
SCH USA, LLC., |
v. | Docket No.:
Aqua Pennsylvania | C-2025-3057976
Wastewater, Inc. |
|
Initial Call-In |
Telephonic Hearing

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Judge's Chambers
Commonwealth Keystone
Building - Plaza Level
400 North Street
Harrisburg, PA

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Docket No. C-2025-3057976

Hearing Date: April 14, 2026

<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
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Docket No. C-2025-3057976

SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.

The Hon. Charece Z. Collins

Hearing Date: Tuesday, April 14, 2026 at 10:00 AM

Call-In Hearing No.: 888.795.4352; PIN: 72378378

PROPOSED EXHIBITS OF AQUA

1. Rate Zone 4 Tariff

Account # [REDACTED] (Lodge)

2. Customer Bill Information Screen
3. Statement of Account
4. Payment Arrangement Letter, dated 12/3/25

Account # [REDACTED] (Willowbrook)

5. Customer Bill Information Screen
6. Statement of Account

Account # [REDACTED] (Water Park and Galleria)

7. Customer Bill Information Screen
8. Statement of Account
9. Payment Arrangement Letter, dated 12/3/25

Judicial Notice

- *Pennsylvania Public Utility Commission, et al. v. Aqua Pennsylvania, Inc.*, Docket No. R-2024-3047822 (Opinion and Order, entered February 7, 2025)
- *Pennsylvania Public Utility Commission, et al. v. Aqua Pennsylvania, Inc.*, Docket Nos. R-2024-3047822, et al. (Opinion and Order, entered April 10, 2025)
- *SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. C-2022-3036893 and C-2022-3037118 (Opinion and Order, entered July 10, 2025)
- *SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. C-2022-3036893 and C-2022-3037118 (Opinion and Order, entered October 23, 2025)

AQUA PENNSYLVANIA WASTEWATER, INC.

TARIFF SEWER-PA P.U.C. NO. 4

ORIGINAL PAGE 11.4.1

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 4 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIALMONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 4
Fixed (per EDU)	\$ 86.12
<u>Meter Size:</u>	
5/8 inch	86.12
3/4 inch	129.18
1 inch	215.30
1-1/2 inch	430.60
2 inch	688.96
3 inch	1,291.80
4 inch	2,153.00
6 inch	4,306.00
8 inch	6,889.60
10 inch	9,903.80
Unmetered Charge (per EDU)	\$ 137.06

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 13.163

ISSUED: February 18, 2025

11.4.1

EFFECTIVE: February 22, 2025

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED (cont'd)

NON-RESIDENTIALMONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 4
Fixed (per EDU)	\$ 84.60
<u>Meter Size:</u>	
5/8 inch	84.60
3/4 inch	126.90
1 inch	211.50
1-1/2 inch	423.00
2 inch	676.80
3 inch	1,269.00
4 inch	2,115.00
6 inch	4,230.00
8 inch	6,768.00
10 inch	9,729.00
Unmetered Charge (per EDU)	\$ 144.17

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 12.457

SCH USA LLC--CSR Interface (UCACSR) 3.1.5-2)(0423.029)(CISF)--COO

Cust Code [REDACTED] **Prem Code** [REDACTED] **Address** [REDACTED] **Service Selector** [REDACTED]

Timer [REDACTED] **On** **Off**

Summary **Bill Information** **Collection** **Service** **Deposit** **Contact History** **Mtr/MIU** **Oth Inv**

Customer Balance 79256.54 **Prev Bill Amt** 200943.65 **Payments** 109137.94 **Adjustments** 0.00 **Current Charges:** 7641.01 **Ending Balance** 99446.72

Bill Date 22-DEC-2025 **Canceled** [X] **Due Date:** 13-JAN-2026 **Disc Date:** [REDACTED] **Disc Amt:** [REDACTED]

Current Charges

Charge Date	Service	Rate	RTP	Bill Print Description	Due Date	Amount
19-DEC-2025	SCFM	P857	N	KIDDER LAKE HARMONY	13-JAN-2026	7641.01
19-DEC-2025	N/A	S313	N	STATE TAX SURCHARG	13-JAN-2026	0.00
19-DEC-2025	N/A	K004	N	WASTE WATER DSIC CH	13-JAN-2026	0.00

Tap No [REDACTED] **Meter Serial No** [REDACTED] **Key ID/ERT** [REDACTED] **Read** [REDACTED] **Instruct** [REDACTED]

Tenant Type: [REDACTED] **Mtr Notes:** SPLIT ROCK LODGE **Read Method:** [REDACTED] **Heat Code:** [REDACTED]

Billing Address [REDACTED] **Exists:** [REDACTED]

Read Date	Charge Date	Serv #	Scat	Reading	Consumption	DOS	HL	TP	Reason	Actn	UoM
19-DEC-2025	19-DEC-2025	1	NONE	0	28				FLAT	N/A	
21-NOV-2025	21-NOV-2025	1	NONE	0	28				FLAT	N/A	
24-OCT-2025	24-OCT-2025	1	NONE	0	29				FLAT	N/A	

Bill Detail... **Bill Comp...**

Customer's Name: SCH USA LLC - Lodge														
Aqua Pennsylvania, Inc. Account#: [REDACTED]														
Read Date	# of Days	Meter Read	Read Type	Consump	Avg.Daily Usage	TL Current Chrges.	Due Date	Late Penalty	Restoration Fees	Payments	Adjustments	Date of Pymt or Adj	Balance	Comments
Previous Balance													\$0.00	
10/30/2020			FLAT										\$0.00	Move In
11/25/2020	26		FLAT	48	1.8	\$5,368.90	12/22/20	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$5,368.90	
12/24/2020	29		FLAT	0	0.0	\$5,368.90	1/19/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$10,737.80	
1/27/2021	34		FLAT	0	0.0	\$5,438.33	2/19/21	\$67.11	\$0.00	\$5,368.90	\$0.00	1/12/21	\$10,874.34	
											\$67.11	1/16/21	\$10,807.23	Remove Penalties
2/24/2021	28		FLAT	0	0.0	\$5,438.33	3/19/21	\$67.11	\$0.00	\$0.00	\$0.00	N/A	\$16,312.67	
3/24/2021	28		FLAT	0	0.0	\$5,438.33	4/16/21	\$67.98	\$0.00	\$5,368.90	\$0.00	3/24/21	\$16,450.08	
4/26/2021	33		FLAT	0	0.0	\$5,531.08	5/19/21	\$0.00	\$0.00	\$5,438.33	\$0.00	4/6/21	\$16,542.83	
5/26/2021	30		FLAT	0	0.0	\$5,531.08	6/18/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$22,073.91	
6/24/2021	29		FLAT	0	0.0	\$5,531.08	7/19/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$27,604.99	
7/27/2021	33		FLAT	0	0.0	\$5,459.00	8/19/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$33,063.99	
8/25/2021	29		FLAT	0	0.0	\$5,459.00	9/17/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$38,522.99	
9/27/2021	33		FLAT	0	0.0	\$5,459.00	10/20/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$43,981.99	
10/26/2021	29		FLAT	0	0.0	\$5,473.84	11/18/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$49,455.83	
11/24/2021	29		FLAT	0	0.0	\$5,473.84	12/21/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$54,929.67	
12/27/2021	33		FLAT	0	0.0	\$5,473.84	1/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$60,403.51	
1/27/2022	31		FLAT	0	0.0	\$5,554.93	2/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$65,958.44	
2/24/2022	28		FLAT	0	0.0	\$5,554.93	3/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$71,513.37	
3/24/2022	28		FLAT	0	0.0	\$5,554.93	4/18/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$77,068.30	
4/26/2022	33		FLAT	0	0.0	\$5,565.00	5/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$82,633.30	
5/25/2022	29		FLAT	0	0.0	\$5,565.00	6/17/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$88,198.30	
6/24/2022	30		FLAT	0	0.0	\$6,943.00	7/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$95,141.30	
7/27/2022	33		FLAT	0	0.0	\$6,943.00	8/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$102,084.30	
8/24/2022	28		FLAT	0	0.0	\$6,943.00	9/16/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$109,027.30	
9/27/2022	34		FLAT	0	0.0	\$6,943.00	10/20/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$115,970.30	
10/26/2022	29		FLAT	0	0.0	\$6,943.00	11/18/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$122,913.30	
11/28/2022	33		FLAT	0	0.0	\$7,074.59	12/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$129,987.89	
12/27/2022	29		FLAT	0	0.0	\$6,943.00	1/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$136,930.89	
1/30/2023	31		FLAT	0	0.0	\$6,938.83	2/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$143,869.72	
2/27/2023	28		FLAT	0	0.0	\$6,938.83	3/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$150,808.55	
3/24/2023	28		FLAT	0	0.0	\$6,938.83	4/18/2023	\$0.00	\$0.00	\$98,378.61	\$0.00	3/22/23	\$59,368.77	
4/26/2023	33		FLAT	0	0.0	\$6,938.83	5/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$66,307.60	
5/24/2023	8		FLAT	0	0.0	\$6,938.83	6/16/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$73,246.43	
6/26/2023	33		FLAT	0	0.0	\$6,938.83	7/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$80,185.26	
7/27/2023	31		FLAT	0	0.0	\$6,969.38	8/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$87,154.64	
8/24/2023	28		FLAT	0	0.0	\$6,969.38	8/22/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$94,124.02	
9/27/2023	34		FLAT	0	0.0	\$6,969.38	10/20/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$101,093.40	
10/25/2023	28		FLAT	0	0.0	\$6,947.16	11/17/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$108,040.56	
11/28/2023	34		FLAT	0	0.0	\$6,947.16	12/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$114,987.72	
12/27/2023	29		FLAT	0	0.0	\$6,947.16	1/19/2024	\$0.00	\$0.00	\$18,864.00	\$0.00	12/21/23	\$103,070.88	
1/29/2024	30		FLAT	0	0.0	\$6,969.38	2/20/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	1/18/24	\$107,682.26	
2/26/2024	31		FLAT	0	0.0	\$6,969.38	3/20/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	2/22/24	\$112,293.64	
3/26/2024	29		FLAT	0	0.0	\$6,969.38	4/18/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	3/18/24	\$116,905.02	

Customer's Name: SCH USA LLC - Lodge														
Aqua Pennsylvania, Inc. Account#: [REDACTED]														
Read Date	# of Days	Meter Read	Read Type	Consump	Avg.Daily Usage	TL Current Chrges.	Due Date	Late Penalty	Restoration Fees	Payments	Adjustments	Date of Pymt or Adj	Balance	Comments
4/24/2024	29		FLAT	0	0.0	\$6,987.43	5/17/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	4/17/24	\$121,534.45	
5/24/2024	30		FLAT	0	0.0	\$6,987.43	6/19/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	5/15/24	\$126,163.88	
6/26/2024	33		FLAT	0	0.0	\$6,987.43	7/19/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	6/13/24	\$130,793.31	
7/25/2024	29		FLAT	0	0.0	\$7,055.48	8/19/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	7/15/24	\$135,490.79	
8/26/2024	32		FLAT	0	0.0	\$7,055.48	9/18/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	8/19/24	\$140,188.27	
9/26/2024	31		FLAT	0	0.0	\$7,055.48	10/21/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	9/16/24	\$144,885.75	
10/24/2024	28		FLAT	0	0.0	\$7,117.27	11/18/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	10/16/24	\$149,645.02	
11/26/2024	33		FLAT	0	0.0	\$7,117.27	12/19/2024	\$0.00	\$0.00	\$2,358.00	\$0.00	11/20/24	\$154,404.29	
12/26/2024	30		FLAT	0	0.0	\$7,117.27	1/21/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	12/18/24	\$159,163.56	
1/28/2025	33		FLAT	0	0.0	\$7,152.68	2/20/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	1/22/25	\$163,958.24	
2/28/2025	31		FLAT	0	0.0	\$7,100.62	3/25/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	2/19/25	\$168,700.86	
3/26/2025	26		FLAT	0	0.0	\$7,641.01	4/18/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	3/20/25	\$173,983.87	
4/24/2025	29		FLAT	0	0.0	\$7,628.02	5/19/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	4/16/25	\$179,253.89	
5/27/2025	33		FLAT	0	0.0	\$7,628.02	6/19/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	5/22/25	\$184,523.91	
6/25/2025	29		FLAT	0	0.0	\$7,628.02	7/18/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	6/12/25	\$189,793.93	
7/25/2025	30		FLAT	0	0.0	\$7,641.01	8/19/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	7/16/25	\$195,076.94	
8/26/2025	32		FLAT	0	0.0	\$7,641.01	9/18/2025	\$0.00	\$0.00	\$2,358.00	\$0.00	8/15/25	\$200,359.95	
9/25/2025	30		FLAT	0	0.0	\$7,641.01	10/20/2025	\$0.00	\$0.00	\$18,735.07	\$0.00	9/3/25	\$189,265.89	
10/24/2025	29		FLAT	0	0.0	\$7,641.01	11/18/2025	\$0.00	\$0.00	\$1,802.13	\$0.00	10/10/25	\$195,104.77	
11/21/2025	28		FLAT	0	0.0	\$7,641.01	12/16/2025	\$0.00	\$0.00	\$1,802.13	\$0.00	11/10/25	\$200,943.65	
12/19/2025	28		FLAT	0	0.0	\$7,641.01	1/13/2026	\$0.00	\$0.00	\$99,999.00	\$0.00	12/2/25	\$108,585.66	
										\$9,138.94	\$0.00	12/2/25	\$99,446.72	
1/23/2026	35		FLAT	0	0.0	\$7,628.02	2/17/2026	\$0.00	\$0.00	\$20,190.18	\$0.00	1/5/26	\$86,884.56	
2/20/2026	28		FLAT	0	0.0	\$7,628.02	3/17/2026	\$0.00	\$0.00	\$20,190.81	\$0.00	2/19/26	\$74,321.77	
3/20/2026	28		FLAT	0	0.0	\$7,628.02	4/14/2026	\$0.00	\$0.00	\$20,190.81	\$0.00	1/7/26	\$61,758.98	



An  Essential Utilities Company



Payment Arrangement Letter

Regarding: Aqua Account Number: [REDACTED]

12/03/2025

Dear Customer,

This letter confirms the agreed upon deferred payment plan terms that are described below:

Total Account Balance: \$91805.71
Total Deferred Payment Plan Balance: \$91805.71
Deferred Payment Plan Was Made On: DECEMBER 2, 2025
Deferred Installment Amount: \$15,301.00, for 6 months

Also, it is important for you to know:

1. Each monthly deferred installment amount will be stated on your monthly bill. The total amount due will include your current charges plus your Deferred Installment amount.
2. This payment arrangement will automatically cancel if the total amount due is received after the due date shown on your billing statement.
3. Please allow 7 days for mailing and processing time. Please write the full 16-digit account number on your check or money order to ensure proper and timely posting of your payment. Payments are to be mailed to:

**Aqua
PO BOX 70279
PHILADELPHIA PA 19176-0279**

Should you have any questions concerning this issue, please contact our Customer Service Department toll free at **877.987.2782** between the hours of 8 a.m. and 5 p.m. Monday through Friday. For quick information and shorter wait times, please call during these hours, Tuesday through Friday.

Sincerely,

Aqua Customer Service

762 W. Lancaster Avenue, Bryn Mawr, PA, 19010 • 877.987.2782 • Aquawater.com



762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Service To:

**1 LAKE DR
LAKE HARMONY, PA 18624**



SCH USA LLC
PO BOX 567
LAKE HARMONY PA 18624

SCH USA LLC - CSR Interface (UCACSRI 3.1.5-2)(0423.029)(CISF)-C00

Cust Code [REDACTED] **Prem Code** [REDACTED] **Address** 1 LAKE DR LAKE HARMONY PA 18624
 159 WILLOWBROOK DR LAKE HARMONY PA 18624
 100 MOSEYWOOD RD LAKE HARMONY PA 18624

Service Selector
 - All Services
 A- 1 COM MTH FLAT SEWER

Timer On Off

Summary **Bill Information** **Collection** **Service** **Deposit** **Contact History** **Mtr/MU** **Oth Inv**

Customer Balance 634247.96 **Prev Bill Amt** 625061.08 **Payments** 0.00 **Adjustments** 0.00 **Current Charges:** 18453.76 **Ending Balance** 643514.84

Bill Date 22-DEC-2025 **Canceled** **Due Date:** 13-JAN-2026 **Dis: Date:** **Disc Amt:**

Current Charges

Charge Date	Service	Rate	RTP	Bill Print Description	Due Date	Amount
19-DEC-2025	SCFM	P857	N	KIDDER LAKE HARMONY	13-JAN-2026	18453.76
19-DEC-2025	N/A	S313	N	STATE TAX SURCHARG	13-JAN-2026	0.00
19-DEC-2025	N/A	K004	N	WASTE WATER DSIC CH	13-JAN-2026	0.00

Tap No **Meter Serial No** **Key ID/ ERT** **Read** **Instruct**

Tenant Type: L **Mtr Notes:** WILLOWBROOK BLDG 1-6 **Read** **Heat**

Billing Address **Exists:** **Read Date** **Charge Date** **Serv #** **Scat** **Reading** **Consumption** **Method:** **DOS** **HL** **TP** **Reason** **Actn** **UoM**

Read Date	Charge Date	Serv #	Scat	Reading	Consumption	Method:	DOS	HL	TP	Reason	Actn	UoM
19-DEC-2025	19-DEC-2025	1	NONE		0		28			FLAT		N/A
21-NOV-2025	21-NOV-2025	1	NONE		0		28			FLAT		N/A
24-OCT-2025	24-OCT-2025	1	NONE		0		29			FLAT		N/A

Bill Detail... **Bill Comp...**

Customer's Name: SCH USA LLC - Willowbrook

Aqua Pennsylvania, Inc. Account#: [REDACTED]

Read Date	# of Days	Meter Read	Read Type	Consump	Avg.Daily Usage	TL Current Chrges.	Due Date	Late Penalty	Restoration Fees	Payments	Adjustments	Date of Pymt or Adj	Balance	Comments
Previous Balance													\$0.00	
10/30/2020			FLAT										\$0.00	Move In
11/25/2020	26		FLAT	0	0.0	\$12,966.40	12/22/20	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$12,966.40	
12/24/2020	29		FLAT	0	0.0	\$12,966.40	1/19/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$25,932.80	
1/27/2021	34		FLAT	0	0.0	\$13,134.08	2/19/21	\$162.08	\$0.00	\$12,966.40	\$0.00	1/12/21	\$26,262.56	
											\$162.08	1/16/21	\$26,100.48	Remove Penalties
2/24/2021	28		FLAT	0	0.0	\$13,134.08	3/19/21	\$162.08	\$0.00	\$0.00	\$0.00	N/A	\$39,396.64	
3/24/2021	28		FLAT	0	0.0	\$13,134.08	4/16/21	\$164.18	\$0.00	\$12,966.40	\$0.00	3/24/21	\$39,728.50	
4/26/2021	33		FLAT	0	0.0	\$13,358.08	5/19/21	\$0.00	\$0.00	\$13,134.08	\$0.00	4/6/21	\$39,952.50	
5/26/2021	30		FLAT	0	0.0	\$13,358.08	6/18/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$53,310.58	
6/24/2021	29		FLAT	0	0.0	\$13,358.08	7/19/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$66,668.66	
7/27/2021	33		FLAT	0	0.0	\$13,184.00	8/19/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$79,852.66	
8/25/2021	29		FLAT	0	0.0	\$13,184.00	9/17/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$93,036.66	
9/27/2021	33		FLAT	0	0.0	\$13,184.00	10/20/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$106,220.66	
10/26/2021	29		FLAT	0	0.0	\$13,219.84	11/18/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$119,440.50	
11/24/2021	29		FLAT	0	0.0	\$13,219.84	12/21/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$132,660.34	
12/27/2021	33		FLAT	0	0.0	\$13,219.84	1/19/22	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$145,880.18	
1/27/2022	31		FLAT	0	0.0	\$13,415.68	2/21/22	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$159,295.86	
2/24/2022	28		FLAT	0	0.0	\$13,415.68	3/21/22	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$172,711.54	
3/24/2022	28		FLAT	0	0.0	\$13,415.68	4/18/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$186,127.22	
4/26/2022	33		FLAT	0	0.0	\$13,440.00	5/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$199,567.22	
5/25/2022	29		FLAT	0	0.0	\$13,440.00	6/17/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$213,007.22	
6/24/2022	30		FLAT	0	0.0	\$16,768.00	7/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$229,775.22	
7/27/2022	33		FLAT	0	0.0	\$16,768.00	8/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$246,543.22	
8/24/2022	28		FLAT	0	0.0	\$16,768.00	9/16/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$263,311.22	
9/27/2022	34		FLAT	0	0.0	\$16,768.00	10/20/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$280,079.22	
10/26/2022	29		FLAT	0	0.0	\$16,768.00	11/18/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$296,847.22	
11/28/2022	33		FLAT	0	0.0	\$17,085.79	12/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$313,933.01	
12/28/2022	29		FLAT	0	0.0	\$16,768.00	1/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$330,701.01	
1/27/2023	31		FLAT	0	0.0	\$16,757.94	2/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$347,458.95	
2/24/2023	28		FLAT	0	0.0	\$16,757.94	3/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$364,216.89	
3/24/2023	28		FLAT	0	0.0	\$16,757.94	4/18/2023	\$0.00	\$0.00	\$98,378.62	\$0.00	3/22/23	\$282,596.21	
4/26/2023	33		FLAT	0	0.0	\$16,757.94	5/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$299,354.15	
5/24/2023	8		FLAT	0	0.0	\$16,757.94	6/16/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$316,112.09	
6/26/2023	33		FLAT	0	0.0	\$16,757.94	7/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$332,870.03	
7/28/2023	31		FLAT	0	0.0	\$16,831.72	8/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$349,701.75	
8/24/2023	28		FLAT	0	0.0	\$16,831.72	9/18/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$366,533.47	
9/27/2023	34		FLAT	0	0.0	\$16,831.72	10/20/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$383,365.19	
10/25/2023	28		FLAT	0	0.0	\$16,778.06	11/17/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$400,143.25	
11/28/2023	34		FLAT	0	0.0	\$16,778.06	12/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$416,921.31	
12/27/2023	29		FLAT	0	0.0	\$16,778.06	1/19/2024	\$0.00	\$0.00	\$55,544.00	\$0.00	12/21/23	\$378,155.37	
1/26/2024	30		FLAT	0	0.0	\$16,831.72	2/20/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	1/18/24	\$388,044.09	
2/26/2024	31		FLAT	0	0.0	\$16,831.72	3/20/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	2/22/24	\$397,932.81	
3/26/2024	29		FLAT	0	0.0	\$16,831.72	4/18/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	3/18/24	\$407,821.53	

Customer's Name: SCH USA LLC - Willowbrook														
Aqua Pennsylvania, Inc. Account#: [REDACTED]														
Read Date	# of Days	Meter Read	Read Type	Consump	Avg.Daily Usage	TL Current Chrges.	Due Date	Late Penalty	Restoration Fees	Payments	Adjustments	Date of Pymt or Adj	Balance	Comments
4/24/2024	29		FLAT	0	0.0	\$16,875.32	5/17/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	4/17/24	\$417,753.85	
5/24/2024	30		FLAT	0	0.0	\$16,875.32	6/19/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	5/15/24	\$427,686.17	
6/26/2024	33		FLAT	0	0.0	\$16,875.32	7/19/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	6/13/24	\$437,618.49	
7/25/2024	29		FLAT	0	0.0	\$17,039.64	8/19/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	7/15/24	\$447,715.13	
8/26/2024	32		FLAT	0	0.0	\$17,039.64	9/18/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	8/19/24	\$457,811.77	
9/26/2024	31		FLAT	0	0.0	\$17,039.64	10/21/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	9/16/24	\$467,908.41	
10/24/2024	28		FLAT	0	0.0	\$17,188.88	11/18/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	10/16/24	\$478,154.29	
11/26/2024	33		FLAT	0	0.0	\$17,188.88	12/19/2024	\$0.00	\$0.00	\$6,943.00	\$0.00	11/20/24	\$488,400.17	
12/26/2024	30		FLAT	0	0.0	\$17,188.88	1/21/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	12/18/24	\$498,646.05	
1/28/2025	33		FLAT	0	0.0	\$17,274.40	2/20/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	1/22/25	\$508,977.45	
2/28/2025	31		FLAT	0	0.0	\$17,148.66	3/25/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	2/19/25	\$519,183.11	
3/26/2025	26		FLAT	0	0.0	\$18,453.76	4/18/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	3/20/25	\$530,693.87	
4/24/2025	29		FLAT	0	0.0	\$18,422.39	5/19/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	4/16/25	\$542,173.26	
5/27/2025	33		FLAT	0	0.0	\$18,422.39	6/19/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	5/22/25	\$553,652.65	
6/25/2025	29		FLAT	0	0.0	\$18,422.39	7/18/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	6/12/25	\$565,132.04	
7/25/2025	30		FLAT	0	0.0	\$18,453.76	8/19/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	7/16/25	\$576,642.80	
8/26/2025	32		FLAT	0	0.0	\$18,453.76	9/18/2025	\$0.00	\$0.00	\$6,943.00	\$0.00	8/15/25	\$588,153.56	
9/25/2025	30		FLAT	0	0.0	\$18,453.76	10/20/2025	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$606,607.32	
10/24/2025	29		FLAT	0	0.0	\$18,453.76	11/18/2025	\$0.00	\$0.00	\$9,226.88	\$0.00	10/10/25	\$615,834.20	
11/21/2025	28		FLAT	0	0.0	\$18,453.76	12/16/2025	\$0.00	\$0.00	\$9,226.88	\$0.00	11/10/25	\$625,061.08	
12/19/2025	28		FLAT	0	0.0	\$18,453.76	1/13/2026	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$643,514.84	
1/23/2026	35		FLAT	0	0.0	\$18,422.39	2/17/2026	\$0.00	\$0.00	\$9,266.88	\$0.00	1/5/26	\$652,670.35	
2/20/2026	28		FLAT	0	0.0	\$18,422.39	1/15/2026	\$0.00	\$0.00	\$9,266.88	\$0.00	1/6/26	\$661,825.86	
3/20/2026	28		FLAT	0	0.0	\$18,422.39	1/16/2026	\$0.00	\$0.00	\$9,266.88	\$0.00	1/7/26	\$670,981.37	

SCH USA LLC - CSR Interface (UCACSR1 3.1.5-2)(0423.029)(CISF)-COO

Cust Code [REDACTED] **Prem Code** [REDACTED] **Address** 159 WILLOWBROOK DR LAKE HARMONY PA 18624
 1 LAKE DR LAKE HARMONY PA 18624
 100 MOSEYWOOD RD LAKE HARMONY PA 18624

Service Selector
 - All Services
 A- 1 COM MTH FLAT SEWER

Summary **Bill Information** **Collection** **Service** **Deposit** **Contact History** **Mtr/MIU** **Oth Inv**

Customer Balance 229498.69 **Prev Bill Amt** 609556.57 **Payments** 340862.06 **Adjustments** 0.00 **Current Charges:** 20904.65 **Ending Balance** 289599.16

Bill Date 22-DEC-2025 **Canceled** **Due Date:** 13-JAN-2026 **Disc Date:** **Disc Amt:**

Current Charges

Charge Date	Service	Rate	RTP	Bill Print Description	Due Date	Amount
19-DEC-2025	SCFM	P857	N	KIDDER LAKE HARMONY	13-JAN-2026	20904.65
19-DEC-2025	N/A	S313	N	STATE TAX SURCHARG	13-JAN-2026	0.00
19-DEC-2025	N/A	K004	N	WASTE WATER DSIC CH	13-JAN-2026	0.00

Tap No **Meter Serial No** **Key ID/ ERT** **Read** **Instruct**

Tenant Type: **Mtr Notes:** WATER PARK & GALLERIA

Billing Address **Read Date** **Charge Date** **Serv #** **Scat** **Reading** **Consumption** **Method** **Heat** **Code** **Reason** **Actn** **UoM**

Read Date	Charge Date	Serv #	Scat	Reading	Consumption	Method	Heat	Code	Reason	Actn	UoM
19-DEC-2025	19-DEC-2025	1	NONE	0	0	28			FLAT		N/A
21-NOV-2025	21-NOV-2025	1	NONE	0	0	28			FLAT		N/A
24-OCT-2025	24-OCT-2025	1	NONE	0	0	29			FLAT		N/A



Customer's Name: Water Park and Galleria
 Aqua Pennsylvania, Inc. Account#: [REDACTED]

Read Date	# of Days	Meter Read	Read Type	Consump	Avg.Daily Usage	TL Current Chrges.	Due Date	Late Penalty	Restoration Fees	Payments	Adjustments	Date of Pymt or Adj	Balance	Comments
Previous Balance													\$0.00	
10/30/2020			FLAT										\$0.00	Move In
11/25/2020	26		FLAT	0	0.0	\$14,688.50	12/22/20	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$14,688.50	
12/24/2020	29		FLAT	0	0.0	\$14,688.50	1/19/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$29,377.00	
1/27/2021	34		FLAT	0	0.0	\$14,878.45	2/19/21	\$183.61	\$0.00	\$14,688.50	\$0.00	1/12/21	\$29,750.56	
											\$183.61	1/16/21	\$29,566.95	Remove Penalties
2/24/2021	28		FLAT	0	0.0	\$14,878.45	3/19/21	\$0.00	\$0.00	\$14,688.50	\$0.00	2/12/21	\$29,756.90	
3/24/2021	28		FLAT	0	0.0	\$14,878.45	4/16/21	\$185.98	\$0.00	\$0.00	\$0.00	N/A	\$44,821.33	
4/26/2021	33		FLAT	0	0.0	\$15,132.20	5/19/21	\$0.00	\$0.00	\$14,878.45	\$0.00	4/6/21	\$45,075.08	
5/26/2021	30		FLAT	0	0.0	\$15,132.20	6/18/21	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$60,207.28	
6/24/2021	29		FLAT	0	0.0	\$15,132.20	7/19/21	\$0.00	\$0.00	\$28,200.00		6/18/21	\$47,139.48	
										\$5,000.00		6/18/21	\$42,139.48	
										\$33,000.00		6/18/21	\$9,139.48	
7/27/2021	33		FLAT	0	0.0	\$14,935.00	8/19/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$24,074.48	
8/25/2021	29		FLAT	0	0.0	\$14,935.00	9/17/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$39,009.48	
9/27/2021	33		FLAT	0	0.0	\$14,935.00	10/20/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$53,944.48	
10/26/2021	29		FLAT	0	0.0	\$14,975.60	11/18/2021	\$0.00	\$0.00	\$20,000.00	\$0.00	10/25/21	\$48,920.08	
11/24/2021	29		FLAT	0	0.0	\$14,975.60	12/21/2021	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$63,895.68	
12/27/2021	33		FLAT	0	0.0	\$14,975.60	1/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$78,871.28	
1/27/2022	31		FLAT	0	0.0	\$15,197.45	2/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$94,068.73	
2/24/2022	28		FLAT	0	0.0	\$15,197.45	3/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$109,266.18	
3/24/2022	28		FLAT	0	0.0	\$15,197.45	4/18/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$124,463.63	
4/26/2022	33		FLAT	0	0.0	\$15,225.00	5/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$139,688.63	
5/25/2022	29		FLAT	0	0.0	\$15,225.00	6/17/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$154,913.63	
6/24/2022	30		FLAT	0	0.0	\$18,995.00	7/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$173,908.63	
7/27/2022	33		FLAT	0	0.0	\$18,995.00	8/19/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$192,903.63	
8/24/2022	28		FLAT	0	0.0	\$18,995.00	9/16/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$211,898.63	
9/27/2022	34		FLAT	0	0.0	\$18,995.00	10/20/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$230,893.63	
10/26/2022	29		FLAT	0	0.0	\$18,995.00	11/18/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$249,888.63	
11/28/2022	33		FLAT	0	0.0	\$19,355.00	12/21/2022	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$269,243.63	
12/27/2022	29		FLAT	0	0.0	\$18,995.00	1/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$288,238.63	
1/27/2023	31		FLAT	0	0.0	\$18,983.60	2/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$307,222.23	
2/27/2023	28		FLAT	0	0.0	\$18,983.60	3/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$326,205.83	
3/24/2023	28		FLAT	0	0.0	\$18,983.60	4/18/2023	\$0.00	\$0.00	\$98,378.62	\$0.00	3/22/23	\$246,810.81	
4/26/2023	33		FLAT	0	0.0	\$18,983.60	5/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$265,794.41	
5/24/2023	34		FLAT	0	0.0	\$18,983.60	6/16/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$284,778.01	
6/26/2023	35		FLAT	0	0.0	\$18,983.60	7/19/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$303,761.61	
7/28/2023	31		FLAT	0	0.0	\$19,067.18	8/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$322,828.79	
8/24/2023	28		FLAT	0	0.0	\$19,067.18	8/22/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$341,895.97	
9/27/2023	34		FLAT	0	0.0	\$19,067.18	10/20/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$360,963.15	
10/25/2023	28		FLAT	0	0.0	\$19,006.39	11/17/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$379,969.54	
11/28/2023	34		FLAT	0	0.0	\$19,006.39	12/21/2023	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$398,975.93	
12/27/2023	29		FLAT	0	0.0	\$19,006.39	1/19/2024	\$0.00	\$0.00	\$57,640.00	\$0.00	12/21/23	\$360,342.32	
1/26/2024	30		FLAT	0	0.0	\$19,067.18	2/20/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	1/18/24	\$372,204.50	

Customer's Name: Water Park and Galleria
Aqua Pennsylvania, Inc. Account#: [REDACTED]

Read Date	# of Days	Meter Read	Read Type	Consump	Avg.Daily Usage	TL Current Chrges.	Due Date	Late Penalty	Restoration Fees	Payments	Adjustments	Date of Pymt or Adj	Balance	Comments
2/26/2024	31		FLAT	0	0.0	\$19,067.18	3/20/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	2/22/24	\$384,066.68	
3/26/2024	29		FLAT	0	0.0	\$19,067.18	4/18/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	3/18/24	\$395,928.86	
4/24/2024	29		FLAT	0	0.0	\$19,116.56	5/17/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	4/17/24	\$407,840.42	
5/24/2024	30		FLAT	0	0.0	\$19,116.56	6/19/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	5/15/24	\$419,751.98	
6/26/2024	33		FLAT	0	0.0	\$19,116.56	7/19/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	6/13/24	\$431,663.54	
7/25/2024	29		FLAT	0	0.0	\$19,302.71	8/19/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	7/15/24	\$443,761.25	
8/26/2024	32		FLAT	0	0.0	\$19,302.71	9/18/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	8/19/24	\$455,858.96	
9/26/2024	31		FLAT	0	0.0	\$19,302.71	10/21/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	9/16/24	\$467,956.67	
10/24/2024	29		FLAT	0	0.0	\$19,471.77	11/18/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	10/16/24	\$480,223.44	
11/26/2024	33		FLAT	0	0.0	\$19,471.77	12/19/2024	\$0.00	\$0.00	\$7,205.00	\$0.00	11/20/24	\$492,490.21	
12/26/2024	30		FLAT	0	0.0	\$19,471.77	1/21/2025	\$0.00	\$0.00	\$7,205.00	\$0.00	12/18/24	\$504,756.98	
1/28/2025	33		FLAT	0	0.0	\$19,568.65	2/20/2025	\$0.00	\$0.00	\$7,205.00	\$0.00	1/22/25	\$517,120.63	
2/28/2025	31		FLAT	0	0.0	\$19,426.21	3/25/2025	\$0.00	\$0.00	\$7,205.00	\$0.00	2/19/25	\$529,341.84	
3/26/2025	26		FLAT	0	0.0	\$20,904.65	4/18/2025	\$0.00	\$0.00	\$7,205.00	\$0.00	3/20/25	\$543,041.49	
4/24/2025	29		FLAT	0	0.0	\$20,869.11	5/19/2025	\$0.00	\$0.00	\$7,205.00	\$0.00	4/16/25	\$556,705.60	
5/27/2025	33		FLAT	0	0.0	\$20,869.11	6/19/2025	\$0.00	\$0.00	\$7,205.00	\$0.00	5/22/25	\$570,369.71	
6/25/2025	29		FLAT	0	0.0	\$20,869.11	7/18/2025	\$0.00	\$0.00	\$7,729.00	\$0.00	6/12/25	\$583,509.82	
7/25/2025	30		FLAT	0	0.0	\$20,904.65	8/19/2025	\$0.00	\$0.00	\$7,729.00	\$0.00	7/16/25	\$596,685.47	
8/26/2025	32		FLAT	0	0.0	\$20,904.65	9/18/2025	\$0.00	\$0.00	\$7,729.00	\$0.00	8/15/25	\$609,861.12	
9/25/2025	30		FLAT	0	0.0	\$20,904.65	10/20/2025	\$0.00	\$0.00	\$46,438.98	\$0.00	9/3/25	\$584,326.79	
10/24/2025	29		FLAT	0	0.0	\$20,904.65	11/18/2025	\$0.00	\$0.00	\$8,289.76	\$0.00	10/10/25	\$596,941.68	
11/21/2025	28		FLAT	0	0.0	\$20,904.65	12/16/2025	\$0.00	\$0.00	\$8,289.76	\$0.00	11/10/25	\$609,556.57	
12/19/2025	28		FLAT	0	0.0	\$20,904.65	1/13/2026	\$0.00	\$0.00	\$99,999.00	\$0.00	12/2/25	\$530,462.22	
										\$95,000.00	\$0.00	12/2/25	\$435,462.22	
										\$90,000.00	\$0.00	12/2/25	\$345,462.22	
										\$15,001.00	\$0.00	12/2/25	\$330,461.22	
										\$40,862.06	\$0.00	12/2/25	\$289,599.16	
1/23/2026	35		FLAT	0	0.0	\$20,869.11	2/17/2026	\$0.00	\$0.00	\$60,100.47	\$0.00	1/5/26	\$250,367.80	
2/20/2026	28		FLAT	0	0.0	\$20,869.11	3/17/2026	\$0.00	\$0.00	\$60,100.47	\$0.00	2/19/26	\$211,136.44	
3/20/2026	28		FLAT	0	0.0	\$20,869.11	4/14/2026	\$0.00	\$0.00	\$60,100.47	\$0.00	3/18/26	\$171,905.08	



An  Essential Utilities Company



Payment Arrangement Letter

Regarding: Aqua Account Number: [REDACTED]

12/03/2025

Dear Customer,

This letter confirms the agreed upon deferred payment plan terms that are described below:

Total Account Balance: \$268694.51
Total Deferred Payment Plan Balance: \$268694.51
Deferred Payment Plan Was Made On: DECEMBER 2, 2025
Deferred Installment Amount: \$44,782.00, for 6 months

Also, it is important for you to know:

1. Each monthly deferred installment amount will be stated on your monthly bill. The total amount due will include your current charges plus your Deferred Installment amount.
2. This payment arrangement will automatically cancel if the total amount due is received after the due date shown on your billing statement.
3. Please allow 7 days for mailing and processing time. Please write the full 16-digit account number on your check or money order to ensure proper and timely posting of your payment. Payments are to be mailed to:

**Aqua
PO BOX 70279
PHILADELPHIA PA 19176-0279**

Should you have any questions concerning this issue, please contact our Customer Service Department toll free at **877.987.2782** between the hours of 8 a.m. and 5 p.m. Monday through Friday. For quick information and shorter wait times, please call during these hours, Tuesday through Friday.

Sincerely,

Aqua Customer Service

762 W. Lancaster Avenue, Bryn Mawr, PA, 19010 • 877.987.2782 • Aquawater.com



762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Service To:

**100 MOSEYWOOD RD
LAKE HARMONY, PA 18624**



SCH USA LLC
PO BOX 567
LAKE HARMONY PA 18624

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

Public Meeting held February 6, 2025

Commissioners Present:

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

Pennsylvania Public Utility Commission	:	R-2024-3047822
Office of Consumer Advocate	:	C-2024-3049344
Office of Small Business Advocate	:	C-2024-3049339
Steven Boyanowski	:	C-2024-3048622
Sky Dumont	:	C-2024-3049269
Daniel O'Neill	:	C-2024-3049270
Linc Slipakoff	:	C-2024-3049274
Lori Kennedy	:	C-2024-3049307
Joel T Postema	:	C-2024-3049316
Ronald Smith & Gail Smith	:	C-2024-3049337
Lori Hill	:	C-2024-3049379
Robert J Fogarty	:	C-2024-3049398
Susan Unvasky & Sharon Ellis	:	C-2024-3049399
Ronald and Lara Roebuck	:	C-2024-3049402
Sebastian Borriello	:	C-2024-3049417
Teri Dahl	:	C-2024-3049444
Theodore J Voltolina III	:	C-2024-3049472
Donna Bullard	:	C-2024-3049473
Kathleen Ferrante	:	C-2024-3049592
Christopher F Kroen	:	C-2024-3049672
Daniela Kroen	:	C-2024-3049680
Donald Wilcox	:	C-2024-3049682
Bryce Matthew Wynter	:	C-2024-3049729
Susan & Joseph Hennigan	:	C-2024-3049758
Pellegrino & Mary Deleo	:	C-2024-3049768

Gary & Jo Anna Shovlin	:	C-2024-3049783
Paul Gaudet	:	C-2024-3049784
Maureen Bruno	:	C-2024-3049785
Christina D Sappey, PA Representative	:	C-2024-3049801
Aqua Large Users Group	:	C-2024-3049840
Frances Cannon	:	C-2024-3049851
Timothy Babbitt	:	C-2024-3049900
Gabrielle Fazio	:	C-2024-3049905
Christoffel Lombard	:	C-2024-3049913
Catherine Moran	:	C-2024-3049929
Barbara Woods	:	C-2024-3049941
Robert Overbeck	:	C-2024-3049944
Phyllis Leung	:	C-2024-3049964
Frances E Cannon	:	C-2024-3049978
YC Shellhorse	:	C-2024-3049982
John Muscari	:	C-2024-3050008
Adam Joseph Shellhorse	:	C-2024-3050014
Richard Centrella	:	C-2024-3050019
Sandra Clapps	:	C-2024-3050033
Meghan Cogley	:	C-2024-3050041
Judith Vasey	:	C-2024-3050042
Jeffrey J & Lisa A Robinson	:	C-2024-3050053
Penelope Rigatos	:	C-2024-3050055
Jeanne Passante Lennon	:	C-2024-3050181
John W Jengo	:	C-2024-3050199
Sandy Township, et al	:	C-2024-3050249
Ann & James Deveney	:	C-2024-3050260
Bruce Corbin	:	C-2024-3050316
Leroy Beckerman	:	C-2024-3050318
Diane & Stephen Bruno	:	C-2024-3050327
Christian Caso	:	C-2024-3050329
Francisco Augspach	:	C-2024-3050331
Rene Beauregard	:	C-2024-3050357
Ed Negra & Janice Schoem	:	C-2024-3050383
Johanna Milot	:	C-2024-3050394
Robert Kish	:	C-2024-3050411
Douglas Bell	:	C-2024-3050412
Linda Antonette	:	C-2024-3050415
Thomas Burrows	:	C-2024-3050417
Cynthia Burns	:	C-2024-3050419
Sandra Landers-Raimer	:	C-2024-3050421
Paul & Irina Rolando	:	C-2024-3050426
Gerardo Giannattasio	:	C-2024-3050427

William Lentz	:	C-2024-3050428
Scott Newman	:	C-2024-3050429
Nelson & Remedios Singcuenco	:	C-2024-3050434
Roxann Honer	:	C-2024-3050435
Andrea Verba	:	C-2024-3050437
Sharon Tripodi	:	C-2024-3050440
Eugene Crossland	:	C-2024-3050446
Paul Brenner	:	C-2024-3050448
Gregory Klauder	:	C-2024-3050449
Diane Gallagher	:	C-2024-3050450
Joseph & Deborah Gennaro	:	C-2024-3050454
Donald Guth	:	C-2024-3050455
Michael & Christine Maddalo	:	C-2024-3050457
Margaret Daly	:	C-2024-3050460
Joseph & Kathleen Wesolowski	:	C-2024-3050463
Thomas Bugda	:	C-2024-3050464
Carole A Ralph	:	C-2024-3050468
Jo Anna Shovlin	:	C-2024-3050469
Mary Merrigan	:	C-2024-3050559
Derek Scott	:	C-2024-3050563
William Fisher	:	C-2024-3050566
Douglas Weiser	:	C-2024-3050600
Michael Assante	:	C-2024-3050624
Paulette Nicolas	:	C-2024-3050654
Rene Javier	:	C-2024-3050707
Bob Zafian	:	C-2024-3050829
Karen L Reighert	:	C-2024-3051240
Lynn Hunter	:	C-2024-3051291
Amanda Zaremba	:	C-2024-3051443

v.

Aqua Pennsylvania, Inc.	:

Pennsylvania Public Utility Commission	:	R-2024-3047824
Office of Small Business Advocate	:	C-2024-3049340
Office of Consumer Advocate	:	C-2024-3049345
Daniel O'Neill	:	C-2024-3049279
Ronald & Gail Smith	:	C-2024-3049342
Valerie J Cosumano	:	C-2024-3049371
Lori Hill	:	C-2024-3049404

Ronald and Lara Roebuck	:	C-2024-3049423
Sebastian Borriello	:	C-2024-3049430
Donna Bullard	:	C-2024-3049480
Peter John Brady	:	C-2024-3049541
Kathleen Ferrante	:	C-2024-3049607
Sky Dumont	:	C-2024-3049666
Christopher F Kroen	:	C-2024-3049673
Daniela Kroen	:	C-2024-3049681
Pellegrino & Mary Deleo	:	C-2024-3049781
Christina D Sappey, Representative	:	C-2024-3049804
Timothy Babbitt	:	C-2024-3049809
John Day	:	C-2024-3049878
Barbara Woods	:	C-2024-3049940
Robert Overbeck	:	C-2024-3049948
Catherine Moran	:	C-2024-3049955
Adam Joseph Shellhorse	:	C-2024-3049959
David Richards	:	C-2024-3049965
Diana Sabol	:	C-2024-3049972
Frances E Cannon	:	C-2024-3049998
John Muscari	:	C-2024-3050005
Maria Simpas	:	C-2024-3050031
Thomas Wilson	:	C-2024-3050034
Judith Vasey	:	C-2024-3050043
Henry C Minter III	:	C-2024-3050087
Aqua Large Users Group	:	C-2024-3050164
Sandy Township, et al	:	C-2024-3050250
Diane & Stephen Bruno	:	C-2024-3050328
Christian Caso	:	C-2024-3050330
Rene Beauregard	:	C-2024-3050360
Ed Negra & Janice Schoem	:	C-2024-3050386
Colleen Connor	:	C-2024-3050406
Johanna Milot	:	C-2024-3050407
Douglas Bell	:	C-2024-3050414
Thomas Wizda	:	C-2024-3050416
Shane Oliver	:	C-2024-3050418
Paul & Irina Rolando	:	C-2024-3050430
William Lentz	:	C-2024-3050432
Thomas Burrows	:	C-2024-3050433
Cynthia Burns	:	C-2024-3050436
Ann & James Deveney	:	C-2024-3050442
Thomas & Joann Stark	:	C-2024-3050452
Diane Gallagher	:	C-2024-3050456
Carole A Ralph	:	C-2024-3050458

Michael & Christine Maddalo	:	C-2024-3050459
Margaret Daly	:	C-2024-3050462
Joseph & Kathleen Wesolowski	:	C-2024-3050465
Thomas Bugda	:	C-2024-3050466
Derek Scott	:	C-2024-3050564
Douglas Weiser	:	C-2024-3050568
Paulette Nicolas	:	C-2024-3050655
Ben Mroz III	:	C-2024-3050740
Bob Zafian	:	C-2024-3050836
Karen L Reighert	:	C-2024-3051132
Lynn Hunter	:	C-2024-3051294

v.

Aqua Pennsylvania Wastewater, Inc.

OPINION AND ORDER

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BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions of Aqua Pennsylvania, Inc. (Aqua Water) and Aqua Pennsylvania Wastewater, Inc. (Aqua Wastewater) (collectively Aqua or the Company), SCH USA, LLC (SCH USA), Mr. John Day, and Mr. Adam Joseph Shellhorse, filed on December 23, 2024, to the Recommended Decision (R.D.) of Administrative Law Judges (ALJs) Gail M. Chiodo and Alphonso Arnold III, issued on December 9, 2024 in the above-captioned proceeding. Replies to Exceptions were filed on December 30, 2024 by Aqua, the Commission's Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA), and Mr. Shellhorse. Also, before the Commission for consideration and disposition is the Joint Petition for Non-Unanimous Partial Settlement (Joint Petition, Partial Settlement, or Settlement) filed by Aqua, I&E, the OCA, the Office of Small Business Advocate (OSBA), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) (collectively, the Joint Petitioners) on November 7, 2024. The ALJs recommended, *inter alia*, that the Commission grant the Joint Petition, subject to certain minor modifications.

For the reasons stated, *infra*, we shall: (1) grant, in part, deny, in part, and render moot, in part, the Exceptions of Aqua; (2) deny the Exceptions of SCH USA, Mr. Day, and Mr. Shellhorse; (3) adopt the Recommended Decision of the ALJs, as modified; and (4) grant the Joint Petition and adopt the Partial Settlement, as modified, consistent with this Opinion and Order.

Additionally, as discussed below, Aqua originally proposed base rate changes that would have increased its total annual operating revenues for its water service by approximately \$112 million, or approximately 18.7%, and its total operating revenues for its wastewater service by approximately \$14.6 million, or approximately 20.1%, based on a fully projected future test year (FPFTY) ending December 31, 2025.

Thus, through the combination of both rate filings, the Company proposed to increase rates to produce additional overall revenues of \$126,675,472 per year, representing an increase of approximately 18.88% in overall annual distribution revenues. R.D. at 3. In this Opinion and Order, we shall approve an annual increase of \$73 million in annual operating revenues, on a consolidated water and wastewater operations basis. This is inclusive of an increase of \$48 million for Aqua's water operations and \$25 million for its wastewater operations, pre-Act 11 shift; and an increase of \$58.4 million for the Company's water operations and \$14.6 million for its wastewater operations, post-Act 11 shift.¹

I. Introduction and Background

Aqua provides water and wastewater public utility service to approximately 445,000 water customers and 75,000 wastewater customers in a certificated service territory that spans thirty-two counties across the Commonwealth of Pennsylvania. Aqua is a subsidiary of Essential Utilities, Inc. (Essential Utilities). Aqua is a public utility as that term is defined under Section 102 of the Code, 66 Pa.C.S. § 102. Aqua M.B. at 1; Aqua St. 1 at 1. Aqua last filed for an increase in water and wastewater base rates in 2021, which the Commission addressed in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2021-3027385 and R-2021-3027386, *et al.* (Order entered May 16, 2022) (*Aqua 2021 Rate Case*).

¹ On February 14, 2012, then Governor Tom Corbett signed into law Act 11 of 2012 (Act 11), which amended Chapters 3, 13 and 33 of the Public Utility Code (Code). Namely, Act 11 amended Chapters 3 and 13 to allow jurisdictional utilities to make rate case claims based on a FPFTY and to allow wastewater utilities to allocate a portion of their revenue requirement to the combined wastewater and water utility customer base. *See Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, (Order entered August 2, 2012); 66 Pa.C.S. § 1311(c).

The Company made its current combined water and wastewater rate increase filing pursuant to Section 1308 of the Code and in accordance with the provisions of Section 1311(c) of the Code. 66 Pa.C.S. § 1308, 66 Pa.C.S. § 1311(c), *i.e.*, Act 11. Aqua's requested increase was based upon the FPFTY ending December 31, 2025. Aqua represented that the principal reason for its current rate increase request was its continued need to upgrade and improve its water and wastewater infrastructure. In this regard, Aqua represented that since March 31, 2023 (*i.e.*, the end of the FPFTY used in the *Aqua 2021 Rate Case*), through the FPFTY ending December 31, 2025 in the instant case, the Company will have invested over \$950 million in water and wastewater utility infrastructure. Thus, Aqua asserted that investments in replacing old, and installing new, utility infrastructure account for approximately 60% of its requested need for rate relief. Aqua further submitted that the Company has experienced significant increases in its operating and maintenance (O&M) expenses since the *Aqua 2021 Rate Case*, in light of the substantial rates of inflation that have occurred between 2021 and 2024, and increases to labor costs and third-party supplier expenses in the years following COVID-19. Thus, Aqua asserted that its increases in O&M expenses represented approximately 38% of the Company's claim for additional rate relief in the instant case. Aqua M.B. at 1; Aqua St. 1 at 3-4; Aqua St. 12 at 2.

II. History of the Proceeding

The history of this proceeding that follows is summarized from the Recommended Decision of ALJs Chiodo and Arnold, the majority of which may be found at pages three through nine of the Recommended Decision.

On May 23, 2024, Aqua filed Original Tariff Water – PA P.U.C. No. 4 (Tariff Water No. 4) and Original Tariff Sewer – PA P.U.C. No. 4 (Tariff Sewer No. 4) with the Commission, to become effective July 22, 2024. The Company filed this combined water and wastewater rate proceeding in accordance with Section 1308 of the

Code and pursuant to the provisions of Act 11, set forth in Section 1311(c) of the Code, proposing to allocate a portion of the wastewater revenue requirement to its water operations. 66 Pa.C.S. § 1308, 66 Pa.C.S. § 1311(c). The Company used a FPFTY, ending December 31, 2025, to support its general rate increase request. In the rate filing, the Company proposed to increase Aqua's total annual operating revenues for water service by approximately \$112 million, or 18.7%, and for wastewater service by approximately \$14.6 million, or 20.1%. Through the combination of both rate filings, the Company proposed to increase rates to produce additional overall revenues of \$126,675,472 per year, an 18.88% increase in overall annual distribution revenues.

On May 23, 2024, the OSBA filed a Notice of Appearance. On May 29, 2024, I&E filed a Notice of Appearance. On May 31, 2024, the OSBA and the OCA each filed Formal Complaints against the rate filing.²

On June 13, 2024, the Commission entered an Order (*June 2024 Order*) suspending each of the proposed tariffs by operation of law until February 22, 2025. The Commission also instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations and assigned the rate filing to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings, as may be necessary, culminating in the issuance of a recommended decision.

Also on June 13, 2024, CAUSE-PA filed a Petition to Intervene and Answer.

On June 21, 2024, Aqua filed Suspension Tariff Supplement No. 1 to Tariff Water No. 4 and Suspension Tariff Supplement No. 1 to Tariff Sewer No. 4, in

² The OSBA's Complaints are docketed at Nos. C-2024-3049339 (water) and C-2024-3049340 (wastewater); the OCA's Complaints are docketed at Nos. C-2024-3049344 (water) and C-2024-3049345 (wastewater).

accordance with the *June 2024 Order*. On June 27, 2024, Aqua filed corrected versions of these Suspension Tariffs.

On June 27, 2024, New Wilmington Municipal Authority (NWMA) and SCH USA each filed a Petition to Intervene at the wastewater docket, Docket No. R-2024-3047824, only. On June 28, 2024, Aqua Large Users Group (Aqua LUG) filed a Formal Complaint against the water rate filing.³

Additionally, as of the date the Recommended Decision in this proceeding was issued, *i.e.* December 9, 2024, 149 *pro se* Formal Complaints have been filed by consumers in both of the rate filings, as indicated in the caption to this Opinion and Order, with their corresponding docket numbers. Some *pro se* Complainants filed a Complaint at both docket numbers.

By email dated July 2, 2024, counsel for Aqua submitted a joint proposed public input hearing plan to the ALJs. Therein, Aqua contemplated a total of nine public input hearings, including seven in-person and two telephone public input hearings. However, finding that significant public interest existed to hold public input hearings in this matter, the ALJs scheduled a total of eleven public input hearings: nine in-person public input hearings and two telephonic public input hearings.

On July 23, 2024, Sandy Township, Treasure Lake Property Owners Association, Inc., Barry Abbott, and Richard Whitaker (Sandy Township *et al.*) filed Formal Complaints against both rate filings.⁴

³ See Docket No. C-2024-3049840.

⁴ See Docket Nos. C-2024-3050249 (water) and C-2024-3050250 (wastewater).

Between August 1, 2024 and August 14, 2024, 11 public input hearings were held throughout the Company's service territory, and telephonically. During these hearings, a total of 173 witnesses testified.

In August and September 2024, various parties submitted direct testimony, supplemental direct testimony, rebuttal testimony, and surrebuttal testimony. On October 3, 2024, Aqua submitted written rejoinder testimony.

On October 11, 2024, an evidentiary hearing was held. All Parties' pre-served written testimony and exhibits⁵ were entered into the record by stipulation and no witnesses were cross-examined.

On October 25, 2024, Counsel for Aqua advised the ALJs that a Non-Unanimous Partial Settlement, in principle, had been reached and that it had resolved most issues among most active parties.

On October 28, 2024, Aqua, I&E, the OCA, SCH USA, and Mr. Day filed Main Briefs limited to issues reserved for briefing, *i.e.* the litigated issues, *infra*.

On November 7, 2024 Aqua, I&E, the OCA, the OSBA, and CAUSE-PA filed the Joint Petition. Therein, the Joint Petitioners agreed to a settlement of all issues among them, exclusive of the Company's proposed rate increase as applied to the East Whiteland Township (East Whiteland or the Township) wastewater system. Further, SCH USA and Aqua were not able to resolve the issue raised by SCH USA regarding the Company's method of billing wastewater to it. These issues were reserved for litigation. Each Joint Petitioner submitted a Statement in Support of the Settlement (Statement in

⁵ See the Appendix to the R.D. for a complete list of all admitted testimony and exhibits.

Support). While not signatories to the Settlement, Aqua LUG, Sandy Township *et al.*, and NWMA submitted letters stating that they do not oppose the Settlement. Conversely Mr. Day, Mr. Shellhorse, and several other *pro se* Complainants opposed the Settlement.

Also on November 7, 2024, Reply Briefs on the litigated issues were filed by Aqua, I&E, the OCA, SCH USA, and Mr. Day.

Further, pursuant to the directive of the ALJs, Aqua and the OCA coordinated to ensure that a copy of the Partial Settlement was simultaneously being served on all the *pro se* Complainants, with a letter drafted by the OCA informing and explaining to the *pro se* Complainants of their opportunity to file comments or responses, if any, by November 19, 2024 (Notification Letter).⁶ *See also* Paragraph 109 of the Partial Settlement, which provides that a copy of the Settlement, and appendices thereto, including Statements in Support, were simultaneously being served upon all Formal Complainants in this proceeding.

