

February 26, 2026

Via E-File

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105

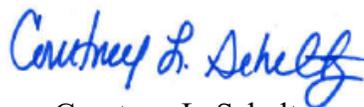
Re: Pennsylvania PUC v. City of Lancaster
Docket No. R-2025-3057237; C-2025-3058103; C-2025-3057993;
C-2025-3057935; C-2025-3058728

Dear Secretary Homsher:

Enclosed for filing please find the Joint Petition for Complete Settlement and corresponding appendices in the above-captioned matter. Please note that written objections to the Joint Petition for Complete Settlement should be provided to the Commission's Secretary's Bureau, Administrative Law Judge Erin Gannon, and the parties named on the enclosed service list on or before 4:30 p.m. on Tuesday, March 17, 2026.

Thank you for your attention to this matter.

Respectfully submitted,



Courtney L. Schultz

cc: All Parties per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

The City of Lancaster-Bureau of Water

2025 Water Base Rate Case at R-2025-3057237

CERTIFICATE OF SERVICE

I hereby certify that I have this 26th day of February, 2026 served a true copy of the

Joint Petition upon the persons listed below *via Electronic Mail*:

Via E-File Only

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street Harrisburg, PA 17105

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/s/ Courtney L. Schultz
Courtney L. Schultz

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Erin Gannon, Presiding

Pennsylvania Public Utility Commission	R-2025-3057237
v.	C-2025-3057935
City of Lancaster - Bureau of Water	C-2025-3057993
	C-2025-3058103
	C-2025-3058728

**JOINT PETITION
FOR COMPLETE SETTLEMENT OF RATE INVESTIGATION**

I. INTRODUCTION

The City of Lancaster Bureau of Water (“City”), the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“I&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”), collectively referred to as “Joint Petitioners,” individually and through their respective counsel, respectfully request that: (a) Administrative Law Judge Erin Gannon recommend approve the settlement set forth in this Joint Petition for Complete Settlement (“Joint Petition”) without modification; (b) the Pennsylvania Public Utility Commission (“Commission”) approve and adopt the settlement as set forth in this Joint Petition without modification; (c) the Commission permit the City to file the tariff supplement attached hereto at Appendix A effective for service rendered on and after June 29, 2026; and (d) the Commission terminate its investigation at Docket No. R-2025-3057237, including dismissal of the Complaints filed by OSBA, OCA, James M. Blevins and Nicholas Cammauf at Docket Nos. C-2025-3057935, C-2025-3057993, C-2025-3058103, and C-2025-3058728, respectively.

In support of this Joint Petition, the Joint Petitioners set forth the following:

II. BACKGROUND

1. On September 30, 2025, the City filed Supplement No. 49 to Lancaster Water Tariff – PA P.U.C. No. 6 proposing to increase its annual operating revenues for water service by \$7,005,217 for customers located in the Commission jurisdictional area (*i.e.*, those customers located outside of the City of Lancaster, also referred to as “outside-City” customers).

2. On October 10, 2025, the Bureau of Technical Utility Services (“TUS”) requested via secretarial letter that the City address certain requests for additional information.

3. On October 10, 2025, I&E filed a Notice of Appearance and OSBA filed a Complaint, Public Statement, and Notice of Appearance. On October 13, 2025, James M. Blevins filed a Complaint. On October 15, 2025, the OCA filed a Complaint, Public Statement and Notice of Appearance.

4. On October 27, 2025, the City provided responses to TUS’ data requests.

5. On November 6, 2025, the Commission issued an Order suspending the City’s proposed Supplement No. 49 to Tariff Water – Pa. P.U.C. No. 6 by operation of law until June 29, 2026. Thereafter, on November 7, 2026, the City filed conforming Supplement No. 50 to Tariff Water – Pa. P.U.C. No. 6.

6. By the same Order, the Commission assigned the case to the Office of Administrative Law Judge. The proceeding was later assigned to ALJ Gannon.

7. A telephonic Prehearing Conference was held on November 18, 2025, where a procedural schedule was established and modifications to the Commission’s discovery regulations were adopted for this proceeding.

8. On November 20, 2025, Nicholas Cammauf filed a Complaint.

9. On November 26, 2025, the Commission issued notice of in-person and telephonic public input hearings to be held on December 15, 2025 and December 16, 2025.

10. On December 15, 2025, two in-person public input hearings were held at the Manheim Township Municipal Office. Four customers provided testimony.

11. On December 16, 2024, two telephonic public input hearings were held. Two customers provided testimony.

12. Extensive discovery was propounded by the OCA, I&E, and the OSBA and the City responded thereto.

13. The City, OCA, I&E, and OSBA filed Direct Testimony. The City, OCA, and I&E filed Rebuttal Testimony. The OCA, I&E, the OSBA filed Surrebuttal Testimony. The City filed Rejoinder Testimony.

14. Throughout the course of this proceeding, Joint Petitioners engaged in settlement negotiations, resulting in this Joint Petition. Joint Petitioners have been able to agree to a proposed revenue increase and a rate design to recover the agreed-upon increase, thereby resolving all issues raised by the participants in this proceeding.

III. SETTLEMENT TERMS AND CONDITIONS

The terms of the Settlement are as follows:

15. The City shall be permitted to establish rates for outside-City customers which will produce an overall increase in annual operating revenues of approximately \$4,700,000. These rates, as determined in accordance with the Proof of Revenues, attached hereto as Appendix B, will be effective for service rendered on and after June 29, 2026. In sum, for outside customers, the increase in revenues by class from present rates as proposed in this Joint Petition are as follows:

Commission Jurisdictional Area Customer Revenues

Customer Classification	Revenue at Present Rates	Revenue at Settlement Rates	Revenue Increase
Residential	\$10,728,219	\$12,942,140	\$2,213,921
Commercial	\$8,358,266	\$9,914,407	\$1,556,141
Industrial	\$1,531,162	\$1,831,749	\$300,587
Large Industrial	\$1,000,202	\$1,178,948	\$178,746
Other Water Utilities	\$543,555	\$642,447	\$98,892
Private Fire	\$446,682	\$502,954	\$56,272
Public Fire	-	\$295,420	\$295,420
Total	\$22,608,086	\$27,308,065	\$4,699,978

16. Joint Petitioners agree that adoption and approval of this Joint Petition by ALJ Gannon and the Commission is in the public interest. Under this Joint Petition, the monthly bill for a residential customer with a 5/8-inch meter, using 4,500 gallons of per month, shall increase from \$29.53 to \$35.44, or by approximately 20.0%, rather than from \$29.53 to \$38.32 (or 29.8%) as originally requested. Similarly, the monthly bill for a commercial customer with a 2-inch meter, using 73,100 gallons per month, shall increase from \$361.75 to \$423.78, or by approximately 17.1%, rather than from \$361.75 to \$460.14 (or 27.2%) as originally requested. And, the monthly bill for an industrial customer with a 2-inch meter, using 419,600 gallons per month, shall increase from \$1,730.08 to \$1,986.49, or by approximately 14.8%, rather than from \$1,730.08 to \$2,159.72 (or 24.8%) as originally requested.

17. The Petition for Settlement provides for a sound and reasonable revenue requirement and appropriately balances the interests and concerns of the City, I&E, OCA and OSBA. In addition, adoption and approval of the Joint Petition will avoid the need for continued litigation of this proceeding, including the time and expense of briefing.

18. In addition to, and in consideration of, the agreed-upon overall increase in annual operating revenues for Commission jurisdictional area customers of approximately \$4,700,000, Joint Petitioners also agree to the various terms and conditions set forth herein below.

19. *Reporting.* The City agrees that it shall provide Fully Projected Future Test Year (“FPFTY”) reporting to I&E, OCA and OSBA updating the Original Cost of Utility Plant in Service as presented in Schedule 4 of Exhibit GRH-1 to the Direct Testimony of Gregory R. Herbert (City of Lancaster Statement No. 4) (including actual capital expenditures, plant additions, and retirements) on a monthly basis, for the fiscal year ending March 31, 2026 by July 1, 2026, and for the fiscal year ending March 31, 2027 by July 1, 2027.

20. *Customer Service.* The City shall implement the following for its outside customers:

(a) The City shall provide information on its water website for customers regarding the Community Action Program (“CAP”), which information will specifically state that CAP is open to “all” customers so that outside-City customers are informed that CAP is not exclusive to customers living in the City of Lancaster.

(b) As part of its planned 2026 internal working group, the City will assess the following and report on its findings in the next base rate case:

- (i) Offering a discount billing option for low-income customers;
- (ii) Offering an Arrearage Management Plan for residential and commercial customers; and
- (iii) Use of the Asset Limited, Income Constrained, Employed (“ALICE”) tool provided by the United Way for collecting and tracking data for low-income customers and the City’s ability to track essential metrics related to affordability for ALICE households, including:
 - (1) Average residential bills relative to ALICE income standards;
 - (2) Participation in low-income programs for jurisdictional low-income customers; and
 - (3) Arrears and payment plan arrangements for the jurisdictional ALICE population.

(c) The City shall actively review customer accounts to identify late payments of payment plans in default and proactively reach out to those customers to advise them of potential options that may be available to assist them with payment, such as providing information about CAP.

(d) The City shall continue its efforts to address perfluorooctanoic acid- (“PFOA”) related issues, as they arise.

21. *Tariff Changes.* The City shall implement the following changes in Tariff Supplement No. 51 to Water Tariff – PA P.U.C. No. 6, as reflected in Appendix A:

(a) The language in Section 5.4 shall be replaced with the following: –“The Bureau of Water has contracted with a third-party to complete new service installation inspections. Customers and Developer shall be responsible for payment of the fee incurred by the Bureau of Water for inspection of the new service installation and shall make payment to the Bureau of Water within thirty (30) days of Date of Presentation to the Developer. If a Customer or Developer requests documentation supporting the fee, such as a request for invoices, the City shall provide the requested information. All meters for new service installations shall be installed within thirty (30) days of receipt of the meter from the Bureau of Water.”

(b) The City shall otherwise be permitted to update the tariff to effectuate the agreed settlement rates and to reflect the changes proposed in connection with its initial filing, as described more fully and as set forth in detail in Appendix A.

22. *Rate Structure/Rate Design.* Joint Petitioners agree to the distribution of revenue among customer classes in this Joint Petition as set forth in the attached Proof of Revenues at Appendix B. The City is authorized to raise the Residential Customer Charge to \$10.25. The design and structure of rates for residential customers of the City under this Joint Petition are developed

based upon the fixed and volumetric charges contained within the Rate Schedules set forth in Appendix B.

23. *Depreciation Rates.* The City shall be permitted to use the depreciation rates as proposed in its initial filing, as described more fully and as set forth in detail in the Direct Testimony of John J. Spanos, City of Lancaster Statement No. 5, and supporting Depreciation Studies, at Exhibits JJS-1 through 3.

24. *Fire Protection.* The City shall allocate 12.5% of the Public Fire Protection costs to municipalities receiving that service through implementation of Public Fire rates. In the City's next base rate proceeding, the City shall propose to increase that percentage to the statutorily permitted 25.00%.

IV. CONDITIONS OF SETTLEMENT

25. This Joint Petition arises following extensive discovery and discussions and reflects compromises by all sides. It is being proposed to settle the instant case. Accordingly, this Joint Petition is made without any admission against, or prejudice to, any positions which any Joint Petitioner might adopt during any subsequent litigation of this proceeding (should this Joint Petition be rejected or modified), or in any other proceeding. If the Commission withholds such approval as to any of the terms and conditions, or alters any of the terms and conditions, any Joint Petitioner may withdraw from this Settlement upon written notice of its intent to the Commission and the remaining parties within three (3) business days of the date of the Commission's Order and may resume with the litigation of this proceeding within (10) days of the entry of the Order making any such modifications.

26. Joint Petitioners agree that the Joint Petition shall be considered to have the same effect as full litigation of the instant proceeding resulting in the establishment of rates that are Commission-made rates.

27. In the event that the Commission does not approve this Joint Petition, the Joint Petitioners reserve their respective rights to resume litigation. If the ALJ, in her Recommended Decision, recommends that the Commission adopt this Joint Petition as herein proposed, Joint Petitioners agree to waive the filing of Exceptions. However, Joint Petitioners do not waive their rights to file Exceptions with respect to any additional matters dealt with, or any modifications to the terms and conditions of this Joint Petition recommended by the ALJ in her Recommended Decision.

28. Each Joint Petitioner's individual reason for supporting the Settlement is set forth at Appendix C through Appendix F, attached hereto.

V. PROPOSED FINDINGS OF FACT

29. The City is a Commission-regulated water system serving 31,624 customers outside of the City of Lancaster in all of the Townships in Lancaster County, Pennsylvania: Lancaster Township, Manheim Township, Millersville Borough, West Lampeter Township, Pequea and portions of Manor, West Hempfield and East Hempfield Townships and East Lampeter.

30. On September 30, 2025, the City filed Supplement No. 49 to Tariff Water – Pa. P.U.C. No. 6 to become effective November 29, 2025.

31. The proposed tariff contained changes in rates calculated to recover an estimated increase in base rate revenues of \$7,005,217.

VI. PROPOSED CONCLUSIONS OF LAW

32. Every rate made, demanded, or received by any public utility shall be just and reasonable and in conformity with regulations or orders of the Commission. 66 Pa. C.S. § 1301.

33. The utility requesting the rate increase has the burden of proving that the rate involved is just and reasonable. 66 Pa. C.S. §§ 315(a) and 1301.

34. The rates as submitted by the City in Supplement No. 49 to Tariff Water – Pa. P.U.C. No. 6 are unreasonable and unjust.

35. “The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest.” *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

36. The instant Settlement is in the public interest and the rates produced therein are just and reasonable.

37. The Commission encourages settlements, which eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion. *Pa. PUC v. Venango Water Co.*, Docket No. R-2014-2427035, 2015 WL 2251531, at *3 (Apr. 23, 2015 ALJ Decision) (adopted by Commission via Order entered June 11, 2015); *See* 52 Pa. Code § 5.231.

38. A “Black Box” settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. *Pa. PUC v. Venango Water Co.*, Docket No. R-2014-2427035, 2015 WL 2251531, at *11.

39. The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.” *Pennsylvania Public Utility Commission v. CS Water and Sewer Associates*, 74 PA PUC 767,771 (1991).

VII. PROPOSED ORDERING PARAGRAPHS

THEREFORE, IT IS ORDERED:

40. That City of Lancaster – Bureau of Water (the “City”) shall not place into effect the rates contained in its Supplement No. 49 to Tariff Water - Pa. P.U.C. No. 6, the same having been found to be unjust, unreasonable, and unlawful.

41. That the Joint Petition for Complete Settlement of Rate Investigation entered into and filed by the City, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate is approved without modification.

42. That the City is hereby authorized to charge the rates set forth in its Supplement No. 51 to Tariff Water - Pa. P.U.C. No. 6 for service rendered on and after June 29, 2026, which is the end of the suspension period .

43. That the Office of Consumer Advocate's Complaint, filed at Docket No. C-2025-3057993; the Office of Small Business Advocate's Complaint, filed at Docket No. C-2025-3057935; James M. Blevins' Complaint, filed at Docket No. C-2025-3058103; and Nicholas Cammauf's Complaint, filed at Docket No. C-2025-3058728 be sustained consistent with this Opinion and Order.

44. That this docket shall be marked closed.

WHEREFORE, Joint Petitioners, by and through their respective counsel, respectfully request that ALJ Gannon and the Commission approve this Joint Petition inclusive of its terms and conditions without modification, and that the Commission enter an order consistent with this Settlement resolving and terminating the proceeding and resolving all outstanding complaints.



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Philadelphia, PA 19103
Counsel for City of Lancaster – Bureau of Water

/s/ Harrison W. Breitman (with permission)

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Respectfully submitted,

/s/ Scott Granger (with permission)

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/s/ Rebecca Lyttle (with permission)

Rebecca Lyttle, Esquire
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Office of Small Business Advocate
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Dated: February 26, 2026

APPENDIX A

Supplement No. 51
to
Tariff Water - Pa. P.U.C. No. 6

CITY OF LANCASTER
RATES, RULES AND REGULATIONS
GOVERNING THE DISTRIBUTION OF WATER
IN
TERRITORY OUTSIDE THE CITY OF LANCASTER
INCLUDING AREAS IN THE BOROUGH OF MILLERSVILLE AND
THE TOWNSHIPS OF
EAST HEMPFIELD, EAST LAMPETER, LANCASTER, MANHEIM,
MANOR, PEQUEA, WEST HEMPFIELD, AND WEST LAMPETER
IN LANCASTER COUNTY, PENNSYLVANIA

NOTICE

ISSUED: February 26, 2026

EFFECTIVE: June 29, 2026

By: Tina Campbell
Director of Administrative Services
Lancaster Pennsylvania

This Tariff increases rates for all customers

List of Changes Made by this Tariff

This Supplement increases jurisdictional rates by \$4,700,000 or 28.9% over existing rates. Both customer charges and volumetric rates are increased for all customer classes. This Supplement also establishes a Public Fire rate, on a per hydrant basis, for fire protection services provided to municipality customers.

This Supplement creates a charge of \$50.00 for the processing of any payment that is returned due to insufficient funds. The customer shall be responsible for the payment of this fee.

		Index	Page
Title Page			Supplement No. 51
List of Changes Made by this Tariff			2 Thirty-fourth Revised
Index			3 Thirty-fourth Revised
Schedule of Rates			
Meter Rate - General Service			4 Twenty-ninth Revised
Meter Rate - Water Sold for Resale			5 Twenty-eighth Revised
Purposes Tapping Fee			6 First Revised
Flat Rate - Private Fire Protection Service			7 Twenty-eighth Revised
Flat Rate – Public Fire Protection Service			7A Original
Sec.	1 -	Definition of Terms	8 Original
Sec.	1-	Definition of Terms, cont.	9 Second Revised
Sec.	2 -	Service Area	10 Second Revised
Sec.	3 -	Description of Service	10-11 Original
Sec.	4 -	Service Connections	11-12 Original
Sec.	4 -	Service Connections (cont)	13 Second Revised
Sec.	5 -	Application for Service	14 Fourth Revised
Sec.	6 -	Special Contracts	15 Second Revised
Sec.	7 -	Meters	15 Second Revised
Sec.	7 -	Meters (cont)	16 Sixth Revised
Sec.	7 -	Meters (cont)	17 Original
Sec.	8 -	Discontinuance of Service	18 Eighth Revised
Sec.	9 -	Deposits	19 Second Revised
Sec.	10 -	Notices	20 Fourth Revised
Sec.	12 -	Bills and Payment	21 Sixth Revised
Sec.	13 -	Temporary Service	22 Second Revised
Sec.	14 -	Cross Connections	23 Second Revised
Sec.	15 -	Frozen Service Lines	23 Second Revised
Sec.	16 -	Pools and Tanks	23 Second Revised
Sec.	17 -	Fire Hydrants	24 Second Revised
Sec.	18 -	Responsibility for Equipment	24 Second Revised
Sec.	19 -	Access to Premises	25 Fourth Revised
Sec.	20 -	Interruptions in Service	25 Fourth Revised
Sec.	21 -	Changing Rules and Regulations	25 Fourth Revised
Sec.	22 -	Water Conservation Contingency Plan	26-27 Second Revised
Sec.	23 -	Main Extensions	28-33 First Revised
Sec.	23 -	Main Extensions	34-38 Second Revised
		Reserved for future use	39-41 Second Revised

Schedule of Rates

Meter Rate - General Service

Application

This Schedule applies to all service other than (1) emergency sales for resale and (2) fire protection.

(See Section 3).

Customer Charges

(I)

All metered customers shall be subject to a monthly or quarterly customer charge, based on the required size of meter to render adequate service.

Size of Meter	Customer Charge		Size of Meter	Customer Charge	
	Per Month	Per Quarter		Per Month	Per Quarter
5/8"	\$7.95 \$10.25	\$23.85 \$30.75	3"	\$102.40 \$132.03	\$307.20 \$396.09
3/4"	\$9.30 \$11.99	\$27.90 \$35.97	4"	\$159.90 \$206.16	\$479.70 \$618.48
3/4 x 1"	\$16.70 \$21.53	\$50.10 \$64.59	6"	\$318.00 \$410.00	\$954.00 \$1,230.00
1"	\$21.10 \$27.20	\$63.60 \$81.60	8"	\$503.60 \$649.30	\$1,510.80 \$1,947.90
1-1/2"	\$33.20 \$42.81	\$99.60 \$128.43	10"	\$666.20 \$858.94	\$1,998.60 \$2,576.82
2"	\$51.90 \$66.92	\$155.70 \$200.76	12"	\$1,004.55 \$1,295.17	\$3,013.64 \$3,885.51

Consumption Charges — Residential, Commercial and Industrial

(I)

In addition to the customer charge the following water consumption charges will apply:

	<u>Rate Per 1,000 Gallons</u>	
For the first 25,000 gallons/month or 75,000 gallons/quarter	\$4.796	\$5.597
For the next 575,000 gallons/month or 1,725,000 gallons/quarter	\$3.949	\$4.510
For all over 600,000 gallons/month or 1,800,000 gallons/quarter	\$3.710	\$4.470
Consumption Charge — Large Industrial for all consumption	\$3.568	\$4.200

The minimum charge shall be the customer charge.

When more than one meter is installed on the premises for the convenience of the customer, the above consumption and customer charges will be assessed against the individual meters.

(I) Indicates Increase

Schedule of Rates

Meter Rate - Water Sold for Resale Purposes

Application

This Schedule is applicable to all metered sales to public utilities and municipal corporations for resale purposes.

