicant may elect to deliver to the Company a contract bond in compliance with all requirements herein and in a form acceptable to the Company, from the Applicant's contractors as the principal with the Applicant and the Company as co-obligees. The contract bond shall remain in force for two (2) years following the date of the transfer of ownership of the facilities to the Company, as defined herein. Once the Company is aware of a defect in the facilities, the Applicant will be notified of the defect within ten (10) days. If the Applicant fails to make or commence timely repairs or replacements of any defects in the facilities discovered or arising within said two (2) year period, the Applicant or his surety shall be liable to the Company for all costs arising therefrom. All documents referred to in or required by this paragraph shall be a form acceptable to the Company.

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Wastewater Collection Main Extension Agreement

C.E.A. No. _____

THIS AGREEMENT, made this ____ day of (MONTH)____, (YEAR) by and between (hereinafter called the "APPLICANT"), and Veolia Water Pennsylvania, Inc., a Pennsylvania Corporation, (hereinafter called The "COMPANY").

WHEREAS, the Applicant has requested the Company to extend its wastewater mains to service areas or property, the dimensions and locations of which do fully and accurately appear on a certain plan attached to this agreement, made a part hereof and marked Exhibit "A"; and

WHEREAS, the Applicant is willing and desires to bear the cost thereof.

NOW, THEREFORE, IN CONSIDERATION OF THESE PRESENTS, the parties, intending to be legally bound hereby, mutually promise, covenant and agree as follows:

- (1) Prior to the execution of this Agreement, the Applicant hereby agrees to give to the Company, a written estimated cost for the wastewater collection main extension including mains, service lines, manholes and other appurtenances. In addition the applicant hereby agrees to deposit with the Company an amount in cash equal to the company's construction overhead percentage rate of the total Estimated Cost of the wastewater collection main extension and any additional facilities. The Applicant also hereby agrees that the installation and materials selected for the extension shall conform to the Company's specifications.
- (2) The Estimated Cost shall be the estimated cost of the extension, including the collection mains, service lines, manholes and the estimated cost of any other facilities which the Company shall have decided are required to render adequate service. Costs for all facilities are Contributions in Aid of Construction which shall not be subject to refund.
- (3) Prior to the execution of this Agreement, a Preliminary memorandum in the form attached to this agreement shall be prepared by the Applicant and signed by both parties showing the estimated cost and deposit required in accordance with the foregoing provisions. Upon completion of the installation of the extension, a Final Memorandum in the form attached to this agreement shall be prepared by the Applicant and signed by both parties showing the actual cost and the company's construction overhead costs on the same calculation as set forth above but by using the actual cost of the extension including the collection mains, service lines, manholes and other appurtenances. If the required company's actual construction overhead costs shown to be due on the final memorandum differs from the estimated construction overhead costs shown on the preliminary memorandum, then the construction overhead costs will be adjusted. The Applicant will deposit any additional amount shown to be due, without interest within 30 days of notification of said adjustment, or the company will refund to the applicant any excess amount shown to have been deposited without interest, it being the intent of this agreement that the company's construction overhead costs shall be based on actual installation costs. Failure to make any such additional deposit may result

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in wastewater service being refused or discontinued subject to Pennsylvania Public Utility Commission regulations.

- (4) The Applicant, upon receipt of the signed agreement and the Company approved estimated amount for the wastewater collection main extension, will begin the installation of the wastewater collection main extension, together with the necessary service lines, manholes, fittings and other appurtenances, all to be installed by a Contractor approved by the Company at locations and places more fully and completely described on attached Exhibit "A".
- (5) The Company agrees that the above wastewater collection main extension shall be as described in the attached Exhibit "A". The customer's service lines shall be of such sizes and in such locations as shall be agreed to by the Company and shall terminate immediately inside the curb line or at the limits of private rights-of-way.
- (6) The Applicant covenants and agrees that the Applicant will indemnify the Company against any and all loss or damage which the Company may suffer as a result of any damage to its wastewater mains, service lines, or manholes by the Applicant, Applicant's employees, agents, servants, workmen or any contractors or subcontractors employed by the Applicant: (a) in the development of and construction upon the lots or properties abutting upon the streets or rights-of-way in which wastewater mains are to be constructed pursuant to this agreement; or, (b) in the construction of the wastewater facilities pursuant to this agreement.
- (7) The Applicant covenants and agrees that the Applicant will secure, at Applicant's sole cost and expense, the approval (if any be required) of the proper regulatory governmental body having jurisdiction thereof as to the established subgrades of the streets or rights-of-way in which water mains are to be installed pursuant to this agreement.
- (8) Applicant will grant to the Company an irrevocable easement, at no cost to Company, for the maintenance, operation, repair and replacement of said main extension, service lines, manholes and appurtenances within the limits of any existing or proposed street, avenue, roadway, private property or easement area, together with right of ingress and egress thereto, in a form satisfactory to the Company and duly executed and acknowledged in proper form for recording.
- (9) It is further understood and agreed by and between the parties hereto that the Applicant's agreement to construct the said extension is subject to the Applicant obtaining all necessary consents, orders, permits and approvals of public officers or public bodies having jurisdiction over or lawful interest in any of the subject matters herein. In the event that the Applicant, after prompt application and diligent effort is unable to obtain the necessary consent, order, permit or approval as aforesaid, or in the event that the Applicant is enjoined or prevented by lawful action of any such public officer or official body from constructing the said extension, the Company's sole obligation will be to repay the Applicant the amount advanced for the Company's construction overhead costs less the cost which is incurred by the Company in conjunction with the wastewater collection main extension and appurtenances which are the subject of this Agreement.

- (10) Applicant agrees that before the commencement of work, the Applicant will clearly mark upon the ground by means of stakes or in some other equally positive manner the exact lines and grades to which the street, highway, or land in which the said wastewater pipes are to be laid is to be finally built and that he will grade the said street, highway, or land so that it will be at all points within less than one (1') foot of the above finished grades before the work of installing the said wastewater pipes commences. Applicant shall certify compliance with this requirement by submitting a letter to the Company in the form of Appendix A, attached hereto, prior to commencement of construction. The Company, however, shall not permit the Applicant's contractor to lay pipes according to lines or grades of which the Company does not approve. And it is agreed that if, any time prior to the dedication and acceptance as a public street or highway by the governing body of any street or highway under which wastewater mains are laid in conformity with this agreement, it shall become necessary to change or move the said pipes or their appurtenances by reason of any change or alteration in the lines or grades of the street, highway, or land in which they are laid, then the expense of such change or moving of said pipes and their appurtenances, and any other expense incidental thereto, shall be borne by Applicant. And its also agreed that the applicant shall supply the company with an accurate "as built" set of plans for the construction project.
- (11) It is agreed by Applicant that the Applicant will not build at any time hereafter on, in, or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult of access the wastewater pipes or appurtenances of the Company, or lay other pipes or conduits within four (4') feet, measured horizontally, from the said wastewater pipe except pipes crossing same at right angles in which latter case a minimum distance of eighteen (18") inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said wastewater pipes. Provided, however, that should the Applicant wish to do so it may, at its own expense, provide a new location acceptable to the Company for the said wastewater pipes and the Applicant's contractor will then move said wastewater pipes and appurtenances to said new location, and the whole cost of such moving and altering and any expense incident thereto, shall be borne by the Applicant.
- (12) After acceptance by the Company, the wastewater collection main extension as hereinbefore described with the necessary manholes, connections, fittings and other appurtenances shall be the property of the Company and no charge or lien upon them shall arise as a result of the refund agreement set forth in Paragraph Fourteenth hereof. The Company shall also have the right, by virtue of its ownership of said extensions, to make any additions to or extensions to said extension in its sole and absolute discretion.
- (13) Upon the completion of the aforesaid wastewater main extension the Company, upon proper application shall provide wastewater service to customers located along said extension in accordance with the rules and regulations of its published tariff.