The record in this case closed on November 26, 2024, to allow time for any first-class mail responses to be filed or sent to the ALJs or the OCA from the *pro se* Complainants.⁷ A total of nine responses were submitted by Aqua's customers. Five customers opposed the Settlement and four customers supported the Settlement.

On December 9, 2024, the Commission issued the Recommended Decision of ALJs Chiodo and Arnold, wherein they recommended that: (1) the Commission grant

⁶ In the interest of transparency and completeness of the record, the ALJs indicated that they forwarded a copy of the Notification Letter to the Commission's Secretary's Bureau and requested that it be docketed. *See* R.D. at 9, n.13.

⁷ *See also* the letter and pleading filed by the OCA on November 22, 2024, which indicates that it submitted all comments it received from *pro se* Complainants which had not been filed with the Secretary's Bureau by those Complainants.

the Joint Petition and approve the Partial Settlement, subject to certain minor modifications; (2) the Company's proposed rates for East Whiteland be excluded from the instant rate filing; and (3) that SCH USA's claims regarding the Company's method of billing wastewater to it be denied.

As previously noted, Aqua, SCH USA, Mr. Day, and Mr. Shellhorse each filed Exceptions to the Recommended Decision on December 23, 2024. Aqua, I&E, the OCA, and Mr. Shellhorse filed Replies to Exceptions on December 30, 2024.

III. Public Input Hearings

As noted in the History of Proceeding, *supra*, 11 public input hearings were held in this matter, including 9 in person hearings and 2 telephonic hearings. In total, 172 people offered testimony, including: 19 in Hazleton, 38 in Wyncote, 11 in Media, 21 in New Garden Township, 35 in Royersford, and 48 by telephone. For a discussion and summary of the public input hearings, see pages 10 through 24 of the Recommended Decision.

IV. Legal Standards

A. Justness and Reasonableness of Rates

In deciding a general rate increase case brought under Section 1308(d) of the Code, 66 Pa.C.S. § 1308(d), certain general principles apply. Section 1308(d) of the Code provides the procedures for changing base rates, the time limitations for the suspension of the new rates, and the time limitations on the Commission's actions.

66 Pa.C.S. § 1308(d).⁸ “Under traditional ratemaking, utilities may not change rates charged to customers outside of a base rate case.” *McCloskey v. Pa. PUC*, 127 A.3d 860, 863 n.2 (Pa. Cmwlth. 2015).

Section 1301(a) of the Code mandates that “[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable, and in conformity with [the] regulations or orders of the [C]ommission.” 66 Pa.C.S. § 1301(a). Pursuant to the just and reasonable standard, a utility may obtain “a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment.” *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*City of Lancaster*). There is no single way to arrive at just and reasonable rates, and “[t]he [Commission] has broad discretion in determining whether rates are reasonable” and “is vested with discretion to decide what factors it will consider in setting or evaluating a utility’s rates.” *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky II*).

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

⁸ Among other things, Section 1308(d) of the Code requires the Commission to render a final decision granting or denying, in whole or in part, the general rate increase requested by a public utility, within a general time frame not to exceed seven months from the proposed effective date of the utility’s proposed tariff supplement. *See* 66 Pa.C.S. § 1308(d); *see also*, 52 Pa. Code § 53.31 (requiring a tariff proposing a rate increase to be effective upon sixty days’ advance notice). Unless the utility voluntarily extends the suspension period, the Commission’s non-action within this timeframe means, by operation of law, the utility’s proposed general rate increase will go into effect, as proposed, at the end of such period. *See* 66 Pa.C.S. § 1308(d).

Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591 (1944) (*Hope Natural Gas*). In *Bluefield*, the Court stated:

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

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

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

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

The Commission is required to investigate all general rate increase filings. *Popowsky II*, 683 A.2d at 961. The burden of proof to establish the justness and reasonableness of every element of a public utility's rate increase request rests solely

upon the public utility in all proceedings filed under Section 1308(d) of the Code. 66 Pa.C.S. § 315(a). The standard to be met by the public utility is set forth in Section 315(a) of the Code, 66 Pa.C.S. § 315(a), as follows:

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

66 Pa.C.S. § 315(a).

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

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

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

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

proposed adjustment to the Company's filing. The Pennsylvania Supreme Court has held:

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

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

However, in proving that its proposed rates are just and reasonable, a public utility need not affirmatively defend every claim it has made in its filing, even those which no other party has questioned. As the Pennsylvania Commonwealth Court has held:

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

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

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

impermissible shifting of the evidentiary burden. *United States Steel Corp. v. Pa. PUC*, 456 A.2d 686 (Pa. Cmwlth. 1983).

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

B. Settlements Must Serve the Public Interest

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231; *see also*, 52 Pa. Code §§ 69.401, *et seq.* A full settlement of all the issues in a proceeding eliminates the time, effort, and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort, and expense of litigating a case. A settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case.

The Partial Settlement in this instant proceeding is a “black box” settlement. This means that the Joint Petitioners were not able to agree on each and every element of the calculation of the revenue increase and the revenue requirement. The

Commission has recognized that “black box” settlements can serve an important purpose in reaching consensus in rate cases:

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

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

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

Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*). The focus of the inquiry for

determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote, and serve the public interest. *Pa. PUC, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011), citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order entered April 1, 1996) and *CS Water and Sewer*. Because the Joint Petitioners request that the Commission enter an order in this proceeding approving the Partial Settlement without modification, they share the burden of proof to show that the terms and conditions of the Partial Settlement are in the public interest. See 66 Pa.C.S. § 332(a).

In their Recommended Decision, the ALJs made thirty-one (31) Findings of Fact and reached eleven (11) Conclusions of Law. R.D. at 24-30, 170-72. The Findings of Fact and Conclusions of Law are incorporated herein by reference and are adopted without further comment unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order.

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

V. Joint Petition for Approval of the Non-Unanimous Partial Settlement

A. Terms and Conditions of the Non-Unanimous Partial Settlement

The Joint Petitioners agreed to the Partial Settlement covering all issues except for: the Company's proposed rate increase as applied to the East Whiteland

wastewater system and certain issues raised by SCH USA.⁹ Additionally, Aqua LUG, Sandy Township *et al.*, and NWMA submitted letters stating that they do not oppose the Partial Settlement. Conversely, Mr. Day, Mr. Shellhorse, and several other *pro se* Complainants filed Statements in Opposition to the Partial Settlement.

As previously noted, the Partial Settlement is a “black box” settlement, which means that it does not reflect a specific resolution of every element of the agreed-upon revenue increase and revenue requirement, including any specific rate of return, but instead represents the Joint Petitioners’ agreed-upon final revenue increase amount based on their respective individual analyses of the various revenue and expense items.

The Partial Settlement provides for an increase in rates designed to produce \$73 million in additional annual base rate revenues for Aqua, on a consolidated water and wastewater operations basis, based upon the *pro forma* level of operations for the FPFTY ending December 31, 2025. As noted in Paragraphs 40 through 42 of the Partial Settlement, *infra*, this is inclusive of \$48 million for Aqua’s water operations and \$25 million for its wastewater operations, pre-Act 11 shift, and \$58.4 million for the Company’s water operations and \$14.6 million for its wastewater operations, post-Act 11 shift. This is in lieu of the Company’s originally-filed request for an annual revenue increase of approximately \$126,675,472 on a consolidated water and wastewater basis. Joint Petition at 1-3, 6, 7.

⁹ These are discussed, in detail, in Section VI of this Opinion and Order.

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

Appendix A – Proposed Findings of Fact
Appendix B – Proposed Conclusions of Law
Appendix C – Proposed Ordering Paragraphs
Appendix D-1 – Proof of Revenues (Water)
Appendix D-2 – Proof of Revenues (Wastewater)
Appendix E – Water Tariff
Appendix F – Wastewater Tariff (No change to East Whiteland)
Appendix G-1 – East Whiteland Wastewater Tariff Pages
(With East Whiteland increase)
Appendix G-2 – East Whiteland Wastewater Tariff Pages
(No change to East Whiteland)
Appendix H-1 – Bill Comparison (Water)
Appendix H-2 – Bill Comparison (Wastewater)
Appendix I – Aqua PA Statement in Support
Appendix J – I&E Statement in Support
Appendix K – OCA Statement in Support
Appendix L – OSBA Statement in Support
Appendix M – CAUSE-PA Statement in Support
Appendix N – Letters of Non-Opposition

1. Essential Terms of the Non-Unanimous Partial Settlement

The essential terms of the Joint Petition for Non-Unanimous Partial Settlement were contained in Section III of the Joint Petition, in Paragraphs 40 through 93. These terms are set forth below and reflect the Joint Petitioners' agreement with regard to the issues of: (1) Revenue Requirement; (2) Customer and Volumetric Charges; (3) the Distribution System Improvement Charge (DSIC); (4) Tax Repairs; (5) COVID Deferral; (6) Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Deferral; (7) Depreciation; (8) an Acquisition Adjustment; (9) Future Test Year (FTY) and FPFTY

Reporting Requirements; (10) Aqua Universal Service Program and Customer Issues; (11) Tariff Revisions; (12) HomeServe Issues; (13) PFAS Website; (14) Collaborative with Lake Harmony and Tobyhanna Customers; (15) Communication of Rate Impact Information to Customers; and (16) Small Business Issues. These essential terms are printed *verbatim*, and for ease of reference, maintain the paragraph numbers and formatting that appear in the Partial Settlement.

A. Revenue Requirement

40. Upon Commission approval of the Settlement, Aqua PA will be permitted to implement rates designed to produce additional annual operating revenue of \$73 million total for its water and wastewater operations, inclusive of \$48 million for water operations and \$25 million for wastewater operations prior to any Act 11 shift. The Settlement Parties agree that this revenue increase neither adopts nor rejects any specific claim or disallowance unless expressly identified in the Settlement.

41. Of the \$25 million wastewater revenue requirement increase, \$10.4 million of wastewater revenue requirement will be shifted to water operations for recovery.

42. The total post-Act shifted revenue requirement increase is as follows:

- i. \$58.4 million for water operations, and
- ii. \$14.6 million for wastewater operations.

43. Upon Commission approval of the Settlement, Aqua PA will be permitted to file a tariff supplement reflecting the agreed-to additional operating revenue to become effective on February 22, 2025. Attached hereto as Appendices E and F are pro forma tariff supplements for water and wastewater service, respectively, including changes to the Company's proposed tariffs that were unopposed by other parties or that are set forth in this Settlement.

B. Customer and Volumetric Charges

44. Settlement Rates for the various classes of customers and specific divisions are discussed below and have been agreed upon by the parties. The Settlement Parties agree with the Company's Rate Zone consolidation proposals and the class revenue allocations based on the cost of service studies provided in this case. Below are the customer charges, by rate zone, which have been agreed upon. Attached to this Settlement as Appendices D-1 and D-2 are the proofs of revenues showing the consumption and flat rate charges.

Water

Water Residential Customer Charges	
Rate Zone	Customer Charge (5/8' Customer)
Rate Zone 1, Rate Zone 2, Sun Valley, Shenandoah, Belle Aire	\$22.40
Rate Zone 3	\$32.40
Bunker Hill	\$17.70
Phoenixville	\$7.35

Wastewater

Wastewater Residential Customer Charges	
Rate Zone	Customer Charge (per EDU)
Rate Zone 1, Rate Zone 1A, Rate Zone 7, Rate Zone 9, Rate Zone 10, Rate Zone 12, Rate Zone 14	\$49.41
Rate Zone 2, Rate Zone 8, Rate Zone 11	\$55.93
Rate Zone 3	\$66.37
Rate Zone 4	\$86.12
Rate Zone 5	\$98.95
Rate Zone 6	\$61.04

C. Distribution System Improvement Charge ("DSIC")

45. For the purposes of calculating its DSIC, Aqua PA shall use the equity return rate for water utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for water utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S.

Section 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. Section 1358(b)(1).

46. The DSIC for Aqua PA shall be established at 0% of billed revenues effective with the effective date of Settlement Rates. The DSIC shall remain at 0% of billed revenues until the later of: (a) the end of the FPFTY; or, (b) the quarter following the point in time at which Aqua PA's net plant in service (original investment less accumulated depreciation, customer advances and customer contributions) exceeds the levels projected by Aqua PA as of December 31, 2025 (i.e., the end of the FPFTY) Schedule G-1 of Aqua Exhibits 1-A, 1-B, 1-C, 1-D, and 1-E. The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

D. Tax Repairs

47. The Joint Petitioners agree that the revenue requirement incorporates a reduction to current state and Federal income tax expense based on net repairs deductions in the FPFTY of \$158,600,000 for the water utility and \$4,460,000 for the wastewater utility, for a total of \$163,060,000.

48. If the net repairs deductions for Aqua PA vary by more than \$2 million above or below that \$163,060,000 amount (i.e., above \$165,060,000 or below \$161,060,000), Aqua PA will record a regulatory liability or asset for the related income tax expense impacts of the repairs deduction variations above \$165,060,000 or below \$161,060,000.

49. Aqua PA shall report on the regulatory asset or liability amounts of the net repairs deduction income tax impacts in its quarterly earnings reports after the conclusion of the FPFTY. Within 30 days of reporting a regulatory liability or regulatory asset with a net cumulative income tax impact amount of \$10 million or larger, Aqua PA shall file with the Commission and shall copy OCA, I&E, and OSBA, a plan for refunding the regulatory liability amount to customers or recovering the regulatory asset account from customers.

50. If there are remaining deferrals of the differences in income tax expense for Aqua PA's net repairs deductions, that balance shall be addressed in Aqua PA's next base rate case based on the recorded regulatory liability or asset amounts.

51. Whether similar recording of the impact on current income tax expense from net repairs deduction variations above or below a collar in a regulatory liability or asset account should continue shall also be re-evaluated in Aqua PA's next base rate case.

52. If current State and Federal income tax benefits incorporated into the revenue requirement related to the net repairs deduction, are subsequently disallowed by the Pennsylvania Department of Revenue or the Internal Revenue Service ("IRS"), the Company will record a regulatory asset for the impact of the disallowance for future recovery from customers.

53. If current Federal income tax benefits incorporated into the revenue requirement related to the net repairs deduction, are subsequently disallowed by the IRS and the repairs deduction disallowance is more than \$2 million, the Company will record a regulatory asset for the impact of the disallowance for future recovery from customers for the amount of IRS repairs deduction disallowance exceeds \$2 million.

54. The Company will amortize the tax repairs deduction regulatory liability of \$9,474,938 over a two-year period beginning with the effective date of rates.

55. The Company will amortize the amount of \$4,873,528 representing released FIN 48 tax reserves related to prior period tax repair deduction over a two-year period beginning with the effective date of rates.

E. COVID Deferral

56. The parties agree that Aqua PA will be able to recover its COVID deferral of \$5,022,350 (water) and

\$839,924 (wastewater) over a two-year period beginning with the effective date of rates.

F. Perfluoroalkyl and Polyfluoroalkyl Substances (“PFAS”) Deferral

57. Aqua PA will withdraw its request for the deferral of certain PFAS related costs in this base rate case proceeding and the Settlement Parties understand that Aqua PA will be filing a separate request for deferral of certain PFAS related costs in a separate docket.

G. Depreciation

58. For purposes of settlement, Aqua PA’s as filed depreciation and amortization rates will be utilized. The parties to this proceeding continue to disagree about the appropriate depreciation method to be used by Aqua PA, and this settlement should not be construed as an agreement to the methodology. All parties reserve their respective rights to address the depreciation methodology in an any future base rate proceeding.

H. Acquisition Adjustment

59. The following wastewater amortization for negative acquisition adjustment is specifically approved and is reflected in the Settlement’s base rate allowance:

Description	Amortization Period	Annual Amortization
North Heidelberg Sewer Company Acquisition Adjustment	20 years beginning with the effective date of rates	(\$30,002)

I. Future Test Year (“FTY”) and FPFTY Reporting Requirements

60. The Company agrees to provide I&E and OCA with an update to Schedule G-2 of Aqua Exhibits 1-A, 1-B, 1-C, 1-D, and 1-E, no later than April 1, 2025, including actual capital expenditures, plant additions, and retirements by month for the twelve months ending December 31, 2024, and

an additional update for actuals for the year ending December 31, 2025, no later than April 1, 2026.

J. Aqua PA Universal Service Program and Customer Issues

61. Aqua PA will initiate a dedicated mailing to all residential customers of acquired systems, within 60 days of the closing of the approved transaction, promoting the benefits of Customer Assistance Program (“CAP”) and providing eligibility and application information.

62. Aqua PA will revise its CAP levels and discount structure as follows within 90 days of the final order in this proceeding:

	Water		Wastewater	
	Fixed Charge	Volumetric Charge (all usage)	Fixed Charge	Volumetric Charge (all usage)
Tier 1 (0-50% FPL)	100%	85%	85%	85%
Tier 2 (51-100% FPL)	100%	75%	75%	75%
Tier 3 (101-150% FPL)	100%	50%	65%	50%
Tier 4 (151%-200% FPL)	100%	25%	50%	25%

63. Within 90 days of the final order in this proceeding, Aqua PA will develop and implement a process to screen all new and move-in customers for income eligibility at the time their service is established. Aqua PA will develop call center scripting that appropriately encourages customers to pursue CAP enrollment before entering into payment arrangements and establish a direct referral process to refer potentially income eligible customers to Dollar Energy Fund (“DEF”) to complete CAP applications. This direct referral process will be developed through consultation with the Aqua Assistance Collaborative (“AAC”) within 120 days of the final order in this proceeding.

64. If a customer submits a CAP application, Aqua PA agrees to place a hold on their account which will temporarily suspend terminations and any collections related activities while the CAP application is processed.

65. Aqua PA agrees to work with its AAC to identify ways to further streamline CAP enrollment, including data sharing with local and state agencies and other utilities in its service territory. Within 90 days of the final order in this

proceeding, Aqua PA will establish quantitative goals related to affirmative customer outreach for the purpose of enrolling low income customers in assistance programs, including CAP. Aqua PA will develop these quantitative goals in consultation with its AAC.

66. By April 1, 2025, Aqua PA commits to complete the following:

- i. Meet with the AAC to identify points of contact with consumers who are at risk of termination for nonpayment during which Aqua PA would inform the customer that they may be eligible to apply for CAP, the bill discount and arrearage benefits associated with CAP, that, should they choose to apply for CAP, termination and collections related activities will be placed on temporary hold, and that enrollment in CAP is an alternative to entering into a deferred payment agreement.
- ii. All of the above-referenced information will be provided to customers in plain language.
- iii. Aqua PA will begin including the above information developed in collaboration with the AAC in its termination notices, call scripting, and call center reference tools. Aqua PA and the AAC will continue to identify other touch points and develop language and messaging of the above information to provide customers during those touch points.
- iv. In Aqua PA's first report to the Commission's Bureau of Consumer Services through its Consumer Education and Outreach Plan, following April 1, 2026, Aqua PA will include a section of the report which specifically

identifies the steps taken to comply with this provision of the Settlement Agreement.

67. Arrearage forgiveness credits will be provided in the amount of \$40 per month regardless of arrearage amount. Within 120 days of a final order in this proceeding, arrearage forgiveness credits will be granted for in-full payments as those payments are made, even if those payments have not been paid on their due date. Aqua PA commits to propose in its next base rate proceeding a plan to implement an arrearage forgiveness program to be effective no later than the effective date of rates in its next rate case, whereby a customer's total arrearage balance is forgiven after thirty-six (36) in-full payments. The thirty-six (36) in-full payments need not be consecutive to qualify for arrearage forgiveness.

68. Aqua PA agrees to adopt offsets to its bill discount and arrearage forgiveness credits. For water, these offsets are \$2,455,931.82 for bill discount credits and \$812,620 for arrearage forgiveness credits. For wastewater, these offsets are \$352,626.60 in bill discount credits and \$89,744 for arrearage forgiveness credits. Aqua PA will offset its bill discount credits by 25.99% and its arrearage forgiveness credits by 39.37% for both water and wastewater, calculated separately, in each base rate proceeding beginning with its next base rate proceeding. The revenue requirement established in Paragraph 40, *supra*, is inclusive of these offset factors.

69. In consultation with the AAC, Aqua PA will establish a plan within 120 days of the final order in this proceeding to assess potential water savings achieved through each aspect of its Leak/Line Repair and Conservation Programs.

70. Within 90 days of the final order in this proceeding, Aqua PA will develop and implement a plan to increase awareness of its Leak/Line Repair and Conservation Program. This plan will include, at minimum, targeted outreach to high usage CAP customers, and discussions of potential coordination of service delivery with conservation

and efficiency programs administered by other utilities and/or state and local government entities.

71. Aqua PA will include \$250,000 for its Conservation and Leak/Line Repair Program annually. This includes service line repair and inside leak repair. In addition, Aqua PA will include \$50,000 for its conservation kits annually. These budgets will be attributed as follows:

Service Line Repair – \$75,000
Inside Leak Repair – \$175,000
Conservation Kits -- \$50,000

The revenue requirement established in Paragraph 40, supra, is inclusive of these budget increases. Any unused funds related to Aqua PA's Conservation and Leak/Line Repair Program will be carried over and added to the budget for the Conservation and Leak/Line Repair Program for the following year. To the extent that any of the budget for the Program, or any individual Program component, are fully expended before the end of a program year, the Company will work with the parties and its AAC discuss whether reallocation of unspent funding is available to ensure that the program continues to operate.

72. Aqua PA agrees to track and report on the following data related to the Conservation and Leak/Line Repair Program:

- Annual budget(s), broken down by program components (conservation kits, inside leak repair, external service line repairs);
- The amount of spent, broken down by year;
- The amount of costs to administer the Program, broken down by year;
- The amount of any rollover;

- The amount of any funds not rolled over, and the reason for the failure of these funds to rollover; and
- Metrics identified in and data tracked from the evaluation, measurement, and verification plan set forth above.

Aqua PA will provide a report on the information provided under this Paragraph as part of the Company's next base rate case initial filing under a section titled "Prior Rate Case Settlement Commitments" and will include this information to its AAC on an annual basis.

73. Aqua PA will contribute \$200,000 each year until the Company's next base rate proceeding to the Company's Hardship Grant program. All unspent funds at the end of each program year will be rolled over and added to the budget for the Hardship Grant program in the following year. The parties reserve the right to address this contribution level in Aqua PA's next base rate proceeding.

74. The maximum hardship grant amount will be set at \$500.

75. Aqua PA will work with its AAC to identify Community Based Organizations ("CBOs") providing services to customers likely to be eligible for Aqua Aid and Aqua PA's other low-income assistance programs. Aqua PA will develop and implement a plan to coordinate with identified CBO partners to increase awareness of and enrollment in its low-income assistance program. This plan will be developed in consultation with the AAC.

76. On entry of the final order in this proceeding, Aqua PA will amend its definition of confirmed low income customers to include all customers for which Aqua PA obtains information that would reasonably place the customer within a low income designation. Such information will include, but will not be limited to:

- Enrollment or participation in a low income assistance or conservation

program (CAP, Aqua Aid, or Aqua's leak repair and conservation program).

- Receipt of other emergency utility assistance.
- Indication by the customer of inability to pay current bill and/or requests for income based payment arrangements.
- Contact immediately prior to termination.
- Other referrals to low income programs.
- Self-certification by the customer.
- Income information received based on request for a medical certificate.

77. Aqua PA agrees to meet following call center annual average results:

- (1) Service Level 82% within 30 seconds;
- (2) Percent of Calls abandoned at 2.5%; and
- (3) Busy Out Rate of 0.25%.

Aqua PA will assess and document each quarter whether it has or has not met the above metrics, and the reasons Aqua PA believes contributed to the performance or failure. Aqua PA will provide a report on the information provided under this Paragraph as part of the Company's next base rate case initial filing under a section titled "Prior Rate Case Settlement Commitments." The report will include Aqua PA's plans to maintain or improve performance on a quarterly basis. Aqua PA will notify OCA, I&E, OSBA and CAUSE-PA if quarterly metrics are not met and offer to convene a collaborative workgroup session with OCA, I&E, OSBA and CAUSE-PA. Aqua PA will make available the quarterly documented assessments to a Settling Party upon request (within 30 days of the request) prior to Aqua PA's next base rate filing.

78. Aqua PA will conduct and document routine annual audits of its call center performance and training to call center representatives (whether permanent or temporary employees or contractors). These audits will be performed throughout the year and will continue to focus on call taking performance and quality and compliance with Pennsylvania specific laws, policies, and regulations. These documented audits will be included in the Company's next base rate filing as part of the Company's initial filing under a section titled "Prior Rate Case Settlement Commitments." Aqua PA will make the results of its annual audits available to the Settling Parties upon request (within 30 days of the request) prior to Aqua PA's next base rate filing.

79. Aqua PA will utilize and update its collections manual compliance document that describes the consumer protections associated with attempting contact with residential customers prior to termination of service. Aqua PA will continue to document on a regular basis, no less than quarterly, the training and oversight, with reasonable internal reporting requirements that are reviewed by management. These documented reports will be included in the Company's next base rate filing as part of the Company's initial filing under a section titled "Prior Rate Case Settlement Commitments." Aqua PA will make available the quarterly documented reviews to a Settling Party upon request (within 30 days of the request) prior to Aqua PA's next base rate filing.

80. For purposes of settlement, Aqua PA's root cause analysis method will be utilized for purposes of paragraph 81 below. Aqua PA and the OCA continue to disagree about the appropriate root cause analysis method to be used by Aqua PA, and this settlement should not be construed as an agreement to the methodology. All Settlement Parties reserve their respective rights to address the root cause analysis methodology in an any future proceeding.

81. Aqua PA will review its ongoing root cause analysis of its complaint trends, both for internal disputes and Commission Bureau of Consumer Services informal complaints that document infractions. Aqua will document

the review of the root cause analysis on a quarterly basis which may include the identification of trends, evaluation, steps to reform or avoid repeated trends, and internal steps taken to take proper internal enforcement action where needed. These updates will be included in the Company's next base rate filing as part of the Company's initial filing under a section titled "Prior Rate Case Settlement Commitments." Aqua PA's quarterly documented reviews will be made available to a Settling Party upon request (within 30 days of the request) prior to Aqua PA's next base rate filing.

82. The Company will propose and offer only no-fee payment options to its customers and include reasonable or necessary payment processing fees in its revenue requirement, like the costs of handling payments via mail, in its next base rate case.

83. The level of reasonable fees to include in the revenue requirement in its next base rate case to implement the no-fee payment options in Paragraph 82 should reflect a competitive bid process to achieve the lowest cost to ratepayers for processing credit and debit card transactions.

K. Tariff Revisions

84. Aqua PA will update its dollar amount of limitation of liability to reflect a more reasonable dollar amount to \$4,000 to reflect inflation and Aqua PA's actual data showing payout of customer claims.

85. Aqua PA will clarify that its "act of God" language does not eliminate liability for claims in which the Company is found to have been negligent or not in compliance with its Section 1501 duties under the Public Utility Code.

86. Aqua PA will adopt the tariff language shown below:

56A. A "non-Company wastewater provider" shall mean a municipality, municipal authority, or public utility wastewater provider that provides sewer service to the Company's water

customer. The terms and conditions for termination of water for non-payment of sewer are found in Attachment A and conform to the Water Services Act 53 P.S. §3102.201 et seq., which governs the relationship between Aqua and the municipality or municipal authority.

The Company may terminate water service to the customer due to the customer's nonpayment of a sewer bill owed to a non-Company wastewater provider, so long as: (1) the non-Company wastewater provider submitted a proper request to the Company and paid fifty dollar (\$50.00) fee per account; (2) the Company has an effective agreement with a municipality or municipal authority pursuant to the Water Services Act or Act of April 14, 2006, codified at 53 P.S. §§ 3102.501 – 3102.507, or a current effective agreement with a non-Company wastewater provider; and (3) the customer received prior notice from the non-Company wastewater provider of the past due amounts owed for sewer service to the non-Company wastewater provider.

Following the issuance of termination notice by the non-Company wastewater provider, the Company will not terminate the customer's water service upon notification to the Company by the non-Company wastewater provider that the customer does either of the following: (1) disputes the termination for non-payment consistent with the Water Services Act; or (2) produces a medical certification. Upon termination, the Company will post the post termination notice at the customer's premises. The Company's posted termination notice shall provide the following information in conspicuous format and plain language: (1) a statement that Aqua terminated the customer's water service due to the customer's non-payment of sewer charges owed to the non-Company wastewater provider; (2) a

statement that the termination of service is not the result of customer's non-payment of water charges owed to Aqua; (3) the name and contact number of the non-Company wastewater provider; (4) the contact information for the Company; and (5) a citation to Section 56A of Aqua's Water Tariff and the weblink for accessing the Company's tariff webpage.

L. HomeServe Issues

87. Aqua PA's web portal will identify that Aqua PA and its affiliates have contractual arrangements with HomeServe obligating it to market HomeServe to Aqua PA's customers for a fee. Aqua PA's web portal will contain a clear disclosure statement that Aqua PA is not a partner of and does not endorse the non-basic service provider. Aqua PA's web portal will also plainly identify that these services are optional and that they are considered non-basic services meaning that failure to pay them will not result in termination of utility service and that other companies offer these same non-basic services. In any future proceeding, all Settlement Parties reserve the right to take any position they deem appropriate regarding HomeServe and/or the provision or marketing of non-basic products and services by the Company and/or its affiliates.

88. Settlement terms relating to HomeServe should not be interpreted as any Settlement Party's agreement to or acceptance of the Company's provision of non-basic services or products. In any future proceeding, all Settlement Parties expressly reserve the right to take any position they deem appropriate as to the Company's use of HomeServe and/or the provision of non-basic products and services.

M. PFAS Website

89. Aqua PA will continue to have a www.waterfacts.com website to provide information on PFAS in general. Aqua PA will continue quarterly posting of information for Montgomery County and follow the federal and state rules on communicating this contaminant through the end of 2025. After that date, as anticipated, Aqua PA will

cease posting test results on its website and will continue to follow the state and federal rules on communicating to customers on PFAS.

N. Collaborative with Lake Harmony and Tobyhanna Customers

90. The Joint Petitioners agree and acknowledge that:

- i. The Commission's Order in Aqua PA's 2021 wastewater rate case noted that unmetered, flat-rate wastewater customers receive service in the communities of Tobyhanna, Pennsylvania (730 customer) and Lake Harmony, Pennsylvania (995 customers).
- ii. Aqua PA bills the customers in these communities a flat rate charge based on the charges that would be assessed to the average 5/8-inch Residential customer using 4,000 gallons per month. This usage level was based on the average system- wide usage of Aqua PA's water customers.
- iii. In Aqua PA's 2021 base rate proceeding the OCA noted a disparity in the wastewater rates charged to metered and unmetered water customers in certain rate zones where Aqua PA served both metered and unmetered customers.
- iv. In the Commission's Order in the 2021 base rate proceeding, the Commission adopted the ALJ's recommendation that directed Aqua PA to prepare and submit its next base rate proceeding a report evaluating whether different methods of calculating a flat rate would be more reasonable for some rate zones rather

than applying a system-wide usage average to each rate zone.

- v. Per Aqua PA's testimony, the Company prepared an analysis and study at Aqua Exhibit CEM-4-R.
- vi. The Settlement Parties recognize that there is a disagreement about whether Aqua PA complied with the Commission's Order as outlined in testimony.

91. The Company will:

- i. Set up a meeting with the OCA and Company experts to outline a further review of evaluating whether different methods of calculating a flat rate would be more reasonable for some rate zones. Submit said report to the Commission and serve a copy on all parties to this proceeding within 120 days of the rates being in effect.
- ii. Develop a section on its Aqua PA website explaining the use and calculation of a flat wastewater rate.
- iii. Develop a bill insert to send to Lake Harmony and Tobyhanna customers providing information on the use of a flat wastewater rate and refer to the Company's website for further information.
- iv. Hold a workgroup meeting with interested customers from Lake Harmony and Tobyhanna on the use and development of their wastewater rate.

O. Communication of Rate Impact Information to Customers

92. Aqua PA will develop a section on its website to provide rate impact information based on the final rates approved in the Commission's determination in a final order in this proceeding and will make it "live" within 60 days after the entry of a final order in this proceeding. The website will provide information separately for each water and wastewater rate zone. Aqua PA will include a bill impact analysis at usage levels up to 7,000 gallons for residential customer, in 500-gallon increments between 500 gallons and 7,000 gallons. Aqua PA will promote the website information in its weekly social media posts for a period of 60 days following the website going live.

P. Small Business Issues

93. Aqua PA proactively works with small businesses and offers a payment plan for small businesses on their water and wastewater account. This process began during the COVID pandemic, and the Company continues to offer this as an option for small businesses. The plan offers a standard, 6-month payment plan to payment-troubled small businesses, which can be extended on a case-by-case basis by Aqua PA. Aqua PA will maintain written internal documentation of this small business payment plan going forward.

Joint Petition at 6-22, ¶¶ 40-93.

2. Issues Reserved for Litigation

The Joint Petitioners explained the issues reserved for litigation in Section IV of the Joint Petition, in Paragraphs 94 through 97. These essential terms are printed *verbatim*, as follows:

A. East Whiteland Wastewater

94. The Settlement Parties recognize that there is a disagreement between them about whether East Whiteland should or should not be included in ratemaking rate base and whether new rates should be established in this proceeding. Accordingly, the parties will carve this issue out of the settlement and proceed with this litigation and briefing on this issue.

95. If the Commission authorizes Aqua PA to include the East Whiteland system in its ratemaking rate base and permits the establishment of new rates in this proceeding:

- a) The parties agree that Aqua PA will be permitted to collect an additional \$6.4 million in revenue from East Whiteland customers.
- b) This amount is not included in the overall revenue requirement established in Paragraph 40.
- c) The revenue increase established for East Whiteland customers will not be subject to a shift under Act 11, and East Whiteland's revenue increase is excluded from the wastewater operations portion of the Act 11 shift identified in Paragraph 2.

96. Attached to the Settlement as Appendices G-1 and G-2 are alternative tariff pages for the East Whiteland system based on its inclusion or non-inclusion in the Company's ratemaking rate base.

B. Other Issues

97. SCH USA's issues, and the issues raised by customer complainant Mr. John Day, Ms. Susan Unvasky and Ms. Sharon Ellis, Mr. Steven Boyanowski, Mr. Robert J. Fogarty, and State Representative Christina Sappey are reserved for litigation and briefing. Aqua PA submitted a Main Brief addressing these issues on October 28, 2024, and

will submit a Reply Brief responsive to the issues as brief by OCA, I&E, and Mr. Day concurrent with this Settlement.

Joint Petition at 22-23, ¶¶ 94-97.

3. Additional Terms

In addition to the specific essential terms to which the Joint Petitioners have agreed, as set forth above, the Partial Settlement contained certain additional general terms typically found in settlements submitted to the Commission. Specifically, the Joint Petitioners agreed that the Partial Settlement is conditioned upon the Commission's approval of the terms and conditions therein, without modification. The Partial Settlement established the procedure by which any of the Joint Petitioners may withdraw from the Partial Settlement and proceed to litigate this case, if the Commission should act to modify the Partial Settlement. In addition, the Joint Petitioners asserted that although the Partial Settlement is proffered to settle the instant proceeding, it may not be cited as precedent in any future proceeding, except to the extent required to implement any term specifically agreed to by the Joint Petitioners. Further, the Joint Petitioners submitted that the Partial Settlement was made without prejudice to any position which any of the Joint Petitioners might adopt in future proceedings, except to the extent necessary to effectuate or enforce any term specifically agreed to in the Partial Settlement before us. Finally, the Joint Petitioners explained that they have waived their right to file Exceptions regarding the issues in the Partial Settlement if the ALJs recommended that the Commission adopt the Partial Settlement, without modification. However, the Joint Petitioners stressed that each Joint Petitioner retained the right to file briefs, exceptions, and replies to exceptions with respect to the issues reserved for litigation in this proceeding. Joint Petition at 23-26, ¶¶ 98-110.

B. Positions of the Parties

1. Support of the Partial Settlement¹⁰

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

This section of this Opinion and Order provides an overview of the Positions of the Parties, outlined in their Statements in Support, regarding the sixteen major issues resolved by the Non-Unanimous Partial Settlement. In the Recommended Decision, the ALJs provided an extensive summary of the various positions of the Parties, as set forth in their respective Statements in Support. For a detailed summary of each Party’s position on the settled issues, see pages 54 to 122 of the Recommended Decision.

a. Revenue Requirement (§§ 40-43)

(1) Statements in Support

In its Statement in Support, Aqua submitted that the revenue increase agreed to under the Partial Settlement is reasonable and will provide the Company with the additional revenues that are necessary to provide reliable service to its customers. According to Aqua, the Partial Settlement appropriately balances the need of the

¹⁰ We note that, in addition to the Joint Petitioners, several *pro se* consumers filed communication generally supporting the Partial Settlement. *See* R.D. at 136.

Company to have an opportunity to earn a reasonable rate of return, with its customers' need for reasonable rates. Aqua Statement in Support at 3-6.

In its Statement in Support, I&E argued that the revenue increase agreed to under the Partial Settlement will produce rates that are just and reasonable. I&E highlighted that the Partial Settlement provides for a revenue increase of \$73 million, on a consolidated water and wastewater operations basis, including a \$10.4 million Act 11 shift from wastewater to water. I&E submitted that this agreed-upon increase represents a result that is within the range of likely outcomes in the event that this case was fully litigated, and that the Act 11 shift agreed to as part of the Partial Settlement is sufficiently close to I&E's litigated proposal of \$9,502,767. According to I&E, the agreed upon revenue increase will permit Aqua to receive sufficient operating funds in order to provide safe and adequate service, also protecting ratepayers by imposing a revenue increase that is sufficiently less than the Company's initially proposed revenue increase. I&E Statement in Support at 6-9.

In its Statement in Support, the OCA submitted that the revenue increase of \$73 million on a consolidated water and wastewater operations basis, that was agreed to under the Partial Settlement, is approximately \$53.7 million less than, or only 57.6% of, the Company's originally requested increase of \$126.7 million, on a consolidated water and wastewater operations basis, and is within the range of possible outcomes in this proceeding. The OCA submitted that the revenue increase produced by the Partial Settlement will provide sufficient funds to maintain Aqua's distribution system in an adequate, efficient, safe, and reasonable manner, while avoiding the harsh rate impact that an increase at the Company's original request would have caused. OCA Statement in Support at 9-10.

In its Statement in Support, the OSBA submitted that, because the Partial Settlement results in a reduction of approximately \$53.8 million in overall revenue

increases, the OSBA supports the revenue increase agreed to under the Partial Settlement. OSBA Statement in Support at 2-3.

In its Statement in Support, CAUSE-PA submitted that the significant reduction in the overall revenue increase that is provided for under the Partial Settlement, together with the critical enhancements to Aqua's universal service programs and policies and procedures affecting low-income customers, will help to mitigate the negative effects of the revenue increase on Aqua's low-income customers. CAUSE-PA Statement in Support at 3-5.

(2) Recommended Decision

The ALJs found that the revenue increase agreed to under the Partial Settlement represents a significant reduction and compromise when compared to Aqua's originally proposed revenue increase. According to the ALJs, this benefits customers as they will be subject to rates lower than those that were initially proposed. The ALJs concluded that although customers will still experience an increase in their rates, the rates that will result from the Partial Settlement reflect rates that likely would have been within the range of possibilities had this proceeding been fully litigated. Namely, the ALJs highlighted the possibility that, in a fully litigated proceeding, customers may have been subject to a greater increase in rates than those produced by the Partial Settlement. Therefore, the ALJs recommended that the Commission approve the provisions in Paragraphs 40 to 43 of the Partial Settlement. R.D. at 59-61.

b. Customer and Volumetric Charges (§ 44)

(1) Statements in Support

In its Statement in Support, Aqua submitted that the agreed-upon revenue allocation under the Partial Settlement provides movement for all rate classes towards their cost of service. Thus, Aqua took the position that the agreed-upon revenue allocation has been made in accordance with well-accepted ratemaking principles, including those set forth in the Commonwealth Court’s decision in *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1015 (Pa. Cmwlth. 2006) (*Lloyd*). Aqua also submitted, *inter alia*, that while the Settlement rates provide for an increase in the Company’s monthly customer charges, the Partial Settlement provides for a lower customer charge than the Company originally proposed. For example, Aqua noted that under the Settlement rates, its Rate Zone 1, 5/8-inch meter customer charge for its water operations for all customer classes will be \$22.40 per month, as opposed to the \$23.90 customer charge originally proposed by the Company. Therefore, Aqua argued that the revenue allocation and rate design achieved by the Partial Settlement are reasonable, in the public interest, and appropriately balance the interests of all parties. Aqua Statement in Support at 6-11.

In its Statement in Support, I&E argued, *inter alia*, that the Partial Settlement establishes the appropriate customer charge because it ensures that Aqua is not being overcompensated, while also providing Aqua with a predictable level of income that will allow for the “proper maintenance and up keep” of its water and wastewater system. According to I&E, the revenue allocation and rate design achieved by the Partial Settlement are within the range of reasonable outcomes that would result from full litigation of this proceeding and are in the public interest. I&E Statement in Support at 9-11.

In its Statement in Support, the OCA submitted that the revenue allocation achieved by the Partial Settlement reasonably allocates the agreed upon-revenue increase among customer classes and appropriately designs rates to recover the amounts allocated to the customer classes. The OCA added that the Partial Settlement's rate design for the residential customer charges will result in smaller increases in the customer charge than the Company proposed in its initial filing. OCA Statement in Support at 14-19.

In its Statement in Support, the OSBA argued that the Partial Settlement results in a revenue allocation that is consistent with the water and wastewater cost of service studies (COSS) submitted by Aqua. According to the OSBA, these COSSs are reasonable. OSBA Statement in Support at 3.

In its Statement in Support, CAUSE-PA noted that as part of this proceeding, Aqua will reduce the number of rate divisions in its wastewater operations from fourteen to seven. CAUSE-PA stated that it agrees with the Company's rate zone consolidation proposal and class revenue allocation based on the COSS provided in this proceeding. CAUSE-PA submitted that based upon the Company's agreement, *infra*, to various reforms to its universal service programs, this Settlement provision reasonably balances the varied interests of the Joint Petitioners and should be approved as being in the public interest. CAUSE-PA Statement in Support at 5-6.

(2) Recommended Decision

The ALJs found that Aqua's COSS reasonably identified the customer class costs of service for its water and wastewater operations and served as a guide to move each of these classes closer to their cost of service. Thus, the ALJs concluded that the rate designs adopted pursuant to the Partial Settlement are reasonable and afford appropriate consideration of the cost causation principles discussed in *Lloyd*, in tandem with secondary considerations of the value of service, gradualism, and affordability. The

ALJs also highlighted the Joint Petitioners' support of the revenue allocation and rate design agreed upon in the Partial Settlement. Therefore, the ALJs recommended that the Commission approve the provisions outlined in Paragraph 44 of the Partial Settlement. R.D. at 66.

c. DSIC (§§ 45-46)

(1) Statements in Support

In its Statement in Support, Aqua submitted, *inter alia*, that the Settlement provisions, as set forth in Paragraphs 45 and 46 of the Partial Settlement, are in the public interest, are consistent with terms in prior settlements, and are necessary provisions in the context of a settlement to ensure that the DSIC is properly implemented in the future in accordance with the Code. Aqua Statement in Support at 11-12.

In its Statement in Support, I&E averred that the Partial Settlement provisions related to the DSIC are in the public interest and benefit both Aqua and its ratepayers. In this regard, I&E argued that these Settlement provisions will benefit Aqua because it will allow the Company access to DSIC funding for necessary infrastructure improvements, which will aid the Company in meeting its obligation to provide its customers with safe and reliable service. I&E asserted that Aqua's customers will also benefit because they will have a defined period of time, during which they will be relieved from paying any DSIC. Once a DSIC charge becomes effective, I&E continued, Aqua's customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service. I&E Statement in Support at 11-12.

In its Statement in Support, the OCA argued, *inter alia*, that this Settlement provision provides clarity regarding the timing and implementation of a DSIC and affords protection for ratepayers because the DSIC will not begin until after the FPFTY, and after

the plant investments noted in the Settlement are reached. OCA Statement in Support at 12-14.

(2) Recommended Decision

The ALJs found that providing the benefits of: (1) a known period during which the DSIC won't be charged, (2) an accurate calculation of the DSIC based on a known and reliable quarterly report as an index for the DSIC, and (3) the assurance of no duplicative recovery of DSIC-eligible expenditures in base rates all yield substantial evidence that leads to a conclusion that these provisions are in the public interest. Further, the ALJs highlighted I&E's observation that ensuring that the Company has access to DSIC funding will allow Aqua to make necessary infrastructure improvements, which will improve the service it provides to its customers. Consequently, the ALJs recommended that the Commission approve the provisions set forth in Paragraphs 45 and 46 of the Partial Settlement. R.D. at 69.

d. Tax Repairs (¶¶ 47-55)

(1) Statements in Support

Aqua noted that in 2011, it filed for permission with the Internal Revenue Service (IRS) to change the Company's definition of "unit of property." As a result of this change in definition, Aqua explained that it is permitted to claim a full tax deduction for certain capital additions qualifying as "repairs" for income tax purposes, rather than depreciate the asset for income tax purposes over time. Aqua stated that in the proceeding in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2018-3003558 and R-2018-3003561, *et al.* (Order entered May 9, 2019) (*Aqua 2018 Rate Case*), there were concerns expressed that the projected amount of tax repairs deductions could be substantially inaccurate. As such, in

the settlement in the *Aqua 2018 Rate Case*, the Company agreed to a “collar” provision around a specified \$158.9 Million net repairs deduction. Therein, Aqua agreed that when the net repairs deductions for the Company fall within a range of \$3 million above or below the specified target deduction, customers would not have to return the reduced tax benefits, or likewise the Company would not have to refund the additional tax benefits to customers. Conversely, if the deductions fell outside that range, the Company deferred the amount outside the range for refund or recoupment in a future rate proceeding. Aqua Statement in Support at 12-14.

Aqua explained that in the *Aqua 2021 Rate Case*, the Commission approved the continued use of the collar mechanism and expanded the collar to \$4 million. Aqua further stated that in its initial filing in the instant proceeding, it proposed that the \$4 million collar methodology be maintained, with an updated target of \$163,060,000 (*i.e.* the claimed net total tax repairs deduction). Aqua submitted that the provisions of the Partial Settlement, which adopt the Company’s initially proposed net total tax repairs deduction of \$163,060,000 in the FPFTY (\$158,600,000 for water and \$4,460,000 for wastewater), while applying, *inter alia*, a \$2 million collar amount and requiring the Company to record a regulatory liability or asset for the related income tax expense impacts of the repairs deduction variations above \$165,060,000 or below \$161,060,000, are in the public interest and should be approved. Aqua Statement in Support at 14-16.

The OCA submitted that the provisions of the Partial Settlement related to Tax Repairs are in the public interest and are supported by substantial evidence in the record. OCA Statement in Support at 9.

(2) Recommended Decision

The ALJs concluded that the agreement in the Partial Settlement that Aqua will amortize the tax repairs deduction regulatory liability of \$9,474,938 over a two-year period is in the public interest because it returns the over recovery to customers. The ALJs also noted that the Partial Settlement provides for a further refund to customers in the amount of \$4,873,528 over a two-year period, representing released financial identification number (FIN) 48 tax reserves related to prior period tax repair deductions. The ALJs found that this further refund to customers is also in the public interest. Additionally, the ALJs found that the \$2 million collar mechanism agreed to in the Partial Settlement protects ratepayers in monitoring whether the Company has sufficiently estimated its tax repairs and whether the Company has realized excess earnings. Accordingly, the ALJs recommended that the Commission approve the provisions set forth in Paragraphs 47 to 55 of the Partial Settlement. R.D. at 72-73.

e. COVID Deferral (§ 56)

(1) Statements in Support

Aqua explained that in the *Aqua 2021 Rate Case*, the Company identified its deferred incremental uncollectible accounts expenses related to COVID-19 through the end of the historical test year (HTY) ending March 31, 2021, in that rate case. In its Order approving increased base rates in the *Aqua 2021 Rate Case*, the Commission authorized Aqua to continue deferral of incremental costs because of uncertainty as to whether additional expenses resulting from COVID-19 would be incurred, or whether any deferred amounts would subsequently be collected from customers. Aqua Statement in Support at 16-17 (citing *Aqua 2021 Rate Case* at 399-400). Aqua further explained that in the instant proceeding, the Company requested recovery of its COVID-19 deferral of \$5,022,350 (water) and \$839,924 (wastewater) over a two-year period beginning with

the effective date of rates in this case. According to the Company, this proposal, as memorialized in Paragraph 56 of the Partial Settlement, is in the public interest. Aqua Statement in Support at 17-18.

I&E submitted that the use of a two-year amortization period approximates the interval between the filing of base rate cases for Aqua of fifty months, and is, therefore, appropriate. I&E Statement in Support at 12.

(2) Recommended Decision

The ALJs found the Joint Petitioners' agreement, that Aqua's COVID-19 deferral expense will be amortized over two years, to be reasonable, given the Company's explanation that the costs were incurred over a two-year period and have been deferred for over two years. Therefore, the ALJs recommended that the Commission approve the provisions set forth in Paragraph 56 of the Partial Settlement. R.D. at 74-75.

f. PFAS Deferral (§ 57)

(1) Statements in Support

In its Statement in Support, Aqua explained that the Company originally requested approval to defer costs incurred that are associated with the PFAS treatment to be undertaken subsequent to the end of the FPFTY in this proceeding. However, Aqua noted that under the Partial Settlement, it has agreed to withdraw its proposal and to file a separate request for deferral at a separate docket. Aqua submitted that this provision is in the public interest because it avoids the need to rule on the issue in this proceeding, and preserves Aqua's right to obtain a Commission decision on this issue in the future. Aqua Statement in Support at 18-19.

I&E submitted that Aqua's agreement to separately file a request for deferral of its PFAS related expenses is in the public interest. According to I&E, moving this request to a separate proceeding will aid the Parties in focusing solely on this issue and will provide helpful guidance on this issue going forward. I&E Statement in Support at 13.

In its Statement in Support, the OCA explained that it initially opposed the Company's PFAS deferral proposal. Therefore, the OCA submitted that this provision of the Partial Settlement represents a reasonable compromise in consideration of possible litigation outcomes, is in the public interest, and is supported by record evidence. OCA Statement in Support at 23.

In its Statement in Support, CAUSE-PA explained that it did not take an explicit position on this issue. However, CAUSE-PA submitted that this provision of the Partial Settlement will allow the Parties and the Commission to better consider this issue, including considering how deferral of these costs may impact residential and low-income consumers, in a separate, focused proceeding. Therefore, CAUSE-PA asserted that these provisions are just, reasonable, in the public interest, and should be approved, without modification. CAUSE-PA Statement in Support at 7.

(2) Recommended Decision

The ALJs found that Aqua's agreement to withdraw its request for the deferral of certain PFAS related costs eliminates the need for this issue to be addressed by the Commission in this base rate proceeding. The ALJs observed that the Commission will be able to address this issue when Aqua makes a request for deferral of certain PFAS related costs in a separate proceeding. Consequently, the ALJs recommended that the Commission approve the provisions set forth in Paragraph 57 of the Partial Settlement. R.D. at 76.

g. Depreciation (§ 58)

(1) Statements in Support

In its Statement in Support, Aqua submitted that the Joint Petitioners' agreement that the Company's as-filed depreciation and amortization rates will be used in this proceeding is in the public interest and should be adopted. The Company reasoned that this agreement preserves the use of the current and long-standing depreciation methodology and avoids questions regarding what depreciation rates are to be booked following this proceeding. Aqua Statement in Support at 19.

In its Statement in Support, the OCA submitted that although it disagrees with the depreciation method used by Aqua, achieving a consensus as to the depreciation rates was an integral part of achieving an overall resolution of this proceeding. The OCA noted that this agreement preserves the right of the Joint Petitioners to address this issue in future proceedings. OCA Statement in Support at 12.

(2) Recommended Decision

The ALJs observed that Aqua and the OCA disagreed regarding the appropriate depreciation method used by Aqua in this proceeding. However, the ALJs concluded that because the Parties have reached a compromise on this issue, this provision of the Partial Settlement is in the public interest. Therefore, the ALJs recommended that the Commission approve the provisions set forth in Paragraph 58 of the Partial Settlement. R.D. at 78.

h. Acquisition Adjustment (§ 59)

(1) Statements in Support

In its Statement in Support, Aqua stated that subsequent to the *Aqua 2021 Rate Case*, it acquired the assets of the North Heidelberg Sewer Company (NHSC) at less than the depreciated original cost (DOC). Aqua explained that the difference between the DOC and the purchase price is considered a negative acquisition adjustment. Aqua further noted that the Partial Settlement reflects approval of the amortization of the negative acquisition adjustment over a 20-year period. According to Aqua, this Settlement provision should be approved as in the public interest because it reflects the proper accounting treatment of the acquisition of NHSC. Aqua Statement in Support at 20.

In its Statement in Support, I&E submitted that the amortization amount and amortization period are appropriate. I&E Statement in Support at 13.

(2) Recommended Decision

The ALJs concurred with Aqua that this provision of the Partial Settlement reflects the proper accounting treatment of the acquisition of NHSC in compliance with Section 1327(e) of the Code. Therefore, the ALJs concluded that the provisions set forth in Paragraph 59 of the Partial Settlement are in the public interest and recommended that they be approved. R.D. at 79-80.

i. FTY and FPFTY Reporting Requirements (§ 60)

(1) Statements in Support

In its Statement in Support, Aqua noted that it will provide I&E and the OCA with certain updates to Schedule G-2 of Aqua Exhibit Nos. 1-A through 1-E no later than April 1, 2025, and with further updates by April 1, 2026, which will include information on actual capital expenditures, plant additions, and retirements, by month, for 2024 and 2025, respectively. The Company argued that this Partial Settlement term is in the public interest and should be approved because it will provide I&E and the OCA with ongoing information concerning Aqua's capital investments. Aqua Statement in Support at 20-21.

In its Statement in Support, I&E asserted that this provision of the Partial Settlement is in the public interest because it will ensure that I&E and the OCA will receive data sufficient to allow for the evaluation and confirmation of the accuracy of Aqua's projected plant additions. I&E Statement in Support at 13-14.

The OCA echoed the position of I&E and added that this provision of the Partial Settlement is in the public interest because it is consistent with Section 315 of the Code, 66 Pa.C.S. § 315. OCA Statement in Support at 14.

(2) Recommended Decision

The ALJs recommended that the Commission approve the provisions set forth in Paragraph 60 of the Partial Settlement. According to the ALJs, these provisions comply with Section 315 of the Code and will permit the Commission to review the Company's FPFTY projections, and to make adjustments to the Company's rates, if the actual data does not correlate with the projections made by the Company in this

proceeding. Thus, the ALJs found that these provisions are in the public interest because they will ensure that Aqua's customers will not be paying for rates that have not been justified. R.D. at 81.

**j. Aqua Universal Service Program and Customer Issues
(¶¶ 61-83)**

As discussed below, the OCA and CAUSE-PA proposed a variety of changes to the Company's universal service program, and to other programs/offerings related to payment, customer service, and customer assistance. Aqua Statement in Support at 21 (citing OCA St. 6; OCA St. 7; and CAUSE-PA St. 1). Aqua explained that, as set forth in the Partial Settlement, the Company has agreed to undertake several initiatives to address the concerns of the OCA and CAUSE-PA. Aqua argued that its commitments to universal service and customer service reflect the Company's continued support for these programs, are in the public interest, and should be approved. Aqua Statement in Support at 21.

In its Statement in Support, I&E explained that it supports these terms as being in the public interest, when reviewing the Settlement in the aggregate. According to I&E, the CAP terms of the Partial Settlement serve to protect vulnerable low-income customers who are facing financial hardship, while not imposing undue financial burden on non-low-income customers who must pay for this program. I&E explained that, with respect to the remaining universal service terms, it took no position on those terms. I&E Statement in Support at 15.

(1) Customer Assistance Program (CAP) (§§ 61-68)

(a) Statements in Support

In its Statement in Support, Aqua highlighted the Company's commitments, set forth in the Partial Settlement, to: (1) initiate a dedicated mailing to all residential customers of acquired systems, within 60 days of closing of the transaction, promoting the benefits of CAP and providing eligibility and application information; (2) revise its CAP structure and discount levels; (3) develop and implement a screening process for all new and move-in customers for CAP income eligibility and to establish a direct referral process for potential income eligible customers to the Dollar Energy Fund (DEF); (4) memorialize Aqua's current practice designed to protect potential CAP eligible customers from termination; (5) work with its Aqua Assistance Collaborative (AAC) to identify ways to further streamline CAP enrollment; (6) complete various items with respect to meeting with its AAC to encourage potentially eligible customers to enroll in CAP; (7) make a proposal in its next base rate case to implement an arrearage forgiveness program whereby a customer's total arrearage balance is forgiven after thirty-six (36) in-full payments; and (8) adopt offsets to its bill discounts and arrearage forgiveness credits. Aqua insisted that these Partial Settlement provisions are in the public interest and should be approved because they address the concerns of the OCA and CAUSE-PA with respect to, *inter alia*, the Company's CAP and how the CAP is communicated to Aqua's customers. Aqua Statement in Support at 21-25.

In its Statement in Support, the OCA submitted that these provisions of the Partial Settlement are in the public interest and are supported by substantial evidence in the record. According to the OCA, the Company has agreed to implement important consumer protections that might not otherwise have been achieved by and through litigation of this proceeding. OCA Statement in Support at 9-11.

In its Statement in Support, CAUSE-PA submitted, *inter alia*, that the CAP provisions of the Partial Settlement: (1) represent important reforms to Aqua's policies and procedures for screening and outreach related to Aqua's CAP; (2) set forth important reforms to the structure and discount levels of Aqua's CAP, which are necessary to resolve identified programmatic shortcomings and improve the equitable distribution of assistance; (3) increase the ability of CAP participants to equitably manage arrears accrued as a result of the unaffordability of Aqua's rates; and, (4) represent meaningful improvements to arrearage forgiveness assistance for CAP participants. Thus, CAUSE-PA argued that these provisions are just, reasonable, in the public interest, and should be approved without modification. CAUSE-PA Statement in Support at 8-18.

