

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held February 19, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman, Statement
Kimberly Barrow, Vice Chair, Statement, Dissenting
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Pennsylvania Public Utility Commission	R-2025-3053442
Office of Consumer Advocate	C-2025-3055746
Office of Small Business Advocate	C-2025-3055824
Amy Nichols	C-2025-3056183
Kris Robertson	C-2025-3056377
Michael & Debra D'Angelo	C-2025-3056282
Katelyn Mooneyhan	C-2025-3056403
Gary Freedman	C-2025-3056782

v.

The York Water Company – Water Division

Pennsylvania Public Utility Commission	R-2025-3053573
Office of Small Business Advocate	C-2025-3055747
Office of Consumer Advocate	C-2025-3055827
Cheryl Hoffman	C-2025-3055800
Brad S. Bock	C-2025-3056196
Russell Hudson	C-2025-3056217
Sarah Flemming	C-2025-3056115
Daniel O'Connor	C-2025-3056049
Eric Conrad	C-2025-3056050

Edward Madalis
Sheri Stein
Elizabeth Tetter
Michael & Debra D'Angelo
George McClellan Bentzel

C-2025-3056157
C-2025-3056225
C-2025-3056284
C-2025-3056281
C-2025-3056272

v.

The York Water Company – Wastewater
Division

OPINION AND ORDER

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BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions of The York Water Company-Water Division and The York Water Company-Wastewater Division (collectively, York Water or the Company), filed on December 22, 2025, to the Recommended Decision of Administrative Law Judges (ALJs) John M. Coogan and Emily A. Farren, issued on December 11, 2025, in the above-captioned proceeding. Replies to Exceptions were filed on December 29, 2025 by the Office of Consumer Advocate (OCA). Also, before the Commission for consideration and disposition is the Joint Petition for Approval of Partial Settlement (Joint Petition, Partial Settlement, or Settlement), filed by York Water, the Commission's Bureau of Investigation and Enforcement (I&E), the OCA, and the Office of Small Business Advocate (OSBA) (collectively, the Joint Petitioners) on October 29, 2025. The ALJs recommended, *inter alia*, that the Commission grant the Joint Petition, subject to the Joint Petitioners submitting a corrected wastewater proof of revenues.

For the reasons stated, *infra*, we shall: (1) grant, in part, and deny, in part, the Exceptions of York Water; (2) adopt the Recommended Decision of the ALJs, as modified; and (3) grant the Joint Petition and adopt the Partial Settlement, as modified, consistent with this Opinion and Order.

Additionally, as discussed below, York Water originally proposed base rate changes that would have increased its total annual operating revenues by \$24,169,485, consisting of: (1) an increase of approximately \$20,311,978,¹ or approximately 29.7%,

¹ In rebuttal, York Water subsequently revised its initial proposed revenue increase for its water operations downward to \$19,786,146, resulting in a final proposed revenue increase of approximately 29.0% over annual water operating revenues at present rates of \$68,305,310. *See* York Water St. 3-R at 29; York Water Exh. MEP-1R (Corrected) at 1.

over annual water operating revenues at present rates of \$68,305,310;² and (2) an increase of approximately \$3,857,507, or approximately 44.5%, over annual wastewater operating revenues of \$8,670,534, based on a fully projected future test year (FPFTY) ending February 28, 2027. In this Opinion and Order, we shall approve: (1) an annual increase of approximately \$16,000,000 to York Water's water operating revenues, representing an increase of approximately 23.4% to the Company's water operating revenues at present rates; and (2) an annual increase of approximately \$2,850,000 to the Company's wastewater operating revenues, representing an increase of approximately 32.9% to York Water's wastewater operating revenues at present rates, based on the Joint Petition that we will also approve, as modified.

I. Introduction and Background

York Water is a public utility as that term is defined in Section 102 of the Public Utility Code (Code), 66 Pa.C.S. § 102, subject to the regulatory jurisdiction of the Commission. York Water is the oldest investor-owned public utility in the country, having been formed in 1816. The Company provides water and wastewater services to approximately 80,000 customers pursuant to certificates of public convenience and necessity issued by the Commission. In this regard, York Water provides direct water service in: (1) the City of York, (2) eighteen boroughs and twenty townships in York County, (3) two boroughs and eight townships in Adams County, (4) three townships in Franklin County, and (5) two townships in Lancaster County. The Company also provides wholesale water service to three townships in York County. Additionally, York Water provides wastewater service to: (1) five boroughs in York County, (2) three townships in Franklin County, and (3) one township in each of

² These operating revenues excluded State Tax Adjustment Surcharge (STAS) and Distribution System Improvement Charge (DSIC) revenues totaling \$2,091,789. *See* York Water Exh. FII-2 at 9-10.

Adams County and Lancaster County. York Water M.B. at 2-3; Joint Petition, Appendix G at 1.

York Water obtains the majority of its water supply from both the South Branch and East Branch of the Codorus Creek, which together have an average daily flow of 73.0 million gallons. This combined watershed area is approximately 117 square miles. York Water also has two reservoirs, Lake Williams and Lake Redman, which together store approximately 2.2 billion gallons of water. The Company supplements its reservoirs with a 15-mile pipeline from the Susquehanna River to Lake Redman, which provides access to an additional supply of 12.0 million gallons of untreated water, daily. Moreover, the Company owns nine wells which are capable of providing a safe yield of approximately 597,000 gallons per day to supply water to the customers of its satellite systems in Adams County. York Water Prospectus Supplement at S-1.

York Water last filed for an increase in water and wastewater base rates in 2022, which the Commission addressed in *Pa. PUC, et al. v. York Water Company – Water Division and York Water Company – Wastewater Division*, Docket Nos. R-2022-3031340 and R-2022-3032806, *et al.* (Final Order entered January 12, 2023) (*York Water 2022 Rate Case*). The rates the Commission approved in the *York Water 2022 Rate Case* took effect on March 1, 2023. York Water Statement in Support at 7.

York Water's requested increase in this current base rate filing was based upon the FPFTY ending February 28, 2027. Joint Petition at 11, ¶ 49. York Water represented that the primary driver for its requested increase is the need to invest in replacements, improvements, and additions to the Company's facilities. Namely, the Company submitted that it has projected to place in service \$41,708,860 in new or replacement water facilities during 2025 and \$44,606,360 in 2026 and the first two months of 2027. Further, York Water averred that it has projected to place in service

\$6,581,359 in new or replacement wastewater facilities during 2025 and \$6,418,667 in 2026 and the first two months of 2027. York Water Statement in Support at 7.

Accordingly, York Water sought the instant rate increase, which is modified by the Joint Petition, as discussed below.

II. History of the Proceeding

On May 30, 2025, York Water filed Supplement No. 165 (Water Supplement No. 165) to Tariff Water-Pa. P.U.C. No. 14 (Tariff Water) and Supplement No. 26 (Wastewater Supplement No. 26) to Tariff Wastewater-Pa. P.U.C. No. 1 (Tariff Wastewater), respectively, to become effective August 1, 2025. Therein, the Company proposed to increase water service rates to produce additional annual water operating revenues of approximately \$20,311,978.³ The Company further proposed to increase wastewater rates to produce additional annual wastewater operating revenues of approximately \$3,857,507. R.D. at 2.

On June 5, 2025, I&E filed a Notice of Appearance. R.D. at 2.

On June 11, 2025, the OCA filed a Formal Complaint, Public Statement, and Notice of Appearance.⁴ R.D. at 2.

On June 12, 2025, the OSBA filed a Notice of Appearance. R.D. at 3.

³ As previously noted, in rebuttal, York Water subsequently revised its initial proposed revenue increase for its water operations downward to \$19,786,146, resulting in a final proposed revenue increase of approximately 29.0% over annual water operating revenues at present rates of \$68,305,310. *See* York Water St. 3-R at 29; York Water Exh. MEP-1R (Corrected) at 1.

⁴ The OCA's Formal Complaints were at Docket No. C-2025-3055746 for water and Docket No. C-2025-3055747 for wastewater.

On June 18, 2025, the OSBA filed a Formal Complaint and Public Statement.⁵ R.D. at 3.

Also, on June 18, 2025, York Water was served with a Formal Complaint filed by Ms. Cheryl Hoffman regarding the proposed wastewater rate increase.⁶ R.D. at 3.

On July 2, 2025, York Water was served with Formal Complaints filed by Mr. Daniel O'Connor and Mr. Eric Conrad, respectively, regarding the proposed wastewater rate increase.⁷ R.D. at 3.

On July 7, 2025, York Water was served with a Formal Complaint filed by Ms. Sarah Flemming regarding the proposed wastewater rate increase.⁸ R.D. at 3.

On July 9, 2025, York Water was served with: (1) a Formal Complaint filed by Mr. Edward Madalis regarding the proposed wastewater rate increase, (2) a Formal Complaint filed by Ms. Amy Nichols regarding the proposed water rate increase, and (3) a Formal Complaint filed by Mr. Brad Bock regarding the proposed wastewater rate increase.⁹ R.D. at 3.

⁵ The OSBA's Formal Complaints were at Docket No. C-2025-3055824 for water and Docket No. C-2025-3055827 for wastewater.

⁶ Ms. Hoffman's Formal Complaint was at Docket No. C-2025-3055800.

⁷ Mr. O'Connor's Formal Complaint was at Docket No. C-2025-3056049. Mr. Conrad's Formal Complaint was at Docket No. C-2025-3056050.

⁸ Ms. Fleming's Formal Complaint was at Docket No. C-2025-3056115.

⁹ Mr. Madalis' Formal Complaint was at Docket No. C-2025-3056157, Ms. Nichols' Formal Complaint was at Docket No. C-2025-3056183, and Mr. Bock's Formal Complaint was at Docket No. C-2025-3056196.

On July 10, 2025, the Commission issued an Order (*July 2025 Order*) that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate increases in the Company's water and wastewater filings, in addition to the Company's existing rates, rules, and regulations, assigned this matter to the Office of Administrative Law Judge (OALJ) for further proceedings as appropriate, and suspended the effective dates of Water Supplement No. 165 and Wastewater Supplement No. 26 until March 1, 2026.

Also, on July 10, 2025, York Water was served with the Formal Complaints filed by Ms. Sheri Stein and Mr. Russell Hudson, respectively, regarding the proposed wastewater rate increase.¹⁰ R.D. at 3.

On July 14, 2025, York Water was served with a Formal Complaint filed by Mr. George Bentzel IV regarding the proposed wastewater rate increase.¹¹ R.D. at 4.

On July 15, 2025, York Water was served with two Formal Complaints, filed by Mr. and Ms. Michael and Debra D'Angelo, regarding the proposed water and wastewater rate increases.¹² R.D. at 4.

Also, on July 15, 2025, York Water was served with the Formal Complaint filed by Ms. Elizabeth Tetter regarding the proposed wastewater rate increase.¹³ R.D. at 4.

¹⁰ Ms. Stein's Formal Complaint was at Docket No. C-2025-3056225. Mr. Hudson's Formal Complaint was at Docket No. C-2025-3056217.

¹¹ Mr. Bentzel's Formal Complaint was at Docket No. C-2025-3056272.

¹² Mr. and Ms. D'Angelo's Formal Complaint were at Docket No. C-2025-3056282 for water and Docket No. C-2025-3056281 for wastewater.

¹³ Ms. Tetter's Formal Complaint was at Docket No. C-2025-3056284.

On July 21, 2025, York Water was served with a Formal Complaint filed by Kris Robertson regarding the proposed water rate increase.¹⁴ R.D. at 4.

On July 22, 2025, a telephonic hearing was held. Counsel for York Water, I&E, the OCA, and the OSBA appeared. Additionally, Ms. Nichols, Ms. Hoffman, Mr. Bock, Mr. Hudson, Mr. O'Connor, Mr. Madalis, and Ms. Stein were present, and each indicated the desire to be considered an inactive party in this proceeding. R.D. at 4.

On July 23, 2025, York Water was served with a Formal Complaint filed by Ms. Katelyn Mooneyhan regarding the proposed water rate increase.¹⁵ R.D. at 5.

On August 11, 2025, York Water was served with a Formal Complaint filed by Mr. Gary Freedman regarding the proposed water rate increase.¹⁶ R.D. at 5.

On August 26, 2025, two in-person public input hearings were held at the York County Office Building. Several members of the public attended and testified at both hearings. R.D. at 5.

On August 27, 2025, two telephonic public input hearings were held. Several members of the public attended and testified at both hearings. R.D. at 5.

On October 10, 2025, York Water filed a Motion for Protective Order. R.D. at 5.

¹⁴ Kris Robertson's Formal Complaint was at Docket No. C-2025-3056377.

¹⁵ Ms. Mooneyhan's Formal Complaint was at Docket No. C-2025-3056403.

¹⁶ Mr. Freedman's Formal Complaint was at Docket No. C-2025-3056782.

On October 14, 2025, the evidentiary hearing was convened as scheduled. During the hearing, the following occurred: (1) York Water, I&E, the OCA, and the OSBA moved for the admission of their pre-served testimony and exhibits into the record; (2) all Parties waived cross-examination of all witnesses; and (3) the ALJs, *inter alia*, provided instructions to the parties regarding any potential settlement. R.D. at 5.

On October 23, 2025, York Water filed an Amended Motion for Protective Order. R.D. at 6.

On October 24, 2025, the ALJs issued a Protective Order. R.D. at 6.

On October 29, 2025, York Water, I&E, the OCA, and the OSBA filed the Joint Petition. R.D. at 6.

Also, on October 29, 2025, York Water, I&E, the OCA, and the OSBA filed Main Briefs. R.D. at 6.

On November 4, 2025, Mr. O'Connor filed objections to the Partial Settlement. R.D. at 6.

On November 5, 2025, Mr. Madalis filed objections to the Partial Settlement. R.D. at 6.

On November 7, 2025, Mr. Hudson, filed objections to the Partial Settlement. R.D. at 6.

On November 10, 2025, Ms. Stein filed objections to the Partial Settlement. R.D. at 6.

Also, on November 10, 2025, York Water, I&E, the OCA, and the OSBA filed Reply Briefs. R.D. at 6.

On November 12, 2025, Mr. and Ms. D'Angelo filed objections to the Partial Settlement. R.D. at 7.

Also, on November 12, 2025, Ms. Nichols filed objections to the Partial Settlement. R.D. at 7.

On December 11, 2025 the Commission issued the Recommended Decision of ALJs Coogan and Farren, wherein they recommended that the Commission: (1) grant the Joint Petition and approve the Partial Settlement, subject to the Joint Petitioners submitting a corrected wastewater proof of revenues; (2) declined to recommend that the Commission adopt the Company's Water Cost of Service Study (COSS) and proposed allocation of the agreed-upon water revenue increase, for failure of York Water to meet its burden of proof that its proposal should be adopted; and, instead (3) recommended that the Commission adopt the OCA's proposed modifications to the Company's Water COSS and proposed allocation of the agreed-upon water revenue increase, finding that it is a reasonable alternative.

As previously noted, York Water filed Exceptions to the Recommended Decision on December 22, 2025. The OCA filed Replies to Exceptions on December 29, 2025.