<u>Customer Charges</u>				(I)	
<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>		<u>Minimum Charge Per Quarter</u>		
4"	\$159.90	\$206.16	\$479.70	\$618.48	
6"	\$318.00	\$410.00	\$954.00	\$1,230.00	
8"	\$503.60	\$649.30	\$1,510.80	\$1,947.90	
10"	\$666.20	\$858.94	\$1,998.60	\$2,576.82	

Consumption Charges

In addition to the customer charge the following water consumption charges will apply:

Rate Per 1,000 Gallons

For all consumption ~~\$3.758~~ \$4.430 **(I)**

The minimum charge shall be the customer charge.

When more than one meter is installed on the premises for the convenience of the customer, the above consumption and customer charges will be assessed against the individual meters.

(I) Indicates Increase

Schedule of Rates

Tapping Fee

Application

This Schedule is applicable to all new connections to the Company's system in West Lampeter Township,

Capacity Portion:

\$850.00 per residential connection*

Special Purpose Part:

\$1,150.00 per residential connection*

Total Tapping Fee:

\$2,000.00 per residential connection*

* A single family dwelling, mobile home, apartment unit, condominium and the like shall be considered one residential connection. Connections for nonresidential structures will be calculated on an equivalent basis for a residential connection as determined by the City's consulting engineers at the time application for service is made. Each unit of a multi-occupancy building shall be at least one residential unit. All non-residential connections will be subject to audit after they are in use. If actual usage exceeds the amount originally applied for as determined by the City's consulting engineers, the owner shall be invoiced for the additional tapping fee.

Schedule of Rates

Flat Rate — Private Fire Protection Service

Application

This Schedule is applicable to all private fire lines serving yard hydrants and automatic sprinkler or fire service systems located inside buildings. For all private fire lines, (1) adequate provision must be made to prevent the use of water from such service connections for purposes other than fire extinguishing, (2) a detector check, of a type approved by the Bureau of Water, shall be installed on the customer's fire service line, said detector check to be purchased and installed at the customer's expense, and (3) an ERT, approved by the Bureau of Water, shall be installed for purposes of measuring water consumption. (C)

Rate: (I)

	<u>Per Month</u>		<u>Per Quarter</u>	
1" Connection	\$ 3.23	3.64	\$ 9.69	10.92
1½" Connection	7.27	8.19	21.81	24.57
2" Connection	12.92	14.55	38.76	43.65
3" Connection	29.06	32.72	87.18	98.16
4" Connection	42.34	47.67	127.02	143.01
6" Connection	68.90	77.58	206.70	232.74
8" Connection	119.15	134.16	357.45	402.48
10" Connection	159.91	180.06	479.73	540.18
12" Connection	231.01	260.12	693.03	780.36

No charge will be made for water used for extinguishment of accidental fires. All consumption recorded by the disc (small flow) meter, whether from use of water for other purposes, or from leakage from customer-owned pipelines, will be billed at the meter rate for General Service.

(C) Indicates Change
(I) Indicates Increase

(C) Schedule of Rates

Flat Rate — Public Fire Protection Service

Application

This Schedule is applicable to all public fire lines serving yard hydrants.

Rate:

	<u>Per Month</u>	<u>Per Quarter</u>
Per Hydrant	\$5.89	\$17.67

RULES AND REGULATIONS

Sec. 1 - Definition of Terms

- Applicant: An individual or agency applying for water service.
- Bureau of Water: The Bureau of Water of the City of Lancaster
(or Utility)
- Commission: Pennsylvania Public Utility Commission.
- Customer: The individual or agency contracting for a supply of water to a property as hereinafter classified, i. e.,
- (a) A building under one roof and occupied as one residence or business; or
 - (b) A combination of buildings in one enclosure and occupied by one family or business; or
 - (c) One side of a double house having a solid vertical partition wall and occupied by one family or business; or
 - (d) One side or part of a house occupied by more than one family or business, even though the closet and other fixtures be used in common; or
 - (e) Each apartment, office, or suite of offices located in a building having several such apartments, offices, or suites of offices and using in common one hall and one or more means of entrance.
- Date of Presentation: The date upon which a bill or notice is mailed, as evidenced by postmark, or delivered personally to the customer.
- Domestic Service: Provision of water for household residential purposes, including water for sprinkling lawns, gardens, and shrubbery; Watering livestock; washing vehicles; and other similar and customary purposes.
- Fire Protection Service: Provision of water for public and private fire protection.
- Flat Rate Service: Provision of water in unmeasured quantities.
- Flat Rate: A fixed periodic charge for an unmetered service.

RULES AND REGULATIONS

Sec. I - Definition of Terms, cont.

Commercial Service:	Provision of water to premises where the customer is engaged in trade.
Industrial Service:	Provision of water to a customer for use in manufacturing or processing activities.
Large Industrial Service:	Provision of water to a customer for use in manufacturing or processing activities and consumes during the prior calendar year, an average usage exceeding 10,000,000 gallons per month.
Irrigation Service:	Provision of water for commercial agricultural, floricultural, or horticultural use.
Main Extension:	Extension of distribution pipelines, exclusive of service connections, beyond existing facilities.
Mains:	Distribution pipelines located in streets, highways, public ways, alleys, or private rights of way which are used to carry water to serve the general public.
Meter Rate Service:	Provision of water in measured quantities.
Municipal or Public Use:	Provision of water to a municipality or other public body for other than fire protection purposes.
Premises:	The integral property of area, including improvements thereon, to which water service is or will be provided.
Service Line, Utility's:	The connecting facilities between the utility's distribution main and the customer's service line, in general consisting of a valve or corporation stop at the main, piping there from to the street curb line, terminating with a curb stop and curb box.
Service Line, Customer's:	The connecting facilities from the utility's curb stop and curb box to a point of consumption.
Tariff Schedules:	The entire body of effective rates, charges, rules, and regulations, as set forth herein.
Temporary Service:	Provision of service for circuses, bazaars, fairs, construction work, irrigation of vacant property, and similar uses, that because of their nature will not be used steadily or permanently.

RULES AND REGULATIONS

Sec. 2 - Service Area

The service area of the Bureau of Water of the City of Lancaster outside of or beyond the city limits of the City of Lancaster includes areas in the following townships and borough in Lancaster County:

East Hempfield Township
East Lampeter Township
Lancaster Township
Manheim Township
Manor Township
Pequea Township
West Hempfield Township
West Lampeter Township
Borough of Millersville

Sec. 3 - Description of Service

A. Supply

The Bureau of Water will exercise reasonable diligence and care to deliver a continuous and sufficient supply of water to the customer at a proper pressure, and to avoid any shortage or interruption in delivery.

B. Quality

The Bureau of Water will endeavor to supply a safe and potable water at all times.

C. Classes of Service

Services installed by the Bureau of Water will be classified as follows:

RULES AND REGULATIONS

Sec. 3 - Description of Service, cont.

C. Classes of Service, cont.

1. Residential
2. Commercial
3. Industrial
4. Irrigation (Commercial)
5. Municipal (Excluding Fire Protection)
6. Private Fire Protection
7. Public Fire Protection
8. Other Utilities for Resale Purposes (Emergency Use Only)
9. Temporary

Metered service only is available, except service for public and private fire protection service.

Sec. 4 - Service Connections

A. Application for Service Connection

4.1 Any property owner desiring the introduction of a service line from the utility's main to the curb of his or her premises must first make written application on a form furnished by the Bureau of Water. The application must be signed by the property owner or his duly authorized attorney.

B. Utility's Service Lines

4.2 The Bureau of Water will, at its own expense, furnish and install a service of such size and at such location as the applicant requests, provided such request is reasonable. The utility's service lines will be maintained at its own expense as an integral part of its distribution system and they will be the property of the utility and under its exclusive control.

4.3 Where the customer requests a service line larger than that deemed necessary by the utility, the utility will install the larger service, provided the customer pays the additional cost for the larger service.

4.4 Any temporary or emergency feature of a service line requested by the customer shall be at the expense of the customer. If the owner of a parcel of ground desires a service line installed to the curb in advance of street Improvement and where there is no present demand for a supply of water, such owner shall

RULES AND REGULATIONS

Sec. 4 - Service Connections, cont.

B. Utility's Service Lines, cont.

pay the cost of installing the service line, which cost shall be refunded if and when an application is made and approved for a supply of water through the service line.

4.5 Where more than one customer is now supplied through one service line, a violation of these Rules and Regulations by any customer on the common service line shall be deemed a violation by all such customers, but water service to the premises shall not be discontinued until after the expiration of a reasonable time for the installation of a separate customer's service line by or for each customer after notice by the utility to all such customers of the violation of the Rules and Regulations. The utility will install a sufficient number of separate curb stops and curb boxes at the termination of the utility's service line to permit the installation of a separate customer's service line for each customer, or the utility may, at its election, permit the use of one customer's service line by all such customers other than the customer who shall have violated these Rules and Regulations.

4.6 No service line of the utility will be installed at a time when street openings are prohibited by municipal regulations or, in the judgment of the utility, working conditions are unreasonable for such installations.

4.7 No service pipe shall be placed within eighteen inches of any sewer line or in the same trench with a gas pipe or other facilities of a public service company, or within three feet of any open vault or area, or pass through any premises other than the one supplied, nor shall it be laid at a depth of less than 3 1/2 feet below the surface of the ground, or less than 3 1/2 feet below the street grade, where one has been established by public authority, except when otherwise approved by the proper official of the Bureau of Water.

4.8 No service line will be installed by the utility on private property unless the owner furnishes a right of way satisfactory to the utility.

4.9 When new service lines are installed, or old ones replaced, the stop and curb box will be placed inside the curb and within six inches of the same,

4.10 If a customer being supplied by an existing service line desires that its location be changed to suit his own convenience, such customer shall pay all costs of making the change, including all labor, materials, and permits,

4.11 Under no circumstances shall any person not authorized by the utility turn the curb stop cock on or off.

RULES AND REGULATIONS

Sec. 4 - Service Connections, cont.

B. Utility's Service Lines, cont.

4.12 Hereafter only one customer will be supplied through one service pipe. Where more than one customer is now supplied through one service pipe under the control of one curb cock, it shall be replaced by separate curb stops and curb boxes for each customer in accordance with Rule 4.5, at the convenience of the utility. All service lines will be the same size as the curb stop up to the water meter. The curb stop shall be six (6) inches behind curbs or pavement edges. If the curb box is in a driveway, the box must be a two (2) inch box. The curb box must be aligned with the shut-off valve, plumb, backfilled and tamped in place, and be at grade after any landscaping. The curb box must be straight and centered on the shut off valve before the City will take ownership of the valve.

4.13 Where renewal of a service line of the utility is found to be necessary, the utility will renew said service line in the same location as the old one. However, if the customer, for his own convenience, desires the utility's service line at some other location and agrees to pay all expenses of such relocation in excess of the cost of installing the new service line in the same location as the old and cutting off and disconnecting the old service line, the utility will lay the new service line at the location desired. Should the customer, for his convenience, request that the service be renewed using larger size materials than deemed necessary by the utility, the utility will renew the service using the larger size materials, provided the customer pays the additional cost.

4.14 The utility is not responsible for the installation and/or maintenance of the customers water lines beyond the end of the utility's service line.

C. Customer's Service Line

4.15 Each customers service line shall be installed and maintained by or on behalf of such customer at his own expense. A customer's service, line shall be of a material and at a location approved by the utility.

4.16 The customer's service line shall not: (a) occupy the same trench with, or be placed within eighteen inches of any sewer pipe of any facility of any other public service company, except that a common trench may be ledged for the service if approved by the utility; or (b) be placed within three feet of any open excavation or vault; or (c) pass through any premises other than those served by such customer's service line.

4.17 There shall be placed in the service line, inside the wall of the building supplied, at the expense of the customer, a roundway brass stop and waste cock, easily accessible to the occupants for their protection in enabling them to turn off the water in case of leaks, and to drain the pipe to prevent freezing.

4.18 Where any service line is directly connected to a heating unit (water heater, steam bailer, etc.) a check valve and a relief valve shall be inserted in the line between the utility's meter and said heating unit at the maximum distance possible from the utility's meter.

RULES AND REGULATIONS

Sec. 5 – Application for Service

A. Application

5.1 Each applicant for water service will be required to sign a form provided by the utility, and an agreement to abide by all the rules and regulations of the utility.

The applicant shall provide the following:

1. Owner or builder name, phone number, and email address;
2. New service address and the date on which the applicant will be ready for service;
3. Whether the premises have ever before been supplied by the utility;
4. The purpose for which the service is to be used;
5. Lot number;
6. The size of the service;
7. The address to which bills are to be mailed or delivered;
8. Whether the application is the owner or tenant of, or agent for, the premises;
9. Plumber's name, phone number, and email address;
10. Applicable plumbing permit if required by the municipality where service is requested;
11. Acknowledgment of the applicable rate schedule.

The application is merely a written request for service and does not bind the applicant to take service for any period of time longer than the one upon which the rates and minimum charges of the applicable rate schedule are based; neither does it bind the utility to give service, except under reasonable conditions.

5.2 Developers shall also complete a service installation form and a water application form for all lots in the development prior to any construction. The developer will provide the following:

1. A copy of the development plans, showing the lot number, address, and Lancaster County Real Estate tax map;
2. Lot numbers painted on the curb;
3. A W = water; painted or stamped on the concrete where the service is requested.

The developer will be responsible for curb boxes until the utility has made final inspection. Only one water lateral will be permitted for each proposed lot.

5.3 Commercial and Industrial applicants shall also provide:

1. Prints showing tap of the main and location of the meter;
2. Completion of New Service Backflow Prevention Form, before construction;
3. Provide a capacity request letter in gallons per day;
4. Obtain utility approval before bidding to construct the new service;
5. Provide copy of any municipal required street excavation permit if the street must be disturbed.

5.4 The Bureau of Water has contracted with a third-party to complete new service installation inspections. Customers and Developer shall be responsible for payment of the fee incurred by the Bureau of Water for inspection of the new service installation and shall make payment to the Bureau of Water within thirty (30) days of Date of Presentation to the Developer. If a Customer or Developer requests documentation supporting the fee, such as a request for invoices, the City shall provide the requested information. All meters for new service installations shall be installed within thirty (30) days of receipt of the meter from the Bureau of Water. (C)

B. Change in Customer's Equipment

Customers making any material change in the size, character, or extent of the equipment or operations utilizing water service, or whose change in operations results in a large increase in the use of water, shall immediately give the utility written notice of the nature of the change and, if necessary, amend their application.

C. Change of Ownership of Property

Where customer is owner of premises supplied with water service, he should immediately notify the Bureau of Water, if and when the property is sold, and the new owner or tenant should sign an application for water service, so that bills for water service will be properly addressed.

(C) - Indicates Change.

RULES AND REGULATIONS

Sec. 6 - Special Contracts

Contracts, other than applications, may be required prior to service, under the following conditions:

1. When construction of special extension facilities is necessary.
2. For temporary service. (See Sec. 13.)
3. For fire protection service.
4. For connections with other qualified utilities for emergency service.

Sec. 7 - Meters

A. Ownership and Protection of Meter

7.1 All meters will be furnished and maintained, as far as ordinary wear is concerned, by the utility, and remain the property of the utility, and be accessible to and subject to its control. A gate valve shall be placed on the service line on the street side of and near the meter (Rule 4.17), and a suitable check valve and a relief valve shall be inserted in the line between the utility's meter and any heating unit directly connected to the service line (Rule 4.18); all to be placed by and remain the property of the customer.

7.2 The customer shall be responsible to the utility at all times for proper protection of the meter from injury or loss of the meter arising out of or caused by customer's negligence or carelessness, or that of his servants, agents, employees, or any person upon his premises, under, or by authority of, his consent, or sufferance. The customer shall permit no one who is not an agent of the utility or otherwise lawfully authorized so to do, to remove, inspect, or tamper with the utility's meter or other property of the utility on his premises. The customer is also responsible for all equipment that is used to monitor water consumption. If the meter is lost, broken, lightning damaged, frozen and breaks, or any part of the assembly (meter, wire, and outside pad) is damaged by the customer, the customer shall be responsible for the cost to replace the meter and/or damaged assembly parts.

7.3 If a range boiler, or heating boiler, is directly connected to the pipelines, the utility will install an approved type of positive action relief valve on the outlet side of the meter to protect the meter from hot water, at the expense of the customer.

RULES AND REGULATIONS

Sec. 7 - Meters, cont.

B. Size and Location of Meter

7.4 The utility will determine the size and location for the meter. The meter shall be placed at a convenient, accessible location, in a horizontal position, approved by the utility so as to control the entire supply. The meter shall be installed within thirty (30) days of receipt from the Bureau of Water. Meters shall not be higher than 4 feet from the floor. Water lines shall not run under the floor to the meter. A valve will be installed in front of and after the meter. A flared or compression fitting must be used at the first valve before the meter. Copper pipe shall be used up to the valve. (C)

The ERT (encoder-receiver-transmitter) for the meter must be mounted on the wall no lower than 3 feet, at a location approved by the utility. If the customer fails to install the ERT and/or wire at the location required, the service line will be shut off until all requirements have been complied with. The Bureau of Water will provide the ERT only after the meter has been installed. The Bureau of Water reserves the right to inspect the property at any time to ensure proper installation of the meter and ERT. (C)

For ERT pit installations, complete any necessary drilling to hook up the antenna for the meter before the meter installation. Pits in a wooded area require pressure treated posts with half plastic piping to cover the wire from the pit to the post. Pits that are on a hill require the post to be mounted at the bottom of the hill, and in an area that allow the utility reader access to get to the ERT. If the utility decides the meter is to be placed within the building to be served, the customer shall provide free of charge and expense to the utility an easily accessible place near the entrance of the service pipe, If the utility decides the meter is to be located outside the building to be served, it must be placed in an approved meter box furnished by the utility at the expense of the customer.

7.5 Meters moved for the convenience of the customer will be relocated at the customer's expense. If the service line from the curb box to the location of the water meter exceeds 100 feet, a meter pit is required. The pit shall be located within 15 feet of the property line. Note that the utility engineer will review the meter pit. A backflow prevention device will be required in accordance with the Backflow Prevention and Cross Connection Control Policies and Procedures Manual (See Section 14.2 of the tariff).

C. Periodic Meter Tests

7.6 All meters shall be tested periodically by the utility without cost to the customer, and the customer may have the meter tested at any other time by making a written application to the Bureau of Water and providing a deposit, as indicated in Rule 7.8, to defray the cost of the special test.

D. Meter Testing in Disputed Account

7.7 In case of a disputed account, involving the accuracy of a meter, such meter shall be tested upon the request of the applicant, in conformity with the provisions of the rules and regulations pertaining to Water Service Utilities, of the Public Utility Commission.

7.8 The meter will be tested upon the written request of the Customer and refund made if a meter is found to be fast at any test in accordance with the Rules set forth in the Water Regulations of the Pennsylvania Public Utility Commission. The Customer shall pay a deposit in advance for testing of the meter in accordance with fees established by the Commission in 52 Pa, Code §65.8(h). If the meter tested upon such request shall be found to be accurate within the limits specified by the Commission, the fee shall be retained by the City; but if not so found, then the cost thereof shall be borne by the City and the fee deposited by the Customer shall be refunded.

(C) Indicates Change

RULES AND REGULATIONS

Sec. 7 - Meters, cont.

D. Meter Testing in Disputed Account, cont.

7.9 Rates for testing meters not included in the above classification, or which are so located that the cost is out of proportion to the fee specified, will be furnished by the Commission.

E. Adjustment of Account for Faulty Registration

7.10 If a meter be found to be in error at any test by more than four (4) percent, an allowance or charge shall be made to the customer by the utility, equal to the excess or deficiency in quantity charged the customer, figured back from the date of test through the entire period of the current bill, unless it can be shown that the error is due to an accident or other cause, the exact date of which can be determined, in which case it shall be figured back to such date.

F. Meter Repairs

7.11 When a meter has been found to be in error more than four (4) percent, it will be repaired or replaced with a meter accurate within four (4) percent by the utility without charge to the customer.

G. When Meter Does Not Register

7.12 if a meter, by reason of any defect, has not registered for one month or any part of a quarter year, then the bill for that period shall be estimated on the basis of the average consumption during the three preceding periods. The customer shall at once notify the utility of any cessation of the registration of the meter. Every meter is installed subject to a minimum monthly or quarterly charge in accordance with the Schedule of Rates and such minimum charge shall be non-abatable for nonuse of water, and noncumulative, against subsequent consumption.

RULES AND REGULATIONS

See. 8 - Discontinuance of Service

A. Customer's Request for Service Discontinuance

8.1 When premises are unoccupied, the customer shall notify the utility in writing and the water will be turned off and all charges for water will cease from the date that the water is turned off by the utility. When the property is again occupied, the customer shall again notify the utility in writing and the water will be turned on. No allowance or refund will be made for unoccupied property when written notice both at time of vacancy and at time of occupancy has not been given as above provided, No refund will be allowed for property unoccupied for a *less* period of time than one month.

B. Discontinuance of Service for Failure to Obey Rules

8.2 Service may be discontinued by the utility after due notice to customer for any one of the following reasons:

- (a) Use of water by a customer, or with his consent, for any purpose or at any location or property other than those or that described in the application;
- (b) Failure of a customer to maintain and repair his portion of service line;
- (c) Undue waste of water by a customer or with his consent;
- (d) Failure of a customer to pay a bill for water service within the period herein specified or failure to pay any other fee or charge herein provided;
- (e) Violation by a customer, or with his consent, of any of these Rules and Regulations.

8.3 If the utility has reason to suspect that any customer has tampered with the curb cock at the premises, the utility may shut off the water at the main, and it will not be again turned on until satisfactory assurance is given that the practice will be discontinued and all bills, including labor, supplies, and permits, incurred in shutting off and turning on the water are paid in full. (C)

C. Restoration—Reconnection Charge

8.4 A charge of eighty-three dollars (\$83.00) payable in advance will be made for turning on water in restoration of service after discontinuance for any of the reasons specified in Rule 8.2.