(b) Recommended Decision

The ALJs concluded that, generally, the provisions of the Partial Settlement, set forth in Paragraphs 61 to 68, contain multiple improvements and adjustments to Aqua's CAP, which is designed to provide assistance to low-income customers in regard to paying their bills, and to provide the customers with a method by which they can have their arrearages forgiven. According to the ALJs, it is in the public interest that as many CAP-eligible customers as possible enroll in the Company's CAP program, so that they will receive assistance in paying their bills and can work their way towards forgiveness of their water and wastewater bills. Thus, the ALJs recommended that the Commission approve these Settlement provisions. R.D. at 86.

(2) Leak/Line Repair and Conservation Programs (§§ 69-72)

(a) Statements in Support

In its Statement in Support, Aqua submitted that the Partial Settlement provisions on this issue reflect a compromise between the respective litigation positions

of Aqua, the OCA, and CAUSE-PA. For example, Aqua asserted that the Joint Petitioners' agreement that Aqua will increase the annual funding level for its leak repair program from \$100,000 to \$250,000 represents a middle ground between the respective Parties' positions on this issue. Aqua further noted that the Partial Settlement includes various reporting and tracking requirements to better equip Aqua's Leak/Line Repair and Conservation Programs to operate successfully in the future. As such, Aqua took the position that these Settlement provisions are in the public interest and should be approved without modification. Aqua Statement in Support at 25-26.

In its Statement in Support, the OCA submitted that these provisions of the Settlement represent a reasonable compromise in consideration of possible litigation outcomes and are in the public interest. OCA Statement in Support at 23.

In its Statement in Support, CAUSE-PA submitted that these provisions of the Partial Settlement represent important improvements to Aqua's tracking for its Leak/Line Repair and Conservation Programs and, in turn, its ability to evaluate the program and measure success. CAUSE-PA argued, *inter alia*, that requiring the Company to establish a plan, in consultation with its AAC, to assess potential water savings achieved through program components, provides important information to confirm that repairs were successfully completed, and that participants are seeing meaningful water savings as a result of program measures. CAUSE-PA further submitted that Aqua's agreement to develop and implement a plan to increase awareness of its Leak/Line Repair and Conservation Program is in the public interest and will help more low-income customers in need of repair or usage reduction services to access the program. CAUSE-PA Statement in Support at 19-25.

(b) Recommended Decision

The ALJs found that these provisions of the Partial Settlement adequately address the concerns of CAUSE-PA regarding Aqua's Conservation and Leak/Line Repair Program and will result in a number of improvements to the program. The ALJs opined that each of these improvements are in the public interest. Therefore, the ALJs recommended that the provisions set forth in Paragraphs 69 through 72 of the Partial Settlement be approved. The ALJs also found it important to note that CAUSE-PA, the party that raised concerns regarding Aqua's Conservation and Leak/Line Repair Program, supports these Settlement provisions. R.D. at 89-90.

(3) Hardship Grant Program (§§ 73-75)

(a) Statements in Support

Aqua's hardship grant program, known as "Aqua Aid," provides grants of up to \$500, once per year, for qualifying households. Aqua St. 13 at 4-5, 7-8. In its Statement in Support, Aqua asserted that the Settlement reflects a compromise between Aqua and CAUSE-PA's positions on the Company's hardship program. Aqua claimed that by increasing the funding to the program, and expanding efforts to encourage customers' enrollment therein, Aqua's hardship program, as modified by the Partial Settlement, is intended to reach more eligible customers and, in turn, will help customers in need of assistance with their bills. Therefore, Aqua argued that these provisions of the Settlement are in the public interest. Aqua Statement in Support at 26-27.

CAUSE-PA submitted that by requiring that Aqua contribute \$200,000 to the hardship program each year until Aqua's next base rate proceeding, Aqua's struggling low-income customers will have access to hardship funding until the Company's next base rate proceeding. CAUSE-PA further opined that requiring that Aqua work with its

AAC to identify Community Based Organizations (CBOs), and to develop a plan to coordinate with CBO partners to increase awareness and enrollment in low-income assistance programs, will help to increase awareness of Aqua Aid so that customers in need of grant assistance can learn about, and ultimately access, hardship funding. Thus, CAUSE-PA submitted that these provisions of the Partial Settlement represent important improvements to the funding and coordination of Aqua Aid. CAUSE-PA Statement in Support at 25-28.

(b) Recommended Decision

The ALJs opined that these provisions of the Partial Settlement “go a long way towards improving participation in Aqua’s low-income assistance programs by increasing outreach and awareness of the low-income programs.” The ALJs concluded that it is in the public interest for low-income customers to avail themselves of these low-income programs because their participation in these programs will provide them with assistance in paying their bills so that they can avoid service termination. Therefore, the ALJs recommended that the provisions set forth in Paragraphs 73 to 75 of the Partial Settlement be approved. The ALJs also found it important to note that CAUSE-PA, the party that raised concerns regarding Aqua Aid and Aqua’s low-income programs, supports these Settlement provisions. R.D. at 89-90.

(4) Definition of “Confirmed Low-Income Customers” (§ 76)

(a) Statements in Support

In its Statement in Support, the Company touted Paragraph 76 of the Partial Settlement, which memorializes Aqua’s commitment to amend its definition of “confirmed low-income customers” to include all customers for which Aqua obtains information that would reasonably place the customer within a low-income designation.

Aqua reasoned that this provision of the Partial Settlement is in the public interest because it will increase the reach of Aqua's low-income program offerings by better identifying confirmed low-income customers throughout the Company's service territory. Aqua Statement in Support at 27-28.

In its Statement in Support, CAUSE-PA provided that the change to the definition of "confirmed low-income customers," as agreed to in the Partial Settlement, will, *inter alia*: (1) help to confirm more low-income customers so that these customers can receive important protections, including the protection against winter terminations; and, (2) help Aqua to better target outreach efforts so that low income customers can learn about and ultimately enroll in assistance. Thus, CAUSE-PA submitted that this provision of the Partial Settlement is just, reasonable, in the public interest, and should be approved without modification. CAUSE-PA Statement in Support at 28-31.

(b) Recommended Decision

The ALJs found that this Settlement provision, which expands the definition of "confirmed low-income customer," achieves important goals, including helping Aqua to identify as many of its customers who are low-income as possible so that they can be directed to assistance that is available for them. Thus, the ALJs concluded that this provision, set forth in Paragraph 76 of the Partial Settlement, is in the public interest and recommended that it be approved. The ALJs further concluded that, in making their recommendation, it was important to note that CAUSE-PA, the party that raised this issue, supports this Settlement provision. R.D. at 95.

(5) Call Center Performance (§§ 77-78)

In the Settlement in *Joint Application of Aqua Am., Inc., Aqua Pa., Inc., Aqua Pa. Wastewater, Inc., Peoples Nat. Gas Co. LLC and Peoples Gas Co. LLC for All*

of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Nat. Gas Co. LLC and Peoples Gas Co. LLC by Way of the Purchase of All of LDC Funding, LLC's Membership Interests by Aqua Am., Inc., Docket No. A-2018-3006061 (Opinion and Order entered January 24, 2020) (*Aqua-Peoples Merger*), Aqua committed to improve its call center performance to meet or exceed the performance standards in each of the five calendar years (2020-2024) following the closing of the *Aqua-Peoples Merger*, using the following three metrics:

- (1) The percent of calls answered within 30 seconds is at least 82%;
- (2) A busy-out rate of no more than 0.25%; and
- (3) An average call abandonment rate that is no higher than 4% for 2020-2021, no higher than 3% for 2022-2023, and no higher than 2.5% for 2024.

R.D. at 96 (citing *Aqua-Peoples Merger* at ¶ 83).

(a) Statements in Support

In its Statement in Support, Aqua submitted that the provisions set forth in Paragraph 78 of the Partial Settlement demonstrate that the Company is committed to achieving, on an annual basis, the call center performance metrics set forth in the *Aqua-Peoples Merger Settlement* past 2024. Aqua Statement in Support at 28.

In its Statement in Support, the OCA expressed satisfaction that Aqua remains committed to the *Aqua-Peoples Merger Settlement* standards going forward. OCA Statement in Support at 19; R.D. at 97.

(b) Recommended Decision

The ALJs found that Aqua's commitment, through the Partial Settlement in the instant proceeding, to continue to meet the metrics set forth in the *Aqua-Peoples Merger* will lead to higher customer satisfaction and problem resolution and is in the public interest. Consequently, the ALJs recommended that the Commission approve these Settlement provisions, as set forth in Paragraphs 77 and 78 of the Partial Settlement. R.D. at 98.

(6) Compliance and Root Cause Analysis (¶¶ 79-81)

(a) Statements in Support

In its Statement in Support, Aqua highlighted the Company's agreement: (1) to update its collections manual compliance document describing the consumer protections associated with attempting contact with residential customers prior to service being terminated, and (2) to review its ongoing root cause analysis (RCA) of complaint trends and to report on that review quarterly. Aqua claimed that these provisions of the Partial Settlement are in the public interest because they will ensure: (1) that Aqua will strengthen its ongoing commitment to consumer protection, and (2) that Aqua's RCA is effective, with line of sight over its RCA from interested parties. Aqua Statement in Support at 29-30.

In its Statement in Support, the OCA submitted that these provisions of the Partial Settlement represent reasonable compromises in consideration of possible litigation outcomes and are in the public interest. OCA Statement in Support at 23.

(b) Recommended Decision

The ALJs concluded that, through these Settlement provisions, Aqua remains committed to reviewing and reporting on customer complaints and the Company's procedure in addressing these complaints. The ALJs determined this to be in the public interest, finding that it will allow for oversight into the steps Aqua is taking in addressing the concerns of its customers. The ALJs further noted that the Settlement preserves the Joint Petitioners' right to challenge the RCA methodology in a future proceeding. Thus, the ALJs recommended that the Commission approve the provisions set forth in Paragraphs 79 to 81 of the Partial Settlement. R.D. at 100.

(7) Payment Options (§§ 82-83)

(a) Statements in Support

In its Statement in Support, Aqua touted the Company's agreement in the Partial Settlement to propose and offer only "no-fee payment options" to its customers and to include reasonable or necessary payment processing fees in its revenue requirement in its next base rate case. Aqua argued, *inter alia*, that by implementing only no-fee payment options for its customers and rolling those fees into its revenue requirement, Aqua's customers will avoid directly paying for payment processing. Aqua Statement in Support at 30-31.

(b) Recommended Decision

The ALJs concluded that it is important, and in the public interest, for Aqua's customers to be provided with only no-fee payment options when paying their bills. According to the ALJs, customers should not be required to pay an additional processing fee in addition to paying their bills. Therefore, the ALJs recommended that

the Commission approve the provisions set forth in Paragraphs 82 and 83 of the Partial Settlement. R.D. at 102.

k. Tariff Revisions (§§ 84-86)

In its testimony in this proceeding, the OCA recommended that regarding proposed revisions to Aqua’s tariffs: (1) Aqua increase its dollar amount of limitation of liability to account for inflation; (2) Aqua clarify that its “act of God” language does not eliminate liability for claims in which the Company is found to have been negligent or not in compliance with its Section 1501 duties under the Code; and, (3) that language be added to Aqua’s tariffs to provide greater clarity to customers concerning the termination of service to water customers for non-payment of sewer services rendered by a non-company sewer provider, as authorized by the Water Services Act, or Act of April 14, 2006, codified at 53 P.S. §§ 3102.501 – 3102.507.2 (Water Services Act). OCA St. 7 at 24-26.

(1) Statements in Support

In its Statement in Support, Aqua submitted that the provisions set forth in Paragraphs 84 through 86 of the Partial Settlement strike an appropriate balance between competing litigation positions, provide greater clarity with respect to the language included in Aqua’s tariffs, and should be approved. Aqua Statement in Support at 31-32.

In its Statement in Support, I&E submitted that the updates and changes contained in this section of the Partial Settlement are appropriate. I&E Statement in Support at 15.

In its Statement in Support, the OCA argued that these Settlement provisions represent a reasonable compromise of competing litigation position outcomes and are in the public interest. OCA Statement in Support at 19-20.

In its Statement in Support, CAUSE-PA specifically highlighted Paragraph 86 of the Partial Settlement, with respect to the tariff revisions regarding the termination of water service for the nonpayment of wastewater service provided by a municipal authority. According to CAUSE-PA, clarifying this tariff language is important so that the Commission and interested stakeholders can better evaluate whether the Company is complying with the requirements of the Water Services Act when performing a service termination at the request of a wastewater utility. CAUSE-PA Statement in Support at 31-32.

(2) Recommended Decision

The ALJs recommended that the Commission approve Paragraphs 84 through 86 of the Partial Settlement. The ALJs noted that because Aqua initially proposed a limitation of liability dollar amount of \$2,000, while the OCA proposed a limitation of liability dollar amount of \$6,000, the Partial Settlement limitation of liability dollar amount of \$4,000 reflects a reasonable compromise between the positions of Aqua and the OCA. Additionally, the ALJs found it important that to highlight Aqua's commitment to clarifying that the "act of God" language in its tariff does not absolve or eliminate the Company from being subject to violations pursuant to Section 1501 of the Code. Furthermore, the ALJs determined that clarifying the language in Aqua's water tariff regarding the termination of service to water customers for non-payment of sewer services rendered by a non-company sewer provider is in the public interest. R.D. at 104.

I. HomeServe Issues (§§ 87-88)

At the public input hearings held in this proceeding, Mr. Enrico Guiliante testified regarding insurance coverage that he and his wife purchased related to a customer service line warranty program. The OCA's witness, Ms. Barbara Alexander, submitted supplemental direct testimony with respect to Mr. Guiliante's testimony raising concerns as to HomeServe's use of Aqua's name and logo to market its products and services to Aqua's customers. Ms. Alexander expressed concern that it was "all too simple for an Aqua customer to assume that HomeServe marketing communications were actually issued by Aqua" and submitted that the relationship between Aqua and HomeServe should be investigated "in light of Aqua's endorsement and approval and suggested support for these non-basic services." *See* R.D. at 105.

(1) Statements in Support

In its Statement in Support, Aqua submitted that the terms set forth in Paragraphs 87 and 88 of the Settlement "go beyond what is required under the Commission's regulations." Aqua stressed that it does not include non-basic service charges on residential customers' bills. Aqua added that because these provisions of the Partial Settlement reserve the rights of parties to revisit issues related to the provision of non-basic services by Aqua in future proceedings, if necessary, these provisions represent a reasonable compromise of the Parties' competing litigation positions regarding non-basic services. Aqua Statement in Support at 32-33.

I&E opined that, when viewed with the other terms contained in the Partial Settlement, the resolution set forth in Paragraphs 87 to 88 of the Partial Settlement is appropriate. I&E Statement in Support at 15.

In its Statement in Support, the OCA submitted that these Settlement provisions are in the public interest and represent a reasonable compromise of Ms. Alexander's recommendations, in consideration of possible litigation outcomes. OCA Statement in Support at 20-21.

(2) Recommended Decision

The ALJs concluded that given the confusion expressed over the relationship between Aqua and HomeServe, these Settlement provisions, which serve to clarify and provide customers with more information regarding the relationship, are in the public interest. Thus, the ALJs recommended that the Commission approve the provisions set forth in Paragraphs 87 and 88 of the Partial Settlement. R.D. at 106-07.

m. PFAS Website (§ 89)

(1) Statements in Support

In its Statement in Support, Aqua touted the Joint Petitioners' agreement that Aqua will: (1) continue to have a www.waterfacts.com website to provide information on PFAS in general; (2) continue quarterly posting of information for Montgomery County and continue following the federal and state rules on communications regarding the PFAS contaminant through the end of 2025; and (3) after that date, Aqua will cease posting test results on its website and will continue to follow the state and federal rules on communicating to customers on PFAS. Aqua claimed that these provisions represent a reasonable transition from the prior reporting undertaken by Aqua to the new reporting standards dictated by the state and federal government. Aqua further stressed that customers will still receive detailed PFAS information through the Consumer Confidence Reports (CCRs) that are available on the Company's website. Aqua Statement in Support at 33-34.

I&E stated that it supports these provisions of the Partial Settlement as being in the public interest. According to I&E, PFAS is an important issue facing Pennsylvania water utilities and their customers. I&E Statement in Support at 15.

In its Statement in Support, the OCA submitted that these provisions of the Partial Settlement represent a reasonable compromise in consideration of possible litigation outcomes and are in the public interest. OCA Statement in Support at 23.

(2) Recommended Decision

The ALJs concluded that because PFAS are man-made (*i.e.* synthetic) chemicals that, when ingested through water supplies, can cause real health concerns, it is imperative that Aqua be as communicative as possible to its customers regarding the reporting of PFAS levels in their water. According to the ALJs, this will enable customers to stay informed about this critical health issue. The ALJs found that, through the provisions in Paragraph 89 of the Settlement, customers will remain informed and Aqua will remain committed to complying with the reporting standards dictated by the state and federal governments. Thus, the ALJs recommended that these Partial Settlement provisions be approved. R.D. at 108.

n. Collaborative with Lake Harmony and Tobyhanna Customers (¶¶ 90-91)

In the *Aqua 2021 Rate Case*, the Commission approved Aqua's flat, unmetered wastewater rate design for customers in Lake Harmony, Pennsylvania and Tobyhanna, Pennsylvania and recognized that it was consistent with industry practice and was just and reasonable. However, noting the disparity in the rates charged to metered and unmetered customers in certain divisions where Aqua serves both types of customers, the Commission ordered Aqua to study whether a different method of calculating a flat

rate would be more reasonable for some systems than applying a system-wide average, and to report the results of this study in its next base rate proceeding. *Aqua 2021 Rate Case* at 272-73.

The OCA contended that the Company did not comply with the Commission's directive above.¹¹ Therefore, the OCA's witness, Mr. Jerome Mierzwa recommended that Aqua be denied any rate increase in this proceeding until it prepares and submits the above report it was directed to provide in the *Aqua 2021 Rate Case*. OCA St. 5 at 38-39. On the other hand, Aqua argued that it did comply with the Commission's directive and did address whether different methods of calculating a flat rate would be more reasonable for some rate zones in its testimony presented in this proceeding. The Company claimed that, aside from billing these unmetered customers based on a flat rate, no feasible alternatives currently exist. *See Aqua Statement in Support* at 34-35.

(1) Statements in Support

In its Statement in Support, Aqua highlighted that the Partial Settlement reflects and addresses the disagreement as to whether Aqua complied with the Commission's directive in the *Aqua 2021 Rate Case* and demonstrates the Company's commitment to investigate solutions to this issue. Aqua highlighted, *inter alia*, the Joint Petitioners agreement that Aqua will: (1) continue to evaluate whether different methods of calculating a flat rate would be more reasonable for some rate zones, and to submit this report to the Commission, and to serve a copy on all parties to this proceeding within 120 days of the effective date of the new rates resulting from this proceeding, and, (2) provide customers with additional information regarding the use and calculation of a flat wastewater rate, both on its website and in a bill insert to customers in Lake Harmony

¹¹ As noted in Section V.B.2, *infra*, Mr. Day also raised this allegation.

and Tobyhanna. Aqua further stressed that it will hold a working group meeting with these interested customers on the use and development of their wastewater rates. Aqua Statement in Support at 34-36.

I&E stated that it supports these provisions as being in the public interest, when considered with the other terms of the Partial Settlement. I&E Statement in Support at 16.

In its Statement in Support, the OCA submitted that these provisions of the Partial Settlement, which: (1) explain the Commission's directive in the *Aqua 2021 Rate Case* and the nature of the disagreement between Aqua and the OCA, and, (2) set forth Aqua's commitments related to flat, unmetered wastewater rates, reflect reasonable compromises in consideration of possible litigation outcomes and are in the public interest. OCA Statement in Support at 23.

(2) Recommended Decision

The ALJs noted that, regarding these provisions of the Partial Settlement, unmetered, flat-rate wastewater customers make up the communities of Tobyhanna, Pennsylvania and Lake Harmony, Pennsylvania. The ALJs further noted that they shared the concern expressed by the OCA, and by Mr. Day, *infra*, that Aqua's analysis lacks the type of full report the Commission envisioned or intended by its directive in the *Aqua 2021 Rate Case*. However, the ALJs explained that, without reaching a conclusion as to whether the Company complied with the Commission's directive, they nonetheless found it is in the public interest that Aqua will continue to evaluate this issue going forward, and that it will submit a report concerning its evaluation within 120 days after the rates approved in this proceeding take effect. Further, the ALJs stressed that it is important for the Company to continue to evaluate potential solutions to this issue so that customers can potentially be billed based on their actual usage. R.D. at 110-12.

The ALJs, likewise, found Aqua's commitment to provide additional information about its flat-rate billing to its Lake Harmony and Tobyhanna customers, and to hold a working-group with interested customers, to be in the public interest. According to the ALJs, it is imperative that the Company be more transparent and communicative to its customers, who have expressed frustration over the way they are being billed. R.D. at 112.

Based on the above, the ALJs recommended that the Commission approve the provisions set forth in Paragraphs 90 and 91 of the Partial Settlement. R.D. at 112.

o. Communication of Rate Impact Information to Customers (§ 92)

(1) Statements in Support

In its Statement in Support, Aqua touted the Company's agreement to develop a section on its website to provide information to its customers regarding the rate impact on their bills based on the final rates approved in this Opinion and Order. According to Aqua, this provision of the Partial Settlement is in the public interest and should be approved. Aqua submitted that this compromise, while it does not change the form of Aqua's required rate increase notices to its customers, does provide residential customers with further information regarding the likely rate impacts they will experience based upon the Commission's final order in this proceeding. Aqua added that the bill impact information, by usage level, will also inform customers of the potential change to their bills if they decrease or increase their usage above prior usages. Aqua Statement in Support 36-37.

In its Statement in Support, I&E pointed out that the rates customers are ultimately charged are rarely exactly what is shown on their customer notices when utilities initially file their base rate cases. As such, I&E opined that providing customers

with accurate rate impact information is important, given that these customers are the ones who must pay their utility bills. Accordingly, I&E argued that these provisions of the Partial Settlement are in the public interest because customers will be provided with “much needed, useful information about the actual impact of this rate case on their bills.” I&E Statement in Support at 16.

In its Statement in Support, the OCA explained that its witness, Ms. Christine Hoover, raised concerns that, while Aqua provided rate case notices to its customers, the notices significantly underestimated the impact that many consumers will experience because these notices were based only upon what Aqua considered a typical residential customer’s usage level per month. OCA Statement in Support at 21-22 (citing OCA St. 1 at 41-48). Thus, the OCA submitted that these provisions of the Partial Settlement are in the public interest and represent a reasonable compromise which addresses Ms. Hoover’s concerns and also incorporates practical recommendations. OCA Statement in Support at 22.

In its Statement in Support, CAUSE-PA submitted that because Aqua’s residential customers, and particularly its low-income customers, are already struggling to afford basic water/wastewater services, providing detailed information related to rate increases and rate impacts through the Company’s website will aid struggling customers in better understanding how their bills will be impacted as a result of this proceeding. Thus, CAUSE-PA took the position that these provisions of the Partial Settlement are reasonable, in the public interest, and should be approved without modification. CAUSE-PA Statement in Support at 33.

(2) Recommended Decision

The ALJs concluded that these provisions of the Partial Settlement are in the public interest, finding that they will promote transparency and will serve to better

inform customers as to how their bills will be impacted by the increases in their water and/or wastewater rates. Accordingly, the ALJs recommended that the Commission approve the provisions set forth in Paragraph 92 of the Partial Settlement. R.D. at 114.

p. Small Business Issues (§ 93)

(1) Statements in Support

In its Statement in Support, Aqua provided that it proactively works with small businesses and offers a payment plan for small businesses for past due balances on their water and wastewater accounts. Aqua noted that this process began during the COVID pandemic, and that the Company continues to offer this as an option for small businesses. More specifically, Aqua noted that it offers a standard, 6-month payment plan to payment-troubled small businesses, which can be extended on a case-by-case basis by the Company. Aqua touted this provision of the Partial Settlement, which will formalize this small business payment plan and will maintain written internal documentation of this payment plan going forward. Aqua Statement in Support at 37.

In its Statement in Support, I&E explained that it supports this term as being in the public interest, when read in conjunction with the other terms of the Partial Settlement. I&E Statement in Support at 16.

In its Statement in Support, the OSBA submitted that this provision of the Partial Settlement is in the public interest and expressed its appreciation for Aqua's willingness to institute a formal payment plan. OSBA Statement in Support at 4.

(2) Recommended Decision

The ALJs found this provision of the Partial Settlement to be reasonable and in the public interest. The ALJs reasoned that small businesses will benefit from staying connected to service while gradually paying down past due balances, and that keeping small businesses afloat by helping them manage past due balances will positively impact local communities. Therefore, the ALJs recommended that the Commission approve Paragraph 93 of the Partial Settlement. R.D. at 115-16.

2. Opposition to the Partial Settlement

a. Opposition of Mr. Day

This section of this Opinion and Order provides an overview of Mr. Day's Complaint in this proceeding and his opposition to the Partial Settlement. For a more detailed summary, see pages 122 to 133 of the Recommended Decision.

(1) Positions of the Parties

Mr. Day is an Aqua wastewater customer and a part-time resident of Lake Harmony, Pennsylvania in Kidder Township. Mr. Day stated that Lake Harmony is a mixed-use seasonal community assigned to Aqua's Rate Zone 4, and whose residents are billed using a flat unmetered wastewater rates method. Mr. Day's Complaint centered on his position that: (1) Aqua's flat-rate billing method for unmetered wastewater customers is unfair, and (2) Aqua has failed to comply with the Commission's directive in the *Aqua 2021 Rate Case, supra*, that the Company study and report on different methods of calculating a flat rate that would be more reasonable for some systems, including those in the Lake Harmony community. According to Mr. Day, the application of systemwide averages for water consumption does not reflect the reality of part-time occupancy in

Lake Harmony, where many homeowners occupy their homes for only a few days per month. Thus, Mr. Day submitted, Aqua’s flat-rate system unjustly burdens these homeowners, violating the principle of cost causation, and forcing part-time residents, who contribute less to the system, to pay for services they do not use. Mr. Day further asserted that Aqua’s failure to provide the report directed by the Commission in the *Aqua 2021 Rate Case, inter alia*, worsens the inequities faced by unmetered customers in Lake Harmony. Accordingly, Mr. Day opined that Aqua’s proposed rate method for Lake Harmony, and any proposed rate increases, should be denied. Mr. Day M.B. at 1, 6, 11-12, 18-19.

In his Formal Complaint in this proceeding, at Docket No. C-2024-3049878, Mr. Day also argued that Aqua should be ordered to either: (1) “install water meters in all Lake Harmony homes lacking such, and subsequently bill homeowners according to its metered wastewater tariff;” (2) set the “wastewater billing rate for Lake Harmony homeowners...to the lowest wastewater rate charged by Aqua PA across its entire system;” or (3) “implement a program in Lake Harmony that enables wastewater customers to purchase and install water meters at their own expense and provide their water consumption data to Aqua PA annually.” Mr. Day Complaint at ¶ 6. In his Main Briefs, Mr. Day elaborated on his requested relief, arguing, *inter alia*, that: (1) Aqua should be directed to implement an unmetered rate method that is more reasonable for mixed-use, seasonal communities; or (2) the Commission should reexamine the flat rate methodology for Aqua customers in Lake Harmony. Mr. Day M.B. at 54-55.

In his Statement in Opposition, Mr. Day added, *inter alia*, that although the collaborative workgroup with Lake Harmony and Tobyhanna customers, agreed to in Paragraph 91 of the Partial Settlement, is a welcome development, additional review is warranted. According to Mr. Day, the Partial Settlement does not specify when the work group meeting will occur or “how it is sequenced with the other proposed actions.”

Mr. Day also submitted that while the Joint Petitioners have agreed that Aqua and the OCA will review the rate method and submit a report to the Commission within 120 days after Aqua's Settlement rates take effect, the Settlement is silent as to when any revised rate method and the associated rates will be implemented. Mr. Day further asserted that while the Settlement acknowledges disagreement among the Parties regarding whether Aqua complied with the Commission's directive in the *Aqua 2021 Rate Case*, it offers no substantive resolution and imposes no penalties on the Company for further delays in compliance. Mr. Day stressed his position that many customers in Lake Harmony continue to bear a disproportionate financial burden, arguing that seasonal and unmetered customers pay more for the same level of service than metered customers in the same rate zone. Mr. Day took the position that while improved communication, as envisioned in the Partial Settlement, is important, "it cannot substitute for addressing this inequity." Mr. Day Statement in Opposition at 1, 5-7.

Aqua rebutted that its use of flat, unmetered wastewater rates is just and reasonable. The Company submitted that its rates are based upon cost allocation studies that use widely accepted methodologies to determine the costs of providing wastewater service to its customers. Aqua R.B. at 25, 31. Aqua contended that Mr. Day's claims disregard the fact that customers pay to have wastewater service available year-round, regardless of whether or not they utilize the service. In turn, Aqua stressed that regardless of whether a customer is present at the service address, Aqua is required to have its wastewater service available. Thus, Aqua argued that Mr. Day's proposals, as expressed through his requested relief, would result in additional fixed costs to be incurred to provide a metered service to those customers, including the costs related to access their property and install a meter, which would ultimately be borne by these customers. Aqua further contended that Mr. Day's proposals will not ultimately benefit all customers served under an unmetered, flat rate for wastewater service. Rather, Aqua asserted, customers would benefit only if their "perceived wastewater use would be lower than the flat rate charge." Aqua insisted that if a customer's usage is higher than the

average usage the flat rate is based upon, the customer would ultimately incur greater costs. Aqua M.B. at 35-36.

Aqua claimed that contrary to Mr. Day's assertion, the Company has complied with the Commission's directive in the *Aqua 2021 Rate Case*. In this regard, Aqua pointed to the testimony of its witness, Ms. Constance Heppenstall, that based on: (1) similar average usage across the system, and (2) the desired movement toward consolidated rates, a system-wide average usage level was appropriate in determining the wastewater flat, unmetered rate. Aqua R.B. at 23 (citing Aqua St. 5-R, at 6). Aqua also pointed to the testimony of its witness, Mr. Christopher Manning, that the use of a system-wide average usage level was appropriate for its flat, unmetered, wastewater rate charged to customers in Lake Harmony. According to Aqua, Mr. Manning determined that an average residential wastewater customer in Rate Zone 4, which is Mr. Day's Rate Zone, uses 3,835 gallons based upon billing determinants for 2023. Thus, the Company explained that it proposed a wastewater flat rate based on 3,870 gallons per month, which is the system average residential water usage. Aqua also pointed to Mr. Manning's testimony that "there is no other known methodology across the industry other than to utilize a system average to calculate a flat rate." Aqua R.B. at 23 (citing Aqua St. 3-R at 24; Aqua Exh. CEM-4-R). Aqua also cited to the testimony of I&E's witness, Mr. Ethan Cline, that the Company's methodology for determining these flat rates is reasonable. Aqua R.B. at 23-24 (citing I&E St. 3 at 14-16).

Aqua further submitted that the Partial Settlement in this matter addresses Mr. Day's concerns regarding the need to further evaluate the reasonableness of the flat, unmetered wastewater rates in Lake Harmony. Aqua pointed to its commitments set forth in Paragraph 91 of the Partial Settlement, *supra*. Aqua insisted that these commitments reflect the Company's willingness to continue to study this issue and to provide further information to customers and obtain further input from customers on this issue. Aqua R.B. at 24.

(2) Recommended Decision

The ALJs concluded that Aqua met its burden of proving that its unmetered rates remain just and reasonable. The ALJs were not persuaded by Mr. Day's arguments that the Partial Settlement does not contain a just and reasonable rate structure, including flat rates for Rate Zone 4, or that the Commission should reject the Partial Settlement. The ALJs further concluded that Mr. Day failed to meet his burden of proving that the agreed-upon rates in the Partial Settlement are unreasonable or discriminatory as applied to him. The ALJs highlighted Aqua's argument that in the *Aqua 2021 Rate Case*, the Commission approved Aqua's flat, unmetered wastewater rate design and recognized that it was consistent with industry practice and was just and reasonable. The ALJs noted that in this instant rate proceeding, Aqua will continue its previously approved flat rate methodology. The ALJs added that the use of flat, unmetered wastewater rates was previously determined to be just and reasonable under the circumstances presented by the service provided to Mr. Day. According to the ALJs, the record supports a finding that the alternatives proposed by Mr. Day are inadequate and would raise additional issues if implemented. R.D. at 130-31.

The ALJs also explained that they shared Mr. Day's concern that the Company may not have fully complied with the Commission's directive in the *Aqua 2021 Rate Case*: that Aqua evaluate and submit an evaluation of whether different methods of calculating a flat rate would be more reasonable than applying a system-wide usage average to each rate zone. However, the ALJs stated that they recommended approval of the Partial Settlement, given the Company's commitments set forth in Paragraph 91 of the Partial Settlement regarding the collaborative with customers in Lake Harmony and Tobyhanna. Therefore, the ALJs recommended that the Commission dismiss Mr. Day's Complaint. R.D. at 131-33.

b. Mr. Shellhorse's Statement in Opposition¹²

In his Statement in Opposition to the Settlement, Mr. Shellhorse averred that he never received a copy of the Partial Settlement, and supporting documents, from Aqua's counsel, as related specifically to his community, Cheltenham Township. Mr. Shellhorse asserted that he has been unable to find a copy of the Partial Settlement on either the OCA's website or the Commission's website. However, in comparing the differences between: (1) the initial rates proposed in the May 23, 2024 notice Aqua provided to its customers, and, (2) the notice Aqua provided to its customers on November 7, 2024, informing the customers of the rates proposed pursuant to the Settlement, Mr. Shellhorse represented that "we have no idea how the proposed Settlement will affect us in Cheltenham Township and must oppose it." Mr. Shellhorse further argued, *inter alia*, that the reduced rates provided for in the Partial Settlement versus those originally proposed by the Company represent a reduction that is, "in effect, too little given that Aqua recently increased rates astronomically by 65% in Cheltenham in 2022." Mr. Shellhorse added that "this rate hike affects not only us but all of Cheltenham Township, including folks on fixed income, our seniors, and people who are just getting by." Mr. Shellhorse Statement in Opposition at 1-8.

c. Opposition of other *pro se* Complainants

In addition to Mr. Day and Mr. Shellhorse, several other *pro se* Complainants filed Comments in Opposition to the Partial Settlement. See pages 133 to 136 of the Recommended Decision for a discussion of "Other 'active' Complainants and Comments to Settlement."

¹² Although the ALJs did not provide a direct recommendation as to Mr. Shellhorse's Statement in Opposition, the ALJs discussed the opposition of Mr. Shellhorse and other *pro se* Complainants on pages 136-37 of the R.D.

C. Recommended Decision-Overall Recommendation

1. ALJs' Overall Recommendation Regarding the Partial Settlement

As previously noted, in the Recommended Decision, the ALJs provided an extensive discussion of the issues addressed by the terms and conditions of the Partial Settlement, as well as the positions of the Joint Petitioners regarding the Partial Settlement, as set forth in the Joint Petitioners' individual Statements in Support. R.D. at 54 to 122. Based upon the ALJs' findings, *supra*, as to each of the major sections of the Partial Settlement, the ALJs concluded that when viewed, in total, approving the Partial Settlement is in the public interest. The ALJs highlighted that the Partial Settlement will permit Aqua an increase in annual operating revenues of \$73 million, on a consolidated water and wastewater operations basis, instead of the Company's originally-filed consolidated revenue increase request of approximately \$126.7 million. Additionally, the ALJs noted the enhancements to low-income assistance programs, customer service, and quality of service that will result from the Partial Settlement. *Id.* at 2, 136-37.

The ALJs also recognized that many consumers in the Lake Harmony and Tobyhanna area expressed concern over whether the flat rate imposed by Aqua was fair, and that many did not understand this billing method. However, the ALJs noted that the OCA will continue its efforts to address this issue with consumers, given that the Partial Settlement provides that Aqua is required to conduct a meeting with its Company experts and the OCA to review this issue, and to submit a report within 120 days of the effective date of new rates in this proceeding. Finally, the ALJs encouraged all interested consumers to consider being a "positive part" of the workgroup meeting with the Company on the use and development of their wastewater rates. R.D. at 137.

Based on the above, the ALJ s recommended that the Commission approve the Partial Settlement. R.D. at 2, 37. Nonetheless, as discussed below, the ALJs also recommended certain modifications to the Partial Settlement. *Id.* at 2, 116-22.

2. ALJs' Recommended Modifications to the Partial Settlement

a. Post-Act 11 Shifted Revenue Requirement

The ALJs noted that, as stated in Paragraph 42 of the Partial Settlement, *supra*, the Joint Petitioners have agreed to a total post-Act 11 shifted annual revenue increase of \$58.4 million for Aqua's water operations and \$14.6 million for Aqua's wastewater operations. The ALJs further explained that, as set forth in Paragraph 95 of the Partial Settlement, the \$14.6 million revenue requirement increase for wastewater operations does not include \$6.4 million in revenue from East Whiteland customers, and the East Whiteland revenue increase is excluded from the wastewater operations portion of the Act 11 shift. R.D. at 116.

However, in examining Appendix D-1 of the Settlement, which sets forth the proof of revenues for Aqua's water operations, and Appendix D-2 of the Settlement, which sets forth the proof of revenues for Aqua's wastewater operations, the ALJs found discrepancies. More specifically, the ALJs found that the calculated additional annual operating revenue increase in Appendix D-1, under proposed rates for water (\$65,437,065.18) and Appendix D-2, under proposed rates for wastewater (\$15,595,228.40) exceed the post-Act 11 shift revenue increases presented in Paragraph 42 of the Partial Settlement for water (\$58.4 million) and for wastewater (\$14.6 million). R.D. at 116.

In light of the above, the ALJs recommended that the Partial Settlement be modified to reflect water and wastewater rates that are calculated to produce increases in

additional annual operating revenues that do not exceed the post-Act 11 shifted revenue increases identified in the Partial Settlement. The ALJs also recommended that Aqua be directed to file, within 20 days of the entry of this Opinion and Order, water and wastewater tariffs, proofs of revenues, and supporting calculations that are consistent with the final revenue increase granted in this Opinion and Order. The ALJs contemplated that such a filing will demonstrate that Aqua's revenue increases under its water and wastewater tariffs do not exceed \$58.4 million and \$14.6 million, respectively, including the revenue offsets identified in the Settlement and excluding revenues associated with the East Whiteland rate zone. The ALJs further recommended that Aqua be directed to simultaneously serve copies of its filing on the Parties to this proceeding and to provide these Parties an electronic, red-lined copy of its filing, including electronic working papers. R.D. at 116-17.

b. Belle Aire Customer Charge

Next, the ALJs observed that as set forth in Paragraph 44 of the Partial Settlement, the water service customer charge for a 5/8" water meter customer in the Belle Aire rate zone will be \$22.40. However, the ALJs stated that the proof of revenues for water service in Appendix D-1 of the Partial Settlement identifies a customer charge rate for a 5/8" water meter customer in the Belle Aire rate zone as \$70.64, and does not indicate any consumption rates. Thus, the ALJs recommended that the Partial Settlement be modified to reflect the correct customer charge and consumption charge revenues for the Belle Aire rate zone in Appendix D-1 of the Partial Settlement. R.D. at 118-19.

c. Recommended Tariff Modifications

The ALJs also recommended modifications to the Water Tariff, set forth in Appendix E of the Joint Petition; and to the Wastewater Tariff (No change to East Whiteland), set forth in Appendix F of the Joint Petition.

First, the ALJs found that the CAP arrearage provisions set forth in Paragraph 67 of the Partial Settlement conflict with the tariffs in Appendices E and F of the Joint Petition. R.D. at 119-20. In this regard, the ALJs quoted Paragraph 67 of the Partial Settlement. We restate this citation, in pertinent part, as follows:

Arrearage forgiveness credits will be provided in the amount of \$40 per month regardless of arrearage amount. **Within 120 days of a final order in this proceeding, arrearage forgiveness credits will be granted for in-full payments as those payments are made, even if those payments have not been paid on their due date.**

R.D. at 119 (citing Joint Petition at ¶ 67, emphasis in original).

In contrast, the ALJs noted the following tariff language regarding the Company's CAP: "[i]f a balance is owed at the time of enrollment such balance will be frozen as preprogram arrears and is eligible for a monthly credit of \$40.00 for each on-time monthly payment." R.D. at 119 (citing Joint Petition, Appendix E at 33; Appendix F at 20).

Therefore, the ALJs recommended that the water and wastewater tariffs, in Appendices E and F of the Joint Petition, be revised so that the phrase "each on-time monthly payment" is replaced with the phrase "in-full payments as those payments are made." According to the ALJs, this modification will ensure that the tariffs align with the language in Paragraph 67 of the Partial Settlement. R.D. at 120.

Second, the ALJs observed that while Aqua's proposed Shenandoah Private Hydrant rate of \$50.98 is provided in the proof of water revenues in Appendix D-1, Schedule 7A of the Joint Petition, this rate is missing from Page 12.7 of the water tariff set forth in Appendix E. Accordingly, the ALJs recommended that the proposed water

tariff be modified to include Aqua's Shenandoah Private Hydrant proposed rate. R.D. at 120.

d. Recommended Modifications to Proof of Revenues

The ALJs observed that the customer charge revenues appear to be calculated incorrectly throughout the proof of revenues, as presented in Appendices D-1 and D-2 of the Joint Petition. Therefore, the ALJs recommended that Aqua be directed to review the customer charge revenues in its proof of revenues and to modify the Partial Settlement to reflect any corrected changes. R.D. at 121.

The ALJs also found that Avon Grove School's current and Settlement wastewater rates, found on the Proof of Revenues for wastewater operations, are not legible. R.D. at 121 (citing Joint Petition Appendix D-2, Sch. 5-WW at 12). Accordingly, the ALJs recommended that Aqua be directed to modify its proof of wastewater revenues to make Avon Grove School's rate legible. R.D. at 122.

D. Exceptions, Replies, and Dispositions

1. Aqua's Exceptions¹³

a. Aqua Exception Nos. 2, 3, 4, and Replies

In its Exception No. 2, Aqua disagrees with the ALJs' finding that Paragraph 67 of the Partial Settlement, regarding CAP arrearage provisions, conflicts with the tariffs set forth in Appendix E and Appendix F of the Joint Petition. The Company acknowledges that the tariffs submitted as part of the Partial Settlement do not contain language directly mirroring Paragraph 67 of the Partial Settlement. However, Aqua advises that the Partial Settlement clearly states that "...within 120 days of a final order in this proceeding..." the planned CAP arrearage credit changes will be implemented in its tariffs. Therefore, Aqua asserts that there is no requirement for the changes contemplated in Paragraph 67 to take effect immediately and to be incorporated in the compliance tariffs. Additionally, the Company claims it is not equipped to immediately execute the changes specified in Paragraph 67. Aqua avers that it intentionally stipulated the 120-day window to enable the Company to undertake technological and administrative changes needed to implement Paragraph 67. Aqua insists that when it makes the envisioned CAP arrearage changes, the Company will file appropriate tariff changes with the Commission within the 120-day timeline defined in Paragraph 67. Aqua Exc. at 12-13.

¹³ We note that in its Exceptions, Aqua listed its Exception No. 1 under Section A of its Exceptions. However, Aqua did not list any Exception numbers under sections B through D of its Exceptions. In this Opinion and Order, we shall refer to Section B of Aqua's Exceptions as Aqua Exception No. 2, Section C as Aqua's Exception No. 3, and Section D as Aqua's Exception No. 4.

In its Exception No. 3, Aqua submits that the recommended modification in the R.D. is a misunderstanding and should not be adopted by the Commission. The Company explains that the Belle Aire Rate Zone is currently charged unmetered water rates. Aqua notes that in the Settlement, the Joint Petitioners have agreed to an unmetered rate of \$70.64 per month for Belle Aire customers. However, the Company explains that it also proposed that metered rates and consumption charges be established, which will be charged to new customers establishing service in Belle Aire, and to existing customers when service is converted from unmetered to metered service. Aqua avers that the ALJs correctly recognized that the metered water service customer charge for a 5/8" water meter in the Belle Aire rate zone will be \$22.40 per month under the Settlement. However, the Company argues that the ALJs mistakenly assumed that metered service currently exists for *all* Belle Aire customers and that the ALJs erroneously presumed that the metered monthly customer and consumption charges, as contained in the tariff set forth in Appendix E of the Joint Petition, apply to all existing Belle Aire customers. Thus, Aqua submits that because existing customers in the Belle Aire Rate Zone are currently unmetered, the ALJs' recommended modification in the R.D. is incorrect and the Partial Settlement and accompanying tariffs and proofs of revenue for Belle Aire are correct as submitted. Aqua Exc. at 14-15.

In its Exception No. 4, Aqua notes that the ALJs identified errors in the proof of revenues submitted in Appendix D-1 and Appendix D-2 of the Partial Settlement. The Company recognizes and concurs with these identified errors and utilizes this Exception to correct: (1) the customer charge revenues reflected in the proofs of revenue submitted as part of the Settlement, and, (2) the inclusion of the Avon Grove School's wastewater rates in the proofs of revenue. In addition, Aqua explains that the proofs of revenue submitted with the Partial Settlement contained minor discrepancies as a result of certain rounding errors, which were identified by the ALJs. Aqua represents that these errors have been corrected in Appendices D-1 and D-2 and that these Appendices demonstrate that Aqua's revenue increases under its water and

wastewater tariffs do not exceed \$58.4 million and \$14.6 million, respectively, including the revenue offsets identified in the Partial Settlement, and excluding revenues associated with the East Whiteland rate zone. Aqua Exc. at 15-16.

Accordingly, Aqua also attached the following Appendices to its Exceptions: Appendices D-1 and D-2, outlining updated proofs of revenue for its water services and its wastewater services, respectively; and Appendices E-1 and E-2, outlining updated bill comparison schedules for its water services and its wastewater services, respectively.¹⁴ Aqua avers it shared the updated proofs of revenues and associated bill comparisons with the other Joint Petitioners and claims that the other Joint Petitioners have agreed to the revised figures contained in the proofs of revenues. Aqua Exc. at 16.

In his Replies¹⁵ to Aqua's Exception No. 4, Mr. Shellhorse generally avers that the new wastewater rate for Cheltenham Township residents that is produced by the Partial Settlement would increase by 65% rather than the 51.4% proposed in Aqua's Notice of Proposed Wastewater Rate Changes, which was sent to Cheltenham Township customers. Mr. Shellhorse R. Exc. at 1 (citing Aqua Exc. Appendix C at 11.1.1;

¹⁴ Additionally, we note that the Company also filed the following other Appendices to its Exceptions:

Appendix A – Updated Water Tariff

Appendix B – Updated Wastewater Tariff (with East Whiteland Increase)

Appendix C – Updated Wastewater Tariff (without East Whiteland Increase)

¹⁵ To the extent that Mr. Shellhorse used extra-record materials in his Replies and Exceptions pertaining to correspondence with the OCA, such materials will be disregarded. It is well-established that parties cannot introduce new evidence following the close of the record. *Application of Apollo Gas Co.*, 81 Pa. P.U.C. 475, Docket No. A-120450F003, 1994 WL 578036, at *3-5 (Order entered February 10, 1994) (*Apollo Gas*). Accordingly, any extra-record information Mr. Shellhorse has used in his Replies and Exceptions will not be considered. *Apollo Gas*. Where Mr. Shellhorse has offered new evidence in his Replies and Exceptions not previously addressed in the record, we note that these cannot be considered after the record has been closed. 52 Pa Code § 5.431.

Shellhorse Replies, Exh. A). Mr. Shellhorse states that the Cheltenham Township wastewater rates will increase either 65% (if the East Whiteland rate increase denial stands) or 59% if the East Whiteland rate increase is allowed. Mr. Shellhorse R. Exc. at 1 (citing Aqua Exc. Appendix C at 11.1.1; Aqua Exc. Appendix B at 11.1.1).

Further, Mr. Shellhorse argues that since Aqua raised wastewater rates by 65% in 2022,¹⁶ another increase of 65% in this current rate proceeding would lead to an “alarming precedent for all Commonwealth consumers” and is unfair. Mr. Shellhorse R. Exc. at 2. Mr. Shellhorse contends that the second wastewater increase of 65% for Cheltenham Township customers should be reviewed and decreased. Mr. Shellhorse R. Exc. at 6. Mr. Shellhorse characterizes the second 65% increase in three years for Cheltenham Township wastewater customers, resulting from the instant proceeding, as rate shock and asks that the Commission reassess the Settlement as it applies to this rate increase and the discrepancy in the wastewater deduct meter¹⁷ rate for Rate Zone 1 customers. Mr. Shellhorse R. Exc. at 7.

Additionally, Mr. Shellhorse avers that the Cheltenham Township residents will be required to pay a \$100 inspection fee to Aqua for the use of a deduct meter, while residents of Limerick, East Norriton, and Lower Makefield Townships will be charged an inspection fee of only \$50. Mr. Shellhorse R. Exc. at 6 (citing Aqua Exc. Appendix B at 133-36; Aqua Exc. Appendix C at 238-41). Mr. Shellhorse maintains that this is unfair and insists that consumers in Cheltenham Township should pay the same rate for

¹⁶ An increase to the rates in Cheltenham Township resulted from the *Aqua 2021 Rate Case*.

¹⁷ Deduct metering is a mechanism which allows individual customers, using a significant amount of outside water, such as for an irrigation system, to have a separate irrigation water meter installed. This second meter, known as a deduct meter, measures the flow of water that does not enter the wastewater system and is used to calculate a reduction in wastewater charges. *Aqua 2021 Rate Case* at 260, n.96.

maintaining the deduct meter as other customers in Rate Zone 1. Mr. Shellhorse R. Exc. at 6.

b. Disposition

Based upon our review of the record established in this proceeding, we shall decline to adopt the ALJs' recommended modification to the Company's water and wastewater tariffs in light of the changes to the Company's CAP arrearage program, as set forth in Paragraph 67 of the Partial Settlement. As such, we grant Aqua's Exception No. 2. We agree with the Company that Paragraph 67 of the Partial Settlement specifically allows up to 120 days, after the issuance of the final Commission Order in this proceeding, for Aqua to implement changes to its CAP arrearage program and to file updated tariffs with the Commission to reflect the Joint Petitioners' agreement in Paragraph 67, *supra*. Moreover, the timeframe agreed to in Paragraph 67 appears to be intentional because Aqua indicates that it is not currently equipped to make the changes to grant arrearage forgiveness whenever full payments are made and will need the 120-day window to implement this agreed-upon provision of the Settlement. Therefore, we agree with the Company's argument in its Exception No. 2 that requiring an immediate change to its compliance tariff would negate the 120-day timeframe agreed to by the Joint Petitioners. Accordingly, we decline to adopt the recommendation in the Recommended Decision, which would have revised the tariff language to replace the clause "each on-time monthly payment" with the clause "in full payments as those payments are made." See R.D. at 173-74, Ordering Paragraph No. 4 a.

Regarding Aqua's Exception No. 3, we recognize that Belle Aire is currently charged a flat, unmetered rate. As part of the Partial Settlement, the Joint Petitioners have agreed that Aqua will establish metered rates to new Belle Aire customers, and to existing customers when their service is converted from unmetered to metered service. We note that Paragraph 44 of the Partial Settlement does not indicate

the Belle Aire unmetered rate for current customers of \$70.64 per month that is set forth in Appendix D-1 of the Partial Settlement. Rather, Paragraph 44 of the Partial Settlement only specifies the Belle Aire *metered* customer charge of \$22.40 per month, while referencing the *unmetered* rate of \$70.64 per month in Belle Aire's proof of revenues in Partial Settlement Appendix D-1, Sch. 5, at 17. Hence, we find that, as currently set forth in the Joint Petition, this causes confusion as to the agreed-upon rates for ratepayers currently receiving unmetered service, and the forthcoming metered service in the Belle Aire rate zone. Therefore, we shall direct Aqua to revise Settlement Paragraph 44 and Settlement Appendix D-1, Schedule 5 to clearly indicate the Belle Aire monthly unmetered rate of \$70.64 and the monthly metered customer charge of \$22.40. Based on the foregoing, we shall deny Aqua's Exception No. 3.

Finally, we note that in its Exception No. 4, Aqua accepts the ALJs' recommendation that the Company review its customer charge revenues in its proofs of revenues and that it modify the corresponding Appendices in the Settlement to reflect any corrections. The Company has further agreed with the ALJs' recommendation that the proofs of revenues be updated to demonstrate that Aqua's revenue increases under its water and wastewater tariffs do not exceed \$58.4 million and \$14.6 million, respectively, including the revenue offsets identified in the Settlement and excluding revenues associated with the East Whiteland rate zone. As noted above, as part of Aqua's Exception No. 4, the Company filed corrected proofs of revenues in Appendices D-1 and D-2. Consequently, we find Aqua's Exception No. 4 to be moot. We further direct that as part of its compliance filing in this proceeding, which we shall direct be filed in the Ordering Paragraphs to this Opinion and Order, Aqua shall revise the proofs of revenues

in the Settlement, consistent with the ALJs' recommendation, and as set forth in Appendices D-1 and D-2, that are attached to the Company's Exceptions.¹⁸

Moreover, as noted in Section V.C.2, *supra*, the ALJs observed that while Aqua's proposed Shenandoah Private Hydrant rate of \$50.98 is provided in the proof of water revenues in Appendix D-1, Schedule 7A of the Joint Petition, this rate is missing from Page 12.7 of the water tariff set forth in Appendix E. On review of the Appendices attached to Aqua's Exceptions, we note that the Company has listed a proposed Shenandoah Private Hydrant rate of \$50.98 on its proof of revenues in Appendix D-1, Schedule 7A of its Exceptions. However, on Page 12.7 of the water tariff set forth in Appendix A¹⁹ of its Exceptions, the Company has listed a rate of \$51.10. Accordingly, we shall also direct Aqua, as part of its compliance filing, to rectify these pages of Appendix D-1 and/or Appendix E of the Joint Petition such that the same rate for Shenandoah Private Hydrant appears in both of the above Appendices to the Partial Settlement.

Turning to Mr. Shellhorse's replies to Aqua's Exception No. 4, we note that the initial wastewater rate cost increase for Cheltenham Township that occurred in 2022 as a result of the *Aqua 2021 Rate Case* was 56.6% for a residential customer with average usage of 4,000 gallons per month. *Aqua 2021 Rate Case* at 267. The Commission found this rate increase for Cheltenham Township to be a "reasonable compromise between the

¹⁸ In light of the modifications to the Settlement set forth in this Opinion and Order, we note that, as set forth in Paragraph 101 of the Joint Petition, the Parties to the Partial Settlement may elect to withdraw from the Settlement upon written notice filed within five days of the entry date of this Opinion and Order. *See* Joint Petition at 24. If such an election is filed, the Partial Settlement will be disapproved without further action and the matter will be referred to the OALJ for further proceedings as deemed necessary.

¹⁹ As noted above, while the water tariff (i.e. Tariff Water No. 4) is included as Appendix E to the Joint Petition, Aqua has included Tariff Water No. 4 as Appendix A to its Exceptions.

conflicting objectives of moving towards consolidated rates and maintaining gradualism in customer bill impacts.” *Id.* at 265. The Commission explained that:

We acknowledge that there are several factors that must be considered when designing a rate recovery proposal, including the concepts of gradualism and affordability. We emphasize, however, that while affordability is permitted to be considered, it is but one of many factors to be considered and weighed by the Commission in determining the utility’s rates. The rate increase reflects the business challenges the Company currently faces, including required investments in the repair/replacement or improvement of its distribution systems, including newly acquired water and wastewater distribution systems; and the high costs associated with maintaining a distribution system necessary to provide safe and reliable water and wastewater service within the Commonwealth.

Aqua 2021 Rate Case at 264-65.

The proposed increase to the wastewater rates for Cheltenham Township was also a matter of discussion and compromise in this instant rate proceeding. I&E originally proposed higher rates than the Company for Cheltenham Township customers that were in Rate Zone 9. Aqua proposed to move the Rate Zone 9 customers to Rate Zone 1. I&E St. 3 at 20.

I&E provided that higher rates were necessary for the Rate Zones acquired by Aqua through Section 1329 proceedings to move these rate zones towards the rates of Rate Zone 1. Additionally, I&E provided that the acquisition of systems under Section 1329 provided benefits to the municipalities including debt relief, improved financial outlook, and other improvements and investments to municipal properties and Aqua’s claimed improved service to their customers. I&E reasoned that these municipalities, and presumably the customers, benefited from being acquired by Aqua through Section 1329

and it is reasonable to assign these customers a higher average increase in rates. I&E St. 3 at 42.

The Company agreed that the rate for Rate Zone 9 should move toward the rate of Rate Zone 1 for consolidation purposes, but did not agree with the amount of I&E's proposed increase. *See* Aqua St. 5-R. I&E's proposal would have produced a monthly charge of \$116.58 at 3,870 gallons. *See* Aqua R. Exc. at 23 (citing I&E St. 3 at 20). Under the Partial Settlement, the Rate Zone 1 rates will produce a monthly bill of \$101.34 for a residential customer using 3,870 gallons. *See* Aqua R. Exc. at 23 (citing Aqua Exc. Appendix E-2, Sch. 7 at 15). We agree with I&E that the Cheltenham Township customers' wastewater rate should be moved towards the Rate Zone 1 rate and that higher-than-average rate increases can result. We also agree with I&E that, generally, systems acquired through the Section 1329 process were charged rates at the time of acquisition at levels below Aqua's Rate Zone 1 rates, and far below the cost to serve those systems. To bring these customers closer to Rate Zone 1 rates, higher than Rate Zone 1 increases will be necessary. These customers are being subsidized by other wastewater and water customers through Act 11 allocations and will continue to be subsidized until their rates are moved closer to those in Rate Zone 1. I&E St. 3-SR at 7-8.

Regarding Mr. Shellhorse's argument that use of a deduct meter costs more for Cheltenham Township customers, we note that it is not clear from the record if Mr. Shellhorse actually has a deduct meter. We note that the charge for Cheltenham Township customers of \$100 for inspection of a deduct meter is present in Aqua's Commission-approved wastewater tariff that is currently in effect. *See* Tariff Sewer-Pa. P.U.C. No. 3 (Tariff Sewer No. 3) at Original Page 10.9.2, effective May 19, 2022. We further note that although Aqua's Tariff Sewer No. 3 will be superseded in its entirety by Aqua's Tariff Sewer-Pa. P.U.C. No. 4, as a result of this instant proceeding, Aqua has not proposed to change the rate for the inspection of a deduct meter in Cheltenham

Township, that is currently in effect. If Mr. Shellhorse has a deduct meter, and is subject to this rate difference, Mr. Shellhorse is free to file a Complaint with the Commission at a separate docket outside of this proceeding regarding his deduct meter charge.