III. Public Input Hearings

As noted in the History of Proceeding, *supra*, two in-person public input hearings were held in York, PA on August 26, 2025, at 1:00 p.m. and 6:00 p.m., and two telephonic public input hearings were held on August 27, 2025, at 1:00 p.m. and

6:00 p.m. A total of forty-seven customers provided public input testimony: nine in person, in York, and thirty-eight by telephone. For a discussion and summary of the public input hearings, see pages 35 through 41 and 96-101 of the Recommended Decision.¹⁷

IV. Legal Standards

A. Justness and Reasonableness of Rates

In deciding a general rate increase case brought under Section 1308(d) of the Code, 66 Pa.C.S. § 1308(d), certain general principles apply. Section 1308(d) of the Code provides the procedures for changing base rates, the time limitations for the suspension of the new rates, and the time limitations on the Commission's actions. 66 Pa.C.S. § 1308(d).¹⁸ “Under traditional ratemaking, utilities may not change rates charged to customers outside of a base rate case.” *McCloskey v. Pa. PUC*, 127 A.3d 860, 863 n.2 (Pa. Cmwlth. 2015).

Section 1301(a) of the Code mandates that “[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable, and in conformity with

¹⁷ The ALJs found that the Partial Settlement adequately addresses the issues raised at the public input hearings. R.D. at 101. *See also* York Water Statement in Support at 46-49; OCA Statement in Support at 31-33.

¹⁸ Among other things, Section 1308(d) of the Code requires the Commission to render a final decision granting or denying, in whole or in part, the general rate increase requested by a public utility, within a general time frame not to exceed seven months from the proposed effective date of the utility's proposed tariff supplement. *See* 66 Pa.C.S. § 1308(d); *see also* 52 Pa. Code § 53.31 (requiring a tariff proposing a rate increase to be effective upon sixty days' advance notice). Unless the utility voluntarily extends the suspension period, the Commission's non-action within this timeframe means, by operation of law, the utility's proposed general rate increase will go into effect, as proposed, at the end of such period. *See* 66 Pa.C.S. § 1308(d).

[the] regulations or orders of the [C]ommission.” 66 Pa.C.S. § 1301(a). Pursuant to the just and reasonable standard, a 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) (*City of Lancaster*). There is no single way to arrive at just and reasonable rates, and “[t]he [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 II*).

A public utility is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pa. PUC v. Pennsylvania Gas and Water Co.*, 341 A.2d 239, 251 (Pa. Cmwlth. 1975). In determining a fair rate of return, the Commission is guided by the constitutional standards provided by the United States Supreme Court in the landmark cases of *Bluefield Water Works and Improvement Co. v. Public Service Comm’n of West Virginia*, 262 U.S. 679 (1923) (*Bluefield*) and *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) (*Hope Natural Gas*). In *Bluefield*, the Court stated:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes

affecting opportunities for investment, the money market and business conditions generally.

Bluefield, 262 U.S. at 692-93. Twenty years later, in *Hope Natural Gas*, the Supreme Court reiterated:

From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that standard the return to equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.

Hope Natural Gas, 320 U.S. at 603.

The Commission is required to investigate all general rate increase filings. *Popowsky II*, 683 A.2d at 961. The burden of proof to establish the justness and reasonableness of every element of a public utility's rate increase request rests solely upon the public utility in all proceedings filed under Section 1308(d) of the Code. 66 Pa.C.S. § 315(a). The standard to be met by the public utility is set forth in Section 315(a) of the Code, 66 Pa.C.S. § 315(a), as follows:

Reasonableness of rates. – In any proceeding upon the motion of the commission, involving any proposed or existing rate of any public utility, or in any proceedings upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

66 Pa.C.S. § 315(a).

In reviewing Section 315(a) of the Code, the Pennsylvania Commonwealth Court interpreted a public utility's burden of proof in a rate proceeding as follows:

Section 315(a) of the Public Utility Code, 66 Pa.C.S. § 315(a), places the burden of proving the justness and reasonableness of a proposed rate hike squarely on the public utility. *It is well-established that the evidence adduced by a utility to meet this burden must be substantial.*

Lower Frederick Twp. Water Co. v. Pa. PUC, 409 A.2d 505, 507 (Pa. Cmwlth. 1980) (emphasis added); *see also Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

In general rate increase proceedings, it is well established that the burden of proof does not shift to parties challenging a requested rate increase. Rather, the utility's burden of establishing the justness and reasonableness of every component of its rate request is an affirmative one, and that burden remains with the public utility throughout the course of the rate proceeding. There is no similar burden placed on parties to justify a proposed adjustment to the Company's filing. The Pennsylvania Supreme Court has held:

[T]he appellants did not have the burden of proving that the plant additions were improper, unnecessary or too costly; on the contrary, that burden is, by statute, on the utility to demonstrate the reasonable necessity and cost of the installations, and that is the burden which the utility patently failed to carry.

Berner v. Pa. PUC, 116 A.2d 738, 744 (Pa. 1955).

However, in proving that its proposed rates are just and reasonable, a public utility need not affirmatively defend every claim it has made in its filing, even those

which no other party has questioned. As the Pennsylvania Commonwealth Court has held:

While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot be called upon to account for every action absent prior notice that such action is to be challenged.

Allegheny Center Assocs. v. Pa. PUC, 570 A.2d 149, 153 (Pa. Cmwlth. 1990) (citation omitted). *See also Pa. PUC v. Equitable Gas Co.*, 73 Pa. P.U.C. 310, 359-360 (1990).

Additionally, Section 315(a) of the Code, 66 Pa.C.S. § 315(a), cannot reasonably be read to place the burden of proof on the utility with respect to an issue the utility did not include in its general rate case filing and which, frequently, the utility would oppose. 66 Pa.C.S. § 315(a). The burden of proof must be on the party who proposes a rate increase beyond that sought by the utility. *Pa. PUC v. Metro. Edison Co.*, Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Opinion and Order entered January 11, 2007). The mere rejection of evidence contrary to that presented by the public utility is not an impermissible shifting of the evidentiary burden. *United States Steel Corp. v. Pa. PUC*, 456 A.2d 686 (Pa. Cmwlth. 1983).

In analyzing a proposed general rate increase, the Commission determines a rate of return to be applied to a rate base measured by the aggregate value of all the utility's property used and useful in the public service. The Commission determines a proper rate of return by calculating the utility's capital structure and the cost of the different types of capital during the period in issue. The Commission is granted wide discretion, because of its administrative expertise, in determining the cost of capital. *Equitable Gas Co. v. Pa. PUC*, 405 A.2d 1055, 1059 (Pa. Cmwlth. 1979) (determination of cost of capital is basically a matter of judgment which should be left to the regulatory agency and not disturbed absent an abuse of discretion).

B. Settlements Must Serve the Public Interest

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; *see also* 52 Pa. Code §§ 69.401, *et seq.* A full settlement of all the issues in a proceeding eliminates the time, effort, and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort, and expense of litigating a case. A settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case.

The Partial Settlement in this instant proceeding is a “black box” settlement. This means that the Joint Petitioners were not able to agree on each and every element of the calculation of the revenue increase and the revenue requirement. The Commission has recognized that “black box” settlements can serve an important purpose in reaching consensus in rate cases:

We have historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company’s revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company’s cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases.

Pa. PUC v. Peoples TWP LLC, Docket No. R-2013-2355886 (Opinion and Order entered December 19, 2013) (*Peoples TWP*), at 28 (citations omitted).

Rate increase proceedings are expensive to litigate, and the reasonable cost of such litigation is an expense recovered from customers in the rates approved by the Commission. Partial or full, as well as non-unanimous or unanimous, settlements allow the parties to avoid the substantial costs of fully litigating a proceeding before the Commission, yielding significant expense savings for the company's customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *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*). The focus of the inquiry for determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote, and serve the public interest. *Pa. PUC, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Opinion and Order entered July 14, 2011), citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order entered April 1, 1996) and *CS Water and Sewer*. Because the Joint Petitioners request that the Commission enter an order in this proceeding approving the Partial Settlement without modification, they share the burden of proof to show that the terms and conditions of the Partial Settlement are in the public interest. *See* 66 Pa.C.S. § 332(a).

In their Recommended Decision, the ALJs made 169 Findings of Fact and reached 29 Conclusions of Law. R.D. at 7-35, 120-24. The Findings of Fact¹⁹ and Conclusions of Law are incorporated herein by reference and are adopted without further comment unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order.

Finally, any issue or Exception that we do not specifically address shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

V. Joint Petition for Approval of the Partial Settlement

A. Terms and Conditions of the Partial Settlement

The Joint Petitioners agreed to the Partial Settlement covering all issues except for the allocation of the agreed-upon water revenue increase.²⁰ Conversely, as discussed in Section V.B.2, several *pro se* Complainants filed Statements in Opposition to the Partial Settlement.

As previously noted, the Partial Settlement is a “black box” settlement, which means that it does not reflect a specific resolution of every element of the agreed-upon revenue increase and revenue requirement, including any specific rate of

¹⁹ The ALJs explained that Appendix G of the Partial Settlement contained proposed findings of fact which they adopted, in part, in making their Findings of Fact. R.D. at 7.

²⁰ This is discussed, in detail, in Section VI of this Opinion and Order, *infra*.

return, but instead represents the Joint Petitioners' agreed-upon final revenue increase amount based on their respective individual analyses of the various revenue and expense items.

The Partial Settlement provides for increases in rates designed to produce a total increase in annual operating revenues of \$18,850,000, which consists of an increase in water revenues of \$16,000,000, and an increase in base rate wastewater revenues of \$2,850,000. This is in lieu of the Company's originally-filed request for an annual revenue increase of approximately \$24,169,485, consisting of an annual revenue increase of approximately of \$20,311,978 for its water operations and approximately \$3,857,507 for its wastewater operations. Joint Petition at 1-2.

The Joint Petition consisted of a twenty-one-page document outlining the terms and conditions of the Partial Settlement. Additionally, appendices A through I were attached, as follows:

- Appendix A – *Pro forma* Wastewater Tariff Supplement
- Appendix B – Proof of Wastewater Revenues
- Appendix C – York Water Statement in Support
- Appendix D – I&E Statement in Support
- Appendix E – OCA Statement in Support
- Appendix F – OSBA Statement in Support
- Appendix G – Proposed Findings of Fact
- Appendix H – Proposed Conclusions of Law
- Appendix I – Proposed Ordering Paragraphs

1. Essential Terms of the Partial Settlement

The essential terms of the Joint Petition for Non-Unanimous Partial Settlement were contained in Section III of the Joint Petition, in Paragraphs 33 through 61. These terms are set forth below and reflect the Joint Petitioners' agreement with regard to the issues of: (1) Revenue Increase and Revenue Requirement;

(2) State Income Taxes and the STAS; (3) Partial Settlement Amortizations; (4) Tangible Property Regulations; (5) Pension Contribution; (6) Depreciation Rates; (7) the Residential Water Customer Charge; (8) Wastewater Revenue Allocation; (9) DSIC and Rate Base Reporting; (10) Low Income Programs; and (11) Customer Service Issues. These essential terms are printed *verbatim*, and for ease of reference, maintain the paragraph numbers and formatting that appear in the Partial Settlement.

33. The Joint Petitioners agree as follows:

34. York Water will be permitted to file revised tariff supplements to become effective March 1, 2026, that are designed to produce \$18.85 million in additional annual base rate operating revenue, which consists of \$16.0 million in additional water base revenues and \$2.85 million in additional wastewater base revenues, based upon the pro forma level of operations for the 12 months ended February 28, 2027. The settlement as to revenue requirement shall be a “black box” settlement, except for the items set forth in the Partial Settlement.

35. The state income tax rate in this proceeding will be set at 7.49% and has been reflected in the Partial Settlement’s revenue requirement. The Company will reflect subsequent state tax adjustments to the state income tax rate for the post-2026 tax years through the Company’s State Tax Adjustment Surcharge or future base rate proceedings.

36. The following water amortizations are specifically approved and are reflected in the Partial Settlement’s base rate allowance:

<u>Description</u>	<u>Amortization Period</u>	<u>Annual Amortization</u>
Customer-Owned Lead Service Line Replacements	4 years beginning with the effective date of rates in this proceeding	\$145,298

37. The following water amortizations for positive acquisition adjustments are specifically approved and are reflected in the Partial Settlement’s base rate allowance:

<u>Description</u>	<u>Amortization Period</u>	<u>Annual Amortization</u>
Margaretta Mobile Home Park	10 years ending February 28, 2029	\$5,551.00
Scott Water Company	10 years beginning with the effective date of rates in this proceeding	\$2,266.00

38. The following water amortizations for negative acquisition adjustments are specifically approved and are reflected in the Partial Settlement’s base rate allowance:

<u>Description</u>	<u>Amortization Period</u>	<u>Annual Amortization</u>
Lincoln Estates Mobile Home Park Negative Acquisition Adjustment	10 years ending February 28, 2029	(\$7,719.00)
The Meadows Negative Acquisition Adjustment	10 years ending February 28, 2029	(\$15,882.00)
Westwood Mobile Home Park Negative Acquisition Adjustment	10 years ending February 28, 2029	(\$7,547.00)

39. The following wastewater amortizations for positive acquisition adjustments are specifically approved and are reflected in the Partial Settlement’s base rate allowance:

<u>Description</u>	<u>Amortization Period</u>	<u>Annual Amortization</u>
Felton Borough	10 years ending February 28, 2033	\$14,741.00

The positive acquisition adjustment for the York Haven Sewer Authority acquisition requested by York Water in this proceeding is withdrawn with prejudice, and the Joint Petitioners agree that they will not propose, in this or any future proceeding, a positive acquisition adjustment associated with the acquisition of the York Haven Sewer Authority.

40. The following wastewater amortizations for negative acquisition adjustments are reflected in the Partial Settlement’s base rate allowance:

<u>Description</u>	<u>Amortization Period</u>	<u>Annual Amortization</u>
Letterkenny Industrial Development Authority and Franklin County General Authority (LIDA/FCGA) wastewater system	10 years beginning with the effective date of rates in this proceeding	[(]131,901.00[)]

41. The Joint Petitioners agree that they will not propose, in this or any future proceeding, to amortize or otherwise pass through to ratepayers the difference between depreciated original cost and acquisition cost (“negative acquisition adjustment”) with respect to the following water and wastewater system acquisitions:

- Country View Manor water system
- Country View Manor wastewater system
- Letterkenny Industrial Development Authority and Franklin County General Authority (LIDA/FCGA) water system
- Albright Trailer Park water system SYC
- WWTP, L.P. wastewater system
- Conewago Industrial Park (CIP) water system
- Conewago Industrial Park (CIP) wastewater system
- MESCO, Inc. wastewater system
- Longstown Mobile Estates water system
- Houston Run water system
- Pine Run Retirement Community water system
- Brookhaven Mobile Home Park water system

The Joint Petitioners agree, and the Company requests the Commission to find, pursuant to Section 1327(e) of the Public Utility Code, 66 Pa. C.S. § 1327(e), that matters of “substantial public interest” exist with respect to such acquisitions, which justify this ratemaking treatment.

42. The Joint Petitioners agree that agreement to these specific acquisitions, in Paragraphs 37 through 41,

cannot be construed as precedent for any future acquisitions by York Water of either water or wastewater systems, nor can this agreement be construed as precedent for any future acquisitions by any other water or wastewater utility.

