

January 16, 2025

Via E-File

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105

RE: Pa. Public Utility Commission v. Newtown Artesian Water Company
Docket No. R-2024-3050208

Dear Secretary Chiavetta:

This firm represents Newtown Artesian Water Company in the above-captioned matter. Enclosed for filing please find a superseding copy of the Joint Petition for Complete Settlement which includes revised Appendices. Please note that this version of the Joint Petition, Statements in Support, and Appendices, is the correct version and should be utilized moving forward.

As evidenced by the enclosed Certificate of Service, copies of the above-referenced documents have been served upon the presiding Administrative Law Judge and counsel for all parties.

Please do not hesitate to contact me if you have any questions.

Respectfully submitted,

Shane P. Simon

Shane P. Simon

SPS/cf

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of a superseding copy of the Joint Petition for Complete Settlement which includes revised Appendices upon persons listed below
via Electronic Mail:

Via E-File Only

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DATED: January 16, 2025

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|----------------|
| Pennsylvania Public Utility Commission | : | |
| Office of Consumer Advocate | : | R-2024-3050208 |
| Office of Small Business Advocate | : | C-2023-3050613 |
| | : | C-2023-3050625 |
| v. | : | |
| | : | |
| Newtown Artesian Water Company | : | |

JOINT PETITION FOR COMPLETE SETTLEMENT

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERANDA VERO:

I. INTRODUCTION

Newtown Artesian Water Company (“NAWC” or the “Company”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (hereinafter referred to individually as “Party” or collectively as “Settling Parties”), hereby submit this Joint Petition for Complete Settlement (“Joint Petition” or “Settlement”) and respectfully request that:

1. Administrative Law Judge Eranda Vero (the “ALJ” or “ALJ Vero”) recommend that the Commission approve this Settlement and all of its terms and conditions, and that the Commission grant such approval, without modification;

2. ALJ Vero recommend that the Commission authorize NAWC to file a tariff supplement attached hereto at Appendix A effective for service rendered on and after April 18, 2025;

3. Based on the data and testimony submitted in this case, ALJ Vero recommend, and the Commission make, the Findings of Fact and Conclusions of Law proposed at Sections IV and V, respectively, below; and

4. The Commission terminate its investigation at Docket No. R-2024-3050208, including dismissal of the Complaints filed by OCA at Docket No. C-2023-3050613 and the OSBA at Docket No. C-2023-3050625.

In support of this Settlement, the Settling Parties state as follows:

II. BACKGROUND

5. On July 19, 2024, the Company filed proposed Supplement No. 158 to Tariff Water – Pa. P.U.C. No. 9 (“Supplement No. 158”), with a proposed effective date of September 18, 2024, based upon a fully projected future test year ending March 31, 2026 (the “FPFTY”). The rates set forth therein, if approved by the Commission, would have increased the Company’s annual jurisdictional revenues by \$922,419, or 14.1%.

6. The Company supported its filing with Direct Testimony from Daniel J. Angove (NAWC Statement No. 1), Gregory R. Herbert (NAWC Statement No. 2 and Exhibit GRH-1), Harold Walker, III (NAWC Statement No. 3 and Exhibit HW-1), and John J. Spanos (NAWC Statement No. 4 and Exhibits JJS-1, JJS-2, and JJS-3).

7. The OCA filed a Formal Complaint on August 7, 2024 at Docket No. C-2023-3050613, along with a Public Statement.

8. The OSBA filed a Formal Complaint on August 8, 2024 at Docket No. C-2023-3050625, along with a Public Statement.

9. I&E filed its Notice of Appearance on August 13, 2024.

10. On August 22, 2024, the Commission issued a Suspension Order that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate

increase in this filing in addition to the Company's existing rates, rules, and regulations, assigned this matter to the Office of the Administrative Law Judge for further proceedings as appropriate, and suspended the effective date of the tariff until April 18, 2025.

11. On August 28, 2024, the Company submitted Supplement No. 160 to Tariff-Water-Pa. P.U.C. No. 9 ("Supplement No. 160") suspending, by operation of law, the effective date of Supplement No. 158 until April 18, 2025. The Company submitted a corrected version of Supplement No. 160 on August 29, 2024.

12. A Prehearing Conference Order issued on August 29, 2024 that directed the parties to file and serve Prehearing Memoranda before noon on September 6, 2024 and scheduled a telephonic Prehearing Conference on September 9, 2024 at 10:00 A.M.

13. The Prehearing Conferenced occurred as scheduled on September 9, 2024, after which ALJ Vero issued a Prehearing Order and Protective Order.

14. Public input hearings were held on October 7, 2024.

15. The Company published Notice of the Public Hearings in the Bucks County Courier Times, a newspaper of general circulation, on September 25, 2024 and October 2, 2024.

16. An in-person public input hearing was held at 1:00 p.m. on October 7, 2024 at the Council Rock School District Administration Building (Chancellor Center), located at 30 North Chancellor Street in Newtown, PA. No members of the public appeared at the in-person hearing.

17. A telephonic public input hearing was also held on October 7, 2024. Two members of the public called into the telephonic public input hearing, but did not provide comments or testimony.

18. During the discovery phase of this proceeding OCA and I&E collectively propounded more than one hundred discovery requests. The Company responded to all of those requests.

19. On October 10, 2024, I&E filed Direct Testimony accompanied by exhibits, from Vanessa Okum (I&E Statement No. 1 and I&E Exhibit No. 1), D.C. Patel (I&E Statement No. 2 and I&E Exhibit No. 2), and Esyan Sakaya (I&E Statement No. 3 and I&E Exhibit No. 3). The OCA filed Direct Testimony accompanied by exhibits on the same day from Jennifer Rogers (OCA Statement No. 1) and Morgan DeAngelo (OCA Statement No. 2). The OSBA did not file Direct Testimony.

20. The Company filed Rebuttal Testimony accompanied by exhibits on November 1, 2024, including: Rebuttal Testimony of Daniel J. Angove (NAWC Statement No. 1-R and Exhibit DJA-1R), Rebuttal Testimony of Gregory R. Herbert (NAWC Statement No. 2-R and Exhibit Nos. GH-1R & 2R), and Rebuttal Testimony of Harold Walker, III (NAWC Statement No. 3-R and Exhibit HW-1R).

21. The OCA, I&E, and OSBA did not file rebuttal testimony.

22. On November 15, 2024, I&E filed Surrebuttal Testimony accompanied by exhibits, including from: Vanessa Okum (I&E Statement No. 1-SR), D.C. Patel (I&E Statement No. 2-SR and I&E Exhibit No. 2-SR), and Esyan Sakaya (I&E Statement No. 3-SR and I&E Exhibit No. 3-SR).

23. Also on November 15, 2024, the OCA filed Surrebuttal Testimony from Jennifer Rogers (OCA Statement 1SR) and Morgan DeAngelo (OCA Statement 2SR).

24. The Parties were simultaneously engaged in settlement negotiations, resulting in this Petition for Settlement. The Settling Parties were able to agree to a proposed

revenue increase and rate design to recover the agreed-upon increase, thereby resolving all issues raised by the participants to this proceeding.

25. On November 20, 2024, the Parties advised ALJ Vero that a settlement in principle had been achieved.

III. SETTLEMENT TERMS AND CONDITIONS

The terms of the Settlement are as follows:

26. The Company will be permitted to establish rates for customers which will produce an overall increase in annual operating revenues of approximately \$750,000 in lieu of the originally proposed rate increase of \$922,418. These rates will become effective on April 18, 2025. The Settlement concerning revenue requirement shall be a “black box” settlement, except as expressly noted herein. Proof of Revenues for rates established by the Settlement is set forth at Appendix B.

27. The other tariff changes proposed in Supplement No. 158 will be reflected in the tariff included at Appendix A, and will go into effect as filed.

28. The Company’s Distribution System Improvement Charge (“DSIC”) shall be established at 0% of billed revenues effective April 18, 2025. The DSIC shall remain at 0% of billed revenues until the later of: (a) the end of the FPFTY; or, (b) the quarter following the point in time at which NAWC’s net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by NAWC as of March 31, 2026 (i.e., the end of the FPFTY) per Company Exhibit JJS-3 (page 12). The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

29. For the purposes of calculating its DSIC, the Company shall use the equity return rate for water utilities contained in the Commission’s most recent Quarterly report on the

earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. Section 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. Section 1358(b)(1).

30. In tandem with the rate increase authorized by this Settlement, which will be implemented across the board, the Company's customer charges and usage rates for all effected rate classes will be scaled back proportionally, effective on April 18, 2025.

31. The Company will provide the OCA, I&E and OSBA with an update to Table No. 4 in Company Exhibit JJS-2 (page 45) for the years 2024-2025 no later than August 1, 2025, and an update to Table No. 5 in Company Exhibit JJS-3 (page 12) for the years 2025-2026 no later than August 1, 2026. These updates will be filed under the Docket Number of this proceeding. The updated tables will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending March 31, 2025 and March 31, 2026, respectively.

32. The Settling Parties agree that the Company's original filing, including all Company Direct and Rebuttal Testimony, exhibits and supporting data, shall be admitted into the record as originally filed with the Secretary of the Commission and as outlined in the Joint Stipulation for Admission of Evidence ("Stipulation for Admission") which accompanies this Petition for Settlement. The Settling Parties further agree that all Direct and Surrebuttal Testimony, exhibits and supporting data filed by the OCA and I&E in this proceeding shall be admitted into the record as outlined in the Stipulation for Admission.

IV. PROPOSED FINDINGS OF FACT

33. As a consequence of the Settlement terms and conditions set forth in Section III above and supported by the Company's filing, exhibits and testimony submitted for admission

in the record, the Settling Parties request that the ALJ and the Commission make the following findings of fact and such other findings and conclusions as may be required or appropriate.

34. The Company is a public utility regulated by the Commission. *See* NAWC Statement No. 1 at 2:15.

35. The Company provides water service in Bucks County, Pennsylvania, in the following areas: Newtown Borough, Newtown Township, and the northern portion of Middletown Township. *See* NAWC Statement No. 1 at 2:15-17.

36. The Company has a diversified water supply that includes five Company wells and purchased water from the Bucks County Water and Sewer Authority (“BCWSA”) and Pennsylvania American Water Company. *See* NAWC Statement No. 1 at 4:2-4.

37. On July 19, 2024, the Company filed Supplement No. 158 to Tariff Water – Pa. P.U.C. No. 9. If approved, the Company’s as-filed rates would increase the Company’s annual jurisdictional revenues by \$922,419, or 14.1%.

38. The Company identified in its filing that the primary basis for the Company’s rate increase is to seek recovery of infrastructure investments made by the Company during the historical test year and which will be made during the fully projected test year, as well as to reflect the increased level of expenses during the fully projected future test year. This includes construction of a new treatment plant for the “forever chemicals” PFAS. In addition, the Company continues to see decreasing customer usage. *See* NAWC Statement No. 1 at 4:15-25.

39. This Settlement is appropriate and in the public interest.

40. The rates produced by this Settlement and set forth in the proposed tariff supplement included in Appendix A are just and reasonable.

V. PROPOSED CONCLUSIONS OF LAW

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

42. The utility requesting the rate increase has the burden of proving that the rate involved is just and reasonable. 66 Pa. C.S. §§ 315(a) and 1301.

43. “The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest.” *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

44. The instant Settlement is in the public interest and the rates produced therein are just and reasonable.

45. The Commission encourages settlements, which eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion. *Pa. PUC v. Venango Water Co.*, Docket No. R-2014-2427035, 2015 WL 2251531, at *3 (Apr. 23, 2015 ALJ Decision) (adopted by Commission via Order entered June 11, 2015); *See* 52 Pa. Code § 5.231.

46. A “Black Box” settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. *Pa. PUC v. Venango Water Co.*, Docket No. R-2014-2427035, 2015 WL 2251531, at *11.