Moreover, we disagree with Mr. Shellhorse's arguments regarding the increase to Cheltenham Township customers' wastewater rates and the cost difference for a deduct meter. Rather, we agree with the ALJs that the proposed rates for Cheltenham Township customers are part of a reasonable Partial Settlement that is in the public interest. *See* R.D. at 136.

2. Mr. Day's Exceptions

a. Mr. Day's Exception No. 1 and Replies

In his Exception No. 1, Mr. Day argues the ALJs "may have unintentionally narrowed the scope of evidence considered" in applying the provisions of the Code to prohibit Mr. Day from raising concerns on behalf of others as a *pro se* litigant. Mr. Day Exc. at 8. Mr. Day alleges that the ALJs' reliance on *Tomko v. Duquesne Light Co.*, Docket No. C-2016-2577571 (Opinion and Order entered July 20, 2017) is "misplaced," as it fails to consider the "substantive merits" of Mr. Day's positions "which demonstrate personal harm while corroborating broader inequities affecting Lake Harmony customers." Mr. Day Exc. at 8. Mr. Day asserts that limiting *pro se* participation in such a way "marginalizes the voice of individual consumers and undermines the intent of 52 Pa. Code §§ 1.21 and 1.22, which aim to ensure meaningful participation by all parties." *Id.* at 9. Mr. Day requests the Commission "reaffirm" that *pro se* litigants may raise systemic issues, "revisit" the denial of temporary rate relief for Mr. Day "and other

Lake Harmony homeowners,” and establish clear guidelines on how the Commission will evaluate systemic issues raised by *pro se* Complainants.²⁰ *Id.* at 11.

In response, Aqua argues that Mr. Day’s filings “contained a number of assertions where he purports to represent and act on behalf of the interests of individuals other than himself.” Aqua R. Exc. at 9 (citing Aqua R.B. at 21-22). Aqua states the ALJs “simply recognized what the Commission’s regulations clearly proscribe...” in restricting Mr. Day to only representing his own personal interests and not those of other individuals or parties. *Id.* at 9-10. Aqua notes that despite the restrictions outlined in 52 Pa. Code §1.21 (a)-(b), the ALJs fully weighed and considered Mr. Day’s claims and evidence. *Id.* at 10. Aqua also contests Mr. Day’s assertions that “recognition of the Commission’s regulations” will limit *pro se* involvement in future cases and that the regulations are unclear, noting the relevant Regulations are “plainly stated, and fully contemplate the participation of *pro se* complainants in adversarial proceedings, as Mr. Day was permitted to do in this one.” Therefore, Aqua submits that the Commission should reject Mr. Day’s Exception No. 1, including his concerns regarding temporary rate relief.²¹ *Id.* at 10-11.

b. Mr. Day’s Exception No. 2 and Replies

In his Exception No. 2, Mr. Day argues that the ALJs gave undue weight to Aqua’s arguments regarding the reasonableness of flat-rate billing and that in making their recommendation, they dismissed detailed evidence regarding Lake Harmony. According to Mr. Day, the record demonstrates that systemwide averages do not reflect the reality of usage in a predominantly seasonal community. Mr. Day Exc. at 12. Next, Mr. Day restates his position that Aqua did not comply with the Commission’s directive in the *Aqua 2021 Rate Case*, and that the ALJs failed to recommend that the Commission

²⁰ See R.D. at 127-28 for a discussion of this issue.

²¹ See *Id.* at 126.

uphold this directive. *Id.* at 12-13. In addition, Mr. Day claims that the ALJs, and the Settlement in this proceeding, fail to address the systemic impact that Aqua’s proposed rate design has on Mr. Day and other unmetered customers. *Id.* at 13.

Regarding the Partial Settlement, Mr. Day insists that while the Joint Petitioners may propose future collaboration, the Settlement does not address the immediate harm caused by Aqua’s proposed flat rate billing. Mr. Day Exc. at 13. In response to the ALJs’ recommendation that Mr. Day participate in the workgroup meeting with Aqua and Lake Harmony customers that is provided for in the Settlement, Mr. Day asserts that if the Parties continue their reliance on standard industry practice without considering alternative approaches, then the purpose of the Settlement and workgroup meeting/collaboration may be thwarted. *Id.* at 13-14. In that regard, Mr. Day proposes that Aqua and the OCA provide a “procedural roadmap” to guide and assist the stakeholders in managing their time and efforts throughout the collaborative process. *Id.* at 14.

As for Aqua’s proposed rates for Rate Zone 4, Mr. Day reiterates his arguments that flat, unmetered rates are unreasonable. Specifically, Mr. Day asserts that such rate design benefits metered municipalities and fails to address the inequities imposed on unmetered customers. According to Mr. Day, the ALJs’ recommendation perpetuates this flawed system. Mr. Day Exc. at 14-15. Additionally, Mr. Day makes “legal observations,” pointing to caselaw, in support of his position, and arguing that such caselaw highlights the principle of “tailoring rate structures to reflect localized conditions.” *Id.* at 15. Mr. Day further contends that Aqua’s flat-rate structure contradicts this principle by failing to account for Lake Harmony’s seasonal usage. *Id.* at 15-16.

Lastly, Mr. Day requests that the Commission mandate full compliance with its directive in the *Aqua 2021 Rate Case*, rectify the disparities in Aqua’s rate design

for unmetered customers, and ensure transparency in the collaborative process provided for in the Settlement. Mr. Day Exc. at 17-18.

In its Reply Exceptions, Aqua contends that by way of its Main and Reply Briefs, the Company provided substantial evidence justifying its cost of service, revenue allocation and rate structure, and particularly, its proposed structure for flat, unmetered wastewater service rates. Aqua R. Exc. at 11 (citing Aqua M.B. at 35-37; Aqua R.B. at 24-36). Aqua argues that it fully rebutted Mr. Day's claims that a flat unmetered wastewater rate does not reflect the cost of the service provided, by specifying how the Company's wastewater cost of service study was prepared consistent with industry standard practice and that no Parties contested the method used in the study. Aqua R. Exc. at 11 (citing Aqua R.B. at 25-28).

Regarding the Settlement, Aqua asserts that Mr. Day takes issue with the fact that the Settlement contemplates additional obligations that Aqua must assume with respect to the Lake Harmony system, and that Mr. Day opposes specific collaboratives contemplated by the Settlement regarding Lake Harmony issues, as failing to address "immediate harms." Aqua R. Exc. at 12 (citing Mr. Day Exc. at 13). According to Aqua, these arguments are reassertions of Mr. Day's preference for improper, temporary rate relief for himself and other flat-rate customers in Lake Harmony, which Aqua highlights that it fully addressed. Aqua further opines that the ALJs' correctly recommended that the Commission reject such arguments. Aqua R. Exc. at 12 (citing Aqua R.B. at 44-45; R.D. at 126-27).

Next, Aqua argues that Mr. Day's observations and considerations regarding the collaborative workgroup are untimely, as Mr. Day was afforded the opportunity to participate in the negotiation of the Partial Settlement in this proceeding but did not. Aqua R. Exc. at 12-13 (citing Mr. Day Exc. at 13-14). As to Mr. Day's observations regarding the rates proposed for Rate Zone 4, Aqua asserts that Mr. Day has

simply reiterated his prior arguments that flat, unmetered rates are unreasonable. According to Aqua, the Partial Settlement ultimately provides for flat, unmetered wastewater rates in Rate Zone 4 that are lower than the rates initially proposed by the Company. Aqua R. Exc. at 13 (citing Aqua R.B. at 35).

In response to Mr. Day’s legal observations, the Company argues that “these claims ignore that the Commission has previously determined that a flat, unmetered rate is a reasonable rate where customers are not metered for wastewater service.” Aqua R. Exc. at 13. Aqua further asserts that it fully addressed Mr. Day’s claim in his Exceptions about “tailoring rate structures to reflect localized conditions” and that in its Reply Brief, the Company fully rebutted Mr. Day’s attempt to misconstrue the status of part-time residents in Lake Harmony as an independent customer class. *Id.* (citing Aqua R.B. at 32-35).

c. Mr. Day’s Exception No. 3 and Replies

In his Exception No. 3, Mr. Day reinforces his assertion that Aqua did not comply with the Commission’s directive in the *Aqua 2021 Rate Case* to evaluate and report on alternatives to flat-rate billing in its next base rate case (*i.e.* in the instant proceeding). Mr. Day points to the ALJs’ acknowledgement of Aqua’s “partial compliance” with the Commission’s directive and argues that “partial compliance” undermines the directive and the regulatory compact, which relies on trust and enforcement of Commission decisions. Second, Mr. Day asserts that the Settlement’s provision for increased communication and collaboration between Aqua and its customers does not address the harm caused by Aqua’s non-compliance with the Commission’s directive. In addition, Mr. Day argues that the ALJs failed to account for the precedent set by the non-enforcement of the directive. Mr. Day Exc. at 19. In turn, Mr. Day requests that the Commission provide interim relief in the form of billing credits and require the Parties to expedite its review of the proposed rate design and

implementation of an alternative method. *Id.* at 21. Mr. Day further seeks that the Commission reaffirm the binding nature of its Order in the *Aqua 2021 Rate Case*, reevaluate the use of black box settlements, and clarify the role and responsibilities of I&E. *Id.* at 21-22.

In its Replies to Mr. Day's third Exception regarding compliance with the Commission's directive in the *Aqua 2021 Rate Case*, Aqua points to both the ALJs' acknowledgement that this issue was a continuing dispute addressed by the Settlement; and to the ALJs' conclusion that Paragraph 91 of the Settlement addresses the issue. Aqua R. Exc. at 14 (citing R.D. at 131 and 132). The Company contends that the ALJs fully analyzed the Parties' positions regarding Aqua's compliance with this directive and correctly determined that the Settlement should be approved. Aqua R. Exc. at 14. According to Aqua, it has complied with the Commission's directive. *Id.* at 15 (citing Aqua St. 3-R at 23-24 and Aqua Exh. CEM-4-R; Aqua St. 5-R at 6 and Aqua Exh. CEH-2-R).

In response to Mr. Day's argument that approval of the Settlement is an inadequate remedy, Aqua asserts that such argument ignores the fact that in the *Aqua 2021 Rate Case*, the Commission previously determined that the use of a flat, unmetered rate for wastewater service was a just and reasonable rate. Aqua further contends that Mr. Day's argument ignores the fact that the Settlement imposes additional requirements on the Company that were not included in the Order entered in the *Aqua 2021 Rate Case*. Aqua R. Exc. at 16 (citing Mr. Day Exc. at 19).

Regarding Mr. Day's argument that approval of the Settlement sets precedent for non-enforcement, Aqua contends that the issue as to whether Aqua complied with the Commission's directive was disputed in this proceeding, as the Company asserted that it did comply, and that Paragraph 90 of the Settlement addresses this dispute. Aqua R. Exc. at 16-17 (citing Day Exc. at 19-20).

As for Mr. Day's requested relief, Aqua argues that Mr. Day's request for temporary rate relief is improper and legally barred by the Code. Aqua R. Exc. at 17 (citing Aqua R.B. at 44-45). Additionally, Aqua asserts that Mr. Day's request that the Commission reaffirm its directives in the *Aqua 2021 Rate Case* is unnecessary, as the Joint Petitioners have included provisions in the Partial Settlement that build upon those directives. Aqua R. Exc. at 17.

d. Mr. Day's Exception No. 4 and Replies

In his Exception No. 4, Mr. Day avers that "[t]he exclusion of certain active parties, including myself, from settlement negotiations undermines the procedural fairness and transparency expected in Commission proceedings." Mr. Day Exc. at 23. Mr. Day proffers that his exclusion "reflects a broader procedural gap" that undermines efficiency, equitable resolutions, and creates a potential bias against non-attorney and *pro se* parties. *Id.* at 23-24. Mr. Day argues that Commission precedent "affirm[s] that administrative fairness requires meaningful participation from all stakeholders, regardless of their legal representation status." *Id.* at 24 (citing *McCloskey v. Pennsylvania Public Utility Commission*, 195 A.3d 1055 (Pa. Cwlth. 2018)). Mr. Day requests the Commission clarify participation standards to ensure all parties are notified of Settlement negotiations, establish clear guidelines for settlements (particularly, "black box" settlements), and prioritize inclusivity and collaboration. Mr. Day Exc. at 26-27.

In response, Aqua avers that "all active parties were afforded an opportunity to review, and provide feedback upon the terms and conditions of the Settlement before it was finalized in the Joint Petition. Aqua R. Exc. at 18. Aqua adds that Mr. Day participated in calls with the OCA regarding the terms of the Settlement and made filings regarding the Settlement, both before and after it was submitted for approval. *Id.* at 18-19. Contending that Mr. Day's due process rights were not infringed upon, Aqua emphasizes that Commission's Regulations do not require or entitle parties to

participate in settlement negotiations. *Id.* at 19, n.16. Finally, Aqua disputes that any clarification of procedures for settlement negotiations, settlement procedures in “black box” settlements, or for collaboration ordered by the Settlement are required given the plain language of the respective regulations and conditions. Accordingly, Aqua requests the Commission deny Mr. Day’s Exception No. 4. Aqua R. Exc. at 19-20.

e. Disposition

(1) Procedural Exceptions

Mr. Day’s Exceptions Nos. 1 and 4 raise procedural questions regarding the involvement, and the scope of involvement, of *pro se* litigants. As outlined below, we shall deny Mr. Day’s Exceptions Nos. 1 and 4, and find that the ALJs properly applied Commission Regulations and precedent to this matter.

The Commission’s Regulations, at 52 Pa. Code § 1.21 (a)-(b), state the following regarding representation in proceedings before the Commission:

(a) Individuals may represent themselves.

(b) Except as provided in subsection (a), persons in adversarial proceedings shall be represented in accordance with § 1.22 (relating to appearance by attorneys and legal intern). For purposes of this section, any request for a general rate increase under § 1307(f) or § 1308(d) of the act (relating to sliding scale of rates; adjustments; and voluntary changes in rates) shall be considered to be an adversarial proceeding.

52 Pa. Code § 1.21 (a)-(b). This clear language provides that persons in adversarial proceedings, except for individuals representing themselves, shall be represented by an attorney or certified legal intern. *See*, 52 Pa. Code §§ 1.21 and 1.22. An “adversarial

proceeding” is defined in the Commission’s Regulations as one that is contested and which will be decided on the basis of a formal record. 52 Pa. Code § 1.8.

It is well-settled in Commission practice that participation in a formal adversarial proceeding before this Commission constitutes the practice of law. *Lesley A. Scheaffer for Leslie W. Scheaffer v. PPL Electric Utilities Corporation*, Docket No. F-2016-2577647 (Opinion and Order entered April 3, 2018) (*Scheaffer*); *Ronald Angle Jr. c/o Sharon Angle v. Metropolitan Edison Company*, Docket No. F-2018-3006055 (Opinion and Order entered December 19, 2019) (*Angle*). As such, that participation is limited to those who either file as individuals and represent themselves or to attorneys and certified legal interns who are representing others. *Scheaffer* at 12; *Angle* at 9. The Commission opined in *LeStat Corporation v. Pennsylvania Power and Light Company*, Docket No. C-00946284 (Opinion and Order entered August 30, 1995), that it is an established practice of this Commission to prevent non-attorneys from representing other people before the Commission.

Here, Mr. Day’s own words indicate that he purports to represent the interests of persons other than himself. Mr. Day’s Main Brief includes statements such as “I have participated in this base rate cases on behalf of fellow homeowners...” and stating he is driven by “a strong commitment to representing the concerns of Lake Harmony homeowners who have shared their concerns and views with me.” Mr. Day M.B. at 1. These assertions indicate that Mr. Day is attempting to represent individuals other than himself in this proceeding, despite his admission that he is appearing *pro se* and is not an attorney. Day Exc. at 8. Given these clear demonstrations that Mr. Day is purporting to act as an advocate for others, we find the ALJs properly limited Mr. Day to testimony and advocacy regarding his own personal interests in the proceeding. We agree with the ALJs in holding that Mr. Day “cannot represent the interests of the other individuals or parties...” in this proceeding. Therefore, Mr. Day’s Exception No. 1 is denied.

Regarding Mr. Day's Exception No. 4, we note the Commission's standards regarding settlement discussions are outlined in Section 5.231 of our Regulations, which states:

- (a) It is the policy of the Commission to encourage settlements.
- (b) Nothing contained in this chapter or Chapter 1 or 3 (relating to rules of administrative practice and procedure; and special provisions) preclude a party in a proceeding from submitting, at any time, offers of settlement or proposals of adjustment, or from requesting conferences for that purpose.
- (c) Parties may request that the presiding officer participate in the settlement conferences or that an additional presiding officer or mediator be designated to participate in the settlement conferences.
- (d) Offers of settlement, of adjustment, or of procedure to be followed, and proposed stipulations not agreed to by every party, including proposals intended to resolve discovery disputes, will not be admissible in evidence against a counsel or party claiming the privilege.

52 Pa. Code § 5.231. Case law has further crystalized the regulations, holding that:

...fundamentally, nothing in the Code or the Commission's regulations requires parties to participate in settlement negotiations, and the Commission is not required or authorized to manage, regulate, or otherwise oversee the settlement process. *But see* 52 Pa. Code § 5.231 (the Commission's presiding officer may, when requested by the parties, participate in settlement conferences). Rather, the Commission has established a non-binding *policy* that favors settlements in whole or in part, *see* 52 Pa. Code § 69.401, and the Commission must review proposed settlements to ensure that

their terms are reasonable and in the public interest. *See* 52 Pa. Code § 69.406...

Culbertson v. Pa. PUC, 90 C.D. 2023, 2024 WL 4342951 (Pa. Cmwlt. 2024) (*Culbertson*) at 7.²² In *Culbertson*, the Pennsylvania Commonwealth Court found that Culbertson, as a *pro se* complainant, failed to point “to any authority that would *entitle* him to participate in settlement negotiations...” and that Culbertson was not deprived of due process by not being involved in settlement negotiations, as Culbertson was “entitled to participate in full in the commission proceedings, *i.e.*, present evidence, conduct discovery, review and object to settlements, file Exceptions to ALJ recommended decisions, file briefs...” and had done those things. *Id.*

At the outset, we note that Mr. Day actively “engaged in discovery, submitted written testimony and exhibits, and main and reply briefs.” R.D. at 1, n.2. Additionally, Mr. Day participated in phone conversations regarding the Settlement, filed an objection to the Settlement, and has filed the instant Exceptions. For these reasons, we find that there has been no restriction on Mr. Day’s due process rights in this matter. Rather, Mr. Day has participated in all ways in which the Code entitles him to participate.

Notwithstanding the above, we find that the Code properly allows for settlement negotiations while ensuring that the Commission does not manage, regulate, or otherwise oversee the settlement process. Bearing in mind the clear language of the Code regarding settlement negotiations, we see no reason to adopt the requests made by Mr. Day in his Exceptions. We also note that the Commission has explicitly provided for

²² *See*, Commonwealth Court Internal Operating Procedures, § 414, 42 Pa.C.S.A., which states “[a]n unreported opinion of this Court may be cited and relied upon when it is relevant under the doctrine of law of the case, res judicata or collateral estoppel. Parties may also cite an unreported panel decision of this Court issued after January 15, 2008, for its persuasive value, but not as binding precedent.” Commonwealth Court Internal Operating Procedures, § 414, 42 Pa.C.S.A. (a).

“black box” settlements and has established clear and specific guidelines regarding these settlements and how they should be considered by the Commission. *See* Section IV., B., *supra*. Finally, we find no sufficient evidence to upset the procedures outlined in the Settlement for the collaborative between Aqua and Lake Harmony and Tobyhanna customers. Therefore, we deny Mr. Day’s fourth Exception.

(2) Substantive/Evidentiary Exceptions

Turning to the substance of Mr. Day’s arguments, Mr. Day essentially claims, in his second Exception, that the ALJs improperly recommended that the Commission uphold Aqua’s previously approved flat rate billing methodology as just and reasonable, in contradiction of the Commission’s findings in the *Aqua 2021 Rate Case* and in disregard of the “critical evidence of inequities specific to Lake Harmony.” Mr. Day Exc. at 6.

After careful review, we agree with the ALJs that Aqua has met its burden of proving that its unmetered rates are just and reasonable. We are equally unpersuaded by Mr. Day’s arguments that, as discussed *supra*, the instant Settlement does not contain a just and reasonable rate structure, including flat rates for Rate Zone 4, and should not be approved. We further agree with the ALJs’ conclusion that Mr. Day has not met his burden of proof that the rates are unreasonable or discriminatory as applied to him.

As noted above, in the *Aqua 2021 Rate Case*, the Commission fully litigated the issue of whether Aqua’s flat, unmetered wastewater rate (applicable to Mr. Day) was just and reasonable. In doing so, the Commission acknowledged that it is without question that volumetric billing is preferable to flat rate billing, as it provides better price signals and promotes conservation, and it also results in a more equitable distribution of the variable costs of wastewater service among ratepayers. However, the Commission further recognized that, in situations where metered water information is

unavailable, the standard industry practice is to base the flat rate on a system-wide average usage per month plus a customer charge. As such, the Commission approved Aqua's flat, unmetered wastewater rate design, recognizing that it was consistent with industry practice and was just and reasonable. *Aqua 2021 Rate Case* at 273-76.

It is important to note that, in the instant proceeding, Aqua will continue its flat rate methodology, which was previously approved in the *Aqua 2021 Rate Case*. Based on its analysis in the instant proceeding, Aqua determined that the average residential wastewater customer in Rate Zone 4 (Mr. Day's rate zone) uses 3,835 gallons per month, based upon billing determinants for 2023. As such, Aqua proposed a wastewater flat rate based on 3,870 gallons per month, which is the system-average residential water usage. Aqua St. 3-R at 24. We agree with the ALJs that Aqua's rates are based on cost allocation studies that use widely accepted methodologies to determine the costs of providing wastewater service to its customers and that none of the arguments advanced by Mr. Day rebut these studies. *See R.D.* at 130.

Furthermore, the Commission previously determined Aqua's use of flat, unmetered wastewater rates to be just and reasonable under the circumstances presented by the service provided to Mr. Day. We emphasize that those circumstances have not changed in the instant rate proceeding. Thus, we will not contradict our prior finding, as we are of the opinion that Aqua's unmetered rates remain just and reasonable.

Therefore, the ALJ's determination that Aqua has met its burden of proving that its unmetered rates remain just and reasonable in this proceeding is supported by the record. Accordingly, we conclude that Mr. Day has not shown that Aqua's methodology is unreasonable as applied to him and we shall deny his Exception No. 2.

The crux of Mr. Day's third Exception stems from the *Aqua 2021 Rate Case*, where the Commission agreed with the recommendation of ALJ Mary D. Long in

that proceeding, and directed Aqua “to study and report the results in the next base rate proceeding, in order to determine whether different methods of calculating a flat rate would be more reasonable for some systems rather than applying a system-wide average to each system.” *Aqua 2021 Rate Case* at 273. This directive was made in response to a concern raised by the OCA regarding a disparity in the wastewater rates charged to metered and unmetered water customers in certain rate zones where Aqua served both metered and unmetered customers. *Id.*

We note the Joint Petitioners’ disagreement as to whether Aqua complied with the Commission’s directive in the *Aqua 2021 Rate Case*. *See*, Settlement at 21, ¶ 90. Aqua argues that it complied with the Commission’s directive by preparing an analysis and study in Aqua Exhibit CEM-4-R. Aqua R. Exc. at 15. As noted, *supra*, in support of its position, the Company pointed to the testimony of its witness, Ms. Heppenstall, who specifically concluded that “based on similar average usage across the system and on the desired movement toward consolidated rates, a system wide usage level was appropriate in determining the wastewater flat rate.” Aqua St. 5-R at 6. The Company further emphasized the testimony of its witness, Mr. Manning, who concluded that “there is no other known methodology across the industry other than to utilize a system average to calculate a flat rate.” Aqua St. 3-R at 24. The OCA and Mr. Day expressed concern that Aqua did not fully comply with the Commission’s directive. OCA St. 5 at 7, 39.

We are of the opinion that the Settlement in this proceeding addresses the need to further evaluate the reasonableness of Aqua’s flat, unmetered wastewater rate and demonstrates the Company’s commitment to satisfy the Commission’s directive in the *Aqua 2021 Rate Case*. The instant Settlement, at Paragraph 91, specifically provides for the Company’s *further* review regarding whether different methods for calculating a flat rate would be more reasonable for some rate zones and requires Aqua to submit this report to the Commission and serve a copy on all Parties to this proceeding within 120

days of the effective date of the rates in this proceeding. We find it in the public interest that Aqua has agreed to provide additional information to the Commission and interested stakeholders regarding the Company's further evaluation of this issue by a date certain. Additionally, this Settlement provision provides that Aqua will, *inter alia*, hold a workgroup meeting with interested customers from Lake Harmony, like Mr. Day, regarding the use and development of their wastewater rate. *See* Settlement at 21-22, ¶ 91. We find it in the public interest that the Company has agreed to collaborate with and obtain further input from customers on this issue. Additionally, we agree with Aqua that this Settlement provision builds upon the directive from the *Aqua 2021 Rate Case*. Lastly, we echo the ALJs in encouraging Mr. Day to participate in this workgroup with Aqua to explore other alternative methods for calculating a flat rate. Therefore, we shall deny Mr. Day's Exception No. 3 and adopt the ALJs' recommendation regarding this issue.

Upon review of the procedural and substantive exceptions filed by Mr. Day, we find no basis for revising the Recommended Decision. Therefore, we shall deny Mr. Day's Exceptions and adopt the Recommended Decision as to these matters, without modification.

3. Mr. Shellhorse's Exceptions

a. Mr. Shellhorse's Exceptions and Replies

In his Exceptions, Mr. Shellhorse provides that he is opposed to both the water and wastewater rate increases that Aqua has proposed for Cheltenham Township customers. He notes that the rates proposed in the Notice of Proposed Wastewater Rate Changes sent by Aqua on May 23, 2024, indicate a 51.4% increase. Mr. Shellhorse Exc. at 1 (citing Mr. Shellhorse Exc. Exh. A). Mr. Shellhorse restates his position that he is unclear as to what Cheltenham Township water and wastewater customers will be

charged under the Settlement. Additionally, Mr. Shellhorse cites to a July 16, 2023 letter from Cheltenham Township to the Commission noting that Aqua raised wastewater rates by 65% in 2022 for Cheltenham Township wastewater customers. Mr. Shellhorse Exc. at 2 (citing Mr. Shellhorse Exc. Exh. B). Mr. Shellhorse alleges that the rates originally proposed by Aqua for both water (24% increase) and wastewater (51.4% increase) are unaffordable and unviable. Mr. Shellhorse Exc. at 5.

In its Replies, Aqua contends that Cheltenham Township customers' proposed water rates will be set at a monthly rate of \$90.86 at a consumption of 3,870 gallons. Aqua R. Exc. at 21 (citing Aqua Exc. Appendix E-1. Sch. 8 at 1). Aqua argues that this rate is lower than what the Company originally proposed. Aqua avers that Mr. Shellhorse, in his Exceptions, does not identify the reasons the increase is necessary and instead solely identifies his "vague concerns about the increase." Aqua R. Exc. at 21.

Aqua explains that the Cheltenham Township water customers are served under Aqua's Rate Zone 1 and will continue to be served under Rate Zone 1 under the Settlement. Aqua R. Exc. at 21.

Regarding Cheltenham Township's wastewater rates, Aqua notes that in its original filing, the Company proposed to consolidate Cheltenham wastewater (Rate Zone 9) into wastewater Rate Zone 1 and that the Joint Petitioners have agreed to adopt this as part of the Partial Settlement. Aqua R. Exc. at 23 (citing Joint Petition Appendix H-2 at 3). Aqua avers that the proposed increase to Cheltenham wastewater rates, as set forth in the Settlement and corrected by the Company's Exception No. 4, are just, reasonable, and should be approved. Additionally, Aqua provides that Mr. Shellhorse was served with the Settlement wastewater rates on November 7, 2024, and December 23, 2024. Aqua R. Exc. at 24 (citing Aqua R. Exc. at 15, n.15).

b. Disposition

The proposed monthly water rate for Cheltenham Township customers agreed to under the Partial Settlement, and corrected in Aqua's Exception No. 4, is \$90.86 at a consumption of 3,870 gallons, for an increase of 12.3%. Aqua Exc. Appendix E-1, Sch. 8 at 1. The rate increase in the Settlement for water customers is less than the monthly rate of \$97.01 Aqua originally proposed in its initial filing for Rate Zone 1 customers, including Cheltenham Township customers. Aqua R. Exc. at 21; Shellhorse Exc. Exhibit A at 8. The rate increase agreed to under the Partial Settlement was supported by each of the Joint Petitioners, including the OCA, I&E, the OSBA and CAUSE-PA. Aqua R. Exc. at 21. We disagree with Mr. Shellhorse's argument in his Exceptions that the water rate increase for Cheltenham Township customers is unreasonable.

The monthly wastewater rate for Cheltenham Township customers agreed to under the Partial Settlement, as corrected in Aqua's Exception No. 4, is \$101.34 at 3,870 gallons, for an increase of 64.3%. Aqua R. Exc. at 23 (citing Aqua Exc. Appendix E-2, Sch. 7 at 15). We note that this increase in the wastewater rate for Cheltenham Township customers is necessary to bring the rate paid by Cheltenham Township customers closer to the cost of service for this system. Accordingly, we shall deny Mr. Shellhorse's Exceptions regarding the increases in his water and wastewater rates that have been agreed to under the Partial Settlement.

Before concluding this section, we find it important to highlight the observation of Aqua, *supra*, that Mr. Shellhorse was provided with the Settlement terms on November 7, 2024, and again on December 23, 2024. *See* Aqua R. Exc. at 24 (citing Aqua R. Exc. at 18, n.15). Therefore, we find no merit in Mr. Shellhorse's argument in his Exceptions that he was not provided with the proposed water and wastewater rate information. Accordingly, this portion of his Exceptions is also denied.

E. Disposition of the Partial Settlement

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

On consideration of the record evidence in this proceeding, including the Joint Petition, we agree with the ALJs and the Joint Petitioners that the Partial Settlement is in the public interest and is supported by substantial evidence. As noted by the Joint Petitioners in their respective Statements in Support, the Partial Settlement reflects a compromise of the range of positions and evidence proffered as to each issue. Accordingly, for the reasons stated below, we shall grant the Joint Petition and approve the Partial Settlement, as modified by our earlier discussion in Section V.D.1 of this Opinion and Order.

1. Due Process for Non-Settling Parties

As noted *supra*, the Commission has articulated its general policy favoring settlements. *See Peoples TWP*; 52 Pa. Code §§ 5.231, 69.401. While we do not find it

necessary to disfavor or reject a settlement because it is non-unanimous, we also note that there are sound policy reasons to ensure appropriate due process for non-settling parties that do not support the proposed settlement or who wish to continue litigation. In rate proceedings, the use of a non-unanimous settlement raises the obvious concern that the Commission continue to respect the non-settling parties' right to notice and the opportunity to be heard. Therefore, where a non-unanimous settlement is proposed to resolve litigation, the agency's review of the entire matter should ensure that the evidence and arguments presented by non-settling parties receive full and fair consideration.

Considerations which may ensure fairness to all the parties include, *inter alia*, independent assessment by the Commission as to whether the non-unanimous settlement is reasonable and in the public interest; fact-finding hearings to determine whether the settlement is in the public interest and supported by substantial evidence; and the range of interests represented in the non-unanimous settlement. The Commission's procedures already provide for many of these safeguards including, *inter alia*: (1) the Commission's independent review and determination regarding whether the settlement is reasonable and in the public interest; (2) the non-settling party's opportunity to object to the settlement; (3) the non-settling party's opportunity to fully litigate contested issues; and, (4) the non-settling party's opportunity for fact-finding hearings on the terms of settlement and contested issues. *See Pa PUC, et al. v. Peoples Natural Gas Company LLC*, Docket No. R-2023-3044549 (Order entered September 12, 2024).

We note that a proceeding's procedural history is significant since it reveals whether and how all the parties were afforded due process. Applying this to the instant proceeding, we have previously determined in Section V.D.2 of this Opinion and Order that there has been no restriction on Mr. Day's due process rights. Rather, Mr. Day, Mr. Shellhorse, and the other *pro se* Complainants opposed to the Partial Settlement have had the opportunity to: (1) participate in the public input hearings in this proceeding; (2) present testimony; and, (3) file briefs, opposition to the Partial Settlement, and

Exceptions to the Recommended Decision. Additionally, as discussed in Section VI of this Opinion and Order, *infra*, Aqua, I&E, the OCA, and SCH USA have had the opportunity to file written testimony and briefs regarding the litigated issues in this proceeding, in addition to having the opportunity to file Exceptions to the ALJs' recommendations thereto. Accordingly, we find that all parties to this instant proceeding have been afforded the appropriate due process through the full and fair notice and opportunity to be heard.

2. Revenue Increase Agreed to under the Partial Settlement

As previously discussed, the Joint Petitioners have reached the agreed-upon revenue increase in the instant Partial Settlement under the terms of a “black box” settlement. Notwithstanding the “black box” settlement, on review, we find that the substantial evidence of record supports the annual revenue increase agreed to therein. In this regard, we highlight that the Joint Petitioners have agreed to rates that are designed to produce an increase of \$73 million in Aqua’s annual operating revenues on a total Company basis, exclusive of any increase in revenues from the Company’s East Whiteland customers.²³ After allocating a portion of the wastewater revenue increase to Aqua’s water customers in accordance with Act 11, this results in an agreed-upon increase of \$58.4 million for the Company’s water operations and \$14.6 million for its wastewater operations. The agreed upon overall increase of \$73 million represents a reduction of \$53.675 million, or approximately 42.4%, on a total Company basis, when compared to the Company’s originally-filed revenue increase request of approximately \$126.675 million on a total Company basis.²⁴ Aqua Statement in Support at 3-4.

²³ As will be discussed in Section VI.A of this Opinion and Order, we shall deny Aqua’s proposed increase in revenues of \$6.4 million for its East Whiteland customers, in its entirety.

²⁴ [\$126.675 million – \$73 million = \$53.675 million];
[\$53.675 million ÷ \$126.675 million = 42.4%]

Further, the agreed upon annual increase in water revenues after the Act 11 shift represents a reduction of \$53.649 million, or approximately 47.9%, when compared to the Company's originally proposed annual increase to its water revenues of \$112.049 million, after the post-Act 11 shift.^{25,26} See Aqua Exh. 1-A, Sch. Act 11 at 1.

We concur with the Joint Petitioners and the ALJs that the revenue increase agreed to under the Partial Settlement represents a reasonable compromise and is within the range of possible outcomes in this proceeding. As Aqua and I&E each observed, Aqua will receive sufficient operating funds in order to provide safe and reliable service, while ratepayers will be protected because the resulting increase minimizes the impact of the Company's initial proposal. Aqua Statement in Support at 4; I&E Statement in Support at 7-8. Accordingly, we find that the revenue increase produced by the Partial

²⁵ [\$112.049 million – \$58.4 million = \$53.649 million];
[\$53.649 million ÷ \$112.049 million = 47.9%]

²⁶ We further note that Aqua originally proposed an annual increase to its wastewater revenues of approximately \$14.6 million, after the post-Act 11 shift. Under the Partial Settlement, the agreed-upon annual increase to Aqua's wastewater revenues after the post-Act 11 shift remains virtually unchanged. However, the portion of the wastewater revenue increase allocated to the Company's water customers under the Partial Settlement is approximately \$10.4 million. Under the Company's originally proposed increase, the portion of the wastewater revenue increase that Aqua proposed to allocate to its water customers was \$21.850 million. Therefore, the effective subsidy to Aqua's wastewater customers is reduced by \$11.45 million as a result of the Partial Settlement. [\$21.85 million – \$10.4 million = \$11.45 million]. Additionally, the \$21.85 million subsidy under the Company's originally proposed increase included a subsidy of \$3.1 million of wastewater revenues from the East Whiteland wastewater system. See I&E Statement in Support at 8-9. As previously noted, the total agreed upon revenue increase under the Partial Settlement is exclusive of any increase in revenues from East Whiteland's customers. As provided for in the Partial Settlement, the Joint Petitioners have agreed that if a rate increase to the East Whiteland customers is permitted, the total \$6.4 million revenue increase established for the East Whiteland customers will not be subject to a shift under Act 11 and, specifically, East Whiteland's revenue increase shall be excluded from the portion of the wastewater revenue increase that will be shifted to water operations for recovery under the Settlement. Joint Petition at ¶¶ 41, 94-96. As noted above, and as discussed in Section VI.A.1, below, we shall decline to grant the Company any revenue increase from the East Whiteland system.

Settlement will result in just and reasonable rates and is in the public interest. We also find it prudent to stress that because the Partial Settlement is a “black box settlement,” the Partial Settlement sets forth the final agreed-upon revenue increase for Aqua on a total Company basis, as divided between its water and wastewater operations after the post-Act 11 shift. However, this agreed-upon revenue increase does not depict specific information regarding the underlying components used to calculate the overall revenue increase or a specific rate of return. Therefore, in this proceeding, we make no finding as to whether the agreed-upon revenue increase on either a consolidated water and wastewater basis, or individually for the Company’s water and wastewater operations, will allow the Company to earn a reasonable rate of return. We further conclude that a calculation of the rate of return is not required for our determination that the agreed-upon revenue increase under the Partial Settlement is in the public interest. *See Pa. PUC, et al. v. Manwalamink Water Company and Manwalamink Sewer Company*, Docket Nos. R-2017-2603026, *et al.* (Opinion and Order entered November 8, 2017) at 17-18; *See also, Columbia* at 40.

3. Additional Settlement Provisions

In addition to our above findings that the agreed-upon revenue increase is in the public interest and supported by substantial evidence, we further agree with the Joint Petitioners and the ALJs that the Partial Settlement will result in a reasonable revenue allocation and rate design following the good faith negotiation and the balancing of countervailing interests of the Parties. *See R.D.* at 66. Namely, we echo the observation of I&E that the cost of service studies presented in this proceeding are within the range of reasonable outcomes that would result from the full litigation of this case. I&E Statement in Support at 11. Further, while the Partial Settlement provides for an increase in the Company’s monthly customer charges, such charges will increase by a lesser amount than the customer charges the Company originally proposed. *See Aqua*

Statement in Support at 11. As such, we find that the revenue increase and rate design produced by the Partial Settlement are in the public interest.

Further, we find that there are a number of other settled issues within the Partial Settlement that are also particularly beneficial to Aqua's customers. Among these provisions are: (1) the agreement that for the purposes of calculating its DSIC for its water and wastewater operations, the Company shall use the most recent rate of return on equity as calculated for water utilities and published in the Quarterly Earnings Report; (2) the agreement that no DSIC can go into effect until January 1, 2026, at the earliest; (3) the agreement that the Company will not be entitled to include plant additions in its DSIC until the later of (a) the end of the FPFTY or (b) the quarter following the time when Aqua's net plant in service exceeds the levels projected by Aqua as of December 31, 2025; (4) the agreed-upon \$2 million collar amount associated with the tax repair allowance; (5) the agreement that the Company will be permitted to amortize its COVID-19 expense deferral over a two-year period; (6) the agreement that Aqua will withdraw its request for the deferral of certain PFAS related costs in this base rate proceeding and that it will instead file a separate request for deferral at a separate docket, where parties can present their arguments in favor of and opposition to deferral; (7) the agreement that Aqua's as-filed depreciation and amortization rates will be used in this proceeding; (8) the agreed upon acquisition adjustment, wherein Aqua will amortize the difference between the DOC and the purchase price of NHSC over a 20-year period; (9) Aqua's agreement to provide updates concerning its actual capital expenditures, plant additions, and retirements, by month, for the twelve months ending December 31, 2024, and will then provide additional updates for the year ending December 31, 2025; (10) Aqua's various important Universal Service Program commitments, including: (a) Aqua's agreed-upon changes to its CAP arrearage program; (b) Aqua's commitment to allocate \$200,000 to its hardship grant program each year until the Company's next base rate case; (c) Aqua's commitment to establish a plan in consultation with its AAC to assess potential water savings achieved through each aspect of its Leak/Line Repair and

Conservation Programs; and (d) Aqua's commitment to continue to meet the metrics set forth in the *Aqua-Peoples Merger*; (11) Aqua's agreement to certain tariff revisions regarding limitation of liability and termination of water service; (12) the provisions of the Partial Settlement that clarify and provide customers with more information regarding Aqua's relationship with HomeServe; (13) the Company's agreement to continue to have a www.waterfacts.com website to provide information on PFAS; (14) Aqua's agreement to hold a collaborative workgroup meeting with interested customers from Lake Harmony and Tobyhanna regarding the use and development of their flat, unmetered wastewater rates; (15) Aqua's agreement to provide information on its website addressing the rate impacts, by usage level, of the final rates approved by the Commission in this proceeding; and (16) Aqua's commitment to formalize its small business payment plan and to maintain written internal documentation of this small business payment plan going forward. Joint Petition at 8-22, ¶¶ 45-93.

On consideration, we find each of these enumerated provisions within the Partial Settlement also lend support to a finding that the Joint Petition for Partial Settlement is in the public interest and is supported by substantial evidence in the record. The Partial Settlement resolves the majority of the issues impacting residential, small business, and large business customers, and the public interest at large. The benefits of the Partial Settlement are numerous and will result in significant savings of time and expenses for all Parties involved by avoiding the necessity of further administrative proceedings, as well as possible appellate court proceedings, thereby conserving precious administrative resources. Further, the Partial Settlement provides regulatory certainty with respect to the disposition of issues, which benefits all Parties. For the reasons stated herein, and as specified in the Joint Petitioners' Statements in Support, we agree with the ALJs' conclusion that the Joint Petition for Non-Unanimous Partial Settlement is in the public interest. Accordingly, we shall adopt the ALJs' recommendation to grant the Joint Petition and approve the Partial Settlement, as modified by our above discussion in Section V.D.1 of this Opinion and Order, and as restated below.

4. Modifications to the Partial Settlement

Consistent with our discussion in Section V.D.1 of this Opinion and Order, *supra*, we shall modify the Partial Settlement by directing that Paragraph 44 and Appendix D-1 of the Joint Petition for Non-Unanimous Partial Settlement be modified to indicate the Belle Aire Acres rate zone monthly unmetered rate of \$70.64 and the metered customer charge of \$22.40.

Additionally, as also discussed in Section V.D.1 of this Opinion and Order, Aqua concurs with the ALJs' recommendations that the Company file updated proofs of revenue to: (1) make Avon Grove School's rate legible; (2) update the Company's water and wastewater customer charge revenues; and, (3) demonstrate that Aqua's revenue increases under its water and wastewater tariffs do not exceed \$58.4 million and \$14.6 million, respectively, including the revenue offsets identified in the Partial Settlement and excluding revenues associated with the East Whiteland rate zone. While the Company provided these updated proofs of revenue in Appendices D-1 and D-2 of its Exceptions, we reinforce our directive above that the Company file these proofs of revenue as part of its compliance filing in this proceeding. Moreover, as further discussed above, we shall also direct Aqua, as part of its compliance filing, to rectify Appendix D-1, Schedule 7A and/or Appendix E Page 12.7 of the Joint Petition such that the same rate for Shenandoah Private Hydrant appears in both of these Appendices. We shall further direct that Aqua serve copies of its compliance filing on each of the parties to this proceeding and that it provide these parties an electronic, red-lined copy of its compliance filing, including electronic working papers.

However, with respect to Aqua's agreed-upon changes to the Company's CAP arrearage program, we have declined to adopt the ALJs' recommended modification to Paragraph 67 of the Partial Settlement. In this regard, we have found that the Partial Settlement clearly and appropriately affords the Company a 120-day window following

the entry date of this Opinion and Order to implement this agreed-upon provision of the Partial Settlement. Our finding in this regard is with the understanding that Aqua has represented, as set forth in its Exception No. 2, that the Company will file with the Commission the appropriate tariff changes within the 120-day timeline defined in Paragraph 67. *See Aqua Exc. at 12-13.*

Finally, as previously noted, in light of the above modification that we make to the Partial Settlement, should any of the Joint Petitioners wish to withdraw from the Partial Settlement, that Party shall provide written notice to the Secretary of the Commission, and all active Parties to this proceeding, of its election to withdraw, within five (5) business days from the date that this Opinion and Order is entered. If such an election to withdraw is filed, the Partial Settlement shall be disapproved, without further action by this Commission, and this matter shall be returned to the Commission's OALJ for further action as deemed appropriate. Joint Petition at 24, ¶ 101.

VI. Issues Reserved for Litigation

A. Aqua's Proposed Rates for East Whiteland

1. Background

On July 29, 2022, the Commission entered an Order that, in relevant part, approved the application of Aqua to acquire the wastewater system assets of East Whiteland, to begin to render service to portions of the Township, and to establish a ratemaking rate base of the System's assets under Section 1329(c)(2) of the

Code, 66 Pa.C.S. § 1329(c)(2).²⁷ The Commission also approved an Asset Purchase Agreement, and related contracts, between Aqua and the Township and issued the related Certificates of Public Convenience (CPCs). *East Whiteland Order*.

On August 12, 2022, Aqua closed on the East Whiteland system acquisition. Aqua St. 1-R at 19. Aqua's closing on the acquisition occurred prior to the expiration of the 30-day appeal period applicable to the *East Whiteland Order* set forth in the Pennsylvania Rules of Appellate Procedure (Pa. R.A.P). *See* Pa. R.A.P. 1512 (relating to time for petition for review to appellate court).

Pursuant to the *East Whiteland Order*, Aqua submitted tariff rates to incorporate the acquired service territory into its tariff. Aqua St. 1-R at 19.

On August 25, 2022, the OCA timely appealed the Commission's *East Whiteland Order* to the Commonwealth Court. Thereafter, on July 31, 2023, the Commonwealth Court reversed the Commission's *East Whiteland Order*, holding that the Commission erred or abused its discretion in concluding that Aqua established substantial affirmative public benefits that outweighed the harms of Aqua's acquisition of the System to support the grant of the CPC. *Cicero v. Pa. PUC*, 300 A.3d 1106 (Pa. Cmwlth. 2023), *alloc. granted*, 320 A.3d 667 (Table) (Pa. 2024) (*Cicero*).

²⁷ *See Application of Aqua Pa. Inc., pursuant to 66 Pa.C.S. §§ 1102 and 1329 for: (1) approval of the acquisition by Aqua Pa. Wastewater, Inc. of the wastewater assets of E. Whiteland Twp. situated within the Twp. of E. Whiteland, Chester Cnty., Pa.; (2) approval of the right of Aqua Pa. Wastewater, Inc. to begin to offer, render, furnish and supply wastewater service to the public in portions of E. Whiteland Twp., Chester Cnty., Pa.; and (3) an order approving the acquisition that includes the ratemaking rate base of the E. Whiteland Twp. wastewater system assets pursuant to Section 1329(c)(2) of the Public Utility Code, Docket No. A-2021-3026132 (Opinion and Order entered July 29, 2022) (East Whiteland Order).*

The Commission, Aqua, and the Township timely sought review of the Commonwealth Court's decision before the Supreme Court of Pennsylvania (Supreme Court). On June 14, 2024, the Supreme Court granted the petitions for review and a decision remains pending as of the date of this Opinion and Order. *Cicero*, 320 A.3d 667 (Table).

Aqua has been providing wastewater service to East Whiteland customers since the effective date of its closing on August 12, 2022, including billing and collections, investment, and expansion of the customer base. Additionally, Aqua provided testimony that it has incurred, and continues to incur, investment expenses in the plant serving East Whiteland customers. Aqua St. 1-R at 19.

In this proceeding, the Joint Petitioners were unable to reach a consensus with respect to the Company's proposed increase in rates to the East Whiteland customers and agreed to litigate this issue. Further, to simplify briefing on this reserved issue, and to avoid disturbing other aspects of the Settlement, the Joint Petitioners agreed to the rate effects if the Commission authorizes a rate increase for the East Whiteland customers.

Specifically, as noted, *supra*, the Joint Petitioners have agreed that if the Commission authorizes Aqua to include the East Whiteland system in its ratemaking rate base and permits the establishment of new rates for East Whiteland, the Company will be permitted to collect an additional \$6.4 million in revenue from East Whiteland customers. This amount is in addition to the overall revenue increase provided for under the Partial Settlement. Furthermore, if a rate increase to the East Whiteland customers is permitted, the \$6.4 million revenue increase established for the East Whiteland customers will not be subject to a shift under Act 11 and, specifically, East Whiteland's revenue increase is excluded from the portion of the wastewater revenue increase (\$10.4 million) that will be

shifted to water operations for recovery under the Settlement. Joint Petition at 7, 22-23, ¶¶ 41, 94-96.

2. Positions of the Parties

Aqua asserted that it should be permitted to include the revenues, expenses, and rate base of the East Whiteland system for purposes of increasing rates to East Whiteland customers by \$6.4 million. The Company argued: (1) that the Commonwealth Court's decision in *Cicero* is not binding on the Commission while the appeal remains pending before the Supreme Court, and, (2) that approving increased rates, subject to refund in the event the Supreme Court affirms the Commonwealth Court's decision, is the fair approach to both East Whiteland customers and Aqua customers while recognizing that Aqua has been incurring expenses and investing in a plan to provide safe and reliable service to the East Whiteland customers. Aqua M.B. at 10, 15-18.

In support, Aqua argued that the key point to resolving this matter is the issuance of the CPC. Aqua contended that the acquisition of the East Whiteland system remains valid at this time because the Commission permitted Aqua to acquire the system. According to Aqua, the Commission issued a CPC approving its application and the Commission has no authority to revoke it because the pending appeal divests the Commission of this authority at this time. The Company asserted that the CPC remains valid until revoked by the Commission. Aqua M.B. at 12, 14.

For authority, Aqua cited to Pa. R.A.P. 1701(a) which provides that: “[e]xcept as otherwise prescribed by these rules, after an appeal is taken or review of a quasi-judicial order is sought, the trial court or other government unit may no longer proceed further in the matter.” The Company contended that pursuant to this rule, the Commission is prohibited from revoking Aqua's CPC and that the CPC remains valid.

Thus, under the Rules of Appellate Procedure, Aqua contended, the Commonwealth Court's decision is not binding on the Commission while the appeal remains pending before the Supreme Court and the Commission does not have the authority to revoke it at this time. Aqua M.B. at 17.

Additionally, Aqua acknowledged that its decision to close on the acquisition prior to the expiration of the appeal period may require the transaction to be unwound if the Commission's order is finally reversed on appeal. However, Aqua countered that nothing in the Code provides that Commission orders only become effective after the appeals period, or any appeals, are concluded. Rather, Aqua proffered that the appropriate avenue to address I&E's and the OCA's concerns that this transaction may need to be unwound, is that Aqua customers will be made whole in the form of refunds, including interest, consistent with the Code. Aqua argued that:

The proper remedy to enforce a final Pennsylvania Supreme Court order, if any is ultimately needed, is not to deny a substantiated rate increase with respect to service to East Whiteland customers. Rather it is for the Commission to use its authority to revoke the certificate, and order refunds as appropriate, following a final decision by the appellate courts. This is the fair, and reasonable, course of action, recognizing that [Aqua] has been incurring expenses and investing in plant to provide safe and reliable service to the East Whiteland customers.

Aqua M.B. at 15-16.

Aqua objected to the arguments of I&E and the OCA that the most recent Pennsylvania-American Water Company (PAWC) base rate case is applicable, or lends support to exclusion in this proceeding.²⁸ In *PAWC 2024*, Aqua acknowledged the

²⁸ *Pa. PUC, et al., v. Pennsylvania-American Water Company*, Docket Nos. R-2023-3043189, *et al.* at 38 (Opinion and Order entered July 22, 2024) (*PAWC 2024*).

Commission's holding that several not-yet-closed but anticipated acquisitions must be excluded from the base rate setting. Aqua M.B. at 17 (citing *PAWC 2024* at 38). However, Aqua contended that *PAWC 2024* is distinguishable because the acquisitions therein had not-yet-closed, whereas the acquisition of the East Whiteland system did in fact close. According to Aqua, this difference is critical because it would have been speculative to conclude that PAWC would own the assets at issue in that case prior to the end of PAWC's FPFTY in that proceeding. Aqua submitted that in this instant proceeding, there is no basis to speculate because the Company owns the East Whiteland assets, and is serving East Whiteland customers pursuant to Commission-approved tariff rates. Aqua M.B. at 17.

Both I&E and the OCA contended that any rate base, expenses, taxes, revenue, and corresponding revenue shortfall from the East Whiteland system should be excluded from the instant rate filing. I&E and the OCA each argued, in part, that Aqua has not met its burden to show that its rate proposal is just and reasonable as required by Section 1301 of the Code, 66 Pa.C.S. § 1301(a), which mandates that "[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable, and in conformity with [the] regulations or orders of the [C]ommission." Both asserted that instead, these rates should be held at current levels which maintain the status quo until the ultimate resolution of the acquisition at which time ownership of the system will be made clear. I&E M.B. at 4; OCA M.B. at 9-11.

I&E proffered that it would not be just, reasonable, or in the public interest to increase the East Whiteland customers' rates while the appeal of this acquisition is currently pending before the Supreme Court. In I&E's view, the pending appeal makes it unclear and speculative as to what the outcome will be and as such, it would be imprudent for the Commission to allow Aqua to raise rates for these customers until the appeal is resolved. Moreover, I&E submitted that the Commission's approval of the

East Whiteland system application, which the Commonwealth Court concluded was in error, is tenuous at best. I&E M.B. at 4-5.

The OCA argued that Aqua's proposed rate increase to East Whiteland customers should be denied because: (1) the Company does not have CPC authority to own the East Whiteland system assets or serve the Township's customers; (2) a Commission Order approving the proposed rate increase at issue would interfere with the Supreme Court's jurisdiction over inextricably intertwined issues; and, (3) the Commission is not bound by Aqua's choice to prematurely close the transaction prior to the existence of a final, unappealable order, as a matter of ratemaking policy. OCA M.B. at 14-28.

3. Recommended Decision

The ALJs began by stating that no party directed them to a case with identical factual circumstances. That is, the ALJs noted the lack of guidance as to whether a utility should be permitted to increase rates to customers of an acquired wastewater system pursuant to a regulatory order issuing a CPC to do so when: (1) the utility closed on the acquisition before it received an unappealable regulatory order; (2) the regulatory order was subsequently reversed by the intermediate appellate court; and, (3) the appellate order review is pending before the highest state appellate court. R.D. at 149.

The ALJs concluded that after an exhaustive review of the record and the parties' briefs, Aqua has not met its burden to show that its East Whiteland rate proposal is just and reasonable as required by Section 1301 of the Code. Further, the ALJs concluded that, on balance, it is not in the public interest to permit this increase now. Rather, the ALJs determined that the better course of action is to maintain the status quo until ownership of the system is determined, with certainty, on appeal. Therefore, the

ALJs recommended that the Commission exclude any rate base, expenses, taxes, revenue, and corresponding shortfall from the East Whiteland system from the instant rate filing. R.D. at 149-50.

The ALJs provided four reasons in support of their recommendation. First, the ALJs recommended that the Commission reject the Company's argument pertaining to the effect of the issuance of the CPC. That is, the ALJs were not persuaded by Aqua's position – that because the Commission has not revoked its CPC after the Commonwealth Court's decision, and the Commission does not have the authority to do so while the *Cicero* decision is pending before the Supreme Court – it necessarily follows that it should be permitted to increase the East Whiteland rates. Instead, the ALJs agreed with the OCA that, absent a stay of the Commonwealth Court's decision, the *Cicero* decision currently controls as to the ownership of the Township's system and is binding. The ALJs agreed with the OCA that it is the Commission Order granting CPC authority, not the certificate—*i.e.*, “the piece of paper” itself, that controls. Alternatively, even assuming *arguendo* that it cannot be concluded that the *Cicero* decision is binding, at the very least, the ALJs agreed with I&E that the validity of Aqua's CPC is uncertain, speculative, and tenuous at best. The ALJs acknowledged that they simply do not know how the Supreme Court will rule. R.D. at 150.

Second, the ALJs agreed with I&E and the OCA that increasing rates while the uncertainty of the ownership of the Township system remains is not, on balance, in the public interest. According to the ALJs, it did not seem just and reasonable to allow Aqua to raise the rates for East Whiteland customers when our intermediate appellate court has held that Aqua lacks the authority to serve East Whiteland customers, and this issue remains pending before our state's highest court. Instead, the ALJs found, on balance, that the best course of action is to maintain the status quo of the East Whiteland rates while this issue is resolved with certainty. R.D. at 150.

Further, the ALJs agreed with I&E and the OCA that Aqua will not be irreparably harmed if the validity of the CPC is ultimately upheld, because Aqua can request an increase for these customers in its next base rate case. On the other hand, the ALJs continued, if the Commonwealth Court's decision is upheld, and rates have been increased, East Whiteland customers will already have been charged rates for which Aqua has no authority to increase and must await a refund after the East Whiteland system is unwound from a complex rate filing. Thus, on balance, the ALJs determined that maintaining the status quo is the more prudent course of action at present. R.D. at 151.

Third, the ALJs agreed with I&E and the OCA that the Commission's decision in *PAWC 2024* is illustrative and gives guidance or lends support to a decision on this issue. Here, the ALJs noted Aqua's assertion that *PAWC 2024* is not applicable because it involved several not-yet-closed but anticipated acquisitions, and hence it was speculative to conclude that PAWC would own the assets at issue in that case prior to the end of PAWC's FPFTY. Similarly, the ALJs found that there is speculation here whether Aqua legally owns (or will legally own) the East Whiteland wastewater assets. The ALJs reiterated that they simply do not know when and how the Supreme Court will rule. R.D. at 151.

Fourth, the ALJs acknowledged Aqua's assertion that nothing in the Code provides that Commission orders only become effective after the appeals period, or any appeals, are concluded. However, the ALJs disagreed that it follows that the Company's rate increase for East Whiteland customers should be approved. Rather, the ALJs concluded that Aqua is in this current position because it elected to close on the transaction before the appeal period expired, instead of waiting 30 days for an unappealable regulatory approval of the transaction. The ALJs found that by closing on the transaction before the appeal period ran, Aqua assumed the risks of an appellate court reversing the Commission's final *East Whiteland Order*. R.D. at 151.