43. The Company will continue to amortize the benefit of the catch-up deduction permitted under the Internal Revenue Service's tangible property regulations as established by the Commission-approved settlement of the Company's 2018 base rate case at Docket No. R-2018-300019. The amortization is without interest and without deduction of the unamortized balance from rate base. The amortization is subject to adjustment in future cases, in the event the IRS determines the Company is not entitled to the full amount of the catch-up deduction.

44. Rates under this Partial Settlement will be presumed to provide for recovery of a cash contribution to pensions in the amount of \$635,000. York Water commits to deposit such amount into its pension trust on an annual basis during the period that rates under this Settlement remain effective, provided that such deposit does not exceed the deductibility limits under the Internal Revenue Code. If the minimum required contribution under Code Section 430 of the Internal Revenue Code exceeds \$635,000, York Water will contribute the minimum required contribution under Code Section 430. Until changed by agreement of the Joint Petitioners or Commission Order, York Water will continue to account for differences between the cash contribution and the pension cost calculated pursuant to FASB ASC 715-20 and FASB ASC 715-30 as follows:

The Company has calculated and accrued on its books of account its pension liability incurred for its present employees under the terms of FASB ASC 715-20 and FASB 715-30. The Company makes cash contributions into qualified trusts to fund its pensions. The amount contributed is determined annually pursuant to actuarial studies that use criteria which may be different from criteria used under FASB ASC 715-20 and FASB 715-30. For financial reporting purposes, the Company will record

the amount accrued in excess of the cash contribution as a regulatory (deferred) asset in accordance with FASB ASC 980 until the cash amount equals or exceeds the accrual. When the cash contribution exceeds the accrual amount, the Company will correspondingly reduce the regulatory (deferred) asset. For ratemaking purposes in the future, the Company will continue to use cash contributions plus pension administrative costs as the basis for its ratemaking claim for pension expense.

45. For the Company's accounting purposes, York Water's as-filed depreciation rates are accepted. The parties to this proceeding disagree about the appropriate depreciation method to be used by York Water for ratemaking purposes for its water and wastewater divisions, and this Partial Settlement should not be construed as agreement to any party's methodology. All parties reserve their respective rights to address the depreciation methodology used for ratemaking purposes in any future base rate proceeding.

46. For purposes of rate design, the residential 5/8" by 3/4" customer charge will be set at \$19.75 per month and will not be subject to scale back.

47. The reduction in wastewater revenue requirement from the Company's as-filed claim will first be assigned to Residential customers in the Monaghan Township, Shrewsbury and Springfield, Washington Township, and York Borough/Newberry Township service territories and the Non-Residential customers in the Greene, Hamilton, and Letterkenny Township service territory to reduce the increase to those customers in each of these five service territories to 1.5 times the system average wastewater revenue increase under the settlement proposal. The remainder of the reduction in wastewater revenue requirement will be proportionately assigned to reduce the increases proposed by the Company for the remaining Residential and Non-Residential customers in each of the remaining service territories. The Joint Petitioners agree that the tariff rates set forth in Appendix A of the Partial Settlement reflect this agreement.

48. In accordance with the provisions of 52 Pa. Code § 69.55, the STAS for York Water shall be reset to 0.00% effective with the effective date of rates. Future changes to state tax rates will be reflected either through the STAS or base rate changes.

49. The water Distribution System Improvement Charge (“DSIC”) for York Water shall be established at 0% of billed revenues effective with the effective date of Settlement Rates. The DSIC shall remain at 0% of billed revenues until the later of: (i) the end of the FPFTY; or (ii) the quarter following the point in time at which York Water’s total eligible account balances, net of plant funded with customer advances and customer contributions, exceed the levels projected by York Water as of February 28, 2027 (i.e., the end of the FPFTY) per Exhibit Nos. FV-12-4, FV-16-3 and FV-16-4. 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 an FPFTY filing.

50. For purposes of calculating its DSIC, York Water 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. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

51. On or before June 1, 2026, York Water will provide I&E, OCA and OSBA an update to York Water’s Exhibit Nos. FV-12-1 and FV-12-1W, which will include actual capital expenditures, plant additions and retirements for the twelve months ended December 31, 2025. On or before June 1, 2027, York Water will update Exhibit Nos. FV-12-4 and FV-12-4W, which will include actual capital expenditures, plant additions and retirements through February 28, 2027.

52. An annual budget of \$40,000 for The York Water Cares Low Income Customer Assistance Program (“Cares Program”) is approved.

53. The Company’s proposed pilot low-income bill discount program is approved with additional annual funding of \$40,000 for a total of \$80,000. This additional funding is included in the revenue requirement established in Paragraph 34.

54. The Company shall inform the stakeholders if one or more of the low-income programs has exhausted its approved funding level in each program year until the Commission enters its Final Order in the Company’s next base rate proceeding.

55. In the Company’s next rate case, York Water will submit an evaluation for each of its programs’ performance and shall propose any modifications based on the results of this evaluation, including, but not limited to, an increase in funding or a change in program design. All parties reserve the right to contest the pilot low-income bill discount program and any proposed modifications in the Company’s next base rate case.

56. The Company will review its termination notices for potential improvements. If York Water determines that updates need to be made to its termination notices as part of that review, the Company will consult with the OCA and file revised versions of the termination notices at this docket within 90 days of the Commission’s Final Order in this proceeding.

57. The Company will file its redesigned bill format at this docket within 90 days of the Commission’s Final Order in this proceeding.

58. The Company will, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 4% annually and continue to answer no less than 80% of its calls within 30 seconds.

59. The Company's Dispute Log shall identify a customer dispute when the purpose of the customer's grievance is not satisfied at the conclusion of the initial contact with the resulting resolution or explanation of the subject of the grievance.

60. The Company's Dispute Log shall be revised to identify the following grievance categories: (a) billing; (b) payment; (c) credit check; (d) termination of service; (e) meter accuracy; (f) water quality; (g) water leak customer side; (h) water pressure; (i) no water; and (j) other. These grievance categories will only be used for disputes, disputes that result in informal complaints, and disputes that result in formal complaints that are initiated more than 30 days after the Commission's Final Order is entered in this proceeding.

61. Prior to the Company's next base rate case, but not sooner than 12 months following the entry of the Commission's Final Order in this proceeding, the Company shall conduct a single root cause analysis of its internally resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1, 2026, to identify trends, potential underlying causes, and potential reforms, such as modifications to training materials and other potential actions to respond to complaint trends and underlying causes. This root cause analysis shall be included in the filing of the next base rate case. In the Company's next base rate case, the Company will make available to OCA the findings of the root cause analysis, including any data summaries, identified trends, root causes, and recommended reforms or corrective actions, including implementation timelines and responsible departments for such actions.

Joint Petition at 7-14, ¶¶ 33-61.

2. Issue Reserved for Litigation

The Joint Petitioners explained the issue reserved for litigation in Section IV of the Joint Petition, in Paragraph 62 of the Joint Petition. This Paragraph states, as follows:

62. The issue of water revenue allocation is reserved for litigation and briefing.

Joint Petition at 14, ¶ 62.

3. Additional Terms

In addition to the specific essential terms to which the Joint Petitioners have agreed, as set forth above, the Partial Settlement contained certain additional general terms typically found in settlements submitted to the Commission. Specifically, the Joint Petitioners agreed that the Partial Settlement is conditioned upon the Commission's approval of the terms and conditions therein, without modification. The Partial Settlement established the procedure by which any of the Joint Petitioners may withdraw from the Partial Settlement and proceed to litigate this case, if the Commission should act to modify the Partial Settlement. The Joint Petitioners acknowledged and agreed that the Partial Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding and that the rates established hereunder are Commission-made, just and reasonable rates. In addition, the Joint Petitioners asserted that although the Partial Settlement is proffered to settle the instant proceeding, it may not be cited as precedent in any future proceeding, except to the extent required to implement any term specifically agreed to by the Joint Petitioners. Further, the Joint Petitioners submitted that the Partial Settlement was made without prejudice to any position which any of the Joint Petitioners might adopt in future

proceedings, except to the extent necessary to effectuate or enforce any term specifically agreed to in the Partial Settlement before us. The Joint Petitioners further explained that they have waived their right to file Exceptions regarding the issues in the Partial Settlement if the ALJs recommended that the Commission adopt the Partial Settlement, without modification. However, the Joint Petitioners stressed that each Joint Petitioner retained the right to file briefs, exceptions, and replies to exceptions with respect to the issues reserved for litigation in this proceeding. Finally, the Joint Petitioners recognized that the proposed Partial Settlement does not bind formal complainants that do not choose to join therein. The Joint Petitioners explained that the Partial Settlement and all attached Appendices, including Statements in Support, were served upon all formal complainants in this proceeding. Joint Petition at 15-16, ¶¶ 63-70.

B. Positions of the Parties

1. Support of the Partial Settlement

As noted above, each of the four Joint Petitioners individually filed a Statement in Support of the Settlement. Each Joint Petitioner submitted that the Partial Settlement reflects a carefully balanced “black box” compromise of the interests of the Joint Petitioners, that the Partial Settlement is in the best interest of the Company and its customers, that the Partial Settlement is in the public interest, and that the Partial Settlement should be approved, without modification.

This section of this Opinion and Order provides an overview of the Positions of the Joint Petitioners, outlined in their Statements in Support, regarding the eleven major issues resolved by the Partial Settlement.

a. Revenue Increase and Revenue Requirement (¶ 34)

(1) York Water

In its Statement in Support, York Water submitted that the \$18.85 million²¹ annual revenue increase agreed to under the Settlement is reasonable and will provide the Company with the additional revenues necessary to provide safe and reliable service to its customers.²² According to York Water, the Partial Settlement appropriately balances the need for the Company to have an opportunity to earn a reasonable rate of return with its customers' need for reasonable rates. York Water Statement in Support at 7.

York Water submitted that its last consolidated rate case was filed in 2022, and thus, it will be three years since York Water's base rates were increased. York Water stated that a major driver of the rate increases in this case is the need to invest in replacements, improvements, and additions to the Company's facilities.²³ In addition to capital investment, York Water contended that another driver for the need for base rate relief after nearly three years has been increasing operating and maintenance (O&M) costs. York Water explained that O&M cost increases, due to expanded operations, ever increasing regulatory requirements, and increased inflationary impacts represent

²¹ This increase consists of \$16 million in additional water base revenues and \$2.85 million in additional wastewater base revenues. York Water Statement in Support at 6.

²² York Water noted that as the Partial Settlement is a "black box" settlement, parties do not specifically identify rate base, revenues, and expenses and return that are allowed or disallowed. York Water Statement in Support at 6.

²³ While we encourage the Company to continue to invest in replacements, improvements, and additions to its facilities, we remind and encourage York Water to utilize the DSIC to the extent possible for its distribution system enhancements. *See Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499 (Opinion and Order entered December 9, 2025) at 43, n.19.

approximately \$5 million of the requested increase. York Water Statement in Support at 7.

York Water submitted that the Partial Settlement's overall revenue increase of \$18.85 million reflects a reasonable compromise of the Joint Petitioners' positions in this proceeding. York Water Statement in Support at 8.

(2) I&E

In its Statement in Support, I&E explained that the settled upon increase of \$18.85 million to the Company's annual overall revenue is approximately \$5.3 million less than the \$24,169,485 initially requested by York Water. I&E submitted that the increased level of "black box" revenue adequately balances the interests of ratepayers and York Water. According to I&E, the Company 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 request. I&E Statement in Support at 4-5.

(3) OCA

In its Statement in Support, the OCA submitted that the agreed-upon revenue increase for York Water of \$16 million for its water operating revenues and \$2.85 million for its wastewater operating revenues provides sufficient funds to maintain the Company's distribution system in an adequate, efficient, safe, and reasonable manner, while avoiding the harsh rate impact that an increase at the full request would have caused. Furthermore, the OCA submitted that the agreed-upon increase is approximately \$3.9 million less than the Company's updated rebuttal requested revenue increase for its water operations and \$1.05 million less than the Company's requested revenue increase for its wastewater operations. The OCA also highlighted that the Settlement's "black box" nature provides a timely resolution of disputes without significant expense of

prolonged litigation. The OCA contended that the Partial Settlement represents a reasonable compromise between the parties and is in the public interest. OCA Statement in Support at 8-10.

(4) OSBA

The OSBA noted its support for Paragraph 34 of the Partial Settlement, which establishes an overall annual distribution revenue increase of \$18.85 million, an amount that reflects substantial downward adjustments to both the Company's water and wastewater service, consistent with the testimony of the OSBA's witness, Mr. Jason Hails. The OSBA submitted that the overall revenue increase and revenue requirement proposed under the Joint Petition is a "just and reasonable result of this contentious issue." OSBA Statement in Support at 2-3.

(5) Recommended Decision

The ALJs determined that the Partial Settlement's revenue requirement terms, reflecting an additional \$16.0 million in water base revenues and an additional \$2.85 million in wastewater base revenues, were supported by substantial evidence and in the public interest. The ALJs stated that although the Partial Settlement is a "black box" settlement, the increases are within the range of the Parties' litigation positions and are likely within the range of where a revenue requirement would be set if the case were fully litigated. R.D. at 58.

The ALJs noted that the compromise resulting in the Partial Settlement will minimize the rate impact on customers while allowing York Water to earn a return on its investments. Additionally, the ALJs stated that the compromise allows the Parties and the Commission to avoid the expenditure of potentially substantial additional time and expense that would be involved in fully litigating this case to its conclusion. R.D. at 59.

The ALJs recommended approval of the Partial Settlement’s revenue requirement terms but also recommended that the Commission order the Joint Petitioners to file a corrected Proof of Revenues for the Company’s wastewater revenues at this docket, further discussed *infra*.²⁴ R.D. at 59.

b. State Income Taxes and STAS (¶¶ 35, 48)

(1) York Water

York Water submitted that it based its FPFTY state income tax expense claim on the Pennsylvania corporate net income tax rate of 7.49% for 2026. York Water explained that the Company proposed to use the STAS to account for the January 1, 2027, tax decrease as it would for all future decreases, not otherwise captured in a base rate case, through 2031. According to York Water, this approach would allow the Company to align the STAS with the change in rate when it is effective on January 1, 2027, rather than on a *pro rata* basis on March 1, 2027, after the end of the FPFTY. York Water averred that this approach would not impact the customer rates in total but would make the administration of the corporate net income tax rate changes easier. York Water Statement in Support at 9.

York Water stated that under the Partial Settlement, the Joint Petitioners memorialized the Company’s proposal for treatment of future changes to state corporate income tax rates. In addition, York Water explained that the Partial Settlement also provides, in accordance with the provisions of 52 Pa. Code § 69.55, that the STAS for

²⁴ The Proof of Revenues was attached to the Partial Settlement as Appendix B. The ALJs identified that the Proof of Revenues was missing unmetered revenues for the Washington Township Area, specifically, the Country View Manor and Additional Customer (Adjoining Parcel) and for the Shrewsbury and Springfield Township Area Commercial and Industrial customers or Residential customers. R.D. at 59-60.

York Water shall be established at 0%, effective with the effective date of settlement rates in this proceeding. York Water Statement in Support at 9.