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- (14) Refunds: Refunds shall be due to each original main line extension contract developer upon the connection of any customer exceeding the number of original prospective customers set out in the originally proposed extension. A one time refund per each additional customer shall be available for a period of ten years. During the first three years after date of the contract the one time refund shall be calculated at two times the annual revenue of the newly connected customer. For the period of four years to ten years after the date of the contract, the one time refund shall be calculated based on one year of annual revenue from the prospective customer. At no time shall the total of all refunds exceed the original cost of the main extension, excluding special facilities and appurtenances. Refunds shall be paid by the new connector to the Company. The Company shall then issue the refund to the original contractor.
- (15) It is agreed between the parties hereto that the Applicant shall execute this agreement within thirty (30) days from the date upon which this agreement is transmitted to the Applicant and that upon the failure of the Applicant to execute within the time mentioned, this agreement shall be void at the option of the Company.
- (16) This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties. However, it is understood and agreed between the parties hereto that the right to receive payment of refunds under the terms hereof shall be personal to the Applicant and the same shall not be assigned either as collateral security or otherwise.

IN WITNESS WHEREOF, the Applicant has hereunto set his hand and seal and the Company upon proper authority of its Board of Directors has caused this agreement to be executed by its Vice President, all on the day and year first above written.

ATTEST:

APPLICANT:

ATTEST:

Veolia WATER PENNSYLVANIA. INC.:

Vice President

Veolia Water Pennsylvania, Inc.

PRELIMINARY MEMORANDUM

This Preliminary Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph First of a certain agreement in writing between the parties entered into on the ____ day of (month) , (year) for the installation by the Applicant of a certain wastewater main(s) therein described. It is, therefore, agreed and stipulated:

(a) Estimated Cost Collection Main(s)	\$ _____
(b) Estimated Cost of Manhole(s)	\$ _____
(c) Estimated Cost of Service Lines	\$ _____
(d) Estimated Cost of Other Facilities	\$ _____
(e) Subtotal	\$ _____
(f) Estimated Company Construction Overhead	\$ _____
(g) Total	\$ _____

This Preliminary Memorandum shall be attached to the original.

Dated:

Dated:

WITNESS:

Veolia WATER PENNSYLVANIA, INC.:

Vice President

WITNESS:

APPLICANT:

Veolia Water Pennsylvania, Inc.

FINAL MEMORANDUM

This Final Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph First of a certain agreement in writing between the parties entered into on the ___ day of (month), (year) for the installation by the Applicant of a certain wastewater collection main(s) therein described. It is, therefore, agreed and stipulated:

(a) Actual Cost Collection Main(s)	\$ _____
(b) Actual Cost of Manhole(s)	\$ _____
(c) Actual Cost of Service Lines	\$ _____
(d) Actual Cost of Other Facilities	\$ _____
(e) Subtotal Actual Costs	\$ _____
(f) Actual Company Construction	\$ _____
(G) Total	\$ _____

This Final Memorandum shall be attached to the original.

Dated:

WITNESS:

VEOLIA WATER PENNSYLVANIA, INC.:

Vice President

WITNESS:

APPLICANT:

Veolia Water Pennsylvania, Inc.

APPENDIX A

CEA DC _____

AGREEMENT DATED _____

TO: _____

FROM: _____

Regarding the installation of wastewater mains in the plan of _____ under an Agreement dated _____ we hereby certify that the subgrades have been established and that the lines and grade stakes have been installed by _____ our Engineer (Name) _____ (Phone), and that the necessary grading of the area for wastewater mains has been completed, and that all other utilities to be installed at a greater depth have been completed. Further, we hereby set forth below any changes in the official approved plan for any unusual or unexpected conditions which would affect the horizontal or vertical locations of the wastewater collection mains.

Date: _____

By: _____

Title: _____

Phone: _____

RULES AND REGULATIONS

SERVICE CONNECTION:

- (1) The Company will make all connections to its collection mains .
- (2) All service laterals from the curb or property line to the customers' premise shall be approved by the Company as to size, kind of pipe and installation, and shall be kept in good repair by the customer at his expense.
- (3) No service lines shall be laid in the same trench or with less than four feet horizontal separation and 18 inches vertical separation from any gas pipe, water pipe, buried electric or telephone wires, or any other facility of a public service company or authority; and no line shall be laid within four feet horizontally of any open excavation vault, embankment or ditch.
- (4) All leaks in service lines from the curb to the premises served shall be promptly repaired by the customer using a licensed plumber. On failure to make such repairs, with reasonable dispatch, the Company may discontinue the wastewater service and it will not be returned to service until repairs are completed. Residential customers will be notified in accordance with Section 56.71 of the consumer standards and billing practices for residential service.
- (5) The Company shall, in no event, be responsible for maintenance of, or for damage done by, wastewater escaping from the service line or any other pipe or fixture on the customer side of the property line; and the customer, at all times, shall comply with state and municipal regulations in reference thereto and shall make any changes thereon which may be required because of change of grade, relocation of mains, or otherwise.
- (6) A customer shall not use, or allow use of wastewater service through his service facilities for others or for purposes other than those covered by his application. To make service available for other purposes or character of use, a new application and contract is required.
- (7) No direct connection of pumping equipment for any proposed or cross-connection with any other piping system will be allowed unless approved in writing by the Company.
- (8) The Company may refuse to connect with any piping system or to furnish wastewater service through one already connected if such system is not properly installed or maintained.
- (9) The company has established maximum water use criteria for certain plumbing fixtures installed in all new construction or any renovation. The standard has been implemented to achieve maximum efficiency of water use which the Commission may determine is technologically feasible and economically justified.

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- (a) Maximum permitted water usage levels shall be as follows:

<u>Plumbing Fixture</u>	<u>Maximum Water Use</u>
Water Closet	1.6 gallons/flush
Urinals	1.5 gallons/flush

- (b) The Company may exempt particular customers, or classes of customers, when it is determined that the water use standards for plumbing fixtures listed above are unreasonable, cannot be accommodated by existing technology or are otherwise inappropriate.

BILLING AND PAYMENT STANDARDS:

- (1) The Company shall render a bill once every billing period to every customer in accordance with approved rate schedules. . Bills rendered will show a due date of twenty (20) days after the date the bill is mailed for residential customers and fifteen (15) days after the date the bill is mailed for commercial/public authority, industrial, sales for resale, public fire and private fire customers, except as provided by law for governmental entities. Payment received by the Company more than five (5) days after the due date will be charged a penalty of 1.50%, and such penalty will be calculated monthly thereafter only on the overdue portion of the bill. In no event shall the penalty charged exceed 18% annually.
- (2) Except as provided in this section, the Company shall render bills based on actual meter readings by company personnel.
- (3) This Section shall not apply to customers billed on a seasonal basis in accordance with terms included in the tariff of the Utility.
- (4) The Company may estimate usage of service every other billing period, as long as the Company provides each customer with the opportunity to read the meter and report the quantity of usage in lieu of such estimated bill. The resulting bills shall be based on such information provided; except for an account where it is apparent that the information is clearly erroneous.
 - (i) Upon the request of the customer, the Company shall, at least annually, provide pre-addressed postcards on which the customer may note the reading. The Company shall provide additional pre-addressed postcards on request.
 - (ii) The Company may establish due dates by which such postcards must be received in order for a bill to be based upon the customer's or occupant's meter reading. If a customer's reading is not received by that due date, the Company may estimate the quantity of usage.
- (5) Limitation of Liability, because wastewater bills are based upon water usage, if a water company has estimated bills and if the customer or occupant during the period has consumed an amount of water in excess of his normal seasonal usage

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- because of a verified leak that could not reasonably have been detected or other unknown nonbeneficial loss of water, the customer shall not be liable for more than 150% of the average amount of water consumed for the corresponding period during the previous season.
- (6) The Company may estimate the bill of any customer if extreme weather conditions, emergencies, equipment failure, work stoppages or other circumstances prevent an actual meter reading.
 - (7) The Company may estimate the bill of any customer if Company personnel are unable to gain access to obtain an actual meter reading so long as:
 - (i) The Company has undertaken reasonable alternative measures to obtain a meter reading including, but not limited to, the provision of pre-addressed postcards upon which the customer may note the reading or telephone reporting of the reading, and
 - (ii) The Company, at least every six months, obtains an actual meter reading to verify the accuracy of the readings, either estimated or customer read.
 - (8) Notice. The utility shall inform new customers, and annually shall inform existing customers, of their rights under this section.
 - (9) Charges for other than basic service, such as meter testing fees and other special charges shall be billed separately.