In providing their recommendation on this issue, the ALJs recognized that since the issuance of the CPC and Aqua's closure on the transaction, the Company has been incurring expenses and investing in plant to provide safe and reliable service to East Whiteland customers. However, the ALJs found that Aqua was in the position to assess and choose its risk and that the East Whiteland customers were not in such a position. Therefore, the ALJs found it unfair, and not in the public interest, to ask the East Whiteland customers to now bear the risk of Aqua's decision to close on this acquisition before the Commission's regulatory order became unappealable and final. R.D. at 152.²⁹

In conclusion, the ALJs recommended that the Commission deny Aqua's request to increase rates to the East Whiteland customers at this time. Alternatively, the ALJs stated that if the Commission disagreed with this recommendation, the ALJs recommended that the Commission, consistent with the Joint Petition, authorize Aqua to include the East Whiteland system in its ratemaking rate base and permit the establishment of new rates for East Whiteland to allow the Company to collect an additional \$6.4 million in revenue from East Whiteland customers. R.D. at 152.

4. Aqua's Exception No. 1 and Replies

In its Exception No. 1, Aqua argues that the ALJs erred in failing to allow the Company to increase rates to the East Whiteland customers. For support, Aqua

²⁹ Referencing the OCA's arguments, the ALJs also explained that Aqua did not assume this risk in the application involving the New Garden Township system assets. R.D. at 152 (citing OCA M.B. at 24-28). Further, the ALJs noted that the asset purchase agreement which was approved by the Commission in the New Garden Township acquisition called for a closure of the transaction 45 days after "receipt of the last required unappealed regulatory approval of the transaction." R.D. at 152, n.374 (citing *Application of Aqua Pa. Wastewater to acquire the wastewater assets of New Garden Township*, Docket No. A-2016-2580061 (Opinion and Order entered December 3, 2020) (*December 2020 New Garden Order*), Exh. C1 of Asset Purchase Agreement at 4, ¶ 3).

submits two main arguments. First, Aqua contends that the ALJs incorrectly concluded that the *Cicero* decision is binding and has voided Aqua's CPC to serve the East Whiteland customers. Second, Aqua argues that the ALJs' conclusion pertaining to the uncertainty of the Supreme Court's prospective decision in *Cicero* is an unfair basis to deny an increase in East Whiteland rates where rate refunds are a viable remedy. Aqua Exc. at 4-12.

Regarding Aqua's first argument pertaining to the impact of the *Cicero* decision, the Company asserts that the ALJs' conclusion is contrary to the Pa. R.A.P. In support, Aqua cites to Pa. R.A.P. 1701(a), which provides: "Except as otherwise prescribed by these rules, after an appeal is taken or *review of a quasijudicial order* is sought, the trial court or other *government unit may no longer proceed further in the matter.*" Aqua Exc. at 5 (emphasis in original). According to Aqua, the OCA cannot deny that review of the Commission's *East Whiteland Order* is pending and that the status quo with respect to the *East Whiteland Order* must be preserved. Aqua Exc. at 5.

Moreover, Aqua adds, the contention that the Commonwealth Court's *Cicero* decision is controlling and that Aqua's CPC has been voided is directly contrary to an appellate court decision in *Stanton v. Lackawanna Energy, Ltd.*, 915 A.2d 668 (Pa. Super. 2007) (*Stanton II*). Providing the procedural history in *Stanton II*, Aqua explains that it originated as a claim for injuries allegedly caused by facilities of PPL Electric Utilities (PPL Electric). Before the trial court, PPL Electric sought summary judgment, claiming it was entitled to statutory immunity under law. The trial court denied summary judgment, and PPL Electric appealed the denial to the Superior Court of Pennsylvania (Superior Court). On appeal, the Superior Court reversed the trial court and remanded for entry of summary judgment.³⁰ The trial court then granted summary

³⁰ Aqua notes that the citation for the original Superior Court decision is *Stanton v. Lackawanna Energy, Ltd.*, 820 A.2d 1256 (Pa. Super. 2007) (*Stanton I*). Aqua Exc. at 5.

judgment five days later. Ten days later, and within the time for petitioning for allowance of appeal, the complainants sought Supreme Court review of the Superior Court's *Stanton I* decision. Aqua Exc. at 5.

Continuing its discussion of the *Stanton* cases, Aqua states that ultimately the Supreme Court remanded the matter to the trial court to rule on an unresolved issue. PPL Electric later opposed further action on the case, contending that the complainants had failed to appeal from the trial court's intermediary grant of summary relief. Aqua argues that in *Stanton II*, the Superior Court undertook a detailed analysis of Pa. R.A.P. 1701(a) and concluded that the trial court was without jurisdiction to comply with the Superior Court's prior order in *Stanton I*. Aqua Exc. at 5-6 (citing *Stanton II*, 915 A.2d at 672-73). Aqua argues that, similar to *Stanton II*, the Commonwealth Court's decision in *Cicero* cannot operate to void Aqua's CPC while the record resides with the Supreme Court pending its review. Aqua Exc. at 7 (citing *Clark v. Dept. of Corrections*, 648 A.2d 1344 (Pa. Cmwlth. 1994)).

The Company also objects to the reasoning in the Recommended Decision that Aqua or the Commission had the burden to seek a stay of the Commonwealth Court's decision in *Cicero*. In support, Aqua asserts that the OCA failed to identify any case in which the Pennsylvania Supreme Court was asked to stay an intermediate court decision that was issued pursuant to that court's appellate jurisdiction. According to the Company, this is unsurprising because the Pa. R.A.P. governing Petitions for Allowance of Appeal (Chapter 11) or the Effect of Appeals; Superseadeas and Stays (Chapter 17) do not require a stay to stop the effect of an intermediate court decision when Supreme Court review has been sought. Aqua argues that none of the rules governing appellate procedure require a party to seek a stay of an adverse intermediate court decision, and that neither Aqua nor the Commission had such a responsibility to seek a stay in *Cicero*. Aqua Exc. at 8 (citing Pa. R.A.P. 1701, 1702, and 1781).

Additionally, Aqua alleges that the ALJs failed to acknowledge the administrative chaos and harm to East Whiteland customers that would result from the finding that Aqua's CPC to serve the East Whiteland customers is void. Aqua asserts that such a scenario would prevent East Whiteland customers from filing complaints with the Commission challenging rates and terms of service because the Township would not be regulated by the Commission. Additionally, Aqua argues that East Whiteland customers would no longer enjoy protections against winter terminations, be able to enter into payment arrangements, or be eligible for Aqua's low-income customer assistance programs. Aqua Exc. at 8-9.

Aqua adds that the administrative chaos of such a determination – that an intermediate court decision becomes effective despite review being sought before the Supreme Court – would extend to other Commission orders and actions. For example, Aqua submits that Commission rate orders pertaining to the disallowance of expense recovery or for termination orders could be thrown into disarray and require unnecessary refunds or service terminations pending the ultimate review by the Supreme Court. Aqua Exc. at 9.

In summary, Aqua argues that the Commonwealth Court's decision in *Cicero* has not automatically voided the Company's CPC to acquire the Township's facilities and to serve East Whiteland customers under Commission-approved rates. Also, Aqua submits that *Cicero* does not prevent the Commission from increasing rates to East Whiteland customers. Aqua Exc. at 9.

In its second main argument, Aqua contends that the ALJs unfairly viewed the uncertainty of the Supreme Court's decision in *Cicero* as a basis to deny an increase in East Whiteland rates when rate refunds are a viable remedy. According to Aqua, the ALJs conducted an improper balancing of interests pertaining to the ultimate outcome in *Cicero*. Aqua Exc. at 10.

Aqua contends it will be irreparably harmed if it is not permitted to increase rates for the East Whiteland customers in this proceeding. According to Aqua, such a denial of an increase in rates will prevent the Company from recovering an adequate return on the investment that the Commission approved in the *East Whiteland Order* and further capital expenditures in the system that have occurred since closing. Regarding the ALJs' reasoning that Aqua could seek an increase for the East Whiteland customers in its next rate case, Aqua argues that such an approach will not make the Company whole in its recovery of expenses. Aqua Exc. at 10.

Specifically, Aqua asserts that it is not aware of any process by which it can recoup the return and depreciation incurred with respect to those assets and the increased expenses incurred to provide service to East Whiteland customers between the time of the increase in rates in this case and the next base rate case. In contrast, Aqua submits that if the Supreme Court affirms the *Cicero* decision, then the Commission can invoke Section 1312 of the Code to determine the appropriateness of rates charged to East Whiteland customers and order appropriate refunds and interest. Thus, Aqua contends that East Whiteland customers would be held harmless. Aqua Exc. at 10. Additionally, Aqua objects to the reasoning in the Recommended Decision that it would be difficult to unwind the rate impact to the East Whiteland customers if the Supreme Court affirms the *Cicero* decision. Instead, Aqua asserts that the Settlement avoids this concern by separating the increase to East Whiteland customers from the increase to all other customers provided in the Settlement. Aqua Exc. at 11 (citing Settlement at ¶ 95).

Aqua also reiterates prior arguments that the Commission's Order in *PAWC 2024* is distinguishable from this proceeding. Aqua emphasizes that, in contrast to the acquisitions in *PAWC 2024*, the Company here owns the East Whiteland assets and is serving East Whiteland customers pursuant to Commission-approved tariff rates. Thus, Aqua submits that it is inappropriate to deny a rate increase based upon speculation on

what a future court decision might later mean for Aqua's ownership of the system. Aqua Exc. at 11.

Aqua further addresses the ALJs' reasoning that Aqua assumed the risk of no increase to East Whiteland customers because it chose to close the transaction before the end of the appeal period. Although the Company acknowledges that it assumed this risk, Aqua contends that it should not have the scope of that risk expanded to include the denial of increased revenues that otherwise would be recoverable if the Commission's *East Whiteland Order* is found to be proper. Aqua Exc. at 11.

As a final matter, Aqua requests that if the Commission determines that the Company cannot increase rates to East Whiteland customers at this time and until the Supreme Court rules on the pending appeal, then the revenue increase agreed to in the Settlement should take effect immediately if the Supreme Court reverses the Commonwealth Court's decision in *Cicero*. According to Aqua, under those circumstances the Company would file a tariff supplement implementing the rate change agreed to in the Settlement and the change in East Whiteland rates would occur without the need to file a separate rate case. Aqua claims that this would be permissible because the Joint Petitioners have already agreed upon what the revenue increase should be for East Whiteland customers – that is \$6.4 million. Aqua Exc. at 11-12.

In its reply to Aqua Exception No. 1, I&E argues that the ALJs did not err in recommending that Aqua be prevented from increasing rates for East Whiteland customers at this time. I&E contends that it would be neither just nor reasonable to increase rates for the East Whiteland customers while the appeal of the acquisition is currently pending before the Pennsylvania Supreme Court. Given the uncertainty of the ultimate disposition of *Cicero*, I&E argues that the East Whiteland system should only be included, and rates determined, if at all, in the next base rate case after which all appeals

have been exhausted and Aqua's legal right to increase these rates is known with certainty. I&E R. Exc. at 1-2.

I&E argues that this proceeding is similar to *PAWC 2024* because it is speculative as to whether Aqua legally owns the East Whiteland system. According to I&E, if the Commission permits Aqua to raise rates for these customers and the Supreme Court later affirms *Cicero* – thereby overturning the Commission's approval of the acquisition – East Whiteland customers will have been subjected to unjust and unreasonable rates because Aqua lacked authority to increase them. I&E R. Exc. at 3.

Moreover, I&E contends that Aqua has not demonstrated that it will be harmed by not increasing rates for East Whiteland customers at this time. However, I&E argues, if rates for East Whiteland customers are increased as part of this base rate case and it is later determined that Aqua did not possess the ability to increase the rates, those customers will be irreparably harmed. I&E contends that there is nothing in the record to indicate that Aqua's request for rate relief in this instant proceeding was specifically due to the Company's need for a return on its investment in East Whiteland. Moreover, I&E submits that Aqua is a sophisticated utility and knew the risks in closing on the system before the end of the appeal period. I&E R. Exc. at 3-4.

I&E adds that East Whiteland customers should not bear the risks to include payment of rates that would otherwise be improper if the Commission's *East Whiteland Order* is reversed. I&E also references the ALJs' rationale that there are no cases or statutes exactly on point to resolve this issue and submits that the matter should be adjudicated on fairness principles. According to I&E, Aqua stands to receive \$73 million in revenue pursuant to the Settlement in this proceeding and is better able to absorb the impact of not increasing East Whiteland rates than those customers forced to absorb a rate increase which may later be reversed. Accordingly, I&E argues that Aqua's

Exception No. 1 should be denied and the ALJs' recommendation to deny a rate increase for East Whiteland customers should be adopted. I&E R. Exc. at 4-5.

In its reply to Aqua Exception No. 1, the OCA argues that the Commission should adopt the reasoning in the Recommended Decision to deny the Company's request to increase rates for the East Whiteland customers. The OCA contends that the ALJs correctly discerned the legal ramifications of the *Cicero* decision on this proceeding and appropriately recognized the significant public policy concerns associated with the proposed increase in rates resulting from Aqua's decision to prematurely close on the transaction. According to the OCA, Aqua incorrectly argues that it is entitled to a rate increase to East Whiteland customers by misstating applicable law governing the effects of appeals and ignoring the impact to consumers. OCA R. Exc. at 1-2.

Regarding the impact of the *Cicero* decision, the OCA proffers that an order of the Commonwealth Court is effective when issued and an appeal of that order does not automatically act as a supersedeas. The OCA asserts that the Pa. R.A.P. expressly give parties the ability to request a stay of an order of an intermediate appellate court, a remedy that Aqua did not seek or obtain after the *Cicero* decision was issued. OCA R. Exc. at 2-3 (citing Pa. R.A.P. 1732, 1781; *Thompson v. Workers' Comp. Appeal Bd. (Sacred Heart Med. Ctr.)*, 729 A.2d 99, 101 (Pa. Cmwlth. 1999)). In support, the OCA contends that it is self-evident in practice that where an intermediate appellate court issues an order adverse to a party, that party must seek relief in the form of a stay to prevent the enforceability of that order, even if the Commonwealth or Supreme Court has jurisdiction over the proceeding after a petition for allowance of appeal is filed. OCA R. Exc. at 3 (citing *Pa. State Bldg. & Constr. Trades Council v. Prevailing Wage Appeals Bd.*, 773 A.2d 757 (Pa. 2001) (granting a petition for allowance of appeal and reversing the Commonwealth Court's denial of supersedeas, granting supersedeas pursuant to two conditions)).

Additionally, the OCA argues that Aqua's reliance on *Stanton II* is inapplicable to this matter. The OCA states that in *Stanton II* the Superior Court ruled on the action of a trial court, which prematurely entered summary judgment in favor of the movant, as instructed by the Superior Court on appeal, but before the record had been remanded to the trial court. *Stanton II* is not relevant here, the OCA states, because it pertains to the authority of a court to act on remand, which is not at issue in this case. OCA R. Exc. at 4.

The OCA asserts that the ALJs correctly determined that the *Cicero* decision is binding on the Commission, and, in that decision, the Commonwealth Court revoked – as a matter of law and without the need for further Commission action – Aqua's certificate authority to service East Whiteland customers. Thus, the OCA submits that Aqua's argument that Pa. R.A.P. 1701(a) renders the Commonwealth Court's order in *Cicero* as unenforceable is contrary to controlling law and should be rejected by the Commission. OCA R. Exc. at 5-6.

Regarding Aqua's contention that administrative chaos would result in adhering to the Commonwealth Court's decision in *Cicero*, the OCA submits that any such concerns are the result of the Company's actions. The OCA argues that the Commission should reject Aqua's attempt to place blame on the ALJs and this Commission for consequences that result from the Commission acting in accordance with applicable law. Any administrative chaos, the OCA adds, would be the result of the

decision of Aqua and the Township to prematurely close on a deal before the end of the applicable appeal period. OCA R. Exc. at 6-7.³¹

The OCA submits that Aqua should not be permitted to increase tariffed rates to East Whiteland customers because, as a matter of law, it has no certificate authority to do so. OCA R. Exc. at 7 (citing *Popowsky v. Pa. PUC*, 647 A.2d 302, 307 (Pa. Cmwlth. 1994) (a utility cannot increase rates to customers when it has no certificate authority to service those customers)). Moreover, the OCA argues that the Commission should not shift the risk pertaining to the uncertainty of the ultimate result in *Cicero* to East Whiteland customers based on the legal uncertainties created by Aqua's decisions. According to the OCA, the ALJs correctly determined that Aqua lacks such authority at present, until or unless the *Cicero* decision is reversed or modified by the Pennsylvania Supreme Court. OCA R. Exc. at 7.

In response to Aqua's claim that refunds are an available remedy if *Cicero* is upheld, the OCA argues that such relief is not viable due to Aqua's failure to prove the justness and reasonableness of the rate increase for East Whiteland customers. OCA R. Exc. at 8.

The OCA submits that the Code clearly defines the scope of Aqua's ability to recover increased rates – that is, rates must be found to be just and reasonable by the close of the FPFTY. OCA R. Exc. at 10 (citing 66 Pa.C.S. §§ 315(a)-(e) and 1301; and

³¹ The OCA adds that due to the “procedural morass” created by Aqua in hastily closing the transaction and beginning to provide service despite the appeal, the Code and the Commission's Regulations may require Aqua to provide a baseline level of adequate service. OCA Exc. at 6, n.3. According to the OCA, “[s]hould the Company elect to provide service that is deficient under the [Code] or the Commission's regulations to East Whiteland customers during the pendency of the *Cicero* appeal, its practices remain subject to Commission review in the Company's next rate proceeding.” *Id.* (citing 66 Pa.C.S. § 523).

McCloskey v. Pa. PUC, 225 A.3d 192, 208 (Pa. Cmwlth. 2020) (providing that just and reasonable rates are set based on an end-of-year methodology under Section 315(e) of the Code)). Here, the OCA states, the Company assumed the risk of closing on the East Whiteland transaction. The OCA contends that, under the circumstances, Aqua knew, or should have known, that it may be unable to meet its burden of proof in a future rate proceeding if it does not have a final, unappealable order granting certificate authority to increase rates to East Whiteland customers. Accordingly, the OCA argues that Aqua's decision to prematurely close on the transaction was imprudent and that authorizing rates based on that decision would be unjust and unreasonable. OCA R. Exc. at 11 (citing *Pa. PUC v. Phila. Elec. Co.*, 460 A.2d 734, 738 (Pa. 1983) (the Commission is empowered to disallow the recovery of costs which are imprudently incurred)).

The OCA agrees with the ALJs that it would be unfair and not in the public interest to ask East Whiteland customers to bear the risk of Aqua's decision to close on the acquisition before the Commission's regulatory order became unappealable and final. Thus, the OCA requests that the Commission deny Aqua's Exception No. 1 and adopt the Recommended Decision. OCA R. Exc. at 11 (citing R.D. at 152).

5. Disposition

Upon review, we find no error in the ALJs' recommended denial of the requested rate increase for the East Whiteland customers.

Regarding the impact of *Cicero*, we agree with the ALJs that the Commonwealth Court's decision controls as to the ownership of the East Whiteland system and is binding on the Commission. Here, the Commission entered the *East Whiteland Order* granting authority to Aqua to acquire the East Whiteland system assets and to begin offering service to East Whiteland customers. The Commonwealth Court later reversed the *East Whiteland Order* in *Cicero*. Ordinarily, such a reversal would

indisputably render the initial order by a governmental entity such as the Commission a nullity, as if it were not granted. *See Phila. Elec. Co. v. Pa. PUC*, 433 A.2d 620, 626 (Pa. Cmwlth. 1981) (“an order is deemed final ... unless or until it is reversed”).

However, Aqua argues that the further appeal of *Cicero* automatically acts as a supersedeas of the Commonwealth Court’s decision. We are not persuaded by the Company’s legal reasoning in support of this proposition which relies in part on Pa. R.A.P. 1701. Although Pa. R.A.P. 1701 prevents the Commonwealth Court or the Commission from acting further in a matter once an appeal is taken, the language of the appellate rule clearly permits the enforcement of any order which is not subject to a stay or supersedeas. Pa. R.A.P. 1701(a)-(b). *See also, Matlock v. Matlock*, 664 A.2d 551, 554 (Pa. Super. 1995) (“a trial court can enforce all of its orders, even when an appeal is pending.”).

Moreover, the Pa. R.A.P. expressly provides a procedure for a party to request a stay of an order of an intermediate appellate court while jurisdiction rests with the intermediate court or the Pennsylvania Supreme Court. Pa. R.A.P. 1781. Here, no party to the pending Supreme Court appeal of the *Cicero* decision has requested a stay of the order of the Commonwealth Court.

Aqua also cites to the Superior Court decision in *Stanton II* for support of its contention that the *Cicero* decision is automatically stayed. The decision in *Stanton II*, however, appears inapplicable because it pertained to a trial court acting on a remand matter in response to an appellate court directive before being authorized to do so. That is, the trial court prematurely granted summary judgement on the merits of the case based on a Superior Court order before the record was remanded to the trial court from the Superior Court and during the period for seeking an appeal to the Supreme Court. *Stanton II*, 915 A.2d at 672. In contrast, the *Cicero* decision did not involve a remand to the Commission but clearly reversed the *East Whiteland Order* with immediate effect.

Moreover, unlike in *Stanton II*, the relevant issue in *Cicero* is whether the Company’s certificated authority was revoked by operation of law without the need for further action by the Commission, not the Commission’s authority to act on the revocation of that certificate. In this regard, we agree with the arguments of the OCA that the order issuing a certificate of public convenience controls and not the certificate itself (*i.e.*, the “piece of paper”). See OCA Exc. at 4 (citing OCA M.B. at 16-18; *Twin Lakes Utils. v. Pa. PUC*, 281 A.3d 384, 395 (Pa. Cmwlth. 2022)). Furthermore, there is apparent authority for a party to execute a judgment entered by a court or government unit, even if the order granting that judgment is the subject of an appeal. See *e.g.*, Pa. R.A.P. 1701(b)(5). This authority is understandable because, otherwise, the remedy of a stay would not be necessary under the Pa. R.A.P.³² Additionally, here, there was no required execution of a judgment or further Commission action required by the *Cicero* decision and, thus, the Commission must respect the Commonwealth Court’s authority and not act in a manner contrary to it.

In their rationale, the ALJs alternatively recognized that assuming *arguendo* that *Cicero* is not binding on the Commission, the validity of Aqua’s CPC is uncertain, speculative, and tenuous at best. R.D. at 150. We find that the ALJs’ evaluation was prudential given the uncertainty of how the Supreme Court will ultimately rule. It is undisputed that there are multiple possible outcomes of the case on appeal, including that the Supreme Court could affirm the Commonwealth Court’s reversal of the Commission’s order. In that scenario, the *Cicero* decision reversing the Commission’s *East Whiteland Order* would be upheld, which would mean that Aqua does not have certificate authority to acquire and own the East Whiteland system or serve the customers of the system pursuant to the Code. Additionally, it is possible that the Supreme Court

³² In promulgating the Pennsylvania Rules of Judicial Administration, the Supreme Court plainly contemplates all of its regulations to have effect and not be superfluous: “[t]he Supreme Court intends the entire rule or chapter of rules to be effective and certain.” Pa. R.J.A. 109(c).

will reverse or modify *Cicero* and either remand for further proceedings or outright affirm the Commission's *East Whiteland Order*. Both outcomes are possible, but neither is certain and cannot be presumed. However, it is clear, none of the possible outcomes at the Supreme Court will be known while this case is pending. See OCA St. 1 at 11-13; OCA St. 1SR at 15; OCA St. 2 at 26-27, and OCA St. 2SR at 23.

Moreover, the Commission's authority to grant Aqua's rate increase request for East Whiteland customers is arguable where Aqua's certificated authority to provide service is in question pending the *Cicero* appeal. At present, the Pennsylvania Supreme Court retains jurisdiction over the matters litigated in the *Cicero* appeal, which include Aqua's ability to acquire the wastewater assets of the East Whiteland system, service East Whiteland customers, and include the acquired assets in its ratemaking rate base at a certain valuation. See *East Whiteland Order* at 123-33.

The OCA argues that the rate relief before the Commission in this proceeding is "tightly intertwined" with the collateral matter of the certificate of public convenience authority that is on appeal before the Pennsylvania Supreme Court. OCA M.B. at 20. Therefore, the OCA submits that the Commission may not take any action on the intertwined rate matters until the appeal is concluded due to the requirements of Pa. R.A.P. 1701(a). In support, the OCA cites to *Commonwealth v. McClure*, 172 A.3d 668, 699 (Pa. Super. 2018) (*McClure*) as follows:

To the extent the matters remaining in the trial court are not dependent on resolution of the issue on appeal, the trial court may continue to address them. But when the remaining proceedings in the trial court are "tightly intertwined" with the collateral matter that is on appeal, the trial court may not take any action on those intertwined matters until the appeal is concluded.

OCA M.B. at 20 (citing *McClure*, 172 A.3d at 699) (citations omitted)). According to the OCA, the Commonwealth Court has also used this same analysis. OCA M.B. at 20 (citing *Wexford Sci. & Tech., LLC v. City of Pittsburgh Zoning Bd. of Adjustment*, 260 A.3d 316, n. 7 (Pa. Cmwlth. 2021) (*Wexford*)).

In response, Aqua argues that *McClure* and *Wexford* are distinguishable and that, although the recovery of increased rates from East Whiteland customers may ultimately be affected by the outcome of the Supreme Court's decision in *Cicero*, the rate increase request is separate and distinct from the *East Whiteland Order*. According to Aqua, the rate increase request may be granted without prejudicing the rights of the parties to the *Cicero* appeal. Aqua R.B. at 12-13.

In our view, however, the Commission approvals sought by Aqua in the *East Whiteland Order* are interdependent with any rate increase we may authorize for Aqua's East Whiteland customers. That is, an application brought under Section 1329 of the Code, 66 Pa.C.S. § 1329, seeks to establish the valuation of ratemaking rate base for used and useful plant the applicant seeks to acquire under the Section 1102 application and incorporate that ratemaking rate base at the time of Commission approval of the application, as opposed to in the utility's next request for rate relief. Therefore, we cannot but question that if we were to: (1) establish the value of the East Whiteland system assets for inclusion in Aqua's rate base, and (2) permit Aqua to incorporate that amount into its ratemaking rate base balance and earn a return thereon, whether we would be interfering with the Supreme Court's jurisdiction in its review of the *Cicero* decision.

Under these circumstances, we agree with the ALJs that the best course of action is to maintain the status quo of the existing East Whiteland rates until this issue is resolved with certainty. Aqua submits that waiting is unfair because it has been incurring expenses and investing in the East Whiteland system since closing on the transaction. Also, Aqua proffers that waiting to increase rates is unnecessary because if *Cicero* is

upheld, the Company can refund the overcharged rates with interest following a Commission determination under Section 1312 of the Code.

Regarding Aqua's fairness argument, we agree with the ALJs that although Aqua was not prohibited from closing on the transaction before the expiration of the appeal period, in doing so, the Company assumed the risks of its actions. In contrast, the Company did not assume such a risk during the 2017 acquisition proceeding to acquire the wastewater assets of New Garden Township and the New Garden Township Sewer Authority (collectively, New Garden). In that proceeding, between the time the Commission issued an initial CPC to Aqua and the remand of the appeal back to the Commission following the denial of allocatur, Aqua and New Garden did not close on the transaction. *See December 2020 New Garden Order*. Indeed, Aqua did not claim New Garden assets in a rate proceeding until its 2021 general rate increase request, which was well after the relevant appeal periods. *See, e.g., Aqua Pennsylvania, Inc. v. Pa. PUC*, Docket No. R-2021-3027386 (Initial filing letter May 12, 2022).

We further agree with the ALJs that Aqua was in the best position to assess and choose its risk. It would be unfair to require East Whiteland customers to bear the risk of the Company's decision while the *East Whiteland Order* remained subject to appeal and modification or reversal.

Regarding the suggested option of refunds should *Cicero* be affirmed, we find such a remedy to be inadequate and against the public interest. Undoubtedly, such a remedy would require a full Commission proceeding pursuant to Section 1312 to determine whether the rates approved are unjust and unreasonable, and thereby present significant administrative burdens and potential costs to the Commission, Aqua and the

statutory advocates. During such time until the Supreme Court issues its order³³ and until a later final Commission Order is ultimately issued in the Section 1312 proceeding, the East Whiteland customers would be deprived of the money paid in rates to Aqua.

Under the unique circumstances of this proceeding and in the absence of any stay order, we find it appropriate and prudent to respect the Commonwealth Court's order in *Cicero* as being effective upon issuance. Moreover, we agree with the ALJs that Aqua has not satisfied its burden of proof to establish that the East Whiteland rate proposal is just and reasonable as required under Section 1301 of the Code. That is, due to the uncertainty of when and how the Supreme Court will resolve *Cicero*, Aqua has not established by a preponderance of the evidence that the wastewater assets acquired from East Whiteland can be projected to be included in its ratemaking rate base by the end of the FPFTY. 66 Pa.C.S. § 315(e). We also conclude that it is in the public interest to maintain the status quo until ownership of the East Whiteland system is determined, with certainty, on appeal.³⁴ Accordingly, we shall deny Aqua's Exception No. 1 and exclude

³³ Aqua conceded that there is not a time limit for the Supreme Court to issue a decision. OCA St. 2SR at 22.

³⁴ In maintaining the status quo, we reject Aqua's argument that administrative chaos would ensue by adhering to *Cicero*, e.g., that East Whiteland customers would be prohibited from filing complaints with the Commission pertaining to service by Aqua. In this proceeding, there is no evidentiary record of any such complaint allegations filed by East Whiteland customers or that Aqua's service to those customers is at present deficient. Thus, it would be premature to make a speculative ruling about them. However, nothing in this Opinion and Order would prohibit an East Whiteland customer from filing a future complaint with the Commission pertaining to the service currently being provided by Aqua while the *Cicero* decision before the Supreme Court remains pending.

any rate base, expenses, taxes, revenue, and corresponding shortfall from the East Whiteland system from this rate case.³⁵

B. Aqua's Method of Billing SCH USA for Wastewater Services

1. Background

SCH USA is a commercial wastewater customer of Aqua that owns and operates a large commercial resort property known as the Split Rock Resort (the Resort),³⁶ which is located in Lake Harmony, Kidder Township, Carbon County, Pennsylvania. SCH USA St. 1 at 2. Aqua provides wastewater collection and treatment services to SCH USA, which owns and operates its own sewer collection system on its property that discharges to the Company's wastewater system. Aqua St. 11-R at 2.

³⁵ As discussed above, Aqua makes the alternative argument that, if the Commission determines that the Company cannot increase rates to East Whiteland customers at this time and until the Supreme Court rules on the pending appeal, then the revenue increase agreed to in the Settlement should take effect immediately if the Supreme Court reverses the Commonwealth Court's decision in *Cicero*. Aqua Exc. at 11-12. Given the uncertainty of how the Supreme Court will rule in *Cicero* and the variety of possible outcomes, *see supra*, it would not be possible to craft a specific remedy because it would require speculation on the actual language of the ultimate order. For example, it is possible, although not certain, that the Supreme Court could reverse *and* remand the matter to the Commission for further proceedings. Under that scenario, it would be improper to immediately authorize any rate increase when it may be necessary to have further proceedings consistent with any directive of the Supreme Court. Accordingly, we shall deny Aqua's alternate request.

³⁶ The Resort consists of the following buildings and amenities: (1) Willowbrook, a resort hotel with 256 guest rooms; (2) the Galleria, a resort hotel with 77 guest rooms and 8 VIP rooms, as well as other features including a food court and shops, restaurants, movie theater, racquetball court, waterpark, indoor pool, lobby, bar, and large meeting space; (3) the Lodge, a luxury resort hotel with 50 hotel rooms, a restaurant and a meeting room; and (4) a laundry room that serves the Resort properties. *See* SCH USA St. 1 at 2.

Water for the Resort is provided by private wells, which SCH USA acquired when it purchased the Resort in October 2020. SCH USA M.B. at 1-2.

As a result of recent and prior acquisitions of wastewater systems, Aqua's wastewater rates are comprised of several varying rate structures, including fixed customer or Equivalent Dwelling Unit (EDU)³⁷ charges, plus usage charges, unmetered flat rates, and structures with minimum usage allowances.

Aqua became the wastewater service provider for the Resort as a result of Aqua's Commission-approved acquisition of Kidder Township's wastewater assets in 2012.³⁸ Aqua St. 10-R at 2. SCH USA is located in Rate Zone 4 of the Company's current wastewater tariff, and, since SCH USA does not currently have metered water

³⁷ The Company's current wastewater tariff defines an EDU, as follows:

Equivalent Dwelling Unit or "EDU": The EDU is a measure based upon the estimated average daily wastewater flow for the type of business, as calculated by the Pennsylvania Department of Environmental Protection regulation at 25 Pa. Code § 73.17 divided by the typical estimated average daily wastewater flow from a current single-family unit. In the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

See Tariff Sewer No. 3, Original Page 25, effective May 19, 2022. As previously noted, Aqua's Tariff Sewer No. 3 will be superseded in its entirety by Aqua's proposed Tariff Sewer No. 4, as a result of this instant proceeding. As discussed below, the Company has proposed changes to the above definition of an EDU in this rate proceeding.

³⁸ See, *Application of Little Washington Wastewater Co. for approval of the acquisition by Little Washington of the wastewater system assets of the Twp. of Kidder situated in a portion of Kidder Twp., Carbon Cnty., PA and the Right of Little Washington to supply wastewater service to the public in an additional portion of Kidder Township, Carbon Cnty., PA*, Docket No. A-2012-2298067.

service, it is billed a monthly flat rate for unmetered wastewater service based on predetermined EDUs, totaling 330 EDUs, as follows:³⁹

Willowbrook at Lake Harmony	128 EDUs
Galleria and the Water Park	145 EDUs
The Lodge	53 EDUs
Laundry (serves the above premises)	<u>4 EDUs</u>
Total EDUs Charged to SCH USA	330 EDUs

See Aqua St. 10-R at 4-5. Aqua currently charges SCH USA a monthly rate of \$131.00 per EDU under present rates (excluding the DSIC), and, under Settlement rates, will charge SCH USA \$144.17 per EDU. See, Joint Petition, Sch. 5-WW at 10.

As previously indicated, the second issue reserved for litigation was whether Aqua should be directed to change the way it bills SCH USA for wastewater

³⁹ The EDUs assigned to SCH USA were determined during litigation initiated in 2007 between a prior owner of the Resort and the Township of Kidder. During the course of that proceeding, the litigants reached a settlement agreement (Kidder Settlement) on several issues, including the number of EDUs that would be used in calculating the Resorts wastewater charges. See SCH USA Exh. FL-1, Release and Settlement Agreement, *Vacation Charters LTD., Split Rock Country Club, Inc., Summit Management & Utilities, Inc., v. Kidder Township*, In the Court of Common Pleas of Carbon County, Pennsylvania, Docket No. CV-07-4079 (Court of Common Pleas of Carbon County, Pa.).

service, as SCH USA advanced several arguments to challenge the current rates it is charged for wastewater service from Aqua.⁴⁰ SCH USA M.B. at 4-16.

2. Positions of the Parties

Regarding the reasonableness of the use of a flat, EDU-based rate for the unmetered wastewater service being provided to SCH USA, Aqua pointed out that, because SCH USA obtains water from their privately-owned wells, Aqua does not know the water usage of SCH USA. When a wastewater utility cannot bill wastewater service based on water usage, as is the case here, the Company argued that it is appropriate and common practice across the wastewater industry to bill a flat rate based upon an assigned number of EDUs. Aqua St. 11-R at 4. Aqua's witness, Mr. Todd Duerr, further explained that the use of an EDU from a system design and rate perspective is reasonable because the Company must consider the "sewer capacity needed to treat wastewater from the customer/premises at all times." Aqua St. 11-R at 3-4.

Therefore, Aqua argued that, contrary to SCH USA's claims, the number of EDUs being charged to SCH USA is appropriate, and more specifically, that it is appropriate to utilize the number of EDUs from the Kidder Settlement for SCH USA's

⁴⁰ Aqua noted that SCH USA stopped paying the current rates it is billed for wastewater service, and such billing dispute is the subject of a separate set of dockets from the instant base rate proceeding. Aqua R.B. at 16 (citing *SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. C-2022-3036893 and C-2022-3037118). Aqua further noted that its motion to consolidate that complaint proceeding with this instant rate case was denied on August 12, 2024 by an Order issued by ALJ John Coogan, the Presiding Officer assigned to those two Formal Complaint proceedings. Aqua R.B. at 16. Aqua explained that ALJ Coogan found "the Formal Complaints include some common issues of fact and law with the issues raised in Aqua Wastewater's pending base rate proceeding" but that "the issues raised by SCH's Formal Complaints also implicate matters related to individual account and billing issues that may not be adequately addressed in a base rate proceeding." R.D. at 155 (citing *SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.*, Docket No. C-2022-3036893, Order Denying Motion to Consolidate and Motion to Stay (Order Issued August 12, 2024)).

billing. Aqua noted that SCH USA's predecessor and Kidder Township voluntarily agreed on these values; and Aqua has merely continued to apply those historically agreed upon values. Aqua M.B. at 26. Moreover, as indicated in Aqua's Main Brief, it is important to recognize that Aqua is billing SCH USA pursuant to its Commission-approved tariff. Aqua M.B. at 21-22.

Aqua submitted that once Aqua acquired the Kidder Township assets, the assigned EDUs from Kidder Township's billing system, were transferred to Aqua for billing purposes. The assets of the acquired system were placed into Aqua's rate base in the *Aqua 2018 Rate Case*. The number of EDUs billed to SCH USA were reviewed and included in the revenue requirements, as set forth in the respective Commission Orders in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. Aqua M.B. at 19; Aqua R.B. at 16.

Further, Aqua's proposed wastewater tariff revises the definition of EDU from what has been cited above, to the following:

Equivalent Dwelling Unit or "EDU": Except for existing Customers acquired by the Company through a purchase or acquisition and for billing purposes only, the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit. Residential Customers are designated as one (1) EDU; however, in the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

For existing customers without a predetermined EDU allocation, the EDU is a measure based upon the estimated average daily wastewater flow for the type of business based on water usage, divided by the typical estimated average daily wastewater flow from a current single-family unit. For other existing customers acquired by the Company through a

purchase or acquisition, the number of equivalent dwelling units is available at <https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>.

Any Customer who modifies their properties in a manner that impacts the EDU calculation, including in areas previously acquired by the Company, will be subject to the EDU definition described above. The Company will consider a Customer's request for a change in the number of assigned EDUs upon presentation of substantial evidence, satisfactory to the Company in its sole discretion. The Customer shall bear the burden of proof for all such requests.

Joint Petition, Appendix F at 26.⁴¹ Aqua argued that this proposed language clarifies Aqua's definition of an EDU and provides a method for customers to request a change to its billing EDUs if the nature of its property has changed. Aqua St. 11-R at 11. Aqua pointed out that SCH USA could request a change to its billing EDUs if such changes in circumstances or the nature of its property have occurred since its EDUs were assigned to it. Aqua M.B. at 30. However, Aqua submitted that, at this time, SCH USA has not demonstrated that there has been a change in circumstances that warrants an adjustment to its EDUs in that the SCH USA property was a resort when the EDUs were set and is still a resort today. Aqua M.B. at 19-20.

Contrary to the arguments set forth by SCH USA, *infra*, Aqua contended that SCH USA has not put forth a viable alternative way of calculating the water or wastewater consumption or flow at the Resort.

⁴¹ As previously noted, Appendix F of the Joint Petition contains the Company's proposed Wastewater Tariff (No change to East Whiteland), *i.e.*, the Company's proposed Tariff Sewer-Pa. P.U.C. No. 4, with no change to East Whiteland. The proposed change is set forth on Original Page 26, therein, and has a proposed effective date of February 22, 2025.

The crux of SCH USA's claims in this proceeding is that its existing rate for wastewater service, and Aqua's proposal to continue to bill SCH USA on a flat, EDU-basis, is unjust and unreasonable.

SCH USA's case is comprised of four issues: (1) EDU calculations as a result of the Kidder Settlement; (2) the reasonableness of a flat, EDU-based rate for SCH USA wastewater service; (3) alternatives to a flat, EDU-based rate for SCH USA wastewater service; and, (4) changes to EDU tariff language. SCH USA M.B. at 4 and 13.

First, in its Main Brief, SCH USA submitted that the EDUs currently charged to it, as set by the Kidder Settlement, are not based on actual usage by the Resort and are inconsistent with Aqua's existing wastewater tariff language and therefore, result in rates charged to SCH USA that are unjust, unreasonable, and violate Aqua's tariff. SCH USA M.B. at 6.

Second, SCH USA alleged that the EDU-based billing by Aqua is unreasonable as applied to SCH USA because SCH USA's usage of wastewater is substantially lower than the quantity of service actually provided and being billed by Aqua. Therefore, SCH USA claimed that its current flat rate billing significantly overestimates actual usage resulting in rates that violate the Code. SCH USA M.B. at 8. Furthermore, SCH USA explained that the Commission has consistently preferred volumetric billing based on actual, measured usage over flat rate billing. *Id.* at 9.

Third, SCH USA claimed that it has presented Aqua with several reasonable means for Aqua to measure SCH USA's actual flows so that SCH USA could be billed based on volumetric billing, as opposed to flat rate billing. SCH USA M.B. at 11. These alternatives, proposed by SCH USA, include: (1) measuring actual water consumption and billing for wastewater service based on metered water consumption;

(2) measuring actual wastewater discharges to Aqua's system; (3) adjusting the EDUs used for billing purposes in compliance with Aqua's wastewater tariff which better reflects actual usage and occupancy at the property; or, (4) assigning a different proxy that more accurately reflects actual usage and occupancy. SCH USA M.B. at 3.

Lastly, SCH USA took issue with Aqua's proposal to change the definition of EDU in its wastewater tariff. SCH USA M.B. at 13.

3. Recommended Decision

In the Recommended Decision, the ALJs addressed each of SCH USA's four arguments in turn.

First, the ALJs determined that the issue of the Kidder Settlement, in particular, whether the EDU calculation for the Resort that Aqua relies upon, is irrelevant. R.D. at 166. The ALJs explained that since the Commission approved the flat, EDU-based rate applicable to SCH USA in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*, Aqua is billing SCH USA based on its Commission-approved tariff, and not the Kidder Settlement. *Id.* at 166-67.

Next, the ALJs considered the reasonableness of Aqua's use of a flat, EDU-based rate for the unmetered wastewater service provided to SCH USA. The ALJs acknowledged the Commission's preference for volumetric billing over flat-rate billing but explained that the facilities at the Resort are not individually metered. When metered information is unavailable, the ALJs stated, it is standard industry practice to use a flat rate on a system-wide average per month plus a customer charge. The ALJs ultimately determined that due to the standard industry practice and the fact that the Commission approved Aqua's flat rate methodology in the *Aqua 2018 Rate Case* and the *Aqua 2021*

Rate Case, they cannot find that the flat rate charged to SCH USA for wastewater service is unreasonable in the current proceeding. R.D. at 167.

The ALJs next discussed SCH USA's four proposed alternatives to flat EDU-based billing for its wastewater service, outlined *supra*. The ALJs recommended that the Commission reject SCH USA's first alternative, to install meters to the Resort wells, finding that it would be a great undertaking by Aqua to install the meters and that the costs associated would ultimately be borne by Aqua wastewater customers. Next, the ALJs determined that SCH USA's second proposal of utilizing ultrasonic flowmeters and electromagnetic flowmeters was not feasible. R.D. at 168.

The ALJs then focused on SCH USA's third and fourth proposed alternatives where SCH USA proposed that Aqua adjust the EDUs used for billing purposes in compliance with its wastewater tariff, or assign a different proxy that more accurately reflects actual usage and occupancy. The ALJs stated that SCH USA is being billed the same as other commercial customers in Rate Zone 4, and if Aqua were to deviate from its tariff, it would result in Aqua charging rates that violate Section 1304 of the Code, 66 Pa.C.S. § 1304. R.D. at 168-69. The ALJs concluded by opining that SCH USA did not meet its burden of proving that any of the four alternatives it presented are, in fact, feasible. *Id.* at 169.

Finally, the ALJs turned to Aqua's proposed revision to the definition of EDU in its proposed wastewater tariff. The ALJs agreed with Aqua that its proposal clarifies Aqua's definition of EDU and provides a method for customers to request a change to its billing EDUs if the nature of its property has changed. The ALJs determined that SCH USA failed to meet its burden of proof to show that Aqua's flat EDU-based billing method as it applies to SCH USA is unjust or unreasonable. Therefore, the ALJs recommended that the Commission approve Aqua's proposed change to the definition of an EDU. R.D. at 169.

4. Exceptions and Replies

a. SCH USA's Exception No. 1 and Replies

In its Exception No. 1, SCH USA continues to dispute the number of EDUs assigned to the Resort. SCH USA Exc. at 3-5. Specifically, SCH USA contends that the ALJs erred by finding that Aqua is billing SCH USA based on Aqua's wastewater tariff. *Id.* (citing R.D. at 166-67).

SCH USA maintains that the number of EDUs assigned to the Resort as part of the Kidder Settlement no longer applies, and, therefore, the ALJs erred in accepting Aqua's claims that the Commission approved the EDU-based billing of SCH USA in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. SCH USA Exc. at 3 (citing R.D. at 166-67). SCH USA further maintains that the EDU determinations outlined in the Kidder Settlement have no bearing whatsoever on the calculation of EDUs for the Resort today, or how SCH USA's current wastewater bills should be calculated. SCH USA Exc. at 4.

Additionally, SCH USA remains of the opinion that these EDUs are not based on actual usage by the Resort and are not calculated consistent with Aqua's existing tariff language. SCH USA Exc. at 3. SCH USA maintains that billing SCH USA based on EDUs originally determined in the Kidder Settlement does not comport with the calculation method outlined in Aqua's wastewater tariff. *Id.* at 4 (citing SCH USA R.B. at 3-4). Therefore, SCH USA contends that the ALJs ignored the fact that Aqua's

position violates its own tariff by failing to calculate EDUs in the manner described in, and consistent with, the tariff.⁴² SCH USA Exc. at 4.

In its Replies, Aqua counters that SCH USA's arguments were properly considered and rejected by the ALJs. Aqua R. Exc. at 1-3. Aqua refers to the ALJs' finding that they "do not find that the question as to the applicability of the Kidder Settlement relevant here, because the Commission approved the flat, EDU-based rate applicable to SCH USA in the 2018 Base Rate Case and in the 2021 Base Rate Case." Aqua R. Exc. at 2 (citing R.D. at 166).

Aqua reiterates that SCH USA's arguments do not deny either that (1) the tariffs in effect prior to the *Aqua 2018 Rate Case* and approved in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case* apply to the service SCH USA receives, or (2) it has been billed or is being billed consistent with those tariffs. Aqua R. Exc. at 2 (citing Aqua M.B. at 23).

Regarding SCH USA's argument that Aqua's position in this proceeding violates its own tariff by failing to calculate EDUs in the manner described in and consistent with the tariff, Aqua maintains that this argument rests upon SCH USA's assertion that the number of EDUs from the Kidder Settlement should not apply, and ignores the fact that the number of EDUs billed to SCH USA were reviewed and authorized in the approved revenue requirements in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. Aqua R. Exc. at 2-3 (citing Aqua M.B. at 19; Aqua R.B. at 17).

⁴² SCH USA argues that Aqua's current wastewater tariff requires that EDUs be determined based upon the estimated average daily wastewater flow for the type of business, as calculated by the Pennsylvania Department of Environmental Protection regulation at 25 Pa. Code § 73.17, divided by the typical estimated average daily wastewater flow from a current single-family unit. SCH USA Exc. at 4 (citing Tariff Sewer – PA P.U.C. No. 3, Original Page 25, effective May 19, 2022).

Therefore, Aqua contends that the ALJs correctly recognized that Aqua has billed SCH USA in accordance with its Commission-approved tariff rates, as established in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. R. Exc. at 2-3.

b. SCH USA's Exception No. 2 and Replies

In its Exception No. 2, SCH USA contends that the ALJs erred by finding that billing SCH USA a flat, EDU-based rate is reasonable. SCH USA Exc. at 5-6 (citing R.D. at 167). SCH USA's argument is based on its position that its property is "a large commercial resort" and that "[b]illing on a per EDU basis assumes full occupancy of the Resort," but "the Resort is rarely if ever at 100% occupancy." SCH USA Exc. at 5.

SCH USA reinforces its position that the Commission prefers billing based upon actual metered usage, as opposed to estimated, flat rate billing. SCH USA Exc. at 5-6. SCH USA claims that "it is entirely possible and technically feasible to obtain metered usage data." *Id.* at 6.

In its Replies, Aqua maintains that "[t]he fact that SCH USA is a commercial customer without a meter justifies billing it on the same basis as other unmetered commercial customers in Rate Zone 4; billing SCH USA differently from other commercial customers could result in undue and unreasonable rate discrimination." Aqua R. Exc. at 3 (citing Aqua M.B. at 25; Aqua R.B. at 17).

As to SCH USA's claims regarding its occupancy rate, Aqua reiterates arguments from its briefs that SCH USA merely speculates that the Resort's actual wastewater usage is much lower than what is being billed by Aqua. Aqua maintains that none of SCH USA's witnesses produced any evidence regarding its actual occupancy rate or information regarding its actual wastewater usage. Aqua R. Exc. at 3-4 (citing Aqua M.B. at 26-27; Aqua R.B. at 17). Aqua notes the ALJs' recognition that SCH USA has

not claimed that the number of EDUs assessed to SCH USA exceeds its system needs, but rather, the ALJs explained that they “are persuaded by Aqua’s point that its system is designed to be able to accommodate the maximum capacity of its wastewater flows 365 days a year, 24 hours a day.” Aqua R. Exc. at 4 (citing R.D. at 167).

Regarding SCH USA’s statement that billing based upon actual metered usage is preferred by the Commission, Aqua refers to the ALJs’ explanation that “the facilities at the Resort are not individually metered” and that “where metered information is unavailable, we acknowledge the standard industry practice of basing the flat rate on a system-wide average usage per month plus a customer charge.” Aqua R. Exc. at 4 (citing R.D. at 167). Contrary to SCH USA’s assertion that “it is entirely possible and technically feasible to obtain metered usage data,” Aqua counters that this argument ignores the fact that each purported metering alternative as applied to the SCH USA system is not feasible, as demonstrated by the Company’s witness, Mr. Duerr, and explained in more detail in Aqua’s response to SCH USA Exception No. 3, *infra*. Aqua R. Exc. at 4 (citing SCH Exc. at 6; Aqua M.B. at 30-32; Aqua R.B. at 18-20).

c. SCH USA’s Exception No. 3 and Replies

In its Exception No. 3, SCH USA argues that the ALJs erred by finding that alternative billing methods proposed by SCH USA are not feasible. SCH USA Exc. at 7 (citing R.D. at 168-69). SCH USA contends that because Aqua already uses water meters to measure water consumption from private wells and wastewater meters to measure actual wastewater usage in other parts of its system, it demonstrates the feasibility for Aqua to utilize one of these alternatives for the Resort. SCH USA Exc. at 7.

SCH USA asserts that the record evidence shows that SCH USA’s actual water consumption could be metered and that it could be used to determine a more accurate quantity of wastewater discharge into Aqua’s system for which to be billed.

SCH USA submits that although metering its water consumption is still a method of estimating wastewater usage, it is a significant improvement over estimating EDUs and Aqua's current flat rate billing of SCH USA. SCH USA Exc. at 7.

Next, SCH USA discusses the ability of Aqua to use either ultrasonic flowmeters or electromagnetic flowmeters to measure SCH USA's actual wastewater discharges into Aqua's wastewater system. In support, SCH USA points to the Commission's sample wastewater tariff, which includes a provision that states metered rates could be charged based on the metered volume of wastewater discharged at a property into the wastewater system. SCH USA also highlights that Aqua currently serves customers whose wastewater output is metered for billing purposes. SCH USA Exc. at 8.

Lastly, SCH USA suggests other alternatives such as adjusting SCH USA's EDUs used for billing purposes to better reflect actual usage and occupancy or assigning some other proxy that more accurately reflects actual usage and occupancy. SCH USA Exc. at 8. However, SCH USA advocates for the metering of actual wastewater discharge or water consumption over the other alternatives. *Id.* at 8-9. Ultimately, SCH USA requests that the Commission direct Aqua to implement one of the proposed options and that it also direct Aqua to explicitly provide for such billing options in its tariff, so that unmetered customers can be billed for actual usage. *Id.* at 9.

In its Replies, Aqua claims that none of the wastewater metering technologies proposed by SCH USA can actually be applied to its system. Aqua argues that while it is SCH USA's position that its proposed alternatives are feasible because Aqua already utilizes actual metering for some customers, SCH USA's arguments fail to demonstrate that the identified metering technology are actually feasible for SCH USA. Aqua contends that SCH USA is misrepresenting the record and the ALJs' determinations. Aqua R. Exc. at 5.

Concerning SCH USA's proposal that Aqua install meters on SCH USA's private water wells, Aqua identified two problems. First, Aqua contends that SCH USA's proposal would require determinations regarding a variety of matters related to the meters that would be installed (*i.e.*, meter ownership, costs and responsibility for installation, maintenance responsibility, shut-off procedures in the event of delinquency, and verification and testing of the meters for accuracy). Second, Aqua points out that because SCH USA owns the internal collection system for the Resort, the maintenance of the system by SCH USA and any impact of any extraneous flows from inflow and infiltration would be unknown. Aqua R. Exc. at 6 (citing Aqua M.B. at 30).

Aqua requests that the Commission reject SCH USA's argument that Aqua bills other customers based upon water meter reads where the water is provided by a private well. Aqua R. Exc. at 6-7. Aqua contends that these limited circumstances where other customers are billed based upon actual meter reads are not applicable to SCH USA. *Id.* at 7. Aqua also avers that the ALJs correctly identified that complications arising from installing water meters at SCH USA's facilities would result in substantial costs that are ultimately passed along to Aqua wastewater customers. *Id.*

Regarding SCH USA's proposals to adjust SCH USA's EDUs used for billing purposes or assigning some other proxy that more accurately reflects actual usage and occupancy, Aqua asserts that the ALJs correctly determined those alternatives would result in unduly discriminatory conduct in favor of SCH USA. Aqua R. Exc. at 7 (citing SCH USA Exc. at 8-9). Furthermore, Aqua argues that neither of the alternatives proposed by SCH USA are supported by record evidence and the Commission should decline to order Aqua to implement alternatives that have not been adequately developed. Aqua R. Exc. at 7.

d. SCH USA's Exception No. 4 and Replies

In its Exception No. 4, SCH USA argues that the ALJs erred by finding that Aqua's proposed change to the definition of EDU in its wastewater tariff is reasonable. SCH USA Exc. at 9 (citing R.D. at 169). SCH USA is of the opinion that the proposed tariff change is an attempt to solidify Aqua's position and secure the Commission's approval for the Resort's EDU calculation established in the 2010 Kidder Settlement. SCH USA Exc. at 9.

Therefore, SCH USA reinforces its opposition to Aqua's proposed revision of the definition of EDU, discussed *supra*. First, SCH USA states that it appears that Aqua is attempting to modify the EDU definition to provide a basis for continuing to unreasonably bill SCH USA based on the Kidder Settlement. SCH USA Exc. at 10. SCH USA argues that there is no valid reason for Aqua to use the Kidder Settlement to determine SCH USA's EDUs for billing purposes, and that by doing so it results in unjust and unreasonable rates. *Id.* (citing SCH USA M.B. at 6-8).

Additionally, SCH USA insists that the Company's proposed new definition allows Aqua to be the sole "judge and jury" when it comes to evaluating requests for changes to EDU calculations. SCH USA Exc. at 11 (citing SCH USA St. 3 at 10). SCH USA contends it is unreasonable for Aqua to serve in this role without clear guidelines. SCH USA Exc. at 11. Alternatively, SCH USA proposes that if the Commission is inclined to adopt Aqua's proposed change in the definition of an EDU, the Company should be required to include clear definitions in its tariff to define what comprises "substantial" evidence and the specific criteria by which Aqua will make such determinations. *Id.* (citing SCH USA M.B. at 15; SCH USA St. 3 at 10).

In its Replies, Aqua asserts that its proposed revisions are actually "to clarify its definition [of EDU] and to provide customers with more information, such as

the number of EDUs that are assigned to them at the time of acquisition.” Aqua R. Exc. at 8 (citing Aqua M.B. at 29 (citing Aqua St. 11-R at 11)). Moreover, Aqua states, the revisions provide a means for customers to request a change to their billing EDUs if their properties underwent modifications that may have impacted their EDU calculation. Aqua R. Exc. at 8. Aqua contends that its tariff revisions are designed to address situations like the one SCH USA claims applies to it: where a change in circumstances has occurred, a customer can request a change to their billing EDUs. However, Aqua states that SCH USA appears to oppose the change to the definition because no such changes in circumstances to the nature of its property has occurred since its EDUs were assigned to it. *Id.* at 8-9.

5. Disposition

As discussed *supra*, SCH USA argues that Aqua’s current and proposed wastewater tariff each result in unjust and unreasonable rates being charged to SCH USA because the Kidder Settlement, which stipulates the number of EDUs associated with the Resort, does not provide an accurate basis for billing. SCH USA asserts that the number of EDUs that the Company is billing to the Resort, and that would be billed to the Resort under the proposed tariff, do not have any relationship to the flows that are coming from the properties. As such, SCH USA contends that if the Resort is operating at anything less than 100% capacity, which it claims that the flat EDU rates are based on, then SCH USA is being charged for more wastewater usage than the Company is collecting and treating. SCH USA therefore proposes alternative methods of billing SCH USA, as discussed *supra*.

In other words, SCH USA is not contending the rate design for Aqua’s Rate Zone 4 customers, nor the unmetered charge per EDU, either established in the *Aqua 2021 Rate Case* or Aqua’s proposed changes in the instant proceeding, are unjust and unreasonable for all customers. Rather, SCH USA takes issue with the existing

EDU-based billing by Aqua, claiming that it is unreasonable as applied to SCH USA's own situation.

At the time of Aqua's acquisition of the wastewater assets of Kidder Township in 2012, the number of EDUs that were transferred to Aqua from Kidder Township for billing purposes were taken from the Kidder Settlement, which was entered into between the Kidder Township and SCH USA's predecessor. The Kidder Settlement was appropriate to utilize for the number of the EDUs associated with the Resort, as Kidder Township had been charging the Resort this exact number of EDUs prior to the Company's ownership of the Kidder Township wastewater system. As is commonplace with any acquisition, the number of EDUs, or billing determinants, associated with a customer remains consistent with what the system's previous owner had been charging. As previously indicated, the Commission approved Aqua's acquisition of the Kidder Township wastewater system in 2012 at Docket No. A-2012-2298067, and the Compliance Tariff that was filed as part of that proceeding explicitly lists out the number of EDUs associated with the Resort.