47. 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.” *Pennsylvania Public Utility Commission v. CS Water and Sewer Associates*, 74 PA PUC 767,771 (1991).

VI. PROPOSED ORDERING PARAGRAPHS

THEREFORE, IT IS ORDERED:

48. That the Company shall not place into effect the rates contained in its Supplement No. 158, as filed on July 19, 2024.

49. That the Joint Petition for Complete Settlement of Rate Investigation entered into and filed by the Company, the Commission's Bureau of Investigation and Enforcement, and the Office of Consumer Advocate, is approved without modification.

50. That the Company is hereby authorized to charge the rates set forth in the proposed tariff supplement set forth at Appendix A of the Joint Petition for Complete Settlement for service rendered on and after April 18, 2025.

51. That the Office of Consumer Advocate's Complaint filed at C-2023-3050613 and the Office of Small Business Advocate's Complaint filed at C-2023-3050625 be dismissed consistent with this Opinion and Order.

52. That this docket shall be marked closed.

VII. ADDITIONAL TERMS AND CONDITIONS OF SETTLEMENT

53. This Petition for Settlement arises following extensive discovery and discussions, and reflects compromises by all sides. It is being proposed to settle the instant case. Accordingly, this Petition for Settlement is made without any admission against, or prejudice to, any positions which any Settling Party might adopt during any subsequent litigation of this proceeding (should this Petition for Settlement be rejected or modified), or in any other proceeding. If the Commission withholds such approval as to any of the terms and conditions, or alters any of the terms and conditions, any Settling Party may withdraw from this Settlement upon written notice of its intent to the Commission and the remaining parties within three (3) business

days of the date of the Commission's Order and may resume with the litigation of this proceeding within ten (10) days of the entry of the Order making any such modifications.

54. The Settling Parties agree that the Petition for Settlement shall be considered to have the same effect as full litigation of the instant proceeding resulting in the establishment of rates that are Commission-made, just and reasonable rates.

55. This Settlement and its terms and conditions may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

56. Any issues not specifically addressed in these settlement terms are not deemed as accepted or rejected as part of this black box settlement. 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.

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

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

59. The Settlement Parties acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. If the ALJ, in her Recommended Decision, recommends that the Commission adopt this Petition for Settlement as herein proposed, the

Settling Parties agree to waive the filing of Exceptions. However, the Settling Parties do not waive their rights to file Exceptions with respect to any additional matters dealt with, or any modifications to the terms and conditions of this Petition for Settlement recommended by the ALJ in her Recommended Decision.

60. In the event that the Commission does not approve this Petition for Settlement, the Settling Parties reserve their respective rights to resume litigation. If the Commission modifies the Settlement, any Settlement Party may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Parties within five (5) business days after the entry of an Order modifying the Settlement.

61. If the Commission does not approve the Settlement and the proceedings continue, the Settlement Parties reserve their respective procedural rights. The Joint Petition for Settlement is made without any admission against, or prejudice to, any position which any Settlement Party may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

62. Each Settling Party has submitted a Statement in Support of this Settlement. The Company's Statement in Support is included in Appendix C. The OCA's Statement in Support is included in Appendix D. I&E's Statement in Support is included in Appendix E. The OSBA's Statement in Support is included in Appendix F.

WHEREFORE, the Settling Parties, by and through their respective counsel, respectfully request that ALJ Vero and the Commission approve this Joint Petition for Settlement inclusive of its terms and conditions without modification, and that the Commission enter an order consistent

with this Settlement resolving and terminating the proceeding and resolving all outstanding complaints.

Respectfully submitted,

/s/ Shane P. Simon

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Dated: January 16, 2025

/s/ Steven C. Gray

Steven C. Gray, Esq.
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APPENDIX A

**Proposed Tariff Supplement
Effective April 18, 2025**

THE NEWTOWN ARTESIAN WATER COMPANY

Rates and Rules
Governing the Supply
of Water Service
in
Newtown Borough,
the Township of Newtown, and
the Township of Middletown,
Bucks County, Pennsylvania

ISSUED: [DATE]

EFFECTIVE: April 18, 2025

Daniel J. Angove, Secretary / CEO
The Newtown Artesian Water Company
Newtown, Pennsylvania 18940

Filed in Compliance with the Order of the Pennsylvania Public Utility Commission
entered [DATE], at docket no. R-2024-3050208

NOTICE

THIS TARIFF MAKES INCREASES, DECREASES AND CHANGES
IN EXISTING RATES, RULES AND REGULATIONS

(See [NUMBER] Revised Page No. 2)

LIST OF CHANGES MADE BY THIS SUPPLEMENT

A. Increases.

1. This tariff supplement increases all meter rates and flat rates to produce additional annual revenue of \$750,000.00 per annum, effective April 18, 2025.
2. This tariff supplement increases the State Tax Adjustment Surcharge (STAS) surcharge rate from (XXX%) to 0% on page 4, effective April 18, 2025.
3. This tariff supplement increases the Wholesale Water Service – Demand Charge rate from \$0.970 per thousand gallons to \$1.11 per thousand gallons on page 6, effective April 18, 2025.

B. Decreases.

1. This tariff supplement decreases the Distribution System Improvement Charge (DSIC) surcharge from XXX% to 0% on page 4, effective April 18, 2025.
2. This tariff supplement decreases the Purchased Water Adjustment Clause (PWAC) surcharge from \$X.XXX per thousand gallons to \$0.00 per thousand gallons on pages 4 and 5.

C. Changes.

1. This tariff supplement changes the Purchased Water Adjustment Clause (PWAC) surcharge language by clarifying the abbreviations and recalculating baseline items included in the PWAC calculation on page 31.

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(C) Indicates change

SURCHARGES

A. State Tax Adjustment Surcharge.

1. In addition to the net charges provided for in this Tariff, a State Tax Adjustment surcharge of 0.00% will apply to all bills for services rendered on or after April 18, 2025. (I)
2. The above surcharge will be recomputed, using the elements prescribed by the Commission:
 - (a) Whenever any of the tax rates used in calculation of the surcharge are changed;
 - (b) Whenever the utility makes effective increased or decreased rates;
 - (c) On March 31, 1975, and year thereafter.

B. Distribution System Improvement Charge (DSIC).

In addition to the net charges provided for in this Tariff, a Distribution System Improvement Charge (DSIC) surcharge of 0.00% will apply consistent with the Commission order dated January 1, 1999 at Docket No. R-00994900 approving the DSIC. (D)

C. Purchased Water Adjustment Clause (PWAC).

In addition to the net charges provided for in this Tariff, a Purchased Water Adjustment Clause (PWAC) surcharge of \$0.00 per thousand gallons will apply consistent with the Commission order dated April 15, 2010, at Docket No. R-2009-2117550 approving the PWAC. (D)

(C) Indicates Change

(I) Indicates Increase

(D) Indicated Decrease

Schedule of Meter Rates

Application

This schedule is applicable to metered domestic, commercial, industrial and public customers.

Meter Rates

Per 1,000 Gallons

| | | |
|----------------|---------|-----|
| All water used | \$7.676 | (I) |
|----------------|---------|-----|

Minimum Charges

Based upon the size of the meter required to render adequate service, each metered customer shall pay a service charge, billed quarterly or monthly at the Company's discretion. The Company is converting from quarterly to monthly billing. Eventually, all customers will be billed monthly. The conversion to monthly billing is ongoing. Customers should consult their bills to determine if they are billed on a quarterly or monthly basis or contact the Company to inquire.

| <u>Size of Meter</u> | <u>Quarterly Service Charge</u> | <u>Monthly Service Charge</u> | |
|----------------------|---|---------------------------------------|-----|
| 5/8 inch | \$26.27 | \$8.76 | (I) |
| 3/4 inch | \$39.46 | \$13.15 | (I) |
| 1 inch | \$65.74 | \$21.91 | (I) |
| 1 1/2 inch | \$131.48 | \$43.83 | (I) |
| 2 inch | \$210.34 | \$70.11 | (I) |
| 3 inch | \$394.43 | \$131.48 | (I) |
| 4 inch | \$657.43 | \$219.14 | (I) |
| 6 inch | \$1,314.88 | \$438.29 | (I) |
| 8 inch | \$2,103.75 | \$701.25 | (I) |
| 10 inch | \$3,024.17 | \$1,008.06 | (I) |

Purchased Water Adjustment Clause

| | |
|--|-----|
| A Purchased Water Adjustment Clause surcharge of \$0.00 per 1,000 gallons is applied to metered sales. | (D) |
|--|-----|

(I) Indicates Increase
(D) Indicates Decrease

| <u>Public and Private Fire Protection</u> | <u>Per Quarter</u> | (C) |
|---|--------------------|-----|
| Hydrants..... | \$117.72 | (I) |
| Each sprinkler system | | |
| First 300 sprinkler heads or less | | |
| 4-inch connection | \$140.12 | (I) |
| 6-inch connection | \$140.12 | (I) |
| 8-inch connection | \$163.46 | (I) |
| Each sprinkler head over 300..... | \$0.30 | (I) |

Wholesale Water Service

For water sold to Pennsylvania-American Water Company – Yardley Service Area. In the event wholesale sales to Pennsylvania-American Water Company result in an increase in Newtown Artesian Water Company’s minimum take-or-pay obligations to the Bucks County Water and Sewer Authority and to the extent Newtown Artesian Water Company is unable to sell all such water it is obligated to purchase, Pennsylvania-American Water Company will pay Newtown Artesian Water Company for all such unsold water at its actual costs for a period ending June 7, 2024.

| | | |
|---------------------------|------------------|-----|
| | <u>Per 1,000</u> | |
| | <u>Gallons</u> | |
| Demand Charge..... | \$1.11 | (I) |
| Electric pumping..... | actual cost | |
| Purchased water cost..... | actual cost | |

(I) Indicates Increase
(C) Indicates Change

Purchased Water Adjustment Charge

The Company may apply a Purchased Water Adjustment Clause (“PWAC”) to its water rates set forth under Schedule of Metered Rates to reflect an increase or decrease in the rates charged by its wholesale water suppliers, Bucks County Water and Sewer Authority (“BCWSA”) and Pennsylvania American Water Company (“PENN-AM”), who are referred to jointly as “Wholesalers.” The purchased water adjustment charges will not apply to wholesale customers because they are billed the actual cost of purchased water each month on a current basis.

The PWAC will be calculated based on changes in the Company’s Wholesalers rates from the purchased water included in the Company’s Baseline Cost. For the purpose of calculating the PWAC the Baseline Cost is the annual purchased water cost reflected as an operating expense in the Company’s most recently concluded base rate case. This amount will remain constant until such time base rates are reset.

Customers shall be notified of changes in the PWAC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

When the Company’s water suppliers change their rates for water purchased by the Company, the Company will re-compute the PWAC based upon its annual purchased water costs reflecting the level of consumption and other billing determinants that formed the basis for the Baseline Cost.

Determination of Purchased Water Adjustment Charge

A PWAC may be implemented on the effective date of a change in Wholesalers’ rates charged to the Company for purchased water but not on less than forty-five (45) days’ notice. The Company may, at its option, implement a PWAC, to recover an increase in purchased water costs. However, if the rate is a decrease, the Company must implement a credit PWAC to reflect the decrease.