(C) Indicates Change

RULES AND REGULATIONS

Sec. 9 - Deposits

9.1 If the utility requires a deposit pursuant to the Rules and Regulations contained in this tariff or the Water Regulations of the Pennsylvania Public Utility Commission, deposits will be handled in accordance with any applicable Commission regulations and the Public Utility Code.

RULES AND REGULATIONS

Sec. 10 - Notices

A. Notices to Customers

10.1 Notices from the utility to a customer will normally be given in writing, and either delivered or mailed to him at his last known address.

10.2 Where conditions warrant, and in emergencies, the utility may resort to notification either by telephone or messenger.

B. Notices from Customers

10.3 Notice from the customer to the utility may be given by him or his authorized representative in writing: **(C)**

- (a) At the office of the Bureau of Treasury in City Hall; or
- (b) To an employee of the utility.

(C) Indicates Change

RULES AND REGULATIONS

Sec. 12 - Bills Due and Payment

12.1 Meters will be read at regular monthly or quarterly intervals, at the option of the utility, for the preparation of regular bills, and as required for the preparation of opening bills, closing bills, and special bills.

12.2 All bills for unmetered service shall be rendered monthly or quarterly in arrears. (C)

12.3 The customer will be responsible for the payment for all service rendered by the utility until written notice to discontinue same is received and reasonable time from receipt of said notice shall have elapsed for the utility to take the final reading of the meter.

12.4 If any monthly or quarterly bill for water service is not paid within thirty (30) days after the date on which the bill is rendered, a penalty of one and one-quarter percent (1- $\frac{1}{4}$ %) of the amount of said bill shall be imposed thereon, and further, the water shall be shut off after giving the customer ten (10) days written notice of the utility's intention to do so. Upon payment by the customer of an additional charge of eighty-three dollars (\$83.00) as the charge for restoring service, the customer will be returned to service.

12.5 Payments mailed, as evidenced by the United States Post Office mark, on or previous to the last day of the period in which the payment becomes due will be deemed by the utility to be a payment of the bill within the period in which it becomes due.

12.6 Bills or notices, relating to the utility or its business, shall be mailed or delivered to the customer's last address as shown by the books of the utility and the utility shall not be otherwise responsible for delivery. The utility shall deliver or mail all such notices and bills to the address given on the application, until a change, in writing, has been filed with the utility by the applicant. Failure to receive a bill shall not exempt any customer from the payment of the bill or from being subject to the above provisions with regard to discontinuance of service. The presentation of a bill to the customer is a matter of accommodation and not a waiver of this rule.

12.7 The customer shall be responsible for payment of a fee in the amount of \$50.00 for processing of any payment that is returned due to insufficient funds, e.g., checks returned by reason of non-sufficient funds (NSF), stop payments, closed accounts, etc., or for any other reason. (C)

(C) **Indicates Change**

RULES AND REGULATIONS

Sec. 13 - Temporary Service

A. Charge for Water Service

13.1 Charges for water furnished through a temporary service connection shall be at the established rates for other customers.

B. Installation Charge and Deposits

13.2 The applicant for temporary service will be required:

- (a) To pay the utility, in advance, the estimated cost of installing and removing all facilities necessary to furnish such service.
- (b) To deposit an amount sufficient to cover bills for water during the entire period such service may be used, or to otherwise establish his credit.
- (c) To deposit with the utility an amount equal to the value of any equipment loaned by the utility to such applicant for use on temporary services.

C. Responsibility for Meters and Installation

13.3 The customer shall use all possible care to prevent damage to the meter or to any other loaned facilities of the utility which are involved in furnishing the temporary service from the time they are installed until they are removed, or until 48 hours' notice in writing has been given to the utility that the contractor or other person is through with the meter or meters and the installation. If the meter or other facilities are damaged, the cost of making repairs shall be paid by the customer.

D. Temporary Service from a Fire Hydrant/Construction Water

13.4 Water for construction purposes may be furnished by a metered service line from the main or by a utility issued permit to use a fire hydrant with a utility issued isolation device and billing meter. Fire hydrant connections are only available at the locations outlined in Section 13.5. There shall be no hook-ups at the curb stop. A permit fee may be required for the utility issued isolation device with billing meter. If temporary service is supplied through a fire hydrant, a permit for the use of the hydrant shall be obtained from the municipality and the utility. It is specifically prohibited to operate the valve of any fire hydrant other than by the use of a spanner wrench designed for this purpose.

E. Non-Potable Bulk Water Loading Stations

13.5 PADEP required that the utility permit all locations where water is withdrawn from hydrants connected to the utility's distribution system. The Customer must contact the utility to arrange for a permit and a utility issued isolation device and billing meter before water may be withdrawn at any of the PADEP approved locations listed below:

Conestoga Water Treatment Plant, 150 Pitney Road, Lancaster, PA
Susquehanna Water Treatment Plant, 900 South Fifteenth Street, Columbia, PA
WH-14459 2250 Old Philadelphia Pike, Rear East Lampeter Township Building
WH-14460 2056 Waterford Drive
WH-12369 506 Ashton Place
WH-11161 642 Fountain Avenue
WH-12606 5 Bentley Lane
WH-14778 55 Cartledge Lane
WH-12460 140 South Tree Drive
WH-17766 400 Block of East Fulton Street North Side
WH-11735 451 College Avenue
WH-10385 Green Street at South Duke Street
WH-10848 347 North Reservoir Street
WH-10580 Ruby Street at 6th Street
WH-11822 304 South Broad Street
WH-10254 North Queen Street at Penn Square
WH-10621 Fairview Avenue at Fremont Street
WH-11786 750 West Chestnut Street
WH-11153 756 Hamilton Street
WH-10684 861 Marjory Terrace

The utility reserves the right to update this list as may be necessary at the direction of the PADEP, without the approval of the Commission, upon the filing of a revised tariff leaf with the Commission.

F. Unauthorized Use

13.6 Tampering with any fire hydrant for the unauthorized use of water therefrom, or for any other purpose, is a criminal offense, punishable by law.

RULES AND REGULATIONS

Sec. 14 - Cross Connections

14.1 Water service not supplied by the utility shall not be connected or cross-connected with the utility's facilities.

14.2 Backflow Prevention and Cross Connection Control -The utility recognizes that certain water customers have water systems that have connections to apparatus, vessels, etc., which may have impurities in varying degrees that, if not properly isolated and contained, could contaminate and/or pollute both the customer's water system and the utility's water distribution system. The utility has developed a Backflow Prevention and Cross Connection Control Policies and Procedures Manual, which manual is incorporated herein by reference, as updated from time to time and is available on the City's website. This Manual defines the policy and procedures of the City of Lancaster and the water Customer's responsibility regarding backflow prevention and cross-connection.

14.3 All Commercial, Industrial, and Bulk water customers shall have an approved backflow prevention device consistent with the degree of hazard, as defined by the utility, at the service connection. The backflow protection shall be a properly installed double check valve assembly, or a reduced pressure zone device as determined by the utility. In addition, all fire systems that constitute a potential cross connection shall have a utility-approved double check detector assembly at the lines leading to the fire system.

14.4 Residential Customers shall be required to install an approved backflow prevention device when they apply for a plumbing permit.

14.5 The utility will terminate water service to a customer's facility if it is determined that a serious contamination potential exists.

14.6 The utility requires that the Customer shall provide for the testing, maintenance, and repair of backflow devices by a certified backflow prevention assembly technician at least once a year or whenever failure has occurred or is suspected in order to maintain the devices in satisfactory operating condition. The Customer shall also provide, through a certified backflow prevention assembly technician, for the overhaul or replacement of such devices if they are found to be defective. Records of such tests, repairs, overhauls, and replacements shall be submitted by the Customer to the utility. Customers shall be responsible for maintaining records of such tests and related maintenance for a period of the most recent three (3) years. The installation, care, maintenance and repair of backflow devices are at the customer's expense.

14.7 Non-compliance with the preceding requirements after due notification may result in the discontinuation of water service. The Customer may be required to reimburse the utility for all costs associated with such action.

Sec. 15 - Frozen Service Lines

15.1 Should any service line become frozen, the utility will thaw out, at its own expense, that portion of the frozen service line between the main and the curb. The customer shall, at his own expense, thaw out that portion of the frozen service line between the curb and his premises.

Sec. 16 - Pools and Tanks

16.1 When an abnormally large quantity of water is desired for filling a swimming pool or for other purposes, arrangements must be made with the utility prior to taking such water.

16.2 Permission to take water in unusual quantities will be given only if it can be safely delivered through the utility's facilities and if other customers are not inconvenienced.

RULES AND REGULATIONS

Sec. 17 - Fire Hydrants

A. Use of and Damage to Fire Hydrants

17.1 No person or persons, other than those designated and authorized by the proper authority, or by the utility, shall open any fire hydrant, attempt to draw water from it or in any manner damage or tamper with it. Any violation of this regulation will be prosecuted according to law.

B. Moving of Fire Hydrants

17.2 When a fire hydrant has been installed in the location specified by the proper authority, the utility has fulfilled its obligation. If a property owner or other party desires a change in the size, type or location of the hydrant, he shall bear all costs of such changes, without refund. Any change in the location of a fire hydrant must be approved by the contracting municipality.

C. Installation of Fire Hydrants

17.3 Any municipality which applies for public fire protection service shall pay the cost of providing the public fire hydrant and the installation thereof. The installation shall be in accordance with the requirements of the Bureau of Water of the City of Lancaster.

17.4 All hydrant installations shall be located in such a manner that proficient firefighting operations are not impaired and shall be designed and installed in accordance with National Fire Protection Association Standard 24. (C)

Sec. 18 - Responsibility for Equipment

18.1 The customer shall, at his own risk and expense, furnish, install and keep in good and safe condition all equipment that may be required for receiving, controlling, applying and utilizing water, and the utility shall not be responsible for any loss or damage caused by the improper installation of such water equipment, or the negligence, want of proper care or wrongful act of the customer or of any of his tenants, agents, employees, contractors, licensees or permittees in installing, maintaining, using, operating or interfering with such equipment. The utility shall not be responsible for damage to property caused by spigots, faucets, valves and other equipment that are open when water is turned on at the meter, either when the water is turned on originally or when turned on after a temporary shutdown.

(C) Indicates Change

RULES AND REGULATIONS

Sec. 19 - Access to Premises

19.1 The utility or its duly authorized agents shall at all reasonable times have the right to enter or leave the customers premises for any purpose properly connected with the service of water to the customer.

Sec. 20 - Interruptions in Service

20.1 The utility shall not be liable for damage resulting from an interruption in service. Temporary shutdowns may be resorted to by the utility for improvements and repairs. Whenever possible, and as time permits, all customers affected will be notified prior to such shutdowns.

20.2 The utility will not be liable for interruption, shortage or insufficiency of supply, or for any loss or damage occasioned thereby, if caused by accident, act of God, fire, strikes, riots, war or any other cause not within its control. The utility, whenever it shall find it necessary or convenient for the purpose of making repairs or improvements to its system, shall have the right temporarily to suspend delivery of water and it shall not be liable for any loss or damage occasioned thereby. Repairs or improvements will be prosecuted as rapidly as is practicable and, so far as possible, at such times as will cause the least inconvenience to the customers.

Sec. 21 - Changing Rules and Regulations

21.1 These rules can only be changed in the manner provided by the Public Utility Law.

RULES AND REGULATIONS

Sec. 22 - Water Conservation Contingency Plan

1. If the Company is experiencing a short term supply shortage, the Company may request general conservation of inside water uses and may impose mandatory conservation measures to reduce or eliminate nonessential uses of water. (C)
2. Nonessential uses of water include, at a minimum, those uses contained in 52 PA. Code § 65.1, as listed below: (C)
 - a. The use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, gardens, vegetables, flowers, or any other vegetation.
 - b. The use of water for washing automobiles, tracks, trailers, trailer houses, or any other type of mobile equipment.
 - c. The washing of streets, driveways, parking lots, service station aprons, office buildings, exteriors of homes, sidewalks, apartments, or other outdoor surfaces.
 - d. The operation of any ornamental fountain or other structures making a similar use of water.
 - e. The use of water for filling swimming or wading pools.
 - f. The operation of any water-cooled comfort air conditioning which does not have water conserving equipment.
 - g. The use of water from fire hydrants for construction purposes of fire drills.
 - h. The use of water to flush a sewer line or sewer manhole.
 - i. The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops, and livestock.
3. Notice of the implementation of the conservation plan shall be sent to all customers *or* be provided by local radio, television, social media, or website messaging. The utility shall at first request voluntary customer cooperation to achieve curtailment of nonessential uses of water. (C)

(C) **Indicates Change**

RULES AND REGULATIONS

Sec. 22 — Water Conservation contingency Plan, cont.

4. If voluntary cooperation does not achieve satisfactory results, mandatory compliance will be imposed. If any customer refuses to comply with such mandatory measures, the utility may either adjust the outside water valve connection in a manner which will restrict water flow by up to one-half, or otherwise restrict flow such as by the insertion of a plug device. Note: Prior to such valve adjustment or other flow restriction being imposed, the company must make a bona fide attempt to deliver notice of the valve adjustment or other flow restriction to a responsible person at the affected premises and fully explain the reason for the proposed flow restriction and the means by which the customer may eliminate the grounds for such flow restriction. Less restrictive means may be imposed to secure such compliance.
5. These conservation measures shall be terminated at such time as the supply shortage is eliminated.
6. In addition to the provisions as set forth above, the Pennsylvania Emergency Management Council is authorized to promulgate, adopt, and enforce a Water Rationing Plan by virtue of the Emergency Management Services Code, 35 Pa. C.S. § 1701 et seq. as implemented by the Drought Emergency Proclamation dated November 6, 1980.
7. The utility shall be authorized to take any actions as approved in the Bureau of Water's Local Water Rationing Plan, filed with and approved by the Commonwealth Drought Coordinator, and as may be amended from time to time pursuant to 4 Pa. Code § 120.14.
(C)

(C) **Indicates Change**

RULES AND REGULATIONS

Sec. 23 — Main Extensions

(a) Definitions

- (1) Annual Line Extension Costs: The sum of the Company's additional annual operating and maintenance costs, debt costs and depreciation climes associated with the construction, operation and maintenance of the line extension.
- (2) Annual Revenue (For Line Extension Purposes): The Company's expected additional annual revenue from the line extension based on the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the bona fide service applicant.
- (3) Bona Fide Service Applicant (For Line Extension Purposes): A person or entity applying for water service to an existing or proposed structure within the Company's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed bona fide service applicant if:
 - (a) applicant is requesting water service to a building lot, subdivision or a secondary residence;
 - (b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or
 - (c) the applicant is requesting special utility service.
- (4) Company Service Line: The water line from the distribution facilities of the Company which connects to the customer service line at the hypothetical or actual line or the actual property line, including the control valve and valve box. The control valve and valve box determine the terminal point for the Company's responsibility for the street service connection.

RULES AND REGULATIONS

Sec. 23 Main Extensions, cont.

- (5) Customer: A person or entity who is an owner or occupant and who contracts with the Company for water service.
- (6) Customer Service Line: The water line extending from the curb, property line or utility connection to a point of consumption.
- (7) Debt Costs: The Company's additional annual cost of debt associated with financing the line extension investment based on the current debt ratio and weighted long-term debt cost rate of the Company or that of a comparable jurisdictional water utility.
- (8) Depreciation Charges: The Company's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates for the Company or that of a comparable jurisdictional water utility.
- (9) Line Extension (For Line Extension Purposes): An addition to the Company's main line which is necessary to serve the premises of a customer.
- (10) Operating and Maintenance Costs (For Line Extension Purposes): The Company's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.
- (11) Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

RULES AND REGULATIONS

Sec. 23 —Main Extensions, cont.

- (12) Short-term Supply Shortage; An emergency which causes the total water supply of a Company to be inadequate to meet maximum system demand.
 - (13) Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in the Main Extension portion of this tariff.
- (b) The Company shall construct line extensions in its service territory upon request of a service applicant in the following manner and consistent with the definitions noted above;
- (1) Line extensions to service applicants shall be funded without customer advance if the annual revenue from the line extension will equal or exceed the Company's annual line extension costs.
 - (2) If the annual revenue from the line extension will not equal or exceed the Company's annual line extension costs, a service applicant may be required to provide a customer advance, including associated taxes, if applicable, to the Company's cost of construction for the line extension. The Company's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension, The customer's payment or advance amount shall be determined by subtracting the Company's investment for the line extension from the total construction costs of the line extension.
 - (3) The Company's investment for the line extension shall be based upon the following formula where X equals the Company's investment attributed to

RULES AND REGULATIONS

Sec. 23 — Main Extensions, cont.

bona fide_service applicant:

X = [AR DM] divided by [I + D], and,

AR = The Company's annual revenue

OM = The Company's annual operation and maintenance expense

I = The Company's debt ratio multiplied by the Company's
weighted long-term debt cost rate.

D = The Company's current depreciation =real rate,

- (c) When a customer advance is required of a bona fide service applicant and an additional customer or customers attach customer service lines to the line extension within ten (10) years from the date of the extension deposit agreement, the Company shall refund a portion of the advance to the customer.
- (1) The Company will refund a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such line extension as distinguished from extensions or branches thereof, Provided, however, that the total amount refunded shall not exceed the original deposit without Interest, and further provided that all or any part of the deposit not refunded within said ten (10) year period shall become the property of the Company and shall be treated as Contributions-in-Aid of Construction for ratemaking purposes, The per customer refund amount shall equal the Company's investment attributed to each bona fide service applicant as calculated in the formula contained in this tariff.
- (d) The Company shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

RULES AND REGULATIONS

Sec. 23 —Main Extensions, cont.

- (e) Special utility service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section 30, subsections (b) (d) of this tariff do not apply to special utility service. By way of illustration and not limitation, special utility service shall include the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria or service to large water consuming commercial and industrial facilities. The Company shall have no duty to construct facilities to provide special utility service. A customer shall advance to the Company the full cost and associated taxes, if applicable, of facilities for special utility service. An otherwise bona fide applicant requesting service which includes a "special utility service" component is entitled to bona fide service applicant status, but only to the extent of the corresponding Company contribution toward the costs of the line extension which do not meet the special utility service criteria.
- (f) Requirement for Extension Deposit Agreement: Where an extension of facilities is not fully funded by the Company pursuant to (a) of this Section, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement.
- (g) Size and Type of Line: The Company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. Where the Company decides, however, to install a pipe larger than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size and type of which is necessary in the Company's judgement to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of

RULES AND REGULATIONS

Sec. 23 —Main Extensions, cont.

the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and an allowance for taxes as appropriate and applicable. The minimum size for main extensions shall be six (6) inches pursuant to Commission regulation at 52 Pa, Code § 65,17(b).

- (h) Determination of Extension Length: In determining the length of any extension, the terminal point of such extension shall be at that point in the curb line which is equidistant from the side property lines of the fast lot for which water service is requested, A Company service connection will be provided only for customer service lines that extend at right angles from the curb line in a straight line to the premises to be served.
- (i) Cost True-ups: At the conclusion of the line extension project there shall be a reconciliation of the actual costs incurred to the amount of extension deposit that has been paid by the customer. If the actual cost exceeds the deposit, the applicant shall be responsible for payment to the Company of the difference in a manner specified by the Company. If the deposit exceeds the actual cost, the Company shall refund the difference.

RULES AND REGULATIONS

FORM OF EXTENSION DEPOSIT AGREEMENT

THIS AGREEMENT entered into this ___ day of _____, 20___, by and between the Water Bureau of the City of Lancaster, (hereinafter called the "UTILITY") and _____ (hereinafter called the "DEPOSITOR").

WHEREAS, the Depositor desires extension of the water mains of the Utility, as hereinafter described:

NOW, THEREFORE, this agreement WITNESSETH:

FIRST: The Utility contracts and agrees to lay the water main(s) (and other facilities, if any), as shown in red on the diagram hereto attached and made a part hereof described and located as follows:

SECOND: It is expressly understood and agreed that, if the Utility shall be delayed or prevented from installing the water main (a) (and other facilities, if any), hereinbefore described because of its failure to secure pipe or construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than one (1) year from date hereof, the Depositor shall have The right to cancel and terminate this Agreement on thirty (30) days' written notice to the utility, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by the Depositor shall not be invoked if the Utility has received the construction material and the Depositor has made the deposit as hereinafter required, in which event the Utility shall have the obligation to prosecute the work diligently to its completion.

THIRD: In an extension involving a bona fide service customer, the Depositor hereby agrees to deposit with the Utility, upon notice from the Utility, that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, an amount of cash equal to (a) the estimated cost of the extension, including the estimated cost of said main(s) and the estimated cost of any other facilities, including but not limited to facilities necessary to render special utility service, which the Utility shall have decided are required to render adequate service, but excluding the cost of public fire hydrants and hydrant laterals and the necessary meters and street service connections, less (b) a credit equal to the amount of the Utility's investment attributable to the number of bona fide service applicants who will be served directly by said extension. Upon such written notice, a Preliminary Memorandum, in the form attached, shall be prepared and signed by both parties showing the deposit required in accordance with the foregoing provisions. Upon the completion of the installation of the extension, a Final Memorandum, in the form attached, shall be prepared and signed by both parties, showing the deposit required based on (a) actual cost of the extension, including the actual installation cost of the mains and other facilities, Less (b) the appropriate, credit allowance based on actual cost, If the deposit shown to be due on the Final Memorandum differs from that shown on the Preliminary Memorandum, the Depositor will deposit any additional amount shown to be due or the Utility will refund to the Depositor any excess amount shown to have been deposited, it being the intent of this agreement that the deposit required shall be based on the actual installation cost.

