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

Re: Bret Paff v. Community Utilities of Pennsylvania, Inc.; Docket No. C-2025-3053638
RESPONSE to Community Utilities of Pennsylvania, Inc.'s (CUPA)
preliminary objections to formal complaint

Dear Secretary Chiavetta:

Pursuant to 52 Pa. Code § 5.61, please find my response to CUPA's Preliminary Objections

I am one of many CUPA customers who have filed formal complaints regarding recent changes to their billing methods.

CUPA should not bill consumers for services not rendered.

By law, Section 315(a) of the Code, 66 Pa. C.S. § 315(a) states that "the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility".

CUPA has not (by their legal response or the numerous phone calls by its customers) justified how their new wastewater rate (in some cases \$1000/ month) is just and reasonable.

Since the metered rate change went into effect at the end of last summer, I have had bills exceeding \$300 a month due to external water usage (irrigation and hose usage to combat the drought). None of the "outdoor" water entered the wastewater system. CUPA has no way to differentiate between indoor and outdoor water consumption, yet they are permitted to charge customers for all water usage (based on the data they receive from Aqua).

The PUC Consumer Rights and Responsibilities Booklet states that consumers have the right to:

- Know how your utility bill is calculated.
- Check your utility bill for accuracy.

- Question or disagree with the utility company.

To date, CUPA has not explained how their current billing accounts for the actual use of the CUPA-Wastewater system. I have made numerous attempts, by phone, to get an explanation from CUPA and they claim the PUC deemed it “legit”. This would imply that the Commission approved CUPA to legally bill consumers for services not rendered (bill customers for water they aren’t treating).

I am respectfully asking the PUC to require CUPA to offer all customers a deduction meter program to accurately account for the discrepancy between metered water consumption and wastewater system usage as is the case in many surrounding townships.

On an annual basis, it would be considered fair and reasonable to expect CUPA to be able to record and report the total volume of wastewater treated at a regional plant level and compare it to the amount water they are charging customers to “treat”. Based on my recent bills, I have to believe there would be an enormous discrepancy.

A wastewater treatment audit could be performed at both the treatment plant level and at the financial level. The data sets between those two audits should be very similar – as in, the gallon volume of wastewater treatment performed by CUPA should closely match the gallon volume of wastewater treated and billed by CUPA.

When it comes to a public utility such as a wastewater treatment provider, the customer has NO alternative means of obtaining this critical basic service. It’s a monopoly. We are forced into paying whatever fees they may deem appropriate or approved by their governing body, in this case the PUC. Something needs to be done to maintain fair trade practices and accountability.

I request that CUPA implements a more efficient method to accurately meter the amount of water they treat instead of simply matching the number provided to them by Aqua.

I would like to also point out that The PUC Consumer Rights and Responsibilities Booklet states that consumers have the right to:

- Know how your utility bill is calculated.
- Check your utility bill for accuracy.
- Question or disagree with the utility company.

To-date, CUPA has not explained how their current billing accounts for actual use of CUPA-Wastewater system.

CUPA argues that this volumetric (or metered) wastewater rates is justifiable, but I contend that CUPA needs to implement their own metering system, not rely on water consumption meters for this to be applicable. Using water consumption meters to estimate wastewater volumes may only be applicable to apartment/ condos/ townhome type of communities

but does not account for the customers that have large properties/ large outdoor usage (irrigation for lawn or gardens or evaporation in terms of a swimming pool) of their water consumption. Accordingly, I contend that it is CUPA's failure to establish an effective cost-of-service plan for all of their customers. Where is the cost-of-service study that was required in the 2021 Base Rate Case Docket Nos. R-2021-3025206 and does that relate to customers with large outdoor space and outdoor water consumption?

DETAILED RESPONSE TO EACH OF CUPA's points for LEGAL INSUFFICIENCY :

6. The Complaint fails as a matter of law, because even if all allegations within the Complaint are true, CUPA has not violated a Commission Order, regulation, or the Public Utility Code.

REBUTTAL: By law, Section 315(a) of the Code, 66 Pa. C.S. § 315(a) states that "the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility". CUPA's argument is weak and alludes to admission of guilt.