(2) I&E

I&E did not provide specific comments on the State Income Tax and STAS provision but supported the Settlement as a whole as being in the public interest. I&E Statement in Support at 11.

(3) OCA

In its Statement in Support, the OCA contended that the Settlement provisions set forth in Paragraphs 35 and 48 of the Settlement reflect the current Pennsylvania corporate net income tax rate in base rates and provide that the difference between tax rates utilized for the purposes of calculating the Settlement revenue requirement and the tax rate which will be in effect in 2027 will be subject to adjustment through the STAS, ensuring that the Company will not over-recover tax expense through rates. The OCA stated that the Partial Settlement also adheres to Commission Regulations requiring York Water's STAS to be reset to 0.0%. OCA Statement in Support at 10-11.

(4) Recommended Decision

The ALJs agreed with the Joint Petitioners that the STAS will allow the Company to accurately recover tax expense through rates as the tax rate changes and found that this provision is reasonable and in the public interest. R.D. at 62.

c. Partial Settlement Amortizations (¶¶ 36-42)

(1) York Water

York Water explained that the Partial Settlement, in accordance with the Commission's Order in *Petition of The York Water Company for an Expedited Order Authorizing Limited Waivers of Certain Tariff Provisions and Granting Accounting Approval to Record Costs of Certain Customer-Owned Service Line Replacements to the Company's Service Account*, Docket No. P-2016-2577404 (Order entered March 8, 2017), allows the Company to record the cost of all customer-owned lead service line replacements as a regulatory asset. According to the Partial Settlement, the Company is permitted to amortize the amounts booked to the regulatory asset account in a base rate proceeding over a reasonable period to be not less than four years and not to exceed six years. Here, no party opposed York Water's proposal to use a four year amortization period for the total amount of \$581,191, or \$145,298 per year, which reflects the total costs incurred replacing lead service lines since York Water's last base rate case. [$\$581,191 \div 4 = \$145,298$]. York Water Statement in Support at 10.

Under the Partial Settlement, York Water will be able to continue the positive acquisition adjustment of Margeretta Mobile Home Park water system, as well as the negative acquisition adjustments associated with Lincoln Estates Mobile Home Park, The Meadows, and Westwood Mobile Home Park, consistent with York Water's 2018 base rate proceeding in *Pa. PUC, et al. v. York Water Company*, Docket No. R-2018-3000019 (Final Order entered January 17, 2019) (*York Water 2018 Rate Case*). Additionally, the Partial Settlement continues the positive acquisition adjustment associated with the acquisition of Felton Borough's wastewater system, consistent with the *York Water 2022 Rate Case*. York Water Statement in Support at 11.

York Water explained that subsequent to the *York Water 2022 Rate Case*, the Company acquired a number of small water and wastewater systems, and the treatment of these acquisition costs are discussed in the Partial Settlement. Regarding water amortizations for positive acquisition adjustments, the Partial Settlement provides for a \$22,660 adjustment for the Scott Water Company, to be amortized over a 10-year period. Next, York Water stated that as a compromise, York Water agreed to withdraw, with prejudice, its proposed amortization of the positive acquisition adjustment associated with York Haven Sewer Authority. York Water Statement in Support at 11-14.

Regarding wastewater amortizations for negative acquisition adjustments, the Partial Settlement allows York Water an annual amortization for negative acquisition adjustment of \$131,901 for Letterkenny Industrial Development Authority and Franklin County General Authority wastewater system for a 10-year period, beginning with the effective date of rates in this proceeding. York Water Statement in Support at 24.

Additionally, the Joint Petitioners agreed to not propose, in this or any future proceeding, to amortize or otherwise pass through to ratepayers the difference between depreciated original cost and acquisition cost (“negative acquisition adjustment”) with respect to the following water and wastewater systems:

- Country View Manor water system
- Country View Manor wastewater system
- Letterkenny Industrial Development Authority and Franklin County General Authority water system
- Albright Trailer Park water system
- SYC WWTP, L.P. wastewater system
- Conewago Industrial Park water system
- Conewago Industrial Park wastewater system
- MESCO, Inc. wastewater system
- Longstown Mobile Estates water system
- Houston Run water system

- Pine Run Retirement Community water system
- Brookhaven Mobile Home Park water system

York Water requested that the Commission find, pursuant to Section 1327(e) of the Code, 66 Pa.C.S. § 1327(e), that matters of “substantial public interest” exist with respect to such acquisitions which justify this ratemaking treatment. York Water Statement in Support at 14-23.

(2) I&E

In its Statement in Support, I&E explained that while it did not submit testimony regarding all the amortizations mentioned in the Joint Petition, it nonetheless supports the terms set forth in Paragraphs 36 through 42 of the Partial Settlement, as they were necessary to facilitate a collective resolution of most issues in this proceeding. I&E Statement in Support at 5.

I&E contended that although I&E challenged York Water’s proposal for the Letterkenny Industrial Development Authority and Franklin County General Authority wastewater acquisition adjustment, the settlement term is a result of compromise on the parts of each party and I&E supports the settlement terms as they are appropriate and in the public interest. I&E Statement in Support at 6.

(3) OCA

In its Statement in Support, the OCA explained that it did not contest the Company’s claim for its investment in the identification and replacement of lead service lines due to its substantial public benefit. OCA Statement in Support at 11.

Additionally, the OCA contended that Paragraphs 37 through 42 of the Settlement reflect a significant compromise by and among the Parties for the purposes of achieving settlement and are in the public interest by reducing the long-term revenue impact associated with Section 1327 acquisition adjustments, without affecting York Water's incentives to acquire and improve troubled water and wastewater systems. OCA Statement in Support at 16.

(4) Recommended Decision

The ALJs determined that the Partial Settlement's provisions related to amortization are supported by substantial evidence and are in the public interest. Specifically, the ALJs noted that no party contested the importance of York Water's program for the replacement of customer-owned lead service lines. The ALJs also opined that the Partial Settlement Paragraphs 37 through 42 reflect a reasonable compromise of the Parties' positions on both contested and non-contested acquisition adjustments. R.D. at 67-68.

d. Tangible Property Regulations (§ 43)

(1) York Water

York Water explained that, in 2014, the Company adopted a change to tax accounting that allowed the Company to deduct the costs of certain assets that were previously capitalized and depreciated for tax purposes. According to York Water, the additional catch-up deduction produced retroactive tax savings for the years 2007-2013. York Water Statement in Support at 25.

Under the Partial Settlement, the Company will continue to amortize the benefit of the catch-up deduction permitted under the Internal Revenue Service's (IRS's)

tangible property regulations, as established by the Commission-approved settlement in the *York Water 2018 Rate Case*.²⁵ York Water explained that the amortization is without interest and without deduction of the unamortized balance from rate base and is subject to adjustment in future proceedings, in the event that the IRS determines the Company is not entitled to the full amount of the catch up deduction. York Water submitted that as these Settlement provisions are consistent with the Commission-approved settlement in the *York Water 2018 Rate Case*, they should be approved without modification. York Water Statement in Support at 25.

(2) I&E

I&E did not provide specific comments on the provision of the Settlement related to tangible property regulations but supported the Settlement as a whole to facilitate a collective resolution of the proceeding. I&E Statement in Support at 11.

(3) Recommended Decision

The ALJs noted that no party contested this Settlement provision and agreed that it is consistent with the Commission-approved settlement in the *York Water 2018 Rate Case*. Therefore, the ALJs recommended its approval without modification. R.D. at 69.

²⁵ *York Water 2018 Rate Case*, Settlement Petition at Paragraph 32.

e. Pension Contribution (¶ 44)

(1) York Water

York Water noted that in a series of settlements, the Company and the Parties have agreed to provisions that commit York Water to make a specified level of pension contributions, subject to IRS and Employee Retirement Income Security Act (ERISA) restrictions. York Water explained that in the York Water 2022 Rate Case, the Company agreed to maintain an annual contribution of \$1,556,000 to the plans, but in this proceeding, the Company proposed to reduce that cash contribution to \$635,000. According to York Water, it committed to deposit such amount into its pension trust on an annual basis until later changed, provided that such deposit does not exceed the deductibility limits under the Internal Revenue Code. Additionally, York Water explained, if the minimum required contribution under Section 430 of the Internal Revenue Code exceeds \$635,000, York Water committed to contribute the minimum under Section 430. York Water Statement in Support at 26.

York Water indicated that the Partial Settlement adopts the Company's proposed annual funding commitment of \$635,000. According to York Water, this Settlement term is important because it ensures that sufficient funds will be contributed to the Company's pension plans to fund the current unfunded obligation and future pension liabilities. York Water submitted that this provision benefits both York Water's employees and its customers by allowing funding for York Water's ultimate pension liability at a level recognized in rates and, as such, is reasonable and in the public interest. York Water Statement in Support at 26-27.

(2) I&E

In its Statement in Support, I&E stated that under the Partial Settlement, York Water committed to deposit \$635,000 into its pension trust on an annual basis during the period that rates under the Settlement remain effective, provided that such deposit does not exceed the deductibility limits under the Internal Revenue Code. I&E supported the Pension Contribution provision of the Settlement, as it was necessary to facilitate a collective resolution of this proceeding. I&E Statement in Support at 6-7.

(3) Recommended Decision

The ALJs indicated that no Party contested this Settlement provision but reasoned that the agreed-upon annual funding commitment by York Water of \$635,000 is important to adequately fund York Water's pension liability and, as such, is in the public interest. R.D. at 70.

f. Depreciation Rates (¶ 45)

(1) York Water

York Water submitted that while the Partial Settlement provides for York Water's as-filed depreciation and amortization rates for accounting purposes, the Parties continue to disagree regarding the proper depreciation method and reserve their rights to present positions in a future base rate proceeding. York Water contended that this provision is in the public interest, as it preserves the use of current and long-standing depreciation methodology and avoids questions regarding what depreciation rates are to be booked following this case. York Water Statement in Support at 27.

(2) I&E

I&E did not provide specific comments on Depreciation Rates but supported the Settlement as a whole as being in the public interest. I&E Statement in Support at 11.

(3) OCA

In its Statement in Support, the OCA explained that it had challenged the Company's depreciation procedure; however, in an effort to achieve a settlement based upon the reduction in the proposed revenue increase agreed to by the Joint Petitioners, the OCA determined to preserve this issue for litigation in a later proceeding. The OCA submitted that as part of the Settlement, all Parties reserve their rights to address the proper depreciation method/procedure for the Company in any future proceeding. The OCA supported this provision as a reasonable compromise between the Parties and stated that it is in the public interest. OCA Statement in Support at 9-10.

(4) Recommended Decision

The ALJs determined that this Settlement provision is in the public interest, finding that it represents a reasonable compromise in the context of the overall resolution of this proceeding. R.D. at 72.

g. Residential Water Customer Charge (¶ 46)

(1) York Water

In its Statement in Support, York Water explained that although an agreement on allocation of the Company's increase in water operating revenues was not

reached, the Joint Petitioners were able to reach an agreement on the residential 5/8” by 3/4” water customer charge. In this regard, York Water stated that the Partial Settlement establishes a rate of \$19.75 per month for the 5/8” water customer charge, which is not subject to scale back following the resolution of the class revenue allocation issue. York Water submitted that the water customer charge agreed to in the Partial Settlement is a reasonable compromise between the competing positions of York Water and I&E, which supported an increase of the charge to \$24.85 per month, and the OCA, which advocated retaining the charge at its existing amount of \$17.25 per month. York Water explained that on a percentage basis, the increase represents approximately 33% of York Water’s requested increase to the 5/8” customer charge. York Water Statement in Support at 31.

(2) I&E

In its Statement in Support, I&E explained that a customer charge represents the revenue that the Company is guaranteed to receive each month, regardless of the level of usage. I&E noted that York Water’s proposal to increase the customer charge of 5/8” meter Residential customers to \$24.85 from \$17.25 was acceptable to I&E’s witness, Mr. Ethan H. Cline, with the caveat that such an increase would be included in any scale back of rates. I&E supported the agreed-upon customer charge of \$19.75, as it represents a balance of the interests of parties. I&E contended that this Settlement term ensures that York Water will be provided with a stable revenue stream that it can reasonably rely on, and that customers are protected by the mitigated amount of the increase to the customer charge. I&E Statement in Support at 7-8.

(3) OCA

In its Statement in Support, the OCA noted that the Partial Settlement increased the residential customer charge by \$2.50, or by 14.5%, from \$17.25 to \$19.75.

The OCA explained that while the overall increase assigned to the residential class is subject to the water revenue allocation addressed in litigation, under the Partial Settlement, the agreed-upon increase to the customer charge for residential water customers represents a balance of the interests of the Company in improving its revenue stability by increasing the residential customer charge and the OCA's interests in ensuring that increases to the customer charge consider affordability, gradualism, and the impact on low-income customers. OCA Statement in Support at 17-18.

(4) Recommended Decision

The ALJs determined that this Settlement term was supported by substantial evidence and in the public interest, as the residential water customer charge agreed to under the Settlement is within the range of potential outcomes had the case been fully litigated. R.D. at 75.

h. Wastewater Revenue Allocation (¶ 47)

(1) York Water

York Water submitted that the revenue allocation for the wastewater revenue requirement under the Partial Settlement reflects a compromise of the Parties' positions. More specifically, York Water explained that the revenue allocation and rate design provide that the reduction in wastewater revenue requirement from the Company's as-filed claim will first be assigned to Residential customers in the Monaghan Township, Shrewsbury and Springfield, Washington Township, and York Borough/Newberry Township service territories and the Non-Residential customers in the Greene, Hamilton, and Letterkenny Township service territory to reduce the increase to those customers in each of these five service territories to 1.5 times the system average wastewater revenue increase under the Partial Settlement. According to York Water, the remainder of the

reduction in wastewater revenue requirement is proportionately assigned to reduce the increases proposed by the Company for the remaining Residential and Non-Residential customers in each of the remaining service territories. York Water noted that this compromise recognizes principles of gradualism in restraining the level of the increase to certain residential and non-residential customers who otherwise could experience greater than 1.5 times the system average. York Water Statement in Support at 34-35.

York Water stated that it considered the resulting class allocation to be reasonable in light of its prior rate design, issues raised in other Joint Petitioners' testimony, and the fact that the resulting class allocations were a result of compromise and agreed to by all of the Joint Petitioners. York Water indicated that the class allocations fall within the range of allocations proposed by the parties in this proceeding, demonstrating that the proposed allocations and rates are consistent with cost of service principles. York Water Statement in Support at 35.

(2) I&E

I&E did not provide specific comments on the wastewater revenue allocation provision but supported the Settlement as a whole as being in the public interest. I&E Statement in Support at 11.

(3) OCA

The OCA contended that the wastewater revenue allocation agreed to in the Partial Settlement reflects a reasonable compromise of the interests of the OCA, York Water, and the OSBA. According to the OCA, the allocation provided in the Partial Settlement places a greater portion of the overall rate increase onto non-residential customers, demonstrating movement towards cost of service based rates, consistent with guiding precedent. OCA Statement in Support at 20 (citing *Lloyd v. Pa. PUC*,

904 A.2d 1010, 1020 (Pa. Cmwlth. 2006) (*Lloyd*). The OCA explained that the increase to non-residential customers is within 1.5 times the system average increase, which is consistent with the Commission's application of the principle of gradualism. OCA Statement in Support at 20.