FOURTH: In any extension involving any applicant other than a bona fide service applicant, the Depositor hereby agrees to deposit with the Utility, upon notice from the Utility that is prepared and able to go forward with the work provided in Paragraph FIRST hereof, an amount of cash equal to the estimated cost of the extension, including the estimated cost of main(s), and the estimated cost of any other facilities including, but not limited to, facilities necessary to render special utility service, which the Utility shall have decided are required to render adequate service, including the cost of fire hydrants and hydrant laterals where application for public fire hydrants is made by the applicant and not by public authority, and the Cost of street service connections, but excluding the cost of necessary meters. The same provisions for the preparation of Preliminary and Final Memoranda and the adjustments of estimated and actual costs of the extension, as outlined in Paragraph THIRD, shall apply to this extension.

RULES AND REGULATIONS

FORM OF EXTENSION DEPOSIT AGREEMENT, cont.

FIFTH: The Utility hereby agrees to refund to the Depositor during the period of ten (10) years from the actual date of the deposit an amount equal to a per customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension, as distinguished from extensions or branches thereof; provided, however, that the total amount refunded shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said ten (10) year period shall become the property of the Utility And shall be treated as Contributions-in-Aid of Construction for ratemaking purposes. The per customer refund amount shall equal the Utility's investment attributed to each bona fide applicant as calculated in the formula contained in the Utility's tariff. For non-bona fide applicants, the refund amount shall be equal to the utility's average per customer investment in mains and accessories as shown on the utility's books of accounts.

SIXTH: The Depositor may request refunds under Paragraph FIFTH, once in each calendar quarter, furnishing the Utility, at such time, a listing of additional customers attached to the main(s) covered by this agreement; however, a failure on the part of the Depositor to make such request shall not constitute a waiver of any rights hereunder or relieve the Utility of the obligation to make refunds with reasonable promptness.

SEVENTH: The ownership of the water main(s) laid hereunder shall at all times be in the Utility, its successors and assigns.

EIGHTH: This agreement shall be valid and binding on the Utility only when executed by an authorized Utility representative.

NINTH: This agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the respective parties.

TENTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by certified mail to the Utility at Bureau of Water, City Half, Lancaster, Pennsylvania, and to the Depositor at _____.

ELEVENTH: This agreement is entered into pursuant to the legally established Rules and Regulations of the Utility contained in its tariff; as may be amended from time to time, and the words, phrases, and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations which are incorporated herein by reference.

Executed in triplicate by the parties hereto on the date first above written:

WITNESS:

By: CITY OF LANCASTER
BUREAU OF WATER

WITNESS:

By: DEPOSITOR

RULES AND REGULATIONS

PRELIMINARY MEMORANDUM

This Preliminary memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraphs THIRD and FOURTH of a certain agreement in writing between the parties entered into on the ____ day of _____, 20__, for the installation by the Utility of a certain water main(s) therein described. It is, therefore, agreed and stipulated:

		<u>Bona Fide Service Applicants</u>	<u>All Other Applicants</u>
(a)	Estimated Cost of Mains	_____	_____
(b)	Estimated Cost of other facilities Services	None	_____
	Fire Hydrants	None	_____
	Other	_____	_____
(c)	Total	_____	_____
(d)	Credit Allowance		

The Utility's investment where X equals the Utility's investment attributable to each bona fide service applicant,

X = [AR - OM) divided by[I + D], and;

AR = the Company's annual revenue

OM = the Company's operating and maintenance costs

I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate

D = the Company's current depreciation accrual rate

(e) Amount of deposit (e) (d) _____

This Preliminary memorandum shall be attached to the original agreement in accordance with the provisions of Paragraphs THIRD and FOURTH thereof.

Dated _____
(Date of Deposit)

WITNESS: _____ By: CITY OF LANCASTER
BUREAU OF WATER

WITNESS: _____ By: DEPOSITOR

ISSUED: February 26, 2026

EFFECTIVE: June 29, 2026

RULES AND REGULATIONS

FINAL MEMORANDUM

This Final memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraphs THIRD and FOURTH of a certain agreement in writing between the parties entered into on the ____ day of _____, 20__, for the installation by the utility of a certain water main(s) therein described. It is, therefore, agreed and stipulated:

	<u>Bona Fide Service Applicants</u>	<u>Developer</u>
(a) Actual Cost of Mains	_____	_____
(b) Actual Cost of other facilities Services (_____ x _____) No. Unit Cost	None	_____
Fire Hydrants	None	_____
Other	_____	_____
(c) Total	_____	_____
(d) Credit Allowance	_____	

The Utility's investment where X equals the Utility's investment attributable to each bona fide service applicant,

- X = [AR - OM) divided by[I + D], and;
- AR = the Company's annual revenue
- OM = the Company's operating and maintenance costs
- I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate
- D = the Company's current depreciation accrual rate

(e) Amount of Final Estimate of Deposit (c) (d)	_____	_____
(f) Amount of Preliminary Estimate of Deposit	_____	_____
(g) Adjustment of Deposit		
(a) Balance Owing Applicant	_____	_____
(b) Balance Owing Utility	_____	_____
(h) Basis of Refund - (See Paragraph FIFTH)		
(a) Each Additional <u>Bona Fide</u> Customer (I) x (If)		
(b) Add Unit Cost of Service Connection & Advanced by Developer	None	_____

RULES AND REGULATIONS

This Final Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraphs THIRD and FOURTH thereof.

Dated _____

WITNESS:

By: CITY OF LANCASTER
BUREAU OF WATER

WITNESS:

By: DEPOSITOR

[Reserved for Future Use]

[Reserved for Future Use]

[Reserved for future use]

APPENDIX B

CITY OF LANCASTER – BUREAU OF WATER

Lancaster, Pennsylvania

PROOF OF REVENUE

UNDER

SETTLEMENT RATES

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Mechanicsburg, Pennsylvania

CITY OF LANCASTER
BUREAU OF WATER

SUMMARY OF PRESENT AND SETTLEMENT RATES

	2024		Settlement Rates					<u>Quarterly</u>
	<u>Present Rates</u>		<u>Inside</u>	<u>% increase</u>	<u>Outside</u>	<u>Outside</u>		
	<u>Inside</u>	<u>Outside</u>				<u>% increase</u>	<u>Outside</u>	
Customer Charges:								
<u>Monthly</u>								
5/8"	9.10	7.95	9.10	0.0%	10.25	28.9%	30.75	
3/4"	9.10	9.30	9.10	0.0%	11.99	28.9%	35.97	
3/4x1"		16.70			21.53	28.9%	64.59	
1"	24.18	21.10	24.18	0.0%	27.20	28.9%	81.60	
1 1/2"	37.96	33.20	37.96	0.0%	42.81	28.9%	128.43	
2"	59.28	51.90	59.28	0.0%	66.92	28.9%	200.76	
3"	117.26	102.40	117.26	0.0%	132.03	28.9%	396.09	
4"	183.04	159.90	183.04	0.0%	206.16	28.9%	618.48	
6"	364.00	318.00	364.00	0.0%	410.00	28.9%	1,230.00	
8"	576.42	503.60	576.42	0.0%	649.30	28.9%	1,947.90	
10"	762.58	666.20	762.58	0.0%	858.94	28.9%	2,576.82	
12"		1,004.55			1,295.17	28.9%	3,885.51	

Consumption Charges per 1,000 gallons

	<u>Monthly</u>	<u>Quarterly</u>						
First 25	25,000	75,000	\$ 6.8400	\$ 4.7960	6.8400	0.0%	5.5970	16.7%
Next 575	575,000	1,725,000	5.7000	3.9490	5.7000	0.0%	4.5100	14.2%
Over 600	600,000	1,800,000	4.5000	3.7100	4.5000	0.0%	4.4700	20.5%
Large Industrial All Usage	All Usage	All Usage		3.5680	NA		4.2000	17.7%

CITY OF LANCASTER
BUREAU OF WATER

SUMMARY OF PRESENT AND SETTLEMENT RATES

	2024		Settlement Rates				
	Present Rates		Inside	% increase	Outside	Outside	
	Inside	Outside				% increase	Outside
Sales for Resale							
Customer Charges:							
<u>Monthly</u>							<u>Quarterly</u>
4"		\$ 159.90			\$ 206.16	28.9%	\$ 618.48
6"		318.00			410.00	28.9%	1,230.00
8"		503.60			649.30	28.9%	1,947.90
10"		666.20			858.94	28.9%	2,576.82
Consumption Charges per 1,000 gallons							
	<u>Monthly</u>						
	All Usage	\$ 3.7580			4.4300	17.9%	
Private Fire							
<u>Monthly</u>							<u>Quarterly</u>
1"	\$ 2.46	\$ 3.23	\$ 2.46	0.0%	\$ 3.64	12.7%	\$ 10.92
1 1/2"	5.52	7.27	5.52	0.0%	8.19	12.7%	24.57
2"	9.80	12.92	9.80	0.0%	14.55	12.6%	43.65
3"	22.06	29.06	22.06	0.0%	32.72	12.6%	98.16
4"	32.14	42.34	32.14	0.0%	47.67	12.6%	143.01
6"	52.30	68.90	52.30	0.0%	77.58	12.6%	232.74
8"	90.46	119.15	90.46	0.0%	134.16	12.6%	402.48
10"	121.40	159.91	121.40	0.0%	180.06	12.6%	540.18
12"	252.63	231.01	252.63	0.0%	260.12	12.6%	780.36
Public Fire							
<u>Monthly</u>							<u>Quarterly</u>
Hydrant	N/A	0	N/A		\$ 5.89		\$ 17.67

CITY OF LANCASTER - WATER FUND

STATEMENT OF OPERATING REVENUES FOR THE TWELVE MONTHS ENDED MARCH 31, 2025 AND MARCH 31, 2027
AND THE CALCULATION OF THE SETTLEMENT REVENUE INCREASE FROM INSIDE-CITY AND OUTSIDE-CITY CUSTOMERS BY CUSTOMER CLASSIFICATION

Pursuant To Subsection 53.53 Exhibit D II(2) of Tariff Regulations

Customer Classification (1)	Revenues Per Books, 12 Months Ended 31-Mar-25 (2)	Historic Test Year Pro Forma Adjustments Under Present Rates* (3) (4)		Pro Forma, 31-Mar-25 Present Rates (5)	Pro Forma Future and FPFTY Pro Forma Adjustments Under Present Rates (6) (7)		Pro Forma, 31-Mar-27 Present Rates (8)	Under Settlement Rates, Supplement No. 49 to Tariff Water Pa-PUC No. 6 Increase Amount (9) (10)		Pro Forma, Settlement Rates 31-Mar-27 (11)
		Ref.	Amount		Ref.	Amount		Percent	Amount	
OUTSIDE-CITY										
Sales of Water										
Residential	\$ 10,684,388	R2 \$ 713		\$ 10,685,101	R5 \$ 43,118		\$ 10,728,219	20.6%	\$ 2,213,921	\$ 12,942,140
Commercial	8,319,887	R2,R3 (693)		8,319,194	R5 39,073		8,358,266	18.6%	1,556,141	9,914,407
Industrial	1,531,162	R2 -		1,531,162	R5 -		1,531,162	19.6%	300,587	1,831,749
Large Industrial	1,000,202			1,000,202			1,000,202	17.9%	178,746	1,178,948
Other Water Utilities	543,555			543,555			543,555	18.2%	98,892	642,447
Private Fire Protection	443,910	R3 2,772		446,682	R7 -		446,682	12.6%	56,272	502,954
Public Fire Protection	-			-			-		295,420	295,420
Total Sales of Water	22,523,104	2,792		22,525,896	82,191		22,608,086	20.8%	4,699,978	27,308,065
Other Operating Revenues										
Lien Interest and Costs	774			774			774			774
Rental Income	199,694			199,694			199,694			199,694
Sewer Reimb - Meter Shop	32,244			32,244			32,244			32,244
Misc. Revenue	36,611			36,611			36,611			36,611
State Aid for Pension Expense	279,298			279,298			279,298			279,298
Total Other Revenues	548,622	-		548,622	-		548,622	0.0%	-	548,622
Total Outside City	23,071,726	2,792		23,074,517	82,191		23,156,708	20.3%	4,699,978	27,856,686
Total Inside & Outside City	\$ 34,672,833	\$ 66,083		\$ 34,738,916	\$ 74,589		\$ 34,813,505	13.5%	\$ 4,699,978	\$ 39,513,484

CITY OF LANCASTER - WATER FUND
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation	HTY Adjustment Increase (Decrease)
--------------	-------------	---

R1 To annualize Inside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 3/31/2025 under present rates.

Customer Classification	Number of Customers		Customer Gain/(Loss)	Annual Bill, Present Rates	HTY Annualized Revenue Adjustment (Half Year)	
	31-Mar-24	31-Mar-25			(5)	(6)
(1)	(2)	(3)	(4)	(5)	(6)	(6)
Residential	14,960	14,960	-	\$ 430.26	\$ -	\$ -
Commercial	1,872	1,864	(8)	2,558.70	\$ (10,235)	(10,235)
Industrial	41	41	-	8,562.48	-	-
<hr/>						
Total	16,873	16,865	(8)			(10,235)

R2 To annualize Outside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 3/31/2025 under present rates.

Customer Classification	Number of Customers		Average Customer Gain/(Loss)	Average Annual Bill, Present Rates	Annualized Revenue Adjustment (Half Year)	
	31-Mar-24	31-Mar-25			(5)	(6)
(1)	(2)	(3)	(4)	(5)	(6)	(6)
Residential	29,659	29,663	4	\$ 356.35	\$ 713	\$ 713
Commercial	1,893	1,892	(1)	4,341.40	(2,171)	(2,171)
Industrial	69	69	-	20,762.69	-	-
<hr/>						
Total	31,621	31,624	3			(1,458)

CITY OF LANCASTER - WATER FUND
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation			HTY Adjustment Increase (Decrease)	
R3	To impute Inside-City and Outside-City operating revenues for City-owned properties, not recorded by the City under present rates.				
	<u>Customer Classification</u>	<u>Number of Bills</u>	<u>Usage, 1,000 Gals.</u>	<u>Present Rates</u>	<u>Revenue</u>
	<u>INSIDE-CITY - Commercial</u>				
	5/8" Monthly	295		\$ 9.10	\$ 2,685
	3/4" Monthly	22		\$ 9.10	200
	1" Monthly	44		\$ 24.18	1,064
	1-1/2" Monthly	12		\$ 37.96	456
	2" Monthly	39		\$ 59.28	2,312
	3" Monthly	112		\$ 117.26	13,133
	4" Monthly	11		\$ 183.04	2,013
	6" Monthly	33		\$ 364.00	12,012
	Consumption				
	First Block		4,692	6.8400	32,093
	Second Block		890	5.7000	5,073
	Subtotal	568	5,582		71,041
	<u>INSIDE-CITY - Fire</u>				
	4" Monthly	24		32.14	771
	6" Monthly	12		52.30	628
	8" Monthly	12		90.46	1,086
	Subtotal	48	-		2,485
	Total	616	5,582		73,526
	<u>OUTSIDE-CITY - Commercial</u>				
	2" Monthly	22		51.90	1,142
	Consumption				
	First Block		70	4.796	336
	Second Block		-	3.949	-
	Subtotal	22	70		1,478
	<u>OUTSIDE-CITY - Fire</u>				
	12" Monthly	12		231.01	2,772
		34	70		4,250
	Total Historic Test Year, Pro Forma Operating Revenue Adjustments Under Present Rates				\$ 66,083

CITY OF LANCASTER WATER FUND
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation	FPFTY Adjustment Increase (Decrease)
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R4 To adjust Inside-City Operating Revenues for the projected gain in the number of customers through March 31, 2027

Customer Classification	Gain in Number of Customers, 12 Months Ended		Annual Average Gain/Loss in Customers	FPFTY Gain/Loss in Customers	Average Annual Bill, Present Rates	FPFTY Revenue Adjustment	
	31-Mar-24	31-Mar-25					
Residential	2	-	1.0	2.0	\$ 430.26	\$ 861	\$ 861
Commercial	(2)	(8)	(5.0)	(10.0)	2,558.70	(25,587)	(25,587)
Industrial	2	-	1.0	2.0	8,562.48	17,125	17,125
Total	2	(8)	(3.0)	(6.0)		(7,601)	

R5 To adjust Outside-City Operating Revenues for the projected gain in the number of customers through March 31, 2027

Customer Classification	Gain in Number of Customers, 12 Months Ended		Annual Average Gain/Loss in Customers	FPFTY Gain/Loss in Customers	Average Annual Bill, Present Rates	FPFTY Revenue Adjustment	
	31-Mar-24	31-Mar-25					
Residential	117	4	60.5	121.0	\$ 356.35	\$ 43,118	\$ 43,118
Commercial	10	(1)	4.5	9.0	4,341.40	39,073	39,073
Industrial	-	-	-	-	20,762.69	-	-
Total	127	3	65.0	130.0		82,191	

CITY OF LANCASTER WATER FUND
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation	FPFTY Adjustment Increase (Decrease)
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R6 To adjust Inside-City Operating Revenues for projected gain in the number of private fire lines.

INSIDE-CITY - Private Fire Protection:

Size	Number of Units,		Change in Units	FPFTY Change in Units	Present Rates	FPFTY Revenue Adjustment		
	31-Mar-24	31-Mar-25					\$	\$
<u>Monthly</u>								
1-inch	2.0	2.0	-	-	\$ 2.46	\$ -		
2-inch	1.0	1.0	-	-	9.80	\$ -		
3-inch	2.0	2.0	-	-	22.06	\$ -		
4-Inch	93.0	93.0	-	-	32.14	-		
6-Inch	182.0	182.0	-	-	52.30	-		
8-Inch	71.0	71.0	-	-	90.46	-		
10-Inch	7.0	7.0	-	-	121.40	-		
12-Inch	1.0	1.0	-	-	252.63	-		
Total	356.0	356.0	0.0	0.0		\$ -	\$ -	-

CITY OF LANCASTER WATER FUND
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER PRESENT RATES

Adj. Ref.	Explanation						FPFTY Adjustment Increase (Decrease)
	To adjust Outside-City Operating Revenues for projected gain in the number of private fire lines.						
R7	OUTSIDE-CITY	Change in Number of Units,		Change in Units	FPFTY Change in Units	Present Rates	FPFTY Revenue Adjustment
		31-Mar-24	31-Mar-25				
	<u>Size</u>						
	<u>Monthly</u>						
	2-inch	1	1	-	-	\$ 12.92	-
	4-Inch	37.0	37.0	-	-	42.34	-
	6-Inch	251.0	251.0	-	-	68.90	-
	8-Inch	125.0	125.0	-	-	119.15	-
	10-Inch	15.0	15.0	-	-	159.91	-
	12-Inch	3.0	3.0	-	-	231.01	-
	Total	431.0	431.0	0.0	0.0	0	\$ -
	Total Future Test Year, Pro Forma Operating Revenue Adjustments Under Present Rates						<u>\$ 74,589</u>

CITY OF LANCASTER - BUREAU OF WATER

SUMMARY OF APPLICATION OF PRESENT AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS AS OF 3/31/2025
AND PRO FORMA REVENUES UNDER SETTLEMENT RATES AS OF 3/31/2027

(1) Customer Classification	(2) Revenues Per Books, 31-Mar-25	(3) Application of Present Rates to Bill Analysis		(4)=(2)/(3) Adjustment Factor	(5) Application of Settlement Rates to Bill Analysis		(6)=(5)X(4) Adjusted Revenues at Settlement Rates	(7) Historic Test Year Pro Forma Adjustments Under Settlement Rates*		(9) Pro Forma, 31-Mar-25 Settlement Rates,	(10) Future Test Year Pro Forma Adjustments Under Settlement Rates*		(11) Amount	(12) Pro Forma, 31-Mar-27 Settlement Rates
		(3)	(5)		(7)	(8)		(10)	(11)					
INSIDE-CITY														
Residential	\$ 6,081,671	\$ 6,062,335	\$ 6,062,335	1.003190	\$ 6,081,671	\$ 6,081,671	\$ -	R8	\$ 6,081,671	R11	\$ 861	\$ 6,082,532		
Commercial	4,639,344	4,624,594	4,624,594	1.003190	4,639,344	4,700,150	60,806	R8,R10	4,700,150	R11	(25,587)	4,674,563		
Industrial	357,193	356,057	356,057	1.003191	357,193	357,193			357,193	R11	17,125	374,318		
Private Fire	241,941	241,172	241,172	1.003188	241,941	244,426	2,485	R10	244,426	R13	-	244,426		
Total Inside	11,320,149	11,284,158	11,284,158		11,320,149	11,383,440	63,291		11,383,440		(7,601)	11,375,839		
OUTSIDE-CITY														
Residential	\$ 10,684,388	\$ 10,650,419	\$ 12,848,574	1.003189	\$ 12,889,554	\$ 12,890,409	\$ 855	R9,R10	\$ 12,890,409	R12	\$ 51,731	\$ 12,942,140		
Commercial	8,319,887	8,293,434	9,837,935	1.003190	9,869,313	9,868,634	(679)	R9,R10	9,868,634	R12	45,772	9,914,407		
Industrial	1,531,162	1,526,294	1,825,925	1.003190	1,831,749	1,831,749	-	R9	1,831,749	R12	-	1,831,749		
Large Industrial	1,000,202	997,022	1,175,199	1.003190	1,178,948	1,178,948			1,178,948			1,178,948		
Other Water Utilities	543,555	541,826	640,404	1.003190	642,447	642,447			642,447			642,447		
Private Fire	443,910	442,500	498,244	1.003187	499,832	502,954	3,121	R10	502,954	R14	-	502,954		
Public Fire	-	-	295,420	1.000000	295,420	295,420			295,420			295,420		
Total Outside	22,523,104	22,451,494	27,207,264		27,207,264	27,210,561	3,297		27,210,561		97,503	27,308,065		
Total Sale of Water	\$ 33,843,253	\$ 33,735,652	\$ 38,527,413		\$ 38,527,413	\$ 38,594,002	\$ 66,589		\$ 38,594,002		\$ 89,902	\$ 38,683,903		

CITY OF LANCASTER - WATER FUND
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation	HTY Adjustment Increase (Decrease)
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R8 To annualize Inside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 3/31/2025, under settlement rates.