The baseline items determined in the Company’s most recently concluded base rate case are:

| | | | |
|--|---------|---------|-----|
| Baseline Purchased Water Cost (per thousand gallons) | | \$3.581 | (I) |
| BCWSA (Customer) | \$0.017 | | (D) |
| BCWSA (Consumption) | \$3.614 | | (I) |
| PA-AMERICAN | \$3.328 | | (I) |
| Baseline 1,000 Gallons of Purchased Water | | 446,135 | (I) |
| BCWSA | 372,081 | | (I) |
| PA-AMERICAN | 74,054 | | (D) |
| Baseline 1,000 Gallons of Water Sales | | 671,941 | (D) |

The PWAC, per thousand gallons, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formulas set forth below:

$$PWAC = \frac{(CHGPWC \times 446,135)}{671,941}$$

- (C) Indicates change
- (D) Indicates decrease
- (I) Indicates increase

APPENDIX B

Settlement Proof of Revenues

Newtown Artesian Water Company

R-2024-3050208

I&E Summary - Settlement

of

Statement of Net Operating Revenue for the Twelve Months Ending March 31, 2026

Based on Data Shown in NAWC Exhibit :Proof of Revenue - Page 1

| Line | Class (A) | Per Books 3/31/2024 (B) | Historic Present Adjustments (C) | Company at Present Rates 3/31/2024 (D) | Company Pro-Forma Adjustments (E) | Company at Present Rates 3/31/2025 (F) | Company Pro-Forma Adjustments (G) | Company at Present Rates 3/31/2026 (H) | Company Increase (I) | I&E -Adjusted Settlement Rates (J) | Percent (K) |
|------|---------------------------------|-------------------------------|---|--|--|--|--|--|----------------------------|---|----------------|
| 1 | Residential | \$4,001,969 | \$129,800 | \$4,131,769 | \$6,806 | \$4,138,575 | -\$9,478 | \$4,129,097 | \$469,977 | \$4,599,074 | 11% |
| 2 | Commercial | \$924,875 | \$107,115 | \$1,031,990 | \$21,332 | \$1,053,322 | \$21,223 | \$1,074,545 | \$113,875 | \$1,188,420 | 11% |
| 3 | Industrial | \$455,335 | \$48,629 | \$503,963 | \$0 | \$503,963 | \$0 | \$503,963 | \$53,816 | \$557,780 | 11% |
| 4 | Public | \$193,092 | \$21,649 | \$214,741 | \$0 | \$214,741 | \$0 | \$214,741 | \$24,060 | \$238,801 | 11% |
| 5 | Private Fire | \$265,639 | -\$14,174 | \$251,466 | \$9,136 | \$260,602 | \$2,624 | \$263,226 | \$37,753 | \$300,979 | 14% |
| 6 | Public Fire | \$267,132 | -\$2,786 | \$264,347 | \$0 | \$264,347 | \$0 | \$264,347 | \$41,498 | \$305,845 | 16% |
| 7 | Sub Total | \$6,108,042 | \$290,233 | \$6,398,275 | \$37,274 | \$6,435,549 | \$14,369 | \$6,449,918 | \$740,980 | \$7,190,898 | 11.5% |
| 8 | Other Operating Revenues | | | | | | | | | | |
| 9 | Metered Sales-Yard Hydrants | \$24,414 | \$0.00 | \$24,414 | \$0.00 | \$24,414 | \$0.00 | \$24,414 | \$6,820 | \$31,233 | 28% |
| 10 | Forfeited Discounts | \$13,251 | \$0.00 | \$13,251 | \$0.00 | \$13,251 | \$0.00 | \$13,251 | \$1,526 | \$14,777 | 12% |
| 11 | Rents from Water Property | \$106,410 | \$0.00 | \$106,410 | \$0.00 | \$106,410 | \$0.00 | \$106,410 | \$0.00 | \$106,410 | 0% |
| 12 | Total Other | \$144,074 | \$0 | \$144,074 | \$0 | \$144,074 | \$0 | \$144,074 | \$8,345 | \$152,419 | 6% |
| 13 | TOTAL REVENUE | \$6,252,116 | \$290,233 | \$6,542,350 | \$37,274 | \$6,579,623 | \$14,369 | \$6,593,992 | \$749,325 | \$7,343,317 | 11.39% |

Newtown Artesian Water Company
R-2024-3050208
Pro Forma Revenues under Settlement Rates - page 2

| <u>Customer Classification</u> (A) | <u>Adjusted Base Rate Revenues Per Books</u> (B) | <u>Application of Present Rates** to Bill Analysis 3/31/2024</u> (C) | <u>Adjustment Factor</u> (D) | <u>Application of Proposed Rates** to Bill Analysis 3/31/2024</u> (E) | <u>Test Year Revenues at Proposed Rates</u> (F) | <u>Pro Forma Adjustments Under Proposed Rates* Historic</u> (G) | <u>Future</u> (H) | <u>FPFTY</u> (I) | <u>Pro Forma Revenues Under Proposed Rates</u> (J) |
|---------------------------------------|---|---|---------------------------------|--|--|--|----------------------|---------------------|---|
| Residential | \$3,975,952 | \$3,985,904 | 0.997503 | \$4,611,165 | \$4,599,652 | \$4,969 | \$4,195 | -\$9,742 | \$4,599,074 |
| Commercial | \$983,355 | \$964,466 | 1.019585 | \$1,115,787 | \$1,137,640 | \$11,100 | \$15,401 | \$24,280 | \$1,188,420 |
| Industrial | \$482,131 | \$481,909 | 1.000460 | \$557,523 | \$557,780 | \$0 | \$0 | \$0 | \$557,780 |
| Public | <u>\$206,413</u> | <u>\$215,350</u> | 0.958501 | <u>\$249,140</u> | <u>\$238,801</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$238,801</u> |
| Total Metered Sales | \$5,647,850 | \$5,647,628 | 1.000039 | \$6,533,615 | \$6,533,872 | \$16,068 | \$19,596 | \$14,538 | \$6,584,074 |
| Private Fire Protection | \$248,464 | \$248,464 | 1.00000 | \$287,373 | \$287,373 | | \$10,570 | \$3,036 | \$300,979 |
| Public Fire Protection | <u>\$264,347</u> | <u>\$264,347</u> | 1.00000 | <u>\$305,845</u> | <u>\$305,844.56</u> | | <u>\$0</u> | <u>\$0</u> | <u>\$305,845</u> |
| Total Sales of Water | \$6,160,661 | \$6,160,439 | | \$7,126,833 | \$7,127,090 | \$16,068 | \$30,166 | \$17,574 | \$7,190,898 |

* Reflects Adjustments R16, R17, R18, R19, R20, R21 and R22, REB R-2

** Base Rates.

Newtown Artesian Water Company
R-2024-3650208
Revenue at Settlement Rates

Residential

| Meter Size | Number of Bills | Total Consumption | Proposed Rate | Proposed Revenue |
|---|-----------------|-------------------|---------------|--------------------|
| 5/8" Quarterly | 37,062 | 0 | \$26.27 | \$973,619 |
| 3/4" Quarterly | 495 | 0 | \$39.46 | \$19,533 |
| 1" Quarterly | 1,356 | 0 | \$65.74 | \$87,829 |
| 1 1/2" Quarterly | - | 0 | \$131.48 | \$0 |
| 2" Quarterly | - | 0 | \$216.34 | \$0 |
| Total Customer Charge | 38,893 | | | \$1,080,980 |
| Newtown Artesian Rate Area | | 459,899 | \$7.676 | \$3,530,185 |
| Total Usage | 38,893 | | | \$3,530,185 |
| Total Proposed Residential Revenue | | | | \$4,611,165 |

Commercial

| Meter Size | Number of Bills | Total Consumption | Proposed Rate | Proposed Revenue |
|--|-----------------|-------------------|---------------|--------------------|
| 5/8" Quarterly | 177 | 0 | \$26.27 | \$4,649 |
| 3/4" Quarterly | 12 | 0 | \$39.46 | \$474 |
| 1" Quarterly | 48 | 0 | \$65.74 | \$3,156 |
| 1 1/2" Quarterly | 0 | 0 | \$131.48 | \$0 |
| 2" Quarterly | 1 | 0 | \$216.34 | \$210 |
| 3" - Quarterly | 0 | 0 | \$394.43 | \$0 |
| 5/8" - Monthly | 4349 | 0 | \$8.76 | \$38,083 |
| 3/4" Monthly | 262 | 0 | \$13.15 | \$3,446 |
| 1" Monthly | 1,172 | 0 | \$21.91 | \$25,682 |
| 1 1/2" monthly | 575 | 0 | \$43.83 | \$25,200 |
| 2" monthly | 855 | 0 | \$70.11 | \$59,944 |
| 3" - monthly | 109 | 0 | \$131.48 | \$14,331 |
| 4" - monthly | 53 | 0 | \$219.14 | \$11,614 |
| 6" - monthly | 0 | 0 | \$438.29 | \$0 |
| 8" - monthly | 12 | 0 | \$701.25 | \$8,415 |
| 10" - monthly | 0 | 0 | \$1,068.06 | \$0 |
| Total Customer Charge | 7,625 | | | \$195,505 |
| Newtown Artesian Rate Area | | 119,930 | \$7.676 | \$920,583 |
| Total Usage | 7,625 | | | \$920,583 |
| Total Proposed Commercial Revenue | | | | \$1,115,787 |

Industrial

| Meter Size | Number of Bills | Total Consumption | Proposed Rate | Proposed Revenue |
|--|-----------------|-------------------|---------------|------------------|
| 5/8" Quarterly | 16 | 0 | \$26.27 | \$420 |
| 3/4" Quarterly | 28 | 0 | \$39.46 | \$1,105 |
| 1" Quarterly | 11 | 0 | \$65.74 | \$723 |
| 1 1/2" Quarterly | 0 | 0 | \$131.48 | \$0 |
| 2" Quarterly | 0 | 0 | \$216.34 | \$0 |
| 5/8" - Monthly | 64 | 0 | \$8.76 | \$560 |
| 3/4" Monthly | 112 | 0 | \$13.15 | \$1,473 |
| 1" Monthly | 49 | 0 | \$21.91 | \$1,074 |
| 1 1/2" monthly | 25 | 0 | \$43.83 | \$1,096 |
| 2" monthly | 109 | 0 | \$70.11 | \$7,642 |
| 4" - monthly | 12 | 0 | \$219.14 | \$2,630 |
| 6" - monthly | 12 | 0 | \$438.29 | \$5,259 |
| 8" - monthly | 12 | 0 | \$701.25 | \$8,415 |
| 10" - monthly | 18 | 0 | \$1,068.06 | \$18,145 |
| Total Minimum Charge | 468 | | | \$18,513 |
| Newtown Artesian Rate Area | | 66,308 | \$7.676 | \$508,980 |
| Total Usage | 468 | | | \$508,980 |
| Total Proposed Industrial Revenue | | | | \$57,523 |

Public

| Meter Size | Number of Bills | Total Consumption | Proposed Rate | Proposed Revenue |
|--------------------------------------|-----------------|-------------------|---------------|--------------------|
| 5/8" Monthly | 12 | 0 | \$8.76 | \$105 |
| 1" Monthly | 12 | 0 | \$21.91 | \$263 |
| 1.5" Monthly | 12 | 0 | \$43.83 | \$526 |
| 2" Monthly | 48 | 0 | \$70.11 | \$3,365 |
| 4" - monthly | 24 | 0 | \$219.14 | \$5,259 |
| 6" - monthly | 48 | 0 | \$438.29 | \$21,038 |
| 8" - monthly | 12 | 0 | \$701.25 | \$8,415 |
| 10" - monthly | 12 | 0 | \$1,068.06 | \$12,817 |
| Total Customer Charge | 180 | | | \$51,068 |
| Newtown Artesian Rate Area | | 25,804 | \$7.676 | \$198,072 |
| Total Usage | 180 | | | \$198,072 |
| Total Proposed Public Revenue | | | | \$249,140 |
| Total Metered Sales | 47,166 | 671,941 | | \$6,533,615 |

