



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET  
HARRISBURG, PENNSYLVANIA 17120

IN REPLY PLEASE  
REFER TO OUR FILE  
C-2014-2447138  
C-2014-2447169  
R-2018-3001306  
R-2018-3001307

January 14, 2026

**Re: McCloskey v. Hidden Valley Utility Services, L.P. (Water and Wastewater Divisions) and Pennsylvania Public Utility Commission v. Hidden Valley Utility Services, L.P. (Water and Wastewater Divisions); Docket Nos. C-2014-2447138, C-2014-2447169, R-2018-3001306 and R-2018-3001307**

To Hidden Valley Utility Services, L.P:

This letter is to notify Hidden Valley Utility Services, L.P. (Hidden Valley or the Company) of its noncompliance with certain directives issued by the Pennsylvania Public Utility Commission (Commission), by Opinion and Order entered at the above-captioned dockets on December 21, 2023 (*December 2023 Order*) and that the matters of noncompliance are being referred to the Commission's Bureau of Investigation and Enforcement (BI&E) for further action as deemed warranted.

By the *December 2023 Order*, the Commission directed that, *inter alia*, Hidden Valley complete an independent audit of its financial statements for the years 2020 through 2022. Specifically, Ordering Paragraph (OP) 3,<sup>1</sup> the *December 2023 Order* required:

That Hidden Valley Utility Services L.P., (Water and Wastewater) shall cause to be conducted an independent audit of its financial statements, prepared in accordance with Generally Accepted Accounting Principles, from

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<sup>1</sup> Prior to the *December 2023 Order*, the Commission entered an order in Hidden Valley's 2018 consolidated water and wastewater base rate cases that, *inter alia*, required the Company to complete an independent financial audit of its operations for the period of 2015 through 2018. *Pa. PUC, et al. v. Hidden Valley Utility Services, L.P.*, Docket No. R-2018-3001306, et al. at 91-92, OP No. 11 (Order entered on March 29, 2019) (*March 2019 Order*). Subsequently, Hidden Valley requested that the Commission amend OP No. 11 of the *March 2019 Order* to modify the period for the independent financial audits of its operations from 2015 through 2018 to the period of 2020 through 2022. Petition for Amendment filed October 31, 2023. The Commission's *December 2023 Order, i.e.*, OP No. 3, granted Hidden Valley's request.

2020 through 2022 by an outside, independent Certified Public Accounting firm which has not previously provided any services to Hidden Valley Utility Services L.P. Within 120 days of the entry of an Amended Order in this proceeding or the deadline established in the complaint proceeding at Docket Nos. C-2014-2447138 or C-2014-2447169, whichever is earlier, Hidden Valley Utility Services L.P., will file this completed independent audit with the Secretary's Bureau and the Bureau of Technical Utility Services in the docket of this proceeding and the complaint proceeding, and serve a copy on the parties to the complaint proceeding. Hidden Valley Utility Services L.P., will also notify all parties to this proceeding that the audit has been filed, will provide information as to where it can be found on the PUC's website, and will offer to provide a copy to any rate case party who requests it.

*December 2023 Order* at 17-18, OP No. 3.

Accordingly, the Company's completed independent financial audit for the period of 2020 through 2022 was due to be filed with the Commission by April 19, 2024.<sup>2</sup> To date, Hidden Valley has failed to file the required financial audit as directed.

Additionally, we note that the Commission's Regulations at 52 Pa. Code § 5.591, *Reports of compliance*, provide that "[a] person subject to the jurisdiction of the Commission who is required to do or perform an act by a Commission order, permit or license provision shall file with the Secretary a notice stating that the requirement has or has not been met or complied with." 52 Pa. Code § 5.591. To date, Hidden Valley has not filed a report of compliance with respect to the Company's financial audit obligation identified in the *December 2023 Order*.

Although the Commission's records reflect that on April 5, 2024, Hidden Valley filed a Motion for an Extension of Time (Motion) at the above-referenced dockets seeking an unspecified extension of time to complete and file the required audit, the Company's request was procedurally inappropriate. Specifically, for relief,

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<sup>2</sup> We note that 120 days from the date of our *December 2023 Order*, December 21, 2023, was April 19, 2024. No earlier operative deadline was established in the complaint proceeding at Docket Nos. C-2014-2447138 or C-2014-2447169; accordingly, HVUS' requisite financial audits for the period of 2020 through 2022 were due to be filed by April 19, 2024.