DISCONTINUANCE OF SERVICE:

29. GENERAL

- (1) Any customer who is about to vacate any premises supplied with wastewater service, or who for any reason wishes to have service discontinued, shall give at least seven days notice to the Company and any non-customer occupant, specifying the date that service should be discontinued. In the absence of such notice, the customer shall be responsible for all services rendered.
- (2) In the event of discontinuance or termination of service at a residence or dwelling, the Company may transfer any unpaid balance to any new residential service account of the same customer.
- (3) When premises of Company water customers will be unoccupied temporarily, the customer shall notify the Company in writing, and the water will be turned off, the meter removed and all charges will cease from the date when water service is turned off. When the property is again occupied, the Customer shall notify the Company in writing, and the water will be turned on. No refund or allowance will be made for unoccupied property when written notice had not been given as provided above. No refund will be allowed for property unoccupied for a period less than one month. The customer will sign a new application for service before the water is turned back on.

- (4) In cases of vacancy of a customer's property, the customer must notify the Company in writing of such vacancy. The customer will become responsible for any damage to the property of the Company arising from loss through theft, freezing, water damage, injury to meter, or any other failure. The charge for damage to the Company's meter shall be the actual cost of replacement of the meter plus a reasonable fee for appropriate labor and overheads, as specified in the Company's tariffs.

30. INTERRUPTION AND DISCONTINUANCE OF SERVICE

- (A) The Company may temporarily interrupt service when and where necessary to effect repairs or maintenance, to eliminate an imminent threat to life, health, safety or substantial property damage, or for reasons of local, state or national emergency.
 - (1) Interruption with prior notice. When and where the Company knows in advance of the circumstances requiring the service interruption, prior notice of the cause and expected duration of the interruption shall be given to customers and occupants who may be affected.
 - (2) Interruption without prior notice. Where service must be interrupted due to unforeseen circumstances, notice of the cause and expected duration of the interruption shall be given as soon as possible, to customers and occupants who may be affected.
 - (3) Notification Procedures. Where customers and occupants are to be notified pursuant to this Section, the Company shall take all reasonable steps, such as personal contact, phone contact, and use of the mass media, to notify affected customers and occupants of the cause and expected duration of the interruption.
 - (4) Permissible duration. Service may be interrupted for only such periods of time as are necessary to protect the health and safety of the public, to protect property, or to remedy the situation which necessitated the interruption; and service shall be resumed as soon as practicable thereafter.
(5) The Company shall not be liable for any damage or inconvenience suffered by the customer, or for any claim for interruption in service, lessening of delivery capability, or any other cause. The Company may restrict or regulate the quantity of wastewater delivered by customers in case of excess flow or whenever the public welfare may require it.
- (B) The Company may discontinue service without prior written notice under the following circumstances:
 - (1) Customer's residence. When a customer requests a discontinuance at his residence, when the customer and members of his household are the only occupants.
 - (2) Other premises or dwellings:

- (i) When a customer requests discontinuance at a dwelling other than his residence; or at a single meter multi-family residence, whether or not his residence, but in either case, only under the following conditions:
 - (a) The customer states in writing that the premises are unoccupied and such statement shall be on a form conspicuously bearing notice that information provided by the customer will be relied upon by the Pennsylvania Public Utility Commission in administering a system of uniform service standards for public utilities, and that any false statements are punishable criminally; or
 - (b) The occupant(s) affected by the proposed cessation inform the Company orally or in writing of their consent to the discontinuation.
- (ii) Where the conditions set forth in subsection (i) of this paragraph have not been met, the customer will continue to be responsible for payment of utility bills until the Company terminates service.

(C) Liability for Damages:

- (1) Unless an interruption of service, property damage or any other inconvenience suffered by a customer is caused by the reckless and/or willful misconduct of the Company, the total liability of the Company to a customer or other person shall not exceed \$500, even if the Company's conduct would constitute ordinary negligence.
- (2) The Company shall have no liability for loss of service, property damage or any other inconvenience suffered by a customer due an "act of God" or any situation in which the action or inaction of the Company did not contribute to the harm.

TERMINATION OF SERVICE

31. GROUNDS FOR TERMINATION

- (A) Utility service to any dwelling may be terminated for one or more of the following reasons:
 - (1) Nonpayment of an undisputed delinquent account.
 - (2) Unreasonable refusal to permit access to meters, service connections and other property of the Utility, for the purpose of maintenance, repair or meter reading.
 - (3) Unauthorized interference with, or diversion or diversion or use of, the utility service delivered on or about the affected dwelling.

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- (4) Failure to comply with the material terms of a settlement or amortization agreement.
 - (5) Fraud or material misrepresentation of identity for the purpose of obtaining utility service.
 - (6) Tampering with meters or other utility equipment.
 - (7) Violating any tariff provisions on file with the Commission, so as to endanger the safety of any person or the integrity of the wastewater collection system of the Company.
 - (8) Water service shall be terminated for non-payment of wastewater services.
- (B) Except in emergencies, service shall not be terminated for nonpayment of charges, or for any other reason, during the following periods:
- (1) On Friday, Saturday or Sunday.
 - (2) On a bank holiday or on the day preceding a bank holiday.
 - (3) On a holiday observed by the Company or on the day preceding such holiday. A holiday observed by the Company shall mean any day on which the business office of the Company is closed to observe a legal holiday, to attend Company meetings or functions, or for any other reason.
 - (4) On a holiday observed by the Commission or on the day preceding such holiday.
- (C) Unless expressly and specifically authorized by the Commission, service shall not be terminated, nor will a termination notice be sent, for any of the following reasons:
- (1) Nonpayment for concurrent service of the same class received at a separate metering point.
 - (2) Nonpayment for a different class of service, received at the same or a different location. Service may be terminated however, when, under the Company's tariff, a change in classification is necessitated upon the completion of construction work previously billed at a different rate applicable during construction.
 - (3) Nonpayment, in whole or in part: for meter testing fees or the special charges that are not essential to delivery or metering of service.
 - (4) Nonpayment of bills for delinquent accounts of the prior customer at the same address.

- (5) Nonpayment of, or failure to restore, a deposit applied to a delinquent account which is based all or in part on a “make-up” bill for previously unbilled utility service, resulting from: utility billing error, meter failure, leakage that could not reasonably have been detected or loss of service not caused by the customer or occupant; or two or more consecutively estimated bills, if the “make-up” bill exceeds the otherwise normal, estimated bill of 50%. This section shall not prohibit termination where the Company reviews the bill with the customer and offers to enter into an amortization agreement which may, at the customer’s option, extend at least as long as the period during which the excess amount accrued; or at least as long as necessary so that the quantity of service billed in any one billing period will not be greater than the normal estimated quantity for such period plus 50%.
- (6) noncompliance with an amortization agreement prior to the due date of the bill which forms the basis of the agreement.
- (7) Nonpayment of charges for utility service furnished more than two years prior to the date the bill is rendered.
- (8) Nonpayment of residential service already furnished in the name or names of persons other than the customer, unless a court, district justice or administrative agency has determined that the customer is legally obligated to pay for the service previously furnished. This section shall not affect a Company’s creditor rights and remedies otherwise permitted by law.
- (8) Nonpayment of charges calculated on the basis of estimated billings, unless the estimated bill was required because Company personnel were unable to gain access to the affected premises to obtain an actual meter reading on two occasions and have made a reasonable effort to schedule a meter reading at a time convenient to the customer or occupant.
- (10) Nonpayment of delinquent accounts which occurred over two billing period or more; which remain unpaid in whole or in part for six months; and which amount to a total delinquency of less than \$25.