Fire Protection

| Meter Size | No. of Units | Total Consumption | Proposed Quarterly Rate | Proposed Quarterly Revenue | Proposed Annual Revenue |
|--------------------------------------|---------------|-------------------|-------------------------|----------------------------|-------------------------|
| 4" Sprinkler System | 0 | 0 | \$140.12 | \$0 | \$0 |
| 6" Sprinkler System (<300) | 115 | 0 | \$140.12 | \$16,114 | \$62,973 |
| 8" Sprinkler System (<300) | 38 | 0 | \$163.46 | \$6,252 | \$23,699 |
| Sprinkler Heads Over 299 | 28,488 | 0 | \$0.30 | \$8,546 | \$34,185 |
| Private Hydrants-Newtown | 353 | 0 | \$117.72 | \$41,526 | \$166,105 |
| Total Private Fire Protection | 28,996 | 0 | | \$71,843 | \$287,373 |
| Public Fire Protection | | | | | |
| Public Hydrants-Newtown | 650 | 0 | \$117.72 | \$305,845 | |
| DSIC Revenue | | | | | \$0 |
| STAS Revenue | | | | | \$0 |
| Total Public Fire Protection | | | | \$305,845 | |

TOTAL PROPOSED RATE REVENUE **\$7,126,833**

Newtown Artesian Water Company
R-2024-3056208
Revenue at Present Rates

Residential

| Meter Size | Number of Bills | Total Consumption | Present Rate | Present Revenue |
|--|-----------------|-------------------|----------------|--------------------|
| 5/8" Quarterly | 37,062 | 0 | \$22.71 | \$841,678 |
| 3/4" Quarterly | 456 | 0 | \$34.11 | \$16,884 |
| 1" Quarterly | 1,338 | 0 | \$56.82 | \$75,912 |
| 1 1/2" Quarterly | - | 0 | \$113.64 | \$0 |
| 2" Quarterly | - | 0 | \$113.64 | \$0 |
| Total Customer Charge | 38,893 | 0 | | \$934,474 |
| Newtown Artesian Rate Area | 459,299 | | \$6.635 | \$3,051,430 |
| Total Usage | 38,893 | 459,299 | | \$3,051,430 |
| DSIC Revenue | | | | 80.00 |
| STAS Revenue | | | | 80.00 |
| Total Present Residential Revenue | | | | \$3,985,901 |

Commercial

| Meter Size | Number of Bills | Total Consumption | Present Rate | Present Revenue | Quarterly Rate | Quarterly Revenue |
|---|-----------------|-------------------|---------------|------------------|----------------|-------------------|
| 5/8" Quarterly | 177 | 0 | \$22.71 | \$4,020 | \$22.71 | \$4,020 |
| 3/4" Quarterly | 12 | 0 | \$34.11 | \$409 | \$34.11 | \$409 |
| 1" Quarterly | 48 | 0 | \$56.82 | \$2,727 | \$56.82 | \$2,727 |
| 1 1/2" Quarterly | 0 | 0 | \$113.64 | \$0 | \$113.64 | \$0 |
| 2" Quarterly | 1 | 0 | \$113.64 | \$113.64 | \$113.64 | \$113.64 |
| 3" Quarterly | 0 | 0 | \$340.92 | \$0 | \$340.92 | \$0 |
| 5/8" Monthly | 4349 | 0 | \$7.57 | \$32,922 | \$7.57 | \$32,922 |
| 3/4" Monthly | 262 | 0 | \$11.37 | \$2,979 | \$11.37 | \$2,979 |
| 1" Monthly | 1172 | 0 | \$18.94 | \$22,198 | \$18.94 | \$22,198 |
| 1 1/2" Monthly | 575 | 0 | \$37.88 | \$21,781 | \$37.88 | \$21,781 |
| 2" Monthly | 855 | 0 | \$66.60 | \$56,665 | \$66.60 | \$56,665 |
| 3" Monthly | 109 | 0 | \$113.64 | \$12,387 | \$113.64 | \$12,387 |
| 4" Monthly | 53 | 0 | \$189.41 | \$10,039 | \$189.41 | \$10,039 |
| 6" Monthly | 0 | 0 | \$378.83 | \$0 | \$378.83 | \$0 |
| 8" Monthly | 12 | 0 | \$606.11 | \$7,273 | \$606.11 | \$7,273 |
| 10" Monthly | 0 | 0 | \$871.29 | \$0 | \$871.29 | \$0 |
| Total Customer Charge | 7,625 | 0 | | \$168,739 | | \$168,739 |
| Newtown Artesian Rate Area | 119,930 | | \$6.64 | \$795,736 | | |
| Total Usage | 119,930 | | | \$795,737 | | |
| DSIC Revenue | | | | 80.00 | | |
| STAS Revenue | | | | 80.00 | | |
| Total Present Commercial Revenue | | | | \$961,466 | | |

Industrial

| Meter Size | Number of Bills | Total Consumption | Present Rate | Present Revenue | Quarterly Rate | Quarterly Revenue |
|---|-----------------|-------------------|----------------|------------------|----------------|-------------------|
| 5/8" Quarterly | 16 | 0 | \$22.71 | \$363 | \$22.71 | \$363 |
| 3/4" Quarterly | 28 | 0 | \$34.11 | \$955 | \$34.11 | \$955 |
| 1" Quarterly | 11 | 0 | \$56.82 | \$625 | \$56.82 | \$625 |
| 1 1/2" Quarterly | 0 | 0 | \$113.64 | \$0 | \$113.64 | \$0 |
| 2" Quarterly | 0 | 0 | \$113.64 | \$0 | \$113.64 | \$0 |
| 5/8" Monthly | 64 | 0 | \$7.57 | \$484 | \$7.57 | \$484 |
| 3/4" Monthly | 112 | 0 | \$11.37 | \$1,273 | \$11.37 | \$1,273 |
| 1" Monthly | 49 | 0 | \$18.94 | \$928 | \$18.94 | \$928 |
| 1 1/2" Monthly | 25 | 0 | \$37.88 | \$947 | \$37.88 | \$947 |
| 2" Monthly | 109 | 0 | \$66.60 | \$7,269 | \$66.60 | \$7,269 |
| 4" Monthly | 12 | 0 | \$189.41 | \$2,273 | \$189.41 | \$2,273 |
| 6" Monthly | 12 | 0 | \$378.83 | \$4,546 | \$378.83 | \$4,546 |
| 8" Monthly | 12 | 0 | \$606.11 | \$7,273 | \$606.11 | \$7,273 |
| 10" Monthly | 18 | 0 | \$871.29 | \$15,683 | \$871.29 | \$15,683 |
| Total Customer Charge | 468 | 0 | | \$41,955 | | \$41,955 |
| Newtown Artesian Rate Area | 66,308 | | \$6.635 | \$439,954 | | |
| Total Usage | 66,308 | 0 | | \$439,954 | | |
| DSIC Revenue | | | | 80 | | |
| STAS Revenue | | | | 80 | | |
| Total Present Industrial Revenue | | | | \$481,909 | | |

Public

| Meter Size | Number of Bills | Total Consumption | Present Rate | Present Revenue |
|-------------------------------------|-----------------|-------------------|---------------|--------------------|
| 5/8" Monthly | 12 | 0 | \$7.57 | \$91 |
| 1" Monthly | 12 | 0 | \$18.94 | \$227 |
| 1.5" Monthly | 12 | 0 | \$37.88 | \$455 |
| 2" Monthly | 48 | 0 | \$66.60 | \$3,197 |
| 4" Monthly | 24 | 0 | \$189.41 | \$4,546 |
| 6" Monthly | 48 | 0 | \$378.83 | \$18,184 |
| 8" Monthly | 12 | 0 | \$606.11 | \$7,273 |
| 10" Monthly | 12 | 0 | \$871.29 | \$10,455 |
| Total Customer Charge | 180 | 0 | | \$44,140 |
| Newtown Artesian Rate Area | 25,204 | | \$6.64 | \$171,210 |
| Total Usage | 25,204 | | | \$171,210 |
| DSIC Revenue | | | | 80 |
| STAS Revenue | | | | 80 |
| Total Present Public Revenue | | | | \$215,350 |
| Total Meter Sales | 47,166 | 671,941 | | \$5,647,628 |

Fire Protection

| Meter Size | No. of Connections | Total Consumption | Present Quarterly Rate | Present Annual Revenue |
|--------------------------------------|--------------------|-------------------|------------------------|------------------------|
| Private Fire Protection | | | | |
| 4" Sprinkler System | - | 0 | \$121.11 | \$0 |
| 6" Sprinkler System (C300) | 111 | 0 | \$121.11 | \$53,652 |
| 8" Sprinkler System (C300) | 38 | 0 | \$141.28 | \$21,616 |
| Sprinkler Head Over 299 | 28,488 | 0 | 0.28 | \$29,427 |
| Private Hydrants-Newtown | 353 | 0 | \$171.75 | \$143,569 |
| Total Private Fire Protection | 28,990 | 0 | | \$248,664 |
| Public Fire Protection | | | | |
| Public Hydrants-Newtown | 649.5 | 0 | \$101.75 | \$264,347 |
| DSIC Revenue | | | | 80 |
| STAS Revenue | | | | 80 |
| Total Public Fire Protection | | | | \$264,317 |

TOTAL PRESENT RATE REVENUE \$6,166,439

Newtown Artesian Water Company
R-2024-3050208
Present & Proposed Rates - Settlement