	Number of Customers		Customer Gain/(Loss)	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment (Half Year)	
	31-Mar-24	31-Mar-25				
	(2)	(3)				
Residential	14,960	14,960	-	\$ 430.26	\$ -	\$ -
Commercial	1,872	1,864	(8)	2,558.70	(10,235)	(10,235)
Industrial	41	41	-	8,562.48	-	-
Total	16,873	16,865	(8)		(10,235)	

R9 To annualize Outside-City Operating Revenues for the net gain or loss in the number of customers during the twelve months ended 12/31/2024, under settlement rates.

Customer Classification	Number of Customers		Customer Gain/(Loss)	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment (Half Year)	
	31-Mar-24	31-Mar-25				
	(2)	(3)				
Residential	29,659	29,663	4	\$ 427.53	\$ 855	\$ 855
Commercial	1,893	1,892	(1)	5,085.81	(2,543)	(2,543)
Industrial	69	69	-	23,839.93	-	-
Total	31,621	31,624	3		(1,688)	

CITY OF LANCASTER - WATER FUND
HISTORIC TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation		HTY Adjustment Increase (Decrease)																																																																																																																																																																																				
R10	To impute Inside-City and Outside-City operating revenues for City-owned properties not recorded by the City under settlement rates.																																																																																																																																																																																						
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 30%;"><u>Customer Classification</u></th> <th style="text-align: center; width: 15%;"><u>Number of Bills</u></th> <th style="text-align: center; width: 15%;"><u>Usage, 1,000 Gals.</u></th> <th style="text-align: center; width: 15%;"><u>Settlement Rates</u></th> <th style="text-align: center; width: 15%;"><u>Revenue</u></th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td colspan="6"><u>INSIDE-CITY - Commercial</u></td> </tr> <tr> <td>5/8" Monthly</td> <td style="text-align: center;">295</td> <td></td> <td style="text-align: right;">\$ 9.10</td> <td style="text-align: right;">\$ 2,685</td> <td></td> </tr> <tr> <td>3/4" Monthly</td> <td style="text-align: center;">22</td> <td></td> <td style="text-align: right;">\$ 9.10</td> <td style="text-align: right;">200</td> <td></td> </tr> <tr> <td>1" Monthly</td> <td style="text-align: center;">44</td> <td></td> <td style="text-align: right;">\$ 24.18</td> <td style="text-align: right;">1,064</td> <td></td> </tr> <tr> <td>1-1/2" Monthly</td> <td style="text-align: center;">12</td> <td></td> <td style="text-align: right;">\$ 37.96</td> <td style="text-align: right;">456</td> <td></td> </tr> <tr> <td>2" Monthly</td> <td style="text-align: center;">39</td> <td></td> <td style="text-align: right;">\$ 59.28</td> <td style="text-align: right;">2,312</td> <td></td> </tr> <tr> <td>3" Monthly</td> <td style="text-align: center;">112</td> <td></td> <td style="text-align: right;">\$ 117.26</td> <td style="text-align: right;">13,133</td> <td></td> </tr> <tr> <td>4" Monthly</td> <td style="text-align: center;">11</td> <td></td> <td style="text-align: right;">\$ 183.04</td> <td style="text-align: right;">2,013</td> <td></td> </tr> <tr> <td>6" Monthly</td> <td style="text-align: center;">33</td> <td></td> <td style="text-align: right;">\$ 364.00</td> <td style="text-align: right;">12,012</td> <td></td> </tr> <tr> <td colspan="6">Consumption</td> </tr> <tr> <td>First Block</td> <td></td> <td style="text-align: center;">4,692</td> <td style="text-align: right;">6.8400</td> <td style="text-align: right;">32,093</td> <td></td> </tr> <tr> <td>Second Block</td> <td></td> <td style="text-align: center;">890</td> <td style="text-align: right;">5.7000</td> <td style="text-align: right;">5,073</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Subtotal</td> <td style="text-align: center; border-top: 1px solid black;">568</td> <td style="text-align: center; border-top: 1px solid black;">5,582</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">71,041</td> <td style="text-align: right;">\$ 71,041</td> </tr> <tr> <td colspan="6"><u>INSIDE-CITY - Fire</u></td> </tr> <tr> <td>4" Monthly</td> <td style="text-align: center;">24</td> <td></td> <td style="text-align: right;">32.14</td> <td style="text-align: right;">771</td> <td></td> </tr> <tr> <td>6" Monthly</td> <td style="text-align: center;">12</td> <td></td> <td style="text-align: right;">52.30</td> <td style="text-align: right;">628</td> <td></td> </tr> <tr> <td>8" Monthly</td> <td style="text-align: center; border-top: 1px solid black;">12</td> <td style="text-align: center; border-top: 1px solid black;"></td> <td style="text-align: right; border-top: 1px solid black;">90.46</td> <td style="text-align: right; border-top: 1px solid black;">1,086</td> <td style="text-align: right; border-top: 1px solid black;">2,485</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">2,485</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: center;">1,184</td> <td style="text-align: center;">5,582</td> <td></td> <td style="text-align: right;">73,526</td> <td></td> </tr> <tr> <td colspan="6"><u>OUTSIDE-CITY - Commercial</u></td> </tr> <tr> <td>2" Monthly</td> <td style="text-align: center;">22</td> <td></td> <td style="text-align: right;">66.92</td> <td style="text-align: right;">1,472</td> <td></td> </tr> <tr> <td colspan="6">Consumption</td> </tr> <tr> <td>First Block</td> <td></td> <td style="text-align: center;">70</td> <td style="text-align: right;">5.5970</td> <td style="text-align: right;">392</td> <td></td> </tr> <tr> <td>Second Block</td> <td></td> <td style="text-align: center;">-</td> <td style="text-align: right;">4.5100</td> <td style="text-align: right;">0</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Subtotal</td> <td style="text-align: center; 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border-top: 3px double black;">\$ 66,589</td> <td></td> </tr> </tbody> </table>	<u>Customer Classification</u>	<u>Number of Bills</u>	<u>Usage, 1,000 Gals.</u>	<u>Settlement Rates</u>	<u>Revenue</u>		<u>INSIDE-CITY - Commercial</u>						5/8" Monthly	295		\$ 9.10	\$ 2,685		3/4" Monthly	22		\$ 9.10	200		1" Monthly	44		\$ 24.18	1,064		1-1/2" Monthly	12		\$ 37.96	456		2" Monthly	39		\$ 59.28	2,312		3" Monthly	112		\$ 117.26	13,133		4" Monthly	11		\$ 183.04	2,013		6" Monthly	33		\$ 364.00	12,012		Consumption						First Block		4,692	6.8400	32,093		Second Block		890	5.7000	5,073		Subtotal	568	5,582		71,041	\$ 71,041	<u>INSIDE-CITY - Fire</u>						4" Monthly	24		32.14	771		6" Monthly	12		52.30	628		8" Monthly	12		90.46	1,086	2,485					2,485		Total	1,184	5,582		73,526		<u>OUTSIDE-CITY - Commercial</u>						2" Monthly	22		66.92	1,472		Consumption						First Block		70	5.5970	392		Second Block		-	4.5100	0		Subtotal	22	70		1,864	1,864	<u>OUTSIDE-CITY - Fire</u>						12" Monthly	12		260.12	3,121	3,121	Total	34	70		4,985		Total Historic Test Year, Pro Forma Operating Revenue Adjustments Under Settlement Rates				\$ 66,589			
<u>Customer Classification</u>	<u>Number of Bills</u>	<u>Usage, 1,000 Gals.</u>	<u>Settlement Rates</u>	<u>Revenue</u>																																																																																																																																																																																			
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CITY OF LANCASTER WATER FUND
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation	FPFTY Adjustment Increase (Decrease)
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R11 To adjust Inside-City Operating Revenues for the projected gain in the number of customers through March 31, 2027

Customer Classification	Gain in Number of Customers, 12 Months Ended		Annual Average Gain in Customers	FPFTY Gain/Loss in Customers	Average Annual Bill, Settlement Rates	FPFTY Revenue Adjustment	
	31-Mar-24	31-Mar-25					
Residential	2	-	1.0	2.0	\$ 430.26	\$ 861	\$ 861
Commercial	(2)	(8)	(5.0)	(10.0)	2,558.70	(25,587)	(25,587)
Industrial	2	-	1.0	2.0	8,562.48	17,125	17,125
Public	-	-	-	-	-	-	-
Total	2	(8)	(3.0)	(6.0)		(7,601)	

R12 To adjust Outside-City Operating Revenues for the projected gain in the number of customers through March 31, 2027

Customer Classification	Gain in Number of Customers, 12 Months Ended		Annual Average Gain in Customers	FPFTY Gain/Loss in Customers	Average Annual Bill, Settlement Rates	Annualized Revenue Adjustment	
	31-Mar-24	31-Mar-25					
Residential	117	4	60.5	121.0	\$ 427.53	\$ 51,731	\$ 51,731
Commercial	10	(1)	4.5	9.0	5,085.81	45,772	45,772
Industrial	-	-	-	-	23,839.93	-	-
Total	127	3	65.0	130.0		97,503	

CITY OF LANCASTER WATER FUND
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation	FPFTY Adjustment Increase (Decrease)
R13	To adjust Inside-City Operating Revenues for projected gain in the number of private fire lines under settlement rates.	

INSIDE-CITY - Private Fire Protection:

Size	Number of Units,		Change in Units	FPFTY	Settlement Rates	Revenue		
	31-Mar-24	31-Mar-25		Gain/Loss in Customers			\$	\$
Monthly								
1-inch	2.0	2.0	-	-	\$ 2.46	\$ -		
2-inch	1.0	1.0	-	-	9.80	-		
3-inch	2.0	2.0	-	-	22.06	-		
4-Inch	93.0	93.0	-	-	32.14	-		
6-Inch	182.0	182.0	-	-	52.30	-		
8-Inch	71.0	71.0	-	-	90.46	-		
10-Inch	7.0	7.0	-	-	121.40	-		
12-Inch	1.0	1.0	-	-	252.63	-		
Total	359.0	359.0	0.0	0.0		\$ -	\$ -	

CITY OF LANCASTER WATER FUND
FULLY PROJECTED FUTURE TEST YEAR

PRO FORMA OPERATING REVENUE ADJUSTMENTS
UNDER SETTLEMENT RATES

Adj. Ref.	Explanation	FPFTY Adjustment Increase (Decrease)
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R14 To adjust Outside-City Operating Revenues for projected gain in the number of private fire lines, under settlement rates.

OUTSIDE-CITY	Number of Units,		Change in	FPFTY Gain/Loss in	Settlement	Revenue
Size	31-Mar-24	31-Mar-25	Units	Customers	Rates	
Monthly						
2-inch	1.0	1.0	-	-	\$ 14.55	\$ -
4-Inch	37.0	37.0	-	-	47.67	-
6-Inch	251.0	251.0	-	-	77.58	-
8-Inch	125.0	125.0	-	-	134.16	-
10-Inch	15.0	15.0	-	-	180.06	-
12-Inch	3.0	3.0	-	-	260.12	-
 Total	 432.0	 432.0	 0.0	 0.0	 \$ -	 \$ -

Total Future Test Year, Pro Forma Operating

**CITY OF LANCASTER - BUREAU OF WATER
OUTSIDE THE CITY**

**APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED MARCH 31, 2025**

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Present Consumption (3)	Present Rate (4)	Revenue (5)	Settlement Consumption (6)	Settlement Rate (7)	Settlement Revenue (8)
<u>Residential - Monthly</u>							
Service Charge							
5/8"	223,681	-	\$ 7.95	\$ 1,778,264	-	\$ 10.25	\$ 2,292,730
3/4"	33,148	-	9.30	308,276	-	11.99	397,445
3/4" x 1"	56,462	-	16.70	942,915	-	21.53	1,215,627
1"	18,020	-	21.10	380,222	-	27.20	490,144
1 1/2"	521	-	33.20	17,297	-	42.81	22,304
2"	237	-	51.90	12,300	-	66.92	15,860
3"	-	-	102.40	-	-	132.03	-
4"	11	-	159.90	1,759	-	206.16	2,268
6"	11	-	318.00	3,498	-	410.00	4,510
8"	31	-	503.60	15,612	-	649.30	20,128
Total - Service Charge	332,122	-		3,460,144	-		4,461,016
First 25	-	1,468,322	\$ 4.7960	\$ 7,042,072	1,468,322	\$ 5.5970	\$ 8,218,198
Next 575	-	37,112	3.9490	146,555	37,112	4.5100	167,375
Over 600	-	444	3.7100	1,647	444	4.4700	1,985
	-	1,505,878		7,190,275	1,505,878		8,387,558
Total Residential	332,122	1,505,878		\$ 10,650,419	1,505,878		\$ 12,848,574
<u>Commercial - Monthly</u>							
Service Charge							
5/8"	3,871	-	\$ 7.95	\$ 30,774	-	\$ 10.25	\$ 39,678
3/4"	2,019	-	9.30	18,777	-	11.99	24,208
1"	5,265	-	21.10	111,092	-	27.20	143,208
1 1/2"	2,746	-	33.20	91,167	-	42.81	117,556
2"	6,353	-	51.90	329,721	-	66.92	425,143
3"	395	-	102.40	40,448	-	132.03	52,152
4"	749	-	159.90	119,765	-	206.16	154,414
6"	1,018	-	318.00	323,724	-	410.00	417,380
8"	649	-	503.60	326,836	-	649.30	421,396
10"	138	-	666.20	91,936	-	858.94	118,534
Total - Service Charge	23,203	-		1,484,240	-		1,913,668
First 25		270,050	\$ 4.7960	\$ 1,295,160	270,050	\$ 5.5970	\$ 1,511,470
Next 575		930,788	3.9490	3,675,682	930,788	4.5100	4,197,854
Over 600		495,513	3.7100	1,838,353	495,513	4.4700	2,214,943
	-	1,696,351		6,809,195	1,696,351		7,924,267
Total Commercial	23,203	1,696,351		8,293,434	1,696,351		9,837,935

**CITY OF LANCASTER - BUREAU OF WATER
OUTSIDE THE CITY**

**APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED MARCH 31, 2025**

<u>Rate Block 1000 Gallons</u> (1)	<u>Number Of Bills</u> (2)	<u>Present Consumption</u> (3)	<u>Present Rate</u> (4)	<u>Revenue</u> (5)	<u>Settlement Consumption</u> (6)	<u>Settlement Rate</u> (7)	<u>Settlement Revenue</u> (8)
<u>Industrial - Monthly</u>							
Service Charge							
5/8"	67	-	\$ 7.95	\$ 533	-	\$ 10.25	\$ 687
3/4"	33		9.30	307		11.99	396
1"	121	-	21.10	2,553	-	27.20	3,291
1 1/2"	81	-	33.20	2,689	-	42.81	3,468
2"	309	-	51.90	16,037	-	66.92	20,678
3"	12	-	102.40	1,229	-	132.03	1,584
4"	101	-	159.90	16,150	-	206.16	20,822
6"	69	-	318.00	21,942	-	410.00	28,290
8"	59	-	503.60	29,712	-	649.30	38,309
10"	34	-	666.20	22,651	-	858.94	29,204
Total - Service Charge	886	-		\$ 113,803	-		\$ 146,729
First 25	-	12,391	\$ 4.7960	\$ 59,427	12,391	\$ 5.5970	\$ 69,352
Next 575	-	82,259	3.9490	324,841	82,259	4.5100	370,988
Over 600	-	277,149	3.7100	1,028,223	277,149	4.4700	1,238,856
	-	371,799		1,412,491	371,799		1,679,197
Subtotal	886	371,799		1,526,294	371,799		1,825,925
<u>Large Industrial - Monthly</u>							
Service Charge							
8"	12		\$ 503.60	\$ 6,043		\$ 649.30	\$ 7,792
10"	12		666.20	7,994		858.94	10,307
	24	-		14,038	-		18,099
All Usage		275,500	3.5680	\$ 982,984	275,500	4.2000	\$ 1,157,100
Subtotal	24	275,500		997,022	275,500		1,175,199
Total Industrial	910	647,299		2,523,315	647,299		3,001,124

**CITY OF LANCASTER - BUREAU OF WATER
OUTSIDE THE CITY**

**APPLICATION OF PRESENT RATES AND SETTLEMENT RATES TO CONSUMPTION ANALYSIS
YEAR ENDED MARCH 31, 2025**

Rate Block 1000 Gallons (1)	Number Of Bills (2)	Present Consumption (3)	Present Rate (4)	Revenue (5)	Settlement Consumption (6)	Settlement Rate (7)	Settlement Revenue (8)
<u>Sales for Resale - Monthly</u>							
Service Charge							
4"	24	-	\$ 159.90	\$ 3,838	-	\$ 206.16	\$ 4,948
6"	36	-	318.00	11,448	-	410.00	14,760
Total - Service Charge	60	-		15,286	-		19,708
All Usage	-	140,112	\$ 3.758	\$ 526,541	140,112	\$ 4.430	\$ 620,696
	-	140,112		526,541	140,112		620,696
Subtotal	60	140,112		\$ 541,826	140,112		\$ 640,404
<u>Private Fire - Monthly</u>							
Service Charge							
2"	12		\$ 29.06	\$ 349		\$ 32.72	\$ 393
4"	444		42.34	18,799		47.67	21,165
6"	3,012		68.90	207,527		77.58	233,671
8"	1,500		119.15	178,725		134.16	201,240
10"	180		159.91	28,784		180.06	32,411
12"	36		231.01	8,316		260.12	9,364
Total Private Fire	5,172			442,500			498,244
<u>Public Fire - Monthly</u>							
Service Charge Hydrant	50,148		-	-		\$ 5.89	\$ 295,420
Total Public Fire	50,148			-			295,420
Total Outside	411,615	3,989,640		\$ 22,451,494	3,989,640		\$ 27,121,701

APPENDIX C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Erin Gannon, Presiding

Pennsylvania Public Utility Commission v. City of Lancaster - Bureau of Water	R-2025-3057237 C-2025-3057935 C-2025-3057993 C-2025-3058103 C-2025-3058728
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**CITY OF LANCASTER STATEMENT IN SUPPORT OF JOINT PETITION
FOR COMPLETE SETTLEMENT OF RATE INVESTIGATION**

The City of Lancaster Bureau of Water (the “City”), by and through its undersigned counsel, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Settlement of Rate Investigation (“Joint Petition”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interest of the City and its jurisdictional water customers.

I. BACKGROUND

After extensive discovery all active parties to this proceeding participated in settlement discussions and as a result, the City, the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”) and the Office of the Small Business Advocate (“OSBA”) have agreed upon the terms embodied in the foregoing Joint Petition.

The City is a Commission-regulated water system as it relates to the 31,624 customers it serves outside of the City of Lancaster in of all of the following Townships in Lancaster County, Pennsylvania: Lancaster Township, Manheim Township, Millersville Borough, West Lampeter

Township, Pequea and portions of Manor, West Hempfield and East Hempfield Townships and East Lampeter.

On September 30, 2025, the City filed Supplement No. 49 to Lancaster Water Tariff – PA P.U.C. No. 6 (“Supplement No. 49”) proposing to increase its annual operating revenues for water service by \$7,005,217 for customers located in the Commission jurisdictional area (*i.e.*, those customers located outside of the City of Lancaster). On October 10, 2025, the Bureau of Technical Utility Services (“TUS”) asked via secretarial letter that the City address certain requests for additional information. On October 27, 2025, the City provided verified responses to TUS’ data requests.

On October 10, 2021, I&E filed a Notice of Appearance and OSBA filed a Complaint, Public Statement, and Notice of Appearance. On October 13, 2025, James M. Blevins filed a Complaint. On October 15, 2025, OCA filed a Complaint, Public Statement and Notice of Appearance. On November 20, 2025, Nicholas Cammauf filed a Complaint.

On November 6, 2025, the Commission issued an Order suspending the City’s proposed Supplement No. 49 by operation of law until June 29, 2026. Thereafter, on November 7, 2026, the City filed conforming Supplement No. 50 to Tariff Water – Pa. P.U.C. No. 6. By the same Order, the Commission assigned the case to the Office of Administrative Law Judge. The proceeding was later assigned to ALJ Gannon. A telephonic Prehearing Conference was held on November 18, 2025, where a procedural schedule was established and modifications to the Commission’s discovery regulations were adopted for this proceeding. Extensive discovery was propounded by the OCA, I&E, and the OSBA and the City responded to the discovery requests.

The City, OCA, I&E and OSBA filed Direct Testimony. The City, OCA and I&E filed Rebuttal Testimony. OCA, I&E and OSBA filed Surrebuttal Testimony. The City filed Rejoinder

Testimony. Thereafter, the parties engaged in settlement negotiations resulting in the settlement embodied in the Joint Petition and as summarized herein. The parties have been able to agree to a proposed revenue increase and a rate design to recover the agreed-upon increase, thereby resolving all issues raised by the participants to this proceeding.

II. TERMS AND CONDITIONS OF SETTLEMENT

The City represents that the settlement reached by the parties is the result of extensive discovery, negotiations and compromises by all parties. The City submits that the settlement reached in this proceeding is in the public interest for the following reasons.