32. NOTICE PROCEDURES PRIOR TO TERMINATION

- (1) Company will comply with all current termination procedures as established by Pennsylvania law or regulations. The Company at its discretion may use a less stringent termination procedure if they believe it to be in the best interest of the Company and the Customer..
- (2) A utility shall not mail or deliver a notice of termination if a notice of dispute has been filed and is unresolved, and if the subject matter of the dispute forms the grounds for the proposed termination. Any notice mailed or delivered in contravention of this section shall be void.
- (3) Except when authorized by Section 30 - Grounds for Termination, the Company shall not interrupt, discontinue or terminate service without personally contacting the customer or a responsible adult occupant at least three days prior to such interruption, discontinuance or termination, in addition to providing such other

notice as specified by the Company's properly filed tariff or as required by Commission directive. For purposes of this section personal contact shall mean:

- (a) Contacting the customer or responsible adult occupant in person or by telephone; or
 - (b) Contacting another person whom the customer has designated to receive a copy of any notice of termination, other than a member or employee of the Commission; or
 - (c) If the customer has not made the designation noted in paragraph (b) of this section, contacting a community interest group or other entity, including a local police department, which previously shall have agreed to receive copy of the notice of termination and to attempt to contact the customer; or
 - (d) If the customer has not made the designation noted in paragraph (b) of this section, and there is no community interest group or other entity which previously has agreed to receive a copy of the notice of termination, contacting the Commission in writing.
 - (e) Termination, prohibited. If evidence is presented which indicates that payment has been made, a serious illness or medical condition exists, or a dispute or complaint is properly pending; or, if the employee is authorized to receive payment and payment in full is tendered in any reasonable manner, termination shall not occur.
 - (f) Methods of payment. Payment in any reasonable manner includes payment by personal check, unless the customer within the past year has tendered a check which has been returned for insufficient funds or for which payment has been stopped, or cash, money order, or credit card.
- (5) If no prior contact has been made, then the employee shall not terminate service but shall conspicuously post a termination notice at the customer's residence and the affected premises advising that service will be discontinued not less than 48 hours from the time and date of posting.
- (6) When service is actually terminated, notice or a written statement which contains the address and telephone number of the Company where the customer or occupant may arrange to have service restored as well as a "medical emergency notice" form shall be conspicuously posted, or delivered to a responsible person at the customer's residence and at the affected premises.

33. PROCEDURES UPON CUSTOMER OR OCCUPANT PRIOR TO TERMINATION:

- (A) If at any time after the issuance of the initial termination notice and prior to the actual termination of service, a customer or occupant contacts the Company concerning a proposed termination, an authorized Company employee shall fully explain:
 - (1) The reasons for the proposed termination;

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- (2) All available methods for avoiding a termination, including:
 - (i) tendering payment in full or otherwise eliminating the grounds for termination, and;
 - (ii) entering into a settlement or amortization agreement;
 - (3) The customer's right to file a dispute with the utility, and, thereafter, an informal complaint with the Commission;
 - (4) The procedures for resolving disputes and informal complaints, including address and telephone number of the utility and of the nearest regional Commission office;
 - (5) The customer's duty to pay any portion of a bill which he does not honestly dispute; and
 - (6) The medical emergency procedures.
- (B) The Utility, through its employees, shall exercise good faith and fair judgment in attempting to enter a reasonable settlement or amortization agreement, or otherwise equitably resolve the matter. Factors to be taken into account when attempting to enter into a reasonable settlement or amortization agreement shall include, but not be limited to, the size of the unpaid balance, the customer's ability to pay, the customer's payment history and the length of time over which the bill accumulated.

34. USE OF TERMINATION NOTICE SOLELY AS COLLECTION DEVICE PROHIBITED.

The Company shall not threaten to terminate service when it has no present intent to terminate service or when actual termination is prohibited under this tariff; notice of the intent to terminate shall be used only as a warning that service will in fact be terminated in accordance with the procedures set forth by this tariff unless the customer or occupant remedies the situation which gave rise to the Company's enforcement efforts.

CUSTOMER DEPOSITS:

35. GENERAL - The Company may require an existing customer to post a deposit only under the following circumstances:
- (1) Delinquent accounts. Whenever a customer has been delinquent, as hereinabove defined, in the payment of any two consecutive bills, or three or more bills within the preceding 12 months.
 - (i) Prior to requesting a deposit under this paragraph, the Company shall give the customer written notification of its intent to request a cash deposit if current and future bills continue to be paid after the due date.

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- (A) Notification shall clearly indicate that a deposit is not required at this time, but if bills continue to be paid after the due date then a deposit will be required.
 - (B) Notification may be mailed or delivered to the customer together with a bill for utility service.
 - (C) Notification shall set forth the address and phone number of the Company office where complaints or questions may be registered.
 - (D) A subsequent request for deposit shall clearly indicate that a customer should register any question or complaint about that matter prior to the date the deposit is due. The request shall also include the address and telephone number of the Company office where questions or complaints may be registered.
 - (ii) Except in the case of adjustment to equal monthly billing plans, the Company may issue a notification or subsequent request for a deposit based in whole or in part on a delinquent account arising out of a “make-up” bill for previously unbilled error; meter failure; leakage that could not reasonably have been detected or loss of service; or two or more consecutively estimated bills, under the following conditions:
 - (E) Where a “make-up” bill exceeds the otherwise normal estimated bill by at least 50%, the Company shall review the bill with the customer and make a reasonable attempt to enter into an amortization agreement.
 - (i) The period of the amortization agreement may, at the customer’s option, extend at least as long as the period during which the excess amount accrued or at least as long as necessary so that the quantity of service billed in any one billing period is not greater than the normal estimated quantity for such period plus 50%.
 - (ii) Compliance with an amortization agreement discharges the delinquency and a notification or request for deposit shall not thereafter be issued based on the “make-up” bill.
 - (F) Where a “make-up” bill exceeds the otherwise normal estimated bill by at least 50%, and the customer makes payment in full after the bill is delinquent but before a notification or request for deposit shall not thereafter be issued based on the “make-up” bill.
- (2) Condition for the reconnection of service. The Company may require a deposit as a condition for the reconnection of service following a termination.
 - (3) Failure to comply with settlement or amortization agreement. The Company may require a deposit, whether or not service has been terminated, when a customer

fails to comply with a material term or condition of a settlement or amortization agreement.

- (4) Payment period for deposits. The due date for payment of a deposit other than a deposit required as a condition for the reconnection of service under A-2 above, shall not be less than 21 days from the date of the amount due. An applicant may elect to pay any required deposits in three installments: 50% payable upon the determination by the Utility that the deposit is required, 25% payable thirty days after such determination, and 25% payable 60 days after such determination.
- (5) Whenever a customer is required to make a deposit the requirement may be required either by posting a cash deposit or becoming a member in good standing of a composite group.

36. CASH DEPOSITS:

(A) Amount -

- (1) Applicants. The Company shall not require a cash deposit from an applicant in excess of the applicant's average estimated bill for a period equal to one billing period plus one additional month's service, not to exceed four months.
- (2) Existing customers. For an existing customers, the cash deposit shall not exceed the estimated charges for service based on that customer's prior consumption for the class of service involved for a period equal to one average billing period plus one average month, not to exceed four months.

Application of Deposit:

- (1) Where a customer has paid a deposit but has failed to pay an undisputed bill, or portion of an undisputed bill, immediately prior to the termination of service to that customer, the Company shall apply that customer's deposit insofar as it is necessary to satisfy such bill and to avoid termination, and may require that the deposit be restored to its original amount. The Utility shall mail or deliver a statement showing the amount of the original cash deposit, accrued interest, the amount of any unpaid bills satisfied, and balances remaining. Said statement may be included in a termination notice.

