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January 15, 2025

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission v. City of Lock Haven Water Department, Docket No. R-2024-3049248; and
Petition of the City of Lock Haven Water Department for Authorization to Implement a PENNVEST Surcharge, Docket No. P-2024-3049249

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Joint Petition for Settlement with regard to the above-referenced matter. Please note that the Joint Petitioners respectfully request expedited consideration of this Settlement in order to allow the City to file tariff supplements to become effective **March 2, 2025**. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

Lauren M. Burge
Lauren M. Burge

Enclosure

cc: Hon. John M. Coogan, w/enc.
Teri-Lee Rhoades, w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the Joint Petition for Settlement, upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email Only

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Dated: January 15, 2025

/s/ Lauren M. Burge

Lauren M. Burge, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos.	R-2024-3049248
Office of Consumer Advocate	:		C-2024-3049646
Office of Small Business Advocate	:		C-2024-3049713
	:		
v.	:		
	:		
City of Lock Haven Water Department	:		
	:		
Petition of the City of Lock Haven Water	:	Docket No.	P-2024-3049249
Department for Authorization to Implement	:		
a PENNVEST Surcharge	:		

JOINT PETITION FOR SETTLEMENT

Date: January 15, 2025

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I. INTRODUCTION

The City of Lock Haven Water Department (“Lock Haven” or the “City”), the Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (collectively, the “Joint Petitioners” or the “Parties”), by their respective counsel, submit and join in this Joint Petition for Settlement (“Settlement” or “Joint Petition”) between and among all active parties in the above captioned proceedings. The Joint Petitioners request that Administrative Law Judge John M. Coogan (“ALJ”) and the Pennsylvania Public Utility Commission (“Commission” or “PUC”): (1) approve the Settlement without modification; and (2) find that the terms of the Settlement are in accordance with the law and are in the public interest. The **Joint Petitioners also respectfully request expedited consideration of this Settlement in order to allow the City to file tariff supplements to become effective March 2, 2025**, consistent with the Settlement terms discussed herein.

In support of this Settlement, the Joint Petitioners state as follows:

II. BACKGROUND

1. The City of Lock Haven Water Department provides water service to residents and occupants of the City of Lock Haven as well as surrounding communities, including portions of Allison Township, Castanea Township, and Wayne Township. Of the total 3,257 customers, 2,181 are located in the City of Lock Haven and 1,076 are located in Wayne (528), Castanea (524) and Allison (24) Townships. The estimated service area population is 9,750.

2. Only the rates and service provided to customers outside the city limits of Lock Haven are subject to review and approval of the Commission.

3. The City owns and operates two water supply reservoirs that constitute the principal water sources for the system. Both reservoirs are located on McElhattan Creek with the

Boyd H. Keller reservoir in Wayne Township and the upstream Warren H. Ohl reservoir in Greene Township. An independently operated treatment plan provides potable water to City customers. The Lock Haven water distribution and transmission system includes 157.5 miles of transmission and distribution piping, ranging in size from 4-inch through 18-inch lines.

4. On May 24, 2024, Lock Haven initiated this proceeding seeking to increase the base water rates for customers located both inside (non-jurisdictional) and outside (PUC-jurisdictional) the City by \$990,432 per year, or 64.2%. Of this amount, the City specifically sought Commission approval to increase rates for jurisdictional customers located outside the City by \$377,823 or 71.4%.

5. In addition, on May 24, 2024, Lock Haven also filed a separate Petition for Authorization to Implement a PENNVEST Surcharge (“PENNVEST Petition”) pursuant to Section 1307 of the Public Utility Code, 66 Pa. C.S. § 1307, and Sections 69.361-69.364 of the Commission’s regulations, 52 Pa. Code § 69.361-69.364. Lock Haven proposed to implement a PENNVEST Surcharge (“PVS”) to allow the City to timely recover the interest and principal charges associated with low-interest loans from PENNVEST that have and will continue to be awarded to the City since its last rate case.

6. Simultaneously with the base rate filing and PENNVEST Petition, on May 24, 2024, Lock Haven also filed a Motion to Consolidate Proceedings, seeking to consolidate the base rate filing and PENNVEST Petition.

7. I&E, OCA and OSBA each made filings to participate in these proceedings. On May 30, 2024, I&E filed a Notice of Appearance. On June 12, 2024, OSBA filed a Notice of Appearance, and further filed a Complaint, Public Statement and Verification on June 21, 2024. On June 20, 2024, OCA filed a Formal Complaint and Public Statement.

8. On June 14, 2024, Lock Haven filed Supplement No. 20 to Tariff Water – PA P.U.C. No. 1 which voluntarily extended the tariff supplement effective date to August 2, 2024.¹

9. By an Order entered on July 11, 2024, the Commission suspended the rate increase proposed by Supplement No. 19 for further investigation until March 2, 2025, unless permitted by Commission Order to become effective at an earlier date. The Suspension Order assigned this matter to the Office of Administrative Law Judge for Alternative Dispute Resolution (“ADR”), if possible, and hearings if necessary.

10. The parties agreed to pursue ADR to attempt to resolve this matter through settlement. Accordingly, on July 19, 2024, Lock Haven filed Supplement No. 21 to Tariff Water – PA P.U.C. No. 1 to further suspend the proposed rate effective date from March 2, 2025 to May 1, 2025.

11. A Prehearing Conference was held on July 22, 2024 at which various procedural matters were discussed, and a Scheduling Order was issued on July 25, 2024.

12. On September 13, 2024, Lock Haven filed Supplement No. 22 to Tariff Water – PA P.U.C. No. 1 to further suspend the proposed rate effective date to June 27, 2025, to allow additional time for mediation.

13. On November 8, 2024, Lock Haven filed Supplement No. 23 to Tariff Water – PA P.U.C. No. 1 to further suspend the proposed rate effective date to July 28, 2025, to allow additional time for mediation.

14. From August 2024 through December 2024, the parties participated in eight (8) formal mediation sessions, including on August 14, 2024, September 10, 2024, October 22, 2024, November 6, 2024, November 19, 2024, December 2, 2024, December 10, 2024, and

¹ A corrected version of Supp. No. 20 was subsequently filed on June 28, 2024.

December 19, 2024. The parties also participated in informal settlement discussions and conducted formal and informal discovery.

15. A Further Prehearing Conference was held on December 18, 2024.

16. A Joint Stipulation of Facts, Conclusions of Law and Ordering Paragraphs are attached hereto as Appendix A.

17. Section III below sets forth the agreed-to-proposals of the Joint Petitioners that they respectfully request the Commission approve. In support of the agreed-to proposals, Appendix B sets forth the agreed-to allocation of the proposed settlement rate increase by customer class. Appendix C sets forth the Proof of Revenues showing customer bill impacts and a comparison of the existing rates, the City's original request and proposed settlement rates, and proposed settlement PENNVEST Surcharge revenue. Appendix D sets forth the revenue allocation comparison of existing rates, the City's original request and the proposed settlement rates. Appendix E presents the pro forma tariff implementing the Settlement.

18. The parties now submit this Joint Petition pursuant to the Third Supplemental Scheduling Order issued on December 20, 2024. Appendices F-I include individual Statements in Support of the Settlement from each Joint Petitioner explaining why they support the Settlement (or specific terms of the Settlement).

III. SETTLEMENT TERMS

19. The Joint Petitioners support approving Lock Haven's May 24, 2024 base rate filing and PENNVEST Petition in this proceeding as modified by the terms and conditions that follow.

20. The settlement rates will be designed to produce \$210,000 in additional annual base rate operating revenue for PUC-jurisdictional customers based upon the pro forma level of

operations for the twelve (12) months ended Fiscal Year 2025. The settlement rates will produce a total of \$552,000 in additional annual base rate operating revenue for all customers (including both jurisdictional customers located outside the city and non-jurisdictional customers located inside the City). Lock Haven will be permitted to file tariff supplements to become effective March 2, 2025.

- a. The agreed-to allocation of the proposed settlement rate increase by customer class is shown in Appendix B.
 - b. The Proof of Revenues showing how the City will recover water revenue from each customer class, as well as customer bill impacts and proposed settlement PVS revenue, is shown in Appendix C.
 - c. A revenue allocation comparison of existing rates, the City's original request and the proposed settlement rates is provided in Appendix D.
21. Lock Haven will not file a rate increase pursuant to Section 1308(d) any sooner than 12 months from the effective date of rates in this proceeding.
22. On or before April 1, 2026, Lock Haven will provide I&E, OCA and OSBA an update to Lock Haven's Summary by Detail Plant Accounts and Depreciation Reserve schedules, which will include actual capital expenditures, plant additions and retirements for the twelve months ended December 31, 2024. On or before April 1, 2027, Lock Haven will update the Summary by Detail Plant Accounts, which will include actual capital expenditures, plant additions and retirements through December 31, 2025. For both filing requirements, the City agrees that it will provide the schedules within 30 days of its auditors completing the 2024 and 2025 audits.

23. Lock Haven agrees that it will justify its next base rate case on a rate base/rate of return basis. If Lock Haven seeks to use a cash flow approach in its next case, it agrees that it will file a Petition with the Commission seeking specific approval to use that methodology.

24. Regarding the PVS tariff language:

- a. PENNVEST Surcharge revenue from PUC-jurisdictional customers is expected to be \$48,130 as demonstrated in the proposed settlement PENNVEST Surcharge revenue provided in Appendix D.
- b. Lock Haven agrees that it will not begin its PENNVEST Surcharge until the utility plant is used and useful and a final amortization schedule is issued by PENNVEST.
- c. Lock Haven will segregate all revenues dedicated for PENNVEST repayment so long as the charge remains in effect.
- d. Lock Haven agrees that it will not seek to claim rate base/rate of return inclusion of utility plant that is financed by a PENNVEST loan that is being recovered through the PENNVEST Surcharge during the time that the loan is included in the PENNVEST Surcharge.
- e. Lock Haven agrees to file the following supporting documentation with any tariff supplement filing to incorporate a PENNVEST loan into its PVS:
 - i. Final and red-lined copies of the proposed tariff or tariff supplement to incorporate the loan into the PVS.
 - ii. A summary of the terms of the loan, including the loan date, amount, interest rates, term of loan, annual principal and interest payments, and

security certificate docket number. The date of each expected interest rate or annual principal and interest payment change must be identified for each loan.

- iii. Copies of executed loan agreement documents and final amortization schedules.
- iv. A statement that the project funded by the loan is used and useful or will be used and useful before collection in the PVS begins.
- v. A copy of the proof of revenues and supporting calculations for the affected type of service reflecting PVS revenues under present and proposed rates.
- vi. Copies of any supporting documentation used to determine the PVS, including electronic workpapers.
- vii. A copy of Lock Haven's customer notice that it issued in accordance with 52 Pa. Code § 53.45(g).
- viii. A copy of Lock Haven's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h).
- ix. A copy of a signed verification statement for the information being provided in accordance with 52 Pa. Code § 1.38.

25. Lock Haven agrees to include contact information for the Office of Small Business Advocate on late payment notices for jurisdictional customers.

26. Regarding the Service Connection tariff language:

- a. Lock Haven will revise the proposed tariff language to clarify that the Water Department will install the curb stop, coupling, and the water service line from the curb stop to the Water Department main, and the customer is responsible for excavation and installation of the water service line from the building to the curb stop.
- b. Lock Haven will revise the connection fee chart to include all applicable tap sizes, including those 1” or smaller, and those greater than 1” and up to 4”.

IV. ADDITIONAL TERMS AND CONDITIONS

27. The Commission’s approval of the Settlement shall not be construed as approval of any Joint Petitioner’s position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement the Settlement.

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

29. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable to the Joint Petitioners and consistent with the public interest. The Settlement represents a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of

the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

30. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions contained herein, Lock Haven or any Joint Petitioner may withdraw from the Settlement, upon written notice to the Commission and all parties within five (5) business days following entry of the Commission's Order and, in such event, the Settlement shall be of no force and effect. In the event that the Commission disapproves the Settlement or Lock Haven or any other Joint Petitioner elects to withdraw from the Settlement as provided above, each of the Joint Petitioners reserves their respective rights to fully litigate this case including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Testimony, Briefs, Exceptions and Replies to Exceptions.

31. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated the issues resolved by the Settlement and will result in the establishment of terms and conditions that – until changed on a going-forward basis as provided in the Public Utility Code – are in accordance with the law and in the public interest.

32. If the ALJ, in his Recommended Decision, recommends that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to: (a) any modifications to the terms and conditions of this Settlement; or (b) any additional matters

proposed by the ALJ in his Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

33. This Settlement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

V. SETTLEMENT IS IN THE PUBLIC INTEREST

34. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Lock Haven's filing. The Joint Petitioners engaged in extensive informal and formal discovery and numerous settlement discussions, including participation in eight (8) formal mediation sessions.

35. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

a. **The Settlement provides a reasonable resolution.** The Settlement represents a balanced compromise of the issues raised by the active parties in this proceeding while recognizing the benefit to Lock Haven's ratepayers of providing the City with the opportunity to receive sufficient revenue to fund the provision of adequate, efficient, safe and reasonable service.

b. **Substantial litigation and associated costs will be avoided.** The Settlement amicably and expeditiously resolves the issues in this proceeding, permitting Lock Haven to provide safe and effective service at just and reasonable rates by focusing resources on implementing the agreed-to rates and the PENNVEST Surcharge and allowing the City to fund critical, mandated system improvements that are necessary to

update aging infrastructure and allow for continued provision of safe and adequate service to customers.

c. **The Settlement is consistent with Commission policies promoting negotiated settlements.** The Joint Petitioners arrived at the Settlement after conducting extensive discovery and numerous in-depth discussions. The Settlement contains reasonably negotiated compromises on the issues addressed. Thus, the Settlement is consistent with the Commission's rules and practices encouraging settlements (52 Pa. Code §§ 5.231, 69.391, 69.401-69.406) and is supported by substantial evidence of record.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the ALJ approve the Settlement as set forth herein, including all terms and conditions, without modification.

Respectfully submitted,

/s/ Sarah C. Stoner

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Dated: January 15, 2025

Appendix A

JOINT STIPULATION OF FACTS

Background

1. The City of Lock Haven Water Department serves residents and occupants of the City of Lock Haven as well as surrounding communities, including portions of Allison Township, Castanea Township, and Wayne Township. Of the total 3,257 customers, 2,181 are located in the City of Lock Haven and 1,076 are located in Wayne (528), Castanea (524) and Allison (24) Townships. The estimated service area population is 9,750.

2. The City owns and operates two water supply reservoirs that constitute the principal water sources for the system. Both reservoirs are located on McElhattan Creek with the Boyd H. Keller reservoir in Wayne Township and the upstream Warren H. Ohl reservoir in Greene Township. The total water supply capacity is 664 million gallons. An independently operated treatment plant provides potable water to City customers. The Lock Haven water distribution and transmission system includes 157.5 miles of transmission and distribution piping, ranging in size from 4-inch through 18-inch.

3. Only the rates and service provided to customers outside the city limits of Lock Haven are subject to the review and approval of the Commission.

4. Lock Haven's last rate increase went into effect as of January 1, 2011. Since that time, the City has maintained present rates for both customers located inside and outside the City.

5. On May 24, 2024, Lock Haven filed Supplement No. 19 to its Tariff Water – PA P.U.C. No. 1 with the Pennsylvania Public Utility Commission's ("Commission" or "PUC") proposing to increase the base water rates for all customers (including customers located inside and outside the City) by \$990,432 per year, or 64.2%. Of this amount, the City specifically

sought Commission approval to increase rates for jurisdictional customers located outside the City by \$377,823 or 71.4%.