Revenue Requirement & Rates. The City will be permitted to establish rates for customers which will produce an overall increase in annual operating revenues of approximately \$4,700,000. These rates, as determined in accordance with the Proof of Revenues attached as Appendix B to the Joint Petition will be effective on and after June 29, 2026. See also Joint Petition, at 4 (table). For jurisdictional customers, the rates by class will increase from present rates as a result of the Settlement as follows (and as reflected in Supplement No. 51 to Tariff Water – Pa. P.U.C. No. 6, attached to the Joint Petition as Appendix A):

Commission Jurisdictional Area Customer Rates

Meter Size Classification	Current Monthly Customer Charge	Settlement Monthly Customer Charge
5/8"	\$7.95	\$10.25
3/4"	9.30	11.99
3/4 x 1"	16.70	21.53
1"	21.10	27.20
1-1/2"	33.20	42.81
2"	51.90	66.92
3"	102.40	132.03
4"	159.90	206.16
6"	318.00	410.00
8"	503.60	649.30
10"	666.20	858.94
12"	1,004.55	1,295.17

The consumption charges have also increased as follows: \$4.796 to \$5.597 for the first 25,000 gallons/month; from \$3.949 to \$4.510 for the next 575,000 gallons/month; from \$3.710 to \$4.470 for all over 600,000 gallons/month; and from \$3.568 to \$4.200 for all consumption or Large Industrial customers. See Joint Petition, Appendix A, Supplement No. 51, at 29th Revised Page No. 4.

Under the Joint Petition, the monthly bill of a typical residential 5/8-inch metered residential customer residing in the Commission jurisdictional area who utilizes 4,500 gallons of water per quarter will increase from \$29.53 to \$35.44, or by approximately 20.0%, rather than from \$29.53 to \$38.32 (or 29.8%) as originally requested.

Reporting. The City will provide Fully Projected Future Test Year (“FPFTY”) reporting to I&E, OCA and OSBA updating the Original Cost of Utility Plant in Service as presented in Schedule 4 of Exhibit GRH-1 to the Direct Testimony of Gregory R. Herbert (City of Lancaster Statement No. 4) (including actual capital expenditures, plant additions, and retirements) on a monthly basis, for the fiscal year ending March 31, 2026 by July 1, 2026, and for the fiscal year ending March 31, 2027 by July 1, 2027. (Joint Petition, at ¶ 19). This settlement provision will ensure that I&E, OCA, and OSBA are receiving frequent financial reporting on actual capital expenditures, plant additions, and retirements that are anticipated to be completed and in-service by March 2027.

Customer Service. In response to the OCA’s numerous concerns about the City’s distribution of information regarding the Community Action Program (“CAP”) and availability of customer assistance programs to its jurisdictional customers, the City will implement the following for its outside customers:

a. The City will provide information on its water website for customers regarding CAP, which information will specifically state that CAP is open to “all” customers so that outside-City customers are informed that CAP is not exclusive to customers living in the City of Lancaster.

b. As part of its planned 2026 internal working group, the City will assess the following and report on its findings in the next base rate case:

- i. Offering a discount billing option for low-income customers;
- ii. Offering an Arrearage Management Plan for residential and commercial customers; and
- iii. Use of the Asset Limited, Income Constrained, Employed (“ALICE”) tool provided by the United Way for collecting and tracking data for low-income customers and the City’s ability to track essential metrics related to affordability for ALICE households, including:
 1. Average residential bills relative to ALICE income standards;
 2. Participation in low-income programs for jurisdictional low-income customers; and
 3. Arrears and payment plan arrangements for the jurisdictional ALICE population.

c. The City will actively review customer accounts to identify late payments of payment plans in default and proactively reach out to those customers to advise them of potential options that may be available to assist them with payment, such as providing information about CAP.

d. The City will continue its efforts to address perfluorooctanoic acid- (“PFOA”) related issues, as they arise. (Joint Petition, at ¶ 20.)

Implementation of these customer service measures properly address the concerns of OCA and are therefore in the public interest. Additionally, members of the public, including Mr. Michael Debakey and Ms. Brenda Hershey-Kelly, provided testimony at the input hearing relaying their concerns about PFOAs. This settlement provision will ensure that the City will continue its efforts to address these PFOA-related issues in a timely matter.

Tariff Changes. The City will implement the following changes in Tariff Supplement No. 51 to Water Tariff – PA P.U.C. No. 6, as reflected in Appendix A:

a. The language in Section 5.4 shall be replaced with the following: – “The Bureau of Water has contracted with a third-party to complete new service installation inspections. Customers and Developer shall be responsible for payment of the fee incurred by the Bureau of Water for inspection of the new service installation and shall make payment to the Bureau of Water within thirty (30) days of Date of Presentation to the Developer. If a Customer or Developer requests documentation supporting the fee, such as a request for invoices, the City shall provide the requested information. All meters for new service installations shall be installed within thirty (30) days of receipt of the meter from the Bureau of Water.”

b. The City will otherwise be permitted to update the tariff to effectuate the agreed settlement rates and to reflect the changes proposed in connection with its initial filing, as described more fully and as set forth in detail in the Direct Testimony of Christine Volkay-Hilditch, City of Lancaster Statement No. 3, at pp. 4-5. (Joint Petition, at ¶ 21.)

The tariff provision in subparagraph includes additional language, which was proposed by OSBA, to address concerns raised by OSBA regarding applicability of the provision and clarifies that this section is applicable to both developers and customers. The remaining tariff updates will aid customers as they provide clarity.

Rate Structure/Rate Design. The parties agree to the distribution of revenue among customer classes in this Petition for Settlement as set forth in the Proof of Revenues attached to the Joint Petition at Appendix B. The design and structure of rates for residential customers of the City under the Settlement are developed based upon the fixed and volumetric charges contained within the Rate Schedules set forth in Appendix B to the Joint Petition. The parties agree that rates and charges set forth in Appendix B are just and reasonable and are in the public interest. (Joint Petition, at ¶ 22.) The rate structure agreed upon by this settlement address the concerns of several members of the public who provided testimony regarding the rate increase requested in the City's initial filing, including Ms. Claire Van Cleve, Mr. Roy Baldwin, Ms. Bernadette Margel, and Representative Steven Mentzer, given that the monthly bill of a typical residential 5/8-inch metered residential customer residing in the Commission jurisdictional area who utilizes 4,500 gallons of water per quarter will increase from by approximately 20.0%, rather than by 29.8% as originally requested.

Depreciation Rates. The City shall be permitted to use the depreciation rates as proposed in its initial filing, as described more fully and as set forth in detail in the Direct Testimony of John J. Spanos, City of Lancaster Statement No. 5, and supporting Depreciation Studies, at Exhibits JJS-1 through 3. (Joint Petition, at ¶ 23.) The City maintains that the calculation procedures utilized by the City in calculating depreciation rates in its initial filing are appropriate. The parties have provided extensive testimony on this issue and have concluded that the City's depreciation rates are just and reasonable.

Fire Protection. The City will allocate 12.5% of the Public Fire Protection costs to municipalities receiving that service through implementation of Public Fire rates. In the City's next base rate proceeding, the City shall propose to increase that percentage to the statutorily

permitted 25.00%. (Joint Petition, at ¶ 24.) While the City was not an advocate for the implementation of public fire rates, it believes the compromise reached in this settlement whereby the City has agreed to adopt these news rates, but on a gradual basis, at only half of the allowable percentage of allocation of the costs to serve, appropriately benefits those customers who will be impacted by the new rate.

III. CONCLUSION

The parties agree that adoption and approval of the Joint Petition by ALJ Gannon and the Commission is in the public interest. The Joint Petition provides for a sound and reasonable revenue requirement and appropriately balances the interests and concerns of the City, I&E, OCA, and OSBA. In addition, adoption and approval of the Joint Petition will avoid the need for continued litigation of this proceeding, including the time and expense of briefing.

WHEREFORE, for all of the foregoing reasons, the City of Lancaster Bureau of Water supports the Joint Petition and respectfully requests that Administrative Law Judge Gannon and the Commission approve it in its entirety without modification.

Respectfully Submitted,



Courtney L. Schultz, Esquire

Kruti B. Patel, Esquire

Saul Ewing LLP

1735 Market Street, Suite 3400

Philadelphia, PA 19103

Counsel for City of Lancaster – Bureau of Water

Dated: February 26, 2026

APPENDIX D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3057237
	:	
City of Lancaster – Bureau of Water	:	

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR COMPLETE SETTLEMENT
OF RATE INVESTIGATION**

TO: ADMINISTRATIVE LAW JUDGE ERIN L. GANNON:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor, Scott B. Granger, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Complete Settlement of Rate Investigation (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, and reasonable balance of the interests of the City of Lancaster – Bureau of Water (“City” or “Lancaster Water” or the “Company”), I&E, the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (parties in the above-captioned proceeding and hereinafter collectively referred to as “Joint Petitioners” or the “Parties”), as well as the City’s jurisdictional ratepayers.

I. BACKGROUND

1. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served. Based upon I&E's analysis of the City's base rate filing, acceptance of this proposed Settlement is in the public interest and I&E recommends that the Administrative Law Judge and the Commission approve the Settlement in its entirety.

2. On November 5, 2024, as part of the general election, the City's Referendum to (i) move from being classified as a city of the third class operating under and pursuant to the Commonwealth of Pennsylvania Third Class City Code and Optional Third Class City Charter Law to a third class city under the Commonwealth of Pennsylvania Home Rule Charter and Optional Plans Law, and (ii) approve its Home Rule Charter was passed by majority vote.¹ The City's Home Rule Charter went into effect on January 1, 2025.²

3. The City's finances are segregated among more than 40 separate funds, each of which is a separate fiscal entity. Of this total, more than 30 are miscellaneous grant and private purpose trust funds.³ There are approximately 12 major operating funds including, but not limited to, the General Fund, Sewer Enterprise Fund ("Sewer Fund"), Water Fund, Solid Waste and Recycling Enterprise Fund, and the Stormwater

¹ City of Lancaster St. No. 1, pp. 2-3.

² *Id.*, p. 3.

³ *Id.*

Management Enterprise Fund.⁴ Additional operating funds include Capital Projects Funds, Liquid Fuels Fund, Trust and Charities Fund, the Police, Fire and Non-Uniformed Employees' Pension Trust Funds, Community Development Block Grant Fund, and the Longs Park Commission Fund, among others.⁵

4. All water system revenues flow through the Water Fund.⁶ The Water Fund also pays all of the direct operation and maintenance (“O&M”) expenses of the water system.⁷ Direct and indirect expenses for services relating to the water system which are provided by other City departments are paid for by the General Fund, which expenses are reimbursed by the Water Fund to the General Fund based on an annual cost allocation study performed by a firm contracted by the City of Lancaster.⁸

5. Capital improvements to the water system are paid for through the Water Fund.⁹ The Water Fund receives capital improvement funds primarily through the issuance of General Obligation (“GO”) bonds, but also from (i) the issuance of GO bank notes; (ii) loans administered by the Pennsylvania Infrastructure Investment Authority (PENNVEST); (iii) from certain federal, state and local grants; (iv) from Water Fund operating budget funds; and (v) interest earned on unexpended capital improvement funds.¹⁰ Vendors and contractors are also paid for work performed on capital improvements from the Water Fund.¹¹

⁴ City of Lancaster St. No. 1, p. 3.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*, p. 4.

¹⁰ City of Lancaster St. No. 1, p. 4.

¹¹ *Id.*

6. Additionally, with the City’s governance change to a Home Rule municipality, City Council must now adopt annually a long-range capital plan ordinance.¹² This annual ordinance will include a five-year capital plan for the Water Fund.¹³ Additionally, there will be public quarterly reporting on the plan.¹⁴ The 2026 Capital Improvement Plan was adopted by ordinance on September 23, 2025.¹⁵

7. On September 30, 2025, the City filed Supplement No. 49 to Tariff Water – PA P.U.C. No. 6 to become effective November 29, 2025.¹⁶ Lancaster Water is requesting the Commission approve a general distribution rate increase to its water rates pursuant to Section 1308 of the Public Utility Code. Lancaster Water’s proposed tariff would increase the Bureau’s total annual operating revenues by \$7,005,217, or 30.9% from the outside the City jurisdictional customers, based on a fully projected future test year (“FPFTY”) ending December 31, 2027.¹⁷

8. Lancaster Water requests to allocate the total revenue increase among customer classes outside of the City of Lancaster, as follows: 31.4% residential customers, 29.7% commercial customers, 30.8% industrial customers, 29.9% large industrial, 28.5% other water utilities, and 46.4% private fire.

9. I&E filed its Notice of Appearance on October 10, 2025.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ See City of Lancaster St. No. 3, Exh. CVH-2.

¹⁷ City of Lancaster St. No. 3, p. 3.

10. The OSBA filed its Formal Complaint and Public Statement also on October 10, 2025. Then, the OSBA filed its Notice of Appearance on October 12, 2025.

11. The OCA filed a Notice of Appearance and a Formal Complaint on October 15, 2025.

12. On November 6, 2025, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates by operation of law until June 29, 2026, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein.

13. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

14. A telephonic Prehearing Conference was held on November 18, 2025, at 10:00 a.m. before Administrative Law Judge Erin L. Gannon (“ALJ Gannon” or the “ALJ”) during which the parties agreed to a schedule for the conduct of the case including the service of testimony among the parties and the dates for evidentiary hearings.

15. Public Input Hearings were held in-person on Monday, December 15, 2025 at 1:00 pm and 6:00 pm; and telephonically on Tuesday, December 16th at 1:00 pm and 6:00 pm.

16. All parties undertook comprehensive discovery in this proceeding after the filing was made and continued to conduct discovery throughout the litigation and settlement negotiation process.

17. The evidentiary hearings scheduled for January 26, 2026, and January 27, 2026, were eventually cancelled as all parties agreed to waive cross examination on all witnesses and it was agreed that testimony and exhibits would be submitted into the record by joint stipulation and verification.

18. In accordance with the procedural schedule established at the prehearing conference, I&E served to all active parties the following seven (7) pieces of testimony and the accompanying four (4) exhibits from four (4) I&E witnesses:

Getachew Bedasa

I&E Statement No. 1

I&E Exhibit No. 1

I&E Statement No. 1-SR

D.C. Patel

I&E Statement No. 2

I&E Exhibit No. 2

I&E Statement No. 2-SR

Esyan Sakaya

I&E Statement No. 3

I&E Exhibit No. 3

I&E Statement No. 3-SR

Christine Wilson

I&E Statement No. 4-R

I&E Exhibit No. 4-R

19. In accordance with Commission policy encouraging settlements at 52 Pa. Code § 5.231 and § 69.401 as they often achieve results preferable to a fully litigated proceeding, I&E participated in settlement discussions with Lancaster Water and the Parties. Following extensive settlement negotiations, the Joint Petitioners reached a full settlement of all issues as set forth in the Joint Petition.

II. SETTLEMENT TERMS AND CONDITIONS

A. General

20. As stated *supra*, I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

21. “The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest.”¹⁸ The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”¹⁹

22. Settlements conserve precious administrative resources and provide regulatory certainty with respect to the disposition of issues with results that are often preferable to those achieved at the conclusion of a fully-litigated proceeding; and, provide a final resolution of adversarial proceedings which, in the Commission’s

¹⁸ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

¹⁹ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

judgement, is preferable.²⁰ The very nature of a settlement requires a review and discussion of all issues raised by the parties' and a negotiated compromise on the part of all parties.

23. I&E submits that this Settlement balances the interests of the Company, its jurisdictional customers, and the Joint Petitioners in a fair and equitable manner and presents a resolution for the Commission's adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Joint Petition. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement; I&E requests that the Settlement be recommended by ALJ Gannon, and approved by the Commission, without modification.

B. Revenue Requirement/Black Box Settlement (*Joint Petition ¶¶ 15-18*).

The Joint Petitioners agree that the terms of this Settlement reflect a carefully balanced "black box" compromise of the interests of all the active Parties in this proceeding. The Joint Petitioners also agree that Lancaster Water's September 30, 2025, distribution base rate increase filing should be otherwise approved subject to the terms and conditions of the Settlement set forth in the Joint Petition.

In the Settlement, the Joint Petitioners agreed to settlement terms regarding the overall base rate revenue increase. The settlement as to revenue requirement shall be a

²⁰ See generally 52 Pa. Code § 5.231 and § 69.401.

“black box” settlement, except for the items specifically set forth in the Joint Petition.

Specifically, the settlement terms regarding revenue requirement are as follows:

Lancaster Water will be permitted to charge, effective for service rendered on and after April 1, 2026, the Settlement Rates set forth in the Appendix B, Proof of Revenues, attached to the Joint Petition. The Settlement Rates are designed to produce an annual increase in revenues of \$4.70 million.

By way of comparison, in its initial filing, Lancaster Water requested a revenue increase of \$7,005,217 to claimed present rate revenues of \$23,232,683 for customers who reside outside the City of Lancaster, resulting in a PUC jurisdictional overall revenue requirement of \$30,237,900 for the FPFTY.²¹

I&E’s final total recommended revenue requirement was \$26,700,692.²² This recommended revenue requirement represented an increase of \$3,543,989 to the I&E calculated present rate revenues of \$23,156,703.²³

Further, I&E’s final recommended DCF based cost of common equity was 10.08% which was then adjusted downward to 7.86% to reflect a 22% implied tax rate adjustment.²⁴ By way of comparison, Lancaster Water’s final calculated cost of common equity of 10.90% which was tax-adjusted downward to 9.48% to reflect a 13% tax rate.²⁵

²¹ I&E St. No. 1, p. 2, *citing* Water Fund Exh. GRH-1, Sch. 1, p. 3.

²² I&E St. No. 2-SR, p. 3.

²³ *Id.*

²⁴ I&E St. No. 2, pp. 20-30. I&E St. No. 2-SR, pp. 2-3, 37-38.

²⁵ I&E St. No. 2-SR, pp. 4-5.

The final settled upon total revenue increase represents a negotiated, fair, and just compromise between I&E’s final recommended revenue increase and Lancaster Water’s initial request.

I&E fully supports the negotiated level of overall base rate revenue increase as compared to Lancaster Water’s original request. While the overall revenue requirement is a “black box” compromise, the overall revenue levels are within the levels advanced on the evidentiary record and reflect a full compromise of all revenue-related issues raised by the Parties. And, as a “black box” settlement, unless specifically addressed below, the Settlement does not reflect agreement upon individual issues. Therefore, in consideration of the extensive testimony presented by all of the Parties to this proceeding, I&E fully supports the negotiated level of overall jurisdictional base rate revenue increase as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, affected jurisdictional ratepayers, and the Commission with resolution of the overall revenue increase, all of which is in the public interest.

C. Reporting (*Joint Petition ¶ 19*).

In the Settlement, the Joint Petitioners agreed that Lancaster Water will provide Fully Projected Future Test Year (“FPFTY”) reporting to I&E, OCA and OSBA updating the Original Cost of Utility Plant in Service as presented in Schedule 4 of Exhibit GRH-1 to the Direct Testimony of Gregory R. Herbert (City of Lancaster Statement No. 4) (including actual capital expenditures, plant additions, and retirements) on a monthly basis, for the fiscal year ending March 31, 2026 by July 1, 2026, and for the fiscal year ending March 31, 2027 by July 1, 2027.

I&E presented record evidence recommending that Lancaster City provide the reporting as agreed to in the Settlement.²⁶ I&E, Lancaster Water and the Parties conducted good faith negotiations and as a result, Lancaster Water agreed to the reporting requirements recommended by I&E.²⁷ Therefore, in consideration of the settlement negotiations, I&E supports these settled upon terms as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, the Commission, and the ratepayers with regulatory certainty and a resolution of this concern which is in the public interest.

D. Customer Service (*Joint Petition ¶ 20*).

Lancaster Water and the Joint Petitioners agree the City will implement the following for the outside the city jurisdictional customers. I&E's reply in support of the customer service terms follows the list of settlement terms.

1. Information Provided Regarding Community Action Program (*Joint Petition ¶ 20(a)*).

In the Settlement, the Joint Petitioner agreed the City will provide information on its water website for customers regarding the Community Action Program ("CAP"), which information will specifically state that CAP is open to "all" customers so that outside-City customers are informed that CAP is not exclusive to customers living in the City of Lancaster.

²⁶ I&E St. No. 3, pp. 6-7.

²⁷ I&E St. No. 3-SR, pp. 2-3.

2. Internal Working Group Assessments (*Joint Petition ¶ 20(b)*).

In the Settlement, the Joint Petitioner agreed as part of its planned 2026 internal working group, Lancaster City will assess several low-income and arrearage offerings and report on its findings in the next base rate case.

3. Provision of Late Payment Plans (*Joint Petition ¶ 20(c)*).

In the Settlement, the Joint Petitioner agreed the City will actively review customer accounts to identify late payments of payment plans in default and proactively reach out to those customers to advise them of potential options that may be available to assist them with payment, such as providing information about CAP.

4. Perfluorooctanoic Acid (PFOA) Issues (*Joint Petition ¶ 20(d)*).

In the Settlement, the Joint Petitioner agreed The City will continue its efforts to address perfluorooctanoic acid related issues, as they arise.

I&E's Reply in Support of Customer Service Terms - I&E witness Christine Wilson submitted extensive testimony regarding the customer service proposals recommended by the various Parties and the settlement terms proposed by the Parties agreed to in the Joint Petition.²⁸ I&E expressed its concerns regarding whether there is a pressing need for the programs, the disparity between jurisdictional rates and non-jurisdictional rates, and whether the Commission has jurisdiction to require Lancaster Water to provided low-income programs for non-jurisdictional customers.²⁹

²⁸ See I&E St. No. 4-R, pp. 2-12.

²⁹ *Id.*, pp. 5, 5-7, 8-10.

I&E also shares the concerns of the interested Joint Petitioners. Further, I&E monitored the proposals and counter proposals offered by the parties throughout this proceeding. I&E does not oppose the settled upon terms set forth in the Joint Petition as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, the jurisdictional customers, and the Commission with regulatory certainty and resolution of the various low-income concerns, which is in the public interest.

E. Tariff Provisions (*Joint Petition ¶ 21*).

In the Settlement, the Joint Petitioners agreed that the City will implement the following changes in Tariff Supplement No. 51 to Water Tariff – PA P.U.C. No. 6, as reflected in Appendix A attached to the Joint Petition.