| Lines | All Classes Meter Size | NEWTOWN | | | | Settlement | | | |
|-------|--------------------------------|-------------|--------------|--------------|------------------|-------------|--------------|--------------|------------------|
| | | Present | | Proposed | Percent | Present | | Settlement | Settlement |
| | | Rate Base | Increase | Rate Base | Increase | Rate Base | Increase | Rate | Percent Increase |
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | |
| 1 | 5/8 - Quarterly | \$22.71 | \$4.19 | \$26.90 | 18.5% | \$22.71 | \$3.56 | \$26.27 | 15.7% |
| 2 | 3/4 - Quarterly | \$34.11 | \$6.30 | \$40.41 | 18.5% | \$34.11 | \$5.35 | \$39.46 | 15.7% |
| 3 | 1 - Quarterly | \$56.82 | \$10.49 | \$67.31 | 18.5% | \$56.82 | \$8.92 | \$65.74 | 15.7% |
| 4 | 1-1/2 - Quarterly | \$113.64 | \$20.99 | \$134.63 | 18.5% | \$113.64 | \$17.84 | \$131.48 | 15.7% |
| 5 | 2 - Quarterly | \$181.80 | \$33.58 | \$215.38 | 18.5% | \$181.80 | \$28.54 | \$210.34 | 15.7% |
| 6 | 3 - Quarterly | \$340.92 | \$62.97 | \$403.89 | 18.5% | \$340.92 | \$53.51 | \$394.43 | 15.7% |
| 7 | 4 - Quarterly | \$568.23 | \$104.95 | \$673.18 | 18.5% | \$568.23 | \$89.20 | \$657.43 | 15.7% |
| 8 | 6 - Quarterly | \$1,136.49 | \$209.91 | \$1,346.40 | 18.5% | \$1,136.49 | \$178.39 | \$1,314.88 | 15.7% |
| 9 | 8 - Quarterly | \$1,818.33 | \$335.85 | \$2,154.18 | 18.5% | \$1,818.33 | \$285.42 | \$2,103.75 | 15.7% |
| 10 | 10 - Quarterly | \$2,613.87 | \$482.78 | \$3,096.65 | 18.5% | \$2,613.87 | \$410.30 | \$3,024.17 | 15.7% |
| 11 | 5/8 - monthly | \$7.57 | \$1.40 | \$8.97 | 18.5% | \$7.57 | \$1.19 | \$8.76 | 15.7% |
| 12 | 3/4 - monthly | \$11.37 | \$2.10 | \$13.47 | 18.5% | \$11.37 | \$1.78 | \$13.15 | 15.7% |
| 13 | 1 - monthly | \$18.94 | \$3.50 | \$22.44 | 18.5% | \$18.94 | \$2.97 | \$21.91 | 15.7% |
| 14 | 1 1/2 - monthly | \$37.88 | \$7.00 | \$44.88 | 18.5% | \$37.88 | \$5.95 | \$43.83 | 15.7% |
| 15 | 2 - monthly | \$60.60 | \$11.19 | \$71.79 | 18.5% | \$60.60 | \$9.51 | \$70.11 | 15.7% |
| 16 | 3 - monthly | \$113.64 | \$20.99 | \$134.63 | 18.5% | \$113.64 | \$17.84 | \$131.48 | 15.7% |
| 17 | 4 - monthly | \$189.41 | \$34.98 | \$224.39 | 18.5% | \$189.41 | \$29.73 | \$219.14 | 15.7% |
| 18 | 6 - monthly | \$378.83 | \$69.97 | \$448.80 | 18.5% | \$378.83 | \$59.46 | \$438.29 | 15.7% |
| 19 | 8 - monthly | \$606.11 | \$111.95 | \$718.06 | 18.5% | \$606.11 | \$95.14 | \$701.25 | 15.7% |
| 20 | 10 - monthly | \$871.29 | \$160.93 | \$1,032.22 | 18.5% | \$871.29 | \$136.77 | \$1,008.06 | 15.7% |
| | | Present Per | Increase Per | Proposed Per | Rate | Present Per | Increase Per | Settlement | Settlement |
| | Volumetric Rate | Thousand | Thousand | Thousand | Percent | Thousand | Thousand | Proposed Per | I&E Rate |
| | | Gallons | Gallons | Gallons | Increase | Gallons | Gallons | Thousand | Percent |
| 21 | Newtown Artesian Rate Area | \$6.635 | \$1.225 | \$7.860 | 18.5% | \$6.635 | \$1.041 | \$7.676 | 15.7% |
| 22 | Wholesale Demand Charge | \$0.97 | \$0.14 | \$1.110 | 14.4% | \$0.97 | \$0.140 | \$1.110 | 14.4% |
| | | Quarterly | Rate | Quarterly | Rate | Present | Rate | Settlement | Settlement |
| | FIRE PROTECTION | Present | Increase | Settlement | Percent Increase | Rate | Increase | Quarterly | Percent Increase |
| | | Rate | | Rate | | Rate | | Rate | |
| | Private Fire Protection | | | | | | | | |
| 23 | 4" Sprinkler System (<300) | \$121.11 | \$19.01 | \$140.12 | 15.7% | \$121.11 | \$19.01 | \$140.12 | 15.7% |
| 24 | 6" Sprinkler System (<300) | \$121.11 | \$19.01 | \$140.12 | 15.7% | \$121.11 | \$19.01 | \$140.12 | 15.7% |
| 25 | 8" Sprinkler System (<300) | \$141.28 | \$22.18 | \$163.46 | 15.7% | \$141.28 | \$22.18 | \$163.46 | 15.7% |
| 26 | Private Hydrant- Newtown | \$101.75 | \$15.97 | \$117.72 | 15.7% | \$101.75 | \$15.97 | \$117.72 | 15.7% |
| 27 | Each Head Over 300 | \$0.26 | \$0.04 | \$0.30 | 15.4% | \$0.26 | \$0.04 | \$0.30 | 15.4% |
| | Public Fire Protection | | | | | | | | |
| 28 | Public Hydrant-Newtown | \$101.75 | \$15.97 | \$117.72 | 15.7% | \$101.75 | \$15.97 | \$117.72 | 15.7% |

Column A to E were derived from page 6 of Newtown Proof of Revenue -

Newtown Artesian Water Company
Historic Test Year Adjustments
R-2024-3050208

R-1 To adjust Distribution System Improvement Charge (DISC), State Tax Adjustment and Purchased Water Adjustment Charge (PWAC) to Present Levels.

| Customer Classification | Test Year DSIC Revenue | Test Year STAS Revenue | Test Year PWAC Revenue | TOTAL |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------|
| (A) | (B) | (C) | (D) | (E) |
| Residential | \$ 41,631 | \$ (18,870) | 23,889 | \$46,650 |
| Commercial | 13,298 | (5,973) | 6,788 | \$14,113 |
| Industrial | 5,222 | (2,363) | 3,699 | \$6,558 |
| Public | 2,268 | (2,307) | 1,278 | \$1,239 |
| Private Fire | | | | |
| Total | \$62,419 | -\$29,514 | \$35,654 | \$68,560 |

| Customer Classification | HTY Revenue | Pro Forma DSIC Revenue | Test PWAC Revenue | Test Year STAS Revenue | Change TOTAL | Adjustment |
|--------------------------------|------------------------|---------------------------------------|----------------------------------|---------------------------------------|-------------------------|-------------------|
| (A) | (B) | (C) | (D)** | (E) | (F) | |
| Residential | \$3,975,952 | \$47,314 | \$113,641 | -\$2,386 | \$158,569 | \$111,920 |
| Commercial | \$983,355 | \$11,702 | \$29,635 | -\$590 | \$40,747 | \$26,633 |
| Industrial | \$482,131 | \$5,737 | \$16,385 | -\$289 | \$21,833 | \$15,275 |
| Public | \$206,413 | \$2,456 | \$6,376 | -\$124 | \$8,709 | \$7,470 |
| Private Fire | \$265,639 | \$3,161 | \$0 | -\$159 | \$3,002 | \$3,002 |
| Total | \$5,913,490 | \$70,371 | \$166,037 | -\$3,548 | \$232,859 | \$164,299 |
| DSIC | 1.19% | | | | | |
| PWAC Per Thousand | 0.2471 | | | | | |
| STAS | -0.0006 | | | | | |

R-2 To eliminate the change in unbilled revenue accrual as of March 31, 2024.

| Customer Classification | Test Year Unbilled Revenue | Adjustment |
|--------------------------------|---|-------------------|
| Residential | -\$13,586 | \$13,586 |
| Commercial | -\$70,888 | \$70,888 |
| Industrial | -\$33,354 | \$33,354 |
| Public | -\$14,179 | \$14,179 |
| Private Fire | \$0 | \$0 |
| Public Fire | \$0 | \$0 |
| Total | -\$132,007 | \$132,007 |

Newtown Artesian Water Company
 Historic Test Year Adjustments
 R-2024-3050208

R-3 To annualize Residential and Commercial Revenue for net gain in customers for the net gain in the number of customers during the twelve months ended 3/31/2024.

| Customer Classification | Number of Customers 31-Dec-23 | Number of Customers 31-Mar-24 | Annualized Customer Gain/Loss | Average Annual Bill Present Base Rates | Annualized Revenue Adjustment (Half Year) | Adjustment |
|-------------------------|----------------------------------|----------------------------------|-------------------------------|--|---|-----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Residential | 9718.0 | 9723.3 | 21 | \$409.02 | \$4,295 | \$4,295 |
| Commercial | 818.0 | 822.0 | 16 | \$1,199.21 | \$9,594 | \$9,594 |
| Industrial | 48.0 | 48.0 | 0 | \$10,044.39 | \$0 | \$0 |
| Public | 69.0 | 69.0 | 0 | \$2,991.49 | \$0 | \$0 |
| Total | 10,653 | 10,662 | | | \$13,888 | \$13,888 |

R-4 To annualize Private Fire Protection Revenue for the number of private fire lines and hydrants as of 03/31/2024, adding additional sprinkler heads to correct billing for large hospital.

| Customer Classification | Quantity as of 3/31/2024 | Present Quarterly Base Rate | Pro Forma Revenue | Adjustment |
|---|--------------------------|-----------------------------|-------------------|------------|
| (A) | (B) | (C) | (D) | (E) |
| <u>Private Fire Protection</u> | | | | |
| 4-inch service | 0 | \$121.11 | \$0 | |
| 6-inch service | 111 | \$121.11 | \$53,652 | |
| 8-inch service | 38 | \$141.28 | \$21,616 | |
| Private Hydrants -Newtown | 353 | \$101.75 | \$143,569 | |
| Sprinkler Heads over 300 per connection | 28,488 | \$0.26 | \$29,627 | |
| Total | 28,990 | | \$248,464 | |
| Less: Test Year Private Fire Base Rate Revenue Adjustment | | | \$265,639 | -\$17,175 |

Newtown Artesian Water Company
 Historic Test Year Adjustments
 R-2024-3050208

R-5 To annualize Public Fire Protection Revenue for the number of public fire lines and hydrants as of 03/31/2024.

| <u>Customer Classification</u> | <u>Quantity as of 9/30/2018</u> | <u>Present Quarterly Base Rate</u> | <u>Pro Forma Revenue</u> | <u>Adjustment</u> |
|---|---|--|------------------------------|-------------------|
| (A) | (B) | (C) | (D) | (E) |
| <u>Public Fire Protection</u> | | | | |
| Public Hydrants -Newtown | 650 | \$101.75 | \$264,346.50 | |
| Total | <u>650</u> | | <u>\$264,347</u> | |
| Less: Test Year Public Fire Base Rate Revenue | | | \$267,132 | -\$2,786 |
| Total Pro Forma Revenue Adjustments, Present Rates (R1 through R5) | | | | \$290,233 |

Newtown Artesian Water Company
Future Test Year Adjustments
R-2024-3050208

R-6 To annualize Residential and Commercial Operating Revenues for the projected gain in the number of customers during the twelve months ended 03/31/2025 (there are increases projected for Industrial and Public cutomers).

| Customer Classification | Increase in Customers 31-Dec-23 | Increase in Customers 31-Mar-24 | Average Customer Gain/Loss | Average Annual Bill Present Rates | Annualized Revenue Adjustment | Adjustment |
|----------------------------|---------------------------------------|---------------------------------------|----------------------------------|--|-------------------------------------|-----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Residential | 64 | 5 | 42.5 | \$409.02 | \$17,383 | \$17,383 |
| Commercial | 19 | 4 | 17.5 | \$1,199.21 | \$20,986 | \$20,986 |
| Total | 83 | 9 | | | \$38,370 | \$38,370 |

R-7 To annualize Private Fire and Public fire revenues for the projected gain in the number of private fire lines and private fire hydrants for year ending March 31, 2025.

| Customer Classification | Increase in Connections 31-Dec-23 | Increase in Connections 18-Sep-24 | Average Gain /Loss | Quarterly Present Base Rates | Annualized Revenue Adjustment | Adjustment |
|--------------------------------|---|---|-----------------------|------------------------------------|-------------------------------------|----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| <u>Private Fire Protection</u> | | | | | | |
| 4-inch service | 0.0 | 0.0 | 0.0 | \$121.11 | \$0 | \$0 |
| 6-inch service | 1.0 | 1.0 | 2.5 | \$121.11 | \$1,211 | \$1,211 |
| 8-inch service | 1.0 | 1.0 | 2.5 | \$141.28 | \$1,413 | \$1,413 |
| Sprinkler Heads | 0.0 | 0.0 | 0.0 | \$0.26 | \$0 | \$0 |
| Private Hydrants-Newtown | 4.0 | 7.0 | 16.0 | \$101.75 | \$6,512 | \$6,512 |
| Total Private Fire | 6.0 | 9.0 | 21.0 | | \$9,136 | \$9,136 |
| Public Fire Newtown | 0.0 | 0.0 | 0.0 | \$101.75 | \$0 | \$0 |

R-8 To annualize revenues to reflect the DISC surcharge rate of 5% effective May 1, 2024.

| Customer Classification | Pro Forma Adjustments Under Present Rates Historic | Pro Forma Adjustments Under Present Rates Future | Pro Forma Change in Base Rate Revenues | DISC @ 1.19% | STAS @ -0.060% | Adjustment |
|----------------------------|--|--|--|-----------------|-------------------|--------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Residential | \$4,295 | \$7,062 | \$11,356.77 | \$135.15 | -\$6.81 | \$128 |
| Commercial | \$9,594 | \$20,986 | \$30,579.94 | \$363.90 | -\$18.35 | \$346 |
| Total | \$13,888 | \$28,048 | \$41,937 | \$499 | -\$25.16 | \$474 |