Settlement Rates

6. Under the Settlement, the City will be permitted to increase the base water rates for all customers (including non-jurisdictional customers located inside and jurisdictional customers located outside the City) by \$552,000 per year. Of this amount, the City will be permitted to increase rates for jurisdictional, outside-City customers by \$210,000. The Settlement further provides that the City will not file a rate increase pursuant to Section 1308(d) any sooner than 12 months from the effective date of rates in this proceeding.

7. Lock Haven has not sought a rate of return in this proceeding. Neither Lock Haven's original proposal nor the Settlement include any request for a rate of return.

8. Lock Haven intends to apply the rate increase approved via the Settlement in the same manner to both non-jurisdictional inside-City customers and jurisdictional outside-City customers.

9. Under the Settlement, Lock Haven will implement rate structure changes that will move the various customer classes closer to their cost of service, and also create price signals that encourage water conservation. Specifically:

a. Lock Haven will eliminate the existing quarterly minimum charges with usage allowances, and instead implement fixed service charges without usage allowances.

b. For residential customers, the City will eliminate the existing multi-tier residential volumetric rate and instead implement a two-tier inclining block rate structure.

c. For the Commercial/Industrial, Educational, and Public Health customer classes, the City will eliminate the existing multi-tier declining block rate structure and instead implement a separate uniform rate for each class.

10. Lock Haven is modifying the tariff language on Service Connections to more clearly describe the responsibilities of the Water Department and customers, and to include proposed connection fees.

11. The City is making general updates to its tariff to reflect current practices, terminology and applicable regulations.

PENNVEST Surcharge and PENNVEST-Funded Projects

12. The Settlement provides for the establishment of a PENNVEST Surcharge (“PVS”), that will enable the City to timely recover the interest and principal charges associated with low-interest loans from PENNVEST that have and will continue to be awarded to the City since its last rate case.

13. The PENNVEST amounts have not been previously included in Lock Haven’s revenue requirements claims, and also are not included in the proposed base rate increase.

14. The PVS is necessary to fund critical infrastructure projects, which have either been mandated by the Pennsylvania Department of Environmental Protection (“DEP”) or are necessary to complete the DEP-mandated projects.

15. DEP has mandated major modifications to certain City infrastructure that will require significant investment to complete. Specifically:

a. Ohl Dam requires significant upgrades and is part of an ongoing two-phase repair project. Because of the potential for downstream loss of life and extensive property damage during a dam breach, Ohl Dam is classified by DEP as a “High Hazard”

structure and subject to passing the maximum flood event known as the “Probable Maximum Flood (PMF).” Engineering studies have revealed that the existing dam has inadequate spillway capacity, passing only 68% of the PMF. The DEP designated Ohl Dam as having a “significant deficiency in spillway capacity” and has directed the City to upgrade the spillway to current standards, in addition to other modifications. Phase I of the Ohl Dam project has already been completed.

b. Keller Dam is classified by the DEP as a “High Hazard” structure and subject to passing the PMF. Engineering studies have revealed that the existing spillway can only pass 68% of the PMF. DEP has designated Keller Dam as having a “substantial deficiency in spillway capacity” and has directed the City to upgrade the spillway to current standards and complete a variety of other improvements.

c. Lock Haven has explored, drilled and tested a groundwater source along McKinney Road in Youngdale, Wayne Township, Clinton County, PA as a supplemental water source. This supplemental water source must be developed before Lock Haven can proceed with the DEP-mandated dam projects discussed above to ensure that an adequate water source is available at all times.

16. The critical, DEP-mandated projects described above are either currently or anticipated to be funded by low-interest PENNVEST loans.

17. A recent PENNVEST loan was conditioned on the City filing the instant rate increase proposal with the PUC. Further, PENNVEST has advised that it will not approve further funding for Lock Haven until a rate increase is granted.

18. On balance, the Settlement comprehensively resolves all issues raised during the proceeding in a manner that is consistent with the public interest.

PROPOSED CONCLUSIONS OF LAW

1. The Joint Petition for Settlement is in the public interest.
2. The rates, terms and conditions contained in the City of Lock Haven Water Department's base rate increase filing at Docket No. R-2024-3049248 and the Petition for Authorization to Implement a PENNVEST Surcharge at Docket No. P-2024-3049249, as modified by the Settlement, are just and reasonable, and in the public interest.

PROPOSED ORDERING PARAGRAPHS

THEREFORE, IT IS ORDERED:

1. That the Joint Petition for Settlement filed January 15, 2025 by the City of Lock Haven Water Department, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate is granted, and the Settlement is adopted without modification.
2. That the City of Lock Haven Water Department is authorized to file tariffs, tariff supplements or tariff revisions containing rates, rules and regulations, consistent with the Joint Petition for Settlement, to produce an increase for jurisdictional, outside-City customers of \$210,000 in base rate revenue, effective March 2, 2025, consistent with the rates, rules and regulations set forth in the pro forma tariff supplement included in Appendix E to the Joint Petition for Settlement.
3. That the City of Lock Haven Water Department shall be permitted to file a tariff supplement in the form set forth in Appendix E to the Joint Petition for Settlement, to become effective upon at least one day's notice, for service rendered on and after March 2, 2025, so as to produce an annual increase in revenues consistent with this Order.
4. That the City of Lock Haven Water Department's Petition for Authorization to Implement a PENNVEST Surcharge is granted, as modified by the Settlement, and that the Department may file a tariff supplement in the form set forth in Appendix E to the Joint Petition for Settlement, to establish and implement the PENNVEST Surcharge.
5. That the City of Lock Haven Water Department, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate shall comply with the terms of the Joint Petition for Settlement submitted in

this proceeding, as though each term and condition stated therein had been the subject of an individual ordering paragraph.

6. That the complaint of the Office of Consumer Advocate at Docket No. C-2024-3049646 is deemed satisfied and marked closed.
7. That the complaint of the Office of Small Business Advocate at Docket No. C-2024-3049713 is deemed satisfied and marked closed.
8. That upon acceptance and approval by the Commission of the tariff supplement filed by the City of Lock Haven Water Department consistent with this Order, the Commission's investigation at Docket Nos. R-2024-3049248 and P-2024-3049249 shall be terminated and the dockets shall be marked closed.

Appendix B

Revenue Increases By Class

Base Rates Only-

Class	Revenue		\$ Increase	% Increase
	Existing	Proposed Settlement		
Residential	\$ 324,141	\$ 286,608	\$ (37,533)	-11.6%
Commercial/Industrial	170,816	385,294	214,478	125.6%
Educational	-	-	-	0.0%
Public Health	33,926	66,980	33,055	97.4%
Total	\$ 528,883	\$ 738,882	\$ 210,000	

Base Rates + PV Surcharge-

Class	Revenue		\$ Increase	% Increase
	Existing	Proposed Settlement		
Residential	\$ 324,141	\$ 322,715	\$ (1,427)	-0.4%
Commercial/Industrial	170,816	393,992	223,176	130.7%
Educational	-	-	-	0.0%
Public Health	33,926	70,306	36,380	107.2%
Total	\$ 528,883	\$ 787,012	\$ 258,129	

Appendix C

Base Rate Revenue Proof - Jurisdictional Customers Only

Description	Customer Units		Water Rates			Revenue		
			Existing	Initial PUC Request	Proposed Settlement	Existing	Initial PUC Request	Proposed Settlement
Residential								
Quarterly Minimum/Service Charge-								
5/8"	-	-	\$51.40	\$39.62	\$46.16	\$ -	\$ -	\$ -
3/4"	996	996	\$51.40	\$39.62	\$46.16	\$ 204,829	\$ 157,905	\$ 183,960
1"	-	-	\$61.90	\$86.88	\$101.21	\$ -	\$ -	\$ -
1 1/4"	-	-	\$71.25	\$126.26	\$147.09	\$ -	\$ -	\$ -
1 1/2"	-	-	\$81.95	\$165.64	\$192.97	\$ -	\$ -	\$ -
2"	-	-	\$103.70	\$260.15	\$303.07	\$ -	\$ -	\$ -
3"	-	-	\$116.00	\$559.43	\$651.73	\$ -	\$ -	\$ -
4"	-	-	\$164.00	\$1,000.47	\$1,165.55	\$ -	\$ -	\$ -
6"	-	-	\$217.90	\$2,055.82	\$2,395.03	\$ -	\$ -	\$ -
8"	-	-	\$348.25	\$4,418.55	\$5,147.61	\$ -	\$ -	\$ -
10"	-	-	\$436.50	\$6,623.76	\$7,716.69	\$ -	\$ -	\$ -
12"	-	-	\$604.00	\$8,356.43	\$9,735.24	\$ -	\$ -	\$ -
Rate per 1,000 gal.-								
0-2,000	7,567	n/a	\$0.00			\$ -		
Next 2,000	6,691	n/a	\$4.16			\$ 27,834		
Next 21,000	19,664	n/a	\$4.28			\$ 84,164		
Next 35,000	1,422	n/a	\$3.45			\$ 4,905		
Next 140,000	671	n/a	\$2.30			\$ 1,544		
Next 2,800,000	551	n/a	\$1.57			\$ 865		
Over 3,000,000	-	n/a	\$1.26			\$ -		
Rate per 1,000 gal.-								
0-12,000	n/a	29,278		\$3.28	\$2.34		\$ 95,927	\$ 68,530
Over 12,000	n/a	7,288		\$6.55	\$4.68		\$ 47,758	\$ 34,118
Commercial/Industrial								
Quarterly Minimum/Service Charge-								
5/8"	-	-	\$63.90	\$39.62	\$46.16	\$ -	\$ -	\$ -
3/4"	23	23	\$63.90	\$39.62	\$46.16	\$ 5,943	\$ 3,685	\$ 4,293
1"	13	13	\$71.00	\$86.88	\$101.21	\$ 3,550	\$ 4,344	\$ 5,061
1 1/4"	-	-	\$81.65	\$126.26	\$147.09	\$ -	\$ -	\$ -
1 1/2"	6	6	\$94.00	\$165.64	\$192.97	\$ 2,256	\$ 3,975	\$ 4,631
2"	5	5	\$119.00	\$260.15	\$303.07	\$ 2,380	\$ 5,203	\$ 6,061
3"	3	3	\$133.00	\$559.43	\$651.73	\$ 1,596	\$ 6,713	\$ 7,821
4"	2	2	\$188.00	\$1,000.47	\$1,165.55	\$ 1,504	\$ 8,004	\$ 9,324
6"	-	-	\$250.00	\$2,055.82	\$2,395.03	\$ -	\$ -	\$ -
8"	-	-	\$400.00	\$4,418.55	\$5,147.61	\$ -	\$ -	\$ -
10"	-	-	\$500.00	\$6,623.76	\$7,716.69	\$ -	\$ -	\$ -

12"	-	-	\$692.00	\$8,356.43	\$9,735.24	\$	-	\$	-	\$	-
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Rate per 1,000 gal.-

0-4,000	630	n/a	\$0.00			\$	-
Next 21,000	1,957	n/a	\$4.88			\$	9,551
Next 35,000	1,902	n/a	\$3.91			\$	7,437
Next 140,000	4,994	n/a	\$2.60			\$	12,985
Next 2,800,000	35,722	n/a	\$1.78			\$	63,586
Over 3,000,000	42,274	n/a	\$1.42			\$	60,029

Rate per 1,000 gal.-

All	n/a	87,479		\$5.57	\$3.98	\$	487,264	\$	348,102
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Educational

Quarterly Minimum/Service Charge-

5/8"	-	-	\$65.25	\$39.62	\$46.16	\$	-	\$	-	\$	-
3/4"	-	-	\$65.25	\$39.62	\$46.16	\$	-	\$	-	\$	-
1"	-	-	\$72.50	\$86.88	\$101.21	\$	-	\$	-	\$	-
1 1/4"	-	-	\$84.00	\$126.26	\$147.09	\$	-	\$	-	\$	-
1 1/2"	-	-	\$96.00	\$165.64	\$192.97	\$	-	\$	-	\$	-
2"	-	-	\$121.00	\$260.15	\$303.07	\$	-	\$	-	\$	-
3"	-	-	\$136.00	\$559.43	\$651.73	\$	-	\$	-	\$	-
4"	-	-	\$192.00	\$1,000.47	\$1,165.55	\$	-	\$	-	\$	-
6"	-	-	\$256.00	\$2,055.82	\$2,395.03	\$	-	\$	-	\$	-
8"	-	-	\$408.00	\$4,418.55	\$5,147.61	\$	-	\$	-	\$	-
10"	-	-	\$511.00	\$6,623.76	\$7,716.69	\$	-	\$	-	\$	-
12"	-	-	\$707.00	\$8,356.43	\$9,735.24	\$	-	\$	-	\$	-

Rate per 1,000 gal.-

0-4,000	-	n/a	\$0.00			\$	-
Next 21,000	-	n/a	\$4.99			\$	-
Next 35,000	-	n/a	\$3.99			\$	-
Next 140,000	-	n/a	\$2.65			\$	-
Next 2,800,000	-	n/a	\$1.81			\$	-
Over 3,000,000	-	n/a	\$1.45			\$	-

Rate per 1,000 gal.-

All	n/a	-		\$6.18	\$4.42	\$	-	\$	-
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Public Health

Quarterly Minimum/Service Charge-

5/8"	-	-	\$59.40	\$39.62	\$46.16	\$	-	\$	-	\$	-
3/4"	14	14	\$59.40	\$39.62	\$46.16	\$	3,386	\$	2,259	\$	2,631
1"	4	4	\$66.00	\$86.88	\$101.21	\$	1,056	\$	1,390	\$	1,619
1 1/4"	-	-	\$76.00	\$126.26	\$147.09	\$	-	\$	-	\$	-
1 1/2"	2	2	\$87.00	\$165.64	\$192.97	\$	696	\$	1,325	\$	1,544
2"	5	5	\$110.00	\$260.15	\$303.07	\$	2,200	\$	5,203	\$	6,061
3"	1	1	\$124.00	\$559.43	\$651.73	\$	496	\$	2,238	\$	2,607
4"	-	-	\$175.00	\$1,000.47	\$1,165.55	\$	-	\$	-	\$	-
6"	-	-	\$233.00	\$2,055.82	\$2,395.03	\$	-	\$	-	\$	-

8"	-	-	\$371.00	\$4,418.55	\$5,147.61	\$	-	\$	-	\$	-
10"	-	-	\$465.00	\$6,623.76	\$7,716.69	\$	-	\$	-	\$	-
12"	-	-	\$644.00	\$8,356.43	\$9,735.24	\$	-	\$	-	\$	-
Rate per 1,000 gal.-											
0-4,000	256	n/a	\$0.00			\$	-				
Next 21,000	676	n/a	\$4.54			\$	3,070				
Next 35,000	567	n/a	\$3.63			\$	2,057				
Next 140,000	1,219	n/a	\$2.42			\$	2,950				
Next 2,800,000	10,918	n/a	\$1.65			\$	18,015				
Over 3,000,000	-	n/a	\$1.32			\$	-				
Rate per 1,000 gal.-											
All	n/a	13,636		\$5.39	\$3.85			\$	73,513	\$	52,518
TOTAL						\$	528,883	\$	906,705	\$	738,882
ADD'TL REVENUE FROM INITIAL PUC REQUEST / PUC SETTLEMENT RATES								\$	377,823	\$	210,000