7. The Commission has already decided CUPA's method of utilizing all water flows as reported by Aqua for metered wastewater rates is just and reasonable.

REBUTTAL: All the facts and data presented here shows that unless CUPA has its own infrastructure for measuring wastewater volumes (not water consumption volumes), this is a gross violation of cost-of-service principles. As contended, it significantly impacts customers with large outdoor water consumption and the onus is on CUPA to address their 'method' to capture true cost-of-service principles.

Additionally, there is a formal complaint process for a reason and one of the main objectives of this complaint is for the Commission to review and clarify the Settlement in lieu of the implemented rates and billing sent out since adoption by CUPA.

8. CUPA filed its rate case notice with the information required by Commission regulations.

REBUTTAL: CUPA claimed that they filed its rate case notice by Commission regulations (52 Pa. Code §53.45(b)) is false because CUPA has no way of measuring what a 'typical usage level' for wastewater is.

CUPA has not shown or established what the correlation is between a consumer's water consumption and that consumer's water output into CUPA's wastewater collection infrastructure. Therefore, the notice was misleading because it implies that the customer is using and outputting 3400 gallons of water into CUPA's infrastructure (what else could a wastewater bill be for?). A 'typical' customer (or household of same size) most probably outputs similar volume of water (typical usage) into CUPA's system. Therefore, why would this rate case notice be interpreted any differently by the customer that has a swimming pool (or lawn sprinklers) and knows that any volume of water over 'typical usage level' is not going into CUPA's infrastructure?

The CUPA Notice of Proposed Rate Change was misleading, inaccurate and did not follow Commission regulations (52 Pa. Code § 53.45(b)) because it does not state what a typical wastewater usage level or rate is for a customer that does not have a separate meter for wastewater.

CUPA agreed to transition flat rate billing customers like Complainant to metered use by utilizing volumes from Aqua PA's water invoices as part of settlements

REBUTTAL: Even in the snippet captured by CUPA and its legal team (above), it states that CUPA 'will propose metered rates'. CUPA did not explicitly disclose to customers that they were switching from a flat rate to a metered rate, nor did they specify that they would be using metered rates from a third party water service provider.

The notice was vague and misleading. It also required customers to read "Supplement No. 11 to Tariff Wastewater-Pa. P.U.C. No. 1 at Docket No. R-2023-3042805." Surely, a change as dramatic as this needed more clarification or higher visibility. Diving deeper, even Supplement No. 11 to Tariff Wastewater-Pa. P.U.C. No. 1 at Docket No. R-2023-3042805 does not explicitly state that the wastewater 'metered' rates will be using water consumption metered rates.

Where does CUPA specify or define in this filing that 'Metered Rate' will be based on volume of water consumption? By definition, it is implied that 'Metered Rate' for wastewater service = volume of wastewater that goes into CUPA Wastewater System and CUPA does not define otherwise in that Supplement No. 11.

Furthermore, the only reference to volumetric rates and water service in the entire filing is buried in a footnote : " CUPA will undertake commercially reasonable efforts to obtain the information that it needs to develop and bill volumetric rates for wastewater customers who do not receive water service from CUPA in the service territory formerly known as Utilities, Inc. of Pennsylvania"

Did CUPA get the consent from each customer to collect their historic monthly volumetric usage data? Can the Water Service Provider give CUPA this data without permission from the customer?

Additionally, it seems like much of CUPA's actions over the past 5 years have been from its Merger of Tamiment Service territory, which seems to be 15% of CUPA's entire customer base and they were using volumetric billing. To standardize everyone to volumetric billing required more clarity and explanation for the other 85% of CUPA's customer based (that was using a flat monthly billing method) than was sent out to us.

9. In the 2021 Base Rate Case, CUPA had initially proposed maintaining existing flat rates and transitioning all metered wastewater customers to flat rates, but the OCA objected to this proposal

REBUTTAL: OCA's argument is based on 'cost-of-service principles' and CUPA failed to address that in its current new implement volumetric billing as captured in this entire complaint. Furthermore, OCA cited 'moving utilities toward metered rates'. However, if the utility being provided is wastewater service, the onus is on CUPA to establish how to accurately capture metered rates for wastewater.