Refund of Deposit:

- (1) Interest at the rate determined by the PUC shall be paid at the rate governed by 52 Pa Code Chapter 56.
- (2) Termination or discontinuance of service. Upon termination or discontinuance of service, the Company shall promptly apply the customer's deposit, including accrued interest, to any outstanding balance for utility service and refund the remainder to the customer.

- (3) Prompt payment of bills. After a customer has paid bills for service for 12 consecutive months without having service termination and without having paid his bill subsequent to the due date or other permissible period as stated in this tariff on more than two occasions, the utility shall refund the cash deposit, plus accrued interest, so long as the customer currently is not delinquent.

TEMPORARY SERVICE:

37. Temporary service for short-term use of 12 months or less. The Company will require the customer to pay all costs in advance for making the service connection and removing the service equipment after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. However, if such equipment is removed within four years, the customer shall be credited with the reasonable salvage which the Company will receive on discontinuance of service.
38. Where the customer is temporary he shall make application for service and advance an amount equal to an estimated gross bill for any single billing period plus one month. The customer shall pay for wastewater at the Company's metered rates and upon discontinuance of service the Company shall refund the deposit, less any wastewater charges unpaid.
39. The Company reserves the right to refuse temporary service between October 15 and April 15 to prevent freezing of lines and meters.
40. Bills for temporary wastewater service are payable and due after service is rendered and upon presentation.

EMERGENCY PROVISIONS:

The Company shall not terminate, or refuse to restore, service to any premises when any occupant therein is certified by a physician to be seriously ill or affected with a medical condition which will be aggravated by a cessation of service or failure to restore service. Procedures set forth in 52 Pa. Code § 56.111 through 56.118 will be followed. Whenever service is restored or termination postponed pursuant to the medical emergency procedures, the customer shall retain a duty to equitably arrange to make payment on all bills.

42. TERMINATION AT ANY PREMISES OTHER THAN THE CUSTOMER RESIDENCE :

- (1) Prior to termination of service, the Company shall notify the landlord customer of the proposed termination, in writing, by mail or hand delivery, at least 37 days before the date of termination. Said notice shall also request the names and addresses of affected tenants.
- (2) Notify each dwelling until reasonably likely to be occupied by an affected tenant of the proposed termination, in writing, by first class mail or otherwise hand delivered, making two separate attempts at personal service, at least seven days after notice to the landlord customer and at least 30 days before the termination of service.

- (3) Notify each dwelling unit reasonable likely to be occupied by an affected tenant of the proposed termination, in writing, by first class mail or otherwise hand delivery, making two separate attempts at personal service, at least ten days before the termination of service.
- (4) Notify the following agencies which serve the community in which the affected premises are located, in writing, at the time of delivery of notice to the tenants, of the proposed termination not less than ten days before the proposed termination of service.
- (i) The Department of Licenses and Inspections of any city of the first class.
 - (ii) The Department of Public Safety of any city of the second class or third class.
 - (iii) The City or county Public Health Department or, in the event that such a department does not exist, the State Department of Health office responsible for that county.
- (5) Landlord Customer's Notice contents as required by paragraph (1) above.
- (i) The reason(s) for the proposed termination.
 - (ii) The date on or after which service will be terminated.
 - (iii) The date on or after which the company will notify tenants of the proposed termination and their rights.
 - (iv) The right of the landlord customer to stay the notification of tenants by filing a complaint with the Commission disputing the right of the utility to terminate service.
- (6) Tenants' Notice contents as required by paragraph (2) and (3) above.
- (i) The date on which the notice is rendered.
 - (ii) The date on or after which service will be terminated.
 - (iii) The circumstances under which service to the affected tenants may be continued.
 - (iv) The bill for the thirty-day period preceding the notice to the tenants.
 - (v) The statutory rights of a tenant to:
 - (a) Deduct the amount of any direct payment to the utility from any rent payments then or thereafter due.

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- (b) Protection against any retaliation by the landlord for exercising such statutory right.
- (c) Recover money damages from the landlord for any such retaliation.
 - (vi) That tenants may make payment to the utility on account of non-payment of charges by the landlord customer only by check or money order drawn by the tenant to the order of the utility.
 - (vii) A telephone number at the utility and at the Commission which a tenant may call for an explanation of his/her rights.

THIRD PARTY NOTIFICATION:

43. The Company shall permit its customers to designate a consenting individual or agency which is to be sent, by the Company, a duplicate copy of all reminder notices, past due notices, delinquent account notices or termination notices of whatever kind issued by the Company. When contact with a third party is made, the Company shall advise the third party of the pending action and the efforts which must be taken to avoid termination. The Company shall institute and maintain a program:
- (1) To allow customers to designate third parties to receive copies of a customer's or group of customers' notices of termination of service:
 - (2) To advise customers of the availability of such a third party notification program and to encourage their use thereof; and
 - (3) To solicit community groups and police to accept third party notices in order to assist in preventing unnecessary terminations and protecting the public health and safety.

DISPUTES; TERMINATION DISPUTE; INFORMAL AND FORMAL COMPLAINTS:

44. Any notice of dispute, including termination disputes, shall proceed in the first instance, according to the provisions set forth in Chapter 56 of Title 52 of the Pennsylvania Code (regarding "Disputes").

RESTORATION OF SERVICE:

45. When service to a dwelling has been terminated, the Company shall reconnect service by the end of the first full working day after receiving:
- (1) Full payment of any outstanding charges plus a reasonable reconnection fee as specified in the Company's tariff or that which may be the subject of an amortization agreement; or

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- (2) Payment of all amounts currently due according to a settlement or amortization agreement, plus a reasonable reconnection fee which may be a part of the settlement or amortization agreement; or
- (3) Adequate assurances that any unauthorized use or practice will cease, plus full payment of the Company's reasonable reconnection fee which may be subject to an amortization agreement; and
- (4) Compliance or adequate assurance of compliance with any applicable provision for the establishment of credit, posting of deposits or guarantees.

PERSONNEL AVAILABLE TO RESTORE SERVICE:

46. The Company shall have adequate personnel available to restore service when required under these Rules and Regulations.

MISCELLANEOUS:

47. Water shall not be turned on to any customer's premises by any person who is not an agent of the Company, except temporarily by a plumber, with Company approval, to enable him to test his work, provided it shall be turned off immediately after the test is made.
48. The authorized agents of the Company shall have the right of access, at all reasonable hours, to the premises supplied with water and wastewater services for the purpose of reading meters, examining pipes and fixtures, observing manner of using water, and for any other purpose which is proper and necessary in the conduct of the Company's business. Such agents shall carry proper credentials evidencing their employment by the Company.
49. The Pennsylvania Public Utility Commission requires the Company to obtain an actual reading on each of its meters at least once a year. Appointments to gain internal access to customers' premises will be scheduled by the Company. Appointments made during normal business hours or for other than normal business hours will be honored without charge to the customer.
50. No customer shall open or close any of the Company's valves in any public or private line.
51. No agent or employee of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules and regulations.
52. The Company reserves the right to alter or amend these rules and regulations in the manner provided by law.

Wastewater Control Regulations

1. General:

- (a) No storm water from pavements, area ways, roof runoff water, foundation drains, floor drains, subsurface drains, water from springs, cooling water, basement sump pumps, unpolluted industrial or commercial process water or other sources shall be admitted to the Company mains.
- (b) The discharge of garbage to the sewer system is expressly prohibited. Properly shredded garbage may be discharged into the sewer system when expressly authorized by the Company.
- (c) This does not exclude or preclude pump-out of manholes by a utility company or of manholes on plant premises which should be kept in dry or reasonably dry conditions.
- (d) All service lines, connections and fixtures furnished by the customer shall be maintained by the customer in good working order. All valves, meters and appliances furnished by the Company and on property owned or leased by the customer shall be protected properly by the customer.
- (e) The Company may refuse to connect with any piping system or furnish wastewater collection, treatment and/or disposal through an existing service line if such system or line is not properly installed or maintained.
- (f) The discharge of any prohibited substance listed in the Wastewater Control Regulations of this tariff into the Company wastewater collection system is prohibited and can result in termination of service.