PENNVEST Surcharge Revenue Proof - Jurisdictional Customers Only

Description	Customer Units	PV Surcharges		Revenue	
		Initial PUC Request	Proposed Settlement	Initial PUC Request	Proposed Settlement
Residential					
Quarterly Minimum/Service Charge-					
5/8"	-	\$19.96	\$9.06	\$ -	\$ -
3/4"	996	\$19.96	\$9.06	\$ 79,556	\$ 36,107
1"	-	\$49.91	\$22.65	\$ -	\$ -
1 1/4"	-	\$74.86	\$33.98	\$ -	\$ -
1 1/2"	-	\$99.82	\$45.30	\$ -	\$ -
2"	-	\$159.71	\$72.48	\$ -	\$ -
3"	-	\$349.37	\$158.56	\$ -	\$ -
4"	-	\$628.86	\$285.41	\$ -	\$ -
6"	-	\$1,297.66	\$588.94	\$ -	\$ -
8"	-	\$2,794.95	\$1,268.48	\$ -	\$ -
10"	-	\$4,192.43	\$1,902.73	\$ -	\$ -
12"	-	\$5,290.44	\$2,401.06	\$ -	\$ -
Commercial/Industrial					
Quarterly Minimum/Service Charge-					
5/8"	-	\$19.96	\$9.06	\$ -	\$ -
3/4"	23	\$19.96	\$9.06	\$ 1,857	\$ 843
1"	13	\$49.91	\$22.65	\$ 2,495	\$ 1,133
1 1/4"	-	\$74.86	\$33.98	\$ -	\$ -
1 1/2"	6	\$99.82	\$45.30	\$ 2,396	\$ 1,087
2"	5	\$159.71	\$72.48	\$ 3,194	\$ 1,450
3"	3	\$349.37	\$158.56	\$ 4,192	\$ 1,903
4"	2	\$628.86	\$285.41	\$ 5,031	\$ 2,283
6"	-	\$1,297.66	\$588.94	\$ -	\$ -
8"	-	\$2,794.95	\$1,268.48	\$ -	\$ -
10"	-	\$4,192.43	\$1,902.73	\$ -	\$ -
12"	-	\$5,290.44	\$2,401.06	\$ -	\$ -
Educational					
Quarterly Minimum/Service Charge-					
5/8"	-	\$19.96	\$9.06	\$ -	\$ -
3/4"	-	\$19.96	\$9.06	\$ -	\$ -
1"	-	\$49.91	\$22.65	\$ -	\$ -
1 1/4"	-	\$74.86	\$33.98	\$ -	\$ -
1 1/2"	-	\$99.82	\$45.30	\$ -	\$ -
2"	-	\$159.71	\$72.48	\$ -	\$ -
3"	-	\$349.37	\$158.56	\$ -	\$ -
4"	-	\$628.86	\$285.41	\$ -	\$ -
6"	-	\$1,297.66	\$588.94	\$ -	\$ -
8"	-	\$2,794.95	\$1,268.48	\$ -	\$ -
10"	-	\$4,192.43	\$1,902.73	\$ -	\$ -
12"	-	\$5,290.44	\$2,401.06	\$ -	\$ -
Public Health					
Quarterly Minimum/Service Charge-					
5/8"	-	\$19.96	\$9.06	\$ -	\$ -
3/4"	14	\$19.96	\$9.06	\$ 1,138	\$ 516
1"	4	\$49.91	\$22.65	\$ 799	\$ 362

1 1/4"	-	\$74.86	\$33.98	\$	-	\$	-
1 1/2"	2	\$99.82	\$45.30	\$	799	\$	362
2"	5	\$159.71	\$72.48	\$	3,194	\$	1,450
3"	1	\$349.37	\$158.56	\$	1,397	\$	634
4"	-	\$628.86	\$285.41	\$	-	\$	-
6"	-	\$1,297.66	\$588.94	\$	-	\$	-
8"	-	\$2,794.95	\$1,268.48	\$	-	\$	-
10"	-	\$4,192.43	\$1,902.73	\$	-	\$	-
12"	-	\$5,290.44	\$2,401.06	\$	-	\$	-

TOTAL PV SURCHARGE REVENUE				\$	106,048	\$	48,130
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Average Customer Bill Impacts by Class

Class	Avg Quarterly Consumption (1,000 gal.)	Quarterly Bill		\$ Difference	% Difference
		Existing	Initial PUC Request		
Residential	13.5	\$100.46	\$108.85	\$8.40	8.4%
Commercial/Industrial	47.3	\$260.72	\$400.32	\$139.60	53.5%
Educational	244.2	\$767.97	\$1,646.78	\$878.81	114.4%
Public Health	78.2	\$332.41	\$558.34	\$225.92	68.0%

Class	Avg Quarterly Consumption (1,000 gal.)	Quarterly Bill		\$ Difference	% Difference
		Existing	Proposed Settlement		
Residential	13.5	\$100.46	\$90.42	(\$10.04)	-10.0%
Commercial/Industrial	47.3	\$260.72	\$312.13	\$51.41	19.7%
Educational	244.2	\$767.97	\$1,202.61	\$434.64	56.6%
Public Health	78.2	\$332.41	\$425.02	\$92.60	27.9%

Appendix D

Revenue Allocation by Class

Base Rates Only-

Class	Revenue		\$ Increase	% Increase
	Existing	Initial PUC Request		
Residential	\$ 324,141	\$ 301,590	\$ (22,551)	-7.0%
Commercial/Industrial	170,816	519,188	348,373	203.9%
Educational	-	-	-	0.0%
Public Health	33,926	85,927	52,001	153.3%
Total	\$ 528,883	\$ 906,705	\$ 377,823	

Base Rates + PV Surcharge-

Class	Revenue		\$ Increase	% Increase
	Existing	Initial PUC Request		
Residential	\$ 324,141	\$ 381,146	\$ 57,005	17.6%
Commercial/Industrial	170,816	538,354	367,538	215.2%
Educational	-	-	-	0.0%
Public Health	33,926	93,254	59,328	174.9%
Total	\$ 528,883	\$ 1,012,754	\$ 483,871	

Base Rates Only-

Class	Revenue		\$ Increase	% Increase
	Existing	Proposed Settlement		
Residential	\$ 324,141	\$ 286,608	\$ (37,533)	-11.6%
Commercial/Industrial	170,816	385,294	214,478	125.6%
Educational	-	-	-	0.0%
Public Health	33,926	66,980	33,055	97.4%
Total	\$ 528,883	\$ 738,882	\$ 210,000	

Base Rates + PV Surcharge-

Class	Revenue		\$ Increase	% Increase
	Existing	Proposed Settlement		
Residential	\$ 324,141	\$ 322,715	\$ (1,427)	-0.4%
Commercial/Industrial	170,816	393,992	223,176	130.7%
Educational	-	-	-	0.0%
Public Health	33,926	70,306	36,380	107.2%
Total	\$ 528,883	\$ 787,012	\$ 258,129	

Appendix E

CITY OF LOCK HAVEN

WATER DEPARTMENT

RULES AND REGULATIONS

Rates, Rules and Regulations

Governing the

Furnishing of Water Service

Allison, Castanea, and Wayne Townships

Issued: TBD

Effective: TBD

By:

Gregory J. Wilson, Manager
City of Lock Haven
20 East Church Street
Lock Haven, Pennsylvania 17745

NOTICE

This tariff makes changes in rates as approved by the Commission in its Final Order entered TBD at Docket Nos. R-2024-3049248 and P-2024-3049249.

LIST OF CHANGES MADE BY THIS TARIFF

Page No. 1 (Original):

Deleted duplicate cover page.

Table of Contents (Page No. 3):

Added page numbers for new pages 4A, 5A, 13A, 25D, 25E and 25F. Corrected various errors in listed items.

Definitions (Page No. 4):

Added definition of “Equivalent Residential Meter Size.” Text regarding Applications for Service was moved to the following page (Page No. 4A).

Application for Service (Page No. 4A):

Added a new Page No. 4A. Text regarding Applications for Service was moved from the previous page (Page No. 4) to the new Page No. 4A.

Application for Service, Section II.G (Page No. 5):

Corrected reference to “Public Utility Law” to “Public Utility Code.” Removed language related to service connections which is being addressed in the Service Connection section (Section III). Service Connection language was moved to the following page (Page No. 5A).

Service Connections, Section III (Page No. 5A):

In Section III.A and B, added clarifying language on service connections and connection fees. Modified the fee table to include tap sizes of 1” or smaller, and greater than 1” to 4”.

Bills for Water Service, Section VII.K (Page No. 10):

Revised to reflect the currently available bill payment methods.

Meters, Section VIII (Page No. 13):

Revised Section VIII.I.2 to be consistent with 52 Pa. Code § 65.8(a). Revised the fees in Section VIII.I.3 to be consistent with 52 Pa. Code § 65.8(h). Updated the citation in Section VIII.I.4 to reflect the applicable 52 Pa. Code § 65.8(b). Section VIII.I.5(a) was moved to the following page (Page No. 13A).

Meters, Section VIII (Page No. 13A):

Added a new Page No. 13A. Section VIII.I.5(a) was moved from the previous page to the new page No. 13A, and language was revised to be consistent with 52 Pa. Code § 65.9(a). Section VIII.I.5(b) was moved from the following page (Page No. 14) to the new Page No. 13A, and language was revised to be consistent with 52 Pa. Code § 65.9(b).

LIST OF CHANGES MADE BY THIS TARIFF (Continued)

Meters, Section VIII (Page No. 14):

Section VIII.I.5(b) was moved from this page to the preceding Page No. 13A.

Deposits, Section XIII (Page No. 22):

Removed language regarding interest on deposits which is being addressed on the following page.

Deposits, Section VIII (Page No. 23):

Added language to Section XIII.C to comply with the interest rate requirements in 52 Pa. Code § 56.57.

General, Section XIV (Page No. 24):

Modified Section XIV.H to reflect that PUC approval of rate changes applies to rates for jurisdictional customers located outside the City of Lock Haven.

Schedule of Rates, Section XV (Page Nos. 25 and 25A):

Removes the existing minimum charges for Residential; Commercial and Industrial; Public and Healthcare; and Educational customer classes. Includes new rates for quarterly service charge applicable to all customer classes based on meter size, with no usage allowance. Modified the quarterly service charge to reflect settlement rates. Page No. 25A has been reserved for future use.

Schedule of Rates, Section XV (Page Nos. 25B and 25C):

Provides revised quarterly charges for water consumption for Residential; Commercial and Industrial; Public and Healthcare; and Educational customer classes to reflect settlement rates.

Schedule of Rates, Section XV (Page No. 25D):

Includes placeholder for effective date of PVS in text. Modified quarterly PVS charges to reflect settlement rates. Modified Paragraph 5 regarding recalculation methods. Removed annual reconciliation language. Add language regarding filing 60 days prior to end of loan period.

Schedule of Rates, Section XV (Page No. 25F): Added Paragraph 11 regarding rate base/rate of return inclusion. Added Paragraph 12(a) regarding used and useful plant.

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(C) = Change

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XIV.	General	1 st Revised	23	(C)
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XV.	Schedule of Rates	7 th Revised	25	(C)
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XVI.	Water Conservation Contingency Plan	Original	26	
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(C) = Change

(C)

RULES AND REGULATIONS

I. Definitions

- A. A customer is a party who contracts for water service to a property, which property is hereinafter described as follows, but not limited to such description:
1. A building under one roof, owned or leased by one party and occupied as one residence or business, shall be considered as one customer.
 2. A group or combination of buildings owned or leased by one party, in one common enclosure and occupied by one family or business as a residence, or place of business or for manufacturing or industrial purposes, or as a hospital or other institution shall be considered as one customer.
 3. A public building such as a town hall, school houses, fire engine house, etc., shall be considered as one customer.
- B. The term “Service Connection” means the service pipe beginning at its connection with the street main and ending with and including the curb stop and curb box, generally just inside the line of the curb.
- C. “Consumer” – Any party receiving water service from the City.
- D. Equivalent Residential Meter Size ("ERMS"). For purposes of the PENNVEST Surcharge, the ERMS uses the maximum volume of a typical 5/8-inch meter as a baseline and then determines the surcharge amount based on how the customer’s meter compares to the 5/8-inch meter. (C)

(C) = Change

II. Application for Service

(C)

- A. Service connections will be made and water will be furnished upon written application by the prospective customer (or his properly authorized agent) on the form furnished by the Water Office, at least two (2) weeks before service is required and upon approval by the Water Department or its duly authorized agent.
- B. The application and its acceptance by the City of Lock Haven – Water Department shall constitute a contract between the City and the applicant obligating the applicant to pay the City its rates for water service from the date the water is turned on.
- C. The rules and regulations are a part of the contract with every person, municipal authority, or political sub-division which takes water service and every such person, authority, or political sub-division, by contacting with the City, agrees to be bound thereby.
- D. A customer who has made application for water service to any property shall be held liable for all water service furnished to such property until such time as the customer properly notifies the City Water Department to discontinue the service for his account.

(C) = Change

RULES AND REGULATIONS

(Continued)

II. Application for Service (Continued)

- E. A new application for service must be made to, and approved by, the City Water Department upon any change in the ownership of the property, or in the service as described in the application.
- F. No agreement will be entered into by the City Water Department with any applicant for water service until all arrearages for water service rendered at any property now or heretofore owned or occupied by him shall have been paid or until satisfactory arrangements for payment of such unpaid bills have been made.
- G. The payment of any undisputed bill, within the meaning of the Public Utility Code, shall be payment of the bill with or without interest, within thirty (30) days for residential and commercial customers following the date of the bill except in the case of bills to the Commonwealth of Pennsylvania. (See Section VII(C)). (C)
- H. Adequate pressure must be available to provide proper service, which determination will be by the City. (C)

(C) = Change

III. Service Connections

- A. Upon approval of the application made by a customer for a supply of water, the Water Department shall install the curb stop, coupling, and water service line from the curb stop to the Water Department main. The customer is responsible for excavation and installation of the water service line from the building to be serviced to the curb stop. The Water Department will assess the following Connection Fee, which includes the cost of connecting to the main and which varies based upon the size of the connection and the type of tap-in procedures required. (C)

Connection Fee

Type of Fee	Tap Size	Fee
Connection Fee	1" or smaller	\$340
	>1" to 4"	\$400
	6"	\$400
	8"	\$400
	10"	\$400
	12"	\$400
Connection Fee – Outside Normal Business Hours	Fees at 1.5x for work performed outside business hours.	
	1" or smaller	\$510
	>1" to 4"	\$600
	6"	\$600
	8"	\$600
	10"	\$600
	12"	\$600

Service connections for special service not considered to be permanent, shall be installed and maintained, unless otherwise provided, at the expense of the applicant. (C)

- B. The service line from the curb stop to the premises of the customer shall be installed and maintained by and at the expense of the customer. The portion of the service line installed by the customer shall be not less in size and quality than the service line in the street laid by the City and shall be laid not less than forty-eight (48") inches below the surface, and shall not be covered until the tap on the main is made and the service line tested. If any defects in workmanship are found the service shall not be turned on until such defects are remedied. All service pipe must meet the specifications established by the City and be installed to the specifications of the pipe manufacturer and the City. (C)

(C) = Change

RULES AND REGULATIONS

(Continued)

VII. Bills for Water Service (Continued)

- G. Failure to receive a bill shall not exempt any customer from accruing a penalty. The presentation of a bill to the customer is only a matter of accommodation and not a waiver of the Rules and Regulations of this tariff.
- H. Final Billing – When a final billing is requested and less than 4,000 gallons of water is consumed, the minimum charge for the size meter in service will be assessed. Where multiple unit buildings are involved, if the total metered consumption divided by the number of units results in a per-unit consumption figure of less than 4,000 gallons, the final bill shall be based on the total metered consumption as if the building were a single unit. The new customer on the premises will be afforded the same courtesy on his initial bill.
- I. There shall be no service rendered free of charge.
- J. All water bills and water charges shall be the ultimate responsibility of the customer or his authorized representative or agent.
- K. Payment may be made online through the Water Department’s website, by mail using check or money order, or by drop box using cash, check or money order. (C)
- L. Partial payments may be accepted upon approval of the Water Department, however, full payment must be made within ninety (90) days from date of billing.