Newtown Artesian Water Company
 Future Test Year Adjustments
 R-2024-3050208

R-9 To adjust Residential Revenues for Declining usage as of 03/31/2025 under Present Rates.

| <u>System</u> (A) | <u>Decline in Consumption</u> (B) | <u>Present Rate</u> (C) | <u>Total Revenue</u> (D) | <u>Adjustment</u> (E) |
|----------------------|--|----------------------------|-----------------------------|--------------------------|
| Newtown | -1555.6 | \$6.635 | -\$10,321 | |
| Total | -1555.6 | | -\$10,321 | -\$10,321 |

R-10 To annualize Residential revenues to reflect the PWAC on Declining usage.

| <u>System</u> (A) | <u>Decline in Consumption</u> (A) | <u>Present PWAC</u> (B) | <u>Total Revenue</u> (C) | <u>Adjustment</u> (D) |
|----------------------|--|----------------------------|-----------------------------|--------------------------|
| Newtown | -1555.6 | \$0.2471 | -\$384 | |
| Total | -1555.6 | | -\$384 | -\$384 |

Total Pro Forma FTY Revenue Adjustments, Present Rates (R6 through R10) **\$37,274**

Newtown Artesian Water Company
Fully Projected Future Test Year Adjustments
R-2024-3050208

R-11 To annualize Residential and Commercial Operating Revenues for the projected gain in the number of customers during the twelve months ended 03/31/2026.

| Customer Classification | Increase in Customers 31-Dec-23 (B) | Increase in Customers 31-Mar-24 (C) | Average Customer Gain/Loss (D) | Average Annual Bill Present Rates (E) | Annualized Revenue Adjustment (F) | Adjustment (G) |
|-------------------------|---|---|-----------------------------------|--|--------------------------------------|-------------------|
| Residential | 64.0 | 5 | 42.5 | \$409.02 | \$17,383 | \$17,383 |
| Commercial | 19.0 | 4 | 17.5 | \$1,199.21 | \$20,986 | \$20,986 |
| Total | 83 | 9 | | | \$38,370 | \$38,370 |

R-12 To annualize Private Fire revenues for the projected gain in the number of private fire lines and private fire hydrants for year ending 3/31/2026.

| Customer Classification | Increase in Connections 31-Dec-23 (B) | Increase in Connections 31-Mar-24 (C) | Average Gain /Loss (D) | Quarterly Present Base Rates (E) | Annualized Revenue Adjustment (F) | Adjustment (G) |
|--------------------------------|---|---|---------------------------|-------------------------------------|--------------------------------------|-------------------|
| Private Fire Protection | | | | | | |
| 4-inch service | 0.0 | 0.0 | 0.0 | \$121.11 | \$0 | \$0 |
| 6-inch service | 1.0 | 1.0 | 2.5 | \$121.11 | \$1,211 | \$1,211 |
| 8-inch service | 1.0 | 1.0 | 2.5 | \$141.28 | \$1,413 | \$1,413 |
| Sprinkler Heads | 0.0 | 0.0 | 0.0 | \$0.26 | \$0 | \$0 |
| Private Hydrants-Newtown | 4.0 | 7.0 | 16.0 | \$101.75 | \$0 | \$0 |
| Total Private Fire | 6.0 | 9.0 | 21.0 | | \$2,624 | \$2,624 |
| Public Fire Newtown | 0.0 | 0.0 | 0.0 | \$101.75 | \$0 | \$0 |

R-13 To annualize revenues to reflect the DSIC surcharge rate of 1.19% effective May 1, 2024 and STAS of -0.060% on Revenue Growth as of 03-31-2026.

| Customer Classification | Pro Forma Adjustments | | | Total (G) | Adjustment (H) |
|-------------------------|------------------------------|---------------------|-----------------------|--------------|-------------------|
| | Adjustments R11 & R12 (B) | DISC @ 1.19% (E) | STAS @ -0.060% (F) | | |
| Residential | -\$8,422 | -\$100.22 | \$5.05 | -\$95 | -\$95 |
| Commercial | \$20,986 | \$249.74 | -\$12.59 | \$237 | \$237 |
| Total | \$12,564 | \$149.51 | -\$7.54 | \$142 | \$142 |

Total Pro Forma FTY Revenue Adjustments, Present Rates (R11 through R13)

\$41,136

**Newtown Artesian Water Company
Fully Projected Future Test Year Adjustments
R-2024-3050208**

R-14 To adjust residential revenues for Declining usage as of 03/31/2025 to 03/31/2026 under Present Rates.

| <u>System</u> (A) | <u>Decline in Consumption</u> (B) | <u>Present Rate</u> (C) | <u>Total Revenue</u> (D) | <u>Adjustment</u> (E) |
|----------------------|--|----------------------------|-----------------------------|--------------------------|
| Newtown | (3,889) | \$6.635 | -\$25,806 | |
| Total | -3889.3 | | -\$25,806 | -\$25,806 |

R-15 To annualize Residential revenues to reflect the PWAC on Declining usage.

| <u>System</u> (A) | <u>Consumption</u> (B) | <u>Present PWAC</u> (C) | <u>Total Revenue</u> (D) | <u>Adjustment</u> (E) |
|----------------------|---------------------------|----------------------------|-----------------------------|--------------------------|
| Newtown | -3889.3 | \$0.2471 | -\$961 | |
| Total | -3889.3 | | -\$961 | -\$961 |

Total Pro Forma FTY Revenue Adjustments, Present Rates (R6 through R8)

\$14,369

Newtown Artesian Water Company
 Historic Test Year Adjustments
 R-2024-3050208

R-16 To annualize residential and Commercial Operating revenues for the net gain in the number of customers during the twelve months ended 3/31/2024.

| <u>Customer Classification</u> (A) | <u>Number of Customers 31-Dec-23</u> (B) | <u>Number of Customers 31-Mar-24</u> (C) | <u>Customer Gain/Loss</u> (D) | <u>Average Annual Bill Proposed Base Rates</u> (E) | <u>Annualized Revenue Adjustment (Half Year)</u> (F) | <u>Adjustment</u> (G) |
|---------------------------------------|---|---|----------------------------------|---|---|--------------------------|
| Residential | 9,718 | 9,723 | 21 | \$473.23 | \$4,969 | \$4,969 |
| Commercial | 818 | 822 | 16 | \$1,387.45 | \$11,100 | \$11,100 |
| Total | 10,536.00 | 10,545.25 | 37.0 | | | \$16,068 |

Newtown Artesian Water Company
Future Test Year Adjustments
R-2024-3050208

R-17 To annualize Residential and Commercial Operating Revenues for the projected gain in the number of customers during the twelve months ended 3/31/2025.

| Customer Classification | Increase in Customers 31-Dec-17 | Increase in Customers 30-Sep-18 | Annualized Customer Gain/Loss | Annual Bill Present 3/31/2025 Base Rates | Annualized Revenue Adjustment | Adjustment |
|-------------------------|------------------------------------|------------------------------------|-------------------------------|--|-------------------------------|-----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Residential | 64 | 5 | 34.1 | \$473.23 | \$16,137 | \$16,137 |
| Commercial | 19 | 4 | 11.1 | \$1,387.45 | \$15,401 | \$15,401 |
| Total | 83.0 | 9.3 | 45.2 | | \$31,538 | \$31,538 |

R-18 To annualize Private Fire revenues for the projected gain in the number of private fire lines and private fire hydrants for year ending 3/31/2025

| Customer Classification | Increase in Connections 31-Dec-23 | Increase in Connections 31-Mar-24 | Average Gain /Loss | Quarterly Proposed Base Rates | Annualized Revenue Adjustment | Adjustment |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------|-------------------------------|-------------------------------|-----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Private Fire Protection | | | | | | |
| 4-inch service | 0.0 | 0.0 | 0.0 | \$140.12 | \$0 | \$0 |
| 6-inch service | 1.0 | 1.0 | 2.5 | \$140.12 | \$1,401 | \$1,401 |
| 8-inch service | 1.0 | 1.0 | 2.5 | \$163.46 | \$1,635 | \$1,635 |
| Sprinkler Heads | 0.0 | 0.0 | 0.0 | \$0.30 | \$0 | \$0 |
| Private Hydrants - | 4 | 7.0 | 16.0 | \$117.72 | \$7,534 | \$7,534 |
| Total | 6.0 | 9.0 | 21.0 | | \$10,570 | \$10,570 |
| Public Fire Newtown | 0.0 | 0.0 | 0.0 | \$117.72 | \$0 | \$0 |

R-19 To adjust Residential revenues for Declining usage as of 03/31/2025 under Propose Rates.

| System | Decline in Consumption | Present Rate | Total Revenue | Adjustment |
|---------------------------------------|------------------------|--------------|---------------|-------------------|
| (A) | (B) | (C) | (D) | (G) |
| Newtown | -1,555.7 | \$7.676 | -\$11,942 | |
| | -1,555.7 | | -\$11,942 | -\$11,942 |
| Total FTY Under Proposed Rates | | | | \$30,166.0 |

Newtown Artesian Water Company
Fully Projected Future Test Year Adjustments
R-2024-3050208

R-20 To annualize Residential and Commercial Operating Revenues for the projected gain in the number of customers during the twelve months ended 03/31/2026.

| Customer Classification | Increase in Customers 12/31/2023 | Increase in Customers 3/31/2024 | Average Customer Gain/Loss | Average Annual Bill 3/31/2026 Base Rates | Annualized Revenue Adjustment | Adjustment |
|-------------------------|-------------------------------------|------------------------------------|----------------------------|--|----------------------------------|-----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Residential | 64 | 5 | 42.5 | \$473.23 | \$20,112 | \$20,112 |
| Commercial | 19 | 4 | 17.5 | \$1,387.45 | \$24,280 | \$24,280 |
| Total | | | | | \$44,392 | \$44,392 |

R-21 To annualize Private Fire revenues for the projected gain in the number of private fire lines and private fire hydrants for year ending 03/31/2026.

| Customer Classification | Increase in Customers 12/31/2023 | Increase in Customers 9/31/2024 | Average Gain/(Loss) | Quarterly Proposed Base Rates | Annualized Revenue Adjustment | Adjustment |
|--------------------------------|-------------------------------------|------------------------------------|---------------------|----------------------------------|----------------------------------|----------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| <u>Private Fire Protection</u> | | | | | | |
| 4-inch service | 0.0 | 0.0 | 0.0 | \$140.12 | \$0 | \$0 |
| 6-inch service | 1.0 | 1.0 | 2.5 | \$140.12 | \$1,401 | \$1,401 |
| 8-inch service | 1.0 | 1.0 | 2.5 | \$163.46 | \$1,635 | \$1,635 |
| Sprinkler Heads | 0.0 | 0.0 | 0.0 | \$0.30 | \$0 | \$0 |
| Private Hydrants - | | | 0.0 | \$117.72 | | |
| Total Private Fire | 2.0 | 2.0 | | | \$3,036 | \$3,036 |
| Public Fire Newtown | 0.0 | 0.0 | 0.00 | \$117.72 | \$0 | \$0 |

R-22 To adjust Residential revenues for Declining usage from 03/31/2025 to 03/31/2026 under Proposed Rates.

| System | Decline in Consumption | Present Rate | Total Revenue | Adjustment |
|---|------------------------|--------------|------------------|------------------|
| (A) | (B) | (C) | (D) | (E) |
| Newtown | -3,889.3 | \$7.676 | -\$29,854 | |
| | -3,889.3 | | -\$29,854 | -\$29,854 |
| Total FPFTY Under Proposed Rates | | | | \$17,574 |