The OCA noted that the wastewater rate design also reflects a compromise between the Company's interest in consolidating rate zones and the reduction of the overall increase assigned to rate zones the Company is proposing to consolidate. The OCA explained that as a result of the Partial Settlement, residential wastewater rate zones will move towards consolidation but at a slower rate, which provides greater consideration to the effects of a rate increase on customers. The OCA averred that the rates were designed in a manner which addressed the OCA's concerns regarding mitigating rate shock and the Company's desire to consolidate several rate zones. The OCA stated that the Partial Settlement represents a reasonable compromise that balances the interest of the Company and customers with respect to both wastewater revenue allocation and rate design. OCA Statement in Support at 20-21.

(4) OSBA

In its Statement in Support, the OSBA noted that the Partial Settlement contains a proposed revenue allocation of the wastewater service revenue increase that will help a large number of the Company's small businesses. The OSBA stated that the proposal to limit the increase to the small business customers in Greene, Hamilton, and Letterkenny Township service territories to 1.5 times the system average wastewater revenue increase is a significant benefit to those small businesses. The OSBA supported this term as a just and reasonable revenue allocation limitation for the Company's wastewater service revenue increase. OSBA Statement in Support at 3.

(5) Recommended Decision

The ALJs determined that the wastewater class allocation reflected in the Partial Settlement was reasonable. The ALJs explained that the rate increase for the four rate zones with the highest ratio of rate increases will be limited, which the ALJs concluded is in the public interest.²⁶ R.D. at 81.

i. DSIC and Rate Base Reporting (¶¶ 49-51)

(1) York Water

Under the Partial Settlement, the water DSIC for York Water shall be established at 0% of billed revenues, effective with the effective date of rates in this case. York Water indicated that the DSIC shall remain at 0% of billed revenues until the later of: (1) the end of the FPFTY; or (2) the quarter following the point in time at which York Water's total eligible account balances, net of plant funded with customer advances and customer contributions, exceed the level projected by York Water as of February 28, 2027 (*i.e.*, the end of the FPFTY), per York Water Exhibit Nos. FV-12-4 (\$643,098,076), FV-16-3 (\$45,425,964), and FV-16-4 (\$13,880,403), for a total of \$702,404,443 in utility plant in service. York Water noted that, as set forth in Paragraph 49 of the Partial Settlement, 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. York Water Statement in Support at 28.

²⁶ The ALJs also restated their recommendation that the Commission direct the Joint Petitioners to file a corrected Proof of Revenues for the Company's wastewater revenues. R.D. at 82.

Additionally, York Water indicated that for purposes of calculating its DSIC, York Water 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, and consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset, pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1). York Water Statement in Support at 28-29.

According to York Water, these provisions of the Settlement help resolve any ambiguity as to the base rate case's impact on, and the calculation of, the DSIC. York Water Statement in Support at 29.

(2) I&E

I&E did not provide specific comments on the DSIC provisions of the Settlement but supported the Settlement as a whole as being in the public interest. I&E Statement in Support at 11.

(3) OCA

The OCA supported Paragraph 49 of the Partial Settlement, reasoning that it provides clarity with regard to the timing and implementation of a DSIC and affords protection for ratepayers that the DSIC will not begin until after the FPFTY and the plant investments noted in the Settlement are reached. Next, the OCA stated that Partial Settlement Paragraph 50 is common among utilities that have reached a "black box" settlement and have not designated a specific rate of return in the Settlement. Lastly, the OCA submitted that Paragraph 50 of the Partial Settlement is in the public interest because it is consistent with 66 Pa.C.S. § 315(e), which states that whenever a public utility uses a FPFTY as the basis for its rate increase, the utility shall provide appropriate

data evidencing the accuracy of the estimates of its FPFTY. The OCA contended that this reporting requirement will permit parties to compare the accuracy of the Company's projections in this matter to its actual expenditures. OCA Statement in Support at 22-23.

(4) Recommended Decision

The ALJs agreed with the Joint Petitioners that the Settlement terms related to the Company's DSIC will clarify the timing related to recovery of investments, and the terms related to reporting will allow parties to verify and compare projected future test year (FTY) and FPFTY investments and actual expenditures. Therefore, the ALJs found the DSIC and Rate Base Reporting terms of the Partial Settlement to be reasonable and in the public interest. R.D. at 84.

j. Low Income Programs (¶¶ 52-55)

(1) York Water

Under the Settlement, the total funding level for the York Water Cares Low-Income Customer Assistance Program (CARES) and the pilot low-income bill discount program (pilot low-income program) that the Company was required to propose in accordance with the settlement in the *York Water 2022 Rate Case* will be set at \$120,000, with \$40,000 funding the CARES program and \$80,000 funding the pilot low-income program. York Water submitted that in order to keep the Joint Petitioners informed about the status of the low-income programs, the Company will inform the stakeholders if one or more of the low-income programs has exhausted its approved funding level in each program year until the Commission enters its Final Order in the Company's next base rate proceeding. In addition, York Water indicated that the Company will submit, in its next base rate case, an evaluation for each of its low-income programs' performance and shall propose any modifications based on the results of this

evaluation. York Water noted that all of the Parties reserve the right to contest the pilot low-income program, and any proposed modifications, in the Company's next base rate case. York Water Statement in Support at 38.

(2) I&E

In its Statement in Support, I&E indicated that while it did not take a position on York Water's customer assistance programming addressed in the Joint Petition, I&E supports the terms set forth in Paragraphs 52 through 55 of the Settlement, as they are in the public interest. According to I&E, ensuring that low-income customers have access to financial assistance is in the public interest because it will better facilitate these customers' access to water and wastewater service. I&E explained that increasing low-income customers' access to water and wastewater is consistent with the Code's policy of ensuring that service remains available to all customers on reasonable terms and conditions. I&E Statement in Support at 11 (citing 66 Pa.C.S. § 1402(3)). Lastly, I&E strongly supported any terms that will both improve York Water's customer service and improve customers' access to quality service from the Company. I&E Statement in Support 10-11.

(3) OCA

The OCA contended that the Settlement terms on the low-income programming reflect a significant compromise between the positions of the OCA and York Water. Specifically, the OCA submitted that the Settlement provides an expansion of the pilot low-income program to twice the level of funding proposed by the Company in its initial filing, reflecting the OCA's position on the pilot low-income program. The OCA indicated that the commitments contained in the Settlement for improvements to York Water's low-income program funding, reporting, and evaluation metrics are in the public interest because they are aligned with the OCA's position and evidence of record

that the additional data tracking is necessary to ensure that the Company’s proposed pilot low-income program design improves affordability outcomes for its customers. OCA Statement in Support at 24-25.

(4) Recommended Decision

The ALJs found the Settlement terms regarding low-income programs to be supported by substantial evidence and in the public interest. The ALJs explained that the Commission is obligated to protect consumers by availing them of just and reasonable access to utility service and associated payment terms, while maintaining equitable service provisions for utilities to ensure they have reasonable tools to recover their costs. R.D. at 88 (citing *Sunset of Chapter 14, Title 66 of the Pennsylvania Public Utility Code*, Statement of Policy, Docket No. M-2024-3052328). The ALJs reasoned that these Settlement terms are consistent with Commission policy because they seek to improve York Water’s low-income programs and low-income customers’ access to water and wastewater service, as agreed to by all Parties. R.D. at 89.

k. Customer Service Issues (¶¶ 56-61)

(1) York Water

In its Statement in Support, York Water submitted that Paragraphs 56 through 61 of the Partial Settlement memorialize York Water’s agreement to certain OCA proposals. According to York Water, the Partial Settlement memorializes the Company’s commitment to review its termination notices for potential improvements, and, if York Water determines that updates need to be made, the Company will consult with the OCA and file revised versions of the termination notices at this docket within ninety (90) days of the Commission’s Final Order in this proceeding. York Water stated that the Partial Settlement also commits the Company to file its redesigned bill format at

this docket within ninety (90) days of the Commission's Final Order in this proceeding. York Water Statement in Support at 40.

Next, York Water contended that the Partial Settlement reflects a reasonable recognition of York Water's call center performance and goals. According to York Water, the Partial Settlement memorializes the Company's commitment to, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 4% annually and continue to answer no less than 80% of its calls within thirty (30) seconds. York Water Statement in Support at 43.

Under the Partial Settlement, York Water's Dispute Log shall identify a customer dispute when the purpose of the customer's grievance is not satisfied at the conclusion of the initial contact with the resulting resolution or explanation of the subject of the grievance. York Water explained that its Dispute Log will be revised to identify the following grievance categories: (1) billing; (2) payment; (3) credit check; (4) termination of service; (5) meter accuracy; (6) water quality; (7) water leak customer side; (8) water pressure; (9) no water; and (10) other. These grievance categories will only be used for disputes that are initiated more than thirty (30) days after the Commission's Final Order in this proceeding. York Water Statement in Support at 45-46.

Lastly, York Water stated that as part of the Partial Settlement, the Company agreed that prior to its next base rate case, but not sooner than twelve (12) months following the entry of the Commission's Final Order in this proceeding, York Water shall conduct a single root cause analysis of its internally resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1, 2026, to identify trends, potential underlying causes, and potential reforms, such as modifications to training materials and other potential actions to respond to complaint trends and underlying causes. York Water explained that the root cause

analysis shall be included in the filing of the Company's next base rate case, and the Company will make available to the OCA the findings of the root cause analysis. York Water Statement in Support at 46.

York Water explained that the Partial Settlement addresses a variety of customer service issues and recommendations raised by the OCA in this proceeding and is a proper balance of the parties' competing positions. For these reasons, York Water took the position that the Settlement provisions set forth in Paragraphs 56 through 61 of the Partial Settlement are reasonable and in the public interest, and should be approved without modification. York Water Settlement at 46.

(2) I&E

While I&E did not take a position on York Water's customer service issues addressed in the Partial Settlement, I&E supported the Settlement as being in the public interest. I&E strongly supported any terms that will improve York Water's customer service and improve customers' access to quality service from York Water. I&E Statement in Support at 10-11.

(3) OCA

In its Statement in Support, the OCA detailed its support for each customer service term included in the Partial Settlement. First, the OCA stated that Paragraphs 56 and 57 reflect the Company's commitment to ensure that its termination notices and bill format comply with the requirements of Chapter 56 of the Commission's Regulations, 52 Pa. Code. § 56, *et seq.* The OCA explained that due to the importance of termination notices and bills as necessary tools to inform consumers of their obligations and rights, the Company's commitment to improve and consult with the OCA regarding the same is in the public interest. OCA Statement in Support at 26.

Next, the OCA explained that while Paragraph 58 of the Partial Settlement does not reflect a hard commitment by York Water to improve the Company's call center performance, it does demonstrate the Company's willingness to improve. As such, the OCA supported this term as a critical component of the overall Settlement and contended it is in the public interest. OCA Statement in Support at 27-28.

The OCA indicated that Paragraphs 59 and 60 of the Partial Settlement reflect a significant improvement to the Company's current dispute and complaint logging procedures and directly address the concerns raised in the OCA's testimony. The OCA averred that by tracking customer disputes using pre-determined categories, the Company will be better able to identify recurring trends in issues among its customers for the purposes of conducting a root cause analysis. OCA Statement in Support at 29.

Lastly, the OCA stated that Partial Settlement Paragraph 61 encompasses three key components. First, the OCA submitted that the root cause analysis term establishes a time frame within which the Company will be able to collect customer data in its improved dispute log and conduct a root cause analysis based on that data, while ensuring that the analysis is done before the Company's next general rate increase request. Second, the OCA explained that the root cause analysis will benefit York Water's customers by reviewing trends in disputes and complaints to identify underlying causes and address those causes directly. Lastly, the OCA stated that the Company committed to make available the results of its root cause analysis to the OCA to ensure that the analysis was conducted appropriately, adequately, and that corrective measures address root causes. OCA Statement in Support at 30-31.

(4) Recommended Decision

The ALJs found the Settlement terms related to customer service issues to be reasonable and in the public interest. The ALJs stated that these terms address the

issues of the Company’s termination notices, bill formatting, call center performance, and other dispute procedures raised by the OCA and should be approved by the Commission. R.D. at 96.

2. Opposition to the Partial Settlement

As set forth in the History of Proceeding, *supra*, six *pro se* complainants filed comments in opposition to the Settlement. The *pro se* complainants’ comments largely centered on their concerns regarding the impact of the agreed-upon revenue increase on the Company’s customers in Straban Township in Adams County, including residents of Amblebrook.²⁷

Mr. O’Connor opined that York Water is “passing on the costs of its questionable management decisions onto its customers.” For example, Mr. O’Connor argued that while York Water has acquired certain systems that are in need of upgrades, the Company is “using its customer base in other areas for those upgrades.” Mr. O’Connor specifically claimed that customers in Amblebrook are being charged to upgrade older systems that are elsewhere within the Company’s service territory. Mr. O’Connor also submitted that customers in Amblebrook are being unfairly and unjustly charged at commercial wastewater rates, despite being residential customers. In addition, Mr. O’Connor pointed out that York Water’s customers are charged a flat rate for up to 4000 gallons of wastewater usage per month, regardless of their actual usage. Mr. O’Connor Comments in Opposition at 1-2. Mr. O’Connor noted York Water’s assertion in its Statement in Support that if the water and wastewater rates for Straban Township were solely based on the capital costs and O&M expenditures tied to the Amblebrook water and wastewater systems, the customers’ rates would be higher than

²⁷ Amblebrook is a 55-plus community in Straban Township near Gettysburg. R.D. at 35.

those proposed by the Company. *Id.* at 2 (citing York Water Statement in Support at 47-48). However, in Mr. O'Connor's view, if customers in Amblebrook were not billed at a flat rate, then they would have the ability to reduce their water usage to reduce their wastewater bills. For these reasons, Mr. O'Connor asserted that the Commission should reject the Partial Settlement. Mr. O'Connor Comments in Opposition at 2.

Mr. Madalis submitted that residents of Straban Township, many of whom are on fixed incomes, will not realize any meaningful benefit from the Partial Settlement. In this regard, Mr. Madalis noted that York Water originally proposed monthly wastewater rates of \$117.38 for residents of Straban Township. Thus, Mr. Madalis opined, the monthly rate of \$112.80 agreed to under the Settlement "is a reduction of \$4.58/month or a meager 3.9% reduction; hardly meaningful." Mr. Madalis added, *inter alia*, that because customers in Straban Township paid a monthly rate of \$62.50 in 2021 and currently pay a monthly rate of \$86.90, Straban Township's customers will have experienced "a staggering \$50.30/month more or 80% increase in four years" if the Partial Settlement is approved. According to Mr. Madalis, "a more fair increase would be in the neighborhood of 10-12%." Mr. Madalis Comments in Opposition at 1-2.