VIII. Meters

- A. The City will, without charge, furnish and install for each customer supplied with water a suitable meter of type and size to be determined by the City, and will keep the same in repair except in case of misuse or damage by (1) frost in basement settings, (2) hot water, or (3) external cause, in which case the expense of repair must be borne by the customer. Auxiliary water meters may be installed at the expense of the customer with prior approval of the City Water Department.
- B. The customer will provide at no expense to the City a meter location in an easily accessible place in the cellar near the entrance of service pipes to the cellar, with a stop and waste valve at the inlet side of the meter and a check valve on the outlet side of the meter. In any case where it is not convenient to place the meter within the building, it

(C) = Change

RULES AND REGULATIONS

(Continued)

VIII. Meters (Continued)

2. No water meter shall be placed in service which has a registration error of more than two (2) percent. No water meter shall be allowed to remain in service, which has an error in registration of more than four (4) percent when water is passing through it at approximately the following rates of flow: (C)

5/8 inch meter	6 gallons per minute
3/4 inch meter	10 gallons per minute
1 inch meter	20 gallons per minute
1 1/2 inch meter	30 gallons per minute
2 inch meter	50 gallons per minute
3 inch meter	90 gallons per minute
4 inch meter	180 gallons per minute
6 inch meter	300 gallons per minute

3. Schedule Of Fees for Testing Meters

- (a) For each water meter having an outlet
Not exceeding one inch.....\$ 10.00 (I)
- (b) For water meters having an outlet not
Exceeding two inches\$ 20.00 (I)
- (c) For other water meters having an outlet
exceeding two inches the charge shall be
on a time and material basis.

4. Periodic Testing – Periodic testing of meters shall be done in accordance with 52 Pa. Code § 65.8(b). (C)

(C) = Change; (I) = Increase

RULES AND REGULATIONS

(Continued)

VIII. Meters (Continued)

(C)

5. Adjustment of Bills for Meter Error

- (a) Fast Meters – If, upon test of a meter, the meter is found to have an error of more than four percent (4%) fast, the public utility shall refund to the customer the overcharge, based upon what the meter would have registered had it not been fast or slow for a period equal to one-half the time elapsed since the last previous test, but not to exceed twelve (12) months. If the period of registration error is fixed with a reasonable degree of certainty, the overcharge shall be computed for said period. If the meter has not been tested under 52 Pa. Code § 65.8, the period for which it has been in service beyond the regular test period shall be added to the twelve (12) months in computing the refund. (C)
- (b) Slow Meters – If upon test of a meter, the meter is found to have an error of more than four (4) percent slow, the public utility may render a bill for the water consumed, but not covered by bills previously rendered, for a period equal to one-half of the time elapsed since the last previous test, but not to exceed twelve (12) months. (C)

(C) = Change

RULES AND REGULATIONS

(Continued)

(C)

IX. Main Extensions

- A. Application for Extension – The City of Lock Haven may extend the water pipes and improvements of any or all of its water works within and beyond the bounds of the City Lock Haven within the approved service area. The City shall upon application made to and approved by the Council of the City of Lock Haven, furnish water to any and all persons, corporations, institutions, authorities and municipalities with the approval of the governing body of the affected community; provided, however, that any person, corporation, authority, institution or municipality desiring to be furnished water outside of the limits of the City shall apply for such service to the Council of the City of Lock Haven on a form provided by the City for the purpose, and procure a permit which shall stipulate the rates, terms and conditions at and upon which the desired service will be supplied. No extension will be made or agreement executed until the necessary rights-of-way have been furnished to the City and the City may require an enabling ordinance from the municipality being served by the extension of mains.
- B. In determining the length of and necessity for an extension required pursuant hereto, the terminal point of such extension shall, in all cases, be at the point in the curb line which is equidistant from the side property lines of the last lot for which water service is requested.
- C. Permits Required – No extension of street mains shall be made unless the required permits and regulations of the Pennsylvania Department of Transportation and the Department of Environmental Resources have been complied with.
- D. The City of Lock Haven will extend existing mains a distance of thirty-five (35) feet for each bona fide prospective customer making application for water service therefrom. The type and size of the main will be determined by the City. “Bona Fide prospective customer” shall mean

(C) = Change

RULES AND REGULATIONS

(Continued)

XII. Fire Protection (Continued)

3. In the event any public fire hydrant requires replacing in the judgment of the City, it will be done at the cost of the City.

C. General Fire Hydrant Usage – No person or persons shall take water from any fire hydrant, public or private, except for fire purposes. Fire companies may test the hydrants with the permission and prior approval of the Water Department. No public or private fire hydrant shall be used for any purpose other than fire purposes, unless specifically permitted by the Water Department for that particular time or occasion. The person or persons requesting permission for the use of any public or private fire hydrant must obtain from the Water Department a permit stating the time, location and purpose for use of the hydrant, and the person or persons including property owner or his duly authorized agent who will be responsible for all costs and water consumed at the regular meter rates as measured by a hydrant meter supplied by the Water Department.

1. The cost for installing and removing the hydrant meter shall be at the regular labor rate plus twenty (20%) percent compensation expense and equipment usage during regular working hours.
2. The cost for installing the hydrant meter at times other than regular working hours shall be based on the overtime rate plus twenty (20%) percent compensation expense and equipment usage.
3. The hydrant meter and hydrant wrench shall be the sole responsibility of the person or persons granted use of the public or private fire hydrant.
4. The City shall be free from all claims and damages resulting from any such use of public or private fire hydrants.

XIII. Deposits

- A. The City reserves the right to require a deposit equal to the estimated bill for any single billing period plus one month with a minimum of five dollars (\$5.00) to secure payments for water service rendered where the credit of the customer has not been established to the satisfaction of the City. (C)

(C) = Change

RULES AND REGULATIONS

(Continued)

XIII. Deposits (Continued)

- B. Deposits will be required from customers who apply for service for a period of less than sixty (60) days, in an amount equal to the estimated bill for such temporary service.
- C. The City will refund said deposit on notice to discontinue service and after payment in full has been made for all services rendered or when the customer shall have paid bills for service over a period of twelve (12) consecutive months; any customer having secured the return of a deposit shall not be required to make a new deposit unless the service has been discontinued and the customer's credit standing impaired through failure to comply with tariff provisions. Deposits from residential customers shall bear simple interest to be computed at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax. The applicable interest rate shall become effective on January 1 of each year. (C)
- D. The payment of any undisputed bill, within the meaning of the rules, shall be payment of the bill within thirty (30) days following the date of the bill, or the payment of any contested bill, payment of which is withheld beyond the period herein mentioned if the dispute is terminated substantially in favor of the customer and if payment be made by the customer within ten (10) days thereafter.
- E. Any customer having placed a deposit shall pay bills for water service as rendered in accordance with these rules and regulations and the deposit shall not be considered as payment toward any bill during the time the customer is receiving water service.

XIV. General

- A. No customer supplied with water by the City will be allowed to supply other persons or families or other premises except by written permit from the City. A person who violates this section may have his water shut off thirty (30) days after written notice is given to that person and it may remain so until the City is satisfied that provisions of the Rules and Regulations have been complied with.
- B. Where two or more premises are supplied through a single service any violation by either or any of said consumers shall be deemed a violation as to all and the City may take such action as could be taken against a single customer, except that such action shall not be taken until the innocent consumer who is not in violation of the Rules has been given reasonable opportunity to make application to attach his pipes to a separately controlled service connection.

(C) = Change

RULES AND REGULATIONS

(Continued)

XIV. General (Continued)

- C. In the case of large properties, two or more connections may be allowed provided they meet City approval, as described in Section III(D).
- D. The City may, at any time, declare that an emergency situation exists and restrict use of water. After notice of said order is published on three (3) different days in at least one (1) local newspaper, any consumer who violates said order shall be subject to discontinuance of service.
- E. No customer shall permit any condition to exist upon premises served whereby there is, or in the opinion of the Water Department could be a backflow into the mains of the City of non-potable matter, hot or other liquids, or any leakage or seepage of such matter into said main.
- F. For the prevention of backflow, all connections are required to have a stop and waste valve on the inlet side of the meter and a check valve on the outlet side of the meter of a type approved by the City.
- G. The City will not be responsible for any damage caused within the consumer's premises by an increase or decrease of pressure within the City's distribution mains. It shall be incumbent on the customer to install and maintain, in his service line, between the curb stop and meter, such pressure regulating devices as may be necessary to prohibit excessive pressure from being transmitted to the inside piping or fixtures.
- H. Changing of Rates – Lock Haven City Council may change or amend the rates, rules and regulations for water service for customers residing outside the boundaries of the City of Lock Haven, as necessary, subject to filing and approval of any such changes by the Pennsylvania Public Utility Commission. (C)
- I. No agent or authorized representative of the Water Department or the City of Lock Haven shall have the authority to exercise any promise, agreement or representation not provided for herein, unless such authority is in writing and signed by the proper City officials.
- J. The City shall not be liable for turbidity in water or a deficiency or failure in the supply or increase or decrease of pressure when occasioned by shutting off water to make repairs or connections or failure from any cause beyond control.

(C) = Change

RULES AND REGULATIONS
(Continued)

XV. Schedule of Rates

A. Service Charges

(C)

For all customer classes, service charges per quarter shall be based on the size of the meter as follows:

<u>Meter Size</u>		<u>Service Charge Per Quarter</u>	
5/8" or 3/4"	Meter	\$46.16	(C)
1"	Meter	\$101.21	(C)
1-1/4"	Meter	\$147.09	(C)
1-1/2"	Meter	\$192.97	(C)
2"	Meter	\$303.07	(C)
3"	Meter	\$651.73	(C)
4"	Meter	\$1,165.55	(C)
6"	Meter	\$2,395.03	(C)
8"	Meter	\$5,147.61	(C)
10"	Meter	\$7,716.69	(C)
12"	Meter	\$9,735.24	(C)

(C)

(C) = Change

Reserved for future use.

(C)

Pro Forma

(C) = Change

RULES AND REGULATIONS

(Continued)

XV. Schedule of Rates (Continued)

B. Metered Service Schedule

In addition to the Service Charge, the following water consumption charges will apply (C)
for each 1,000 gallons for each customer class:

1. Residential Customers

(Applied to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

<u>GALLONS</u>	<u>PER QUARTER</u>
0 to 12,000	\$2.34 per thousand (C)/(I)
Over 12,000	\$4.68 per thousand (C)/(I)

2. Commercial & Industrial Customers

(Applicable to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

\$3.98 per thousand gallons (C)/(I)

(C) = Change; (I) = Increase

RULES AND REGULATIONS
(Continued)

XV. Schedule of Rates (Continued)

3. Public & Healthcare Customers

(Applied to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

\$3.85 per thousand gallons (C)/(I)

4. Educational Customers

(Applied to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

\$4.42 per thousand gallons (C)/(I)

(C) = Change; (I) = Increase

XV. Schedule of Rates (Continued) (C)

C. PENNVEST Surcharge (PVS)

1. In addition to the charges provided in this tariff, and for the limited purpose of recovering PENNVEST loan principal and interest only for used and useful assets financed by such loans, a per equivalent residential meter size (“ERMS”) surcharge will be uniformly applied to all classes (with the exception of public fire protection customers and customer served pursuant to pre-existing wholesale contracts) for service rendered on or after [effective date]. (C)

2. This per ERMS surcharge is calculated to recover the total principal and interest amounts payable pursuant to the final PENNVEST amortization schedule for the Water Department’s PENNVEST loan obligations that have not been included in the rates charged to Lock Haven customers. This and the provisions below shall apply to the following PENNVEST loans:

Loan Number / Identifier	PENNVEST Approval Date
18889092201-CW	April 20, 2022

3. The currently effective quarterly PVS is as follows based on meter size:

Meter Size	PVS
5/8” or 3/4”	\$9.06
1”	\$22.65
1 ¼”	\$33.98
1 ½”	\$45.30
2”	\$72.48
3”	\$158.56
4”	\$285.41
6”	\$588.94
8”	\$1,268.48
10”	\$1,902.73
12”	\$2,401.06

(C) = Change

-
4. The PVS per ERMS is determined as follows: (C)
- $$\text{PVS} = (\text{PI}/\text{ERMS})/4$$
- Where PVS = the prospective PENNVEST Quarterly Surcharge per ERMS;
- PI = the annual Principal and Interest per the PENNVEST Loans listed in Paragraph 2 above; and
- ERMS = the current maximum capacity of a meter in comparison to a 5/8th inch meter as determined from the Water Department's Billing Records.
5. The Water Department will recalculate the prospective surcharge amount in a Section 1308(a) filing made with 30 days' notice of a material change to PI, or within 30 days of a material change to ERMS, and at the time of a general rate case filing under Section 1308(d) of the Public Utility Code. (C)
- a. For purposes of this recalculation, a material change is a change that would result in a cumulative increase or decrease in the currently approved PVS of 1.5% or more. (C)
6. The PVS is reflected as a separate line item on each customer's bill. (C)
7. The PVS shall remain in effect until the principal and interest charges (amounts payable pursuant to the final amortization schedule) for the applicable loan have been collected. The Water Department will provide the Section 1308(a) filing to recalculate the prospective surcharge, if any, 60 days in advance of the end of each loan period. (C)
8. The PVS mechanism will be continued but set at zero if there are no PENNVEST loans approved by the Public Utility Commission for surcharge recovery.

(C) = Change

9. The PVS is solely designed to begin timely recovery of PENNVEST principal and interest loan obligations. All amounts charged pursuant to the surcharge are subject to audit and review by the Public Utility Commission and/or in a complaint proceeding. (C)
10. The Water Department will segregate all revenues dedicated for PENNVEST repayment so long as the surcharge remains in effect.
11. The Water Department will not seek to claim rate base/rate of return inclusion of utility plant that is financed by a PENNVEST loan that is recovered through the PVS during the time that the loan is included in the PVS. (C)
12. The Water Department may include subsequent qualifying PENNVEST loans for recovery in the PVS by making a Section 1308(a) filing with the Commission at least sixty (60) days prior to the proposed effective date of the PVC revision. The Water Department shall provide notice to affected customers at that time and shall also provide all the information required by this Tariff, and any other data required to be provided by the PUC.
 - a. Recovery through the PVS will not begin until the utility plant is used and useful and a final amortization schedule is issued by PENNVEST. (C)

CITY OF LOCK HAVEN
WATER DEPARTMENT

RULES AND REGULATIONS

Rates, Rules and Regulations

Governing the

Furnishing of Water Service

Allison, Castanea, and Wayne Townships

Issued: ~~May 24, 2024~~TBD

Effective: ~~July 23, 2024~~TBD

By:

Gregory J. Wilson, Manager
City of Lock Haven
20 East Church Street
Lock Haven, Pennsylvania 17745

NOTICE

This tariff makes changes in rates as ~~supported~~approved by the Commission in its Final Order
~~May 24, 2024 filing~~entered TBD at Docket ~~No~~Nos. ~~R-2024-XXXXXXX-2024-3049248~~ and ~~P-~~
2024-3049249.

LIST OF CHANGES MADE BY THIS TARIFF

Page No. 1 (Original):

Deleted duplicate cover page.

Table of Contents (Page No. 3):

Added page numbers for new pages 4A, 5A, 13A, 25D, 25E and 25F. Corrected various errors in listed items.

Definitions (Page No. 4):

Added definition of “Equivalent Residential Meter Size.” Text regarding Applications for Service was moved to the following page (Page No. 4A).

Application for Service (Page No. 4A):

Added a new Page No. 4A. Text regarding Applications for Service was moved from the previous page (Page No. 4) to the new Page No. 4A.

Application for Service, Section II.G (Page No. 5):

Corrected reference to “Public Utility Law” to “Public Utility Code.” Removed language related to service connections which is being addressed in the Service Connection section (Section III). Service Connection language was moved to the following page (Page No. 5A).

