



COMMONWEALTH OF PENNSYLVANIA

November 10, 2025

E-FILED

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission v. The York Water Company / Docket Nos.
R-2025-3053442 (Water) & R-2025-3053573 (Wastewater)**

Dear Secretary Homsher:

Enclosed please find the Reply Brief, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced proceedings.

Copies will be served on all known parties in these proceedings, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Steven C. Gray

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Jason Hails
Roger Cathcart
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket Nos. R-2025-3053442 (Water)
	:	R-2025-3053573 (Wastewater)
v.	:	
	:	
The York Water Company	:	

**REPLY BRIEF
ON BEHALF OF
THE OFFICE OF SMALL BUSINESS ADVOCATE**

**Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney I.D. No. 77538**

**For:
NazAarah Sabree
Small Business Advocate**

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

Date: November 10, 2025

I. INTRODUCTION

A. Description of the Office of Small Business Advocate

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”).

B. Procedural History

On May 30, 2025, the York Water Company, and the York Water Company – Wastewater Division (“York Water” or the “Company”) filed Supplement No. 165 to Tariff Water-Pa. P.U.C. No. 14 and Supplement No. 26 to Tariff Wastewater-Pa. P.U.C. No. 1. York Water originally proposed an annual increase in water service rates of approximately \$20.3 million and proposed an annual increase in wastewater rates of approximately \$3.8 million.

On June 18, 2025, the OSBA filed a complaint in response to the York Water filings.

On July 22, 2025, a telephonic prehearing conference was held before Administrative Law Judge (“ALJ”) John M. Coogan and ALJ Emily A. Farren.

On July 23, 2025, ALJ Coogan and ALJ Farren issued their Prehearing Order #1.

On August 22, 2025, the OSBA served the Direct Testimony of Jason Hails. Also on August 22, 2025, the OSBA served the Direct Testimony of Roger Cathcart.

On October 6, 2025, the OSBA served the Surrebuttal Testimony of Mr. Hails. Also on October 6, 2025, the OSBA served the Surrebuttal Testimony of Mr. Cathcart.

On October 14, 2025, ALJ Coogan and ALJ Farren conducted an evidentiary hearing.

On October 15, 2025, ALJ Coogan and ALJ Farren issued their Briefing and Settlement Order.

On October 29, 2025, the OSBA filed its Main Brief.

The OSBA submits this Reply Brief in accordance with the ALJs' October 15th Briefing and Settlement Order.

C. Legal Standards

This section was addressed in the OSBA's Main Brief.

II. SUMMARY OF ARGUMENT

The ALJs and the Commission should adopt York Water's water cost of service study.

The ALJs and the Commission should adopt York Water's water customer class revenue allocation.

The ALJs and the Commission should reject the demand factor changes proposed by the Office of Consumer Advocate.

The Commission should consider the OSBA's request to require York Water to perform a water service demand study.

III. ARGUMENT

A. Overall Position on Rate Increase

The OSBA is not briefing this section.

B. Water Revenue Allocation

1. Introduction

As set forth in the OSBA's Main Brief, the remaining issue in this proceeding is whether the ALJs and the Commission should select the Company's water cost of service study, as filed, or to accept the modifications to that water cost of service study advocated by the Office of Consumer Advocate ("OCA").

2. Water Class Cost of Service Study

As set forth in the OSBA's Main Brief, York Water employed the base-extra capacity methodology in preparing the Company's water cost of service study ("WCOSS").¹ The WCOSS dispute being litigated is the result of OCA witness Jerome Mierzwa contesting certain metrics employed by York Water in the Company's WCOSS:

I believe that modifications to the systemwide and customer class specific maximum day and maximum hour extra capacity factors utilized to allocate functionalized costs to the various customer classifications are necessary.

OCA Statement No. 4, at 7.

Specifically, Mr. Mierzwa recommended that the maximum day demand ("MDD"), expressed as a ratio to the average daily demand ("ADD"), and which indicates the highest single-day water usage, be changed.² Mr. Mierzwa also recommended that maximum hour demand ("MHD"), also expressed as a ratio to the ADD, and which measures the peak hourly demand, be changed.³

In its Main Brief, the OCA explained Mr. Mierzwa's methodology, as follows:

According to OCA witness Mierzwa, the AWWA M1 Manual 'indicates that demand data 'over a representative number of recent years' should be utilized. I believe that 10 years meets the standard identified in the AWWA M1 Manual, and the up to nearly 20 years relied upon by York does not. Demands experienced 20 years ago are not representative of current customer demands.'

