

COMMONWEALTH OF PENNSYLVANIA



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December 29, 2025

Via Electronic Filing

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 (W)
R-2025-3053573 (WW)

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Exceptions in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectively,

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Enclosures

cc: The Honorable Judge John M. Coogan (Email Only: jcoogan@pa.gov)
The Honorable Judge Emily A. Farren (Email Only: efarren@pa.gov)
Office of Special Assistants (Email Only: ra-osa@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

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

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

Dated this 29th day of December 2025.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY EXCEPTION
OF THE
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I. INTRODUCTION

The Pennsylvania Office of Consumer Advocate (OCA), as a party in the underlying proceeding, submits this Reply to the Exception filed by York Water Company (York Water or Company) on December 22, 2025, to the Recommended Decision (R.D.) of Administrative Law Judges John M. Coogan (ALJ Coogan) and Emily A. Farren (ALJ Farren), issued on December 11, 2025. The OCA submits this Reply Exception to defend and protect the interests of consumers in York Water Company's service territory.¹ The Commission, in reaching a final determination in this matter, must take such action with due consideration to the interest of consumers, consistent with its other statutory responsibilities.²

II. REPLY EXCEPTION

A. Reply to York Water Exception No. 1: York Water's proposed modifications to ALJ Coogan and ALJ Farren's R.D. require additional safeguards to protect the interest of ratepayers. (R.D. at 126; York Water Exc. at 2)

In the R.D., ALJs Coogan and Farren recommended:

that the Commission order that, at the time of filing its next base rate case, York Water file a copy of an updated customer class demand study with the Secretary's Bureau that analyzes the demand over a representative number of recent years using the customer data, at a minimum, for each period of time covering ten (10) years, twenty (20) years, and thirty (30) years from the date the study commences and provide testimony justifying the period of time selected as the most representative customer demand used for the cost of service study.³

In its sole Exception, the Company does not disagree with the recommendation of ALJs Coogan and Farren regarding customer class demand study.⁴ It does, however, request that the Commission adjust the timing and to allow the Company to recover the costs of the study as a

¹ 71 P.S. § 309-4(a).

² 71 P.S. § 309-5(2).

³ R.D. at 119.

⁴ York Water Exc. at 3.

regulatory asset.⁵ The OCA recommends that the Commission adopt the recommendation of ALJs Coogan and Farren without modification. However, the OCA recognizes that, due to the expense of a full customer class demand study for a utility the size of York Water, deferred accounting treatment may be appropriate. If the Commission grants the Company's request for deferred accounting treatment, the OCA requests that it adds the safeguards discussed below.

First, in its Exception, the Company requested that it be granted three years after the entry of the Commission's Final Order in this proceeding to complete the study rather than by its next rate filing.⁶ The OCA disagrees and believes that it is important for York Water to incorporate the results of the customer class demand study in its next rate case so accurate demand factors are in place when determining the allocation of costs to avoid class cross subsidization and to move York Water's customer classes towards their cost of service.⁷ Notably, as described by York Water's own witness, the Company has been in need of a customer class demand study for three decades, resulting in stipulations in York Water's 1992 and 2007 rate cases which required the Company to submit feasibility studies for a customer class demand study.⁸ Further delays in producing a customer class demand study creates additional risk of difficulty in determining York Water's customer classes' cost of service and in further litigation regarding the outdated demand data presented by the Company in this case.

The Company requested three years because of the effort and detail required to perform the study.⁹ However, the OCA found in its investigation of the current rate proceeding that York Water has an average rate case filing frequency of 2.8 years, or approximately two years and 10

⁵ *Id.*

⁶ York Water Exc. at 3-4.

⁷ See *Lloyd v. Pa. PUC*, 904 A. 2d 1010, 1020 (Pa. Cmwlth. 2006).

⁸ York Water St. 107-R at 5-6.

⁹ York Water Exc. at 3-4.

months.¹⁰ The Commission recently stated, “an actual, historical filing pattern offers the best evidence for anticipating a company’s future behavior, with respect to filing its next base rate case.”¹¹ As a result, the Company’s claim that it would be able to submit a customer class demand study within three years of the entry of a final order in this proceeding closely aligns with the anticipated time frame of when York Water will file its next rate case. Furthermore, the Company’s basis for its request is speculative, as York Water avers that “the RD *could* force York Water to submit an updated class demand study before the Company gathers sufficient data to produce a reliable study.”¹² The OCA submits that, based on the Company’s historic filing frequency, there is insufficient evidence to conclude that the Company cannot comply with the recommendation of ALJs Coogan and Farren to produce a customer class demand study at the time it files its next rate increase request.