Service Connections, Section III (Page No. 5A):

~~Added a new Page No. 5A and moved Service Connection language from the previous page (Page No. 5) to the new Page No. 5A. In Section III.A, added new language on service connections and connection fees and modified existing language.~~

In Section III.A and B, added clarifying language on service connections and connection fees.

Modified the fee table to include tap sizes of 1” or smaller, and greater than 1” to 4”.

Bills for Water Service, Section VII.K (Page No. 10):

Revised to reflect the currently available bill payment methods.

Meters, Section VIII (Page No. 13):

Revised Section VIII.I.2 to be consistent with 52 Pa. Code § 65.8(a). Revised the fees in Section VIII.I.3 to be consistent with 52 Pa. Code § 65.8(h). Updated the citation in Section VIII.I.4 to reflect the applicable 52 Pa. Code § 65.8(b). Section VIII.I.5(a) was moved to the following page (Page No. 13A).

Meters, Section VIII (Page No. 13A):

Added a new Page No. 13A. Section VIII.I.5(a) was moved from the previous page to the new page No. 13A, and language was revised to be consistent with 52 Pa. Code § 65.9(a). Section VIII.I.5(b) was moved from the following page (Page No. 14) to the new Page No. 13A, and language was

City of Lock Haven
Water Department

Supplement No. ~~19~~24 to
Water—PA P.U.C. No. 1
~~Ninth~~Tenth Revised Page No. 2
Canceling ~~Eighth~~Ninth Revised Page No. 2

revised to be consistent with 52 Pa. Code § 65.9(b).

PRO FORMA

LIST OF CHANGES MADE BY THIS TARIFF (Continued)

Meters, Section VIII (Page No. 14):

Section VIII.I.5(b) was moved from this page to the preceding Page No. 13A.

Deposits, Section XIII (Page No. 22):

Removed language regarding interest on deposits which is being addressed on the following page.

Deposits, Section VIII (Page No. 23):

Added language to Section XIII.C to comply with the interest rate requirements in 52 Pa. Code § 56.57.

General, Section XIV (Page No. 24):

Modified Section XIV.H to reflect that PUC approval of rate changes applies to rates for jurisdictional customers located outside the City of Lock Haven.

Schedule of Rates, Section XV (Page Nos. 25 and 25A):

Removes the existing minimum charges for Residential; Commercial and Industrial; Public and Healthcare; and Educational customer classes. Includes new rates for quarterly service charge applicable to all customer classes based on meter size, with no usage allowance. Modified the quarterly service charge to reflect settlement rates. Page No. 25A has been reserved for future use.

Schedule of Rates, Section XV (Page Nos. 25B and 25C):

Provides revised quarterly charges for water consumption for Residential; Commercial and Industrial; Public and Healthcare; and Educational customer classes to reflect settlement rates.

Schedule of Rates, Section XV (Page ~~Nos~~No. 25D, 25E and 25F):

Includes placeholder for effective date of PVS in text. Modified quarterly PVS charges to reflect settlement rates. Modified Paragraph 5 regarding recalculation methods. Removed annual reconciliation language. Add language regarding filing 60 days prior to end of loan period.

Adds new pages with language describing the proposed PENNVEST Surcharge (“PVS”). **Schedule of Rates, Section XV (Page No. 25F):** Added Paragraph 11 regarding rate base/rate of return inclusion. Added Paragraph 12(a) regarding used and useful plant.

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(C) = Change

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(C) = Change

(C)

RULES AND REGULATIONS

I. Definitions

- A. A customer is a party who contracts for water service to a property, which property is hereinafter described as follows, but not limited to such description:
1. A building under one roof, owned or leased by one party and occupied as one residence or business, shall be considered as one customer.
 2. A group or combination of buildings owned or leased by one party, in one common enclosure and occupied by one family or business as a residence, or place of business or for manufacturing or industrial purposes, or as a hospital or other institution shall be considered as one customer.
 3. A public building such as a town hall, school houses, fire engine house, etc., shall be considered as one customer.
- B. The term “Service Connection” means the service pipe beginning at its connection with the street main and ending with and including the curb stop and curb box, generally just inside the line of the curb.
- C. “Consumer” – Any party receiving water service from the City.
- D. Equivalent Residential Meter Size ("ERMS"). For purposes of the PENNVEST Surcharge, the ERMS uses the maximum volume of a typical 5/8-inch meter as a baseline and then determines the surcharge amount based on how the customer’s meter compares to the 5/8-inch meter. (C)

(C) = Change

II. Application for Service

(C)

- A. Service connections will be made and water will be furnished upon written application by the prospective customer (or his properly authorized agent) on the form furnished by the Water Office, at least two (2) weeks before service is required and upon approval by the Water Department or its duly authorized agent.
- B. The application and its acceptance by the City of Lock Haven – Water Department shall constitute a contract between the City and the applicant obligating the applicant to pay the City its rates for water service from the date the water is turned on.
- C. The rules and regulations are a part of the contract with every person, municipal authority, or political sub-division which takes water service and every such person, authority, or political sub-division, by contacting with the City, agrees to be bound thereby.
- D. A customer who has made application for water service to any property shall be held liable for all water service furnished to such property until such time as the customer properly notifies the City Water Department to discontinue the service for his account.

(C) = Change

RULES AND REGULATIONS

(Continued)

II. Application for Service (Continued)

- E. A new application for service must be made to, and approved by, the City Water Department upon any change in the ownership of the property, or in the service as described in the application.
- F. No agreement will be entered into by the City Water Department with any applicant for water service until all arrearages for water service rendered at any property now or heretofore owned or occupied by him shall have been paid or until satisfactory arrangements for payment of such unpaid bills have been made.
- G. The payment of any undisputed bill, within the meaning of the Public Utility Code, shall be payment of the bill with or without interest, within thirty (30) days for residential and commercial customers following the date of the bill except in the case of bills to the Commonwealth of Pennsylvania. (See Section VII(C)). (C)
- H. Adequate pressure must be available to provide proper service, which determination will be by the City. (C)

(C) = Change

III. Service Connections

- A. Upon approval of the application made by a customer for a supply of water, the Water Department shall install the curb stop ~~and~~ coupling ~~for, and~~ water service lines 1.5 inches or less in diameter line from the curb stop to the Water Department main. The customer is responsible for excavation and installation of the water service line from the building to be serviced to the ~~point of connection at the Water Department main~~ curb stop. The Water Department will assess the following Connection Fee, which includes the cost of connecting to the main and which varies based upon the size of the connection and the type of tap-in procedures required. (C)

Connection Fee

Type of Fee	Tap Size	Fee
Connection Fee	1" <u>or smaller</u>	\$340
	<u>>1" to 4"</u>	\$400
	6"	\$400
	8"	\$400
	10"	\$400
	12"	\$400
Connection Fee – Outside Normal Business Hours	Fees at 1.5x for work performed outside business hours.	
	1" <u>or smaller</u>	\$510
	<u>>1" to 4"</u>	\$600
	6"	\$600
	8"	\$600
	10"	\$600
	12"	\$600

Service connections for special service not considered to be permanent, shall be installed and maintained, unless otherwise provided, at the expense of the applicant. (C)

- B. The service line ~~beyond~~ from the curb stop to the premises of the customer shall be installed and maintained by and at the expense of the customer. The portion of the service line installed by the customer shall be not less in size and quality than the service line in the street laid by the City and shall be laid not less than forty-eight (48") inches below the surface, and shall not be covered until the tap on the main is made and the service line tested. If any defects in workmanship are found the service shall not be turned on until such defects are remedied. All service pipe must meet the specifications established by the City and be installed to the specifications of the pipe manufacturer and the City. (C)

RULES AND REGULATIONS

(Continued)

VII. Bills for Water Service (Continued)

- G. Failure to receive a bill shall not exempt any customer from accruing a penalty. The presentation of a bill to the customer is only a matter of accommodation and not a waiver of the Rules and Regulations of this tariff.
- H. Final Billing – When a final billing is requested and less than 4,000 gallons of water is consumed, the minimum charge for the size meter in service will be assessed. Where multiple unit buildings are involved, if the total metered consumption divided by the number of units results in a per-unit consumption figure of less than 4,000 gallons, the final bill shall be based on the total metered consumption as if the building were a single unit. The new customer on the premises will be afforded the same courtesy on his initial bill.
- I. There shall be no service rendered free of charge.
- J. All water bills and water charges shall be the ultimate responsibility of the customer or his authorized representative or agent.
- K. Payment may be made online through the Water Department’s website, by mail using check or money order, or by drop box using cash, check or money order. (C)
- L. Partial payments may be accepted upon approval of the Water Department, however, full payment must be made within ninety (90) days from date of billing.

VIII. Meters

- A. The City will, without charge, furnish and install for each customer supplied with water a suitable meter of type and size to be determined by the City, and will keep the same in repair except in case of misuse or damage by (1) frost in basement settings, (2) hot water, or (3) external cause, in which case the expense of repair must be borne by the customer. Auxiliary water meters may be installed at the expense of the customer with prior approval of the City Water Department.
- B. The customer will provide at no expense to the City a meter location in an easily accessible place in the cellar near the entrance of service pipes to the cellar, with a stop and waste valve at the inlet side of the meter and a check valve on the outlet side of the meter. In any case where it is not convenient to place the meter within the building, it

(C) = Change

RULES AND REGULATIONS

(Continued)

VIII. Meters (Continued)

2. No water meter shall be placed in service which has a registration error of more than two (2) percent. No water meter shall be allowed to remain in service, which has an error in registration of more than four (4) percent when water is passing through it at approximately the following rates of flow: (C)
- | | |
|------------------|------------------------|
| 5/8 inch meter | 6 gallons per minute |
| 3/4 inch meter | 10 gallons per minute |
| 1 inch meter | 20 gallons per minute |
| 1 1/2 inch meter | 30 gallons per minute |
| 2 inch meter | 50 gallons per minute |
| 3 inch meter | 90 gallons per minute |
| 4 inch meter | 180 gallons per minute |
| 6 inch meter | 300 gallons per minute |
3. Schedule Of Fees for Testing Meters
- (a) For each water meter having an outlet
Not exceeding one inch.....\$ 10.00 (I)
- (b) For water meters having an outlet not
Exceeding two inches\$ 20.00 (I)
- (c) For other water meters having an outlet
exceeding two inches the charge shall be
on a time and material basis.
4. Periodic Testing – Periodic testing of meters shall be done in accordance with 52 Pa. Code § 65.8(b). (C)

(C) = Change; (I) = Increase

RULES AND REGULATIONS

(Continued)

VIII. Meters (Continued) (C)

5. Adjustment of Bills for Meter Error

- (a) Fast Meters – If, upon test of a meter, the meter is found to have an error of more than four percent (4%) fast, the public utility shall refund to the customer the overcharge, based upon what the meter would have registered had it not been fast or slow for a period equal to one-half the time elapsed since the last previous test, but not to exceed twelve (12) months. If the period of registration error is fixed with a reasonable degree of certainty, the overcharge shall be computed for said period. If the meter has not been tested under 52 Pa. Code § 65.8, the period for which it has been in service beyond the regular test period shall be added to the twelve (12) months in computing the refund. (C)
- (b) Slow Meters – If upon test of a meter, the meter is found to have an error of more than four (4) percent slow, the public utility may render a bill for the water consumed, but not covered by bills previously rendered, for a period equal to one-half of the time elapsed since the last previous test, but not to exceed twelve (12) months. (C)

(C) = Change

RULES AND REGULATIONS

(Continued)

(C)

IX. Main Extensions

- A. Application for Extension – The City of Lock Haven may extend the water pipes and improvements of any or all of its water works within and beyond the bounds of the City Lock Haven within the approved service area. The City shall upon application made to and approved by the Council of the City of Lock Haven, furnish water to any and all persons, corporations, institutions, authorities and municipalities with the approval of the governing body of the affected community; provided, however, that any person, corporation, authority, institution or municipality desiring to be furnished water outside of the limits of the City shall apply for such service to the Council of the City of Lock Haven on a form provided by the City for the purpose, and procure a permit which shall stipulate the rates, terms and conditions at and upon which the desired service will be supplied. No extension will be made or agreement executed until the necessary rights-of-way have been furnished to the City and the City may require an enabling ordinance from the municipality being served by the extension of mains.
- B. In determining the length of and necessity for an extension required pursuant hereto, the terminal point of such extension shall, in all cases, be at the point in the curb line which is equidistant from the side property lines of the last lot for which water service is requested.
- C. Permits Required – No extension of street mains shall be made unless the required permits and regulations of the Pennsylvania Department of Transportation and the Department of Environmental Resources have been complied with.
- D. The City of Lock Haven will extend existing mains a distance of thirty-five (35) feet for each bona fide prospective customer making application for water service therefrom. The type and size of the main will be determined by the City. “Bona Fide prospective customer” shall mean

(C) = Change

RULES AND REGULATIONS

(Continued)

XII. Fire Protection (Continued)

3. In the event any public fire hydrant requires replacing in the judgment of the City, it will be done at the cost of the City.

C. General Fire Hydrant Usage – No person or persons shall take water from any fire hydrant, public or private, except for fire purposes. Fire companies may test the hydrants with the permission and prior approval of the Water Department. No public or private fire hydrant shall be used for any purpose other than fire purposes, unless specifically permitted by the Water Department for that particular time or occasion. The person or persons requesting permission for the use of any public or private fire hydrant must obtain from the Water Department a permit stating the time, location and purpose for use of the hydrant, and the person or persons including property owner or his duly authorized agent who will be responsible for all costs and water consumed at the regular meter rates as measured by a hydrant meter supplied by the Water Department.

1. The cost for installing and removing the hydrant meter shall be at the regular labor rate plus twenty (20%) percent compensation expense and equipment usage during regular working hours.
2. The cost for installing the hydrant meter at times other than regular working hours shall be based on the overtime rate plus twenty (20%) percent compensation expense and equipment usage.
3. The hydrant meter and hydrant wrench shall be the sole responsibility of the person or persons granted use of the public or private fire hydrant.
4. The City shall be free from all claims and damages resulting from any such use of public or private fire hydrants.

XIII. Deposits

- A. The City reserves the right to require a deposit equal to the estimated bill for any single billing period plus one month with a minimum of five dollars (\$5.00) to secure payments for water service rendered where the credit of the customer has not been established to the satisfaction of the City.

(C)

RULES AND REGULATIONS

(Continued)

XIII. Deposits (Continued)

- B. Deposits will be required from customers who apply for service for a period of less than sixty (60) days, in an amount equal to the estimated bill for such temporary service.
- C. The City will refund said deposit on notice to discontinue service and after payment in full has been made for all services rendered or when the customer shall have paid bills for service over a period of twelve (12) consecutive months; any customer having secured the return of a deposit shall not be required to make a new deposit unless the service has been discontinued and the customer's credit standing impaired through failure to comply with tariff provisions. Deposits from residential customers shall bear simple interest to be computed at the simple annual interest rate determined by the Secretary of Revenue for interest on the underpayment of tax. The applicable interest rate shall become effective on January 1 of each year. (C)
- D. The payment of any undisputed bill, within the meaning of the rules, shall be payment of the bill within thirty (30) days following the date of the bill, or the payment of any contested bill, payment of which is withheld beyond the period herein mentioned if the dispute is terminated substantially in favor of the customer and if payment be made by the customer within ten (10) days thereafter.
- E. Any customer having placed a deposit shall pay bills for water service as rendered in accordance with these rules and regulations and the deposit shall not be considered as payment toward any bill during the time the customer is receiving water service.

XIV. General

- A. No customer supplied with water by the City will be allowed to supply other persons or families or other premises except by written permit from the City. A person who violates this section may have his water shut off thirty (30) days after written notice is given to that person and it may remain so until the City is satisfied that provisions of the Rules and Regulations have been complied with.
- B. Where two or more premises are supplied through a single service any violation by either or any of said consumers shall be deemed a violation as to all and the City may take such action as could be taken against a single customer, except that such action shall not be taken until the innocent consumer who is not in violation of the Rules has been given reasonable opportunity to make application to attach his pipes to a separately controlled service connection.