Newtown Artesian Water Company
Declining Usage
R-2024-3050208

| Rate Block 1000 Gallons (A) | Number of Bills (B) | Total Consumption (C) | Present Base Rate (D) | Present Revenue (E) | Proposed Base Rate (F) | Proposed Revenue (G) |
|---|---------------------------|-----------------------------|-----------------------------|---------------------------|------------------------------|----------------------------|
| Residential - Declining Adjustment as of 3/31/2025 | | | | | | |
| Consumption Newtown | | (1,556) | \$6.635 | -\$10,322 | \$7.676 | -\$11,942 |
| Total | 0 | -5,060 | | -\$10,322 | | -\$11,942 |
| Residential - Declining Adjustment as of 3/31/2026 | | | | | | |
| Consumption Newtown | | (3,889) | \$6.635 | -\$25,806 | \$7.676 | -29854.2668 |
| Total | 0 | -3,889 | | -\$25,806 | | -29854.2668 |
| Total - 2025 and 2026 | | -8,949 | | -\$36,128 | | -\$41,796 |

APPENDIX C

**Newtown Artesian Water Company's
Statement in Support**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|----------------|
| Pennsylvania Public Utility Commission | : | |
| Office of Consumer Advocate | : | R-2024-3050208 |
| Office of Small Business Advocate | : | C-2023-3050613 |
| | : | C-2023-3050625 |
| v. | : | |
| | : | |
| Newtown Artesian Water Company | : | |

**NEWTOWN ARTESIAN WATER COMPANY’S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR COMPLETE SETTLEMENT**

Newtown Artesian Water Company (“NAWC” or the “Company”) submits this Statement in Support with respect to the Joint Petition for Complete Settlement (“Joint Petition” or “Settlement”) in the above-captioned proceeding.¹ For the reasons stated herein and in the Joint Petition, the Settlement is in the public interest and represents a fair, just, reasonable and equitable balance of the interest of the Company and its customers. The Company therefore respectfully submits that the Settlement should be approved without modification.

I. BACKGROUND

On July 19, 2024, the Company filed proposed Supplement No. 158 to Tariff Water – Pa. P.U.C. No. 9 (“Supplement No. 158”), with a proposed effective date of September 18, 2024. The rates set forth therein, if approved by the Commission, would have increased the Company’s annual jurisdictional revenues by \$922,419, or 14.1%. The Company supported its filing with Direct Testimony from Daniel J. Angove (NAWC Statement No. 1), Gregory R. Herbert (NAWC

¹ The Joint Petitioners are PECO, the Office of Consumer Advocate (“OCA”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), and The Office of Small Business Advocate (“OSBA”) (hereinafter referred to collectively as “Settling Parties”).

Statement No. 2 and Exhibit GRH-1), Harold Walker, III (NAWC Statement No. 3 and Exhibit HW-1), and John J. Spanos (NAWC Statement No. 4 and Exhibits JJS-1, JJS-2, and JJS-3).

The OCA filed a Formal Complaint on August 7, 2024 at Docket No. C-2023-3050613, along with a Public Statement. The OSBA filed a Formal Complaint on August 8, 2024 at Docket No. C-2023-3050625, along with a Public Statement. I&E filed its Notice of Appearance on August 13, 2024. On August 22, 2024, the Commission issued a Suspension Order that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing in addition to the Company's existing rates, rules, and regulations, assigned this matter to the Office of the Administrative Law Judge for further proceedings as appropriate, and suspended the effective date of the tariff until April 18, 2025.

On August 28, 2024, the Company submitted Supplement No. 160 to Tariff- Water-Pa. P.U.C. No. 9 ("Supplement No. 160") suspending, by operation of law, the effective date of Supplement No. 158 until April 18, 2025. The Company submitted a corrected version of Supplement No. 160 on August 29, 2024. A Prehearing Conference Order issued on August 29, 2024 that directed the parties to file and serve Prehearing Memoranda before noon on September 6, 2024 and scheduled a telephonic Prehearing Conference on September 9, 2024 at 10:00 A.M. The Prehearing Conference occurred as scheduled on September 9, 2024, after which ALJ Vero issued a Prehearing Order and Protective Order.

Public input hearings were held on October 7, 2024. The Company published Notice of the Public Hearings in the Bucks County Courier Times, a newspaper of general circulation, on September 25, 2024 and October 2, 2024. An in-person public input hearing was held at 1:00 p.m. on October 7, 2024 at the Council Rock School District Administration Building (Chancellor Center), located at 30 North Chancellor Street in Newtown, PA. No members of the public appeared at the in-person hearing. A telephonic public input hearing was also held on October 7,

2024. Two members of the public called into the telephonic public input hearing, but did not provide comments or testimony.

During the discovery phase of this proceeding OCA and I&E collectively propounded more than one hundred discovery requests. The Company responded to all of those requests. On October 10, 2024, I&E filed Direct Testimony accompanied by exhibits, from Vanessa Okum (I&E Statement No. 1 and I&E Exhibit No. 1), D.C. Patel (I&E Statement No. 2 and I&E Exhibit No. 2), and Esyan Sakaya (I&E Statement No. 3 and I&E Exhibit No. 3). The OCA filed Direct Testimony accompanied by exhibits on the same day from Jennifer Rogers (OCA Statement No. 1) and Morgan DeAngelo (OCA Statement No. 2). The OSBA did not file Direct Testimony.

The Company filed Rebuttal Testimony accompanied by exhibits on November 1, 2024, including: Rebuttal Testimony of Daniel J. Angove (NAWC Statement No. 1-R and Exhibit DJA-1R), Rebuttal Testimony of Gregory R. Herbert (NAWC Statement No. 2-R and Exhibit Nos. GH-1R & 2R), and Rebuttal Testimony of Harold Walker, III (NAWC Statement No. 3-R and Exhibit RW-1R). The OCA, I&E, and OSBA did not file rebuttal testimony.

On November 15, 2024, I&E filed Surrebuttal Testimony accompanied by exhibits, including from: Vanessa Okum (I&E Statement No. 1-SR), D.C. Patel (I&E Statement No. 2-SR and I&E Exhibit No. 2-SR), and Esyan Sakaya (I&E Statement No. 3-SR and I&E Exhibit No. 3-SR). Also on November 15, 2024, the OCA filed Surrebuttal Testimony from Jennifer Rogers (OCA Statement SR-1SR) and Morgan DeAngelo (OCA Statement SR-2SR).

The Parties were simultaneously engaged in settlement negotiations, resulting in this Petition for Settlement. The Settling Parties were able to agree to a proposed revenue increase and rate design to recover the agreed-upon increase, thereby resolving all issues raised by the participants to this proceeding. On November 20, 2024, the Parties advised ALJ Vero that a settlement in principle had been achieved.

II. SETTLEMENT TERMS

The specific terms detailing the agreement of the Settling Parties is set forth in detail below:

The Settlement Establishes Just and Reasonable Rates: The Company will be permitted to establish rates for customers which will produce an overall increase in annual operating revenues of approximately \$750,000 in lieu of the originally proposed rate increase of \$922,418. These rates will become effective on April 18, 2025. The Settlement concerning revenue requirement shall be a “black box” settlement, except as expressly noted herein. Proof of Revenues for rates established by the Settlement is set forth at Appendix B.

Other Tariff Changes: The other tariff changes proposed in Supplement No. 158 will be reflected in the tariff included at Appendix A, and will go into effect as filed.

Distribution System Improvement Charge: The Company’s Distribution System Improvement Charge (“DSIC”) shall be established at 0% of billed revenues effective April 18, 2025. The DSIC shall remain at 0% of billed revenues until the later of: (a) the end of the FPFTY; or, (b) the quarter following the point in time at which NAWC’s net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by NAWC as of March 31, 2026 (i.e., the end of the FPFTY) per Company Exhibit JJS-3 (page 12). The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

For the purposes of calculating its DSIC, the Company shall use the equity return rate for water utilities contained in the Commission’s most recent Quarterly report on the earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings

Report, consistent with 66 Pa. C.S. Section 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. Section 1358(b)(1).

Rate Design & Scale Back: In tandem with the rate increase authorized by this Settlement, which will be implemented across the board, the Company's customer charges and usage rates for all effected rate classes will be scaled back proportionally, effective on April 18, 2025.

Additional Reporting: The Company will provide the OCA, I&E and OSBA with an update to Table No. 4 in Company Exhibit JJS-2 (page 45) for the years 2024-2025 no later than August 1, 2025, and an update to Table No. 5 in Company Exhibit JJS-3 (page 12) for the years 2025-2026 no later than August 1, 2026. These updates will be filed under the Docket Number of this proceeding. The updated tables will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending March 31, 2025 and March 31, 2026, respectively.

Admission of Testimony & Exhibits: The Settling Parties agree that the Company's original filing, including all Company Direct and Rebuttal Testimony, exhibits and supporting data, shall be admitted into the record as originally filed with the Secretary of the Commission and as outlined in the Joint Stipulation for Admission of Evidence ("Stipulation for Admission") which accompanies this Petition for Settlement. The Settling Parties further agree that all Direct and Surrebuttal Testimony, exhibits and supporting data filed by the OCA and I&E in this proceeding shall be admitted into the record as outlined in the Stipulation for Admission.

III. CONCLUSION

This Settlement achieves significant positive results, as summarized above. Each of the terms of the Settlement are consistent with the Company's obligation to provide safe, adequate

and reliable water service to its customers. All of the positive results of this Settlement are achieved without requiring hearings, briefing, and time consuming and expensive litigation.

For all of the foregoing reasons, Newtown Artesian Water Company supports the Joint Petition and respectfully requests that the Administrative Law Judge and the Commission approve it in its entirety and without modification.

Respectfully submitted,

Shane P. Simon

Courtney L. Schultz, Esquire (Pa. No. 306479)
Shane P. Simon, Esquire (Pa. No. 319643)
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Centre Square West, 38th Floor
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Counsel for Newtown Artesian Water Company

Dated: January 16, 2025

APPENDIX D

OCA's Statement in Support

BEFORE THE
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

| | | |
|---|---|---------------------------|
| Pennsylvania Public Utility Commission, | : | |
| | : | |
| | : | Docket No. R-2024-3050208 |
| v. | : | |
| | : | |
| Newtown-Artesian Water Company | : | |

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

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE ERANDA VERO:

AND NOW, before the Honorable Administrative Law Judge (ALJ) Eranda Vero, 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 July 19, 2024, Newtown Artesian Water Company (NAWC or the Company) filed proposed Supplement No. 158 to its Water Service Tariff – Pa. P.U.C. No. 9 (Supplement No. 158) with the Commission pursuant to 52 Pa. Code § 53.71.

The Company used a fully projected future test year (FPFTY), ending March 31, 2026, to support its general rate increase request. The Company proposed to increase rates to produce additional overall revenues of \$992,419 million per year, a 14.2% increase in overall distribution revenue requirement. NAWC provides water distribution service to approximately 11,167 residential, commercial, and industrial customers in Newtown Borough, Newtown Township, and the northern portion of Middletown Township in Bucks County, Pennsylvania.

On August 22, 2024, the Commission issued a Suspension Order that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing in addition to the Company's existing rates, rules, and regulations, assigned this matter to the OALJ for further proceedings as appropriate, and suspended the effective date of the tariff until April 18, 2025. The OALJ assigned the case to the Honorable ALJ Eranda Vero.

The Commission held two Public Input Hearings and not a single consumer offered testimony or evidence into the record therein. Consistent with the procedural schedule issued by Judge Vero, the OCA served on the ALJ and the parties its written Direct and Surrebuttal Testimonies on October 10, 2024 and November 15, 2024, respectively, in which the OCA opposed and/or recommended adjustments to the Company's requests. Rejoinder testimonial outlines were due to be submitted by noon by NAWC on November 19, 2024.

On or about November 19, 2024, the parties communicated with Judge Vero that that the Parties reached a settlement in principle and that the parties did not intend to further litigate the matter.

