

COMMONWEALTH OF PENNSYLVANIA



PATRICK M. CICERO
Consumer Advocate

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August 7, 2024

Via Electronic Filing

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

Re: The Newtown Artesian Water Company
Application for Increase in Base Rates for
Water Service
Docket No. R-2024-3050208

Dear Secretary Chiavetta:

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

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

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby
Senior Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures:

cc: Office of Administrative Law Judge (email only: crainey@pa.gov)
Office of Special Assistants (email only: ra-OSA@pa.gov)
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Paul Zender, TUS (email only: pzander@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

The Newtown Artesian Water Company :
Application for Increase in Base Rates for : Docket No. R-2024-3050208
Water Service :
:

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

Dated this 7th day of August 2024.

SERVICE BY E-MAIL ONLY

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/s/ Christy M. Appleby
Christy M. Appleby
Senior Assistant Consumer Advocate
PA Attorney I.D. # 85824

Date: August 7, 2024

FORMAL COMPLAINT
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

1. COMPLAINANT

Patrick M. Cicero, Consumer Advocate

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

Phone: 717-783-5048

2. UTILITY NAME

Newtown Artesian Water Company

3. TYPE OF UTILITY

Water

4. COMPLAINT

A. On July 19, 2024, Newtown Artesian Water Company (NAWC or Company) filed proposed Supplement No. 158 to its Water Service Tariff – Pa. P.U.C. No. 9 (Supplement No. 158) requesting to increase rates by \$922,419, effective September 18, 2024.

B. The Company’s proposed increase in rates represents an approximate 14.2% increase in the Company’s annual revenues at present rates, excluding surcharge revenues.

C. NAWC provides water service to approximately 11,167, residential, commercial, industrial, public fire and fire protection customers, as of March 31, 2024, in Newtown Borough, Newtown Township, and the northern portion of Middletown Township in Bucks County, Pennsylvania.

D. NAWC's proposed increase for residential rates includes a proposed increase in the fixed customer charge from \$22.71 per quarter to \$26.90 per quarter, an 18.5% increase. The Company proposes a volumetric increase from \$6.635 per thousand gallons to \$7.860 per thousand gallons, or an 18.5% increase.

E. The Company's cost of capital claim is based upon a capital structure comprised of 45.00% debt and 55.00% equity. The Company's cost of debt is 4.64% with a claimed 11.00% return on equity for an overall weighted cost of capital of 8.03%.

F. The Company projects the impact of the filed-for revenue increase on the bill for a typical metered residential customer with a 5/8-inch meter using 12,000 gallons per quarter would be an increase from \$106.45 per quarter to \$121.23 per quarter, or 13.9%. The quarterly bill under present rates includes surcharges for Purchased Water Adjustment Clause (PWAC), Distribution System Improvement Charge (DSIC) and State Tax Adjustment Surcharge (STAS).

G. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the Pennsylvania General Assembly, 71 P. S. §§ 309-1 *et seq*, as enacted July 9, 1976.

H. A preliminary examination of the Company's rate increase request indicates that the Company's present rates and proposed charges, increases and changes in rates, rules, and regulations contained within the request are or maybe unjust, unreasonable, and in violation of law; will or may allow the Company the opportunity to recover an excessive rate of return on its utility property investment, in violation of the Public Utility Code; will or may discriminate against certain customers; will or may compensate the Company for providing inadequate service to some or all of its customers; and otherwise may be contrary to sound ratemaking principles and public policy.

I. The Company's proposed increases to the residential customer charge and volumetric charge may be unjust and unreasonable or otherwise contrary to law and sound ratemaking practices.

J. The Company's cost of capital and return claim requires further investigation, in particular the proposed high requested cost of equity, to ensure that excessive costs are not imposed upon ratepayers.

K. The Consumer Advocate files this Formal Complaint to ensure that the Company's requests are granted only to the extent they are found to be just and reasonable or otherwise compliant with applicable statutes, Commission regulations, or policy.

5. RELIEF

The Consumer Advocate respectfully requests that the Public Utility Commission:

A. Suspend and investigate the operation of the proposed tariff, pursuant to Section 1308(d) of the Public Utility Code, 66 Pa. C.S. § 1308(d);

B. Consolidate all complaints filed against Tariff Supplement No. 158;

C. Hold full evidentiary hearings examining the reasonableness of the Company's requests;

D. Hold public input hearings in the Company's service territory, by telephone, virtually, or in person as may be needed to provide its customers with an opportunity to be heard on the record, if consumer interest arises;

E. Modify or reject the proposed rate increase and tariff changes which cannot be fully justified by the Company and shown to be just and reasonable and in the public interest, or which are otherwise contrary to the Public Utility Code, sound ratemaking principles, and public policy; and

F. Grant any other relief deemed necessary.

6. VERIFICATION AND SIGNATURE

Verification:

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

/s/ Patrick M. Cicero
(Signature)

August 7, 2024
(Date)

7. LEGAL REPRESENTATION

Christy M. Appleby
Senior Assistant Consumer Advocate
Pa. Attorney I.D. # 85824
CAAppleby@paoca.org

Counsel for:

Patrick M. Cicero
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
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PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving the current base rate filing made by Newtown Artesian Water Company (NAWC).

The objective of the Consumer Advocate in this matter is to protect the interests of NAWC's customers. The Company projects the impact of the filed-for revenue increase on the bill for a typical metered residential customer with a 5/8-inch meter using 12,000 gallons per quarter would be an increase from \$106.45 per quarter to \$121.23 per quarter, or 13.9%. The quarterly bill under present rates includes surcharges for PWAC, DSIC and STAS. The Consumer Advocate has filed this Complaint with the Commission to ensure that each aspect of NAWC's request is scrutinized and not approved unless shown to be fully justified in law, and consistent with the Public Utility Code and sound public policy.

NAWC provides water service to approximately 11,167, residential, commercial, industrial, public fire and fire protection customers, as of March 31, 2024, in Newtown Borough, Newtown Township, and the northern portion of Middletown Township in Bucks County, Pennsylvania.