(C) = Change

RULES AND REGULATIONS

(Continued)

XIV. General (Continued)

- C. In the case of large properties, two or more connections may be allowed provided they meet City approval, as described in Section III(D).
- D. The City may, at any time, declare that an emergency situation exists and restrict use of water. After notice of said order is published on three (3) different days in at least one (1) local newspaper, any consumer who violates said order shall be subject to discontinuance of service.
- E. No customer shall permit any condition to exist upon premises served whereby there is, or in the opinion of the Water Department could be a backflow into the mains of the City of non-potable matter, hot or other liquids, or any leakage or seepage of such matter into said main.
- F. For the prevention of backflow, all connections are required to have a stop and waste valve on the inlet side of the meter and a check valve on the outlet side of the meter of a type approved by the City.
- G. The City will not be responsible for any damage caused within the consumer's premises by an increase or decrease of pressure within the City's distribution mains. It shall be incumbent on the customer to install and maintain, in his service line, between the curb stop and meter, such pressure regulating devices as may be necessary to prohibit excessive pressure from being transmitted to the inside piping or fixtures.
- H. Changing of Rates – Lock Haven City Council may change or amend the rates, rules and regulations for water service for customers residing outside the boundaries of the City of Lock Haven, as necessary, subject to filing and approval of any such changes by the Pennsylvania Public Utility Commission. (C)
- I. No agent or authorized representative of the Water Department or the City of Lock Haven shall have the authority to exercise any promise, agreement or representation not provided for herein, unless such authority is in writing and signed by the proper City officials.
- J. The City shall not be liable for turbidity in water or a deficiency or failure in the supply or increase or decrease of pressure when occasioned by shutting off water to make repairs or connections or failure from any cause beyond control.

RULES AND REGULATIONS
(Continued)

XV. Schedule of Rates

A. Service Charges

(C)

For all customer classes, service charges per quarter shall be based on the size of the meter as follows:

<u>Meter Size</u>	<u>Service Charge Per Quarter</u>	
5/8" or 3/4" Meter	\$39.62 <u>46.16</u>	(C)
1" Meter	\$86.88 <u>101.21</u>	(C)
1-1/4" Meter	\$126.26 <u>147.09</u>	(C)
1-1/2" Meter	\$165.64 <u>192.97</u>	(C)
2" Meter	\$260.15 <u>303.07</u>	(C)
3" Meter	\$559.43 <u>651.73</u>	(C)
4" Meter	\$1,000.47 <u>1,165.55</u>	(C)
6" Meter	\$2,055.82 <u>2,395.03</u>	(C)
8" Meter	\$4,418.55 <u>5,147.61</u>	(C)
10" Meter	\$6,623.76 <u>7,716.69</u>	(C)
12" Meter	\$8,356.43 <u>9,735.24</u>	(C)

(C)

(C) = Change

Reserved for future use.

(C)

(C) = Change

RULES AND REGULATIONS
(Continued)

XV. Schedule of Rates (Continued)

B. Metered Service Schedule

In addition to the Service Charge, the following water consumption charges will apply (C)
for each 1,000 gallons for each customer class:

1. Residential Customers

(Applied to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

<u>GALLONS</u>	<u>PER QUARTER</u>
0 to 12,000	\$3.282.34 per thousand (C)/(I)
Over 12,000	\$6.554.68 per thousand (C)/(I)

2. Commercial & Industrial Customers

(Applicable to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

~~\$5.573.98~~ per thousand gallons (C)/(I)

(C) = Change; (I) = Increase

RULES AND REGULATIONS

(Continued)

XV. Schedule of Rates (Continued)

3. Public & Healthcare Customers

(Applied to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

\$~~5.39~~3.85 per thousand gallons (C)/(I)

4. Educational Customers

(Applied to all metered service) The quarterly charges for water service furnished by the City of Lock Haven are fixed and established, based on consumption as follows:

\$~~6.18~~4.42 per thousand gallons (C)/(I)

(C) = Change; (I) = Increase

XV. Schedule of Rates (Continued)

(C)

C. PENNVEST Surcharge (PVS)

1. In addition to the charges provided in this tariff, and for the limited purpose of recovering PENNVEST loan principal and interest only for used and useful assets financed by such loans, a per equivalent residential meter size (“ERMS”) surcharge will be uniformly applied to all classes (with the exception of public fire protection customers and customer served pursuant to pre-existing wholesale contracts) for service rendered on or after ~~July 23,~~ 2024[effective date]. (C)

2. This per ERMS surcharge is calculated to recover the total principal and interest amounts payable pursuant to the final PENNVEST amortization schedule for the Water Department’s PENNVEST loan obligations that have not been included in the rates charged to Lock Haven customers. This and the provisions below shall apply to the following PENNVEST loans:

Loan Number / Identifier	PENNVEST Approval Date
18889092201-CW	April 20, 2022

3. The currently effective quarterly PVS is as follows based on meter size:

Meter Size	PVS
5/8” or 3/4”	\$19.96 <u>\$19.96</u> <u>9.06</u>
1”	\$49.91 <u>\$49.91</u> <u>22.65</u>
1 ¼”	\$74.86 <u>\$74.86</u> <u>33.98</u>
1 ½”	\$99.82 <u>\$99.82</u> <u>45.30</u>
2”	\$159.71 <u>\$159.71</u> <u>72.48</u>
3”	\$349.37 <u>\$349.37</u> <u>158.56</u>
4”	\$628.86 <u>\$628.86</u> <u>285.41</u>
6”	\$1,297.66 <u>\$1,297.66</u> <u>588.94</u>
8”	\$2,794.95 <u>\$2,794.95</u> <u>1,268.48</u>
10”	\$4,192.43 <u>\$4,192.43</u> <u>1,902.73</u>
12”	\$5,290.44 <u>\$5,290.44</u> <u>2,401.06</u>

(C)

(C) = Change

4. The PVS per ERMS is determined as follows: (C)

$$\text{PVS} = (\text{PI}/\text{ERMS})/4$$

Where PVS = the prospective PENNVEST Quarterly Surcharge per ERMS;

PI = the annual Principal and Interest per the PENNVEST Loans listed in Paragraph 2 above; and

ERMS = the current maximum capacity of a meter in comparison to a 5/8th inch meter as determined from the Water Department's Billing Records.

5. The Water Department will recalculate the prospective surcharge amount in a Section 1308(a) filing made: ~~(i) annually; (ii)~~ with ~~60~~30 days' notice of a material change to PI, or within 30 days of a material change to ERMS; or ~~(iii), and~~ at the time of a general rate case filing under Section 1308(d) of the Public Utility Code. (C)

- a. For purposes of this recalculation, a material change is a change that would result in a cumulative increase or decrease in the currently approved PVS of 1.5% or more. (C)

~~6. In the annual filing, the Water Department shall include a reconciliation pursuant to 66 Pa. C.S. § 1307(e) (the initial reconciliation period may be less than a 12-month period to account for the customary lag between the reconciliation and computational periods). The annual filing shall be filed within thirty (30) days following the end of the reconciliation period. The reconciliation or "e" factor shall be designed to recover or to credit customers for any amounts under or overbilled in the prior 12 months (compared to the total PI to be recovered). No interest is to be applied to any over or under collections.~~

~~7.~~ 6. The PVS is reflected as a separate line item on each customer's bill.

~~8.~~ 7. The PVS shall remain in effect until the principal and interest charges (amounts payable pursuant to the final amortization schedule) for the applicable loan have been collected. The Water Department will provide the Section 1308(a) filing to recalculate the prospective surcharge, if any, 60 days in advance of the end of each loan period. (C)

~~9.~~ 8. The PVS mechanism will be continued but set at zero if there are no PENNVEST loans approved by the Public Utility Commission for surcharge recovery.

(C) = Change

-
9. ~~10.~~ The PVS is solely designed to begin timely recovery of PENNVEST principal and interest loan obligations. All amounts charged pursuant to the surcharge are subject to audit and review by the Public Utility Commission and/or in a complaint proceeding. (C)
10. ~~11.~~ The Water Department will segregate all revenues dedicated for PENNVEST repayment so long as the surcharge remains in effect.
11. The Water Department will not seek to claim rate base/rate of return inclusion of utility plant that is financed by a PENNVEST loan that is recovered through the PVS during the time that the loan is included in the PVS. (C)
12. The Water Department may include subsequent qualifying PENNVEST loans for recovery in the PVS by making a Section 1308(a) filing with the Commission at least sixty (60) days prior to the proposed effective date of the PVC revision. The Water Department shall provide notice to affected customers at that time and shall also provide all the information required by this Tariff, and any other data required to be provided by the PUC.
- a. Recovery through the PVS will not begin until the utility plant is used and useful and a final amortization schedule is issued by PENNVEST. (C)

Appendix F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2024-3049248
Office of Consumer Advocate	:	C-2024-3049646
Office of Small Business Advocate	:	C-2024-3049713
	:	
v.	:	
	:	
City of Lock Haven Water Department	:	
	:	
Petition of the City of Lock Haven Water	:	Docket No. P-2024-3049249
Department for Authorization to	:	
Implement a PENNVEST Surcharge	:	

**CITY OF LOCK HAVEN WATER DEPARTMENT
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT**

The City of Lock Haven Water Department (“Lock Haven” or the “City”) hereby submits this Statement in Support of the Joint Petition for Settlement (“Settlement” or “Joint Petition”) filed in the above-captioned proceeding.

The Settlement is joined by the Bureau of Investigation and Enforcement, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”).¹ As such, the Settlement represents a full resolution of all issues by all parties in this proceeding.

Lock Haven believes that the Settlement is in the best interests of the City and its customers. The Settlement provides for \$210,000 in additional annual base rate operating revenue for PUC-jurisdictional customers, and also provides for a PENNVEST Surcharge (“PVS”) to allow

¹ See Joint Petition at 1.

the City to timely recover the interest and principal charges associated with low-interest PENNVEST loans that are necessary to make critical, mandated system improvements. Given that Lock Haven has not increased rates since 2011, this increase will provide funding that is sorely needed to cover increasing costs and provide the City with revenue that is necessary to maintain its operations. Additionally, if approved, the Settlement will allow for rate design changes which eliminate the declining block rate structure and move all classes closer to the cost of service.

The Settlement was reached after extensive formal and informal discovery, eight (8) formal mediation sessions, and other in-depth discussions concerning the issues raised by the City's filing. It therefore represents a reasonable resolution of this proceeding, is in the public interest and should be approved expeditiously and without modification.²

I. BACKGROUND

On May 24, 2024, Lock Haven initiated this proceeding seeking to increase the base water rates for customers located both inside (non-jurisdictional) and outside (PUC-jurisdictional) the City by \$990,432 per year, or 64.2%. Of this amount, the City specifically sought Commission approval to increase rates for jurisdictional customers located outside the City by \$377,823 or 71.4%. On that same date, Lock Haven also filed a separate Petition for Authorization to Implement a PENNVEST Surcharge ("PENNVEST Petition"). Through this Petition, Lock Haven proposed to implement a PENNVEST Surcharge to allow the City to timely recover the interest and principal charges associated with low-interest loans from PENNVEST that have and will continue to be awarded to the City since its last rate case.

² See Joint Petition at ¶¶ 34-35.

The procedural history is discussed in greater detail in the Joint Petition.³ The parties engaged in formal and informal discovery, participated in eight (8) formal mediation session and also engaged in informal discussions to try to achieve a settlement of some or all of the issues in this case. As a result of the mediation and settlement negotiations, the Joint Petitioners were able to reach a Settlement on all issues as set forth in the Joint Petition. As discussed herein, the settlement is in the public interest and should be approved expeditiously without modification.

II. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED EXPEDITIOUSLY AND WITHOUT MODIFICATION

A. Standard of Review of Settlements

The Commission encourages parties in contested on-the-record proceedings to settle cases.⁴ Settlements eliminate the time, effort and expense the parties must expend litigating a case and at the same time conserve administrative resources. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁵

The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a “burden of proof” standard, as is utilized for contested matters.⁶

³ Joint Petition at ¶¶ 1-18.

⁴ See 52 Pa. Code § 5.231.

⁵ 52 Pa. Code § 69.401.

⁶ See, e.g., *PUC v. Borough of Schuylkill Haven Water Department*, Docket No. R-2015-2470184, et al., Opinion and Order entered Oct. 22, 2015 adopting the Recommended Decision dated Sept. 1, 2015 at 9-10, 2015 Pa. PUC LEXIS 422; *PUC v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, et al., Opinion and Order entered July 14, 2011, at 11; *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996, 1996 Pa. PUC LEXIS 78.

Instead, the benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest.⁷

By definition, a “settlement” reflects a compromise of the positions that the parties of interest have held, which arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.⁸ In their supporting statements, the Joint Petitioners conclude, after discovery and discussion, that this Settlement resolves all issues in this case, fairly balances the interests of the Company and its ratepayers, is in the public interest, and is consistent with the requirements of the Public Utility Code.

Not every issue was of equal concern to every Joint Petitioner. Accordingly, each of the Joint Petitioners’ statements in support does not necessarily address each and every aspect of the Settlement.

B. Revenue Requirement

The Settlement provides for rates that will be designed to produce \$210,000 in additional annual base rate operating revenue for PUC-jurisdictional customers.⁹ More broadly, because Lock Haven intends to implement rates consistently across its service territory (including both jurisdictional customers located outside the city and non-jurisdictional customers located inside the City), the settlement rates will produce a total of \$552,000 in additional annual base rate operating revenue for all customers.¹⁰ While the increase allowed by the Settlement is significantly

⁷ *Id.*; see also *PUC v. Allied Utility Services, Inc.*, Docket No. R-2015-2479955, et al., Opinion and Order entered April 7, 2016 adopting the Recommended Decision dated Feb. 26, 2016 at 8, 2016 Pa. PUC LEXIS 73.

⁸ See, e.g., *PUC v. York Water Co.*, Docket No. R-00049165, Opinion and Order entered Oct. 4, 2004 adopting the Recommended Decision dated Aug. 30, 2004.

⁹ Joint Petition at ¶ 20.

¹⁰ *Id.* Note that the City is only seeking Commission approval of the \$210,000 rate increase that will apply to outside-City, jurisdictional customers.

less than the City's original request of \$377,823 for jurisdictional customers, this agreement will provide additional income that is necessary to fund basic operations for the water system. The Settlement also provides that Lock Haven will not file another Section 1308(d) rate increase any sooner than twelve (12) months from the effective date of rates in this proceeding, thus providing a level of rate certainty to customers.¹¹

Lock Haven has not increased its rates since 2011. While the City has been able to maintain present rates for over 14 years – both for customers located inside and outside the City – this additional revenue is necessary to meet rising operational costs and fund critical, mandated system improvements that are needed to update aging infrastructure. Notably, the City did not request a rate of return in this proceeding, and the Settlement does not reflect any such return. The City is simply focused on funding its operations and making improvements to its aging infrastructure so that it can continue providing safe and adequate service to customers. The Settlement provides for the additional funding to help the City meet these requirements.

The Settlement also provides that Lock Haven will be permitted to file tariff supplements to become effective March 2, 2025.¹² This date reflects the original suspension date, which Lock Haven voluntarily extended in order to allow time for mediation.¹³ Lock Haven is requesting expedited consideration of the Settlement in order to obtain approval by this date, to allow it to implement the rate increase as soon as possible to fund its operations, particularly given that it bills on a quarterly basis and it will take time for any approved increase to become fully implemented.

For these reasons, Lock Haven submits that the additional revenue provided under the Settlement is in the public interest and should be approved without modification.

¹¹ Joint Petition at ¶ 21.