Moreover, since the Company's acquisition of the Kidder Township wastewater assets, the Commission has reviewed the EDUs billed to SCH USA's accounts as part of Aqua's previous two base rate proceedings in 2018 and 2021, which were included in the revenue requirements as set forth in the respective Commission Orders in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. The Commission approved those rates through the Compliance Tariffs filed in the referenced dockets and those rates were determined by the Commission to be just and reasonable.

While SCH USA asserts that occupancy rate should be considered, what it is requesting is different billing than what has been authorized by the Commission when the Company acquired the system, and more recently in the *Aqua 2021 Rate Case*. For customers that are not billed based on metered water usage, the EDUs are based on the

type of use for the customer. In this case, SCH USA is operating the same type of business that has always been at this location – *i.e.*, a combination of hotels, restaurants, *etc.* There has been no significant change in the nature of the original wastewater usage at the location, and therefore no change to the assigned EDUs would be warranted. Although we acknowledge there are limited circumstances where the Company bills wastewater customers based upon water meter reads where the water is provided by a private well, this situation is only applicable where the Company acquired these customers, the customers were provided this service in this manner prior to their acquisition, and the Company adopted the existing rate structure and billing method for that system. *See Aqua St. 11-R at 6-7.*

We further note the challenges to basing the number of EDUs on occupancy rates, as highlighted by Aqua's witness, Mr. Gregory Herbert:

The resort has a laundry, water park, pool, movie theater, restaurants, bar, and shops. Based on my review of the Split Rock Resort website, some or most of these amenities at the resort are also available to the public and are not exclusive to guests staying at the resort hotels. It is possible that the public consumption is de minimis compared to the consumption produced by its hotel guests, but I am simply pointing out another factor that would make it unreasonable to have charges based solely on occupancy rates where the business provides services to its guests and public, as both contribute to wastewater consumption.

Aqua St. 10-R at 9-10.

There is no disagreement that, when possible, billed charges should be based on actual usage recorded by a meter; however, it is not always possible to bill based on the water usage component, as is the case with the wastewater service provided

by Aqua to SCH USA.⁴³ Although we find merit in Aqua's commitments, set forth in Paragraph 91 of the Joint Petition, related to flat, unmetered wastewater rates in furtherance of the Company's commitment to satisfy the Commission's directives in the *Aqua 2021 Rate Case*, we cannot find the same for the proposals set forth by SCH USA.

Rather, we find persuasive the testimony of Aqua's witness, Mr. Duerr, explaining the reasonableness of the use of an EDU from a system design and rate perspective:

The Company plans and constructs its facilities to provide for sewer service 365 days a year, 24 hours a day, whether customers use the service or not. Fixed costs for that readiness are incorporated into the sewer rate design. The fact that a customer is present at a service address only a few days a month, or whether a commercial customer is at 100% occupancy rate, is irrelevant to whether the flat sewer charge is reasonable. Aqua has no control over when its customers are present or whether a multi-use facility is operating at full capacity. Yet, Aqua still is required to have its sewer service available for whenever the customer desires to use it, and to be available to accommodate the full capacity of that customer's operations.

Aqua St. 11-R at 4. Further, an individual customer's rates cannot be considered in a vacuum, and if SCH USA's allocated number of EDUs were reduced, as it is requesting, it would impact other customers' rates in Rate Zone 4. *A pro forma* revenue adjustment under present and proposed rates would be required to adjust for the reduction of EDUs charged to the Resort. The proposed rates would then need to be recalculated, which would result in an increase in proposed rates for all customers in Rate Zone 4 to make up for the reduction in EDUs allocated to the Resort.

⁴³ SCH USA obtains its water supplies from individual wells not owned or operated by a utility or a municipality/municipal authority.

Because the quantity of EDUs established for the Resort are presumptively reasonable, as they were reviewed and approved, along with the other billing determinants included in the revenue requirement, by the Commission to be just and reasonable most recently in the *Aqua 2021 Rate Case*, any party that challenges such components of the revenue requirement as unreasonable has the burden of proof, as indicated by the ALJs. Absent actual use data for the Resort, the practice of using a surrogate to actual measures (*i.e.*, the EDU) is a reasonable practice. SCH USA offered no evidence to tie actual use to the costs Aqua incurs to provide wastewater service, nor any evidence regarding its actual occupancy rate. SCH USA thus failed to meet its burden of proof.

In response to SCH USA's four proposed alternatives, we agree with the ALJs that SCH USA has failed to meet its burden to prove that any option is actually viable as it pertains to the Resort. As explained by the ALJs, installing meters on the Resort's private wells to measure water consumption for the billing of wastewater service would place a significant obligation on Aqua, the costs of which would ultimately be borne by Aqua wastewater customers. *See* R.D. at 168. Further complicating this matter is the fact that SCH USA owns the internal collection system for the Resort. We recognize that because the system is not owned and maintained by Aqua, the impact of any extraneous flows from inflow and infiltration would be unknown and can have the potential to impact the volumes conveyed to Aqua's wastewater treatment facility. *See*, Aqua St. 11-R at 10-11. In our view, SCH USA failed to overcome the issues described by Aqua to illustrate how the installation of water meters on its Resort's private water wells could be a feasible alternative.

Moreover, we find that SCH USA's proposal to measure the wastewater usage of the Resort using ultrasonic flowmeters and electromagnetic flowmeters is

unsupported. On the other hand, we find the testimony of Aqua's witness, Mr. Duerr, persuasive, as he describes why each method cannot be applied to the Resort:

The SCH USA referenced metering technologies can be used on pumped flow where the pipe has a consistent velocity and is full. The technologies do not work on non-pressurized flow. Gravity based pipes are not designed for full flow operation. SCH USA's wastewater flow is a gravity flow system where it connects to Aqua's system. SCH USA may have internal partially pumped flow sections which eventually discharge to the gravity system, although Aqua has no information to confirm whether, or to what extent, there are pumped flow sections in SCH USA's wastewater collection system.

Aqua St. 11-R at 7-8. Mr. Duerr clarified his position regarding the use of electromagnetic meters on non-pressurized pipes:

I discussed in my rebuttal testimony (Aqua Statement No. 11-R), when I referred to electromagnetic meters, I was referring to the meters that are most typically used in full pipe flow application. However, as I also stated in my rebuttal testimony there are other types of open channel flow measuring devices, which appear to be the meter type that Mr. Carrier is describing when he discusses electromagnetic meters on non-pressurized, partially filled pipes. While there are some manufacturers that provide these types of electromagnetic flow meters, the application of these meters must be specifically engineered for the flow volume. I cannot determine that the existence of such meters will be conclusive of appropriate metering technology use in the case of SCH USA's system. Again, those types of meters are subject

to many design and operational parameters that must be specifically engineered to ensure appropriate measurement.

Aqua St. 11-RJ at 2. Mr. Duerr continued by countering the testimony of SCH USA's witness, Mr. Ronald Carrier, regarding the suggested use of a U-bend in order to facilitate wastewater flow measure by ultrasonic meters on the Resort's gravity system.⁴⁴

The U-bend in a pipe is not typically used for raw (i.e., untreated) wastewater flow measuring. This is because the U-bend in the pipe will cause solids in the raw wastewater to settle in the bottom of the pipe that will build up and then not allow for accurate reading of flow. Moreover, this will cause the pipe to backup causing other issues within the system. In my experience, the type of U-bend that Mr. Carrier is describing for use in wastewater flow measure is for treated effluent, where solids have already been removed and there is not anything in the treated effluent that could build up in the U-bend.

Aqua St. 11-RJ at 3. Moreover, concerning the contentions of Mr. Carrier, regarding the feasibility of this metering technology, Aqua submitted the following:

Aqua PA – Hearing Exhibit No. 1 provides SCH USA's response to Aqua PA to SCH-USA-II-001. Therein, when asked to identify any application of these metering technologies that Mr. Carrier was aware of, Mr. Carrier stated that "I am not familiar with any specific application of this concept." When asked if he had personally witnessed, developed or operated such an application, Mr. Carrier indicated he had not. And when asked if he had designed or constructed such an application, Mr. Carrier indicated he had not. It is clear that while SCH USA's witness has no familiarity with the alternatives he has advanced and,

⁴⁴ SCH USA's witness, Mr. Carrier, suggested that it could be possible to configure a sewer line that creates a section of the pipe that dips below the lowest part of the sewer line then reconnects to the downstream section of the sewer line (a U-bend), thereby providing a section of the pipe that will remain full to measure flow through. See SCH USA St. 2-SR at 2.

therefore, has provided no credible basis upon which the Commission could determine these alternatives are feasible or reasonable to implement for the SCH USA system at Split Rock Resort.

Aqua M.B. at 32. Accordingly, we agree with the ALJs' conclusion, supported by the testimony of Aqua's witness, Mr. Duerr, that these technologies are not feasible options for the type of system at the Resort. SCH USA's proposal falls short because it disregards the makeup of the Resort's specific wastewater system and whether its proposal could be reasonably implemented.

Next, we stress that SCH USA's final two proposed alternatives of either adjusting SCH USA's EDUs used for billing purposes to better reflect actual usage and occupancy or assigning some other proxy that more accurately reflects actual usage and occupancy would result in rates that violate the Code.

In this regard, Section 1303 of the Code states, in pertinent part, as follows: "No public utility shall, directly or indirectly by any device or in anywise, demand or receive from any ... corporation ... a greater or less rate for any service rendered or to be rendered by such public utility than that specified in the tariffs ..." 66 Pa.C.S.

§ 1303. Furthermore, no public utility shall, as to rates, make or grant an unreasonable preference or advantage to any corporation ... or subject any corporation ... to any unreasonable prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates either as between localities or as between classes of service. *See* 66 Pa.C.S. § 1304.

Effectively, SCH USA seeks a special rate from Aqua that is not provided for in the Company's wastewater tariff. As such, either of the proposed alternatives advanced by SCH USA would require Aqua to deviate from its tariff and bill SCH USA in a manner different from other flat rate commercial customers in Rate Zone 4, resulting

in discriminatory rates in violation of the Code. Ultimately, we agree with the ALJs that none of the four alternatives proposed by SCH USA are feasible or can reasonably be implemented.

Lastly, SCH USA takes issue with Aqua's proposed change to the definition of EDU in its wastewater tariff. On review, we find that SCH USA's argument, that the language change is Aqua's attempt to provide a basis for continuing to unreasonably bill SCH USA based on the Kidder Settlement, is unfounded. Although Aqua adopted the EDU calculation within the Kidder Settlement to begin service to SCH USA, SCH USA's argument ignores the fact that this EDU calculation was ultimately approved by the Commission in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. Additionally, we note that Aqua's proposed tariff language provides customers with more information and allows customers to challenge its billing EDUs if the nature of its property has changed since its initial assignment of EDUs. We find that Aqua's modification to the EDU definition is reasonable as it provides customers with a process to seek recalculation of its EDUs from the Company, a process not offered previously. As such, we shall approve Aqua's revised definition of an EDU.

Based upon our review of the record evidence, we find no basis to reverse or modify the ALJs' recommendation. Accordingly, SCH USA Exception Nos. 1 through 4 are denied.

VII. Conclusion

For the reasons set forth above, we shall grant the Joint Petition and approve the Partial Settlement, as modified, as in the public interest, consistent with this Opinion and Order. Additionally, we shall: (1) grant, in part, deny, in part, and render moot, in part the Exceptions filed by Aqua; (2) deny the Exceptions by filed SCH USA, Mr. Day, and Mr. Shellhorse; and, (3) adopt the Recommended Decision of ALJs Gail

Chiodo and Alphonso Arnold III, as modified, consistent with this Opinion and Order;
THEREFORE,

IT IS ORDERED:

1. That the Exceptions of Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., filed on December 23, 2024, to the Recommended Decision of Administrative Law Judges Gail M. Chiodo and Alphonso Arnold III, issued on December 9, 2024, are granted, in part, denied, in part, and rendered moot, in part, consistent with this Opinion and Order.

2. That the Exceptions of SCH USA, LLC, filed on December 23, 2024, to the Recommended Decision of Administrative Law Judges Gail M. Chiodo and Alphonso Arnold III, issued on December 9, 2024, are denied, consistent with this Opinion and Order.

3. That the Exceptions of Mr. John Day, filed on December 23, 2024, to the Recommended Decision of Administrative Law Judges Gail M. Chiodo and Alphonso Arnold III, issued on December 9, 2024, are denied, consistent with this Opinion and Order.

4. That the Exceptions of Mr. Adam Joseph Shellhorse, filed on December 23, 2024, to the Recommended Decision of Administrative Law Judges Gail M. Chiodo and Alphonso Arnold III, issued on December 9, 2024, are denied, consistent with this Opinion and Order.

5. That the Recommended Decision of Administrative Law Judges Gail M. Chiodo and Alphonso Arnold III, issued on December 9, 2024, is adopted, as modified, consistent with this Opinion and Order.

6. That the Joint Petition for Non-Unanimous Partial Settlement filed by Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania on November 7, 2024, be approved, as modified, consistent with this Opinion and Order.

7. That the terms of the Joint Petition for Non-Unanimous Partial Settlement filed on November 7, 2024, shall be modified as follows:

a. Paragraph 44 and Appendix D-1 of the Joint Petition for Settlement be modified to indicate the Belle Aire Acres rate zone monthly unmetered rate of \$70.64 and the metered customer charge of \$22.40.

8. That the request of Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., to include the wastewater assets acquired from East Whiteland Township and apply it to the ratemaking rate base in this proceeding is denied.

9. That Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., shall not place into effect the rates, rules, and regulations contained in Original Tariff Water – PA P.U.C. No. 4 and Original Tariff Sewer – PA P.U.C. No. 4 as filed on May 23, 2024, and as supplemented by corrected Suspension Tariff Supplement No. 1--Tariff Water – PA P.U.C. No. 4 and corrected Suspension Tariff Supplement No. 1 – Tariff Sewer – PA P.U.C. No. 4, as filed on June 27, 2024, regarding their cost recovery base rates for water and wastewater service revenues within their service territories.

10. That Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., be permitted to file a tariff or tariff supplement containing the rates, rules and regulations consistent with the findings herein, in the form set forth in Appendices E (Water Tariff) and F (Wastewater Tariff (No change to East Whiteland)) to the Joint Petition for Non-Unanimous Partial Settlement, subject to the modifications directed below, to become effective upon at least one day's notice, for service rendered on and after February 22, 2025, so as to produce an annual increase in water service revenues not to exceed \$58.4 million and in wastewater services not to exceed \$14.6 million, consistent with this Opinion and Order, and shall include the following modifications:

- a. That page 12.7 of the water tariff (Appendix E) be modified to include Aqua's Shenandoah Private Hydrant proposed rate.

11. That Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., shall file updated proofs of revenues to reflect the following modifications:

- a. That the wastewater proof of revenues (Appendix D-2) be modified to make Avon Grove School's rate (Schedule 5-WW, p. 12) legible.
- b. That the proofs of revenues of customer charge revenues in Appendices D-1 and D-2 of the Joint Petition for Non-Unanimous Partial Settlement be modified to reflect the updated and corrected proofs of revenues, consistent with this Opinion and Order.
- c. That the proofs of revenues in Appendices D-1 and D-2 of the Joint Petition for Non-Unanimous Partial Settlement be modified to demonstrate that the revenue increases do not exceed \$58.4 million for water and \$14.6 million for wastewater, respectively, including

the revenue offsets identified in the Joint Petition for Non-
Unanimous Partial Settlement and excluding revenues associated
with the East Whiteland rate zone.

d. That Schedule 7A of the proof of revenues in Appendix D-1
of the Joint Petition for Non-Unanimous Partial Settlement and/or
Page 12.7 of the Water Tariff in Appendix E of the Joint Petition for
Non-Unanimous Partial Settlement be modified such that the same
rate for Shenandoah Private Hydrant appears in both Appendices.

Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., shall simultaneously
serve copies of its compliance filing on the parties to the proceeding and provide these
parties an electronic, red-lined copy of its compliance filing, including electronic working
papers.

12. That Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater,
Inc., shall comply with all directives and conclusions contained in this Opinion and
Order, including the terms and conditions of the Joint Petition for Approval of Non
Unanimous Partial Settlement filed in this proceeding, as modified by this Opinion and
Order, that are not the subject of individual ordering paragraphs, as if they were the
subject of an individual ordering paragraph.

13. That, if any of the Parties to the Joint Petition for Non-Unanimous
Partial Settlement wish to withdraw from the Settlement based on the modification set
forth in Ordering Paragraph Nos. 7, 10, and 11 above, that Party shall provide written
notice to the Secretary of the Commission, and all active Parties to this proceeding, of its
election to withdraw within five (5) business days from the date that this Opinion and
Order is entered. If such an election to withdraw is filed, the Joint Petition for Non-
Unanimous Partial Settlement shall be disapproved, without further action by this

Commission, and this matter shall be returned to the Commission's Office of Administrative Law Judge for further action as deemed appropriate.

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

<u>Complainant(s)</u>		<u>Docket Number (Water)</u>
Office of Consumer Advocate	:	C-2024-3049344
Office of Small Business Advocate	:	C-2024-3049339
Steven Boyanowski	:	C-2024-3048622
Sky Dumont	:	C-2024-3049269
Daniel O'Neill	:	C-2024-3049270
Linc Slipakoff	:	C-2024-3049274
Lori Kennedy	:	C-2024-3049307
Joel T Postema	:	C-2024-3049316
Ronald Smith & Gail Smith	:	C-2024-3049337
Lori Hill	:	C-2024-3049379
Robert J Fogarty	:	C-2024-3049398
Susan Unvarsky & Sharon Ellis	:	C-2024-3049399
Ronald and Lara Roebuck	:	C-2024-3049402
Sebastian Borriello	:	C-2024-3049417
Teri Dahl	:	C-2024-3049444
Theodore J Voltolina III	:	C-2024-3049472
Donna Bullard	:	C-2024-3049473
Kathleen Ferrante	:	C-2024-3049592
Christopher F Kroen	:	C-2024-3049672
Daniela Kroen	:	C-2024-3049680
Donald Wilcox	:	C-2024-3049682
Bryce Matthew Wynter	:	C-2024-3049729
Susan & Joseph Hennigan	:	C-2024-3049758
Pellegrino & Mary Deleo	:	C-2024-3049768
Gary & Jo Anna Shovlin	:	C-2024-3049783
Paul Gaudet	:	C-2024-3049784
Maureen Bruno	:	C-2024-3049785
Christina D Sappey, PA Representative	:	C-2024-3049801
Aqua Large Users Group	:	C-2024-3049840
Frances Cannon	:	C-2024-3049851

Timothy Babbitt	:	C-2024-3049900
Gabrielle Fazio	:	C-2024-3049905
Christoffel Lombard	:	C-2024-3049913
Catherine Moran	:	C-2024-3049929
Barbara Woods	:	C-2024-3049941
Robert Overbeck	:	C-2024-3049944
Phyllis Leung	:	C-2024-3049964
Frances E Cannon	:	C-2024-3049978
YC Shellhorse	:	C-2024-3049982
John Muscari	:	C-2024-3050008
Adam Joseph Shellhorse	:	C-2024-3050014
Richard Centrella	:	C-2024-3050019
Sandra Clapps	:	C-2024-3050033
Meghan Cogley	:	C-2024-3050041
Judith Vasey	:	C-2024-3050042
Jeffrey J & Lisa A Robinson	:	C-2024-3050053
Penelope Rigatos	:	C-2024-3050055
Jeanne Passante Lennon	:	C-2024-3050181
John W Jengo	:	C-2024-3050199
Sandy Township, et al	:	C-2024-3050249
Ann & James Deveney	:	C-2024-3050260
Bruce Corbin	:	C-2024-3050316
Leroy Beckerman	:	C-2024-3050318
Diane & Stephen Bruno	:	C-2024-3050327
Christian Caso	:	C-2024-3050329
Francisco Augspach	:	C-2024-3050331
Rene Beauregard	:	C-2024-3050357
Ed Negra & Janice Schoem	:	C-2024-3050383
Johanna Milot	:	C-2024-3050394
Robert Kish	:	C-2024-3050411
Douglas Bell	:	C-2024-3050412
Linda Antonette	:	C-2024-3050415
Thomas Burrows	:	C-2024-3050417
Cynthia Burns	:	C-2024-3050419
Sandra Landers-Raimer	:	C-2024-3050421
Paul & Irina Rolando	:	C-2024-3050426
Gerardo Giannattasio	:	C-2024-3050427
William Lentz	:	C-2024-3050428
Scott Newman	:	C-2024-3050429
Nelson & Remedios Singcuenco	:	C-2024-3050434
Roxann Honer	:	C-2024-3050435
Andrea Verba	:	C-2024-3050437
Sharon Tripodi	:	C-2024-3050440

Eugene Crossland	:	C-2024-3050446
Paul Brenner	:	C-2024-3050448
Gregory Klauder	:	C-2024-3050449
Diane Gallagher	:	C-2024-3050450
Joseph & Deborah Gennaro	:	C-2024-3050454
Donald Guth	:	C-2024-3050455
Michael & Christine Maddalo	:	C-2024-3050457
Margaret Daly	:	C-2024-3050460
Joseph & Kathleen Wesolowski	:	C-2024-3050463
Thomas Bugda	:	C-2024-3050464
Carole A Ralph	:	C-2024-3050468
Jo Anna Shovlin	:	C-2024-3050469
Mary Merrigan	:	C-2024-3050559
Derek Scott	:	C-2024-3050563
William Fisher	:	C-2024-3050566
Douglas Weiser	:	C-2024-3050600
Michael Assante	:	C-2024-3050624
Paulette Nicolas	:	C-2024-3050654
Rene Javier	:	C-2024-3050707
Bob Zafian	:	C-2024-3050829
Karen L Reighert	:	C-2024-3051240
Lynn Hunter	:	C-2024-3051291
Amanda Zaremba	:	C-2024-3051443

<u>Complainant(s)</u>		<u>Docket Number (Water)</u>
Office of Small Business Advocate	:	C-2024-3049340
Office of Consumer Advocate	:	C-2024-3049345
Daniel O'Neill	:	C-2024-3049279
Ronald & Gail Smith	:	C-2024-3049342
Valerie J Cosumano	:	C-2024-3049371
Lori Hill	:	C-2024-3049404
Ronald and Lara Roebuck	:	C-2024-3049423
Sebastian Borriello	:	C-2024-3049430
Donna Bullard	:	C-2024-3049480
Peter John Brady	:	C-2024-3049541
Kathleen Ferrante	:	C-2024-3049607
Sky Dumont	:	C-2024-3049666
Christopher F Kroen	:	C-2024-3049673
Daniela Kroen	:	C-2024-3049681
Pellegrino & Mary Deleo	:	C-2024-3049781
Christina D Sappey, Representative	:	C-2024-3049804
Timothy Babbitt	:	C-2024-3049809

John Day	:	C-2024-3049878
Barbara Woods	:	C-2024-3049940
Robert Overbeck	:	C-2024-3049948
Catherine Moran	:	C-2024-3049955
Adam Joseph Shellhorse	:	C-2024-3049959
David Richards	:	C-2024-3049965
Diana Sabol	:	C-2024-3049972
Frances E Cannon	:	C-2024-3049998
John Muscari	:	C-2024-3050005
Maria Simpas	:	C-2024-3050031
Thomas Wilson	:	C-2024-3050034
Judith Vasey	:	C-2024-3050043
Henry C Minter III	:	C-2024-3050087
Aqua Large Users Group	:	C-2024-3050164
Sandy Township, et al	:	C-2024-3050250
Diane & Stephen Bruno	:	C-2024-3050328
Christian Caso	:	C-2024-3050330
Rene Beauregard	:	C-2024-3050360
Ed Negra & Janice Schoem	:	C-2024-3050386
Colleen Connor	:	C-2024-3050406
Johanna Milot	:	C-2024-3050407
Douglas Bell	:	C-2024-3050414
Thomas Wizda	:	C-2024-3050416
Shane Oliver	:	C-2024-3050418
Paul & Irina Rolando	:	C-2024-3050430
William Lentz	:	C-2024-3050432
Thomas Burrows	:	C-2024-3050433
Cynthia Burns	:	C-2024-3050436
Ann & James Deveney	:	C-2024-3050442
Thomas & Joann Stark	:	C-2024-3050452
Diane Gallagher	:	C-2024-3050456
Carole A Ralph	:	C-2024-3050458
Michael & Christine Maddalo	:	C-2024-3050459
Margaret Daly	:	C-2024-3050462
Joseph & Kathleen Wesolowski	:	C-2024-3050465
Thomas Bugda	:	C-2024-3050466
Derek Scott	:	C-2024-3050564
Douglas Weiser	:	C-2024-3050568

Paulette Nicolas	:	C-2024-3050655
Ben Mroz III	:	C-2024-3050740
Bob Zafian	:	C-2024-3050836
Karen L Reighert	:	C-2024-3051132
Lynn Hunter	:	C-2024-3051294

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

16. That, to the extent no Party elects to withdraw from the Joint Petition for Non-Unanimous Partial Settlement within five (5) business days, as set forth in Ordering Paragraph No. 13 above, and upon acceptance and approval by the Commission of the tariffs, allocation of proposed settlement rate increase, and the modifications directed in Ordering Paragraph Nos. 7, 10, and 11 above, filed by Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc., at Docket Nos. R-2024-3047822 and R-2024-3047824, consistent with this Opinion and Order, this proceeding shall be terminated and marked closed.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: February 6, 2025

ORDER ENTERED: February 7, 2025

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

Public Meeting held April 10, 2025

Commissioners Present:

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

Pennsylvania Public Utility Commission	:	R-2024-3047822
Office of Consumer Advocate	:	C-2024-3049344
Office of Small Business Advocate	:	C-2024-3049339
Steven Boyanowski	:	C-2024-3048622
Sky Dumont	:	C-2024-3049269
Daniel O'Neill	:	C-2024-3049270
Linc Slipakoff	:	C-2024-3049274
Lori Kennedy	:	C-2024-3049307
Joel T Postema	:	C-2024-3049316
Ronald Smith & Gail Smith	:	C-2024-3049337
Lori Hill	:	C-2024-3049379
Robert J Fogarty	:	C-2024-3049398
Susan Unvasky & Sharon Ellis	:	C-2024-3049399
Ronald and Lara Roebuck	:	C-2024-3049402
Sebastian Borriello	:	C-2024-3049417
Teri Dahl	:	C-2024-3049444
Theodore J Voltolina III	:	C-2024-3049472
Donna Bullard	:	C-2024-3049473
Kathleen Ferrante	:	C-2024-3049592
Christopher F Kroen	:	C-2024-3049672
Daniela Kroen	:	C-2024-3049680
Donald Wilcox	:	C-2024-3049682
Bryce Matthew Wynter	:	C-2024-3049729
Susan & Joseph Hennigan	:	C-2024-3049758
Pellegrino & Mary Deleo	:	C-2024-3049768

Gary & Jo Anna Shovlin	:	C-2024-3049783
Paul Gaudet	:	C-2024-3049784
Maureen Bruno	:	C-2024-3049785
Christina D Sappey, PA Representative	:	C-2024-3049801
Aqua Large Users Group	:	C-2024-3049840
Frances Cannon	:	C-2024-3049851
Timothy Babbitt	:	C-2024-3049900
Gabrielle Fazio	:	C-2024-3049905
Christoffel Lombard	:	C-2024-3049913
Catherine Moran	:	C-2024-3049929
Barbara Woods	:	C-2024-3049941
Robert Overbeck	:	C-2024-3049944
Phyllis Leung	:	C-2024-3049964
Frances E Cannon	:	C-2024-3049978
YC Shellhorse	:	C-2024-3049982
John Muscari	:	C-2024-3050008
Adam Joseph Shellhorse	:	C-2024-3050014
Richard Centrella	:	C-2024-3050019
Sandra Clapps	:	C-2024-3050033
Meghan Cogley	:	C-2024-3050041
Judith Vasey	:	C-2024-3050042
Jeffrey J & Lisa A Robinson	:	C-2024-3050053
Penelope Rigatos	:	C-2024-3050055
Jeanne Passante Lennon	:	C-2024-3050181
John W Jengo	:	C-2024-3050199
Sandy Township, et al	:	C-2024-3050249
Ann & James Deveney	:	C-2024-3050260
Bruce Corbin	:	C-2024-3050316
Leroy Beckerman	:	C-2024-3050318
Diane & Stephen Bruno	:	C-2024-3050327
Christian Caso	:	C-2024-3050329
Francisco Augspach	:	C-2024-3050331
Rene Beauregard	:	C-2024-3050357
Ed Negra & Janice Schoem	:	C-2024-3050383
Johanna Milot	:	C-2024-3050394
Robert Kish	:	C-2024-3050411
Douglas Bell	:	C-2024-3050412
Linda Antonette	:	C-2024-3050415
Thomas Burrows	:	C-2024-3050417
Cynthia Burns	:	C-2024-3050419
Sandra Landers-Raimer	:	C-2024-3050421
Paul & Irina Rolando	:	C-2024-3050426
Gerardo Giannattasio	:	C-2024-3050427

William Lentz	:	C-2024-3050428
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Joseph & Deborah Gennaro	:	C-2024-3050454
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Michael Assante	:	C-2024-3050624
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Rene Javier	:	C-2024-3050707
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Karen L Reighert	:	C-2024-3051240
Lynn Hunter	:	C-2024-3051291
Amanda Zaremba	:	C-2024-3051443

v.

Aqua Pennsylvania, Inc.	:

Pennsylvania Public Utility Commission	:	R-2024-3047824
Office of Small Business Advocate	:	C-2024-3049340
Office of Consumer Advocate	:	C-2024-3049345
Daniel O'Neill	:	C-2024-3049279
Ronald & Gail Smith	:	C-2024-3049342
Valerie J Cosumano	:	C-2024-3049371
Lori Hill	:	C-2024-3049404

Ronald and Lara Roebuck	:	C-2024-3049423
Sebastian Borriello	:	C-2024-3049430
Donna Bullard	:	C-2024-3049480
Peter John Brady	:	C-2024-3049541
Kathleen Ferrante	:	C-2024-3049607
Sky Dumont	:	C-2024-3049666
Christopher F Kroen	:	C-2024-3049673
Daniela Kroen	:	C-2024-3049681
Pellegrino & Mary Deleo	:	C-2024-3049781
Christina D Sappey, Representative	:	C-2024-3049804
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Barbara Woods	:	C-2024-3049940
Robert Overbeck	:	C-2024-3049948
Catherine Moran	:	C-2024-3049955
Adam Joseph Shellhorse	:	C-2024-3049959
David Richards	:	C-2024-3049965
Diana Sabol	:	C-2024-3049972
Frances E Cannon	:	C-2024-3049998
John Muscari	:	C-2024-3050005
Maria Simpas	:	C-2024-3050031
Thomas Wilson	:	C-2024-3050034
Judith Vasey	:	C-2024-3050043
Henry C Minter III	:	C-2024-3050087
Aqua Large Users Group	:	C-2024-3050164
Sandy Township, et al	:	C-2024-3050250
Diane & Stephen Bruno	:	C-2024-3050328
Christian Caso	:	C-2024-3050330
Rene Beauregard	:	C-2024-3050360
Ed Negra & Janice Schoem	:	C-2024-3050386
Colleen Connor	:	C-2024-3050406
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Paul & Irina Rolando	:	C-2024-3050430
William Lentz	:	C-2024-3050432
Thomas Burrows	:	C-2024-3050433
Cynthia Burns	:	C-2024-3050436
Ann & James Deveney	:	C-2024-3050442
Thomas & Joann Stark	:	C-2024-3050452
Diane Gallagher	:	C-2024-3050456
Carole A Ralph	:	C-2024-3050458

Michael & Christine Maddalo	:	C-2024-3050459
Margaret Daly	:	C-2024-3050462
Joseph & Kathleen Wesolowski	:	C-2024-3050465
Thomas Bugda	:	C-2024-3050466
Derek Scott	:	C-2024-3050564
Douglas Weiser	:	C-2024-3050568
Paulette Nicolas	:	C-2024-3050655
Ben Mroz III	:	C-2024-3050740
Bob Zafian	:	C-2024-3050836
Karen L Reighert	:	C-2024-3051132
Lynn Hunter	:	C-2024-3051294

v.

Aqua Pennsylvania Wastewater, Inc.

OPINION AND ORDER

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BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Petition for Partial Reconsideration and/or Clarification (Aqua Petition or Aqua's Petition), filed by Aqua Pennsylvania, Inc. (Aqua Water) and Aqua Pennsylvania Wastewater, Inc. (Aqua Wastewater) (collectively, Aqua or the Company) on February 14, 2025, seeking reconsideration of the Commission's Opinion and Order entered on February 7, 2025 (*February 2025 Order*), relative to the above-captioned proceeding. On February 24, 2025, the Commission's Bureau of Investigation and Enforcement (I&E) filed an Answer to the Petition (I&E Answer to Aqua Petition). Additionally, on February 24, 2025, the Office of Consumer Advocate (the OCA) filed an Answer to the Petition (OCA Answer to Aqua Petition) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a letter in lieu of an Answer to the Petition (CAUSE-PA Letter).

Also, before the Commission for consideration and disposition is the Petition for Reconsideration filed by SCH USA LLC (SCH USA) on February 24, 2025, seeking reconsideration of the *February 2025 Order* (SCH USA Petition). On March 6, 2025, Aqua filed an Answer to the SCH USA Petition.

In its Petition, Aqua seeks reconsideration of our *February 2025 Order*, pertaining to the rates applicable to customers in East Whiteland Township (East Whiteland or Township). Specifically, Aqua requests that the Commission reconsider or clarify whether the Company will be permitted to implement settlement rates related to the Township's operations if the Pennsylvania Supreme Court (Supreme Court) reverses the Commonwealth Court's decision in *Cicero v. Pa. PUC*, 300 A.3d 1106 (Pa. Cmwlth. 2023), *alloc. granted*, 320 A.3d 667 (Table) (Pa. 2024) (*Cicero*). In their respective Answers, I&E, the OCA, and CAUSE-PA each oppose the Aqua Petition. For the reasons stated more fully, *infra*, we conclude that Aqua failed to assert a sufficient

basis for reconsideration of our *February 2025 Order*. Therefore, based upon the record in this proceeding, and upon consideration of Aqua’s arguments, we shall deny the Aqua Petition, consistent with the discussion in this Opinion and Order.

In its Petition, SCH USA requests that the Commission reconsider the *February 2025 Order* permitting Aqua to maintain its current practice of billing SCH USA using a flat rate for unmetered wastewater service based on equivalent dwelling units (EDUs). In its Answer to the SCH USA Petition, Aqua contends that SCH USA fails to raise any new arguments not previously heard by the Commission and requests that SCH USA’s Petition be denied. Upon review, we shall deny the SCH USA Petition, consistent with this Opinion and Order.

I. History of Proceeding

On May 23, 2024, Aqua filed Original Tariff Water – PA P.U.C. No. 4 (Tariff Water No. 4) and Original Tariff Sewer – PA P.U.C. No. 4 (Tariff Sewer No. 4) with the Commission, to become effective July 22, 2024. The Company filed this combined water and wastewater rate proceeding in accordance with Section 1308 of the Public Utility Code (Code) and pursuant to the provisions of Act 11 of 2012 (Act 11),¹ set forth in Section 1311(c) of the Code, proposing to allocate a portion of the wastewater revenue requirement to its water operations. 66 Pa.C.S. § 1308, 66 Pa.C.S. § 1311(c). The Company used a fully projected future test year (FPFTY), ending December 31, 2025, to support its general rate increase request. In the rate filing, the

¹ On February 14, 2012, then Governor Tom Corbett signed into law Act 11, which amended Chapters 3, 13 and 33 of the Code. Namely, Act 11 amended Chapters 3 and 13 to allow jurisdictional utilities to make rate case claims based on a FPFTY and to allow wastewater utilities to allocate a portion of their revenue requirement to the combined wastewater and water utility customer base. *See Implementation of Act 11 of 2012*, Docket No. M-2012-2293611 (Order entered August 2, 2012); 66 Pa.C.S. § 1311(c).

Company proposed to increase Aqua's total annual operating revenues for water service by approximately \$112 million, or 18.7%, and for wastewater service by approximately \$14.6 million, or 20.1%. Through the combination of both rate filings, the Company proposed to increase rates to produce additional overall revenues of \$126,675,472 per year, an 18.88% increase in overall annual distribution revenues.

On May 23, 2024, the OSBA filed a Notice of Appearance. On May 29, 2024, I&E filed a Notice of Appearance. On May 31, 2024, the OSBA and the OCA each filed Formal Complaints against the rate filing.²

On June 13, 2024, the Commission entered an Order (*June 2024 Order*) suspending each of the proposed tariffs by operation of law until February 22, 2025. The Commission also instituted an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations and assigned the rate filing to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings, as may be necessary, culminating in the issuance of a recommended decision.

Also on June 13, 2024, CAUSE-PA filed a Petition to Intervene and Answer.

On June 21, 2024, Aqua filed Suspension Tariff Supplement No. 1 to Tariff Water No. 4 and Suspension Tariff Supplement No. 1 to Tariff Sewer No. 4, in accordance with the *June 2024 Order*. On June 27, 2024, Aqua filed corrected versions of these Suspension Tariffs.

² The OSBA's Complaints are docketed at Nos. C-2024-3049339 (water) and C-2024-3049340 (wastewater); the OCA's Complaints are docketed at Nos. C-2024-3049344 (water) and C-2024-3049345 (wastewater).

On June 27, 2024, New Wilmington Municipal Authority (NWMA) and SCH USA each filed a Petition to Intervene at the wastewater docket, Docket No. R-2024-3047824, only. On June 28, 2024, Aqua Large Users Group (Aqua LUG) filed a Formal Complaint against the water rate filing.³

Additionally, as of the date the Recommended Decision in this proceeding was issued, *i.e.*, December 9, 2024, 149 *pro se* Formal Complaints have been filed by consumers in both of the rate filings, as indicated in the caption to this Opinion and Order, with their corresponding docket numbers. Some *pro se* Complainants filed a Complaint at both docket numbers.

On July 23, 2024, Sandy Township, Treasure Lake Property Owners Association, Inc., Barry Abbott, and Richard Whitaker (Sandy Township *et al.*) filed Formal Complaints against both rate filings.⁴

Between August 1, 2024 and August 14, 2024, 11 public input hearings were held throughout the Company's service territory, and telephonically. During these hearings, a total of 173 witnesses testified.

In August and September 2024, various parties submitted direct testimony, supplemental direct testimony, rebuttal testimony, and surrebuttal testimony. On October 3, 2024, Aqua submitted written rejoinder testimony.

³ See Docket No. C-2024-3049840.

⁴ See Docket Nos. C-2024-3050249 (water) and C-2024-3050250 (wastewater).

On October 11, 2024, an evidentiary hearing was held. All Parties' pre-served written testimony and exhibits⁵ were entered into the record by stipulation and no witnesses were cross-examined.

On October 28, 2024, Aqua, I&E, the OCA, SCH USA, and Mr. John Day filed Main Briefs limited to issues reserved for briefing, *i.e.* the litigated issues, *infra*.

On November 7, 2024 Aqua, I&E, the OCA, the OSBA, and CAUSE-PA (Joint Petitioners) filed a Joint Petition for Non-Unanimous Partial Settlement (Joint Petition, Partial Settlement, or Settlement). Therein, the Joint Petitioners agreed to a settlement of all issues among them, exclusive of the Company's proposed rate increase as applied to the East Whiteland wastewater system. Further, SCH USA and Aqua were not able to resolve the issue raised by SCH USA regarding the Company's method of billing wastewater to it. These issues were reserved for litigation. Each Joint Petitioner submitted a Statement in Support of the Settlement (Statement in Support). While not signatories to the Settlement, Aqua LUG, Sandy Township *et al.*, and NWMA submitted letters stating that they do not oppose the Settlement. Conversely Mr. Day, Mr. Shellhorse, and several other *pro se* Complainants opposed the Settlement.

Also on November 7, 2024, Reply Briefs on the litigated issues were filed by Aqua, I&E, the OCA, SCH USA, and Mr. Day.

The record in this case closed on November 26, 2024, to allow time for any first-class mail responses to be filed or sent to the ALJs or the OCA from the *pro se* Complainants. A total of nine responses were submitted by Aqua's

⁵ See the Appendix to the R.D. for a complete list of all admitted testimony and exhibits.

customers. Five customers opposed the Settlement and four customers supported the Settlement.

On December 9, 2024, the Commission issued the Recommended Decision of ALJs Gail M. Chiodo and Alphonso Arnold III, wherein they recommended that: (1) the Commission grant the Joint Petition and approve the Partial Settlement, subject to certain minor modifications; (2) the Company's proposed rates for East Whiteland be excluded from the instant rate filing; and (3) that SCH USA's claims regarding the Company's method of billing wastewater to it be denied.

On December 23, 2024, Aqua, SCH USA, Mr. Day, and Mr. Adam Joseph Shellhorse each filed Exceptions to the Recommended Decision. Aqua, I&E, the OCA, and Mr. Shellhorse filed Replies to Exceptions on December 30, 2024.

In our *February 2025 Order*, we: (1) granted, in part, denied, in part, and rendered moot, in part, the Exceptions of Aqua; (2) denied the Exceptions of SCH USA, Mr. Day, and Mr. Shellhorse; (3) adopted the Recommended Decision of the ALJs, as modified; and (4) granted the Joint Petition and adopted the Partial Settlement, as modified.

As noted, *supra*, on February 14, 2025, Aqua filed its Petition. On February 22, 2025, I&E and the OCA filed Answers to the Aqua Petition and CAUSE-PA filed its Letter.

By Order entered February 20, 2025, the Commission granted reconsideration of the *February 2025 Order* as to the Aqua Petition, pending further review of, and consideration on, the merits, pursuant to Pa. R.A.P. 1701(b)(3).

Also, as noted, *supra*, on February 24, 2025, SCH USA filed its Petition seeking reconsideration of the *February 2025 Order*.

By Order entered March 4, 2025, the Commission granted reconsideration of the *February 2025 Order* as to the SCH USA Petition, pending further review of, and consideration on, the merits, pursuant to Pa. R.A.P. 1701(b)(3).

On March 6, 2025, Aqua filed an Answer to the SCH USA Petition.

II. Discussion

A. Legal Standards

With respect to petitions for rehearing, reconsideration, rescission, and amendment of Commission orders, the Code establishes a party's right to seek relief within fifteen days following the service of a Commission order pursuant to Subsection 703(f). 66 Pa.C.S. § 703(f) (relating to rehearing).⁶ Upon the filing of a petition for relief pursuant to Section 703(f), the Commission may affirm, rescind, or modify its original order. 66 Pa.C.S. § 703(f). The Code further provides that the Commission may, at any time, after notice and opportunity to be heard by all affected parties, rescind or amend any order made by the Commission, pursuant to Section 703(g). 66 Pa.C.S. § 703(g) (relating to rescission and amendment of orders). A request for relief pursuant to § 703(f) or § 703(g) must be brought as a petition for relief consistent with Section 5.572 of Commission Regulations. 52 Pa. Code § 5.572 (relating to petitions for relief).

⁶ Petitions under this section which do not allege new evidence are typically treated as petitions for reconsideration. Petitions for rehearing pursuant to Section 703(f) of the Code typically include an allegation of new evidence. 66 Pa.C.S. § 703(f); see *West Penn Power Co. v. Pa. PUC*, 659 A.2d 1055 (Pa. Cmwlth. 1995).

Petitions for relief predicated upon Sections 703(f) and 703(g) of the Code, whether brought under Section 5.572(c) of Commission Regulations as a petition for reconsideration, rehearing, reargument, clarification, supersedeas, or others within fifteen days of the service of a Commission order, or under Section 5.572(d) as a petition for rescission or amendment filed at any time following service of a Commission order, are reviewed by the Commission as matters seeking relief falling within the agency's discretion.

The Commission's application of the standard for granting a petition for amendment, reconsideration, or rescission is set forth in *Philip Duick, et al. v. Pennsylvania Gas and Water Company*, 56 Pa. P.U.C. 553 (1982) (*Duick*) as follows:

A petition for reconsideration, under the provisions of 66 Pa.C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part on the grounds that the decision or ruling of the Commission on a matter or issue was either unwise or in error.

In this regard we agree with the Court in the *Pennsylvania Railroad Company* case, wherein the Court said,

[b]ut the grounds for reconsideration should be restricted to the new matters and new or changed conditions set up in the joint petition, which had arisen since and were not presented in the several petitions of these appellants ... and dismissed by the Commission ... and not appealed from. Parties,..., cannot be permitted, by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them and not appealed from. ...

Pennsylvania Railroad Co. v. Public Service Commission, [179 A. 850, 854 (Pa. Super. 1935)].

What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission. Absent such matters being presented, we consider it unlikely that a party will succeed in persuading us that our initial decision on a matter or issue was either unwise or in error.

Duick at 559; *see also*, *AT&T v Pa. PUC*, 568 A.2d 1362 (Pa. Cmwlth. 1990).

The Commission utilizes a two-step analysis in determining whether to exercise its discretion to grant relief under *Duick*. *See, e.g., SBG Management Services, Inc./Colonial Garden Realty Co., L.P. v. Philadelphia Gas Works*, Docket Nos. C-2012-2304183 and C-2012-2304324 (Opinion and Order entered May 9, 2019)⁷ at 4-5 (discussing *Application of La Mexicana Express Service, LLC, to transport persons in paratransit service, between points within Berks County*, Docket No. A-2012-2329717; A-6415209 (Opinion and Order entered September 11, 2014)). The first step is to determine whether a party has offered any basis to persuade the Commission to exercise its discretion, including but not limited to, new and novel arguments or identified considerations that appear to have been overlooked or not addressed by the Commission in its previous order. This initial step examines whether a party raises the same questions which were specifically considered and decided against them by a prior Order of the Commission. If so, it is unlikely that the Commission will be persuaded to exercise its discretion to grant relief. *Duick* at 559 (citing *Pennsylvania Railroad Co. v. Public Service Commission*, 179 A. 850 (Pa. Super. 1935)). The second step of the *Duick* analysis is to evaluate any matter the Commission has deemed worthy of consideration, to determine whether to grant any relief.

⁷ *Affirmed, Phila. Gas Works v. Pa. PUC*, 249 A.3d 963 (Pa. 2021), *remand granted, in part*, 256 A.3d 1092 (Pa. 2021) (Table).

B. February 2025 Order

In the *February 2025 Order*, the Commission addressed the Non-Unanimous Partial Settlement, to which Mr. Day, Mr. Shellhorse, and several other *pro se* Complainants opposed. Upon review, we agreed with the ALJs and the Joint Petitioners that the Partial Settlement was in the public interest and was supported by substantial evidence in the record. Pursuant to the Settlement, we approved an annual increase of \$73 million in Aqua's annual operating revenues, on a consolidated water and wastewater operations basis. This amount was inclusive of an increase of \$48 million for Aqua's water operations and \$25 million for its wastewater operations, pre-Act 11 shift; and an increase of \$58.4 million for the Company's water operations and \$14.6 million for its wastewater operations, post-Act 11 shift. *February 2025 Order* at 2.⁸

Next, in the *February 2025 Order*, we considered the two issues reserved for litigation. The first reserved issue was Aqua's proposed rates for East Whiteland. The second issue reserved for litigation pertained to Aqua's practice of billing SCH USA a flat rate for unmetered wastewater service, based on EDUs.

1. Aqua's Proposed Rates for East Whiteland

In the *February 2025 Order*, we described the background of this issue beginning with the Commission's Order entered on July 29, 2022, that, in relevant part, approved the application of Aqua to acquire the wastewater system assets of East Whiteland and established ratemaking rate base of the system's assets under

⁸ Additionally, in the *February 2025 Order*, we addressed various Exceptions filed by Aqua, Mr. Day, and Mr. Shellhorse to the Recommended Decision and the approval of the Settlement. We further considered and approved some modifications to the Settlement. As these issues are not pertinent to the Petitions of Aqua and SCH USA herein, we will not summarize them here but will cite generally to the *February 2025 Order* at pages 83-117.

Section 1329(c)(2) of the Code, 66 Pa.C.S. § 1329(c)(2).⁹ The Commission also approved an Asset Purchase Agreement (APA), and related contracts, between Aqua and the Township and issued the related Certificates of Public Convenience (CPCs). *February 2025 Order* 117-18 (citing *East Whiteland Order*).

On August 12, 2022, Aqua closed on the East Whiteland system acquisition. Aqua's closing on the acquisition occurred prior to the expiration of the 30-day appeal period applicable to the *East Whiteland Order*, as set forth in the Pennsylvania Rules of Appellate Procedure (Pa. R.A.P). *February 2025 Order* 118 (citing Pa. R.A.P. 1512 (relating to time for petition for review to appellate court)).

On August 25, 2022, the OCA timely appealed the Commission's *East Whiteland Order* to the Commonwealth Court. Thereafter, on July 31, 2023, the Commonwealth Court reversed the Commission's *East Whiteland Order*, holding that the Commission erred or abused its discretion in concluding that Aqua established substantial affirmative public benefits that outweighed the harms of Aqua's acquisition of the System to support the grant of the CPC. *February 2025 Order* at 118 (citing *Cicero*, 300 A.3d at 1120).

The Commission, Aqua, and the Township timely sought review of the Commonwealth Court's decision before the Supreme Court. On June 14, 2024, the

⁹ See *Application of Aqua Pa. Inc., pursuant to 66 Pa.C.S. §§ 1102 and 1329 for: (1) approval of the acquisition by Aqua Pa. Wastewater, Inc. of the wastewater assets of E. Whiteland Twp. situated within the Twp. of E. Whiteland, Chester Cnty., Pa.; (2) approval of the right of Aqua Pa. Wastewater, Inc. to begin to offer, render, furnish and supply wastewater service to the public in portions of E. Whiteland Twp., Chester Cnty., Pa.; and (3) an order approving the acquisition that includes the ratemaking rate base of the E. Whiteland Twp. wastewater system assets pursuant to Section 1329(c)(2) of the Public Utility Code*, Docket No. A-2021-3026132 (Opinion and Order entered July 29, 2022) (*East Whiteland Order*).

Supreme Court granted the petitions for review and a decision remains pending. *February 2025 Order* at 119 (citing *Cicero*, 320 A.3d 667 (Table)).

In the *February 2025 Order*, we explained that Aqua has been providing wastewater service to East Whiteland customers since the effective date of its closing on August 12, 2022, including billing and collections, investment, and expansion of the customer base. Additionally, Aqua provided testimony that it has incurred, and continues to incur, investment expenses in the plant serving East Whiteland customers. *February 2025 Order* at 119 (citing Aqua St. 1-R at 19).

We further noted that, in this proceeding, the Joint Petitioners to the Settlement were unable to agree to the Company's proposed increase in rates to the East Whiteland customers and decided to litigate this issue. To simplify briefing on this reserved issue, and to avoid disturbing other aspects of the Settlement, the Joint Petitioners agreed to the rate effects if the Commission were to authorize a rate increase for the East Whiteland customers. *February 2025 Order* at 119.

Pursuant to the Settlement, the Joint Petitioners agreed that if the Commission were to authorize Aqua to include the East Whiteland system in its ratemaking rate base and permit the establishment of new rates for East Whiteland, the Company would be permitted to collect an additional \$6.4 million in revenue from East Whiteland customers. This amount would be in addition to the overall revenue increase provided for under the Partial Settlement. Furthermore, if a rate increase to the East Whiteland customers were permitted, the Settlement specified that the \$6.4 million revenue increase established for the East Whiteland customers would not be subject to a shift under Act 11 and, specifically, East Whiteland's revenue increase would be excluded from the portion of the wastewater revenue increase (\$10.4 million) shifted to water operations for recovery under the Settlement. *February 2025 Order* at 119-20 (citing Joint Petition at 7, 22-23, ¶¶ 41, 94-96).

Regarding the positions of the parties, we noted Aqua's assertion that it should be permitted to include the revenues, expenses, and rate base of the East Whiteland system for purposes of increasing rates to East Whiteland customers by \$6.4 million. The Company argued, in part: (1) that the Commonwealth Court's decision in *Cicero* is not binding on the Commission while the appeal remains pending before the Supreme Court, and, (2) that approving increased rates, subject to refund in the event the Supreme Court affirms the Commonwealth Court's decision, is the fair approach to both East Whiteland customers and Aqua customers, while recognizing that Aqua has been incurring expenses and investing in a plan to provide safe and reliable service to the East Whiteland customers. *February 2025 Order* at 120 (citing Aqua M.B. at 10, 15-18).

Both I&E and the OCA objected to Aqua's arguments and contended that any rate base, expenses, taxes, revenue, and corresponding revenue shortfall from the East Whiteland system should be excluded from the instant rate filing. *February 2025 Order* at 122-23.

In the Recommended Decision, the ALJs concluded that after an exhaustive review of the record and the parties' briefs, Aqua did not meet its burden to show that its East Whiteland rate proposal is just and reasonable, as required by Section 1301 of the Code. Further, the ALJs concluded that, on balance, it is not in the public interest to permit this increase now. Rather, the ALJs determined that the better course of action is to maintain the status quo until ownership of the system is determined, with certainty, on appeal. Therefore, the ALJs recommended that the Commission exclude any rate base, expenses, taxes, revenue, and corresponding shortfall from the East Whiteland system from the instant rate filing. *February 2025 Order* at 123-24 (citing R.D. at 149-50).

In response, Aqua filed its Exception No. 1 to the Recommended Decision arguing that the ALJs erred in failing to allow the Company to increase rates to the

East Whiteland customers. For support, Aqua submitted two main arguments. First, Aqua contended that the ALJs incorrectly concluded that the *Cicero* decision is binding and has voided Aqua's CPC to serve the East Whiteland customers. Second, Aqua argued that the ALJs' conclusion pertaining to the uncertainty of the Supreme Court's prospective decision in *Cicero* is an unfair basis to deny an increase in East Whiteland rates where rate refunds are a viable remedy. *February 2025 Order* at 126-31 (citing Aqua Exc. at 4-12).

As an alternative argument, Aqua requested that if the Commission determined that the Company cannot increase rates to East Whiteland customers at this time and until the Supreme Court rules on the pending appeal, then the revenue increase agreed to in the Settlement should take effect immediately if the Supreme Court reverses the Commonwealth Court's decision in *Cicero*. According to Aqua, under those circumstances, the Company would file a tariff supplement implementing the rate change agreed to in the Settlement and the change in East Whiteland rates would occur without the need to file a separate rate case. Aqua claimed that this would be permissible because the Joint Petitioners have already agreed upon what the revenue increase should be for East Whiteland customers – that is \$6.4 million. *February 2025 Order* at 131 (citing Aqua Exc. at 11-12).

Both I&E and the OCA filed Reply Exceptions objecting to Aqua's arguments and agreeing with the ALJs' disposition in the Recommended Decision. *February 2025 Order* at 131-36 (citing I&E R. Exc. 3-5; OCA R. Exc. at 2-11).

In our disposition of Aqua's Exception No. 1, we found no error in the ALJs' recommended denial of the requested rate increase for the East Whiteland customers. We reasoned, in part, that the Commonwealth Court's decision in *Cicero* controls as to the ownership of the East Whiteland system and is binding on the Commission. *February 2025 Order* at 136-38.

We also addressed the alternative analysis of the ALJs, in which they assumed, *arguendo*, that *Cicero* is not binding on the Commission. Even under that scenario, the ALJs recognized that Aqua's CPC was uncertain, speculative, and tenuous, at best, and we agreed with that analysis. *February 2025 Order* at 138 (citing R.D. at 150).

We find that the ALJs' evaluation was prudential given the uncertainty of how the Supreme Court will ultimately rule. It is undisputed that there are multiple possible outcomes of the case on appeal, including that the Supreme Court could affirm the Commonwealth Court's reversal of the Commission's order. In that scenario, the *Cicero* decision reversing the Commission's *East Whiteland Order* would be upheld, which would mean that Aqua does not have certificate authority to acquire and own the East Whiteland system or serve the customers of the system pursuant to the Code. Additionally, it is possible that the Supreme Court will reverse or modify *Cicero* and either remand for further proceedings or outright affirm the Commission's *East Whiteland Order*. Both outcomes are possible, but neither is certain and cannot be presumed. However, it is clear, none of the possible outcomes at the Supreme Court will be known while this case is pending.

February 2025 Order at 138-39.

Under the circumstances discussed in our rationale, we determined that the best course of action is to maintain the status quo of the existing East Whiteland rates until this issue is resolved with certainty. *February 2025 Order* at 139-40. We further reasoned that, under the unique circumstances of this proceeding and in the absence of any stay order, we found it appropriate and prudent to respect the Commonwealth Court's order in *Cicero* as being effective upon issuance. *Id.* at 142.

Moreover, we agreed with the ALJs that Aqua has not satisfied its burden of proof to establish that the East Whiteland rate proposal is just and reasonable as

required under Section 1301 of the Code. That is, due to the uncertainty of when and how the Supreme Court will resolve *Cicero*, we found that Aqua did not establish by a preponderance of the evidence that the wastewater assets acquired from East Whiteland can be projected to be included in its ratemaking rate base by the end of the FPFTY. *February 2025 Order* at 142 (citing 66 Pa.C.S. § 315(e)). We also concluded that it is in the public interest to maintain the status quo until ownership of the East Whiteland system is determined, with certainty, on appeal. Accordingly, we denied Aqua's Exception No. 1 and excluded any rate base, expenses, taxes, revenue, and corresponding shortfall from the East Whiteland system from the rate case. *February 2025 Order* at 142-43.

As a final matter, we addressed Aqua's alternative request that, if the Commission determines that the Company cannot increase rates to East Whiteland customers at this time and until the Supreme Court rules on the pending appeal, then the revenue increase agreed to in the Settlement should take effect immediately if the Supreme Court reverses the Commonwealth Court's decision in *Cicero*. Given the uncertainty of how the Supreme Court will rule in *Cicero* and the variety of possible outcomes in that appeal, we determined that it would not be possible to craft a specific remedy because it would require speculation on the actual language of the ultimate order. As an example, we noted that it is possible, although not certain, that the Supreme Court could reverse *and* remand the matter to the Commission for further proceedings. Under that scenario, we reasoned that it would be improper to immediately authorize any rate increase when it may be necessary to have further proceedings consistent with any directive of the Supreme Court. Accordingly, we denied Aqua's alternative request. *February 2025 Order* at 143, n.35.