OCA Main Brief, at 18 (footnote omitted).

The OCA continued, as follows:

In order to develop the factors, Mr. Mierzwa examined the annual system demand and monthly customer billing records for the most

¹ OCA Statement No. 4, at 5.

² OSBA Statement No. 2-R, at 2.

³ OSBA Statement No. 2-R, at 2.

recent three year period for which data was available and developed the customer demand factors for each of those years.

OCA Main Brief, at 19 (footnote omitted). Specifically, using that three-year period, Mr. Mierzwa selected the June 2024 to May 2025 period, as it had the highest MDD ratio.⁴

The OSBA respectfully disagrees with the OCA's modifications to the MDD and MHD demand factors in the York Water WCOSS. First, the "belief" of Mr. Mierzwa that 10 years of data is superior to 20 years of data is not based upon record evidence and is not a sufficient basis to change a cost-of-service methodology simply to benefit the Company's residential class.

Second, narrowing down Mr. Mierzwa's "10 years of data" to three years of recent data appears to be a highly selective reliance on data which is favorable to the OCA's argument.

The OSBA respectfully submits that the OCA methodology to revise the MDD and MHD demand factors is not a just, reasonable, or sound COSS methodology.

3. Revenue Allocation

The OCA's proposed revenue allocation is set forth in its Main Brief.⁵

The ALJs and the Commission will note how the OCA's "belief" that the demand factors in the Company's WCOSS should be altered has moved the resulting revenue allocation completely in favor of the residential class.

First, while the York Water WCOSS demonstrates that the residential customer class is under-recovering its cost of service (0.91), the OCA WCOSS shows that the residential customer class is over-recovering its cost of service (1.07).⁶

⁴ OCA Main Brief, at 19-20.

⁵ OCA Main Brief, at 25.

⁶ *Id.*

Second, while the York Water WCOSS shows that the commercial (*i.e.*, small business) customer class is over-recovering its cost of service (1.05), the OCA WCOSS shows that the commercial customer class is under-recovering its cost of service (0.90).⁷

The OSBA respectfully submits that selective reliance on one year of data, that noticeably benefits the residential class and is based upon the “belief” of the OCA witness, is not a just or reasonable result.

In addition, OSBA witness Mr. Cathcart testified that a fully updated and recent demand study is necessary for preserving the accuracy of a base-extra capacity methodology COSS, as well as the resulting customer class revenue allocation.⁸ An updated demand study would satisfy the issues raised by both the OCA and the OSBA in this proceeding.

The OSBA acknowledges that York Water is opposed to conducting such a study.⁹ However, given the length of time since the Company’s last demand study, coupled with the issues raised in this proceeding, the OSBA respectfully suggests that the Commission should consider ordering such a study.

IV. CONCLUSION

In the absence of a WCOSS that is technical, methodologically sound, and tested, the pre-approved York Water WCOSS and the resultant revenue allocations should be approved for use in this proceeding. Adopting an untested, proposed WCOSS based on selective analysis (with broad implications for all customers) from an intervenor that results in a significant benefit for that intervenor would be irregular and prejudicial to the non-residential classes.

⁷ *Id.*

⁸ OSBA Statement No. 2-R, at 2.

⁹ York Water Main Brief, at 10.

Wherefore, the OSBA respectfully requests that the ALJs and the Commission adopt York Water's water cost of service study, as prepared by the Company, without any demand factor changes proposed by the OCA.

The OSBA also respectfully requests that the ALJs and the Commission adopt the water customer class revenue allocation resulting from the Company's water cost of service study, again without any demand factor changes proposed by the OCA which significantly alter the class revenue allocation in favor of the Company's residential class.

Finally, the Commission should consider ordering York Water to conduct a water service demand study.

Respectfully submitted,

/s/ Steven C. Gray

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Dated: November 10, 2025

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	:	R-2025-3053573 (Wastewater)
v.	:	
	:	
The York Water Company	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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