Ultimately, the recommendation of ALJs Coogan and Farren sets forth a reasonable time frame and the need for customer rates to be determined by accurate data outweighs the Company’s speculation that it may not be able to complete the study in time: as such, the OCA requests that the Commission maintain the deadline recommended by the ALJs in their R.D.

Second, York Water requested that the Commission grant it permission to record the costs associated with the customer class demand study as a regulatory asset.¹³ However, the OCA emphasizes that the standard for deferred accounting treatment is typically only available if the deferred costs are “extraordinary.”¹⁴ Here the costs to conduct the study are currently unknown,

¹⁰ OCA St. 1 at 24-25.

¹¹ *Pa. PUC v. Columbia Water Co.*, Docket No. R-2023-3040258 (Order entered Jan. 18, 2024) at 34.

¹² York Water Exc. at 4 (emphasis added).

¹³ York Water Exc. at 4.

¹⁴ *Popowsky v. Pa. PUC*, 642 A.2d 648, 652 (Pa. Cmwlth. 1994). As the Commonwealth Court stated in that case: Extraordinary expenses are often described as unanticipated and non-recurring. We believe that any unanticipated, non-recurring, **substantial** expense to the rate base that would be normalized out if occurring in a test year is “extraordinary”. Extraordinary cannot mean merely unanticipated, because then every unexpected occurrence or failure to predict an item would be recoverable and the

therefore the costs may not be sufficiently substantial to qualify as “extraordinary”¹⁵ and thus may not merit deferred accounting treatment. The OCA recommends that if the Commission grants York Water’s request for deferred accounting treatment, the following conditions, at a minimum, should apply:

1. That the authorization granted to York Water for deferred accounting treatment carries no assurance of future rate recovery;
2. That York Water be directed to claim its deferred costs at the first available opportunity; and
3. That any opinion and order in this matter will in no way limit the ability of any party to a future rate case to oppose rate recovery of any of the costs deferred pursuant to the limited authorization granted herein.

Given that the cost of the study may substantially impact York Water’s ratepayers, if extraordinary, the OCA submits that if York Water’s Exception is to be granted, inclusion of these conditions is critical. With these assurances, the rights of the parties to this proceeding and to York Water’s next general rate increase request will be preserved.

In sum, the OCA would not oppose the Commission’s granting in part and denying in part the Company’s Exception. The Commission should deny the Company’s request to submit the customer class demand study in three years instead of at the time of its next rate filing because the request is speculative, unnecessary, and delays the production of information necessary to resolve the Company’s next rate case. However, the Company’s request for deferred accounting treatment

exception would overwhelm the rule, making test years meaningless. To be extraordinary, it must also be a **substantial**, one-time expense or a substantial item that will not appear as a continuing expense and could otherwise never be recovered in rates because, like the weather-related expenses, it would be normalized out of the test year as abnormal.

Id. (emphasis added).

¹⁵ *Cf. Popowsky v. Pa. PUC*, 868 A.2d 606, 615 (Pa. Cmwlth. 2004) (Smith-Ribner, J., dissenting) (where the events causing the utility to incur costs may be unanticipated and extraordinary, that does not mean that the types of expenses necessary to respond to the events are unanticipated and extraordinary).

of the costs incurred to produce the customer class demand study may be reasonable – if the costs are truly “extraordinary” – subject to the OCA’s recommended conditions. As a result, if the Commission grants the Company’s Exception, the OCA respectfully requests that the Commission include the OCA’s recommended conditions as condition of approval.

III. CONCLUSION

In the interest of consumers, and for the reasons discussed herein, the Pennsylvania Office of Consumer Advocate respectfully requests that if the Public Utility Commission adopts York Water’s proposed changes to the Recommended Decision of Administrative Law Judges John M. Coogan and Emily A. Farren, the Commission should incorporate the additional consumer protections set forth above.

Respectfully submitted,

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