CUPA has not established a correlation between water consumption and volume that goes into CUPA Wastewater System, especially for customers with large outdoor usage (i.e., separate outdoor usage from customer's water consumption meter).

Lastly, it seems like the OCA asked for a cost-of-service study. While I cannot find a document with the findings of this study, it is evident that CUPA did not do its due diligence before implementing or proposing these new volumetric rates based on water consumption if such massive discrepancies exist today for customers that have large outdoor water consumption usage.

Again, the onus is on CUPA to accurately capture cost-of-service and not overbill customers for service not provided.

10. The OCA described the benefits of moving away from flat rates, including encouraging conservation of both water and wastewater resources:

REBUTTAL: I completely agree with conservation of both water and wastewater resources but CUPA needs to determine how to accurately measure wastewater volume. The broad assumption that water in = water into CUPA Wastewater System is blatantly wrong as not all water goes into CUPA Wastewater System and CUPA cannot erroneously bill customers for service not provided. Customers with large outdoor water usage are paying correctly for those services via their Water Provider meter. Those customers should not be paying double or taking on the majority of the equitable billing.

11. The Commission found metered wastewater rates are in the public interest:

REBUTTAL: This statement is only true if utility providers have an accurate way of measuring the true volume that goes into the Wastewater System. I am completely onboard with equitable billing if it can be precisely determined what volume each customer puts into the Wastewater System. So, the household that only puts 1000 gallons of wastewater per month into the system should absolutely pay less than the household that puts 2000 or 3000 gallons of wastewater per month into the system.

However, for Utility Providers like CUPA to assume that all water consumption = volume of water that goes into the Wastewater System is grossly false, especially for consumers with large properties or those consumers that have large outdoor usage (whether it's a lawn, gardens, vegetable garden, swimming pools or just kids playing with a hose during the

summer). Again, the onus is on CUPA to provide a fair, just and reasonable method based on volumetric usage that takes outdoor usage into consideration and only bill according to cost-of-service principles.

12. The 2023 Base Rate Case likewise resulted in a Commission-approved Settlement with OCA, and OSBA. Thus, the Commission approved that customers using higher volumes would face significant rate increases because Commission expressly approved these rates as just and reasonable.

REBUTTAL: Can the Commission clarify 'customers using higher volumes' because it should apply to Wastewater Volume. As mentioned above, not all of water consumption volume goes into Wastewater System and those customers are already paying Water Providers (Aqua) for that higher volume of water consumed. I do not believe that the Commission accurately assessed how much water goes into irrigation or evaporation (yards, pools, etc) and those customers should not be paying both the Water Provider and CUPA for that portion.

Nevertheless, Cost-of-Service Principles also applies here and the onus is on CUPA to determine how to accurately measure Wastewater Volume.

Deduct volumes or deduct meters could be a solution for CUPA but the onus is on CUPA since they are the ones implementing this new method to come up with a solution that still sticks to Cost-of-Service Principles. In the referenced case, Aqua Pennsylvania Wastewater Inc., provides both water and wastewater service to some of its customers. Onus is on CUPA to also figure out a solution for its customers that use third-party water providers including Aqua.

Clarity is needed on what is the 'Commission-approved tariff' since it has been shown that the current CUPA rates do not amount to \$1.4M annual revenue increase but much higher. Additionally, the rates must still stick to Cost-of-Service Principles and the PUC system or process should allow for correction.

If Deduct Meters are a solution that will allow CUPA to stick to Cost-of-Service Principles, then the onus is on CUPA to remedy the situation and not be permitted to charge for services not rendered.

I have paid CUPA's erroneous bills since August 2024's new rate implementation but expect full compensation/ fair settlement of the amount paid to CUPA for what CUPA is overcharging for services not rendered and adjustment of rates going forward.

In conclusion, I hope that my above arguments have shown that CUPA's new implemented rates and methodology not only goes against Cost-of-Service Principles but are unreasonable and unjustifiable.

Sincerely yours,

Bret Pfaff

cc Whitney E. Snyder via email (wesnyder@hmslegal.com)