¹² Joint Petition at ¶ 20.

¹³ See Joint Petition at ¶¶ 10, 12-13.

C. Rate Design

Under the Settlement, the parties agreed to support Lock Haven's proposed changes to its rate design as included in its original filing. These changes include: (1) eliminating the quarterly minimum charges with usage allowances and instead implementing fixed service charges without usage allowances; (2) eliminating the multi-tier residential volumetric rates and implementing a two-tier inclining block structure for residential customers; and (3) eliminating a multi-tier declining block structure for non-residential customers and instead implementing a separate and distinct uniform rate for each non-residential rate class (Commercial/Industrial, Educational, and Public Health).¹⁴ This change will move all customers closer to their cost of service, send appropriate water conservation signals, and ensure that all customer classes are paying their fair share.

Under the Settlement and the modified rate design, the average residential customer will actually experience a rate *decrease*. The average residential customer using 13,500 gallons per quarter will see their quarterly bill decrease from \$100.46 to \$90.42, a decrease of \$10.04 or 10.0%.¹⁵ This is a result of the rate design changes which will positively impact residential customers and move them toward cost of service.

This modified rate design is more consistent with current industry standards and is in the public interest. Therefore, the Settlement should be approved without modification.

D. PENNVEST Surcharge

As explained in Lock Haven's PENNVEST Petition, the City needs an efficient recovery mechanism for a significant PENNVEST loan it received in 2022, the interest being paid in 2024 on a PENNVEST loan, and to recover the principal and interest payments for several additional

¹⁴ See Lock Haven Filing Requirements at 8 (relating to Section 53.52(a)(4)); Water Rate Study at 7, 21-22

¹⁵ Appendix C, Customer Bill Impacts by Class.

PENNVEST loans it anticipates receiving in the coming years. Importantly, these loans are financing modifications to Lock Haven’s water supply system that are either mandated or crucially necessary in order to be able to continue to provide safe, adequate and reliable water service to its customers.

The Pennsylvania Department of Environmental Protection (“DEP”) has mandated major modifications to certain City infrastructure that will require significant investment to complete.¹⁶ These projects were the primary drivers of Lock Haven’s rate filing, and they are critically necessary to ensuring that Lock Haven can continue providing safe and adequate water service to customers.

Specifically, Ohl Dam requires significant upgrades and is part of an ongoing two-phase repair project.¹⁷ Because of the potential for downstream loss of life and extensive property damage during a dam breach, Ohl Dam is classified by DEP as a “High Hazard” structure and subject to passing the maximum flood event known as the “Probable Maximum Flood (PMF).” Engineering studies have revealed that the existing dam has inadequate spillway capacity, passing only 68% of the PMF. The DEP designated Ohl Dam as having a “significant deficiency in spillway capacity” and has directed the City to upgrade the spillway to current standards, in addition to other modifications.

Similarly, Keller Dam is also classified by the PADEP as a “High Hazard” structure and subject to passing the PMF.¹⁸ Engineering studies have revealed that the existing spillway can only pass 68% of the PMF. PADEP has designated Keller Dam as having a “substantial

¹⁶ PENNVEST Petition at ¶¶ 14-28.

¹⁷ PENNVEST Petition at ¶¶ 15-19.

¹⁸ PENNVEST Petition at ¶¶ 20-23.

deficiency in spillway capacity” and has directed the City to upgrade the spillway to current standards and complete a variety of other improvements.

Further, Lock Haven has successfully explored, drilled and tested a groundwater source along McKinney Road in Youngdale, Wayne Township, Clinton County, PA as a supplemental water source.¹⁹ The reasons are two-fold. First, the reservoirs are vulnerable during periods of extreme drought which puts their ability to supply ordinary system demand in jeopardy. Secondly, lowering either Ohl or Keller reservoir(s) for construction is an unnecessary risk, because it would make the system more vulnerable in water emergencies, such as those that have occurred in the past. As such, a supplemental water source must be developed before Lock Haven can proceed with the DEP-mandated dam projects discussed above (other than Ohl Dam Phase I, which has already been completed).

These projects are either currently or anticipated to be funded by low-interest PENNVEST loans. A recent PENNVEST loan was conditioned on the City filing the instant rate increase proposal with the PUC. Further, PENNVEST has advised that it will not approve further funding for Lock Haven until a rate increase is granted. The PVS specifically provides a mechanism to allow the City to timely recover interest and principal associated with PENNVEST loans, both now and in the future.

The Settlement includes a number of safeguards to ensure that PVS funds are used appropriately, and also provides a clear process for implementing and modifying the PVS.²⁰ The PVS will provide vital funding to ensure the critical system upgrades described above are completed, thus allowing the City to continue to provide adequate service to customers. Lock Haven submits that this resolution is in the public interest and should be approved.

¹⁹ PENNVEST Petition at ¶¶ 24-26.

²⁰ Joint Petition at ¶ 24.

III. CONCLUSION

The Settlement represents a reasonable resolution of all issues raised by all parties in this proceeding. Its terms are in the public interest and will provide Lock Haven with additional funding that is essential to ensuring the City can continue to provide safe and adequate service to its customers. The Settlement also reduces the administrative burden on the Commission and the litigation costs of all of the active parties. Accordingly, for the reasons set forth above and in the Joint Petition, Lock Haven submits that the Settlement is in the public interest and should be approved without modification.

Therefore, Lock Haven respectfully requests that the ALJ and the Commission expeditiously review and approve the Settlement without modification, and take any other action deemed to be in the public interest.

Respectfully submitted,

/s/ Sarah C. Stoner

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Dated: January 15, 2025

*Counsel for the
City of Lock Haven Water Department*

Appendix G

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2024-3049248
	:	P-2024-3049249
City of Lock Haven Water Department	:	

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

TO ADMINISTRATIVE LAW JUDGE JOHN M. COOGAN:

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 Settlement (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of the City of Lock Haven Water Department (“Lock Haven” or “City”) and its customers. The parties to this settlement are Lock Haven, I&E, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (collectively the “Joint Petitioners” or “Parties”).

Following extensive review of the City’s filing and discovery responses, and participation in numerous mediation sessions and settlement discussions, 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 Administrative Law Judge (“ALJ”) John M. Coogan and the Commission approve the Settlement in its entirety.

I. INTRODUCTION

On May 24, 2024, Lock Haven filed proposed Supplement No. 19 to Tariff Water – Pa. P.U.C. No. 1 (“Supplement No. 19”). Supplement No. 19 contained changes in water rates, rules, and regulations with a proposed revenue increase for jurisdictional customers located outside the City of \$377,823, or 71.4%. Simultaneous with the base rate filing, Lock Haven also filed a separate Petition for Authorization to Implement a PENNVEST Surcharge requesting that the Commission authorize Lock Haven to implement a reconcilable PENNVEST Surcharge, as well as a Motion to Consolidate Proceedings.

On May 30, 2024, I&E filed its Notice of Appearance. On June 20, 2024, OCA filed a Formal Complaint and Public Statement. On June 21, 2024, OSBA filed a Formal Complaint and Public Statement.

On July 11, 2024, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates until March 2, 2025, 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 July 22, 2024 before ALJ Coogan during which the rate case and the PENNVEST petition were consolidated. Additionally, the parties agreed to engage in mediation and Lock Haven elected to extend the statutory suspension period by 60 days, until May 1, 2025, in order to accommodate mediation proceedings.

The parties engaged in mediation sessions on August 14, 2024, September 10, 2024, September 27, 2024, October 22, 2024, November 6, 2024, November 19, 2024, December 2, 2024, December 10, 2024, and December 19, 2024. Lock Haven voluntarily extended the statutory extension period three times until July 28, 2025 in order to accommodate further mediation proceedings. Telephonic Prehearing Conferences were scheduled on September 23, 2024 and November 13, 2024 but were cancelled upon request of the parties in order to continue settlement discussions. A telephonic Prehearing Conference was held on December 18, 2024 during which the parties informed ALJ Coogan that a full settlement of all issues was imminent and a filing date for the settlement was set for January 15, 2025.

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

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

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

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Revenue Requirement (Joint Petition ¶¶ 20-21)

The Settlement provides that Lock Haven shall file a compliance tariff supplement, effective no sooner than March 2, 2025, with rates designed to produce additional annual operating revenue for jurisdictional customers of \$210,000 as opposed to the City's requested \$377,823 increase. Lock Haven's allowed revenue requirement will be recovered based upon the schedule of rates as shown in Appendices B, C, and D to the Joint Petition.

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.

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 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.⁶

This “black box” revenue increase balances the interests of ratepayers and the City. Lock Haven 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.

The parties have also agreed that Lock Haven shall not file a general rate increase under Section 1308(d) of the Public Utility Code any sooner than 12 months following

⁶ 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).

the effective date of rates in this proceeding. This stay-out term is in the public interest as it provides a period of rate stability for the City's customers.

B. Reporting on Plant Additions (Joint Petition ¶ 22)

Pursuant to the terms of the Settlement, Lock Haven will provide I&E, OCA, and OSBA with an update to Lock Haven's Summary by Detail Plant Accounts and Depreciation Reserve schedules, which will include actual capital expenditures, plant additions and retirements for the twelve months ended December 31, 2024 on or before April 1, 2026. On or before April 1, 2027, Lock Haven will update the Summary by Detail Plant Accounts, which will include actual capital expenditures, plant additions and retirements through December 31, 2025. For both filing requirements, the City agrees that it will provide the schedules as soon as its auditors complete the 2024 and 2025 audits.

This provision is in the public interest because this data will allow the Commission and the parties to better gauge the accuracy of Lock Haven's projected investments in future proceedings.

C. Rate Case Filing Methodology (Joint Petition ¶ 23)

Pursuant to the terms of the Settlement, Lock Haven agrees that it will justify its next base rate case on a rate base/rate of return basis. If Lock Haven seeks to use a cash flow approach in its next case, it agrees that it will file a Petition with the Commission seeking specific approval to use that methodology.

Unlike Philadelphia Gas Works,⁷ there is no statutory or regulatory mandate that Lock Haven utilize a cash flow methodology rather than the traditional rate base/rate of return methodology utilized by all other Commission regulated utilities. There are several municipal water providers that utilize the rate base/rate of return methodology⁸ and Lock Haven has not demonstrated a need to be treated as an exception to this norm. Therefore, I&E supports this term as being in the public interest.

D. PENNVEST Surcharge (Joint Petition ¶ 24)

Lock Haven shall implement a PENNVEST surcharge pursuant to 66 Pa.C.S. § 1307 and 52 Pa. Code §§ 69.361-69.364, subject to the terms and conditions set forth in the Joint Petition.

I&E supports this provision because it provides the parties, affected ratepayers, and the Commission with regulatory certainty and resolution of the PENNVEST issues, and therefore, it is in the public interest.

E. OSBA Contact Information (Joint Petition ¶ 25)

I&E has no specific comments on the settlement provision regarding the inclusion of contact information for the OSBA on late payment notices for jurisdictional customers but supports the Settlement in its entirety as being in the public interest.

⁷ See 66 Pa.C.S. § 2212(e); See also 52 Pa. Code § 69.2702(b).

⁸ See *Pennsylvania Public Utility Commission v. City of Bethlehem*, Docket No. R-2013-2390244 (Order Entered July 9, 2014); See also *Pennsylvania Public utility Commission v. City of DuBois – Bureau of Water*, Docket No. R-2016-2554150 (Order Entered May 18, 2017).

F. Service Connection Tariff Language (Joint Petition ¶ 26)

I&E has no specific comments on the settlement provision regarding the tariff language but supports the Settlement in its entirety as being in the public interest.

IV. CONCLUSION

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 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.

I&E represents that all issues have been satisfactorily resolved through discovery and discussions with the City 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 Settlement as being in the public interest and respectfully requests that Administrative Law Judge John M. Coogan recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,



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Dated: January 15, 2025

Appendix H

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2024-3049248
Consumer Advocate	:	C-2024-3049646
Office of Small Business Advocate	:	C-2024-3049713
	:	
v.	:	
	:	
City of Lock Haven Water Department	:	
	:	
Petition of the City of Lock Haven Water	:	P-2024-3049249
Department for Authorization to Implement	:	
a PENNVEST Surcharge	:	

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

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE John Coogan:

AND NOW, before the Honorable Administrative Law Judge (ALJ) John Coogan, and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Settlement (Settlement) in the captioned proceeding, submits this Statement in Support of the Settlement, requesting approval of the terms and conditions of the Settlement as being supported by substantial record evidence and in the public interest.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. § 309-4. The OCA’s interest in this case is to ensure that utility consumers – who ultimately pay the revenue

requirement to the utility – are paying enough, but no more than is necessary, to ensure that public utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

B. Procedural Background

On May 24, 2024, City of Lock Haven Water Department (City) filed Supplement No. 19 to Water – PA P.U.C. No 1 to become effective July 23, 2024 (rate filing). Subsequently, on June 14, the City filed Supplement No. 20 to Water PA P.U.C. No. 1, voluntarily extending the suspension of the application of rates proposed in the City’s rate filing until August 2, 2024. The City requests a total increase of \$483,872, or 91.5% to be recovered from Commission jurisdictional customers (those customers living outside of the City of Lock Haven). Under the City’s proposal, a typical bill for a residential water customer using 13,500 gallons per quarter would increase from \$100.46 to \$108.85 per quarter, or 8.4%. Additionally, the City proposes a number of rate design changes, including proposals to remove existing minimum charges for the Residential, Commercial and Industrial, Public and Healthcare, and Education customer classes. Moreover, the City proposes a fixed quarterly service charge scaled by meter size, a two-tier increasing block rate for residential customers, and uniform class-based volumetric rates for the Commercial and Industrial, Education, and Public Healthcare customer classes.

The City also filed a Petition for Authorization to Implement a PENNVEST Surcharge (Petition) where the City seeks the Commission’s approval to implement a reconcilable per equivalent residential meter size (ERMS) surcharge to recover the principal and interest payments related to the final PENNVEST amortization schedule for its PENNVEST loan obligations. Additionally, the City requests that the Commission approve the inclusion of the PENNVEST-funded rate base in base rates for Commission jurisdictional customers at the end of the

PENNVEST surcharge period. *Petition*, ¶¶ 6-10.

The surcharge would be uniformly applied to all classes for service rendered on or after July 23, 2024. On May 31, 2024, the Commission filed a Secretarial Letter Petition Conditional Acceptance Notification, accepting the City's Petition on the condition that the City file an amended Petition Exhibit 4 that replaces Supplement No. 19 with a copy of a *pro forma* tariff supplement that does not include any issued or effective dates. On June 14, 2024, the City timely filed an Amended Petition for Proposed PENNVEST Surcharge, in accordance with the Commission's conditions.

The Office of Consumer Advocate (OCA) filed its Formal Complaint and Public Statement on June 20, 2024, and its Answer to the Petition on June 24, 2024. The Bureau of Investigation and Enforcement (I&E) filed a Notice of Appearance on May 30, 2024. The Office of Small Business Advocate (OSBA) filed its Formal Complaint and Public Statement on June 21, 2024.

On July 11, 2024, the Commission issued a Suspension Order on the rate case docket, initiating investigations into the lawfulness, justness, and reasonableness of the proposed changes in rates, and suspended the effective date of Tariff Supplement No. 19 to Water PA P.U.C. No. 1 until March 2, 2025, by operation of law. The Commission assigned this proceeding to the Office of Administrative Law Judge and further assigned this proceeding to Administrative Law Judge John M. Coogan (ALJ Coogan). ALJ Coogan issued a Prehearing Conference Order on July 12, 2024, directing parties to file and serve a Prehearing Memorandum on or before noon on July 19, 2024, and scheduled a telephonic Prehearing Conference for July 22, 2024, at 10:30 A.M.