2. Aqua's Method of Billing SCH USA for Wastewater Services

Next, in the *February 2025 Order*, we addressed the second issue reserved for litigation – Aqua's method of billing SCH USA for wastewater services.

February 2025 Order at 143-67. The crux of this issue was SCH USA's assertion that Aqua should be directed to change the way it bills SCH USA for wastewater service. As such, SCH USA advanced several arguments to challenge the current billing determinants used by Aqua to charge SCH USA for wastewater service, proffering alternative billing methods. *Id.* at 145-46.

In the *February 2025 Order*, we provided the background information that SCH USA is a commercial wastewater customer of Aqua that owns and operates a large commercial resort property known as the Split Rock Resort (the Resort),¹⁰ which is in Lake Harmony, Kidder Township, Carbon County, Pennsylvania. Aqua provides wastewater collection and treatment services to SCH USA, which owns and operates its own sewer collection system on its property that discharges to the Company's wastewater system. Water for the Resort is provided by private wells, which SCH USA acquired when it purchased the Resort in October 2020. *February 2025 Order* at 143-44 (citing SCH USA St. 1 at 2, Aqua St. 11-R at 2, and SCH USA M.B. at 1-2).

As a result of recent and prior acquisitions of wastewater systems, Aqua's wastewater rates are comprised of several varying rate structures, including fixed

¹⁰ The Resort consists of the following buildings and amenities: (1) Willowbrook, a resort hotel with 256 guest rooms; (2) the Galleria, a resort hotel with 77 guest rooms and 8 VIP rooms, as well as other features including a food court and shops, restaurants, movie theater, racquetball court, waterpark, indoor pool, lobby, bar, and large meeting space; (3) the Lodge, a luxury resort hotel with 50 hotel rooms, a restaurant and a meeting room; and (4) a laundry room that serves the Resort properties. See SCH USA St. 1 at 2.

customer or EDU¹¹ charges, plus usage charges, unmetered flat rates, and structures with minimum usage allowances. *February 2025 Order* at 144.

As further background, we explained that Aqua became the wastewater service provider for the Resort, as a result of Aqua's Commission-approved acquisition of Kidder Township's wastewater assets in 2012.¹² Aqua St. 10-R at 2. SCH USA is located in Rate Zone 4¹³ of the Company's current wastewater tariff, Tariff Sewer No. 4,

¹¹ The Company's prior wastewater tariff defined an EDU, as follows:

Equivalent Dwelling Unit or "EDU": The EDU is a measure based upon the estimated average daily wastewater flow for the type of business, as calculated by the Pennsylvania Department of Environmental Protection [(PaDEP)] regulation at 25 Pa. Code § 73.17 divided by the typical estimated average daily wastewater flow from a current single-family unit. In the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

See Tariff Sewer No. 3-Pa. P.U.C. No. 3 (Tariff Sewer No. 3), Original Page 25, effective May 19, 2022. As a result of the instant proceeding, Aqua's Tariff Sewer No. 3 was superseded in its entirety by Aqua's current Tariff provision. See Tariff Sewer No. 4, Original Page 26, effective February 22, 2025. As discussed below, the Company proposed changes to the above definition of an EDU in this rate proceeding, which we approved in the *February 2025 Order*, and which is reflected on Original Page 26 of Tariff Sewer No. 4.

¹² See, *Application of Little Washington Wastewater Co. for approval of the acquisition by Little Washington of the wastewater system assets of the Twp. of Kidder situated in a portion of Kidder Twp., Carbon Cnty., PA and the Right of Little Washington to supply wastewater service to the public in an additional portion of Kidder Township, Carbon Cnty., PA*, Docket No. A-2012-2298067 (Order entered July 19, 2012) (*Kidder Township Order*). Little Washington Wastewater Company (LWWC) is a subsidiary of Aqua. Pursuant to a Notice of Name Change filed on November 26, 2013, the Company changed the name of LWWC to Aqua Pennsylvania Wastewater, Inc., i.e., Aqua Wastewater. See Docket No. R-2013-2395509.

¹³ See Tariff Sewer No. 4 at Original Pages 11.4.1 and 11.4.2, effective February 22, 2025.

and, since SCH USA does not currently have metered water service, it is billed a monthly flat rate for unmetered wastewater service based on predetermined EDUs, totaling 330 EDUs, as follows:

Willowbrook at Lake Harmony	128 EDUs
Galleria and the Water Park	145 EDUs
The Lodge	53 EDUs
Laundry (serves the above premises)	4 EDUs
Total EDUs Charged to SCH USA	330 EDUs

February 2025 Order at 145 (citing Aqua St. 10-R at 2, 4-5).¹⁴

Aqua previously charged SCH USA a monthly rate of \$131.00 per EDU under the prior rates (excluding the Distribution System Improvement Charge (DSIC)), and, under Settlement rates approved in this proceeding, will charge SCH USA \$144.17 per EDU. *February 2025 Order* at 145 (citing Joint Petition, Sch. 5-WW at 10).¹⁵

¹⁴ The EDUs assigned to SCH USA were determined during litigation initiated in 2007 between a prior owner of the Resort and the Township of Kidder. During the course of that proceeding, the litigants reached a settlement agreement (Kidder Settlement) on several issues, including the number of EDUs that would be used in calculating the Resorts wastewater charges. *February 2025 Order* at 145 (citing SCH USA Exh. FL-1, Release and Settlement Agreement, *Vacation Charters LTD., Split Rock Country Club, Inc., Summit Management & Utilities, Inc., v. Kidder Township*, In the Court of Common Pleas of Carbon County, Pennsylvania, Docket No. CV-07-4079 (Court of Common Pleas of Carbon County, Pa.)).

¹⁵ Aqua noted that SCH USA stopped paying the current rates it is billed for wastewater service, and such billing dispute is the subject of a separate set of dockets from the instant base rate proceeding. Aqua R.B. at 16 (citing *SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. C-2022-3036893 and C-2022-3037118). Aqua further noted that its motion to consolidate that complaint proceeding with this instant rate case was denied on August 12, 2024 by an Order issued by ALJ John Coogan, the Presiding Officer assigned to those two Formal Complaint proceedings. Aqua R.B. at 16. Aqua explained that ALJ Coogan found “the Formal Complaints include some

Regarding the positions of the parties, SCH USA claimed that its prior rate for wastewater service, and Aqua’s proposal to continue to bill SCH USA on a flat, EDU-basis, was unjust and unreasonable. SCH USA’s case comprised four issues: (1) EDU calculations as a result of the Kidder Settlement; (2) the reasonableness of a flat, EDU-based rate for SCH USA wastewater service; (3) alternatives to a flat, EDU-based rate for SCH USA wastewater service; and (4) changes to EDU tariff language. *February 2025 Order* at 149 (citing SCH USA M.B. at 4 and 13).

First, SCH USA submitted that the EDUs currently charged to it, as set by the Kidder Settlement, are not based on actual usage by the Resort and are inconsistent with Aqua’s existing wastewater tariff language and therefore, result in rates charged to SCH USA that are unjust, unreasonable, and violate Aqua’s tariff. *February 2025 Order* at 149 (citing SCH USA M.B. at 6).

Second, SCH USA alleged that the EDU-based billing by Aqua is unreasonable as applied to SCH USA because SCH USA’s usage of wastewater is substantially lower than the quantity of service actually provided and being billed by Aqua. Therefore, SCH USA claimed that its current flat rate billing significantly overestimates actual usage resulting in rates that violate the Code. Furthermore, SCH USA explained that the Commission has consistently preferred volumetric billing based on actual, measured usage over flat rate billing. *February 2025 Order* at 149 (citing SCH USA M.B. at 8-9).

common issues of fact and law with the issues raised in Aqua Wastewater’s pending base rate proceeding” but that “the issues raised by SCH’s Formal Complaints also implicate matters related to individual account and billing issues that may not be adequately addressed in a base rate proceeding.” R.D. at 155 (citing *SCH USA, LLC v. Aqua Pennsylvania Wastewater, Inc.*, Docket No. C-2022-3036893, Order Denying Motion to Consolidate and Motion to Stay (Order Issued August 12, 2024)).

Third, SCH USA contended that it presented Aqua with several reasonable means for Aqua to measure SCH USA's actual flows so that SCH USA could be billed based on volumetric billing, as opposed to flat rate billing, including: (1) measuring actual water consumption and billing for wastewater service based on metered water consumption; (2) measuring actual wastewater discharges to Aqua's system; (3) adjusting the EDUs used for billing purposes in compliance with Aqua's wastewater tariff which better reflects actual usage and occupancy at the property; or (4) assigning a different proxy that more accurately reflects actual usage and occupancy. *February 2025 Order* at 149-50 (citing SCH USA M.B. at 3).

Fourth, SCH USA objected to Aqua's proposal to change the definition of EDU in its wastewater tariff. *February 2025 Order* at 149-50 (citing SCH USA M.B. at 13).

In summarizing Aqua's position, we noted the Company's proposal to revise the definition of EDU, as follows:

Equivalent Dwelling Unit or "EDU": Except for existing Customers acquired by the Company through a purchase or acquisition and for billing purposes only, the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit. Residential Customers are designated as one (1) EDU; however, in the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

For existing customers without a predetermined EDU allocation, the EDU is a measure based upon the estimated average daily wastewater flow for the type of business based on water usage, divided by the typical estimated average daily wastewater flow from a current single-family unit. For other existing customers acquired by the Company through a

purchase or acquisition, the number of equivalent dwelling units is available at <https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>.

Any Customer who modifies their properties in a manner that impacts the EDU calculation, including in areas previously acquired by the Company, will be subject to the EDU definition described above. The Company will consider a Customer's request for a change in the number of assigned EDUs upon presentation of substantial evidence, satisfactory to the Company in its sole discretion. The Customer shall bear the burden of proof for all such requests.

February 2025 Order at 147-48 (citing, now current, Tariff Sewer No. 4, Original Page 26, effective February 22, 2025).

Aqua argued that this language clarifies the Company's definition of an EDU and provides a method for customers to request a change to its billing EDUs if the nature of its property has changed. Aqua pointed out that SCH USA could request a change to its billing EDUs if such changes in circumstances or the nature of its property have occurred since its EDUs were assigned to it. According to Aqua, SCH USA did not demonstrate that there has been a change in circumstances that warrants an adjustment to its EDUs in that the SCH USA property was a resort when the EDUs were set, and is still a resort today. *February 2025 Order* at 147-48 (citing Aqua M.B. at 19-20, 30).

Regarding the reasonableness of the use of a flat, EDU-based rate for the unmetered wastewater service being provided to SCH USA, Aqua pointed out that, because SCH USA obtains water from their privately-owned wells, Aqua does not know the water usage of SCH USA. When a wastewater utility cannot bill wastewater service based on water usage, as is the case here, the Company argued that it is appropriate and common practice across the wastewater industry to bill a flat rate based upon an assigned number of EDUs. Aqua's witness, Mr. Todd Duerr, further explained that the use of an EDU from a system design and rate perspective is reasonable because the Company must

consider the “sewer capacity needed to treat wastewater from the customer/premises at all times.” *February 2025 Order* at 146 (citing Aqua St. 11-R at 3-4).

Therefore, Aqua argued that, contrary to SCH USA’s claims, the number of EDUs being charged to SCH USA is appropriate, and more specifically, that it is appropriate to utilize the number of EDUs from the Kidder Settlement for SCH USA’s billing. Aqua noted that SCH USA’s predecessor and Kidder Township voluntarily agreed on these values; and Aqua has merely continued to apply those historically agreed upon values. Moreover, Aqua emphasized that the Company is billing SCH USA pursuant to its Commission-approved tariff. *February 2025 Order* at 146-47 (citing Aqua M.B. at 21-22, 26).

Aqua submitted that once Aqua acquired the Kidder Township assets, the assigned EDUs from Kidder Township’s billing system were transferred to Aqua for billing purposes. The assets of the acquired system were placed into Aqua’s rate base in the proceeding in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2018-3003558 and R-2018-3003561, *et al.* (Order entered May 9, 2019) (*Aqua 2018 Rate Case*). According to Aqua, the number of EDUs billed to SCH USA were reviewed and included in the revenue requirements, as set forth in the respective Commission Orders in the *Aqua 2018 Rate Case* and in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2021-3027385 and R-2021-3027386, *et al.* (Order entered May 16, 2022) (*Aqua 2021 Rate Case*). *February 2025 Order* at 147 (citing Aqua M.B. at 19; Aqua R.B. at 16).

In our summary of the Recommended Decision, we explained that the ALJs addressed each of SCH USA’s four arguments, in turn. *February 2025 Order* at 150-51.

First, the ALJs determined that the issue of the applicability of the Kidder Settlement – as to the EDU calculation for the Resort that Aqua relies upon – was irrelevant. The ALJs explained that since the Commission approved the flat, EDU-based rate applicable to SCH USA in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*, Aqua is billing SCH USA based on its Commission-approved tariff, and not the Kidder Settlement. *February 2025 Order* at 150 (citing R.D. at 166-67).

Next, the ALJs considered the reasonableness of Aqua’s use of a flat, EDU-based rate for the unmetered wastewater service provided to SCH USA. The ALJs acknowledged the Commission’s preference for volumetric billing over flat-rate billing but explained that the facilities at the Resort are not individually metered. When metered information is unavailable, the ALJs stated, it is standard industry practice to use a flat rate on a system-wide average per month plus a customer charge. The ALJs ultimately determined that due to the standard industry practice and the fact that the Commission approved Aqua’s flat rate methodology in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*, they cannot find that the flat rate charged to SCH USA for wastewater service is unreasonable in the current proceeding. *February 2025 Order* at 150-51 (citing R.D. at 167).

The ALJs next discussed SCH USA’s four proposed alternatives to flat EDU-based billing for its wastewater service, outlined *supra*. The ALJs recommended that the Commission reject SCH USA’s first alternative, to install meters to the Resort wells, finding that it would be a great undertaking by Aqua to install the meters and that the costs associated would ultimately be borne by Aqua wastewater customers. Next, the ALJs determined that SCH USA’s second proposal of utilizing ultrasonic flowmeters and electromagnetic flowmeters was not feasible. *February 2025 Order* at 151 (citing R.D. at 168).

The ALJs then focused on SCH USA's third and fourth proposed alternatives where SCH USA proposed that Aqua adjust the EDUs used for billing purposes in compliance with its wastewater tariff, or that it assign a different proxy that more accurately reflects actual usage and occupancy. The ALJs stated that SCH USA is being billed the same as other commercial customers in Rate Zone 4, and if Aqua were to deviate from its tariff, it would result in Aqua charging rates that violate Section 1304 of the Code, 66 Pa.C.S. § 1304. The ALJs concluded by opining that SCH USA did not meet its burden of proving that any of the four alternatives it presented are, in fact, feasible. *February 2025 Order* at 151 (citing R.D. at 168-69).

Finally, the ALJs turned to Aqua's revision to the definition of EDU in its proposed wastewater tariff. The ALJs agreed with Aqua that the clarifying definition of EDU provides a method for customers to request a change to its billing EDUs if the nature of its property has changed. The ALJs determined that SCH USA failed to meet its burden of proof to show that Aqua's flat EDU-based billing method as it applies to SCH USA was unjust or unreasonable. Therefore, the ALJs recommended that the Commission approve Aqua's proposed change to the definition of an EDU. *February 2025 Order* at 151 (citing R.D. at 169).

SCH USA filed four Exceptions to the Recommended Decision arguing that the ALJs incorrectly denied SCH USA's claims to be billed based on metered usage. Specifically, the Exceptions of SCH USA asserted that the ALJs erred in finding the following: (1) that Aqua is billing SCH USA based on Aqua's tariff; (2) that billing SCH USA using a flat, EDU-based rates is reasonable; (3) that alternative billing methods proposed by SCH USA are not feasible; and (4) that Aqua's proposed change to the definition of EDU in its wastewater tariff is reasonable. SCH USA Exc. at 3-11. In its Reply Exceptions, Aqua argued that the ALJs' determinations as to each of these

issues were correct and that the SCH USA Exceptions should be denied. Aqua R. Exc. at 1-9.¹⁶

Upon review, we found no basis to reverse or modify the ALJs' recommendation and denied all of SCH USA's Exceptions. *See February 2025 Order* at 159-67.

In summary, we made the following determinations. First, regarding Aqua's acquisition of the Kidder Township system in 2012, we explained that the number of EDUs that were transferred to Aqua from Kidder Township for billing purposes were taken from the Kidder Settlement, which was entered into between the Kidder Township and SCH USA's predecessor. We reasoned that the Kidder Settlement was appropriate to utilize for the number of the EDUs associated with the Resort, as Kidder Township had been charging the Resort this exact number of EDUs prior to the Company's ownership of the Kidder Township wastewater system. *February 2025 Order* at 160.

There, we acknowledged that it is commonplace with any acquisition for the number of EDUs, or billing determinants, associated with a customer to remain consistent with what the system's previous owner had been charging. We stated that the Commission approved Aqua's acquisition of the Kidder Township wastewater system in 2012 pursuant to the *Kidder Township Order*, and the Compliance Tariff that was filed as part of that proceeding explicitly lists out the number of EDUs associated with the Resort. *February 2025 Order* at 160.

Next, we found that since the Company's acquisition of the Kidder Township wastewater assets, the Commission has reviewed the EDUs billed to

¹⁶ For a full summary of the arguments contained in SCH USA's Exceptions and in Aqua's Reply Exceptions see pages 152-59 of the *February 2025 Order*.

SCH USA's accounts as part of Aqua's previous two base rate proceedings in 2018 and 2021, which were included in the revenue requirements, as set forth in the respective Commission Orders in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. We reasoned that the Commission approved the quantity of EDUs established for the Resort through the Compliance Tariffs filed in the referenced dockets and those billing determinants were found by the Commission to be just and reasonable. *February 2025 Order* at 160.

Additionally, we stated that SCH USA is requesting different billing than what has been authorized by the Commission when the Company acquired the system, and more recently in the *Aqua 2021 Rate Case*. However, SCH USA is operating the same type of business that has always been at this location – *i.e.*, a combination of hotels, restaurants, *etc.* Reasoning that there has been no significant change in the nature of the original wastewater usage at the location, we concluded that no change to the assigned EDUs would be warranted. *February 2025 Order* at 160-61.

In the *February 2025 Order*, we further reasoned that, absent actual use data for the Resort, the practice of using a surrogate to actual measures (*i.e.*, the EDU) is a reasonable practice. Here, we found that SCH USA offered no evidence to tie actual use to the costs Aqua incurs to provide wastewater service, nor any evidence regarding its actual occupancy rate. *February 2025 Order* at 163.

Regarding the four alternatives proposed by SCH USA, we also determined that SCH USA failed to meet its burden to prove that any option is actually viable as it pertains to the Resort or that they can be reasonably implemented. For example, we explained that SCH USA's proposal to measure the wastewater usage for the Resort using ultrasonic flowmeters and electromagnetic flowmeters is unsupported. *February 2025 Order* at 163-64. Moreover, we determined that SCH USA's proposed alternatives of either adjusting the EDUs of SCH USA used for billing purposes to better

reflect actual usage and occupancy or assigning some other proxy that more accurately reflects actual usage and occupancy would result in rates that violate Section 1303 of the Code, 66 Pa.C.S. § 1303. *February 2025 Order* at 166.¹⁷

As a final matter, we denied the Exception of SCH USA that objected to Aqua’s proposed change to the definition of EDU in its wastewater tariff. On review, we found that SCH USA’s argument, that the language change is Aqua’s attempt to provide a basis for continuing to unreasonably bill SCH USA based on the Kidder Settlement, is unfounded. Although we acknowledged that Aqua adopted the EDU calculation within the Kidder Settlement to begin service to SCH USA, we stated that this EDU calculation was ultimately approved by the Commission in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. Additionally, we noted that Aqua’s proposed tariff language provides customers with more information and allows customers to challenge its billing EDUs if the nature of its property has changed since its initial assignment of EDUs. Accordingly, we found Aqua’s modification to the EDU definition to be reasonable as it provides customers with a process to seek recalculation of its EDUs from the Company, a process not offered previously. Thus, we approved Aqua’s revised definition of an EDU. *February 2025 Order* at 167.

¹⁷ We explained that Section 1303 states, in pertinent part, as follows: “No public utility shall, directly or indirectly by any device or in anywise, demand or receive from any ... corporation ... a greater or less rate for any service rendered or to be rendered by such public utility than that specified in the tariffs” *February 2025 Order* at 166 (citing 66 Pa.C.S. § 1303).

C. Aqua Petition, Answers and Disposition

1. Aqua Petition and Answers

Aqua's Petition is limited to the Commission's denial of the Company's alternate request pertaining to the authorization to increase rates if the Supreme Court reverses the Commonwealth Court's decision in *Cicero*. Specifically, the Company argues that the Commission should reconsider whether Aqua should be authorized to increase rates related to the Township's operations, as provided for in Paragraph 95 of the Settlement and related Appendix G-1, if the Supreme Court reverses *Cicero*. Aqua Petition at 10.¹⁸

¹⁸ Paragraph 95 of the Settlement stated, as follows:

95. If the Commission authorizes Aqua PA to include the East Whiteland system in its ratemaking rate base and permits the establishment of new rates in this proceeding:

- a) The parties agree that Aqua PA will be permitted to collect an additional \$6.4 million in revenue from East Whiteland customers.
- b) This amount is not included in the overall revenue requirement established in Paragraph 40.
- c) The revenue increase established for East Whiteland customers will not be subject to a shift under Act 11, and East Whiteland's revenue increase is excluded from the wastewater operations portion of the Act 11 shift identified in Paragraph 2.

Joint Petition at 23. Appendix G-1 provides the tariff pages for the East Whiteland system based on the inclusion of the system in the Company's ratemaking rate base. *Id.* at Appendix G-1.

As a preliminary matter, Aqua submits that both the ALJ, in the Recommended Decision, and Commission, in the *February 2025 Order*, acknowledged that this case presents new and novel issues. According to the Company, one issue which has not been clearly addressed is the effective date of the East Whiteland settlement rates if the Supreme Court supports the Commission's *East Whiteland Order* and reverses the Commonwealth Court's *Cicero* decision. Aqua argues that this issue clearly satisfies the Commission's standards for reconsideration under *Duick, supra*. Aqua Petition at 9.

Regarding the substance of its arguments, Aqua contends that the Commission acknowledges the possibility that the Supreme Court could affirm the *East Whiteland Order* but overlooks what impact this would have on the Company. Aqua also asserts that the Commission failed to consider whether there were other proposals advanced that would balance the concerns of all stakeholders and the Commission. Aqua Petition at 11.

The Company further submits that until it is permitted to increase rates to East Whiteland customers, Aqua will have been prevented from having an opportunity to recover an adequate return on the investment that this Commission approved in the *East Whiteland Order* and further capital expenditures in the system that have occurred since closing. Moreover, Aqua proffers that absent confirmation that it may immediately implement the East Whiteland rates if the Supreme Court reverses *Cicero*, it may suffer financial harm. In this regard, Aqua asserts that it is not aware of any process by which it can recoup the return and depreciation incurred with respect to those assets, and the increased expenses incurred to provide service to East Whiteland customers, between the time of increased rates in this case and the next base rate case. Aqua Petition at 11.

To address this concern, Aqua states that it proposed in its Exceptions that the revenue increase provided in Paragraph 95 and Appendix G-1 in the Settlement be

authorized to become effective if the Supreme Court reverses *Cicero* and affirms the *East Whiteland Order*. Aqua Petition at 11 (citing Aqua Exc. at 11-12).

Aqua objects to the Commission's denial of this request on the basis that it would not be possible to craft a specific remedy because it would require speculation as to the Supreme Court's action. According to Aqua, the *February 2025 Order* did not consider the fact that the Commission can appropriately condition the increase in rates contemplated by the Settlement if the Supreme Court reverses and vacates *Cicero* and affirms the *East Whiteland Order*. The Company suggests the following language that, it avers, would satisfy the Commission's concerns:

We find and conclude that, if the Supreme Court of Pennsylvania (1) reverses and vacates *Cicero*, (2) affirms the *East Whiteland Order*, and (3) does not remand the matter back to the Commission for further proceedings, Aqua PA is hereby authorized to file a tariff supplement implementing rates consistent with Appendix G-1 and Paragraph 95 of the Settlement to become effective on one days' [sic] notice.

Aqua Petition at 11-12.

Aqua argues that this suggested language requires no speculation and sets forth appropriate conditional language which would implement specific provisions in the Settlement. The Company adds that this language would: (1) maintain the status quo by giving effect to an agreed-upon provision of the Settlement that was approved by the Commission; (2) resolve concerns about increasing the rates for the Township customers at this time while the *Cicero* decision is pending; (3) resolve concerns regarding the determination and issuance of refunds if the *Cicero* decision is affirmed; and (4) balance the risks to Aqua and the Township for actions authorized by the Commission, which may ultimately be affirmed by the Supreme Court. Aqua Petition at 12.

Regarding the Commission's rationale that Aqua can increase its rates in a future base rate proceeding if the Supreme Court reverses *Cicero* and affirms the *East Whiteland Order*, the Company argues such an approach would result in a substantially larger, single rate increase for East Whiteland customers in that later base rate proceeding. In contrast, Aqua submits that its alternative proposal would more gradually implement rate increases for East Whiteland customers. Additionally, Aqua asserts that awaiting a later rate case would deprive the Company of its right to increase rates to recover investments and to earn a return immediately, if the Supreme Court affirms the *East Whiteland Order*. Aqua Petition at 13.

In its Answer to the Petition, I&E requests that we deny the Aqua Petition, arguing that Aqua raised no new or novel arguments and did not present any considerations which were overlooked or not addressed previously. Rather, I&E submits that the Company's Petition is merely a recitation of prior positions, which were dismissed by the Commission as unpersuasive. I&E Answer to Aqua Petition at 13.

Regarding Aqua's contention that the Commission failed to address the effective date of rates if the Supreme Court reverses the Commonwealth Court's *Cicero* decision, I&E asserts that the Commission addressed this by requiring the maintenance of the status quo. According to I&E, this determination effectively acknowledged that if, by the Company's next base rate case, *Cicero* has been decided in Aqua's favor, Aqua will then be able to potentially increase these customer rates. I&E Answer to Aqua Petition at 7.

I&E argues that, even assuming the Commission did not ultimately address when Aqua could presumably increase these customers rates, Aqua's first opportunity to impose a rate increase on these customers will not be until it is clear that Aqua holds a valid CPC to own and operate the East Whiteland system. I&E states that the rationale as

to this principle is that the public interest would not allow a public utility to increase rates for customers on a system it does not clearly own. I&E Answer to Aqua Petition at 8.

Additionally, I&E objects to Aqua's contention that the Commission overlooked the impact of its ruling. Instead, I&E explains that the Commission addressed Aqua's fairness arguments in finding that the Company was in the best position to assess its risk in closing on the transaction and that it would be unfair to East Whiteland customers to bear the risk of the Company's decision while the *East Whiteland Order* remained subject to appeal. I&E Answer to Aqua Petition at 9 (citing *February 2025 Order* at 141). Further, I&E submits that the Commission appropriately addressed Aqua's arguments about the option of refunds pending the ultimate disposition of *Cicero* by the Supreme Court. *Id.*

Regarding Aqua's alternative request and suggested clarifying language, I&E asserts that the Commission specifically disagreed with this proposal and found it unpersuasive. According to I&E, there is nothing new or novel, nor is there any argument presented by Aqua which the Commission has not already heard and addressed. I&E Answer to Aqua Petition at 10-11.

Referencing the Settlement, I&E notes the following operative language from Paragraph 95: "[i]f the Commission authorizes Aqua PA to include the East Whiteland system in its ratemaking rate base and permits the establishment of new rates *in this proceeding...*" I&E Answer to Aqua Petition at 11 (emphasis in the original). I&E contends that the Commission has affirmatively answered the question of whether rates for East Whiteland customers can be increased by means of this proceeding and concluded that it is not possible to increase rates at this time. I&E Answer to Aqua Petition at 11.

Addressing Aqua's argument that its alternate proposal would prevent a substantially larger, single rate increase for East Whiteland customers in the next base rate proceeding, I&E proffers that Aqua is not required to seek a substantially larger, single rate increase for these customers. Rather, I&E submits that Aqua is in control of the amount and frequency of its rate requests. Moreover, I&E argues that the concept of gradualism is often used to mitigate rate increases and that the concept should apply equally to Aqua's future rate increases. I&E Answer to Aqua Petition at 12.

In its Answer to the Petition, the OCA argues that Aqua's requested relief is legally deficient because the Company failed to also request the necessary precedent relief in its Petition. Additionally, the OCA asserts that although Aqua submitted a proposal in its Petition with crafted language to address the Commission's reasoning set forth in the *February 2025 Order*, Aqua did not raise an issue in its Petition which was new or novel, not previously heard, or a consideration which was overlooked or not addressed by the Commission. Rather, the OCA submits that Aqua raised a question which was specifically considered and decided against it in the Commission's ruling on Aqua's Exceptions. Thus, the OCA contends that, pursuant to *Duick*, Aqua's Petition should be denied. OCA Answer to Aqua Petition at 3.

In support, the OCA presents three arguments. First, the OCA asserts that Aqua's Petition is legally deficient for failure to request whole and complete relief and must be denied. Specifically, the OCA explains that Aqua did not request that the Commission rescind or modify the *February 2025 Order* to find that the rates specified in Paragraph 95 of the Settlement for East Whiteland customers are just and reasonable. OCA Answer to Aqua Petition at 3. Here, the OCA cites to the Commission's findings that Aqua failed to carry its burden of proof that the wastewater assets acquired from East Whiteland can be projected to be included in its ratemaking rate base by the end of the FPFTY. OCA Answer to Aqua Petition at 3-4 (citing, in part, *February 2025 Order* at 142 and 66 Pa.C.S. §§ 315(a), 315(c), and 1301).

In addition, the OCA contends that the Commission did not explicitly or impliedly determine that the amount of the rate increase established in Paragraph 95 – \$6.4 million – would result in just and reasonable rates if a rate increase to East Whiteland customers were to go into effect if certain conditions are met in the Supreme Court’s decision. The OCA submits that the Commission did not reach a determination of the appropriate amount of an increase because it determined that any increase would be unjust and unreasonable based on the record in this case. According to the OCA, the issuance of such a determination based on certain conditions being met by the Supreme Court would be akin to issuing an advisory opinion because the determination of the appropriate amount of the proposed rate increase was rendered moot by the Commission determination. OCA Answer to Aqua Petition at 4-5.

The OCA argues that the Commission has consistently refrained from issuing advisory opinions on future ratemaking issues because they are best left for resolution in future requests for rate relief. OCA Answer at 4-5 (citing *Petition of Met. Edison Co., et al., for Approval of Smart Meter Technology Procurement and Installation Plan*, Docket Co. M-2009-2123950 (Opinion and Order entered August 3, 2010) (*Petition of Met-Ed*) at 5 (modifying a Commission order to remove an advisory opinion which touched on future ratemaking issues)). Accordingly, the OCA contends that the appropriate amount of a rate increase to East Whiteland customers should be considered in the first rate case in which the Company can meet its burden of proof as to the justness and reasonableness of any increase. OCA Answer to Aqua Petition at 5.

In its second argument, the OCA asserts that the Commission already addressed the issue raised in Aqua’s Petition when it determined that a rate increase for East Whiteland customers is not just and reasonable. Thus, the OCA submits that Aqua has failed to raise any new or novel argument or to identify any issue which the Commission did not address. The OCA explains that the Commission has previously

denied petitions for reconsideration in similar situations where the Commission has expressly considered an issue. Specifically, the OCA proffers that when evaluating petitions for reconsideration, if a party has raised an issue in its exceptions and the Commission then addresses the issue in its order, reconsideration on the same issue is properly denied. OCA Answer to Aqua Petition at 6-7 (citing *Com. of Pa., et al. v. Blue Pilot Energy, LLC*, Docket No. C-2014-2427655 (Opinion and Order entered July 11, 2019)).

In particular, the OCA argues that the Commission already considered Aqua's previous positions raised in its Exceptions and expressly denied the Company's positions. The OCA notes Aqua's admission that the Commission addressed its request for relief and objects to the Company's characterization that the Commission only considered the request "in passing." OCA Answer at 8. Here, the OCA contends that Aqua's allegation that the Commission gave only superficial consideration to the request is meritless, citing to the Commission's order specifying that it is not required to consider expressly or at length each argument raised by the parties. OCA Answer to Aqua Petition at 8 (citing *February 2025 Order* at 15 (internal citations omitted)).

Next, the OCA counters that Aqua's proposed language remains subject to a variety of possible outcomes by the Supreme Court, which the Commission previously addressed in the *February 2025 Order*. For example, the OCA submits that although the Supreme Court could issue an order which meets the conditions described by Aqua in the Petition, it may dispose of the *Cicero* case in any number of permutations of the relief available to the Court, which may not entitle Aqua to the rate relief requested. Additionally, the OCA notes that the Supreme Court may also reach a determination in the *Cicero* proceeding after the time Aqua files its next Section 1308(d) request for rate relief, creating further concerns about the enforceability of the ordering paragraph Aqua proposes. OCA Answer to Aqua Petition at 9-10.

Moreover, the OCA argues that the Commission already addressed Aqua's argument in its Petition that until it is permitted to increase rates for East Whiteland customers, it will be prevented from having an opportunity to recover a return on its investment. Here, the OCA cites to the language in the *February 2025 Order* explaining that Aqua was in the best position to assess and assume its risk and that it would be unjust and unreasonable to permit the Company to shift that risk to the consumers. OCA Answer to Aqua Petition at 10-11 (citing *February 2025 Order* at 141).

The OCA adds that Aqua anticipates filing its next request for a general rate increase in or around March 2026. OCA Answer to Aqua Petition at 11 (citing Aqua St. 3-R at 13). According to the OCA, this means that there will be little to no lag between the FPFTY in this proceeding, ending December 31, 2025, and the historic test year which will be used in the following rate proceeding. OCA Answer to Aqua Petition at 11 (citing OCA St. 1SR at 12-13). The OCA asserts that between rate cases, Aqua will collect revenue in excess of its actual expenses and the return on used and useful plant in service at the time of the Commission's order in this proceeding through the use of its FPFTY and the DSIC. Thus, the OCA proffers that, although denying the Aqua Petition will prevent the Company from raising rates on one days' notice to East Whiteland consumers before Aqua's next rate case, Aqua will maintain the opportunity to earn sufficient revenue through the use of frequent rate case filings and the DSIC in order to provide its customers with adequate service. OCA Answer to Aqua Petition at 11 (citing OCA St. 1 at 21-29).

The OCA further addresses Aqua's contention that granting the relief in its Petition will maintain the status quo. Here, the OCA argues that the Commission considered and rejected Aqua's arguments regarding fairness and maintenance of the status quo. OCA Answer to Aqua Petition at 12 (citing *February 2025 Order* at 139-42).

In its third argument, the OCA contends that Aqua's rate gradualism argument is improper and incorrect. As an initial matter, the OCA asserts that Aqua did not raise this issue in its briefs or Exceptions and should not be permitted to argue them for the first time in its Petition. OCA Answer to Aqua Petition at 13-14 (citing *Edwards v. Duquesne Light Company*, Docket No. C-2018-3002741 (Opinion and Order entered January 8, 2025) at 14-15 (*Edwards*)). The OCA explains that in *Edwards*, the Commission determined that the complainant should have raised issues prior to the close of the record or at hearing, as the complainant was able to do so. Thus, the OCA continues, even when a new issue is presented, the Commission is bound under *Duick* to consider if the arguments should have been raised during the course of the case for purposes of granting reconsideration. *Id.*

The OCA further argues that even if the Commission were to consider this issue as new or novel, it should be rejected. According to the OCA, Aqua is in control of the proposed increases to rates; as such, the OCA proffers that if the Company is concerned about rate shock, it should propose lower rates in its next proceeding for East Whiteland customers, should it have legal authority to do so. Moreover, the OCA submits that Aqua is simply repackaging its fundamental fairness arguments which the Commission previously addressed and rejected. OCA Answer to Aqua Petition at 14.

In its letter, CAUSE-PA also opposes the requests set forth in the Aqua Petition and raises substantially similar arguments to those of I&E and the OCA in their respective Answers to Aqua's Petition. CAUSE-PA Letter at 3-4.¹⁹

¹⁹ CAUSE-PA argues, in part, that Aqua merely reiterates the same arguments it has maintained throughout the entire proceeding, *i.e.*, that it would be harmed if *Cicero* were to be reversed and the Company were not authorized to immediately increase rates for the East Whiteland customers. Even if the Commission were to reconsider these arguments, CAUSE-PA asserts that Aqua's Petition should be denied on the basis that the conditional order requested by the Company requires speculation as previously determined by the Commission. CAUSE-PA Letter at 3-4.

2. Disposition of Aqua Petition

In its Petition, Aqua focuses on the threshold consideration under the *Duick* standard with the following argument: “[o]ne issue not clearly addressed in this proceeding concerns the effective date of the East Whiteland settlement rates if the Supreme Court supports the Commission’s *East Whiteland Order* and reverses the Commonwealth Court’s *Cicero* decision.” Aqua Petition at 9. According to Aqua, this issue clearly satisfies the Commission’s standards for reconsideration under *Duick*. We disagree.

The question of the effective date of the East Whiteland settlement rates was addressed in our determination that Aqua failed to establish that its rate proposal for the Township customers was just and reasonable. In our ruling, we specifically held that “we agree with the ALJs that Aqua has not satisfied its burden of proof to establish that the East Whiteland rate proposal is just and reasonable as required under Section 1301 of the Code.” *February 2025 Order* at 142. We further clarified that “due to the uncertainty of when and how the Supreme Court will resolve *Cicero*, Aqua has not established by a preponderance of the evidence that the wastewater assets acquired from East Whiteland can be projected to be included in its ratemaking rate base by the end of the FPFTY.” *Id.* (citing 66 Pa.C.S. § 315(c)). Inherent in this determination is the denial of Aqua’s request to collect an additional \$6.4 million in revenue from the East Whiteland customers because of the Company’s failure to establish in the context of this proceeding that such an increase is just and reasonable.

Aqua submits that we did not clearly address when the East Whiteland rates as set forth in the Settlement could be implemented if the Supreme Court reverses *Cicero* and upholds the *East Whiteland Order*. In other words, Aqua asserts that we should reconsider the *February 2025 Order* because, therein, we did not expressly state when

the \$6.4 million revenue increase for the East Whiteland customers could be implemented, pending a ruling in favor of Aqua by the Supreme Court.²⁰

In our *February 2025 Order*, we plainly rejected Aqua’s request to include the East Whiteland Settlement rates in its rate request because of the uncertainty of when and how the Supreme Court will rule. *February 2025 Order* at 138-39. Moreover, the operative language of the Settlement states “[i]f the Commission authorizes [Aqua] to include the East Whiteland system in its ratemaking rate base and permits the establishment of new rates in this proceeding,” Aqua will be permitted to collect an additional \$6.4 million in revenue from East Whiteland customers. Settlement at 23, ¶ 95 (emphasis added). This operative conditional provision was not satisfied and, thus, no further determination pertaining to the proposed East Whiteland Settlement rates was necessary. Under the circumstances, the Commission was not required to state in dicta when the Company could theoretically impose this revenue increase based on possible future action by the Supreme Court.²¹

Furthermore, the Commission explicitly denied Aqua’s alternative request, set forth in its Exception No. 1, that the Company be permitted to immediately implement the East Whiteland Settlement rates upon a Supreme Court ruling in *Cicero* satisfying various preconditions. Even assuming, *arguendo*, that the Commission could issue such an advisory opinion, there has been no determination that the \$6.4 million revenue increase proposed in the Settlement was just and reasonable. It is axiomatic that the

²⁰ Aqua acknowledges in its Petition that the Commission asserted that the Company may seek to increase rates in a future rate base proceeding if the Supreme Court reverses *Cicero* and affirms the *East Whiteland Order*. Aqua Petition at 13 (citing *February 2025 Order* at 140-41). Thus, Aqua cannot reasonably contend that the *February 2025 Order* lacked clarity as to when the Company would be permitted to seek such a rate increase.

²¹ As noted by the OCA, the issuance of such a directive would appear to constitute an advisory opinion on future ratemaking issues, which the Commission ordinarily refrains from issuing. *Petition of Met-Ed* at 5.

Commission cannot authorize a rate increase without a specific determination that the rate is just and reasonable regardless of whether such an increase is agreed to in a settlement. 66 Pa.C.S. § 1308(c). Here, Aqua did not request a reversal or modification of the finding in the *February 2025 Order* that it failed to satisfy its burden of proof that the proposed rate increase for the East Whiteland customers was just and reasonable. Accordingly, without such a prior determination pertaining to the justness and reasonableness of the amount of the requested rates, the Commission lacks authority to permit the immediate implementation of the East Whiteland rate increase upon the actions the Company hopes will be taken by the Supreme Court.²²

In its Petition, Aqua recasts its prior arguments that the Commission fails to appreciate the harm that would occur if the Company is not permitted to immediately implement the East Whiteland rate increase upon a favorable ruling for the Company by the Supreme Court. *See* Aqua Petition at 11. However, Aqua previously raised these arguments in this proceeding – *see* Aqua M.B. at 16 and Aqua Exc. at 10 – and we have already addressed them in the *February 2025 Order*.

For example, in its Petition, Aqua argues that until it is permitted to increase rates for East Whiteland consumers, it will be prevented from having an

²² Aqua’s Petition focuses on the Commission’s denial of the Company’s alternative request and the statement that “it would not be possible to craft a specific remedy because it would require speculation on the actual language of the ultimate order” of the Supreme Court. Aqua Petition at 11 (citing *February 2025 Order* at 143). As a possible solution, Aqua suggests additional conditional language that could be incorporated in a subsequent Commission Order. Aqua Petition at 12. Again, Aqua’s request fails to acknowledge that it did not satisfy its burden of proof as to the reasonableness of its rate increase for the East Whiteland customers. Absent a reversal or modification of this finding clearly set forth in the *February 2025 Order*, such an alternative conditional ruling would not be in the public interest.

opportunity to recover a return on its investment in the East Whiteland system since closing. We previously addressed this argument, as follows:

Regarding Aqua's fairness argument, we agree with the ALJs that although Aqua was not prohibited from closing on the transaction before the expiration of the appeal period, in doing so, the Company assumed the risks of its actions. In contrast, the Company did not assume such a risk during the 2017 acquisition proceeding to acquire the wastewater assets of New Garden Township and the New Garden Township Sewer Authority (collectively, New Garden). In that proceeding, between the time the Commission issued an initial CPC to Aqua and the remand of the appeal back to the Commission following the denial of allocatur, Aqua and New Garden did not close on the transaction. Indeed, Aqua did not claim New Garden assets in a rate proceeding until its 2021 general rate increase request, which was well after the relevant appeal periods. *See, e.g., Aqua Pennsylvania, Inc. v. Pa. PUC*, Docket No. R-2021-3027386 (Initial filing letter May 12, 2022).

We further agree with the ALJs that Aqua was in the best position to assess and choose its risk. It would be unfair to require East Whiteland customers to bear the risk of the Company's decision while the *East Whiteland Order* remained subject to appeal and modification or reversal.

February 2025 Order at 141.

Our *February 2025 Order* made clear that the asserted harms are the result of the calculated determination by Aqua to close on the East Whiteland transaction before waiting for the expiration of the appeal period. Thus, we reasoned that the Company assumed the risks of its actions and find here no reason to reconsider this same argument again in Aqua's Petition.

In further support of its Petition, Aqua argues that the Commission failed to appreciate that requiring the Company to wait until the next base rate proceeding to

implement the rate increases for the East Whiteland customers will result in a substantially larger single rate increase for those customers. Aqua Petition at 13. Conversely, Aqua proffers that its alternative proposal would more gradually implement rate increases for the Township customers. *Id.*

Although Aqua's gradualism concern is arguably a new argument first raised in its Petition, we decline to exercise our discretion to reconsider the *February 2025 Order* based on this contention.²³ As argued by both I&E and the OCA, Aqua is in control of its proposed rate increases and the concept of gradualism could equally apply to Aqua's future rate requests to mitigate any increases. Thus, if Aqua has concerns about rate shock, it has the option to propose lower rates in its next rate proceeding for East Whiteland customers, should it have the legal authority to implement any such increase.

Upon consideration, we will deny Aqua's Petition on the grounds that it fails to persuade us that reconsideration is warranted or that we should exercise our discretion to modify the *February 2025 Order*.

²³ We believe this case is distinguishable from *Edwards, supra*, in which we recently held that a complainant waived an argument for failure to raise it at a hearing. *Edwards* at 15. Here, we acknowledge that Aqua first asserted the alternate proposal of an immediate implementation of rates for the East Whiteland customers within its Exceptions in response to the Recommended Decision. Thus, there was no apparent opportunity to present it within the context of the evidentiary hearing or prior to the close of the record.

D. SCH USA Petition, Answer, and Disposition

1. SCH USA Petition and Answer

In its Petition, SCH USA requests that the Commission reconsider the *February 2025 Order* regarding Aqua's current practice of billing SCH USA a flat rate for unmetered wastewater service based on EDUs. According to SCH USA, the Commission has overlooked or not considered various aspects of SCH USA's arguments, which demonstrate that the flat rate currently billed to SCH USA is based on an incorrect number of EDUs and has no relationship whatsoever to actual usage at the property. SCH USA argues that this results in overcharges for significantly more wastewater usage than Aqua is actually collecting or treating, and these inaccurate charges are unjust and unreasonable. In particular, SCH USA contends that the Commission overlooked the practical effect of continuing this unfair billing practice on SCH USA, which owns and operates a large commercial resort property. SCH USA Petition at 1-2.

In support of its Petition, SCH USA proffers four arguments. First, SCH USA argues that in the *February 2025 Order*, the Commission improperly relied on outdated and baseless EDU calculations from the Kidder Settlement, which has expired. Second, SCH USA contends that the *February 2025 Order* failed to acknowledge that Aqua's 2018 and 2021 rate cases did not expressly approve allocation of costs or EDUs specific to SCH USA. Third, SCH USA asserts that the *February 2025 Order* overlooks the fact that Aqua's current billing practice applied to SCH USA violates the Company's tariff by failing to calculate EDUs consistent with the provisions of the tariff. Fourth, SCH USA submits that the *February 2025 Order* overlooks substantial evidence of reasonable and feasible alternatives for billing based on actual usage. SCH USA Petition at 3-8.

Regarding its first argument, SCH USA contends that the *February 2025 Order* incorrectly focused on Aqua’s acquisition of the system from Kidder Township by stating that the number of EDUs that were transferred to Aqua from Kidder Township for billing purposes were taken from the Kidder Settlement. SCH USA Petition at 3 (citing *February 2025 Order* at 160). According to SCH USA, by continuing to allow Aqua to bill for the EDUs based on the Kidder Settlement, the *February 2025 Order* overlooked the fact that Aqua did not assume the provisions of the settlement related to SCH USA’s EDUs and, therefore, the EDUs were not appropriately transferred from Kidder to Aqua. SCH USA Petition at 3.

SCH USA notes that the EDUs assigned to it were determined during litigation initiated in 2007 between a prior owner of the Resort and Kidder Township. SCH USA states, during that proceeding, the litigants reached a settlement agreement on several issues, including the number of EDUs that would be used in calculating the Resort’s wastewater charges. Later, in 2012, SCH USA continues, LWWC, a subsidiary of Aqua, entered into an APA with Kidder Township to purchase the wastewater system. However, SCH USA contends that under this APA, only two paragraphs from that settlement were transferred from Kidder Township to LWWC – and those paragraphs did not include the EDUs for the Resort. SCH USA Petition at 3-4.

Specifically, SCH USA submits that pursuant to the APA: “LWWC shall not assume any rights or obligations of Seller under any contract, agreement, commitment, lease, certificate, permit or other instrument, whether oral, written, express or implied, except with respect to: (i) those agreements, contracts, permits and other instruments listed on Schedule 1.4 attached hereto....” SCH USA Petition at 4. SCH USA adds that Schedule 1.4 of the APA states, as follows:

Seller shall assign to LWWC Seller’s right to collect the payments still to be made by the Plaintiff to Kidder Township under paragraphs nine and ten of that certain Release and

Settlement Agreement entered by and between Vacation Charters LTD as Plaintiff and Kidder Township pursuant to the civil action filed in the Court of Common Pleas of Carbon County, Pennsylvania at Docket No. CV-07-4079....

Id. SCH USA states that the payments outlined in paragraphs nine and ten of the Kidder Settlement were to resolve disputed charges from the wastewater system between 2002 and 2010 and did not include EDU calculations for the Resort. According to SCH USA, LWWC did not assume the portions of the Kidder Settlement related to the Resort's EDU calculations, and Aqua likewise did not assume those EDU provisions when it later acquired the system. *Id.*

SCH USA argues that the *February 2025 Order* ignored the plain language of these agreements, which shows that the Kidder Settlement has long expired, and any terms related to EDU calculations for the Resort were not assumed by Aqua when it acquired the wastewater system. According to SCH USA, the EDU determinations outlined in the Kidder Settlement should have no bearing whatsoever on the calculation of EDUs for the Resort today, or how SCH USA's current wastewater bills should be calculated. SCH USA contends that by continuing to rely on these outdated and baseless EDU calculations, Aqua is imposing improper charges on SCH USA that are unjust and unreasonable. SCH USA Petition at 5.

In its Answer to SCH USA's first argument, Aqua argues that the Commission did not overlook whether Aqua assumed the provisions of the Kidder Settlement related to SCH USA's EDUs. Rather, Aqua submits, the Commission explained that those EDUs had been included in Aqua's tariff as a result of a number of prior proceedings. In support, Aqua references the *February 2025 Order* which provided that "the Commission approved Aqua's acquisition of the Kidder Township wastewater system in 2012 at Docket No. A-2012-2298067, and the Compliance Tariff that was filed

as part of that proceeding explicitly lists out the number of EDUs associated with the Resort.” Answer to SCH USA Petition at 5 (citing *February 2025 Order* at 160).

Aqua further references the *February 2025 Order*, stating that the Commission reviewed the EDUs billed to the accounts of SCH USA within both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. The Company asserts that the Commission explained that these EDUs were included in the revenue requirements within Aqua’s prior two rate cases, finding them to be just and reasonable, and that the Commission approved those rates through filed Compliance Tariffs. Answer to SCH USA Petition at 5-6 (citing *February 2025 Order* at 160).

The Company contends that SCH USA does not raise any new or novel arguments with respect to the EDUs its bills are based upon pursuant to Aqua’s Commission-approved wastewater tariff. Rather, Aqua proffers, SCH USA’s argument is an attempt to rehash an issue that was first disposed of in 2012—when the EDUs charged to SCH USA were approved as a part of the Commission’s approval of Aqua’s Compliance Tariff in Docket No. A-2012-2298067—and affirmed twice over by the Commission’s approval of the Compliance Tariffs filed pursuant to the *2018 Rate Case* and the *2021 Rate Case*. Answer to SCH USA Petition at 6.

In its second argument, SCH USA contends that the *February 2025 Order* overlooks the fact that neither the 2018 nor the 2021 Aqua rate cases specifically approved an allocation of costs or number of EDUs applicable to SCH USA. Here, SCH USA argues that Aqua and the Commission in the *February 2025 Order* generically cite to the prior rate proceedings but do not cite to any specific reference where the Commission has approved the number of EDUs that must be billed to SCH USA. Additionally, SCH USA notes that Aqua’s current tariff does not include any mention of EDUs specific to SCH USA. SCH USA Petition at 5.

SCH USA argues that the *February 2025 Order* ignores that there was no specific discussion of SCH USA's EDUs or costs in previous cases. According to SCH USA, the simple approval of Aqua's prior rate cases provides no basis for the continuation of an unjust and unreasonable billing practice against SCH USA. SCH USA Petition at 5-6.

In its Answer to the second argument, Aqua submits that the assertion of SCH USA is neither new nor novel. The Company contends that this assertion was raised in SCH USA's briefs and that the ALJ recommended that such arguments be rejected; and it was raised in SCH USA's Exceptions and denied by the *February 2025 Order*. Answer to SCH Petition at 7 (citing SCH USA M.B. at 10; SCH R.B. at 4; R.D. at 166-67; and *February 2025 Order* at 160).

Additionally, Aqua asserts that SCH USA's claim fails to acknowledge that the EDUs applicable to SCH USA were approved as part of Aqua's Compliance Tariff at Docket No. A-2012-2298067. The Company further states that those same EDUs were also approved as a part of Aqua's Compliance Tariffs in the *2018 Rate Case* and *2021 Rate Case*. Answer to SCH Petition at 7.

Regarding its third argument, SCH USA asserts that the *February 2025 Order* does not acknowledge that Aqua's current billing practice violates the clear terms of Aqua's tariff by failing to calculate EDUs in the manner described in and consistent with the tariff. In support, SCH USA references the Company's superseded Tariff Sewer No. 3, which required that EDUs be determined based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17, divided by the typical estimated average daily wastewater flow from a current single-family unit. SCH USA Petition at 6 (citing superseded Tariff Sewer No. 3, Original Page 25).

SCH USA argues that its expert testified that billing based on EDUs originally determined in the inapplicable Kidder Settlement does not comport with the calculation of method outlined in the tariff. SCH USA Petition at 6 (citing SCH USA R.B. at 3-4). Additionally, SCH USA asserts that in the *February 2025 Order*, the Commission overlooked the significant difference between the EDUs under the expired Kidder Settlement as compared with the EDUs that would be charged to SCH USA if the tariff provision was applied as written. SCH USA Petition at 6.

In its Answer to the third argument, Aqua contends that SCH USA is reasserting an argument that is neither new nor novel. The Company proffers that SCH USA raised the same argument in its briefs. Answer to SCH USA Petition at 8 (citing SCH USA M.B. at 8; SCH USA R.B. at 3-4). Additionally, Aqua asserts that when SCH USA raised the same issue in its Exceptions, the Commission found no basis to reverse the ALJs' recommendation and denied the Exceptions. Answer to SCH USA Petition at 8 (citing *February 2025 Order* at 167).

Aqua adds that SCH USA's third argument rests upon SCH USA's assertion that the EDUs assigned to it by the Kidder Settlement should not apply. However, the Company argues, SCH USA ignores the fact that its rate has been approved previously by the Commission. According to Aqua, both the ALJs and the Commission already reviewed and disposed of these arguments. Answer to SCH USA Petition at 8 (citing Aqua R.B. at 17; Aqua R. Exc. at 3).

In its fourth argument, SCH USA contends that the Commission overlooked substantial evidence presented by SCH USA's witness, Mr. Ronald Carrier, showing feasible and cost-effective methods that would allow SCH USA to be billed for actual usage. Noting that it is undisputed that Aqua is already using water meters to measure consumption in private wells and in other parts of its system, SCH USA asserts that it is feasible for the Company to bill SCH USA for metered usage. According to

SCH USA, the Commission, in the *February 2025 Order*, overlooked the fact that Aqua has not asserted any real reason why metered service cannot be applied to SCH USA. SCH USA Petition at 7.

SCH USA reiterates its claim that the Commission did not acknowledge the record evidence in this proceeding showing that SCH USA's actual water consumption could be metered and Aqua could use water consumption as a proxy for wastewater usage for billing purposes. SCH states that by utilizing water meters Aqua could determine a more accurate and more reasonable quantity of wastewater being discharged to the Company's system. Although SCH USA acknowledges that this approach is still a method of estimating wastewater usage because not all water going through the meters ends up in the sewer system, SCH USA argues it is a significant improvement over estimating EDUs and would provide a more accurate wastewater bill than the current flat rate bill SCH USA receives. SCH USA Petition at 7-8.

SCH USA submits that, considering the availability of reasonable metering methods, the Commission should direct Aqua to implement one of these options. SCH USA also requests that Aqua be required to provide such billing options in its tariff to allow currently unmetered customers such as SCH USA to be billed for actual usage. SCH USA Petition at 8.

Aqua responds to the fourth argument by asserting that in the *February 2025 Order*, the Commission reviewed the SCH USA arguments and evidence regarding the alternatives to flat-rate billing. The Company contends that the Commission ruled that SCH USA failed to satisfy its burden to prove that any option is viable as it pertains to the Resort. Answer to SCH USA Petition at 9 (citing *February 2025 Order* at 155-57, 163).

Aqua adds that the arguments of SCH USA disregard the fact that the Company fully explained why each specific alternative offered by SCH USA could not be applied to its system. According to Aqua, the Commission then reviewed each of the alternatives offered, and fully explained why SCH USA failed to carry its burden. Answer at 9 (citing *February 2025 Order* at 163-67).

Additionally, Aqua argues that contrary to SCH USA's claims, the Commission did not overlook any evidence. Rather, the Company asserts that the *February 2025 Order* found SCH USA's evidence fell short because it disregarded the specific makeup of the SCH USA system and effectively sought a special rate from Aqua that is not provided for in its tariff. Answer to SCH USA Petition at 9 (citing *February 2025 Order* at 166).

2. Disposition of SCH USA Petition

Upon review, we find that the Petition of SCH USA does not raise any new or novel arguments, or considerations that were not addressed by the Commission in the *February 2025 Order*.

Regarding its first argument, that the *February 2025 Order* improperly relied on outdated and baseless EDU calculations from the Kidder Settlement which has expired, SCH USA previously raised the same arguments which were addressed and rejected in the Recommended Decision and the *February 2025 Order*.

For example, SCH USA proffers substantially similar language in its Petition which it previously asserted in its briefs. Compare SCH USA Petition at 3-5, with SCH USA M.B. at 6-8, and SCH USA R.B. at 2-4. In their Recommended Decision, the ALJs expressly acknowledged and summarized the same arguments raised by SCH USA in its briefs, see R.D. at 155-56, and determined that SCH USA failed to

meet its burden of proof that the Commission should order Aqua to alter its flat EDU-based billing method applicable to SCH USA and apply a different billing method. R.D. at 166. Regarding the arguments pertaining to the applicability of the Kidder Settlement to Aqua, the ALJs found the following:

We do not find the question as to the applicability of the Kidder Settlement relevant here, because the Commission approved the flat, EDU-based rate applicable to SCH USA in the *2018 Base Rate Case* and in the *2021 Base Rate Case*. Thus, Aqua is billing SCH USA not based on the Kidder Settlement but is billing SCH [USA] based on its Commission-approved tariff.

R.D. at 166-67.