2. Discharges: No person shall cause or permit to be discharged into the Company's wastewater system any toxic substances or wastes having any of the following characteristics:

- (a) Wastes containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which by reason of their nature or quality may cause fire or explosion or be in any other way injurious to persons, the structures of the wastewater system or its operation.
- (b) Wastes having a temperature in excess of 120 degrees F. or less than 20 degrees F.
- (c) Washes having a pH lower than 6.0 or higher than 9.0 and/or having any corrosive property capable of causing damage or hazards to structures, equipment or personnel of the wastewater system. Wastes containing any noxious or malodorous gas or substance that either singly or by interaction with sewage or other wastes is likely in the opinion of the Company to create a public nuisance or hazard to life or prevent entry to sewers for their maintenance and repair.
- (d) Wastes containing ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, hair, chemical or paint residues, greases, paunch, manure, cotton, wool, plastic or other fibers, lime, slurry or any other solid or viscous materials of such character or in such quantity as in the opinion of the Company may cause an obstruction to the flow in sewers or otherwise interfere with the proper operation of the sewer system.

- (e) Wastes containing insoluble, non-flocculent substances having a specific gravity in excess of 2.65.
- (f) Wastes containing soluble substances in such concentration as to cause the specific gravity to be greater than 1.1.
- (g) Wastes containing any of the following substances in concentration exceeding those shown in the following table as measures by an acceptable method:

<u>Substance</u>	<u>Maximum Permissible Concentration</u>
Phenolic Compounds, e.g.,	
As C6H5OH	1.00 mg/1
Cyanides as CN	0.00 “
Cyanates as CNO	0.00 “
C.B.O.D. (5 day)	300.00 “
Iron as Fe	3.00 “
Trivalent Chromium as CR plus three	0.05 “
Hexavalent Chromium as CR plus six	0.05 “
Nickel as Ni	0.05 “
Copper as Cu	0.50 “
Lead as Pb	0.50 “
Zinc as Zn	0.50 “
Mercury as Hg	0.00 “

- (i) Wastes containing other matter detrimental to the operation of a sewage treatment plant or sanitary sewer causing erosion, corrosion or deterioration in sewers, equipment and structures of a sanitary or sewage treatment plant.
- (j) Wastes containing more than 100 mg/l by weight of tar, fat, oil or grease.
- (k) Wastes containing more than 10 mg/l of any of the following gases: hydrogen sulfide, sulfur dioxide, nitrous oxide, or any of the halogens.
- (l) Wastes containing a toxic or poisonous substance, in a sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals or create any hazard in the sewerage are system operation and such toxic wastes shall include, but not be limited to wastes containing cyanide, chromium and/or copper ions.
- (m) Any waste containing a toxic substance or substances in quantities sufficient to interfere with the biochemical processes of the sewage treatment works or that will pass through the sewerage treatment works and exceed the state and/or federal requirements in respect thereof.
- (n) Any waste containing radioactive isotopes.

3. Sampling and Analysis:

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- (a) All measurements, tests and analyses of the characteristics of waters and wastes to which reference is made in these rules may be determined in accordance with the latest edition of “Standard Methods for the Examination of Water and Wastewater” as prepared, approved and published jointly by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation or other reference sources specified by regulatory agency requirements, such as “Methods for Chemical Analysis of Water and Wastes,” U.S.E.P.A. 1974 or its subsequent updated version.
 - (b) All measurements, tests, inspections and analyses deemed by the Company to be necessary under this Section or any other part of the Rules and Regulations of the Company, shall be done by the Company or its agents, employees or contractors. If the measurements, tests, inspections and/or analyses determine that a customer has created a situation which is in violation of any statute, ordinance, rule or regulation, then the customer shall be required to pay all costs incurred in order to measure, test, inspect, analyze and remedy the situation. Otherwise, the costs involved are to be borne by the Company. Costs assessed against a Customer pursuant to this Section shall be in addition to any other fees or charges by the Company. The costs shall be payable within 30 days of presentation of a bill for such costs by the Company to the Customer(s).
 - (c) Where the Company deems it advisable, it may require any person discharging wastes to install and maintain, at his or her own expense, in a manner approved by the Company or its representative, a suitable device to continuously measure and record the pH of the wastes so discharged.
4. **Disposal of Wastes From Septic Tanks and Cesspools:** No person shall dispose of wastes from septic tanks, cesspools, or other such sources of sanitary sewage to the Company’s wastewater system, except as designated by the Company.
 5. **Penalties:** The Company reserves the right to deny wastewater service for violation of any provision of these regulations, subject to PUC rules and regulations.
 6. **Damage to System and Indemnification:** In the event of any damage to the Company’s wastewater system caused by a customer, such damage shall be immediately reported to the Company and said customer shall reimburse Company for the costs of such repairs.

Industrial and Commercial Service Limitations

1. **Monitoring Manhole:** All new industrial and commercial customers shall install, as part of their service line, a manhole for the purpose of monitoring any waste stream generated at the site and entering the Company’s collection system. The manhole will be constructed according to Company specifications and in a manner that insures accessibility at all times.
2. **Pretreatment:** All industrial and commercial waste proposed for discharge into the sewer system shall be studied to determine the degree of pretreatment, if any, necessary in order that the waste will not adversely affect the system or the sewage treatment facilities. The Company will have the authority to properly control any waste discharge into its sewage system by regulating the rate of any waste discharge into its sewer system, by requiring necessary pretreatment, and by

excluding certain waste, if necessary, to protect the integrity of the Company's system.

3. Customer Limitations: Customers specifically agree that service applies exclusively for domestic/household sewage. If any Customer discharges industrial or commercial waste that:

- The existing wastewater treatment plant is unable to satisfactorily treat; or,
- Is not in compliance with discharge permit standards, or,
- Disrupts the normal functioning of the existing wastewater treatment plant; or,
- Is more costly to treat than typical domestic wastewater; or,
- Requires the utilization of more wastewater treatment plant capacity per gallon of effluent than that required by average typical domestic wastewater,

then the customer shall provide, at the customer's own expense, such primary treatment as may be necessary before such waste is discharged into the Company mains. No commercial or industrial waste, whether pretreated or not, may be discharged without prior written authorization from the Company.

4. Company Limitations: The Company will not be liable nor bound to increase wastewater treatment plant operations to accommodate industrial or commercial waste.

5. Specific dangers: In general, any waste will be considered harmful to the Company wastewater system if it may cause any of the following damaging effects:

- (a) chemical reaction either directly or indirectly with the materials of construction of the system in such a manner as to impair the strength or durability of the sewerage structures;
- (b) mechanical action that will destroy the sewerage structures;
- (c) restriction of the hydraulic capacity of the sewerage structure;
- (d) restriction of the normal inspection or maintenance of the sewerage structures;
- (e) danger to public health and safety;
- (f) obnoxious condition contrary to public interest; or
- (g) chemical or biological reaction which overloads the capability of the treatment plant.

Industrial Waste Code

WHEREAS, Veolia Water Pennsylvania Inc. must insure sound and safe operation of the wastewater treatment plants and sewer collection system; and

WHEREAS, the Federal Clean Water Act (the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C 1251, et. seq. as amended by the Clean Water Act of 1977, Pub. L95-217) requires that the Utility prevent the introduction of pollutants into its wastewater system which will interfere with the operation of the system or contaminate the resulting sludge; and

WHEREAS, the Federal Clean Water Act requires that the Utility prevent the introduction of pollutants into its wastewater system which will pass through the system, inadequately treated, into receiving waters of the atmosphere or otherwise be incompatible with the system.