On September 13, 2024, Lock Haven filed Supplement No. 22 to Tariff Water – PA P.U.C. No. 1 to further suspend the proposed rate effective date to June 27, 2025, to allow additional time for mediation. On November 8, 2024, Lock Haven filed Supplement No. 23 to Tariff Water – PA

P.U.C. No. 1 to further suspend the proposed rate effective date to July 28, 2025, to allow additional time for mediation. From August 2024 through December 2024, the parties participated in eight (8) formal mediation sessions, including on August 14, 2024, September 10, 2024, October 22, 2024, November 6, 2024, November 19, 2024, December 2, 2024, December 10, 2024, and December 19, 2024. The parties also participated in informal settlement discussions and conducted formal and informal discovery. On December 18, 2024, a further prehearing conference was held, in which the parties informed the ALJ that they believed that a settlement could be achieved and deadlines were set.

In accordance with the Third Supplemental Scheduling Order issued on December 20, 2024 the OCA now submits this Statement in Support of the Settlement. As explained below, the OCA submits that the Settlement is supported by substantial evidence, is in the public interest, and should be approved without modification.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231, 69.401.

In order to be approved, the proposed rates, rules, and regulations in Lock Haven's water and wastewater tariffs must be lawful, just and reasonable, in conformity with regulations and orders of the Commission, and consistent with sound ratemaking principles and public policy. 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)).¹ In reaching a decision on whether to grant Lock Haven’s rate increase as well as its various rule and tariff changes, the Commission must give “due consideration to the interests of consumers.” 71 P.S. § 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); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)). “It is the Commission’s duty to determine the public interest and to protect the rights of the public.” *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted). 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.” *CS Water and Sewer*, 74 Pa. P.U.C. at 771. Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.” 71 P.S. § 309-5 (2).

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable. 66 Pa.C.S. §§ 1301(a), 315(a). Proponents of an order bear the burden of proof. 66 Pa.C.S. § 332(a). Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest. 66 Pa.C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order

¹ Available at <https://www.puc.pa.gov/pcdocs/1693880.docx>.

entered April 15, 2021) (*City of Bethlehem*) at 13.

It is well-established that the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.” *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*). For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*). The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602.

III. The Settlement is in the Public Interest

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 Lock Haven’s consumers, and should be approved by the Commission without modification.

A. Revenue Requirement (Settlement ¶ 20)

Lock Haven initially proposed to increase its annual operating revenues for its water operations for its jurisdictional customers by approximately \$483,872, or 91.5%, over the amount of annual revenues at present rates. Under the Settlement, Lock Haven will be permitted a total annual revenue of \$210,000. Settlement ¶ 20. The new rates to collect the settlement level of water revenues from each class are shown on Attachment B of the Joint Petition for Settlement. *See*

Appendix B. Importantly, under the Settlement, residential customers will experience a rate decrease. *Id.*

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 Lock Haven’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.

B. Stay-Out (Settlement ¶ 21)

Under the Settlement, Lock Haven will not file a rate increase pursuant to Section 1308(d) any sooner than 12 months from the effective date of rates in this proceeding. Settlement ¶ 21. This 1-year stay out is an important provision because it ensures some level of rate stability for Lock Haven’s customers, as any further rate increases after this one would not go into effect until at least a year after the effective date of Lock Haven’s new rates.

C. Reporting on Plant Additions (Settlement ¶ 22)

Under the Settlement, on or before April 1, 2026, Lock Haven will provide I&E, OCA and OSBA an update to Lock Haven’s Summary by Detail Plant Accounts and Depreciation Reserve schedules, which will include actual capital expenditures, plant additions and retirements for the

twelve months ended December 31, 2024. Settlement ¶ 22. On or before April 1, 2027, Lock Haven will update the Summary by Detail Plant Accounts, which will include actual capital expenditures, plant additions and retirements through December 31, 2025. *Id.* For both filing requirements, the City agrees that it will provide the schedules within 30 days of its auditors completing the 2024 and 2025 audits. *Id.*

The settlement rates are designed to produce \$210,000 in additional annual base rate operating revenue for PUC-jurisdictional customers based upon the pro forma level of operations for the twelve (12) months ending Fiscal Year 2025. These provisions allow the Commission and the parties to track how the Company is meeting its projections. These proposed terms should be approved as in the public interest.

D. Pennvest Surcharge (Settlement ¶ 23)

The Settlement states that the Pennvest Surcharge (PVS) revenue from PUC-jurisdictional customers is expected to be \$48,000. Importantly, under the Settlement, Lock Haven agrees to add the following language for its Pennvest Surcharge tariff:

- i. Lock Haven agrees that it will not begin its Pennvest Surcharge until the utility plant is used and useful and a final amortization schedule is issued by Pennvest.
- ii. Lock Haven will segregate all revenues dedicated for PennVest repayment so long as the charge remains in effect.
- iii. Lock Haven agrees that it will not seek to claim rate base/rate of return inclusion of utility plant that is financed by a Pennvest loan that is being recovered through the Pennvest surcharge during the time that the loan is included in the Pennvest surcharge.
- iv. Lock Haven agrees to file the following supporting documentation with any tariff supplement filing to incorporate a Pennvest loan into its Pennvest Surcharge:

- (a) Final and red-lined copies of the proposed tariff or tariff supplement to incorporate the loan into the Pennvest Surcharge.
- (b) A summary of the terms of the loan, including the loan date, amount, interest rates, term of loan, annual principal and interest payments, and security certificate docket number. The date of each expected interest rate or annual principal and interest payment change must be identified for each loan.
- (c) Copies of executed loan agreement documents and final amortization schedules.
- (d) A statement that the project funded by the loan is used and useful or will be used and useful before collection in the Pennvest Surcharge begins.
- (e) A copy of a proof of revenues and supporting calculations for the affected type of service reflecting Pennvest Surcharge revenues under present and proposed rates.
- (f) Copies of any supporting documentation used to determine the Pennvest Surcharge, including electronic workpapers.
- (g) A copy of Lock Haven's customer notice that it issued in accordance with 52 Pa. Code § 53.45(g).
- (h) A copy of Lock Haven's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h).
- (i) A copy of a signed verification statement for the information being provided in accordance with 52 Pa. Code § 1.38.

Settlement ¶ 23.

Due to Lock Haven's small number of customers, it is essential to minimize the costs included in rate base, thereby reducing the rate impact of capital improvements on each ratepayer. This tariff language regarding PENNVEST and the PVS ensures that Lock Haven properly charges, and accounts for, PENNVEST funds. Requiring that the PVS will not begin until Lock Haven's utility plant is used and useful and a final amortization schedule is issued by PENNVEST

ensures that Lock Haven’s consumers are only paying for services and infrastructure that is being used to provide vital utility service. Moreover, the segregation of revenues dedicated to PENNVEST promotes financial transparency and provides a proper accounting of funds. Additionally, an explicit agreement that Lock Haven will not seek a rate base return on and return of the PENNVEST funds protects ratepayers from paying unnecessary charges through the PVS. The PENNVEST provisions were a focus of the mediation for the OCA, are in the public interest, and should be adopted by the Commission.

E. Revenue Allocation (Settlement at App. B, C)

In its filing, Lock Haven proposed an approximately \$377,823 rate base increase, which represented an increase of 71.4% over present rates. Of that amount, Lock Haven proposed to decrease residential rate base by \$22,151, or by 7%. Under the Settlement, residential rate base will be decreased by approximately \$37,533, or by 11.6%. *See App. B.* In addition to the rate base increase, the City filed for a PENNVEST surcharge to collect \$106,048 from its customers, \$79,556 of which would be collected from residential customers. Under the Settlement, the City will collect \$48,130 from its customers, \$36,107 of which will be collected from residential customers. *See App. C.* Overall, as a result of this settlement, residential ratepayers will see a rate decrease of \$1,427, or 0.4%.

Based on the OCA’s review of the cost-of-service study presented in this proceeding, the OCA views the Settlement to be within the range of reasonable outcomes that would result from the full litigation of this case. Importantly, the Settlement reduces rates to residential customers. The OCA submits that the revenue allocation, and in the public interest, and should be approved.

F. Residential Rate Design (Settlement at App. C)

Lock Haven proposed to increase its customer charge for water service to customers with

5/8-inch meters from \$51.40 to \$84.39 per quarter for all residential customers, both jurisdictional and non-jurisdictional. Under the Settlement, the Joint Petitioners agreed to a **decrease** in the quarterly residential customer charge for customers from \$51.4 to \$46.16 per quarter, or by 10.19%. Settlement at App. C.

A reduction in the fixed residential customer charge benefits all residential ratepayers, regardless of their usage. Particularly, a reduction in the fixed customer charge provides much-needed relief to low-income households. Moreover, a reduction to the fixed customer charge promotes conservation efforts by consumers who hope to reduce both their utility bill and their environmental impact. Accordingly, the OCA submits the Settlement provisions as to Rate Design are reasonable, in the public interest, and should be approved without modification.

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 Lock Haven's ratepayers.

Respectfully Submitted,

/s/ Harrison W. Breitman
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DATED: January 15, 2025

Appendix I

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	Docket No. R-2024-3049248
v.	:	
	:	
City of Lock Haven Water Department	:	
	:	
Petition of the City of Lock Haven Water Department For Authorization to Implement a PENNVEST	:	Docket No. P-2024-3049249
	:	

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT**

I. INTRODUCTION

On May 24, 2024, Lock Haven (“the City”) filed Supplement No. 19 to its Tariff Water – PA P.U.C. No. 1 with the Pennsylvania Public Utility Commission (“Commission” or “PUC”) to increase rates for jurisdictional customers located outside the City by \$377,823 or 71.4%.

Under the Settlement, the City will be permitted to increase the base water rates for jurisdictional, outside-City customers by \$210,000. The Settlement further provides that the City will not file a rate increase pursuant to Section 1308(d) any sooner than 12 months from the effective date of rates in this proceeding. For the Commercial/Industrial, Educational, and Public Health customer classes, the City will eliminate the existing multi-tier declining block rate structure and instead implement a separate uniform rate for each class.

The Settlement also provides for the establishment of a PENNVEST Surcharge (“PVS”), that will enable the City to timely recover the interest and principal charges associated with low-

interest loans from PENNVEST that have and will continue to be awarded to the City since its last rate case.

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”) on June 12, 2024, filed a Notice of Appearance for docket P-2024-3049249, and further filed a Notice of Intervention, Public Statement and Verification on June 21, 2024. Under docket R-2024-3049248 the OSBA filed a Notice of Appearance on June 12, 2024 and a Complaint, Public Statement, and Verification on June 21, 2024.

The OSBA participated in the negotiations that led to the proposed joint settlement and is a signatory to the Joint Petition for Approval of a Unanimous Settlement (“Joint Petition”). The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The OSBA submits this statement in support of the Joint Settlement.

II. PROCEDURAL HISTORY

The Joint Petitioners adopt and incorporate by reference the procedural history contained in the Joint Stipulation. And the Joint Petition for Settlement.

III. THE OSBA AGREES THAT THE FOLLOWING ARE JUST AND REASONABLE

The OSBA finds that it is just and reasonable for the Commission to approve Lock Haven’s May 24, 2024, base rate filing and PENNVEST Petition in this proceeding as modified by the terms and conditions as follows:

a. Base Rate Filing

The settlement rates will be designed to produce \$210,000 in additional annual base rate

operating revenue for PUC-jurisdictional customers based upon the pro forma level of operations for the twelve (12) months ended Fiscal Year 2025. Lock Haven will be permitted to file tariff supplements to become effective March 2, 2025.

Lock Haven will not file a rate increase pursuant to Section 1308(d) any sooner than 12 months from the effective date of rates in this proceeding.

On or before April 1, 2026, Lock Haven will provide Joint Petitioners an update to Lock Haven's Summary by Detail Plant Accounts and Depreciation Reserve schedules, which will include actual capital expenditures, plant additions and retirements for the twelve months ended December 31, 2024. On or before April 1, 2027, Lock Haven will update the Summary by Detail Plant Accounts, which will include actual capital expenditures, plant additions and retirements through December 31, 2025. For both filing requirements, the City agrees that it will provide the schedules within 30 days of its auditors completing the 2024 and 2025 audits.

Lock Haven agrees that it will justify its next base rate case on a rate base/rate of return basis. If Lock Haven seeks to use a cash flow approach in its next case, it agrees that it will file a Petition with the Commission seeking specific approval to use that methodology.

b. PVS Tariff Language:

PENNVEST Surcharge revenue from PUC-jurisdictional customers is expected to be \$48,130. Lock Haven agrees that it will not begin its PENNVEST Surcharge until the utility plant is used and useful and a final amortization schedule is issued by PENNVEST. Lock Haven will segregate all revenues dedicated for PENNVEST repayment so long as the charge remains in effect.

Lock Haven agrees that it will not seek to claim rate base/rate of return inclusion of utility plant that is financed by a PENNVEST loan that is being recovered through the

PENNVEST Surcharge during the time that the loan is included in the PENNVEST Surcharge.

Lock Haven agrees to file the following supporting documentation with any tariff supplement filing to incorporate a PENNVEST loan into its PVS: Final and red-lined copies of the proposed tariff or tariff supplement to incorporate the loan into the PVS, a summary of the terms of the loan, including the loan date, amount, interest rates, term of loan, annual principal and interest payments, and security certificate docket number, the date of each expected interest rate or annual principal and interest payment change must be identified for each loan, copies of executed loan agreement documents and final amortization schedules, a statement that the project funded by the loan is used and useful or will be used and useful before collection in the PVS begins, a copy of the proof of revenues and supporting calculations for the affected type of service reflecting PVS revenues under present and proposed rates, copies of any supporting documentation used to determine the PVS, including electronic workpapers, a copy of Lock Haven's customer notice that it issued in accordance with 52 Pa. Code § 53.45(g), a copy of Lock Haven's affidavit of customer notice confirming that notice requirements have been met in accordance with 52 Pa. Code § 53.45(h), and a copy of a signed verification statement for the information being provided in accordance with 52 Pa. Code § 1.38.

Of special interest to the OSBA, Lock Haven agrees to include contact information for the Office of Small Business Advocate in notices sent to small businesses that are late on their payments.

c. Service Connection Tariff Language:

Lock Haven will revise the proposed tariff language to clarify that the Water Department will install the curb stop, coupling, and the water service line from the curb stop to the Water Department Main, and the customer is responsible for excavation and installation of the water

service line from the building to the curb stop, it will revise the connection fee chart to include all applicable tap sizes, including those 1” or smaller, and those greater than 1” and up to 4”.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

The OSBA submits that the Settlement is in the public interest for the following additional reasons:

- a. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Lock Haven’s filing. The Joint Petitioners engaged in extensive informal and formal discovery and numerous settlement discussions, including participation in eight (8) formal mediation sessions.
- b. Substantial Litigation and Associated Costs Will Be Avoided. The Settlement amicably and expeditiously resolves several important and contentious issues. The administrative burden and costs to litigate these matters to conclusion would be substantial.
- c. The Settlement Is Consistent with Commission Policies Promoting Negotiated Settlements. The Joint Petitioners arrived at the Settlement terms after conducting extensive discovery and engaging in in-depth discussions including participation in eight (8) formal mediation sessions. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission’s rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391 and 69.401), and is supported by a substantial record.

V. ADDITIONAL TERMS AND CONDITIONS

This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. If the Commission disapproves the Settlement or the Company or the OSBA elects to withdraw as provided above, it reserves its rights to fully litigate this case, including but not limited to presentation of witnesses, cross-examination, and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

If the Administrative Law Judges, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, OSBA agrees to waive the filing of Exceptions. However, the OSBA does not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the Administrative Law Judges in their Recommended Decision. The OSBA also reserves the right to file Replies to any Exceptions that may be filed.

VI. CONCLUSION

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/ Rebecca Lyttle

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Dated: January 15, 2025