Mr. Hudson highlighted York Water's assertion in its Statement in Support that the rate increases under the Partial Settlement are part of ongoing efforts to consolidate rates under a single-tariff pricing structure. Similar to Mr. O'Connor, Mr. Hudson also noted York Water's position that without this consolidation, rates for Straban Township, if based solely on capital costs and O&M expenditures tied to the Amblebrook systems, would be higher than those proposed. Mr. Hudson Comments in Opposition at 1 (citing York Water Statement in Support at 47-48). Mr. Hudson asserted that York Water was aware, at the time of purchasing the Amblebrook water and wastewater systems, "that there would be a window of more than ten years before the community would reach completion of 2,000 homes." Mr. Hudson reasoned that because fewer than 800 homes have been completed, it is unreasonable to expect the current

homeowners in Amblebrook to bear the financial burden “for these circumstances.” Rather, Mr. Hudson submitted, the Company should bear the costs associated with system operations and expansion. Therefore, Mr. Hudson took the position that the Commission should reject the Partial Settlement. Mr. Hudson Comments in Opposition at 1-2.

Ms. Stein made arguments similar to those of Mr. O’Connor, Mr. Madalis, and Mr. Hudson, *supra*, asserting that the Partial Settlement offers residents of Amblebrook “no opportunity to reduce their bills,” and taking issue with York Water’s flat rate for wastewater. Ms. Stein also submitted that because York Water is a monopoly, final prices are imposed upon customers “without recourse,” and residents are entirely dependent upon the Commission for protection. In addition, Ms. Stein argued that when adding the rate increases for the Company’s water services that were experienced by residents of Amblebrook under the *York Water 2022 Rate Case* to the rate increases that would occur under the Partial Settlement, this results in a cumulative increase in rates of approximately 68.8% since the beginning of 2023. Ms. Stein noted that this well outpaces the cumulative rate of actual and expected inflation over the same time period and argued that this is indicative of York Water’s monopolistic nature and of the need for Commission intervention and protection. Further, Ms. Stein posited, *inter alia*, that York Water fails to understand Amblebrook’s demographics and asserted that the Partial Settlement will disproportionately impact senior citizens. Ms. Stein Comments in Opposition at 1-2.

Mr. D’Angelo²⁸ disagreed with the position of the Joint Petitioners that the Partial Settlement is “fair and reasonable,” echoing the arguments proffered by other *pro se* complainants regarding the cumulative effects of the *York Water 2022 Rate Case* and

²⁸ As noted in the History of Proceeding, *supra*, Mr. and Ms. D’Angelo jointly filed Formal Complaints in this proceeding. However, only Mr. D’Angelo filed comments in opposition to the Settlement.

the instant proceeding. According to Mr. D’Angelo, in considering the Settlement, the Commission is not seeking to rigorously justify rate increases, but rather, is seeking to minimize administrative expenses. Thus, Mr. D’Angelo reasoned, this results in rate increases being settled via compromise, but does not produce a result that is in the consumer's best interest. Thus, Mr. D’Angelo requested that the Commission “[p]lease change the objective function: rigorously justify the rate increase instead of seeking to minimize administrative costs.” In addition, Mr. D’Angelo argued that in light of York Water’s previous and proposed increases, the Commission “is allowing York Water to limit the dialogue to the near-term horizon when decisions should be based on the long-term impact to York Water and Amblebrook consumers.” Mr. D’Angelo Comments in Opposition at 1-2.²⁹

Finally, although Ms. Nichols filed a form entitled “Objections to Settlement,” this form did not include any specific written comments in opposition to the Settlement.

C. Recommended Decision-Overall Recommendation

The ALJs determined that the Partial Settlement, with one recommended modification, produces rates that are just and reasonable, is in the public interest, and otherwise is consistent with the requirements of Section 1308 of the Code, 66 Pa.C.S. § 1308. According to the ALJs, the Partial Settlement is in the public interest because of the general benefits of a settlement resolution such as saving the parties from expending time and expense involved with further litigation, expenses that would ultimately be passed on to the ratepayers. R.D. at 104.

²⁹ Mr. D’Angelo also attached a copy of a letter to Pennsylvania Attorney General David Sunday, dated October 12, 2025, regarding York Water’s operations at Amblebrook.

The ALJs also stated that the active Parties have engaged in extensive discovery and other litigation-related efforts in order to properly investigate and resolve the issues presented, and the Partial Settlement is a result of extensive and fruitful negotiations between all the Parties. The ALJs reasoned that the Partial Settlement represents a fair and reasonable compromise, given the fact that the active Parties in this matter had diverse and competing interest but were able to reach a settlement on most of the issues. R.D. at 104.

Additionally, the ALJs determined that the Partial Settlement is supported by substantial evidence based upon the dozens of pieces of pre-served testimony with accompanying exhibits and verifications. R.D. at 104-105.

Next, the ALJs addressed the objections raised by numerous York Water customers both at the public input hearings and through the filing of Formal Complaints, as well as through filed objections to the Partial Settlement. The ALJs stated that a repeatedly raised issue by the *pro se* Formal Complainants at the public input hearings was affordability. However, the ALJs reasoned that the Partial Settlement adequately takes affordability into account, including expanding the Company's bill discount program and limiting the residential water customer charge increase to \$19.75. Furthermore, the ALJs pointed out that the Joint Petitioners include I&E, the OCA, and the OSBA, and noted that the Commission has stated that these parties arguably represent the entire public whose welfare is to be protected. R.D. at 105 (citing *Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2021-3024296 (Opinion and Order entered December 16, 2021) (*Columbia 2021*)). The ALJs explained that if the *pro se* Formal Complainants raised concerns not addressed by the Joint Petitioners, the ALJs separately examined the evidence produced by the active parties and found no basis to reject the evidence supporting the Joint Petitioners' positions. R.D. at 105.

The ALJs described other issues raised by the *pro se* Formal Complainants, including the concerns from the residents of Amblebrook regarding rates, leaking fittings, and water quality, and largely articulated in the Objections to the Partial Settlement, *supra*. Although the ALJs recognized these concerns, the ALJs concluded that these concerns did not justify a recommendation that the Partial Settlement be further modified or denied outright. R.D. at 106.

In summary, the ALJs recommended approval of the Partial Settlement in its entirety with one modification, that a corrected wastewater revenue Proof of Revenues be filed. R.D. at 119.

D. Disposition of the Partial Settlement

The matter before us is a Joint Petition for Partial Settlement. At the outset, we reinforce that while it is the policy of the Commission to favor settlements, we must also determine whether the proposed terms and conditions, therein, are in the public interest. *See CS Water and Sewer, supra*. The Commission has previously acknowledged that the standard for approval of a partial settlement remains the same as that for a full settlement, whether involving a partial settlement of issues, or a partial settlement of the parties involved (*i.e.*, a non-unanimous settlement). In addition, substantial evidence must exist to support the ALJs' recommendation to adopt all uncontested provisions of the Settlement. *See Pa. PUC v. Pennsylvania-American Water Company*, Docket Nos. R-2020-3019369 and R-2020-3019371 (Opinion and Order entered February 25, 2021) (*PAWC 2021*) at 40; *Pa. PUC, et al. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2024-3046519 (Opinion and Order entered November 21, 2024) (*Columbia 2024*) at 38.

On consideration of the record evidence in this proceeding, including the Joint Petition, we agree with the ALJs and the Joint Petitioners that the uncontested

provisions of the Partial Settlement are in the public interest and are supported by substantial evidence, as modified by the ALJs' recommendation that a revised Proof of Revenues for the Company's wastewater revenues be filed. As noted by the Joint Petitioners in their respective Statements in Support, the Partial Settlement reflects a compromise of the range of positions and evidence proffered as to each issue. Accordingly, for the reasons stated below, we shall grant the Joint Petition and approve the Partial Settlement, as modified.

1. Revenue Increase Agreed to Under the Partial Settlement

As previously discussed, the Joint Petitioners have reached the agreed-upon revenue increase in the instant Partial Settlement under the terms of a "black box" settlement. Notwithstanding the "black box" settlement, on review, we find that the substantial evidence of record supports the annual revenue increase agreed to therein. In this regard, we highlight that the Joint Petitioners have agreed to rates that are designed to produce a total increase of \$18.85 million³⁰ in York Water's annual operating revenues, which represents a reduction of \$5.31 million, or 22%, when compared to the Company's originally-filed overall annual revenue increase request of approximately \$24,169,485.³¹

We concur with the Joint Petitioners and the ALJs that the revenue increase agreed to under the Partial Settlement represents a reasonable compromise and is within the range of possible outcomes in this proceeding. As York Water and I&E each observed, York Water will receive sufficient operating funds in order to provide safe and

³⁰ As mentioned, *supra*, the total revenue increase of \$18.85 million agreed to in the Partial Settlement consists of \$16 million in additional water base revenues and \$2.85 in additional wastewater base revenues. Joint Petition at 7.

³¹ [$\$24,169,485 - \$18,850,000 = \$5,319,485$];
[$\$5,319,485 \div \$24,169,485 = 22\%$]

reliable service, while ratepayers will be protected because the resulting increase minimizes the impact of the Company's initial proposal. Accordingly, we find that the revenue increase produced by the Settlement will result in just and reasonable rates and is in the public interest. We also find it prudent to stress that because the Partial Settlement is a "black box settlement," the Partial Settlement sets forth the final agreed-upon revenue increase for the Company. However, this agreed-upon revenue increase does not depict specific information regarding the underlying components used to calculate the overall revenue increase or a specific rate of return. Therefore, in this proceeding, we make no finding as to whether the agreed-upon revenue increase will allow the Company to earn a reasonable rate of return. We further conclude that a calculation of the rate of return is not required for our determination that the agreed-upon revenue increase under the Partial Settlement is in the public interest. *See Pa. PUC, et al. v. Manwalamink Water Company and Manwalamink Sewer Company*, Docket Nos. R-2017-2603026, *et al.* (Opinion and Order entered November 8, 2017) at 17-18; *see also Columbia* at 40.

2. Additional Settlement Provisions

In addition to our above findings, that the agreed-upon revenue increase is in the public interest and supported by substantial evidence, we find that there are several other settled issues within the Partial Settlement that are also beneficial to York Water's customers which weigh in favor of approval of the Partial Settlement. Among these provisions are: (1) York Water's commitment to provide updates concerning its actual capital expenditures, plant additions and retirements, for the twelve months ending December 31, 2025, along with its commitment to subsequently provide additional updates for actual capital expenditures, plant additions and retirements through February 28, 2027; (2) York Water's commitment to limit its 5/8" residential water customer charge to \$19.75/month; (3) York Water's commitment to fund its CARES program at \$40,000 and its pilot low-income program at \$80,000; (4) York Water's

commitment to review its termination notices for potential improvements; (5) York Water's commitment to file its redesigned bill format at this docket within ninety (90) days of the Commission's Final Order in this proceeding; (6) York Water's commitment to, in good faith, operate its call center to reduce the level of abandoned calls to no more than 4% annually and to continue to answer no less than 80% of its calls within thirty (30) seconds; and (7) York Water's commitment to revise its Dispute Log. *See* Joint Petition at 7-14.

On consideration, we find each of these enumerated provisions within the Partial Settlement also lend support to a finding that the Joint Petition is in the public interest and is supported by substantial evidence in the record. The Partial Settlement resolves the majority of the issues impacting residential, small business, and large business customers, and the public interest at large. The benefits of the Partial Settlement are numerous and will result in significant savings of time and expenses for all Parties involved, by avoiding the necessity of further administrative proceedings, as well as possible appellate court proceedings, thereby conserving precious administrative resources. Further, the Partial Settlement provides regulatory certainty with respect to the disposition of issues, which benefits all Parties. For the reasons stated herein, and as specified in the Joint Petitioners' Statements in Support, we agree with the ALJs' conclusion that the uncontested provisions of the Joint Petition are in the public interest. Accordingly, we shall adopt the ALJs recommendation to grant the Joint Petition and approve the Settlement, as modified by the discussion below.

3. Modification to the Partial Settlement

As discussed, *supra*, the ALJs recommended one minor modification to the Partial Settlement. More specifically, the ALJs recommended that the Joint Petitioners be ordered to file a corrected wastewater Proof of Revenues. R.D. at 59-60, 82, 125. The ALJs explained that on page 4(a) of the pro forma wastewater tariff supplement attached

to the Partial Settlement as Appendix A, for the Washington Township Area, York Water listed unmetered rates for Country View Manor and Additional Customer (Adjoining Parcel). The ALJs noted that in the Proof of Revenues attached as Appendix B to the Partial Settlement, there are no unmetered revenues listed for the Washington Township Area. The ALJs stated that as this information is missing, the Proof of Revenues is incomplete, and therefore recommended that the Commission order York Water to reflect the unmetered revenues it receives from these unmetered customers on its Proof of Revenues. R.D. at 59-60.

Additionally, the ALJs pointed out that on page 4(g) of the pro forma wastewater tariff supplement attached as Appendix A to the Partial Settlement, York Water listed unmetered rates for the Shrewsbury and Springfield Township Area Commercial and Industrial customers and for Residential customers, but in the Proof of revenues, those unmetered revenues are not listed. As the ALJs determined that the Proof of Revenues is incomplete without the inclusion of unmetered revenues for Shrewsbury and Springfield Township Area Commercial and Industrial customers or Residential customers, the ALJs recommended that the Commission order York Water to reflect the unmetered revenues it receives from these unmetered customers on the Proof of Revenues. R.D. at 60.

On consideration of the ALJs' recommended modification, we agree that the Proof of Revenues is incomplete without outlining the unmetered revenues the Company receives from its unmetered customers, specifically discussed above. As such, we shall adopt the ALJs' recommended modification and order York Water to file a corrected wastewater Proof of Revenues.

4. Opposition to the Partial Settlement

We acknowledge the issues raised by the *pro se* Formal Complainants and understand the concerns. Nonetheless, we agree with the ALJs that the Partial Settlement adequately takes affordability into account. As discussed, *supra*, we find that the revenue increase and revenue requirement agreed to by the Joint Petitioners reflects a reasonable compromise between the Joint Petitioners' positions and is supported by substantial evidence admitted into the record of this proceeding. Additionally, as the ALJs observed, the settling parties include I&E, the OCA, and the OSBA, and previously, the Commission has recognized that, arguably, these three entities alone constitute representation of the entire public whose welfare is to be protected. *Pa. PUC v. UGI Utilities, Inc. – Electric Division*, Docket No. R-2021-3023618 (Opinion and Order entered October 28, 2021) at 37-38; *see also Columbia 2021*.

Notably, each of the *pro se* Formal Complainants highlighted concerns surrounding the rates of Amblebrook or Straban Township. The Company offered testimony to explain if the water and wastewater rates for Amblebrook were based on the capital costs and O&M expenditures tied to the Amblebrook water and wastewater systems, the customers' rates would be higher than the ones proposed by York Water in this proceeding. *See York Water St. No. 1-R* at 15. Additionally, no party took issue with the rate increases specifically related to Amblebrook or Straban Township. While we recognize the concerns expressed by the *pro se* Formal Complainants, we find no basis to modify or reject the Partial Settlement.

For the reasons stated herein and as specified in the Joint Petitioners' Statements in Support, we agree with the ALJs' conclusion that the Joint Petition is in the public interest. Accordingly, we shall adopt the ALJs' recommendation, to grant the Joint Petition and approve the Partial Settlement, as modified.