NAWC, the Bureau of Investigation & Enforcement (I&E), OCA, and the Office of Small Business Advocate (OSBA), engaged in extensive settlement discussions in an attempt to resolve the issues presented in this proceeding. On December 20, 2024, NAWC, I&E, OCA, and OSBA filed the Settlement, representing settlement of the issues litigated between the Settling Parties in the case.

Additional procedural history is provided in Paragraphs 5 through 25 of the proposed Settlement. Settlement ¶¶ 5-25. In accordance with the procedural schedule established in this proceeding, 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 NAWC'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 NAWC'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

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

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

A. Revenue Requirement

NAWC initially proposed to increase its annual operating revenues for its water operations by approximately \$922,419, or an approximate 14.2% increase, over the amount of annual revenues at present rates. In Direct Testimony, OCA witness Jennifer Rogers recommended that the Company receive an increase of no higher than \$416, 487. OCA St. 1 at 3, Exh. JLR-1. In

Surrebuttal Testimony, Ms. Rogers updated her proposed revenue requirement to \$557,999 and corrected an error in OCA witness Morgan DeAngelo’s testimony related to the recommended rate of return. OCA St. 1SR at 2. Under the Settlement, NAWC will be permitted a total annual revenue of \$750,000. Settlement, ¶ 26. The new rates to collect the settlement level of water revenues from each class are shown on Attachment A of the Joint Petition for Settlement.

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 NAWC’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. Other Tariff Changes

The Settlement provides that the other tariff changes are approved. Settlement, ¶ 27. As a part of the case, the OCA reviewed the proposed tariff changes and did not raise any concerns. The proposed revised tariff, as modified by the Settlement provisions, should be approved as in the public interest.

C. Distribution System Improvement Charge

The Settlement provides that the Distribution System Improvement Charge (DSIC) will be reset to 0% of billed revenues effective April 18, 2025. Settlement, ¶ 28. The Settlement establishes that the DSIC shall remain at 0% of billed revenues:

[u]ntil the later of: (a) the end of the FPFTY; or, (b) the quarter following the point in time at which NAWC's net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by NAWC as of March 31, 2026 (i.e., the end of the FPFTY) per Company Exhibit JJS-3 (page 12). The foregoing provision is included solely for the purpose of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

Settlement, ¶ 28.

The Settlement is a black box and does not otherwise identify a specific return on equity number which is necessary for the calculation of the DSIC. The Settlement provides that for purposes of calculating the DSIC, the Company shall use the equity return rate for water utilities in the most recent Bureau of Technical Utility Services Quarterly Earnings of Jurisdictional Utilities Report as released by the Commission and shall update it each quarter consistent with any changes for water utilities until such time as the DSIC is reset pursuant to Section 1358(b)(1). Settlement, ¶ 29.

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

D. Rate Design and Scale Back

Pursuant to the Settlement, the Company's customer charges and usage rates for all rate classes will be scaled back proportionately, effective on April 18, 2025. Settlement, ¶ 30. I&E

witness Sakaya recommended a proportionate scale back for all impacted rate classes in the event of a rate increase that was set less than the Company's proposed \$922, 419. I&E St. 3 at 12. As the Company's filing was less than \$1 million, consistent with the Commission's regulations, the Company did not file a separate Cost of Service Study. As such, a proportionate scale back of the rates is appropriate and should be approved as in the public interest.

E. Reporting on Plant Additions

Under the Settlement, the Company will also provide to the OCA, I&E, and OSBA an update of its Table No. 4 in Company Exhibit JJS-2 (page 45) for the years 2024-2025 no later than August 2025, and an update to Table No. 5 in Company Exhibit JJS-3 (page 12) for the years 2025-2026 no later than August 1, 2026. Settlement, ¶ 31. The updated tables will be filed at the instant docket and will include "actual capital expenditures, plant additions, and retirements by month for the twelve months ending March 31, 2025 and March 31, 2026." Settlement, ¶ 31.

In its filing, NAWC has used an FPFTY ending March 31, 2026 and included its proposed projected capital expenditures, plant additions, and retirements. This provision will allow the Commission and the parties to track how the Company is meeting its projections for the future test year and the FPFTY. The proposed term should be approved as in the public interest.

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 NAWC's ratepayers.

Respectfully Submitted,

/s/ Christy M. Appleby
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DATED: January 16, 2025

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Counsel for:
Patrick M. Cicero
Consumer Advocate

APPENDIX E

I&E's Statement in Support

Joint Petition are in the public interest. Accordingly, I&E recommends that Administrative Law Judge (“ALJ”) Eranda Vero and the Commission approve the Settlement in its entirety.

I. INTRODUCTION

On July 19, 2024, Newtown Artesian Water Company filed proposed Supplement No. 158 to Tariff Water – Pa. P.U.C. No. 9 (“Supplement No. 158”), with a proposed effective date of September 18, 2024. The rates set forth therein, if approved by the Commission, would increase NAWC’s annual jurisdictional revenues by \$922,419, or 14.1%.

On August 7, 2024, OCA filed a Formal Complaint and Public Statement. On August 8, 2024, OSBA filed a Formal Complaint and Public Statement. On August 13, 2024, I&E filed its Notice of Appearance.

On August 22, 2024, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates by operation of law until April 18, 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 September 9, 2024 before ALJ Vero during which a procedural schedule was established and evidentiary hearings were scheduled on November 20 and 22, 2024. In-person and telephonic public input hearings were held on October 7, 2024.

The hearings on November 20 and 22, 2024 were cancelled upon notification that the Joint Petitioners had waived all cross-examination. On November 20, 2024, the Company notified ALJ Vero that the Joint Petitioners had reached a full settlement of all issues as set forth in the Joint Petition. Along with the Settlement, a Motion and Stipulation for Admission of Testimony and Exhibits was filed on December 20, 2024 wherein the parties' written testimonies and exhibits were entered into the record. I&E submitted the following:

- I&E Statement No. 1 – Direct Testimony of Vanessa Okum
- I&E Exhibit No. 1
- I&E Statement No. 2 – Direct Testimony of D. C. Patel
- I&E Exhibit No. 2
- I&E Statement No. 3 – Direct Testimony of Esyan Sakaya
- I&E Exhibit No. 3
- I&E Statement No. 1-SR – Surrebuttal Testimony of Vanessa Okum
- I&E Statement No. 2-SR – Surrebuttal Testimony of D. C. Patel
- I&E Exhibit No. 2-SR
- I&E Statement No. 3-SR – Surrebuttal Testimony of Esyan Sakaya
- I&E Exhibit No. 3-SR

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 ¶ 26)

The Settlement provides that NAWC shall file a compliance tariff supplement, effective no sooner than April 18, 2025, with rates designed to produce additional annual operating revenue of \$750,000 as opposed to the Company's requested \$922,419 increase. NAWC's allowed revenue requirement will be recovered based upon the schedule of rates as shown in Appendix B 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.

I&E witness Vanessa Okum recommended in direct testimony a rate increase of \$629,483 based on adjustments made to NAWC's operating and maintenance ("O&M") expense, cash working capital, rate base, and rate of return claims,⁶ and subsequently recommended in surrebuttal testimony a rate increase of \$746,180 increase based on further adjustments made to NAWC's O&M expense, cash working capital, rate base, and rate of return claims.⁷ The \$750,000 rate increase represents a compromise among the Joint Petitioners' proposals and is therefore in the public interest.

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.⁸

⁶ I&E Statement No. 1, p. 3.

⁷ I&E Statement No. 1-SR, p. 3.

⁸ 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).

This “black box” revenue increase balances the interests of ratepayers and the Company. NAWC 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.

B. Other Tariff Changes (Joint Petition ¶ 27)

I&E has no specific comments on the settlement provision regarding other tariff changes proposed in Supplement No. 158 but supports the Settlement in its entirety as being in the public interest.

C. Distribution System Improvement Charge (Joint Petition ¶¶ 28-29)

I&E has no specific comments on the settlement provisions regarding NAWC’s Distribution System Improvement Charge (“DSIC”) but supports the Settlement in its entirety as being in the public interest.

D. Rate Design and Scale Back (Joint Petition ¶ 30)

Pursuant to the terms of the Settlement, rates will be scaled back as proposed by I&E. I&E witness Eryan Sakaya recommended in direct testimony that if NAWC received a rate increase less than \$922,419, both the customer charges and usage rates for all the affected rate classes should be scaled back proportionally.⁹ NAWC accepted Mr. Sakaya’s recommendation in rebuttal testimony¹⁰ and Mr. Sakaya recommended in surrebuttal testimony that rates be scaled back proportionally from what is shown in I&E

⁹ I&E Statement No. 3, p. 12.

¹⁰ NAWC St. No. 2-R, p. 12.

Exhibit No. 3-SR, pp. 1-2.¹¹ Therefore, I&E supports this provision as being in the public interest.

E. Reporting on Plant Additions (Joint Petition ¶ 31)

Pursuant to the terms of the Settlement, NAWC will provide I&E, OCA, and OSBA with an update to Table No. 4 (Company Exhibit JJS-2, p. 45) for the years 2024-2025 no later than August 1, 2025, and Table No. 4 (Ex. JJS-3, p. 12) for years 2025-2026, no later than August 1, 2026, to be filed under this docket number. The updated tables will include actual capital expenditures, plant additions, and retirements by month for the twelve months ending March 31, 2025, and March 31, 2026, respectively.

I&E witness Sakaya recommended plant-related reporting in his direct¹² and surrebuttal¹³ testimonies because this data will allow the Commission and the parties to better gauge the accuracy of NAWC's projected investments in future proceedings, and NAWC accepted Mr. Sakaya's recommendation in rebuttal testimony.¹⁴ Therefore, I&E supports this provision 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.

¹¹ I&E Statement No. 3-SR, p. 7.

¹² I&E Statement No. 3, pp. 7-8.

¹³ I&E Statement No. 3-SR, p. 4.

¹⁴ NAWC St. No. 1-R, p. 2.

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 raised in testimony have been satisfactorily resolved through discovery and discussions with the Company or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement as being in the public interest and respectfully requests that Administrative Law Judge Eranda Vero recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,



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Dated: January 16, 2025

APPENDIX F

OSBA'S Statement in Support

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : **Docket No. R-2024-3050208**
 :
Newtown Artesian Water Company :

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

I. Introduction

On July 19, 2024, Newtown Artesian Water Company (“NAWC” or the “Company”) filed Supplement No. 158 to Tariff Water – Pa. P.U.C. No. 9 (“Supplement No. 158”) with the Pennsylvania Public Utility Commission (“Commission”). The rates set forth in Supplement No. 158, if approved by the Commission, would have increased NAWC’s annual jurisdictional revenues by \$922,419, or 14.1%.

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a Complaint in response Supplement No. 158 on August 8, 2024.

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

II. The Commission's Policy on Settlements

Section 5.231(a) of the Commission's regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission's regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

III. The Joint Petition is in the Public Interest of NAWC's Small Business Customers

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

A. Revenue Allocation

The OSBA did not file testimony in this proceeding. However, the OSBA attorneys, as well as OSBA witness Kevin Higgins, reviewed the Company's filings, testimony of the various parties, and discovery responses.

NAWC did not file a cost-of-service study ("COSS") in this proceeding. As a result, the *Joint Petition* proposes that the revenue allocation should be assigned across-the-board to the Company's customer classes. *Joint Petition*, Paragraph 30.

The OSBA supports the *Joint Petition's* proposal for revenue allocation in this proceeding. Without a COSS available to the parties, the OSBA respectfully submits that

assigning the revenue increase across-the-board to the various customer classes is the only just and reasonable methodology for revenue allocation.

IV. Conclusion

For the reasons set forth in the *Joint Petition*, as well as the additional factor 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,

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Dated: January 16, 2025