1. Service Installation Inspection Fees (*Joint Petition ¶ 21(a)*).

In the Settlement, the Joint Petitioner agreed the language in Tariff Section 5.4 shall be replaced with the language specified and set forth in the Joint Petition at paragraph 21(a).

2. Updated Tariff/Settlement Rates (*Joint Petition ¶ 21(b)*).

In the Settlement, the Joint Petitioners agreed that the City shall otherwise be permitted to update the tariff to effectuate the agreed settlement rates and to reflect the changes proposed in connection with its initial filing, as more fully set forth in Appendix A, Tariff Supplement 51, attached to the Joint Petition. Supplement 51 indicates the new Residential Customer Charge will be \$10.25 per month as compared to the proposed Residential Customer Charge of \$11.62 that was proposed in Supplement 49 (the initial filing).

I&E's Reply in Support of Tariff Provision Terms – I&E reviewed and analyzed Lancaster Water's record evidence and submitted testimony regarding scaling back of rates if the Commission approved a lower revenue increase than was requested.³⁰ Further, I&E, Lancaster Water, and the Parties conducted good faith negotiations. In consideration of the record evidence presented by all of the Parties and the results of the settlement negotiations, I&E supports these settled upon tariff terms as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, the jurisdictional ratepayers, and the Commission with a resolution which is in the public interest.

F. Rates Structure/Rate Design (*Joint Petition ¶ 22*).

In the Settlement, the Joint Petitioners agreed that the new rates and revenue will be allocated according to the Proof of Revenues as set forth in Appendix B attached to the Joint Petition. The design and structure of rates for residential customers of the City under this Joint Petition are developed based upon the fixed and volumetric charges contained within the Rate Schedules set forth in Appendix B.

I&E reviewed and analyzed Lancaster Water's record evidence and submitted testimony regarding the proposed rate structure and rate design.³¹ I&E raised concerns regarding Lancaster Water's unaccounted for water and a scaling back of new rates based on the actual amount approved by the Commission. I&E, Lancaster Water, and the Parties conducted good faith negotiations with regard to the various Parties positions proffered into the record. Therefore, in consideration of the record evidence presented by

³⁰ I&E St. No. 3, pp. 12-13; I&E St. No. 3-SR, p. 8.

³¹ *Id.*, pp. 8-13; *Id.*, pp. 3-8.

all of the Parties and the results of the settlement negotiations, I&E supports these settled upon rate structure and rate design terms as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, the jurisdictional ratepayers, and the Commission with a resolution which is in the public interest.

G. Depreciation Rates (*Joint Petition* ¶ 23).

In the Settlement, the Joint Petitioner agreed the City shall be permitted to use the depreciation rates as proposed in its initial filing, as described more fully and as set forth in detail in the Direct Testimony of John J. Spanos, City of Lancaster Statement No. 5, and supporting Depreciation Studies, at Exhibits JJS-1 through 3.

I&E submitted testimony regarding the Company's depreciation expense noting the need for Lancaster Water to update its jurisdictional claim for depreciation expense.³² In consideration of the record evidence presented by all of the Parties and the results of the settlement negotiations, I&E supports the depreciation rates settlement terms as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, the jurisdictional ratepayers, and the Commission with a resolution which is in the public interest.

H. Fire Protection (*Joint Petition* ¶ 24).

In the Settlement, the Joint Petitioner agreed the City will allocate 12.5% of the Public Fire Protection costs to municipalities receiving that service through

³² I&E St. No. 3, pp. 5-6.

implementation of Public Fire rates. In the City's next base rate proceeding, the City shall propose to increase that percentage to the statutorily permitted 25.00%.

I&E submitted testimony regarding public and private fire protection rates.³³ I&E expressed concerns regarding increases to the public and private fire protection rates and recommended the fire protection rates be included in and scale back of rates. And, in consideration of the record evidence presented by all of the Parties and the results of the settlement negotiations, I&E supports these fire protection rates settlement terms as a full and fair compromise that provides Lancaster Water, the Joint Petitioners, the jurisdictional ratepayers, and the Commission with a resolution which is in the public interest.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

24. I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with Lancaster Water or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the

³³ I&E St. No. 3, pp. 12-13.

interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

25. I&E submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all of which yield substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all parties agree benefits their discrete interests.

26. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Joint Petitioner.

27. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event that the Settlement is rejected by the Commission or otherwise properly withdrawn by any other parties to the Settlement. Further, I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during any future proceeding regarding Lancaster Water or any other public utility.

28. If the ALJ recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive

its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by the ALJ in his Recommended Decision. I&E also does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Complete Settlement of Rate Investigation as being in the public interest and respectfully requests that Administrative Law Judge Erin L. Gannon recommends, and the Commission approves, the terms and conditions contained in the Joint Petition without modification.

Respectfully Submitted,



Scott B. Granger
Prosecutor
PA Attorney ID No. 63641

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
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Dated: February 26, 2026

APPENDIX E

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3057237
	:	
City of Lancaster – Bureau of Water	:	
	:	

**STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE GANNON:

AND NOW, before the Honorable Administrative Law Judge (ALJ) Erin L. Gannon, and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Unanimous Settlement (Settlement) in the captioned proceeding, submits this Statement in Support of the Settlement, requesting approval of the terms and conditions of the Settlement as being supported by substantial record evidence and in the public interest.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. § 309-4. The OCA’s interest in this case is to ensure that utility consumers – who ultimately pay the revenue requirement to the utility – are paying no more than is necessary to ensure that public utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

B. Procedural Background

On September 30, 2025, City of Lancaster – Bureau of Water (Lancaster or City) filed Proposed Supplement No. 49 to Tariff Water – Pa. P.U.C. No. 6 with the Commission. The City proposed to increase rates to produce additional overall revenues of \$7 million per year, a 20.1% increase in overall distribution revenue requirement.

Under the City's initial proposal, the total bill for a residential customer purchasing 4,500 gallons per month using a 5/8" meter would have increased by \$8.79 from \$29.53 to \$38.32, or by approximately 29.8%. The City proposed increasing the monthly residential customer charge for a 5/8" meter from \$7.95 to \$11.62, or by 46% and for a 3/4" meter from \$9.30 to \$13.59, or by 46%. The City proposed a return on equity of 10.9%, resulting in an overall rate of return of 7.75% in conjunction with an imputed capital structure of 53% equity and 47% debt.

On October 15, 2025, the OCA filed a Formal Complaint, Public Statement, and Notice of Appearance in this proceeding to protect consumer interests in the City's service territory.

On November 6, 2025, the Commission issued an Order that initiated an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing in addition to the City's existing rates, rules, and regulations, assigned this matter to the OALJ for further proceedings as appropriate, and suspended the effective date of the tariff until June 29, 2026. Also on November 6, ALJ Gannon issued a Prehearing Conference Order setting Tuesday, November 18, 2025, as the date of the prehearing conference.

On November 7, 2025, the Commission granted the City's November 4 Petition for a Protective Order. On November 17, 2025, OCA, the City, I&E, and OSBA (Parties) filed prehearing memoranda. On November 18, 2025, the Commission held a prehearing conference.

On December 15, 2025, the Commission held two in-person public input hearings at the Manheim Township Municipal Office and on December 16, 2025, the Commission held two telephonic public input hearings.

Consistent with the procedural schedule issued by ALJ Gannon, the OCA served on the ALJ and the Parties its written Direct, Supplemental Direct, Rebuttal, and Surrebuttal Testimonies on December 17, 2025, December 23, 2025, January 8, 2026, and January 20, 2026, respectively.

On January 21, 2026, the City communicated that the Parties agreed to mutual waivers of cross examination of all witnesses. On January 26, 2026, the City requested to provide its rejoinder testimony in writing. The Commission granted these requests and cancelled both evidentiary hearings.

On January 28, 2026, the Commission issued a Briefing and Settlement Order. That Order provided that if parties finalize a settlement, each joining party shall file a settlement petition and statements in support by 4:30 p.m. on Thursday, February 26, 2026, with any objections to the Settlement due by 4:30 p.m. on Tuesday, March 17, 2026. On February 2, 2026, the parties reached a settlement and communicated that settlement to ALJ Gannon.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

The Commission's policy is to encourage settlements, and the Commission has stated it often prefers settlement rates to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231, 69.401.

A. Utility Rates Must Be Just and Reasonable

As a matter of law, a public utility's rates must be just and reasonable and conform to the Commission's regulations and orders. 66 Pa. C.S. § 1301(a). A public 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) (*Lancaster 2002*). The 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 1996*). The Commission’s discretion to determine if a requested rate is just and reasonable includes the “power to make and apply policy” concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors. *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995) (*Popowsky 1995*).

B. Settlements Must Be in the Public Interest and the Commission Must Give Due Consideration to the Interests of Consumers

In order to accept a settlement such as proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *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*)). In other words, “[i]t is the Commission’s duty to determine the public interest and to protect the rights of the public.” *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. 1998). Consistent with the Commission’s other statutory responsibilities, the Commission must determine the public interest with “due consideration to the interests of consumers.” 71 P.S. § 309-5.

C. Burden of Proof and Substantial Evidence

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable. 66 Pa.C.S. §§ 1301(a), 315(a). Proponents of an order bear the burden of proof. 66 Pa.C.S. § 332(a). Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest. 66 Pa.C.S.

§ 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.

It is well-established that the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.” *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (*Pa. Cmwlt. 1990*) (*Lansberry*). For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (*Pa. Cmwlt. 1975*) (*Dutchland*). The evidence must be substantial and legally credible, not mere “suspicion” or a “scintilla” of evidence. *Lansberry*, 578 A.2d at 602. The Commission must make findings “in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence.” 66 Pa.C.S. § 703(e); *ARIPPA v. Pa. PUC*, 792 A.2d 636, 668-669 (*Pa. Cmwlt. 2002*).

III. SETTLEMENT TERMS AND CONDITIONS

This Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission, and it serves the public interest. Thus, the OCA supports Commission approval of the Settlement without modification. The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions not expressly addressed herein. The OCA points to the substantial evidence in the record that supports the provisions addressed by the OCA below and relies on the other parties to the Settlement to address those provisions that are significant and material to them in their respective statements in support.

A. Settlement Overview

This Settlement is, in part, a “black box” settlement of all revenue requirement issues. Black box means that the parties did not stipulate precisely as to how they arrived at the conclusion on the settlement term. *Pa. PUC v. Columbia Gas of Pa, Inc.*, 2022 PA. PUC LEXIS 402, *37 (Order entered December 8, 2022) (*Columbia*), Docket Nos. R-2022-3031211, *aff’d*, 2024 Pa. Commw. Unpub. LEXIS 525. Black box settlements provide timely resolution of disputes without the significant expense of prolonged litigation. It is unlikely that the parties would have been able to reach consensus on each disputed recommendation in this matter as policy and legal positions differed widely among the parties. The Commission has routinely determined that unless an issue is resolved in a manner specifically prescribed in a settlement, how or why each party reaches agreement on a specific settlement term is of no consequence to the ultimate conclusion of whether the settlement is in the public interest so long as the settlement term is supported by the record and consistent with applicable law. *See id.*

1. Revenue Requirement (Settlement ¶¶ 15-17)

In its initial filing, the City proposed to increase its total annual operating revenues for its water division by \$7 million on a Fully Projected Future Test Year (FPFTY) ending March 31, 2027. City St. 3 at 3 (stating increase amount); City St. 4 at 3-4 (stating FPFY date). The City’s rate increase request is based on a recommended rate of return of 7.75%, based on an imputed capital structure composed of 47% long-term debt and 53% common equity, a cost of debt of 4.20%, and a return on equity (ROE) of 10.9%. City St. 6 at 2, 13; City St. 6, Exh. HW-1, Schedule 3.

OCA witness Lafayette Morgan recommended that City be permitted to increase its annual operating revenues by no more than \$1.8 million. OCA St. 1 at 6. The OCA’s recommendation included an ROE of 8.8%. OCA St. 2 at 42. The OCA also recommended that the City switch from

the Equal Life Group (ELG) to the Average Life Group (ALG) procedure for the calculation of its ratemaking depreciation expense and accumulated depreciation, which resulted in a \$1.02 million downwards adjustment to the City’s claimed depreciation expense for its water department. OCA St. 1 at 20; OCA St. 2 at 54.

I&E witness Getachew Bedasa recommended a revenue requirement increase of \$2.85 million for the City. I&E St. 1 at 3. I&E witness D.C. Patel recommended a tax-adjusted authorized ROE of 7.86% for the City, which was based on the result of I&E witness Patel’s Discounted Cash Flow (“DCF”) Model result of 10.08%. OCA St. 2R at 1-2.

Based on the City’s rebuttal testimony, OCA witness Morgan withdrew several adjustments for which the City demonstrated some factual support, but retained several other adjustments for which the City did not demonstrate sufficient factual support. City St. 2R at 4-8; OCA St. 1SR at 8-12. Thus, the OCA recommended an updated increase of approximately \$2.8 million. OCA St. 1SR at 15.

The parties agreed to resolve the Revenue Requirement issue as follows:

15. The City shall be permitted to establish rates for outside-City customers which will produce an overall increase in annual operating revenues of approximately \$4,700,000. These rates, as determined in accordance with the Proof of Revenues, attached hereto as Appendix B, will be effective for service upon filing and on one day’s notice following the Commission’s issuance of an Order approving the settlement. In sum, for outside customers, the increase in revenues by class from present rates as proposed in this Joint Petition are as follows:

Customer Classification	Revenue at Present Rates	Revenue at Settlement Rates	Revenue Increase
Residential	\$10,728,219	\$12,942,140	\$2,213,921
Commercial	\$8,358,266	\$9,914,407	\$1,556,141
Industrial	\$1,531,162	\$1,831,749	\$300,587
Large Industrial	\$1,000,202	\$1,178,948	\$178,746
Other Water Utilities	\$543,555	\$642,447	\$98,892
Private Fire	\$446,682	\$502,954	\$56,272
Public Fire	-	\$295,420	\$295,420
Total	\$22,608,086	\$27,308,065	\$4,699,978

16. Joint Petitioners agree that adoption and approval of this Joint Petition by ALJ Gannon and the Commission is in the public interest. Under this Joint Petition, the monthly bill for a residential customer with a 5/8-inch meter, using 4,500 gallons of per month, shall increase from \$29.53 to \$35.44, or by approximately 20.0%, rather than from \$29.53 to \$38.32 (or 29.8%) as originally requested. Similarly, the monthly bill for a commercial customer with a 2-inch meter, using 73,100 gallons per month, shall increase from \$361.75 to \$423.78, or by approximately 17.1%, rather than from \$361.75 to \$460.14 (or 27.2%) as originally requested. And, the monthly bill for an industrial customer with a 2-inch meter, using 419,600 gallons per month, shall increase from \$1,730.08 to \$1,986.49, or by approximately 14.8%, rather than from \$1,730.08 to \$2,159.72 (or 24.8%) as originally requested.

17. The Petition for Settlement provides for a sound and reasonable revenue requirement and appropriately balances the interests and concerns of the City, I&E, OCA and OSBA. In addition, adoption and approval of the Joint Petition will avoid the need for continued litigation of this proceeding, including the time and expense of briefing.¹

Under the Settlement, the City may increase annual operating revenues by \$4.7 million.²

The agreed-upon increase is approximately \$2.3 million less than, or 67.1% of, the City's original requested revenue increase. The rate increase in the Settlement reflects an increase in total annual revenues of 20.8%, compared to the requested increase of 31%.

The Settlement revenue increase provides sufficient funds to maintain the City'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. The terms of the Settlement provide that the new rates reflecting this increase will go into effect on June 29, 2026, which is the end of the suspension period per the Commission's Suspension Order.

Based on the OCA's analysis of the City's filing, discovery responses received, testimony filed, and various cost of capital proposals, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The OCA also supports this Settlement as the agreed upon revenue requirement is more than \$2.3

¹ Settlement at ¶¶ 15-17.

² Settlement ¶ 15.

million below the amount that the City filed for, and the Settlement includes important consumer protections explained herein that might not otherwise be achieved by litigating this case.

With the lower revenue requirement and consumer protections taken together, the listed factors demonstrate that the Settlement yields an overall resolution that expresses a reasonable compromise among the parties and serves the public interest.

B. Low Income Customer Service (Settlement ¶ 20)

In its initial filing, the City did not propose any changes to its low-income programs.

In response, OCA witness LeeAnn Wise identified concerns about the affordability of the City's rates to low- and moderate-income households, the impact the City's bills have on collections by the City, the City's response to the unaffordability of its bills to low and moderate income households, and the impact of the City's proposed rate increase on low to moderate income customers. *See generally* OCA St. 4. Specifically, OCA witness Wise's recommendations included:

1. Track low-income customers more effectively

- Allow voluntary self-identification
- Monitor payment patterns for signs of hardship
- Record participation in external assistance programs
- Use consented, securely managed data to better understand arrears and anticipate customer needs

2. Strengthen outreach for the Community Action Plan

- Highlight Community Action Plan information prominently on the City's website
- Clearly explain eligibility and available benefits
- Train all customer service representatives on Community Action Plan details
- Include targeted bill inserts to boost program awareness and enrollment

3. Launch a pilot arrears forgiveness program

- Provide a structured process for eligible customers to eliminate past-due balances
- Address long-term debt that short-term aid programs do not resolve

- Improve customer payment consistency and reduce utility collection costs

4. Introduce a pilot bill discount program

- Offer income-based bill reductions to improve affordability
- Lower arrears, bad debt, and collection/termination expenses
- Promote more stable revenue through better payment behavior

5. Establish a formal partnership with a community-based assistance organization

- Enable access to grant-based financial help for customers in hardship
- Reduce the risk of service disconnection and support reliable service delivery
- Reinforce the City's commitment to affordability and community support

OCA St. 4 at 18-19.

City witness Tina Campbell testified in Rebuttal testimony that the City is willing to look into some of the issues raised by OCA witness Wise. City St. 1R at 3. For example, Ms. Campbell noted that examining Asset Limited, Income Constrained, Employed (ALICE) data might be helpful to determine where high concentrations of ALICE households are within the City's service territory. *Id.* While the City disagreed that its CAP program is underenrolled, it did agree to provide information on the City's utility website regarding the CAP program to boost awareness to Outside-City customers. *Id.* at 5. Ms. Campbell testified that the City does not have sufficient information or resources to agree to implement a two-year pilot Arrears Management Plan, she said the City is creating an internal working group in 2026 to review water utility functions, which includes how the City can best serve low-income customers. *Id.* She said the city will review discount billing options or creation of an AMP program. *Id.*

The Settlement includes several provisions which are designed to help mitigate the impact of the rate increase on low-income customers and to further ensure that adequate protections are provided to low-income customers. Settlement at ¶ 20. The OCA supports the below-discussed

provisions for the reasons set forth in the testimony of OCA witness Wise regarding the disproportionate impact of the City's rate increase on low-income customers and customer service-related issues.

1. Promotion of Community Action Program (¶ 20(a))

In its initial filing, the City did not propose any changes to its Community Action Program.

OCA witness Wise reviewed the City's Community Action Program (CAP), which operates in a similar manner to hardship programs, providing low-income customers with a lump-sum financial credit that does not require repayment. OCA St. 4 at 7-8. The City budgets \$50,000 annually. *Id.* Ms. Wise found limited participation in the CAP Program, with four customers enrolled in 2024 and five customers enrolled in 2025 through September. *Id.* at 8. The City did not dispute Ms. Wise's testimony, but clarified that light enrollment was for the Outside City customers and noted that it has a higher participation inside the City's municipal boundaries. City St. 1R at 4.

The Settling Parties agreed to resolve their differences over the City's Community Action Program, as follows:

20(a). The Settling Parties agree that the City will perform the following for its Outside-City customers:

- a. To provide information on its water website for customers regarding the Community Action Program ("CAP"), which information will specifically state that CAP is open to "all" customers so that outside-City customers are informed that CAP is not exclusive to customers living in the City of Lancaster.

Settlement Paragraph 20(a) will help improve outreach, promotion, and education for the City's CAP fund to let all water customers the program is available regardless if they are inside or outside the City's boundaries. Ms. Wise testified that including information about the CAP fund

will make this important resource more visible and accessible to low-income residents. OCA St. 4 at 10. Thus, Settlement Paragraph 20(a) represents a reasonable compromise that serves the public interest.

2. Development of Programs for Income-Eligible Customers (§ 20(b))

In its initial filing, the City did not propose any changes regarding the development of programs for income-eligible customers.

Following her review of the City’s low-income programs, OCA witness Wise provided an overview of a customer profile who may fall within ALICE guidelines. OCA St. 4 at 5. She testified that ALICE data provides a realistic view of the number of people living in financial hardship by measuring the minimum cost of basic household necessities to live and work in the current economy. *Id.* Ms. Wise testified that examples of household necessities include housing, childcare, food, transportation, health care, and technology, plus taxes and a contingency fund equal to 10% of the household budget. *Id.* Incorporating on the cost of these necessities, ALICE builds what is known as Household Survival Budget. *Id.* Ms. Wise went on to explain how the Household Survival budget is calculated:

The Household Survival Budget is calculated by estimating the minimum cost of basics: safe housing, childcare, food, transportation, health care, technology and taxes. These expenses are customized to specific communities. The Household Survival Budget becomes the ALICE threshold. Households with income below 100% of the Federal Poverty Level are counted as living in poverty. Households with income levels above the 100% Poverty Level but below the ALICE threshold are classified as ALICE.

Id.

Ms. Wise included a Table in her testimony to present ALICE data specific to Lancaster County:

County	Percent of Total Population in Poverty	Percent of Population at ALICE Threshold	Number of CLWB Customers	Potential Number of Customers at ALICE Threshold
Lancaster County	9%	31%	29,814	9,242

Id. at 6 (Table 1).