NOW THEREFORE, Veolia Water Pennsylvania Inc. promulgates these Wastewater Control Regulations to enhance the quality of life and to promote the health and general welfare of the citizens of Pennsylvania.

Section 1. Title. This Rule shall be known as the Industrial Waste Code of Veolia Water Pennsylvania Inc. of Harrisburg, Pennsylvania.

Section 2. Purposes.

The purpose of these regulations are:

- (a) To set forth uniform requirements for direct and indirect contributors to the wastewater collection and treatment system owned and operated by VeoliaWater Pennsylvania Inc. (“VWPA”) and to enable it to comply with all applicable state and federal laws required by the Clean Water Act of 1977, as amended, and the General Pretreatment Regulations (40 CFR Part 403).
- (b) To prevent the introduction of pollutants into VWPA’s wastewater system which will:
 - (1) interfere with the operation of the system;
 - (2) contaminate the resulting sludge;
 - (3) cause the wastewater system to violate its NPDES discharge permits;
 - (4) pass through the system, inadequately treated, into receiving waters or the atmosphere;
 - (5) be otherwise incompatible with the system.

Section 3. Definitions.

- (a) **B.O.D.** “BOD” (denoting biochemical oxygen demand) shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter by Standard Methods Procedure in five days at twenty degrees centigrade expressed in milligrams per liter (mg/l).
- (b) **C.O.D.** “COD” (denoting chemical oxygen demand) is a measure of the oxygen-consuming capacity of organic and inorganic matter present in wastewater as milligrams per liter (mg/l), by Standard Methods Procedure.
- (c) **Normal Domestic Wastewater:** “Normal Domestic Wastewater” shall mean the liquid and water-carried wastes normally discharged from the sanitary systems of buildings (including apartment houses and hotels), office buildings, factories and institutions free from storm water, surface water and industrial wastes. Normal domestic wastewater shall mean “normal” for facilities of Veolia Water Pennsylvania.
- (d) **Garbage:** “Garbage” shall mean solid wastes from the preparation, cooking and dispensing of food, and from the handling, storing and sale of produce.
- (e) **Industrial Liquid Wastes:** “Industrial Liquid Wastes” shall mean all water-carried solids, liquids or gaseous wastes resulting from any industrial, manufacturing or food processing operation or process, or from the development of any natural resource, or any mixture of these with water or domestic sewage as distinct from normal domestic sewage. Industrial manufacturing processes shall include, but are not limited to: ordinance and accessories; food and allied products; tobacco manufacturers, textile mill products; apparel and other finished products made from fabrics and similar materials; lumber and wood products except furniture; furniture and fixtures; printing, publishing, and allied industries; chemicals and allied products; petroleum refining and related industries; rubber and miscellaneous plastics products; leather and leather products; stone, clay, glass and concrete products; primary metal industries; fabricated metal products, except ordinance, machinery and transportation equipment; machinery, except electrical; electrical machinery, equipment and supplies; transportation equipment; professional, scientific and controlling instruments; photographic and optical goods; watches and clocks; miscellaneous manufacturing industries.
- (f) **Interference With Any Wastewater Facility:** “Interference With Any Wastewater Treatment Process” shall mean any condition or combination of conditions which cause the inhibition, disruption or degradation of the operational efficiency of a wastewater facility and may contribute to a violation of any requirements of VVPA’s NPDES permits.

- (g) **Trap:** “Trap” is a device for retaining sand, silt, grit, mineral material, petroleum solvent, grease or oil by gravity-differential separation from wastewater and of a design and capacity approved by Veolia Water Pennsylvania Inc.
- (h) **Pass through:** A discharge which exits the wastewater treatment plant to the receiving stream or its atmosphere in quantities or concentrations which alone or in conjunction with other discharges is a cause of a violation of any requirement of VVPA’s NPDES permit or violation of any air emission standard set by the Clean Air Act, State or local rules and regulations governing emissions to the air (including an increase in the magnitude or duration of a violation).
- (i) **Person:** Any individual, partnership, copartnership, firm, company, corporation, association, joint stock company, trust, estate, governmental entity or any other legal entity, or their legal representatives, agents or assigns.
- (j) **pH:** “pH” shall mean the logarithm (base 10) of the reciprocal of the hydrogen ion concentration of a solution.
- (k) **Pollutant:** Any dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical wastes, biological materials, radioactive materials, heat, wrecked or discharged equipment, rock, sand, cellar dirt, industrial, municipal, and agricultural waste or any other contaminant discharge into water.
- (l) **Pretreatment:** The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into the sewage collection system. The reduction, elimination or alteration can be obtained by physical, chemical or biological processes, process changes, or other means, except as prohibited by 40 CFR Section 403.6(d).
- (m) **Public Sewer:** “Public Sewer” shall mean a sewer in which all owners of abutting properties shall have equal rights, and is controlled by public authority.
- (n) **Sanitary Sewer:** “Sanitary Sewer” shall mean the public sewer portion of a wastewater facility which transports wastewater and to which storm, surface and ground water are not intentionally admitted.
- (o) **Suspended Solids:** “Suspended Solids” means those solids which remain in solution during a preselected period of time as expressed in milligrams per liter of sample.

- (p) **Standard Methods:** “Standard Methods” shall mean the laboratory procedures set forth in the latest edition, at the time of analysis, of “Standard Methods for the Examination of Water and Wastewater” as prepared, approved and published jointly by the “American Public Health Association,” “American Water Works Association,” and the “Water Pollution Control Federation.”
- (q) **Storm Sewer:** “Storm Sewer” shall mean a sewer which carries storm and surface waters and drainage, but excludes wastewater and polluted industrial wastes.
- (r) **Toxic Pollutant:** “Toxic pollutant” means water contaminant or combination of water contaminants in concentration(s) which, upon exposure, ingestion, or assimilation either directly from the environment or indirectly by ingestion through food chains, will unreasonably threaten to injure human health, or the health of animals or plants which are commonly hatched, bred, cultivated or protected for use by man for food or economic benefit. As used in this definition injuries to health include death, histopathologic change, clinical symptoms of disease, behavioral abnormalities, genetic mutation, physiological malfunctions or physical deformations in such organisms or their offspring. In order to be considered a toxic pollutant, a contaminant must be one or a combination of the potential toxic pollutants referred to in Section 5(f) of this Rule and be at a concentration shown by scientific information currently available to the public to have potential for causing one or more of the effects listed above.
- (s) **Unpolluted Process Water:** “Unpolluted Process Water” shall mean any water or waste containing none of the following: Free or emulsified grease or oil; acid or alkali, phenols or other substances in suspension, colloidal state or solution, and noxious or odorous gases.
- (t) **Wastewater:** “Wastewater” shall mean the used water of a community. Such used water may be a combination of the liquid and solid water-carried wastes from residences, commercial buildings, industrial plants and institutions.
- (u) **Wastewater Facilities:** “Wastewater Facilities” shall mean the structures, equipment and processes required to collect, transport and treat domestic and industrial wastes and dispose of the effluent.
- (v) **Wastewater Treatment Works:** “Wastewater Treatment Works” shall mean an arrangement of devices and structures for treating wastewater, industrial wastes and sludge; sometimes used as synonyms for waste treatment plant or wastewater treatment plant.

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Section 4. No person shall discharge or cause to be discharged any storm water, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or unpolluted industrial process waters to any sanitary sewer.