VI. Contested Issue

A. Allocation of the Company's Water Revenue Increase

York Water utilized the base-extra capacity (BEC) method in preparing its Water COSS. This method is described in the 2017 and prior editions of the American Water Works Association's Water Rates Manual (AWWA Manual), and according to the Company, has been previously accepted by the Commission and complies with the principles of cost causation. York Water M.B. at 14 (citing York Water St. 107 at 3-4; *Pa. PUC, et al. v. Aqua Pennsylvania, Inc.*, Docket Nos. R-2021-3027385, *et al.* (Opinion and Order entered May 16, 2022) (*Aqua 2021*)). Under the BEC method, investments and costs are classified into four primary functional cost categories: (1) base or average capacity; (2) extra capacity; (3) customer; and (4) fire protection. Once investments and costs are classified to these functional categories, they are allocated to the customer classes. OCA St. 4 at 5-6.

1. Positions of the Parties

a. York Water

York Water averred that its Water COSS, *inter alia*: (1) allocates the Company's revenue requirement among the water customer classes; (2) provides a basis for determining the extent to which the revenues to be derived from each customer class are aligned with the cost of serving that class; (3) establishes the results of the study based on the estimated conditions during the twelve months ended February 28, 2027; and (4) includes a description of the methods used for the study, the allocation of cost of service, and the factors used in those allocations. York Water M.B. at 13-14 (citing York Water St. 107 at 3-4; York Water Exh. FVIII, Part I at 3-4).

York Water posited that its proposed revenue allocation is reasonable and should be adopted by the Commission because it would move all water customer classifications toward the system average rate of return. York Water M.B. at 16-17 (York Water Exh. VIII-R; York Water Exh. FVIII, Schs. B and C). Further, York Water noted that it utilized demand factor data in its revenue allocation based on a customer class demand study conducted in the 1970s. Moreover, York Water represented that it did not conduct a customer class demand study because no Party proposed that the Company conduct a demand study in response to feasibility studies submitted by the Company in April 1993, and April 2007.³² According to York Water, absent approval for cost recovery, spending costs on a customer class demand study would have been imprudent and inappropriate. York Water M.B. at 19-20 (citing York Water St. 107-R at 7-8).

b. I&E

I&E submitted that any scale back of rates should be proportional, based on the COSS ultimately approved by the Commission. I&E M.B. at 5-6 (citing I&E St. 3-SR at 9).

c. The OCA

The OCA posited that York Water's proposed revenue allocation would not result in just and reasonable rates because the Company's Water COSS, under the BEC

³² York Water noted that it submitted a feasibility study to conduct a customer class demand study in response to: (1) the Company's 1992 rate case, at Docket No. R-00922168; and (2) the Company's 2006 rate case, at Docket No. R-00061322. York Water St. 107-R at 5-6. *See Pa. PUC v. York Water Company*, Docket No. R-00922168 (Opinion and Order entered November 18, 1992); *see also Pa. PUC v. The York Water Company*, Docket No. R-00061322 (Opinion and Order entered September 15, 2006).

method, is based on out of date data that does not accurately indicate cost causation.³³ Specifically, the OCA asserted that York Water's COSS relied upon peak usage data from the 1970s to determine the Company's non-coincident peak demands (or the maximum demands of the individual customer classifications regardless of when those demands occur) for the class-specific and systemwide maximum day and maximum hour extra capacity factors. Further, the OCA contended that the usage data in York Water's COSS no longer reflects how customers utilize the Company's water system and, therefore, creates an unreliable cost of service. As such, the OCA submitted that the Commission should adopt the OCA's proposed modifications to: (1) the Company's COSS; and (2) the allocation of the Settlement water revenue increase. Furthermore, the OCA submitted that York Water's COSS should utilize a systemwide maximum day demand factor of 1.43, and a maximum hour demand factor of 1.65, based on the maximum day and maximum hour usage ratio to average day usage ratio experienced by the Company over the past ten years. OCA M.B. at 12-17, 19, 23, 25 (citing OCA St. 4 at 3-4, 7-8, 10-11; *Lloyd*).

In opposition to York Water's proposed revenue allocation, the OCA averred that its own proposed revenue allocation, based on its modified COSS, will: (1) set the rates for each customer class at the indicated cost of service; (2) more accurately reflect the actual system utilization of York Water's customers; (3) produce just and reasonable rates because it is rooted in fundamental cost causation principles; and (4) unitize a rate of return of 1.00 for each rate class. Further, the OCA took the position that any authorized revenue increase should be scaled back proportionately, in accordance with the indicated costs of service. Moreover, the OCA stated its support for York Water conducting an updated demand study, to more accurately reflect system demands for future rate proceedings. Accordingly, the OCA submitted that the

³³ The OCA noted that it did not take issue with York Water's use of the BEC method. OCA M.B. at 14.

Commission should adopt the OCA's recommended modifications to the Company's COSS because York Water failed to meet its burden of proof to support adoption of its COSS or proposed revenue allocation. OCA M.B. at 23-29 (citing OCA Sts. 4-R at 4, 4 at 14-17).

d. The OSBA

The OSBA posited that an updated and recent demand study is necessary to preserve the accuracy of a BEC method for the COSS and the resulting customer class revenue allocation. According to the OSBA, selective reliance on one year of data is not just or reasonable. Therefore, the OSBA submitted that York Water should prepare a current demand study to satisfy the issues raised in the instant proceeding. OSBA M.B. at 5-6 (citing OSBA St. 2-R at 2).

2. Recommended Decision

a. Base-Extra Capacity Method

The ALJs found that the BEC method is: (1) a reasonable method to determine cost of service; and (2) an acceptable cost allocation method recognized by Commission precedent. The ALJs noted that no Party objected to the use of the BEC method. R.D. at 114 (citing *Aqua 2021*; *Lloyd*).

b. Cost of Service Study Data

The ALJs found that York Water failed to meet its burden of proof to support its Water COSS data. Specifically, the ALJs found that York Water failed to: (1) demonstrate the reasonableness of using demand study data from the 1970s; or (2) justify the Company's decision not to conduct a demand study to inform the COSS in

the instant proceeding. The ALJs noted that the maximum day and maximum hour demands reflected in York Water's COSS were developed based on a combination of: (1) judgment; (2) a customer demand study of the Company's system during 1976 and 1977; and (3) studies by other Pennsylvania water utilities. Further, the ALJs pointed out that York Water did not analyze the reasonableness of the demand factors presented in its COSS. R.D. at 114 (citing OCA Sts. 4 at 10, 4SR at 3-4).

The ALJs noted that York Water's Water COSS used: (1) a systemwide maximum day capacity factor of 1.52, experienced in 2010; and (2) a systemwide maximum hour extra capacity factor of 1.84, experienced in 2006. Further, the ALJs noted that based on the customer demand study data from 1976 and 1977: (1) York Water no longer provides water service to five of the 19 customer account locations; and (2) the average daily consumption of the 14 customer accounts still served by York Water was 1,649,989 gallons, compared to an average daily consumption for those same 14 customer accounts of 339,294 gallons in 2024 (a decline of more than 80%). R.D. at 115 (citing OCA St. 4 at 10-11; York Water Exh. FVIII, Sch. E at 5, 8).

The ALJs found that the Company's water system has significantly grown over the last fifty (50) years, and customer water demand characteristics have changed with the adoption of efficient water fixtures. Further, the ALJs found that York Water's reliance on, and usage of, demand data from the 1970s "appears misaligned" and does not reflect how customers utilize the Company's current water system. R.D. at 115.

The ALJs further noted that although York Water's proposed system maximum day ratio is the highest peak day usage recorded on the system and reflects the highest historic peak utilization, that level of utilization has not occurred since 2010. As such, the ALJs found that York Water's demand data fails to meet the "over a representative number of *recent years*" standard provided in the AWWA Manual.

R.D. at 115-16 (citing York Water St. 107-R at 5; OCA St. 4SR at 2) (emphasis in original).

The ALJs referred to the 2017 AWWA Manual M1 to note that the system-wide demand data necessary for the Commission to determine the reasonableness of every element of the rate increase request, inclusive of the revenue requirement allocation, includes the highest ratio for the system maximum day demand to system average day demand over a representative number of *recent* years. The ALJs continued: “Here, *recent years* is the operative major point in determining fair, just and reasonable rates based upon a balanced apportionment of the revenue requirement amongst customer classes.” R.D. at 116 (emphasis in original).

The ALJs found that York Water chose not to conduct a demand study to determine the cost of service for each customer class in this proceeding. Further, the ALJs recognized that York Water’s decision not to conduct a demand study contributed to the Company’s failure to meet its burden of proving the justness and reasonableness of its COSS. Moreover, the ALJs reasoned that absent a just and reasonable underlying COSS, York Water’s proposed revenue allocation cannot stand. R.D. at 116 (citing York Water M.B. at 20; York Water St. 107-R at 8).

However, the ALJs were persuaded by the OCA’s proposed modifications to York Water’s COSS, which were based on system-wide customer demand data from recent years. The ALJs noted that the OCA’s witness, Mr. Jerome Mierzwa: (1) used the BEC method to modify the Company’s COSS with more recent customer data; and (2) calculated class-specific demand factors based on: (a) Appendix A of the AWWA Manual; and (b) York Water’s actual system demand data and customer billing records from the last three years. Further, the ALJs noted the OCA’s recommendation that York Water utilize a systemwide maximum day demand factor of 1.43, and a maximum hour demand factor of 1.65, based on the maximum day and maximum hour usage ratio to

average day usage ratio experienced by the Company over the past ten years.³⁴ Moreover, the ALJs noted that York Water did not challenge the accuracy of: (1) the OCA's proposed system maximum day data from the last ten years; (2) the systemwide maximum day demand factor of 1.43, or that the Company would have arrived at a different ratio for the same period; or, (3) the OCA's maximum hour ratio of 1.65.³⁵ R.D. at 116-18 (citing OCA M.B. at 18; OCA Sts. 4SR at 11-12, 4-R at 2, and 4 at 11; York Water Exh. FVIII, Sch. F; AWWA Manual, App. A at 373).

Accordingly, the ALJs concluded that: (1) York Water failed to satisfy its burden to demonstrate the reasonableness of relying on demand factor study data from the 1970s for its COSS; (2) the OCA demonstrated that its proposed demand factor modifications to the Company's COSS are appropriate and, therefore, appropriate for cost allocation; and (3) the OCA's COSS and recommended revenue allocation results in just and reasonable rates. R.D. at 119, 123-24, COL Nos. 24, 28-29 (citing *Lloyd*; 66 Pa.C.S. § 1301).

c. Revenue Allocation

The ALJs noted that the OCA's recommended revenue allocation: (1) sets each customer class's rates at the indicated cost of service under the OCA's proposed modifications to York Water's Water COSS; and (2) unitizes the rate of return for each class at 1.00, therein indicating that a customer class is contributing revenues equal to its cost of service. Further, the ALJs reasoned that any authorized rate increase should be

³⁴ The OCA's recommended systemwide maximum hour ratio occurred in 2017. R.D. at 117, n.5 (citing OCA St. 4-SR at 2).

³⁵ The ALJs noted that although York Water did not dispute the OCA's maximum hour ratio of 1.65 as incorrect based on the same period, the Company asserted that historic peak should be used for the approximate fifty-year period from the 1970s, and not a recent historic peak from a ten-year period. R.D. at 118.

distributed based on the cost of service indicated by the OCA's proposed modifications to York Water's COSS. Additionally, the ALJs noted that any authorized revenue increase should be scaled back proportionately, in accordance with the indicated costs of service. R.D. at 118 (citing OCA St. 4-R at 4; OCA St. 4 at 13, n.3, 14, 16).

Accordingly, the ALJs found that the OCA demonstrated the justness and reasonableness of its proposed revenue allocation. Therefore, the ALJs recommended that the Commission adopt the OCA's proposed water revenue allocation, finding that it is rooted in the indicated cost of service for York Water's customers and is based on system utilization from a representative number of recent years. R.D. at 119 (citing OCA St. 4SR at 2).

Furthermore, the ALJs recommended that the Commission support the OSBA's position that an updated demand study is crucial to maintaining the integrity of the COSS and ensuring a fair and just distribution of revenue. Therefore, the ALJs recommended that the Commission order the following:

[A]t 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.

R.D. at 119; *see also* R.D. at 126, Ordering Paragraph No. 7.

3. Disposition

No Party excepted to the recommendation of the ALJs on this contested issue. Regarding the BEC method, we agree with the ALJs that the BEC method is: (1) a reasonable method to determine cost of service; and (2) an acceptable cost allocation method recognized by Commission precedent. Therefore, finding that the ALJs' recommendation is reasonable and supported by substantial evidence in the record, we shall adopt the ALJs' recommendation on this issue.

We also agree with the ALJs that York Water has not satisfied its burden of proof to demonstrate that its proposed COSS is reasonable. That is, we find that York Water did not justify that data from a customer class demand study conducted in the 1970s is useful and reliable, given how the Company's customers utilize York Water's current system. We are not persuaded by York Water's decision not to conduct a demand study to inform its COSS in the instant proceeding. As observed by the ALJs, York Water's demand data does not meet the "over a representative number of *recent* years" standard from the AWWA Manual. Indeed, as the ALJs observed, York Water's decision not to conduct a demand study contributed to the Company's failure to meet its burden of proving the justness and reasonableness of its COSS. *See* R.D. at 114-16 (emphasis in original). We concur.

The ALJs also found, and we agree, that the OCA demonstrated the reasonableness of its proposed modifications to York Water's COSS. Specifically, the OCA used the procedures described in the AWWA Manual to calculate class-specific demand factors based on York Water's *recent* system demand data. More specifically, the OCA calculated that York Water's COSS uses a systemwide maximum day demand factor of 1.43, and a maximum hour demand factor of 1.65. R.D. at 117 (citing OCA St. 4 at 11). Accordingly, we shall adopt the ALJs' recommendation to apply the OCA's proposed modifications to the Company's COSS.

Regarding revenue allocation, we agree with the ALJs that the OCA demonstrated the justness and reasonableness of its proposed revenue allocation. As observed by the ALJs, the OCA's proposed revenue allocation is rooted in the indicated cost of service for York Water's customers and is based on system utilization from a representative number of *recent* years. Accordingly, we shall adopt the ALJs' recommendation to approve the OCA's proposed water revenue allocation.

See R.D. at 119.

Further, we agree with the ALJs that any authorized revenue increase should be scaled back proportionately, in accordance with the indicated costs of service.

Finally, we agree with the ALJs' recommendation in support of the OSBA's position that an updated demand study is crucial to maintaining the integrity of the Water COSS and ensuring a fair and just distribution of revenue. Accordingly, we shall adopt the ALJs' recommendation that at the time of filing its next base rate case, York Water shall be directed to file a copy of an updated customer class demand study. *See* R.D. at 119; *see also* R.D. at 126, Ordering Paragraph No. 7.

VII. Additional Issue-York Water's Exception No. 1

A. York Water's Exception No. 1 and Replies

In its Exception No. 1, York Water refers to Ordering Paragraph No. 7 of the Recommended Decision to request that the ALJs' recommendation, that the Company prepare and submit an updated customer class demand study, be modified to address:

(1) the timing of the study; and (2) the recovery of costs associated with the study.³⁶ Exc. at 3-4 (citing R.D. at 126, Ordering Paragraph No. 7).