The Settling Parties agreed to resolve their differences regarding Programs for Income Eligible Customers, as follows:

20(b). The Settling Parties agree that the City will perform the following for its customers:

b. As part of its planned 2026 internal working group, the City shall assess the following and report on its findings in the next base rate case:

- i. Offering a discount billing option for low-income customers;
- ii. Offering an Arrearage Management Plan for residential and commercial customers; and
- iii. Use of the “ALICE” tool provided by the United Way for collecting and tracking data for low-income customers and the City’s ability to track essential metrics related to affordability for ALICE households, including:
 1. average residential bills relative to ALICE income standards;
 2. participation in low-income programs for jurisdictional low-income customers; and
 3. arrears and payment plan arrangements for the jurisdictional ALICE population.

Ms. Wise testified that there is a likelihood of approximately 9% of customers receiving water from the City live in poverty and 31% live at the ALICE threshold for survival and self-sufficiency. With those statistics in consideration, and in light of the City not currently offering a bill discount or an arrearage forgiveness program, the City’s willingness to investigate new

methods for assisting low-income customers as described in Settlement Paragraph 20(b) is reasonable. Ms. Wise testified that such initiatives can reduce arrears, collection costs, and terminations. OCA St. 4 at 14. Thus, Settlement Paragraph 20(b) represents a reasonable compromise that serves the public interest, and the Commission should accept it without modification.

3. Outreach to Customers (§ 20(c))

In its initial filing, the City did not propose any changes to its customer outreach practices.

In her direct testimony, OCA witness Wise recommended that the City actively review customer accounts regarding late payments or payment plan defaults and proactively reach out to those customers to determine if they may be eligible to participate in the Community Action Program. OCA St. 4 at 10. Ms. Wise testified that by being proactive, the City can increase enrollment, reduce disconnections, and connect customers who need assistance that the Community Action Program provides. *Id.*

The Settling Parties agreed to resolve their differences over the Customer Outreach issue, as follows:

20(c). The Settling Parties agree that the City will perform the following for its Outside-City customers:

- a. The City shall actively review customer accounts to identify late payments of payment plans in default and proactively reach out to those customers to advise them of potential options that may be available to assist them with payment, such as providing information about CAP.

Settlement Paragraph 20(c) provides for a proactive approach for customers who will likely benefit from the City's assistance. This proactive approach will ensure that customers in need have a better opportunity to understand their eligibility for the Community Action Program. This helps the Community Action Program to accomplish its purpose. Thus, Settlement Paragraph 20(a)

represents a reasonable compromise that serves the public interest, and the Commission should accept it without modification.

4. Continue to Address Chemical Issues (§ 20(d))

In its initial filing, the City did not propose any changes to its approach or communications regarding environmental issues.

In her direct testimony, OCA witness Wise noted the City's non-compliant status with the Pennsylvania Department of Environmental Protection's (PADEP) Perfluorooctanoic Acid (PFOA) standard, and that the City is currently working with PADEP to address this matter. OCA St. 4 at 19-20. Ms. Wise testified regarding the potential negative health effects of PFOA exposure. *Id.* at 21. Based on the City's notice sent to customers, Ms. Wise identified that PADEP found elevated PFOA levels above the Maximum Contaminant Level (MCL) in water from the Conestoga Treatment Plant, which sources water from the Conestoga River. *Id.* Ms. Wise noted that the City provided an official statement regarding the elevated contamination, and is working to address those elevated levels by investigating them and adjusting the water treatment process at the Conestoga Plant. *Id.* at 22. In response to these circumstances, Ms. Wise initially proposed a water quality improvement plan with compliance performance tracking, as well as public communication of updates on corrective actions to water quality and continued evaluation. *Id.* at 23.

In her Supplement Direct testimony, Ms. Wise highlighted residents' concerns about water quality and safety. OCA St. 4-Supp. at 3-5. In particular, Ms. Wise summarized Ms. Hershey-Kelly's testimony regarding PFOA health and safety concerns. *Id.* at 4. Ms. Wise noted that Ms. Hershey-Kelly expressed that it did not make sense for the City to ask for a rate increase while the City is out of regulatory compliance regarding water quality. *Id.* at 4. Furthermore, Ms. Wise

explained that Ms. Hershey-Kelly brought four exhibits from the PADEP and the City to highlight the PFOA issue and its potential effects. *Id.* at 4.

In Rebuttal, City witness Volkay-Hilditch disagreed with OCA witness Wise because the City achieved compliance with the PADEP MCL for PFOA in the last quarter of 2025, City St. 3R at 3, meaning the City's PFOA levels are within the range the government has determined to be safe. The City identified concentrations due to drought conditions as a possible cause for its past PFOA exceedances. *Id.* at 4. Because the City is currently working with PADEP to negotiate a consent order and agreement to address PFOA, the City disagreed with Ms. Wise's proposed water quality improvement plan as unnecessarily duplicative. *Id.* at 4.

In Surrebuttal Testimony, OCA witness Wise agreed with City witness Volkay-Hilditch that because the City is working with PADEP to negotiate a consent order and because the City achieved compliance in that last quarter of 2025, a second compliance plan would be unnecessary. OCA St. 4SR at 5. Ms. Wise predicated her agreement on the City's continued cooperation with PADEP to meet its legal obligations regarding these compliance issues, and she emphasized the PFOA concerns voiced at the public input hearings. *Id.*

The Settling Parties agreed to resolve their differences over chemical regulatory compliance issues, as follows:

20(d). The Settling Parties agree that the City will perform the following for its Outside-City customers:

- a. The City shall continue its efforts to address perfluorooctanoic acid, PFOA-related issues, as they arise.

Settlement Paragraph 20(d) balances the need to avoid duplicative regulatory burdens while expressing the ongoing importance of efforts to address PFOA to ensure safe, clean drinking water for the City's customers. Thus, Settlement Paragraph 20(d) represents a reasonable

compromise that serves the public interest, and the Commission should accept it without modification.

C. Residential Customer Charge (Settlement ¶ 22)

In its filing, the City proposed increasing the monthly customer charge for its residential classes from \$7.95 to \$11.62, a 46.2% increase. OCA St. 3 at 18. The OCA recommended that the increase in fixed monthly customer charges for the Residential, Commercial, Industrial, Large Industrial, and Other Water Utilities customer classes be limited to the overall system average increase the Commission authorizes for Outside City customers in this proceeding. *Id.* OCA witness Mierzwa reasoned that the OCA's proposal would follow the principles of gradualism. *Id.* The City suggested that the dollar magnitude of the 46.2% increase is small at a \$3.67 increase per month for residential customers and that the Commission should approve its as-filed increase. City St. 4R at 20.

In Paragraph 22, the Settling Parties agreed to settle the revenue increase issue, as follows:

22. Rate Structure/Rate Design. Joint Petitioners agree to the distribution of revenue among customer classes in this Joint Petition as set forth in the attached Proof of Revenues at Appendix B. The City is authorized to raise the Residential Customer Charge to \$10.25. The design and structure of rates for residential customers of the City under this Joint Petition are developed based upon the fixed and volumetric charges contained within the Rate Schedules set forth in Appendix B.

Under the Settlement, the Settling Parties agreed to a monthly residential customer charge of \$10.25 for the residential classes. Settlement at ¶ 22. The compromise contained in the Settlement is reasonable, and within the results that might have been obtained through litigation considering the various positions of the City, the OCA, and other parties. Increasing the residential customer charge by \$2.30 represents a 29% increase over the Company's existing charge, or approximately 63% of the \$3.67 increase proposed by the City in its initial filing. This increase, at a reduced rate from the City's original request, will continue to provide customers the opportunity

to have more control over their bill through their volumetric usage. Accordingly, the OCA submits this Settlement provision is reasonable, in the public interest, and should be approved without modification.

D. Fire Protection Service Cost of Service Allocation (Settlement ¶ 24)

In the City’s most recent base rate case, it agreed to the following Settlement term in connection with the present rate proceeding: “The City will propose rates to allocate some of the Fire Protection costs for the Commission Jurisdictional area to the municipalities served therein.” *Pa. PUC v. City of Lancaster – Bureau of Water*, Docket No. R-2021-3026682, Recommended Decision at 16 (Apr. 12, 2022). OCA witness Mierzwa reviewed the City’s CCOSS in the current rate proceeding and found that, contrary to the terms of the settlement agreement approved by the Commission in the last rate proceeding, the City did not allocate any cost of service amount to Public Fire Protection Service. OCA St. 3 at 4. City witness Gregory Herbert testified that the City complied with the Settlement provision because it developed a proposed rate for Public Fire Protection service, but asserted that the City was not required to include the proposed rate in its rate filing. City St. 4R at 22. Additionally, the City did not want to “jeopardize its rapport” with the municipalities that make up its Outside City service territory. *Id.*

Mr. Mierzwa illustrated the impact on other customer classes by the City not allocating cost of service to Fire Protection customers by including the following Table in his Direct Testimony:

Table 1.
Comparison of City and OCA Class Cost of Service Study Results

	Company Cost of Service			OCA Adjusted Cost of Service		
	Present Rates	Cost of Service	Increase	Adjustment	Cost of Service	Increase
Residential	\$10,728,219	\$14,285,938	33.2%	\$(406,036)	\$13,879,902	29.4%
Commercial	8,358,266	10,796,307	29.2%	(163,430)	10,632,877	27.2%
Industrial	1,531,162	1,985,278	29.7%	(12,545)	1,972,733	28.8%
Large Industrial	1,000,202	1,280,782	28.1%	(1,459)	1,279,323	27.9%
Other Water Utilities	543,555	684,984	26.0%	0	684,984	26.0%
Private Fire	446,683	516,439	15.6%	0	516,439	15.6%
Public Fire	0	0	0.0%	583,469	583,469	N/A
Total Inside City	\$22,608,086	\$29,549,728	30.7%	\$0	\$29,549,728	30.7%

Id. at 16 (Table 2).

As demonstrated in the Table above, not allocating any funds to Public Fire Protection service will have an impact of than half a million dollars, or \$583,469, that will need to be absorbed by other customer classes. *Id.*

In Paragraph 24, the Settling Parties agreed to settle the revenue increase issue, as follows:

24. Fire Protection. The City shall allocate 12.5% of the Public Fire Protection costs to municipalities receiving that service through implementation of Public Fire rates. In the City's next base rate proceeding, the City shall propose to increase that percentage to the statutorily permitted 25.00%.

Allocating 12.5% of the Pubic Fire Protection costs to municipalities follows good public policy because, as Mr. Mierzwa explained, it is the municipalities that decide to have public fire hydrants and that impose requirements on the water system including required flow rates, distances between hydrants. OCA St. 3 at 12-13. Here, municipalities have at least some ability to control Public Fire costs whereas individual customers have no such ability. *Id.* As such, the OCA submits

that as a part of an all party resolution of all issues in this proceeding, this provision of the Settlement represents a reasonable compromise between the parties and is in the public interest.

E. Revenue Allocation (Settlement ¶ 15)

The City initially proposed, and OCA witness Mierzwa did not propose to modify, the CCOSS and Proof of Revenues reproduced in the Settlement. OCA St. 3 at 3; Settlement ¶ 15; App’x B.

In Paragraph 15, the Settling Parties agreed to settle the revenue allocation issue, as follows:

15. The City shall be permitted to establish rates for outside-City customers which will produce an overall increase in annual operating revenues of approximately \$4,700,000. These rates, as determined in accordance with the Proof of Revenues, attached hereto as Appendix B, will be effective for service upon filing and on one day’s notice following the Commission’s issuance of an Order approving the settlement. In sum, for outside customers, the increase in revenues by class from present rates as proposed in this Joint Petition are as follows:

Customer Classification	Revenue at Present Rates	Revenue at Settlement Rates	Revenue Increase
Residential	\$10,728,219	\$12,942,140	\$2,213,921
Commercial	\$8,358,266	\$9,914,407	\$1,556,141
Industrial	\$1,531,162	\$1,831,749	\$300,587
Large Industrial	\$1,000,202	\$1,178,948	\$178,746
Other Water Utilities	\$543,555	\$642,447	\$98,892
Private Fire	\$446,682	\$502,954	\$56,272
Public Fire	-	\$295,420	\$295,420
Total	\$22,608,086	\$27,308,065	\$4,699,978

In his review of the City’s CCOSS, OCA witness Mierzwa found it to be reasonable and appropriate for determining cost responsibility for Outside City customers. As described above in Section D, Mr. Mierzwa explained why costs should be allocated to Public Fire Protection service. As described above in Section C, Mr. Mierzwa explained why the City’s rate design should have a smaller increase to the customer charge. He additionally testified that water treatment salary and

laboratory operation and maintenance (“O&M”) expenses should be functionalized and allocated to each customer class based on average day demands. OCA St. 3 at 3. He further testified that, in the City’s CCOSS, these expenses were functionalized and allocated based on average and maximum day demands. *Id.* Though he disagreed, he did not propose to modify the City’s CCOSS to address that concern because it would not have a material impact on the results of the City’s CCOSS. *Id.* As OCA witness Mierzwa had no proposed modification to the City’s CCOSS, adopting the City’s CCOSS is reasonable.

F. Depreciation Rates (Settlement ¶ 23)

In the Settlement, the parties agreed that the City will use its as-filed depreciation rates for purposes of calculating its depreciation expense for its own accounting purposes. Settlement ¶ 23. The OCA challenged the City’s depreciation procedure in this case, submitting that it would be in the best interests of ratepayers if the ALG procedure were used because it would significantly reduce the revenue requirement immediately recovered through rates while still allowing the City reasonable recovery of depreciation expense, or the original cost of the utility’s assets that are currently providing service. *See generally* OCA St. 2; OCA St. 2SR. The City disagreed and wanted to continue using the ELG procedure. *See generally* City St. 5R. Thus, the proper depreciation procedure/methodologies to use for the City’s revenue requirement is the subject of continued disagreement between the City and the OCA. Settlement ¶ 23.

Despite this disagreement, in Paragraph 24, the Settling Parties agreed to settle the revenue increase issue, as follows:

23. Depreciation Rates. The City shall be permitted to use the depreciation rates as proposed in its initial filing, as described more fully and as set forth in detail in the Direct Testimony of John J. Spanos, City of Lancaster Statement No. 5, and supporting Depreciation Studies, at Exhibits JJS-1 through 3.

The OCA determined to preserve this issue for litigation in a later proceeding while moving forward with settlement discussions in this proceeding, based on the reduction in the proposed revenue increase agreed to by the Settling Parties. Thus, the Settlement yields an overall resolution that expresses a reasonable compromise among the parties and serves the public interest.

IV. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement, taken represent a fair and reasonable resolution of the issues and claims arising in this proceeding. The OCA further submits that, for the reasons detailed above, the Commission should approve the Settlement without modification as it is in the public interest.

Respectfully submitted,

/s/ Josiah Harmar

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Dated: February 26, 2026

APPENDIX F

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	Docket No. R-2025-3057237
v.	:	
	:	
City of Lancaster – Bureau of Water	:	

**STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR
COMPLETE SETTLEMENT OF RATE INVESTIGATION
ON BEHALF OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. BACKGROUND

The Office of Small Business Advocate (“OSBA”), City of Lancaster Bureau of Water (“City”), the Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“I&E”), and the Office of Consumer Advocate (“OCA”), and, collectively referred to as “Joint Petitioners,” individually and through their respective counsel, respectfully request that: (a) Administrative Law Judge Erin Gannon recommend approve the settlement set forth in this Joint Petition for Complete Settlement of Rate Investigation (“Joint Petition”) without modification; (b) the Pennsylvania Public Utility Commission (“Commission”) approve and adopt the settlement as set forth in this Joint Petition without modification; (c) the Commission permit the City to file the tariff supplement effective for service rendered on and after June 29, 2026; and (d) the Commission terminate its investigation at Docket No. R-2025-3057237, including dismissal of the Complaints filed by OSBA, OCA, James M. Blevins and Nicholas Cammauf at Docket Nos. C-2025-3057935, C-2025-3057993, C-2025-3058103, and C-2025-3058728, respectively.

The OSBA files this Statement of Support of Complete Settlement in response to the provisions stated below.

II. TERMS AND CONDITIONS OF SETTLEMENT

1. The OSBA supports this provision and find that it is just and reasonable that the City shall be permitted to establish rates for outside-City customers which will produce an overall increase in annual operating revenues of approximately \$4,700,000 which is approximately 67.1% of the original \$7,005,000 increase that the City asked for. These rates will be effective for service rendered on and after June 29, 2026. The increase to the Commercial class will be \$1,556,000 or 63.2% of the \$2,463,000 original increase proposed for the Commercial Class. The difference is a result of the way the rate structure works and the \$295,000 increase to Public Fire Service. Since the OCA and the Company agreed to begin charging municipalities for Public Fire Service, this caused each class to receive slightly less than the 67.1% described above which is beneficial to small business consumers.

2. The OSBA supports that the following provision is just and reasonable for small businesses: The monthly bill for a commercial customer with a 2-inch meter, using 73,100 gallons per month, shall increase from \$361.75 to \$423.78, or by approximately 17.1%, rather than from \$361.75 to \$460.14 (or 27.2%) as originally requested. Any savings is beneficial to the small business customers.

3. The OSBA is not commenting on the provision that the revenue requirement appropriately balances the interests and concerns of the City, I&E, OCA and OSBA. But the OSBA does support that the adoption and approval of the Joint Petition will avoid the need for continued litigation of this proceeding, including the time and expense of briefing.

4. The OSBA supports the additional provisions listed below and finds them just and reasonable as well as beneficial to the City's small business consumers.

5. The OSBA supports the provision that the City will provide Fully Projected Future Test Year (“FPFTY”) reporting to I&E, OCA and OSBA updating the Original Cost of Utility Plant in Service as presented in Schedule 4 of Exhibit GRH-1 to the Direct Testimony of Gregory R. Herbert (City of Lancaster Statement No. 4) (including actual capital expenditures, plant additions, and retirements) on a monthly basis, for the fiscal year ending March 31, 2026 by July 1, 2026, and for the fiscal year ending March 31, 2027 by July 1, 2027. Transparency is always beneficial to all consumers. This will enable the parties to determine if the City makes the projected investments in the FTY and FPFTY. In the next case, this information will enable the parties and the Commission to compare the City’s projected plant additions with the City’s actual plant additions.

6. The OSBA supports that it is just and reasonable for the City to implement the following for its outside customers:

- (a) The OSBA is not commenting on this residential provision.
- (b) As part of its planned 2026 internal working group, the City will assess the following and report on its findings in the next base rate case:
 - (i) No comment.
 - (ii) Offering an Arrearage Management Plan for residential and commercial customers. Establishing a payment plan for commercial customers will help prevent the utility from terminating service and help small businesses in difficulty manage their finances.
 - (iii) No Comment.

(c) The OSBA supports and finds that it is just and reasonable for the City to actively review customer accounts to identify late payments of payment plans in default and proactively reach out to those customers to advise them of potential options that may be available to assist them with payment. This will help small businesses who are financially struggling.

(d) No comment.

7. The OSBA supports and finds it just and reasonable that the City implement the following changes in Tariff Supplement No. 51 to Water Tariff – PA P.U.C. No. 6:

(a) The language in Section 5.4 shall be replaced with the following: “The Bureau of Water has contracted with a third-party to complete new service installation inspections. Customers and Developer shall be responsible for payment of the fee incurred by the Bureau of Water for inspection of the new service installation and shall make payment to the Bureau of Water within thirty (30) days of Date of Presentation to the Developer. If a Customer or Developer requests documentation supporting the fee, such as a request for invoices, the City shall provide the requested information. All meters for new service installations shall be installed within thirty (30) days of receipt of the meter from the Bureau of Water.”

The City agreed to the OSBA tariff language recommendation clarifying the collection of Inspection Fees. Since the charge is not specified in the tariff, this will provide customers with documentation supporting the charge if requested by the customer.

(b) No comment.

8. As described above, OSBA supports the revenue allocation by class. However, the OSBA has no comment on the Residential customer charge.

9. *Depreciation Rates.* No comment.

10. *Fire Protection.* No comment.

III. CONCLUSION

11. This Statement in Support of the Joint Petition for Complete Settlement of Rate Investigation arises following extensive discovery and discussions and reflects compromises by all sides. It is being proposed to settle the instant case. Accordingly, this Statement in Support of

Complete Settlement is made without any admission against, or prejudice to, any positions which any Joint Petitioner might adopt during any subsequent litigation of this proceeding (should this Joint Petition be rejected or modified), or in any other proceeding. If the Commission withholds such approval as to any of the terms and conditions, or alters any of the terms and conditions, any Joint Petitioner may withdraw from this Settlement upon written notice of its intent to the Commission and the remaining parties within three (3) business days of the date of the Commission's Order and may resume with the litigation of this proceeding within (10) days of the entry of the Order making any such modifications.

12. This Statement in Support of the Joint Petition for Complete Settlement of Rate Investigation agrees that the Joint Petition shall be considered to have the same effect as full litigation of the instant proceeding resulting in the establishment of rates that are Commission-made rates.

13. This Statement in Support of the Joint Petition for Complete Settlement of Rate Investigation agrees that if the Commission does not approve this Joint Petition, the Joint Petitioners reserve their respective rights to resume litigation. If the ALJ, in her Recommended Decision, recommends that the Commission adopt this Joint Petition as herein proposed, Joint Petitioners agree to waive the filing of Exceptions. However, Joint Petitioners do not waive their rights to file Exceptions with respect to any additional matters dealt with, or any modifications to the terms and conditions of this Joint Petition recommended by the ALJ in her Recommended Decision.

WHEREFORE, The Office of Small Business Advocate, respectfully request that ALJ Gannon and the Commission approve this Joint Petition inclusive of its terms and conditions without modification, and that the Commission enter an order consistent with this Settlement resolving and terminating the proceeding and resolving all outstanding complaints.

Respectfully submitted,

/s/ Rebecca Lyttle

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Dated: February 26, 2026