Section 5. No person shall discharge or cause to be discharged any of the following described liquids or wastes to any public sewers:

- (a) any gasoline, benzene, naphtha, fuel oil or other flammable or explosive liquid, solid or gas.
- (b) any waters or wastes containing toxic or poisonous solids, liquids or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with or pass through any wastewater facility, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the wastewater treatment works, including but not limited to cyanides in excess of two (2) mg/l as CN in the wastes as discharged to the public sewer.
- (c) any persistent pesticides or herbicides, such as dieldrin, aldrin, chlordane, endrin, heptachlor, toxaphene, lindane, and BAC, or other toxic refractory organic chemicals.
- (d) any waters or wastes having a pH lower than 5.5 or having any other corrosive property capable of causing damage or hazard to structures, equipment and personnel of the wastewater facility.
- (e) solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the wastewater facility such as, but not limited to, ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feather, tar, plastics, wood, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk, containers, etc., either whole or ground by garbage grinders.
- (f) any liquid or wastes from nonresidential point source discharges to Veolia Water Pennsylvania's sewerage system that will cause the Company to fail any toxicity tests or priority pollutant scans as defined and required by SWPA's NPDES discharge permits.

Section 6. No person shall discharge or cause to be discharged the following described substances, materials, waters or wastes if it appears likely in the opinion of Veolia Water Pennsylvania Inc. that such wastes can harm the wastewater facility or equipment, have an adverse effect on the receiving stream, or can otherwise endanger life, limb, public property, or constitute a nuisance. In forming an opinion as to the acceptability of these wastes, Veolia Water Pennsylvania Inc. will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature and capacity of the wastewater facility, degree of treatability of wastes in the wastewater treatment works and other pertinent factors. The substances which must be considered include, but are not limited to, the following:

- (a) any liquid or vapor having a temperature higher than one hundred fifty (150)°F (65°C) at the service connection to the system.
- (b) any water or waste containing fats, grease, wax or oils, whether emulsified or not, in excess of one hundred (100) mg/l or containing substances which may solidify or become viscous at temperatures between thirty-two (32)°F and one hundred fifty (150)°F, (0° and 65°C).
- (c) any garbage that has not been properly shredded. The installation and operation of any garbage grinder larger than those normally manufactured and sold for residential and noncommercial use will not be installed without specific review and approval by Veolia Water Pennsylvania Inc.
- (d) any whole blood, paunch manure, hair, fleshings or entrails.
- (e) any waters or wastes containing strong acid, iron pickling, wastes, or concentrated plating solutions cannot be discharged to the wastewater facility unless neutralized and approved by Veolia Water Pennsylvania Inc. for discharge.
- (f) any waters or wastes containing reducing substances of an organic or inorganic nature, toxic or nontoxic, which exert an immediate chlorine demand cannot be discharged into the wastewater facility if discharge of such agents will prevent the achievement of an adequate chlorine residual in the effluent of the wastewater treatment works.
- (g) any waters or wastes containing phenols or other taste or odor producing substances, in concentration exceeding limits established by Veolia Water Pennsylvania Inc., after treatment of the composite sewage, to meet the requirements for such discharge to the receiving waters.
- (h) any radioactive wastes or isotopes of such half-life or concentrations as may exceed limits established by Veolia Water Pennsylvania Inc., in compliance with applicable State and Federal regulations.
- (i) any waters or wastes having a pH in excess of 9.5.
- (j) materials which exert or cause:
 - (1) unusual concentrations of inert suspended solids (such as, but not limited to, Fullers earth, lime slurries and lime residues) or of dissolved solids (such as, but not limited to, sodium chloride and sodium sulfate).

- (2) excessive discoloration (such as, but limited to, dye wastes and vegetable tanning solutions).
 - (3) unusual chemical oxygen demand, or biochemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the wastewater treatment works.
 - (4) slugs or shocks constituting an unusual volume of flow or concentration of wastes which will disturb the normal functioning of the sewer treatment works.
- (k) waters or wastes containing substances which are not amenable to treatment or reduction by the wastewater treatment works employed, or are amenable to treatment only to such degree that the effluent cannot meet the requirements of agencies having jurisdiction over discharge to the receiving waters.
- (l) any waters or waste discharges that collectively with other discharges contain concentrations of metal which cause the treated effluent discharge from the Veolia Water Pennsylvania Inc. Wastewater Treatment Plants to exceed the values listed below:

arsenic	0.05 mg/l
barium	1.00 mg/l
boron	0.75 mg/l
cadmium	0.01 mg/l
chromium (total)	0.01 mg/l
copper	0.01 mg/l
lead	0.05 mg/l
manganese	0.10 mg/l
mercury	0.001mg/l
molybdenum	0.01 mg/l
nickel	0.10 mg/l
selenium	0.01 mg/l
silver	0.05 mg/l
zinc	0.50 mg/l

- a. The concentration of metals specified in this Rule must not be interpreted to mean that only dilution of metal wastes constitutes an acceptable manner of disposal.
- b. The dilution of the water or wastes of any nonresidential point source which would reduce the concentration of any of the aforesaid metals in the waters or waste discharges does not constitute a manner of disposal which is acceptable.

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- c. If the Federal Environmental Protection Agency develops heavy metal limitations for a discharger into a publicly owned treatment works, the limitations established for this subsection shall correspond to the revised Environmental Protection Agency heavy metal limitation.

Section 7. If any water or wastes are discharged, or are proposed to be discharged to the public sewer and said waters or wastes contain substances or possess characteristics which, in the judgement of Veolia Water Pennsylvania Inc., may have a deleterious effect upon the wastewater facilities, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, Veolia Water Pennsylvania Inc., may:

- (a) reject the wastes,
- (b) require pretreatment to an acceptable condition for discharge to the public sewer, or,
- (c) require control over the quantities and rates of discharge into the sewage system.

If Veolia Water Pennsylvania Inc. permits the pretreatment or equalization of waste flows, the design and installation of the plants and equipment shall be subject to the review and approval of Veolia Water Pennsylvania Inc., and subject to the requirements of all applicable codes, ordinances and laws.

Section 8. Testing of an industrial waste may be performed twice a year or when found necessary by Veolia Water Pennsylvania Inc. The person discharging the waste shall be liable for payment of all costs arising from the testing of the industrial waste.

Section 9. Grease, oil and sand traps shall be provided when, in the opinion of Veolia Water Pennsylvania Inc., they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand, or other harmful ingredients; except that such traps shall not be required for private living quarters or dwelling units. All traps shall be of a type and capacity approved by Veolia Water Pennsylvania Inc. and shall be located as to be readily and easily accessible for cleaning and inspection. Grease and oil traps shall be installed in all new filling stations, garages, restaurants and other new facilities wherein heavy discharge of grease and oil is to be expected.

Section 10. Where preliminary treatment or flow-equalizing facilities are provided for any industrial liquid wastes, they shall be maintained continuously in satisfactory and effective operating condition by the owner at his expense.

Section 11. When required by Veolia Water Pennsylvania Inc., the owner of property serviced by a building and discharging industrial liquid wastes shall install a suitable control manhole together with such necessary meters and other

appurtenances in the building's sewer system to facilitate observation, sampling and measurement of the wastes. Such manhole, when required, shall be accessible and safely located, constructed in such a manner as to prevent infiltration of ground and surface waters, and should be constructed in accordance with plans approved by Veolia Water Pennsylvania Inc. The manhole shall be installed by the owner at his expense and shall be maintained by him so as to be safe and accessible at all times.

Section 12. All measurements, tests, and analyses of the characteristics of waters and wastes shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater", published jointly by the American Public Health Association and American Water Works Association and the Water Pollution Control Federation, and shall be determined at the control manhole provided, or upon suitable samples taken at said control manhole. The control manhole shall be located so that sampling of the industrial waste will be performed before being discharged into the public sewer system.

Sampling shall be carried out by customarily accepted methods to reflect the effect of constituents upon the wastewater works and to determine the existence of hazards to life, limb and property. (The particular analysis involved will determine whether a twenty-four (24) hour composite of all outfalls of a premises is appropriate or whether a grab sample or samples should be taken. Normally, but not always, COD, BOD, and suspended solids analyses are obtained from twenty-four (24) hour composites of all outfalls whereas pH's are determined from periodic grab samples.)