Hidden Valley's Motion requested that the Commission grant the Company "60-90 days to engage an outside independent Certified Public Accounting firm that has not previously provided any services to [Hidden Valley] to complete the independent financial audit." See Hidden Valley Motion at ¶ 30. Hidden Valley further proposed to file a status report with the Commission "identifying the firm that will complete the audit and the estimated time necessary to complete and file the audit." *Id.* Accordingly, although Hidden Valley's Motion purported to seek an extension of time to comply with the *December 2023 Order*, the Company actually sought to insert additional steps into the compliance process and to create an unspecified time period by which to comply. As such, rather than an "extension of time" to complete its audit, Hidden Valley sought a modification of the Commission's *December 2023 Order*, to include additional specifications for selection of an independent auditor and reporting to the Commission of the selection, in addition to an unspecified time period in which to accomplish any of the specified tasks.

Pursuant to the Public Utility Code (Code), upon the filing of a petition for relief pursuant to Section 703(g), the Commission may affirm, rescind, clarify or modify its original order. 66 Pa.C.S. § 703(g). A request for relief pursuant to § 703(g) must be brought as a petition for relief consistent with Section 5.572 of the Commission's Regulations. 52 Pa. Code § 5.572 (relating to petitions for relief). Hidden Valley did not petition the Commission for relief from the *December 2023 Order*. The Company's Motion, which proposed to inject a new process and unspecified time period for compliance with the obligations directed by the *December 2023 Order*, is procedurally inappropriate;<sup>3</sup> and therefore, it is denied.<sup>4</sup> Further, notwithstanding Hidden Valley's defective Motion, there has been no stay of the Commission's *December 2023 Order*; therefore, Hidden Valley's obligations thereunder have remained in place. See 66 Pa.C.S. § 703(e).

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<sup>3</sup> Hidden Valley's Motion identified the legal standard for its request as 52 Pa. Code § 1.15(a)(1), *Extension of time and continuances*. Motion at ¶ 25. According to Hidden Valley, since its Motion was filed "before the expiration of the period as originally prescribed or as previously extended, the applicable legal standard is good cause for the extension." *Id.* at ¶ 26.

<sup>4</sup> Our review of each of the above-referenced dockets revealed that Hidden Valley's Motion was opposed by Answers in Opposition filed by the Office of Consumer Advocate on April 19, 2024 and by Robert J. Kollar on April 29, 2024; however, we need not consider the substance of their opposition because we are denying Hidden Valley's Motion on procedural grounds.

To date, Hidden Valley has failed to comply with the directives of the *December 2023 Order*. In the event of party's violation of a Commission order, the Code provides the Commission with the remedies, including, *inter alia*, the imposition of civil penalties of up to \$1,000 per day of violation. *See* 66 Pa.C.S. § 3301. Therefore, this matter will be referred to the Commission's BI&E for further action as deemed warranted.

In a related matter of concern, noting that one purpose of the original audit requirement in Hidden Valley's 2018 base rate proceeding was to address concerns about alleged inaccuracies in the Company's annual reports, it does not appear that the Company has submitted an annual financial report to the Commission since May 10, 2022 for its water operations and May 23, 2022 for its wastewater operations. *See December 2023 Order* at 15. The Commission's Regulations at 52 Pa. Code § 57.47 provide that unless prior permission to do otherwise is granted, as a public utility subject to the Commission's jurisdiction, Hidden Valley is required to file annual financial reports with the Commission. *See* 52 Pa. Code § 57.47. As it does not appear that Hidden Valley either requested or received an extension of time for filing its annual reports, the Company may also be subject to civil penalties on this additional basis of non-compliance. *See* 52 Pa. Code § 57.47(c) (referencing 66 Pa.C.S. § 3301).

Given Hidden Valley's failure to comply with the Commission's *December 2023 Order*, and apparent failure to comply with its annual financial reporting obligations, this letter serves to notify the Company of the Commission's intent to refer the issues of non-compliance to the Commission's BI&E for further action as warranted.

To the extent that Hidden Valley can demonstrate compliance with the *December 2023 Order* and/or its annual financial reporting obligations, please provide all relevant information to the Commission's BI&E and the Bureau of Technical Utility Services within twenty (20) days from the date of this letter.

Sincerely,



Matthew L. Homsher  
Secretary

cc: All Parties of Record  
Richard Layton, Bureau of Technical utility Services  
Kimberly Hafner, Director, Office of Special Assistants