Specifically, York Water requests that the Commission grant the Company three years after the entry of the Commission's final order in this proceeding to complete the demand study. According to York Water, preparing an updated demand study will require several steps, including selecting the sample group of customers to monitor or install smart meters to compile hourly and daily readings over several years. Further, York Water asserts that collecting data over several years is important because individual years could be distorted by abnormal weather or adverse economic circumstances. Moreover, York Water takes the position that the ALJs' recommendation "could force" the Company to provide an updated study before it gathers sufficient data to produce a reliable study. Accordingly, York Water avers that the ALJs' recommendation should be modified to require the Company to complete the updated demand study within three years of the Commission's entry of the final order in this case. Exc. at 4 (citing York Water M.B. at 22; York Water St. 107-RJ at 8).

York Water also requests that the Commission grant the Company permission to record the costs associated with an updated demand study as a regulatory asset. According to York Water, such costs qualify for regulatory asset treatment because: (1) the Company will incur significant expenses between base rate cases and outside the FPFTY of its next base rate case; (2) the costs will be extraordinary (when compared to routine business expenses); and (3) the Company had not anticipated such non-recurring costs and, therefore, the costs will be substantial. York Water opines that if its request to qualify the updated study costs for regulatory asset treatment is not granted, then the Company may be denied recovery of the reasonable and prudent

³⁶ York Water notes that it does not dispute the ALJs' recommendation that the Company prepare and submit an updated customer class demand study in its next base rate case. Exc. at 3.

expenditures of complying with the Commission's order and preparing the updated study. Exc. at 4-5 (citing York Water Sts. 107-RJ at 4-5, 107-R at 6-7; *Popowsky v. Pa. PUC*, 868 A.2d 606, 609-11 (Pa. Cmwlth. 2004) (*Popowsky 2004*); *Columbia Gas of Pa., Inc. v. Pa. PUC*, 613 A.2d 74, 76-78 (Pa. Cmwlth. 1992); *Popowsky v. Pa. PUC*, 642 A.2d 648, 652-53 (Pa. Cmwlth. 1994) (*Popowsky 1994*); *Petition of Duquesne Light Company for Authorization to Defer Expenses for Accounting Purposes Only*, Docket No. P-2012-2333760 (Order entered April 17, 2013) at 6).

In its Replies, the OCA disagrees with York Water's proposed modifications and submits that the Commission should adopt the ALJs' recommendation, without modification. However, the OCA acknowledges that deferred accounting treatment may be appropriate, given the expense of a full customer class demand study for a utility the size of York Water. Therefore, the OCA submits that the Commission should add safeguards in the event that it grants York Water's request for deferred accounting treatment. R. Exc. at 1-2.

In contrast to York Water's request for three years after the entry of the Commission's final order to complete the customer class demand study, the OCA is of the opinion that the Company should include the results of the demand study in its next base rate case to: (1) reflect accurate demand factors when determining the cost allocation; (2) avoid cross subsidization of customer classes; and (3) move the Company's customer classes towards their cost of service. R. Exc. at 2 (citing Exc. at 3-4; *Lloyd*). The OCA highlights that York Water indicated that it has been in need of a customer class demand study for three decades, resulting in stipulations in the Company's 1992 and 2006 rate cases that required feasibility studies for a customer class

demand study.³⁷ The OCA continues that further delays in producing such a study create: (1) additional risk of difficulty in determining the cost of service for each customer class; and (2) further litigation regarding the outdated demand data in the instant case. R. Exc. at 2 (citing York Water St. 107-R at 5-6).

The OCA also disagrees with York Water basing its request for three years on the effort and detail required to perform a customer class demand study. The OCA refers to its finding, in its investigation of the instant rate case, that the Company's average rate case filing frequency is 2.8 years, or approximately 2 years and 10 months, to postulate that York Water's claim that it will submit a demand study within 3 years of the entry of a final order in this proceeding closely aligns with when the Company intends to file its next rate case. R. Exc. at 2-3 (citing Exc. at 4; OCA St. 1 at 24-25; *Pa. PUC v. Columbia Water Company, et al.*, Docket Nos. R-2023-3040258, *et al.* (Opinion and Order entered January 18, 2024) (*Columbia Water 2024*) at 34). Accordingly, the OCA submits that based on York Water's historic filing frequency, there is insufficient evidence to conclude that the Company is unable to comply with the ALJs' recommendation. Furthermore, the OCA submits that the time frame recommended by the ALJs is reasonable and the need for accurate data in determining customer rates outweighs York Water's speculative argument that the Company may be unable to timely complete the demand study. Therefore, the OCA requests that the Commission maintain the ALJs' recommended deadline. R. Exc. at 3.

Regarding York Water's request that the Commission permit the Company to record costs associated with a demand study as a regulatory asset, the OCA posits that

³⁷ As noted, *supra*, York Water submitted a feasibility study to conduct a customer class demand study in response to: (1) the Company's 1992 rate case, at Docket No. R-922168; and (2) the Company's 2006 rate case, at Docket No. R-00061322. *See Pa. PUC v. York Water Company*, Docket No. R-922168 (Opinion and Order entered November 18, 1992); *see also Pa. PUC v. The York Water Company*, Docket No. R-00061322 (Opinion and Order entered September 15, 2006).

the costs may not merit deferred accounting treatment because the costs to conduct the study are currently unknown and, therefore, may not be sufficiently substantial to qualify as “extraordinary.” The OCA highlights that the standard for deferred accounting treatment is typically only available if the deferred costs are “extraordinary.” R. Exc. at 3-4 (citing *Popowsky 1994*; *Popowsky 2004*). Accordingly, the OCA recommends that if the Commission grants York Water’s request for deferred accounting treatment, then, at a minimum, the Commission should apply the following conditions: (1) that the authorization granted 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 entered in this proceeding not limit the ability of any party in a future rate case to oppose rate recovery of any of the costs deferred, pursuant to the limited authorization granted therein. The OCA adds that such conditions will preserve the rights of the Parties in the instant proceeding and the proceeding for York Water’s next base rate case. R. Exc. at 4.

In summary, the OCA submits that the Commission should deny the Company’s request to submit a customer class demand study three years after the entry of the Commission’s final order in this proceeding because the request is speculative, unnecessary, and will delay the production of information necessary to resolve the Company’s next rate case. Furthermore, the OCA submits that if the Commission grants York Water’s request for deferred accounting treatment of the study costs, and if those costs are truly “extraordinary,” then the Commission should include the OCA’s recommended three conditions for approval of such treatment. R. Exc. at 4-5.

B. Disposition

As discussed above, York Water requests that the Commission modify the ALJs’ recommendation and, specifically, Ordering Paragraph No. 7 of the ALJs’

Recommended Decision. For ease of reference, Ordering Paragraph No. 7 of the Recommended Decision is reprinted verbatim below:

7. That, at the time of filing its next base rate case, [York Water] shall 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.

R.D. at 126, Ordering Paragraph No. 7. Namely, York Water is requesting that the ALJs' recommendation be modified such that the Company be granted: (1) three years after the entry of the Commission's final order in this proceeding to complete an updated customer class demand study; and (2) permission to record the associated study costs to a regulatory asset.³⁸ York Water further insists that such costs qualify for regulatory asset treatment because: (1) the Company will incur significant expenses between base rate cases and outside the fully projected future test year of its next base rate case; (2) the costs will be extraordinary (when compared to routine business expenses); and (3) the Company had not anticipated such non-recurring costs and, therefore, the costs will be substantial.

On review, we shall grant York Water's Exceptions, in part, and deny them, in part. In our view, this Commission should not order a utility to move forward with a study without knowing the cost implications of what that action might be. Therefore, under the specific circumstances of this proceeding, when the costs are unknown, we find

³⁸ As noted, *supra*, York Water does not dispute the ALJs' recommendation that the Company prepare and submit an updated customer class demand study. *See* Exc. at 3.

it prudent for York Water to study the feasibility and costs of conducting an updated customer class demand study, within ninety (90) days after the entry of a Final Order in this proceeding, and to report those costs to the Commission. At that time, if York Water avers that the costs warrant deferred accounting treatment, it may simultaneously submit a petition requesting such treatment and demonstrating how the requisite standards are met. York Water's feasibility study, and any attendant petition it may submit, should be served upon all parties to this case to ensure that parties have an opportunity to review and respond.³⁹

Accordingly, for the foregoing reasons, we shall modify Ordering Paragraph No. 7 of the ALJs' Recommended Decision, consistent with the discussion above, and, therefore, we shall grant York Water's Exception No. 1, in part, and deny it, in part.

VIII. Conclusion

For the reasons set forth above, we shall grant the Joint Petition and approve the Partial Settlement, as modified by the ALJs' Recommended Decision, as in the public interest, consistent with this Opinion and Order. Additionally, we shall: (1) grant, in part, and deny, in part, the Exceptions filed by York Water; and (2) adopt the

³⁹ We further note that while York Water did not raise its request for deferred accounting treatment until the Exceptions phase of this proceeding, this fact alone does not establish that the Company attempted to introduce extra-record evidence in its Exceptions. Rather, York Water raised its request for deferred accounting treatment in direct response to the ALJs' recommendation that it be required to complete the demand study *before* its next base rate case, since the study must be filed as part of that case. Nevertheless, we emphasize that requiring York Water to submit a petition to support a request for deferred accounting treatment will ensure that all parties are provided with an appropriate opportunity to review and respond, and that the Commission can consider the anticipated costs of York Water's demand study if the Company requests deferred accounting treatment of those costs.

Recommended Decision of ALJs John M. Coogan and Emily A. Farren, as modified, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Exceptions of The York Water Company - Water Division and The York Water Company - Wastewater Division, filed on December 22, 2025, to the Recommended Decision of Administrative Law Judges John M. Coogan and Emily A. Farren, issued on December 11, 2025, are granted, in part, and denied, in part, consistent with this Opinion and Order.

2. That the Recommended Decision of Administrative Law Judges John M. Coogan and Emily A. Farren, issued on December 11, 2025, is adopted, as modified, consistent with this Opinion and Order.

3. That, consistent with this Opinion and Order, the Joint Petition for Approval of Partial Settlement, filed on October 29, 2025, by The York Water Company - Water Division, The York Water Company - Wastewater Division, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate is approved, as modified, by directing The York Water Company-Wastewater Division to file an updated Appendix B, Proof of Revenues to the Joint Petition for Approval of Partial Settlement to reflect the following modifications:

- a. Including unmetered revenues for Country View Manor and Additional Customer (Adjoining Parcel),

- b. unmetered revenues for Shrewsbury and Springfield Township Area Commercial and Industrial customers or Residential customers.

4. That The York Water Company – Water Division shall not place into effect the rates, rules, and regulations contained in Supplement No. 165 to Tariff Water-PA. P.U.C. No. 14 regarding its cost recovery base rates for water service revenues within its service territory, the same having been found to be unjust, unreasonable, and therefore, unlawful.

5. That The York Water – Water Division shall be authorized to file tariffs, tariff supplements or tariff revisions containing proposed rates, rules, and regulations, consistent with the agreed-upon water revenue increase set forth in the Joint Petition for Approval of Partial Settlement, to produce annual water distribution operating revenues of approximately \$84,308,310, representing an annual increase in water distribution operating revenues of approximately \$16,000,000, to become effective upon at least one day’s notice, for service rendered on and after March 1, 2026.

6. That The York Water Company – Wastewater Division shall not place into effect the rates, rules, and regulations contained in Supplement No. 26 to Tariff Wastewater PA P.U.C. No. 1 regarding its cost recovery base rates for wastewater service revenues within its service territory, the same having been found to be unjust, unreasonable, and therefore, unlawful.

7. That The York Water – Wastewater Division shall be authorized to file tariffs, tariff supplements or tariff revisions containing proposed rates, rules, and regulations, consistent with the agreed-upon wastewater revenue increase set forth in the Joint Petition for Approval of Partial Settlement, to produce annual wastewater distribution operating revenues of approximately \$11,520,534, representing an annual

increase in wastewater distribution operating revenues of approximately \$2,850,000, to become effective upon at least one day's notice, for service rendered on and after March 1, 2026.

8. That The York Water Company – Water Division and The York Water Company – Wastewater Division, as part of its compliance filing in this proceeding, shall provide an updated Appendix B of the Joint Petition for Approval of Partial Settlement to reflect the revisions directed in Ordering Paragraph No. 3 above and shall serve copies of its compliance filing on each of the Parties to this proceeding; and shall provide these Parties an electronic, red-lined copy of its compliance filing, including electronic working papers.

9. That York Water Company – Water Division and The York Water Company – Wastewater Division shall be required to allocate the authorized increases in water and wastewater operating revenues to each customer class and rate schedule within each class in the manner set forth in this Opinion and Order.

10. That The York Water Company – Water Division and The York Water Company – Wastewater Division shall study the feasibility and costs of an updated customer class demand study within ninety (90) days of the entry of this Opinion and Order and shall report such costs to the Commission. Furthermore, The York Water Company – Water Division and The York Water Company – Wastewater Division shall serve this feasibility study, concurrently with any petition seeking deferred accounting treatment of the costs associated with an updated customer class demand study, upon all parties of record in this proceeding.

11. That The York Water Company – Water Division and The York Water Company – Wastewater Division shall comply with all directives and conclusions contained in this Opinion and Order, including the terms and conditions of the Joint

Petition for Approval of Settlement filed in this proceeding, that are not the subject of individual ordering paragraphs, as if they were the subject of an individual ordering paragraph.

12. That the following Formal Complaints at the respective docket numbers be dismissed and marked closed by the Commission’s Secretary’s Bureau:

<u>Complainant(s)</u>	<u>Docket Number (Water)</u>
Office of Consumer Advocate	: C-2025-3055746
Office of Small Business Advocate	: C-2025-3055824
Amy Nichols	: C-2025-3056183
Kris Robertson	: C-2025-3056377
Michael & Debra D’Angelo	: C-2025-3056282
Katelyn Mooneyhan	: C-2025-3056403
Gary Freedman	: C-2025-3056782

<u>Complainant(s)</u>	<u>Docket Number (Wastewater)</u>
Office of Small Business Advocate	: C-2025-3055747
Office of Consumer Advocate	: C-2025-3055827
Cheryl Hoffman	: C-2025-3055800
Brad S. Bock	: C-2025-3056196
Russell Hudson	: C-2025-3056217
Sarah Flemming	: C-2025-3056115
Daniel O’Connor	: C-2025-3056049
Eric Conrad	: C-2025-3056050
Edward Madalis	: C-2025-3056157
Sheri Stein	: C-2025-3056225
Elizabeth Tetter	: C-2025-3056284
Michael & Debra D’Angelo	: C-2025-3056281
George McClellan Bentzel IV	: C-2025-3056272

13. That a copy of this Opinion and Order shall be served on the Bureau of Technical Utility Services-Finance Division and on all parties of record in this proceeding.

14. That upon acceptance and approval by the Commission of the tariffs, tariff supplements or tariff revisions, allocation of proposed settlement rate increases, including the modifications directed in Ordering Paragraph No. 3 above, and the directive set forth in Ordering Paragraph No. 8 above, filed by The York Water Company – Water Division and The York Water Company – Wastewater Division, at Docket Nos. R-2025-3053442 and R-2025-3053573, consistent with this Opinion and Order, this proceeding shall be marked closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: February 19, 2026

ORDER ENTERED: February 26, 2026