In response to the ALJs' determination, SCH USA filed Exceptions reiterating its prior arguments. *See* SCH USA Exc. at 3-4. Our *February 2025 Order* directly addressed these arguments. There, we explained that the EDUs proposed to be included in Aqua's tariff were the result of several prior proceedings beginning with the Commission's approval of Aqua's acquisition of the Kidder Township wastewater system in the *Kidder Township Order*. We further emphasized that the Compliance Tariff for the Kidder Township acquisition explicitly listed the number of EDUs associated with the Resort. *February 2025 Order* at 160.²⁴

²⁴ *See* Compliance Tariff filed on October 11, 2012, in accordance with the *Kidder Township Order*. Little Washington Wastewater Company, d/b/a Suburban Wastewater Company, Supplement No. 83 to Tariff Sewer-PA. P.U.C. No. 1, Page No. 10P, effective October 1, 2012 (*Kidder Township Order – Compliance Tariff*). We also note that the Company's tariff filing which incorporated the name change from LWWC to Aqua in 2013 also included the same EDUs associated with the Resort. *See* Aqua Pennsylvania Wastewater Inc., Supplement No. 86 to Tariff Sewer-PA. P.U.C. No. 1, First Revise Page No. 10Q, effective January 1, 2014.

Thereafter, we explained:

[T]he Commission has reviewed the EDUs billed to SCH USA's accounts as part of Aqua's previous two base rate proceedings in 2018 and 2021, which were included in the revenue requirements as set forth in the respective Commission Orders in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. The Commission approved those rates through the Compliance Tariffs filed in the referenced dockets and those rates were determined by the Commission to be just and reasonable.

February 2025 Order at 160.

It is evident that the argument of SCH USA pertaining to the alleged reliance on the Kidder Settlement has been rejected on two occasions: first, as recommended by the ALJs in the Recommended Decision, and second by the Commission in the *February 2025 Order*. We decline to exercise our discretion to entertain the same argument a third time here. More importantly, we find no reason to depart from our rationale that the EDUs which form the basis of the revenue requirement for the rate zone applicable to SCH USA have been included in Aqua's tariff as a result of a number of prior proceedings. Beginning with the *Kidder Township Order* in 2012 and the Compliance Tariff filed in response to that Order, and later by two subsequent Aqua rate case proceedings in 2018 and 2021, the number of EDUs applicable to the accounts of SCH USA have been well established.²⁵

²⁵ We note that SCH USA acquired the Resort in 2020 and thus appeared to have had the opportunity to address its concerns in Aqua's 2021 rate proceeding. However, there is no record of SCH USA intervening or filing a complaint in the 2021 Aqua rate case proceeding. Additionally, we note that SCH USA is an intervenor in this proceeding and did not file a Formal Complaint. As discussed, *supra*, SCH USA currently has two pending Complaints before the Commission containing overlapping issues of fact.

In the second argument, alleging that Aqua's prior rate cases did not specifically address SCH USA's EDUs, SCH USA again asserts the same arguments which were addressed in the Recommended Decision and the *February 2025 Order*. See, e.g., SCH USA R.B. at 4; R.D. at 166-67; SCH USA Exc. at 3-4; and *February 2025 Order* at 160.

We disagree with the contention of SCH USA that the Commission, in the *February 2025 Order*, overlooked the fact that neither the *Aqua 2018 Rate Case* nor the *Aqua 2021 Rate Case* specifically approved an allocation of costs or number of EDUs applicable to SCH USA. Rather, we explained that the EDUs applicable to SCH USA were approved as part of the *Kidder Township Order* proceeding. Additionally, we clarified that it is commonplace with any acquisition for the number of EDUs, or billing determinants, associated with a customer to remain consistent with what the system's previous owner had been charging. We reasoned that the Commission approved Aqua's acquisition of the Kidder Township wastewater system and found that the *Kidder Township Order – Compliance Tariff* explicitly listed the number of EDUs associated with the Resort. *February 2025 Order* at 160.

Moreover, we determined that in Aqua's prior two base rate proceedings the EDUs billed to SCH USA's accounts were included in the revenue requirements set forth in the respective Orders in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. As discussed above, we found those rates to be just and reasonable and approved them pursuant to the Compliance Tariffs filed in those respective dockets. *February 2025 Order* at 160.

Furthermore, we specifically noted that the approval of the billing determinants in the prior rate cases were based upon the EDUs applicable to SCH USA. In particular, we emphasized that the quantity of EDUs established for the Resort were presumptively reasonable as they were reviewed and approved, along with other billing

determinants included in the revenue requirement, which the Commission found to be just and reasonable, most recently in the *Aqua 2021 Rate Case*. *February 2025 Order* at 163.

Accordingly, we find that the second argument of SCH USA fails to assert any new or novel arguments or considerations which we overlooked and, thus, does not satisfy the *Duick* standard for reconsideration.

Regarding the third argument, alleging that the current billing practices for SCH USA violate Aqua's tariff, we find that SCH USA has again failed to proffer an argument that is new or novel or has been overlooked by the Commission. In this argument, SCH USA asserts that it is being billed pursuant to the EDUs originally determined in the Kidder Settlement, which does not comport with the calculation method outlined in the Company's tariff. SCH USA Petition at 6.

SCH USA raised similar concerns in its briefs. *See* SCH USA M.B. at 8; SCH USA R.B. at 3-4. As discussed above, the ALJs determined that the Kidder Settlement was not relevant here because the Commission approved the flat, EDU-based rate applicable to SCH USA in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. R.D. at 166. Thereafter, in its Exceptions, SCH USA reiterated the same argument; however, we found no basis to reverse or modify the ALJs' determination and denied the Exceptions of SCH USA. *February 2025 Order* at 167.

We decline to exercise our discretion to reconsider this argument again, because such argument fails to acknowledge that the rate applicable to SCH USA has been long established. As reasoned above, it is clear pursuant to the *Kidder Township Order*, the *Kidder Township Order – Compliance Tariff*, the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case* that the number of EDUs applicable to the accounts of SCH USA have been confirmed for some time. Thus, SCH USA's repeated reliance on

the Kidder Settlement for support that its rate is somehow inconsistent with the terms of the Company's tariff is not persuasive.

Moreover, as we explained in the *February 2025 Order*, SCH USA is requesting different billing than what has been authorized by the Commission when the Company acquired the system, and most recently in the *Aqua 2021 Rate Case*. However, the record indicated that SCH USA has been operating the same type of business that has always been at this location – *i.e.*, a combination of hotels, restaurants, *etc.* Reasoning that there has been no significant change in the nature of the original wastewater usage at the location, we concluded that no change to assigned EDUs was warranted. *February 2025 Order* at 160-61. Accordingly, we decline to exercise our discretion to grant reconsideration based on SCH USA's third argument.

In its fourth argument, SCH USA asserts that in the *February 2025 Order*, the Commission overlooked substantial evidence showing there are feasible and cost-effective methods that would allow SCH USA to be billed for actual usage. For support of this contention, SCH USA argues that Aqua is already using water meters to measure water consumption from private wells along with wastewater meters to measure actual wastewater usage in other parts of its system. Additionally, SCH USA contends that its actual water consumption could be metered and that Aqua could use water consumption as a proxy for wastewater usage for billing purposes. SCH USA Petition at 7.

However, SCH USA previously raised the same arguments in its Exceptions. *See* SCH USA Exc. at 7-9. In ruling on these arguments, we found that SCH USA failed to meet its burden of proof that any option is actually viable as it pertains to the Resort. *February 2025 Order* at 163. We examined each of the alternatives offered by SCH USA and explained why SCH USA failed to satisfy its burden. *Id.* at 163-67. In summary, we determined that SCH USA's evidence fell short

because it disregarded the makeup of the Resort's specific system and whether the proposals could be reasonably implemented. Additionally, we determined that SCH USA is effectively seeking a special rate from Aqua, in violation of the Code. *Id.* at 166-67 (citing 66 Pa.C.S. §§ 1303 and 1304).

Finding no new or novel arguments or any considerations apparently overlooked by the Commission, we decline to exercise our discretion to reconsider the *February 2025 Order* based on SCH USA's fourth argument.

III. Conclusion

Upon review, we shall deny both the Aqua Petition and the SCH USA Petition, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Petition for Partial Reconsideration and/or Clarification, filed by Aqua Pennsylvania, Inc., and Aqua Pennsylvania Wastewater, Inc. on February 14, 2025, seeking reconsideration of the Commission's Opinion and Order entered on February 7, 2025, relative to the above-captioned proceeding, is denied, consistent with this Opinion and Order.

2. That the Petition for Reconsideration filed by SCH USA, LLC on February 24, 2025, seeking reconsideration of the Commission's Opinion and Order entered on February 7, 2025, relative to the above-captioned proceeding, is denied, consistent with this Opinion and Order.

3. That this proceeding be marked closed.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with the first name "Rosemary" written in a larger, more prominent script than the last name "Chiavetta".

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: April 10, 2025

ORDER ENTERED: April 10, 2025

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

Public Meeting held July 10, 2025

Commissioners Present:

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

SCH USA, LLC

C-2022-3036893

C-2022-3037118

v.

Aqua Pennsylvania Wastewater, Inc.

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions of SCH USA, LLC (SCH USA or Complainant), filed on May 14, 2025, to the Initial Decision (I.D.) of Administrative Law Judge (ALJ) John M. Coogan, issued on April 24, 2025, in the above-captioned proceeding. Aqua Pennsylvania Wastewater, Inc. (Aqua or the Company) filed

Replies to Exceptions on May 27, 2025.¹ For the reasons stated, *infra*, consistent with this Opinion and Order, we shall deny the Complainant's Exceptions and adopt ALJ Coogan's Initial Decision.

I. Background and Procedural History

By way of background, SCH USA is a commercial wastewater customer of Aqua that owns and operates a large commercial resort property known as the Split Rock Resort (the Resort),² which is located in Lake Harmony, Kidder Township, Carbon County, Pennsylvania. SCH USA St. 1 at 2. Aqua provides wastewater collection and treatment services to SCH USA, which owns and operates its own sewer collection system on its property that discharges to the Company's wastewater system. Water for the Resort is provided by private wells which SCH USA acquired when it purchased the Resort in October 2020. SCH USA M.B. at 1-2.

As a result of recent and prior acquisitions of wastewater systems, Aqua's wastewater rates are comprised of several varying rate structures, including fixed

¹ Pursuant to the Commission's Regulations at 52 Pa. Code § 5.535, Replies to Exceptions are due within 10 days of the due date of Exceptions. Therefore, Replies to Exceptions were due on May 24, 2025, which was a Saturday. Additionally, Monday, May 26, 2025 was the Memorial Day Holiday. Therefore, Replies to Exceptions were due on the next business day, Tuesday, May 27, 2025.

² The Resort consists of the following buildings and amenities: (1) Willowbrook, a resort hotel with 256 guest rooms; (2) the Galleria, a resort hotel with 77 guest rooms and 8 VIP rooms, as well as other features including a food court, shops, restaurants, movie theater, racquetball court, waterpark, indoor pool, lobby, bar, and large meeting space; (3) the Lodge, a luxury resort hotel with 50 hotel rooms, a restaurant and a meeting room; and (4) a laundry that serves the Resort properties. See SCH USA St. 1 at 2.

customer or Equivalent Dwelling Unit (EDU)³ charges, plus usage charges, unmetered flat rates, and structures with minimum usage allowances.

³ The Company's current wastewater tariff defines an EDU as follows:

Equivalent Dwelling Unit or "EDU": Except for existing Customers acquired by the Company through a purchase or acquisition and for billing purposes only, the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit. Residential Customers are designated as one (1) EDU; however, in the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

For existing customers without a predetermined EDU allocation, the EDU is a measure based upon the estimated average daily wastewater flow for the type of business based on water usage, divided by the typical estimated average daily wastewater flow from a current single-family unit. For other existing customers acquired by the Company through a purchase or acquisition, the number of equivalent dwelling units is available at <https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>.

Any Customer who modifies their properties in a manner that impacts the EDU calculation, including in areas previously acquired by the Company, will be subject to the EDU definition described above. The Company will consider a Customer's request for a change in the number of assigned EDUs upon presentation of substantial evidence, satisfactory to the Company in its sole discretion. The Customer shall bear the burden of proof for all such requests.

See Tariff Sewer – PA P.U.C. No. 4 (Tariff Sewer No. 4) at Original Page 26, effective February 22, 2025.

Aqua became the wastewater service provider for the Resort as a result of Aqua's Commission-approved acquisition of Kidder Township's wastewater assets in 2012.⁴ Aqua M.B. at 8 (citing Aqua Exh. CM-1). SCH USA is located in Rate Zone 4 of the Company's current wastewater tariff, and, since SCH USA does not currently have metered water service, it is billed a monthly flat rate for unmetered wastewater service based on predetermined EDUs, totaling 330 EDUs, as follows:⁵

Willowbrook at Lake Harmony	128 EDUs
Galleria and the Water Park	145 EDUs
The Lodge	53 EDUs
Laundry (serves the above premises)	<u>4 EDUs</u>
Total EDUs Charged to SCH USA	330 EDUs

See Aqua St. 1 at 3-5. Aqua currently charges SCH USA \$144.17 per EDU (excluding the Distribution System Improvement Charge (DSIC)), which recently increased from \$131.00 per EDU, as approved by the Commission in Aqua's most recent base rate proceeding, at Docket Nos. R-2024-3047822 and R-2024-3047824. See *Pa. PUC, et al.*

⁴ See *Application of Little Washington Wastewater Co. for approval of the acquisition by Little Washington of the wastewater system assets of the Twp. of Kidder situated in a portion of Kidder Twp., Carbon Cnty., PA and the Right of Little Washington to supply wastewater service to the public in an additional portion of Kidder Township, Carbon County., PA*, Docket No. A-2012-2298067 (Order entered July 19, 2012) (*Kidder Township Order*). Little Washington Wastewater Company (LWWC) is a subsidiary of Aqua. Pursuant to a Notice of Name Change filed on November 26, 2013, the Company changed the name of LWWC to Aqua Pennsylvania Wastewater, Inc., i.e., Aqua Wastewater. See Docket No. R-2013-2395509.

⁵ The EDUs assigned to SCH USA were determined during litigation initiated in 2007 between a prior owner of the Resort and the Township of Kidder. During the course of that proceeding, the litigants reached a settlement agreement (Kidder Settlement) on several issues, including the number of EDUs that would be used in calculating the Resort's wastewater charges. See SCH USA Exh. FL-1, Release and Settlement Agreement, *Vacation Charters LTD., Split Rock Country Club, Inc., Summit Management & Utilities, Inc. v. Kidder Township*, In the Court of Common Pleas of Carbon County, Pennsylvania, Docket No. CV-07-4079.

v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc., Docket Nos. R-2024-3047822 and R-2024-3047824, *et al.* (Opinion and Order entered February 7, 2025) (*Aqua 2024 Rate Case*) and the Order on Reconsideration of the Commission Order in the *Aqua 2024 Rate Case* (Opinion and Order entered April 10, 2025) (*Aqua 2024 Reconsideration Order*).⁶ See also Tariff Sewer No. 4 at Original Page 26, effective February 22, 2025.

On November 21, 2022, SCH USA filed a Formal Complaint against Aqua at Docket No. C-2022-3036893 (First Complaint), concerning unmetered wastewater service to three separate accounts at three separate service locations. On November 29, 2022, SCH USA filed a separate Formal Complaint against Aqua at Docket No. C-2022-3037118 (Second Complaint),⁷ concerning unmetered wastewater service to one account at one service location.⁸ In both Complaints, SCH USA: (1) alleged that Aqua was threatening to, or had already, shut off its service; (2) alleged that Aqua was incorrectly charging for unmetered wastewater service;⁹ (3) alleged that Aqua has been unapproachable and has not responded directly to its request to be charged on a

⁶ SCH USA filed a Petition for Reconsideration on February 24, 2025, seeking reconsideration of the Commission Order in the *Aqua 2024 Rate Case* (SCH USA Petition), specifically requesting that the Commission reconsider permitting Aqua to maintain its current practice of billing SCH USA using a flat rate for unmetered wastewater service based on EDUs. In our *Aqua 2024 Reconsideration Order*, we declined to exercise our discretion to reconsider our Order in the *Aqua 2024 Rate Case*, finding that the SCH USA Petition did not raise any new or novel arguments, or considerations that were not addressed by the Commission Order in the *Aqua 2024 Rate Case*. *Aqua 2024 Reconsideration Order* at 52-58.

⁷ On December 7, 2022, the Second Complaint was served on Aqua for an answer due within twenty (20) days.

⁸ SCH USA noted that the bills for the Laundry are no longer in dispute. SCH USA St. 1 at 6.

⁹ SCH USA claimed it was being incorrectly charged because it was being charged pursuant to a settlement agreement that neither of the Parties have agreed to and contended that its actual wastewater usage is far less than the volume reflected in the unmetered rate. Complaints at ¶ 5.

metered basis; and (4) requested a payment agreement. Complaints at ¶ 4. For the requested relief, SCH USA set forth the following, *inter alia*: (1) that it would like to be charged on a metered basis going forward; and (2) that it be issued a payment arrangement.¹⁰ *Id.* at ¶ 5.

On December 12, 2022 and December 27, 2022, in response to the First Complaint and Second Complaint, respectively, Aqua filed Answers and New Matters, both properly endorsed with a Notice to Plead. In both Answers, Aqua averred that SCH USA is billed under Rate Zone 4, pursuant to the Company's Commission-approved tariff, and denied there were any incorrect charges on the accounts. Aqua also denied that the Commission can direct a payment arrangement for SCH USA because it is not a residential customer. Answers at ¶ 4. In both New Matters, Aqua averred that the Complainant did not allege that the Company has violated the Public Utility Code (Code), a Commission Regulation or Order, or Aqua's Commission-approved tariff. *Id.* at ¶ 11.

On December 29, 2022, the Complainant filed a reply to both of Aqua's New Matters. Therein, SCH USA alleged that it was being incorrectly charged based on the number of EDUs included in a settlement agreement, rather than the Company applying the definition of EDU contained in Aqua's tariff. Reply to Answers at ¶ 11.

On January 4, 2023, the Commission issued an Initial Telephonic Hearing Notice scheduling this matter for an evidentiary hearing on March 17, 2023, and assigning ALJ Coogan as the Presiding Officer. On January 6, 2023, a Prehearing and Consolidation Order was issued setting forth the procedural rules that would govern the hearing and consolidating the two Complaints for litigation purposes.

¹⁰ During the Telephonic Prehearing Conference, SCH USA agreed to withdraw its request for a Commission-issued payment arrangement.

On March 10, 2023, the Commission issued a Hearing Type Change Notice, converting the March 17, 2023, evidentiary hearing to a Telephonic Prehearing Conference.

On March 17, 2023, the Telephonic Prehearing Conference was held as scheduled, at which the Parties discussed settlement, witnesses, presently identified issues, and a litigation schedule. On March 17, 2023, the Commission issued a Scheduling Order, setting April 17, 2023 as the date by which Aqua should file a motion regarding issues it wished to resolve prior to scheduling an evidentiary hearing.

On April 17, 2023, Aqua filed a Motion for Judgment on the Pleadings. On May 8, 2023, SCH USA filed an Answer to the Motion for Judgment on the Pleadings. By Order dated May 22, 2023, Aqua's Motion for Judgment on the Pleadings was denied.

By Order dated May 31, 2023, ALJ Coogan stayed this proceeding and directed each Party to provide a status report by June 30, 2023. Subsequent to the May 31, 2023 Order, the Parties continued to engage in settlement discussions and provided several status reports by e-mail indicating that settlement discussions were ongoing. By Order dated January 11, 2024, the litigation schedule agreed to by the Parties was memorialized and provided further instructions regarding this proceeding.

By Order dated June 5, 2024, ALJ Coogan adopted a new litigation schedule, as agreed to by the Parties.

On July 11, 2024, Aqua filed a Motion to Consolidate SCH USA's First and Second Complaints with the *Aqua 2024 Rate Case*. Also on July 11, 2024, Aqua filed a Motion to Stay the Procedural Schedule in the Formal Complaint proceedings (Motion to Stay) because of its pending Motion to Consolidate.

On July 31, 2024, SCH USA filed Answers to both Aqua's Motion to Consolidate and Motion to Stay. On August 12, 2024, the Commission issued an Order denying Aqua's Motion to Consolidate and Motion to Stay.

An evidentiary hearing was held on September 24, 2024. During the hearing, the Parties' pre-served testimony and exhibits were admitted into the record.

On January 9, 2025, SCH USA and Aqua filed Main Briefs. On January 29, 2025, SCH USA and Aqua filed Reply Briefs.

On January 31, 2025, SCH USA filed a Motion to Strike portions of Aqua's Reply Brief. On February 20, 2025, Aqua filed an Answer to the Motion to Strike.

On February 20, 2025, Aqua filed a Motion for Notice of the *Aqua 2024 Rate Case*. On March 12, 2025, SCH USA filed an Answer to the Motion for Notice.

On April 23, 2025, the Commission issued an Order granting SCH USA's Motion to Strike and denying Aqua's Motion for Notice.

On April 24, 2025, the Commission issued the Initial Decision of ALJ Coogan, wherein he dismissed both Complaints for failure of the Complainant to carry its burden of proof. *See* I.D. at 1, 15-18, 20.

As noted, *supra*, the Complainant filed Exceptions on May 14, 2025. Aqua filed Replies to Exceptions on May 27, 2025.

II. Discussion

A. Legal Standards

1. Burden of Proof, 66 Pa.C.S. § 332(a)

Section 332(a) of the Code provides that a complainant, as the party seeking affirmative relief from the Commission, has the burden of proof. 66 Pa.C.S. § 332(a). The evidentiary burden of proof for actions before the Commission is the “preponderance of the evidence” standard. *Suber v. Pennsylvania Com’n on Crime and Delinquency*, 885 A.2d 678, 682 (Pa. Cmwlth. 2005) (*Suber*); *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600 (Pa. Cmwlth. 1990), *alloc. denied*, 602 A.2d 863 (1992) (*Lansberry*); *see also North American Coal Corporation. v. Air Pollution Commission*, 279 A.2d 356 (Pa. Cmwlth. 1971). To establish a fact or claim by a preponderance of the evidence means to offer the greater weight of the evidence, or evidence that outweighs, or is more convincing than, by even the smallest amount, the probative value of the evidence presented by the other party. *See Se-Ling Hosiery, Inc. v. Margulies*, 70 A.2d 854, 855 (Pa. 1950).

The burden of proof comprises two distinct burdens: the burden of production and the burden of persuasion. *Hurley v. Hurley*, 754 A.2d 1283 (Pa. Super. 2000). The burden of production, also called the burden of going forward with the evidence, determines which party must come forward with evidence to support a particular claim or defense. *Scott and Linda Moore v. National Fuel Gas Distribution*, Docket No. C-2014-2458555 (Final Order entered August 25, 2015) (*Moore*). The burden of production goes to the legal sufficiency of a party’s claim or affirmative defense. *Id.* It may shift between the parties during a hearing. If a complainant introduces sufficient evidence to establish the legal sufficiency of the claim, also called a *prima facie* case, the burden of production shifts to the utility to rebut the complainant’s

evidence. *See Id.* If the utility introduces evidence sufficient to balance the evidence introduced by the complainant, that is, evidence of co-equal value or weight, the complainant's burden of proof has not been satisfied and the burden of going forward with the evidence shifts back to the complainant. The complainant then must provide some additional evidence favorable to the complainant's claim. *Milkie v. Pa. PUC*, 768 A.2d 1217 (Pa. Cmwlth. 2001) (*Milkie*); *Burleson v. Pa. PUC*, 443 A.2d 1373 (Pa. Cmwlth. 1982), *aff'd*, 461 A.2d 1234 (Pa. 1983) (*Burleson*).

Having produced sufficient evidence to establish the legal sufficiency of a claim, the party with the burden of proof must also carry the burden of persuasion to be entitled to a favorable ruling. *See Moore*. While the burden of production may shift back and forth during a proceeding, the burden of persuasion never shifts; it always remains on a complainant as the party seeking affirmative relief from the Commission. *See Milkie, Burleson*; *see also, Riedel v. County of Allegheny*, 633 A.2d 1325, 1328, n.11 (Pa. Cmwlth. 1993). It is entirely possible for a party to carry the burden of production but not be entitled to a favorable ruling because the party did not carry the burden of persuasion. *See Moore*. In determining whether a complainant has met the burden of persuasion, the ultimate factfinder¹¹ may engage in determinations of credibility, may accept or reject testimony of any witness in whole or in part, and may accept or reject inferences from the evidence. *See Moore* (citing *Suber*).

Finally, adjudications by the Commission must be supported by substantial evidence in the record. 2 Pa.C.S. § 704. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. *Consolidated*

¹¹ In formal complaint proceedings, the Commission, not the ALJ, is the ultimate fact-finder; it weighs the evidence and resolves conflicts in testimony. When reviewing the initial decision of an ALJ, the Commission has all the powers that it would have had in making the initial decision except as to any limits that it may impose by notice or by rule. *Milkie*, 768 A.2d at 1220, n. 7 (citing 66 Pa.C.S. § 335(a)).

Edison Company of New York v. National Labor Relations Board, 305 U.S. 197, 229, 59 S. Ct. 206, 217 (1983). More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Railway Company v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corporation v. Unemployment Compensation Board of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Commonwealth Department of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

2. Commission-Approved Tariffs

It is well accepted that a tariff is a set of operating rules imposed by the Commission that each public utility must follow in order to provide service to its customers. *PPL Electric Utilities Corporation v. Pa. PUC*, 912 A.2d 386 (Pa. Cmwlth. 2006). Each public utility must file a copy of its tariff with the Commission setting forth its rates, services, rules, regulations, and practices so that the public may inspect its contents. 66 Pa.C.S. § 1302; 52 Pa. Code § 53.25; *Philadelphia Suburban Water Company v. Pa. PUC*, 808 A.2d 1044 (Pa. Cmwlth. 2002) (*Phila. Suburban Water*). Public utility tariffs must be applied consistent with their language. Public utility tariffs have the force and effect of law and are binding on the public utility and its customers. *Pennsylvania Electric Company v. Pa. PUC*, 663 A.2d 281 (Pa. Cmwlth. 1995). The Commission has no authority to allow a public utility to deviate from its tariff even where the Commission concludes it is in the public interest. *Phila. Suburban Water*.

3. General Standards

In the Initial Decision, the ALJ made sixteen (16) Findings of Fact and reached eleven (11) Conclusions of Law. I.D. at 6-8, 18-20. The Findings of Fact and Conclusions of Law are incorporated herein by reference and are adopted without

comment unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order.

As we proceed in our review of the various positions of the Parties in this proceeding, we are reminded that the Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984). Exceptions that we do not specifically address shall be deemed to have been duly considered and denied without further discussion.

B. Positions of the Parties

1. SCH USA

The crux of the Complainant's claims in this proceeding is that Aqua is assessing EDUs to SCH USA in a discriminatory manner; therefore, the existing EDU allocation to SCH USA is unjust and unreasonable. SCH USA M.B. at 3-13. SCH USA argued that Aqua's charges for wastewater service are not just and reasonable pursuant to 66 Pa.C.S. § 1301 because: (1) Aqua currently bills SCH USA based on a number of EDUs originally determined in a Settlement Agreement that Aqua did not assume when purchasing the system, and which has long since expired; (2) Aqua's practice of billing SCH USA on a flat, per EDU, basis results in charges that have no relationship to actual usage at the property and may significantly overstate wastewater usage at the Resort, as occupancy at the Resort varies widely and is often significantly less than 100%; and (3) there are other reliable and technically feasible options to bill SCH USA for actual usage at the property. *Id.* at 4. Specifically, SCH USA argued that it is "being charged for more wastewater usage than what Aqua is collecting and treating" and that its

“actual usage is consistently much lower than what is being billed by Aqua.” SCH USA St. 1 at 3.

2. Aqua

Regarding the reasonableness of the use of a flat, EDU-based rate for the unmetered wastewater service being provided to SCH USA, Aqua pointed out that, because SCH USA obtains water from its privately-owned wells, Aqua does not know the water usage of SCH USA. When a wastewater utility cannot bill wastewater service based on water usage, as is the case here, the Company argued that it is appropriate and common practice across the wastewater industry to bill a flat rate based upon an assigned number of EDUs. Aqua R.B. at 5. Aqua further explained that the use of an EDU from a system design and rate perspective is reasonable because the Company must consider the “sewer capacity needed to treat wastewater from the customer/premises at all times.” Aqua M.B. at 15.

Therefore, Aqua argued that, contrary to SCH USA’s claims, the number of EDUs being charged to SCH USA is appropriate, and more specifically, that it is appropriate to utilize the number of EDUs from the Kidder Settlement for SCH USA’s billing. Aqua noted that SCH USA’s predecessor and Kidder Township voluntarily agreed on these values; and Aqua has merely continued to apply those historically agreed upon values. Aqua M.B. at 12-13. Moreover, as indicated in Aqua’s Main Brief, it is important to recognize that Aqua is billing SCH USA pursuant to the Company’s Commission-approved tariff. Aqua M.B. at 4-5, 11.

Aqua submitted that once Aqua acquired the Kidder Township assets, the assigned EDUs from the Township’s billing system were transferred to Aqua for billing purposes. The assets of the acquired system were placed into Aqua’s rate base in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*,

Docket Nos. R-2018-3003558 and R-2018-3003561, *et al.* (Order entered May 9, 2019) (*Aqua 2018 Rate Case*). The number of EDUs billed to SCH USA were reviewed and included in the revenue requirements as set forth in the respective Commission Orders in the *Aqua 2018 Rate Case* and the proceeding in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2021-3027385 and R-2021-3027386, *et al.* (Order entered May 16, 2022) (*Aqua 2021 Rate Case*). Aqua M.B. at 8-9.

In response to SCH USA's request for metered wastewater service, Aqua explained that the technologies supported by SCH USA can only be used on pumped flow and do not work on non-pressurized flow, of which SCH USA's system consists of. Aqua M.B. at 13. Aqua stated that SCH USA has not presented a feasible way for wastewater consumption to be measured. *Id.* at 14. Aqua acknowledged that while it is possible to bill wastewater customers based on metered water usage, it is only possible where there is metered water usage, which SCH USA does not have. *Id.*

Additionally, Aqua noted that the three disputed accounts before the Commission involve significant delinquencies for the period May 2021 through March 2023 that SCH USA has accrued as a result of non or partial payments for wastewater service provided. According to Aqua, the outstanding balance, as of July 12, 2024, was \$1,000,075.34 (\$437,618.49 + \$130,793.31 + \$431,663.54). Aqua St. 2-R at 3.

C. ALJ's Initial Decision

In his Initial Decision, ALJ Coogan found that SCH USA failed to carry its burden of proof that the rates it has been and is being charged violated 66 Pa.C.S. § 1301, and denied SCH USA's Complaints. ALJ Coogan also noted that many arguments raised in this proceeding were similarly rejected by the Commission in the *Aqua 2024 Rate Case*.

First, ALJ Coogan found that SCH USA did not meet its burden of proving that it is being charged incorrectly according to either the Kidder Settlement or Aqua's tariff. ALJ Coogan stated that the number of EDUs billed to SCH USA were reviewed and authorized in the revenue requirements approved in both the *Aqua 2018 Rate Case* and *Aqua 2021 Rate Case*. I.D. at 15-16.

Next, ALJ Coogan was not persuaded by SCH USA's argument that billing on a flat, per EDU basis is unjust and unreasonable because it overstates the volume of wastewater produced at the property. I.D. at 16. Rather, ALJ Coogan reasoned that Aqua's wastewater treatment plant is designed to treat 100% of every customer's flow and the Company cannot adjust its wastewater treatment to match variations in SCH USA's occupancy, and therefore, it is reasonable to bill SCH USA assuming a 100% occupancy. *Id.* at 16-17. Additionally, ALJ Coogan noted that while the Commission has expressed its preference for volumetric billing, as opposed to flat-rate billing, it has acknowledged the standard industry practice of flat-rate billing where metered water information is unavailable. *Id.* at 17 (citing *Aqua 2021 Rate Case* at 272).

Lastly, ALJ Coogan determined that metered billing is not possible where neither SCH USA's water or wastewater usage is currently metered and the Commission has not authorized metering wastewater service. According to the ALJ, any billing variation sought by SCH USA should be pursued in the context of a base rate proceeding. I.D. at 17.

D. Exceptions and Replies

In its Exceptions, SCH USA continues to dispute the number of EDUs assigned to the Resort. Specifically, in its Exception No. 1, SCH USA contends that ALJ Coogan erred by finding that SCH USA is being appropriately billed at the EDUs established in the Kidder Settlement. SCH USA restates its position that the Kidder

Settlement has long expired and was not assumed by Aqua when it acquired the wastewater system. It is SCH USA's position that the EDU determinations outlined in the Kidder Settlement have no bearing whatsoever on how SCH USA's current wastewater bills should be calculated. SCH USA states that the ALJ ignored that Aqua's position violates its own tariff by failing to calculate EDUs in the manner described by its tariff. Exc. at 2-4.

Next, SCH USA contends that the ALJ erred by finding that Aqua's utilization of a flat, EDU-based rate to bill SCH USA is reasonable. SCH USA acknowledges that while there may be situations where flat rate billing can be applied in a reasonable manner, applying flat rate billing to a large commercial resort is entirely unreasonable because it assumes 100% occupancy of the Resort. SCH USA contends that the Commission has articulated its preference for charges to be based on actual meter usage, as opposed to estimated, flat rate billing. Exc. at 5.

Lastly, SCH USA claims that the ALJ erred by finding that the alternative billing methods proposed by SCH USA are not feasible. Exc. at 6. SCH USA contends there is record evidence in this proceeding that shows that SCH USA's actual water consumption could be metered and that Aqua could use water consumption as a proxy for wastewater usage for billing purposes. *Id.* at 7. SCH USA also proposes, as an alternative, that Aqua use wastewater meters to measure SCH USA's actual discharge into its wastewater system and bill SCH USA based on the actual measurements. *Id.* Another potential option, SCH USA proposes, would include Aqua adjusting SCH USA's EDUs for billing purposes or assigning some other proxy that more accurately reflects usage and occupancy. *Id.* at 8.

In response to SCH USA's first Exception, Aqua asserts that SCH USA is billed in accordance with its Commission-approved tariff rates. Aqua states that SCH USA's position ignores the Commission's Order in the *Aqua 2024 Rate Case* in which

the Commission rejected SCH USA’s argument and found that the EDUs which form the basis of the revenue requirement for the rate zone applicable to SCH USA have been included in Aqua’s tariff as a result of a number of prior proceedings. R. Exc. at 6.

In its Reply Exceptions, Aqua also contends that metered water information is not available for SCH USA and the Commission has acknowledged the standard industry practice of flat rate billing. Aqua supports the ALJ’s conclusion that SCH USA did not carry its burden of proof that Aqua’s billing on a flat, per EDU basis is unjust or unreasonable. R. Exc. at 7.

Finally, Aqua reiterates that metering SCH USA’s wastewater usage is not possible where neither SCH USA’s water nor wastewater usage is currently metered. Aqua contends that any variation on how SCH USA is to be billed in the future should be pursued through a base rate proceeding. Furthermore, Aqua points to the Commission’s rejection of the same arguments raised in the *Aqua 2024 Rate Case*. R. Exc. at 8.

E. Disposition

As explained, *supra*, although the instant Complaints were predicated upon the same issues that the Commission ultimately dismissed in the *Aqua 2024 Rate Case*, Aqua’s Motion to Consolidate SCH USA’s First and Second Complaints with the *Aqua 2024 Rate Case* was denied by Commission Order, issued August 12, 2024, stating in relevant part, as follows:¹²

I agree with both Aqua Wastewater and SCH [USA] that the Formal Complaints include some common issues of fact and law with the issues raised in Aqua Wastewater’s pending base rate proceeding. However, I agree with SCH [USA] that

¹² One of the goals of consolidating proceedings is to avoid “unnecessary costs or delay.” See 52 Pa. Code § 5.81(a).

Aqua Wastewater's Motion to Consolidate should be denied because the issues raised by SCH [USA]'s Formal Complaints also implicate matters related to individual account and billing issues that may not be adequately addressed in a base rate proceeding. For instance, SCH [USA] states that it seeks adjustments to claimed overcharges by Aqua Wastewater since October 29, 2020. These claims may not be adequately addressed in Aqua Wastewater's base rate proceeding, and administrative agencies, such as the Commission, are required to provide due process to the parties appearing before them. *Schneider v. Pa. Pub. Util. Comm'n*, 479 A.2d 10 (Pa. Cmwlth. 1984).

Order Denying Motion to Consolidate and Motion to Stay at 5. Nonetheless, the inherent issue, *i.e.*, Aqua's current practice of billing SCH USA a flat rate for unmetered wastewater service based on EDUs, giving rise to SCH USA's objections expressed in both the instant Complaints and the *Aqua 2024 Rate Case*, has, in essence, already been litigated fully and separately as part of the *Aqua 2024 Rate Case*; therefore, the Commission's decision in the *Aqua 2024 Rate Case* lends support to the findings we make here.

In its Exceptions, SCH USA proffers the following reasons why it believes that the ALJ erred in his finding that SCH USA failed to carry its burden of proof that the rates it has been and is being charged violate 66 Pa.C.S. § 1301. First, SCH USA contends that the ALJ failed to acknowledge that the Commission's decisions in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case* did not expressly approve the allocation of costs or EDUs specific to SCH USA, maintaining that SCH USA's assigned number of EDUs improperly relies on outdated and baseless EDU calculations from the Kidder Settlement, which do not comport with the calculation method outlined in the Company's tariff. Second, SCH USA contends that the ALJ erred by finding that billing SCH USA a flat, EDU-based rate is reasonable, arguing that its property is "a large commercial resort" and that "[b]illing on a per EDU basis assumes full occupancy of the Resort," but "the Resort is rarely if ever at 100% occupancy." Exc. at 5 (citing SCH USA M.B.

at 8-9; SCH USA St. 1 at 5). Lastly, SCH USA submits that ALJ Coogan overlooked substantial evidence of reasonable and feasible alternatives for billing based on actual usage. Exc. at 6-8.

Regarding its first argument, that the ALJ improperly relied on outdated and baseless EDU calculations from the Kidder Settlement which has expired, we agree with ALJ Coogan's conclusion that SCH USA previously raised the same arguments which were addressed and rejected by the Commission in the *Aqua 2024 Rate Case* and in the *Aqua 2024 Reconsideration Order*. There, we explained that the EDUs proposed to be included in Aqua's tariff were the result of several prior proceedings beginning with the Commission's approval of Aqua's acquisition of the Kidder Township wastewater system in the *Kidder Township Order*. Additionally, we clarified that it is commonplace with any acquisition for the number of EDUs, or billing determinants, associated with a customer to remain consistent with what the system's previous owner had been charging. We reasoned that the Commission approved Aqua's acquisition of the Kidder Township wastewater system and found that the Compliance Tariff for the Kidder Township acquisition explicitly listed the number of EDUs associated with the Resort. *Aqua 2024 Rate Case* at 160.¹³

Thereafter, we explained:

[T]he Commission has reviewed the EDUs billed to SCH USA's accounts as part of Aqua's previous two base rate proceedings in 2018 and 2021, which were included in the revenue requirements as set forth in the respective Commission Orders in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. The Commission approved those rates through the Compliance Tariffs filed in the referenced

¹³ See Compliance Tariff filed on October 11, 2012, in accordance with the *Kidder Township Order*. Little Washington Wastewater Company, d/b/a Suburban Wastewater Company, Supplement No. 83 to Tariff Sewer-PA. P.U.C. No. 1 at Original Page No. 10Q, effective October 1, 2012 (*Kidder Township Order – Compliance Tariff*).

dockets and those rates were determined by the Commission to be just and reasonable.

Aqua 2024 Rate Case at 160.

Moreover, in our Order on Reconsideration, we explained:

It is evident that the argument of SCH USA pertaining to the alleged reliance on the Kidder Settlement has been rejected on two occasions: first, as recommended by the ALJs in the Recommended Decision, and second by the Commission in the [*Aqua 2024 Rate Case*] Order. We decline to exercise our discretion to entertain the same argument a third time here. More importantly, we find no reason to depart from our rationale that the EDUs which form the basis of the revenue requirement for the rate zone applicable to SCH USA have been included in Aqua's tariff as a result of a number of prior proceedings. Beginning with the *Kidder Township Order* in 2012 and the Compliance Tariff filed in response to that Order, and later by two subsequent Aqua rate case proceedings in 2018 and 2021, the number of EDUs applicable to the accounts of SCH USA have been well established.

Aqua 2024 Reconsideration Order at 54.

Therefore, we disagree with the contention of SCH USA that ALJ Coogan overlooked the fact that neither the Commission's decision in the *Aqua 2018 Rate Case* nor its decision in the *Aqua 2021 Rate Case* specifically approved an allocation of costs or a number of EDUs applicable to SCH USA. Such argument fails to acknowledge that the rate applicable to SCH USA has long been established. As reasoned above, it is clear, pursuant to the *Kidder Township Order*, the *Kidder Township Order – Compliance Tariff*, the *Aqua 2018 Rate Case*, the *Aqua 2021 Rate Case*, and the *Aqua 2024 Rate Case* that the number of EDUs applicable to the accounts of SCH USA has been confirmed for some time. Thus, SCH USA's repeated reliance on the Kidder Settlement for support

that its rate is somehow inconsistent with the terms of the Company's tariff is not persuasive.

Regarding SCH USA's claims as to its occupancy rate, SCH USA reiterates arguments that have previously been addressed and resolved by the Commission in the *Aqua 2024 Rate Case* and the *Aqua 2024 Reconsideration Order*. There, we explained that SCH USA was requesting different billing than what had been authorized by the Commission when the Company acquired the system, and in the *Aqua 2021 Rate Case*. However, the record indicated that SCH USA had been operating the same type of business that had always been at this location – *i.e.*, a combination of hotels, restaurants, *etc.* Reasoning that there had been no significant change in the nature of the original wastewater usage at the location, we concluded that no change to the number of assigned EDUs was warranted. *Aqua 2024 Rate Case* at 160-61.

In the *Aqua 2024 Rate Case*, we further reasoned that, absent actual use data for the Resort, the practice of using a surrogate to actual measures (*i.e.*, the EDU) is a reasonable practice. There, we found that SCH USA offered no evidence to tie actual use to the costs Aqua incurs to provide wastewater service, nor any evidence regarding its actual occupancy rate. *Aqua 2024 Rate Case* at 163.

Although Commission-approved tariffs are *prima facie* reasonable, it is possible for a complainant to challenge an existing tariff provision, albeit with a very heavy burden to demonstrate the approved tariff provision is unreasonable. *See Kossman v. Pa. PUC*, 694 A.2d 1147, 1151 (Pa. Cmwlth. 1997); *Shenango Twp. Bd. of Supervisors v. Pa. PUC*, 686 A.2d 910, 914 (Pa. Cmwlth. 1996); *Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067 (Pa. Cmwlth. 1981); *Zucker v. Pa. PUC*, 401 A.2d 1377 (Pa. Cmwlth. 1979). *See also Sean Petty v. Community Utilities of Pennsylvania, Inc.*, Docket No. C-2024-3052590 (Opinion and Order entered June 6, 2025) at 10. In this instance, for the reasons discussed above, we find that SCH USA has failed to meet its

high burden of proof that circumstances have changed so drastically that the tariffs and associated charges in dispute are unjust and unreasonable.

Accordingly, regarding SCH USA's requested adjustment to its prior bills associated with the three accounts in dispute, based on its occupancy levels, we find no basis that would support a retroactive adjustment from the time the Complainant purchased the property on October 29, 2020. Each bill issued to the Complainant was issued in accordance with the Company's Commission-approved tariff and SCH USA was billed under Rate Zone 4 pursuant to the Company's tariff.

Lastly, SCH USA asserts that ALJ Coogan overlooked substantial evidence showing there are feasible and cost-effective methods that would allow SCH USA to be billed for actual usage. In support of its contention, SCH USA argues that Aqua is already using water meters to measure water consumption from private wells along with wastewater meters to measure actual wastewater usage in other parts of its system. Additionally, SCH USA contends that its actual water consumption could be metered and that Aqua could use water consumption as a proxy for wastewater usage for billing purposes. Exc. at 7-8.

However, SCH USA previously raised the same arguments that have been addressed and resolved by the Commission in the *Aqua 2024 Rate Case* and *Aqua 2024 Reconsideration Order*. In ruling on these arguments, we found that SCH USA failed to meet its burden of proof that any option is actually viable as it pertains to the Resort. *Aqua 2024 Rate Case* at 163. We examined each of the alternatives offered by SCH USA and explained why SCH USA failed to satisfy its burden. *Id.* at 163-67. In summary, we determined that SCH USA's evidence fell short because it disregarded the makeup of the Resort's specific system and whether the proposals could be reasonably implemented. For example, we explained that SCH USA's proposal to measure the wastewater usage for the Resort using ultrasonic flowmeters and electromagnetic

flowmeters is unsupported. *Id.* at 163-64. Moreover, we determined that SCH USA's proposed alternatives of either adjusting the EDUs of SCH USA used for billing purposes to better reflect actual usage and occupancy or assigning some other proxy that more accurately reflects actual usage and occupancy effectively seek a special rate from Aqua, in violation of the Code. *Id.* at 166-67 (citing 66 Pa.C.S. §§ 1303 and 1304). In the *Aqua 2024 Reconsideration Order*, we declined to exercise our discretion to reconsider our Order in the *Aqua 2024 Rate Case*, finding no new or novel arguments or any considerations overlooked by the Commission. *Aqua 2024 Reconsideration Order* at 58.

Based upon our review of the record evidence, we find no basis to reverse or modify the ALJ's Initial Decision. Accordingly, SCH USA Exception Nos. 1 through 3 are denied.

III. Conclusion

Consistent with the foregoing discussion, we shall deny the Complainant's Exceptions, adopt the Initial Decision of ALJ Coogan, and dismiss the Complaints, consistent with this Opinion and Order. **THEREFORE,**

IT IS ORDERED:

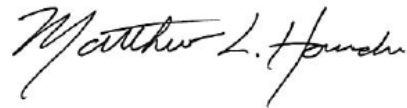
1. That the Exceptions filed by SCH USA, LLC on May 14, 2025, to the Initial Decision of Administrative Law Judge John M. Coogan, issued on April 24, 2025, at Docket Nos. C-2022-3036893 and C-2022-3037118, are denied, consistent with this Opinion and Order.

2. That the Initial Decision of Administrative Law Judge John M. Coogan, issued on April 24, 2025, at Docket Nos. C-2022-3036893 and C-2022-3037118, is adopted, consistent with this Opinion and Order.

3. That the Formal Complaints filed by SCH USA, LLC on November 21, 2022 and November 29, 2022, at Docket Nos. C-2022-3036893 and C-2022-3037118, respectively, are dismissed.

4. That the Secretary's Bureau shall mark this proceeding closed.

BY THE COMMISSION,

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive, flowing style.

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: July 10, 2025

ORDER ENTERED: July 10, 2025

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

Public Meeting held October 23, 2025

Commissioners Present:

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

SCH USA, LLC

C-2022-3036893

C-2022-3037118

v.

Aqua Pennsylvania Wastewater, Inc.

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Petition for Reconsideration (Petition) filed by SCH USA, LLC (SCH USA) on July 25, 2025, seeking reconsideration of the Commission's Opinion and Order entered on July 10, 2025 (*July 2025 Order*), relative to the above-captioned proceeding, which adopted the Initial Decision (I.D.) of Administrative Law Judge (ALJ) John M. Coogan, issued on April 24, 2025. On August 4, 2025, Aqua Pennsylvania Wastewater, Inc. (Aqua or Company) filed an Answer to the Petition. For the reasons stated below, we shall deny the Petition.

I. Background and Procedural History

By way of background, SCH USA is a commercial wastewater customer of Aqua that owns and operates a large commercial resort property known as the Split Rock Resort (the Resort),¹ which is located in Lake Harmony, Kidder Township, Carbon County, Pennsylvania. SCH USA St. 1 at 2. Aqua provides wastewater collection and treatment services to SCH USA, which owns and operates its own sewer collection system on its property that discharges to the Company's wastewater system. Water for the Resort is provided by private wells which SCH USA acquired when it purchased the Resort in October 2020. SCH USA M.B. at 1-2.

As a result of recent and prior acquisitions of wastewater systems, Aqua's wastewater rates are comprised of several varying rate structures, including fixed customer or Equivalent Dwelling Unit (EDU) charges, plus usage charges, unmetered flat rates, and structures with minimum usage allowances.

Aqua became the wastewater service provider for the Resort as a result of Aqua's Commission-approved acquisition of Kidder Township's wastewater assets

¹ The Resort consists of the following buildings and amenities: (1) Willowbrook, a resort hotel with 256 guest rooms; (2) the Galleria, a resort hotel with 77 guest rooms and 8 VIP rooms, as well as other features including a food court, shops, restaurants, movie theater, racquetball court, waterpark, indoor pool, lobby, bar, and large meeting space; (3) the Lodge, a luxury resort hotel with 50 hotel rooms, a restaurant and a meeting room; and (4) a laundry that serves the Resort properties. See SCH USA St. 1 at 2.

in 2012.² Aqua M.B. at 8 (citing Aqua Exh. CM-1). SCH USA is located in Rate Zone 4 of the Company's current wastewater tariff, and since SCH USA does not currently have metered water service, it is billed a monthly flat rate for unmetered wastewater service based on predetermined EDUs, totaling 330 EDUs, as follows:³

Willowbrook at Lake Harmony	128 EDUs
Galleria and the Water Park	145 EDUs
The Lodge	53 EDUs
Laundry (serves the above premises)	4 EDUs
Total EDUs Charged to SCH USA	330 EDUs

See Aqua St. 1 at 3-5. Aqua currently charges SCH USA \$144.17 per EDU (excluding the Distribution System Improvement Charge (DSIC)), which recently increased from \$131.00 per EDU, as approved by the Commission in Aqua's most recent base rate proceeding, at Docket Nos. R-2024-3047822 and R-2024-3047824. See *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2024-3047822 and R-2024-3047824, *et al.* (Opinion and Order entered

² See *Application of Little Washington Wastewater Co. for approval of the acquisition by Little Washington of the wastewater system assets of the Twp. of Kidder situated in a portion of Kidder Twp., Carbon Cnty., PA and the Right of Little Washington to supply wastewater service to the public in an additional portion of Kidder Township, Carbon Cnty., PA*, Docket No. A-2012-2298067 (Order entered July 19, 2012) (*Kidder Township Order*). Little Washington Wastewater Company (LWWC) is a subsidiary of Aqua. Pursuant to a Notice of Name Change filed on November 26, 2013, the Company changed the name of LWWC to Aqua Pennsylvania Wastewater, Inc., *i.e.*, Aqua Wastewater. See Docket No. R-2013-2395509.

³ The EDUs assigned to SCH USA were determined during litigation initiated in 2007 between a prior owner of the Resort and the Township of Kidder. During the course of that proceeding, the litigants reached a settlement agreement (Kidder Settlement) on several issues, including the number of EDUs that would be used in calculating the Resort's wastewater charges. See SCH USA Exh. FL-1, Release and Settlement Agreement, *Vacation Charters LTD., Split Rock Country Club, Inc., Summit Management & Utilities, Inc. v. Kidder Township*, In the Court of Common Pleas of Carbon County, Pennsylvania, Docket No. CV-07-4079.

February 7, 2025) (*Aqua 2024 Rate Case*) and the Order on Reconsideration of the Commission Order in the *Aqua 2024 Rate Case* (Opinion and Order entered April 10, 2025) (*Aqua 2024 Reconsideration Order*).⁴ See also Tariff Sewer – PA P.U.C. No. 4 (Tariff Sewer No. 4) at Original Page 26, effective February 22, 2025.

On November 21, 2022, SCH USA filed a Formal Complaint against Aqua at Docket No. C-2022-3036893 (First Complaint), concerning unmetered wastewater service to three separate accounts at three separate service locations. On November 29, 2022, SCH USA filed a separate Formal Complaint against Aqua at Docket No. C-2022-3037118 (Second Complaint),⁵ concerning unmetered wastewater service to one account at one service location.⁶ In both Complaints, SCH USA: (1) alleged that Aqua was threatening to, or had already, shut off its service; (2) alleged that Aqua was incorrectly charging for unmetered wastewater service;⁷ (3) alleged that Aqua has been unapproachable and has not responded directly to its request to be charged on a metered basis; and (4) requested a payment agreement. Complaints at ¶ 4. For the requested relief, SCH USA set forth the following, *inter alia*: (1) that it would like to be

⁴ SCH USA filed a Petition for Reconsideration on February 24, 2025, seeking reconsideration of the Commission Order in the *Aqua 2024 Rate Case* (SCH USA Petition), specifically requesting that the Commission reconsider permitting Aqua to maintain its current practice of billing SCH USA using a flat rate for unmetered wastewater service based on EDUs. In our *Aqua 2024 Reconsideration Order*, we declined to exercise our discretion to reconsider our Order in the *Aqua 2024 Rate Case*, finding that the SCH USA Petition did not raise any new or novel arguments, or considerations that were not addressed by the Commission Order in the *Aqua 2024 Rate Case*. *Aqua 2024 Reconsideration Order* at 52-58.

⁵ On December 7, 2022, the Second Complaint was served on Aqua for an answer due within twenty (20) days.

⁶ SCH USA noted that the bills for the Laundry are no longer in dispute. SCH USA St. 1 at 6.

⁷ SCH USA claimed it was being incorrectly charged because it was being charged pursuant to a settlement agreement that neither of the Parties have agreed to and contended that its actual wastewater usage is far less than the volume reflected in the unmetered rate. Complaints at ¶ 5.

charged on a metered basis going forward; and (2) that it be issued a payment arrangement.⁸ *Id.* at ¶ 5.

On December 12, 2022 and December 27, 2022, in response to the First Complaint and Second Complaint, respectively, Aqua filed Answers and New Matters, both properly endorsed with a Notice to Plead. In both Answers, Aqua averred that SCH USA is billed under Rate Zone 4, pursuant to the Company's Commission-approved tariff, and denied there were any incorrect charges on the accounts. Aqua also denied that the Commission can direct a payment arrangement for SCH USA because it is not a residential customer. Answers at ¶ 4. In both New Matters, Aqua averred that the Complainant did not allege that the Company has violated the Public Utility Code (Code), a Commission Regulation or Order, or Aqua's Commission-approved tariff. *Id.* at ¶ 11.

On December 29, 2022, the Complainant filed a reply to both of Aqua's New Matters. Therein, SCH USA alleged that it was being incorrectly charged based on the number of EDUs included in a settlement agreement, rather than the Company applying the definition of EDU contained in Aqua's tariff. Reply to Answers at ¶ 11.

On January 4, 2023, the Commission issued an Initial Telephonic Hearing Notice scheduling this matter for an evidentiary hearing on March 17, 2023, and assigning ALJ Coogan as the Presiding Officer. On January 6, 2023, a Prehearing and Consolidation Order was issued setting forth the procedural rules that would govern the hearing and consolidating the two Complaints for litigation purposes.

⁸ During the Telephonic Prehearing Conference, SCH USA agreed to withdraw its request for a Commission-issued payment arrangement.

On March 10, 2023, the Commission issued a Hearing Type Change Notice, converting the March 17, 2023, evidentiary hearing to a Telephonic Prehearing Conference.

On March 17, 2023, the Telephonic Prehearing Conference was held as scheduled, at which the Parties discussed settlement, witnesses, presently identified issues, and a litigation schedule. On March 17, 2023, the Commission issued a Scheduling Order, setting April 17, 2023 as the date by which Aqua should file a motion regarding issues it wished to resolve prior to scheduling an evidentiary hearing.

On April 17, 2023, Aqua filed a Motion for Judgment on the Pleadings. On May 8, 2023, SCH USA filed an Answer to the Motion for Judgment on the Pleadings. By Order dated May 22, 2023, Aqua's Motion for Judgment on the Pleadings was denied.

By Order dated May 31, 2023, ALJ Coogan stayed this proceeding and directed each Party to provide a status report by June 30, 2023. Subsequent to the May 31, 2023 Order, the Parties continued to engage in settlement discussions and provided several status reports by e-mail indicating that settlement discussions were ongoing. By Order dated January 11, 2024, the litigation schedule agreed to by the Parties was memorialized and provided further instructions regarding this proceeding.

By Order dated June 5, 2024, ALJ Coogan adopted a new litigation schedule, as agreed to by the Parties.

On July 11, 2024, Aqua filed a Motion to Consolidate SCH USA's First and Second Complaints with the *Aqua 2024 Rate Case*. Also on July 11, 2024, Aqua filed a Motion to Stay the Procedural Schedule in the Formal Complaint proceedings (Motion to Stay) because of its pending Motion to Consolidate.

On July 31, 2024, SCH USA filed Answers to both Aqua's Motion to Consolidate and Motion to Stay. On August 12, 2024, the Commission issued an Order denying Aqua's Motion to Consolidate and Motion to Stay.

An evidentiary hearing was held on September 24, 2024. During the hearing, the Parties' pre-served testimony and exhibits were admitted into the record.

On January 9, 2025, SCH USA and Aqua filed Main Briefs. On January 29, 2025, SCH USA and Aqua filed Reply Briefs.

On January 31, 2025, SCH USA filed a Motion to Strike portions of Aqua's Reply Brief. On February 20, 2025, Aqua filed an Answer to the Motion to Strike.

Also, on February 20, 2025, Aqua filed a Motion for Notice of the *Aqua 2024 Rate Case*. On March 12, 2025, SCH USA filed an Answer to the Motion for Notice.

On April 23, 2025, the Commission issued an Order granting SCH USA's Motion to Strike and denying Aqua's Motion for Notice.

On April 24, 2025, the Commission issued the Initial Decision of ALJ Coogan, wherein he dismissed both Complaints for failure of the Complainant to carry its burden of proof. *See* I.D. at 1, 15-18, 20.

As noted, *supra*, the Complainant filed Exceptions on May 14, 2025. Aqua filed Replies to Exceptions on May 27, 2025.

On July 10, 2025, the Commission entered its *July 2025 Order*, denying SCH USA's Exceptions, dismissing SCH USA's Formal Complaints, and adopting the ALJ's Initial Decision.

As previously noted, SCH USA filed its Petition on July 25, 2025, seeking reconsideration of the *July 2025 Order*. The Company filed an Answer to the Petition on August 4, 2025.

By Opinion and Order entered July 28, 2025, we granted reconsideration of the *July 2025 Order* pending further review of, and consideration on, the merits, pursuant to Pa. R.A.P. 1701(b)(3).

II. Discussion

A. Legal Standards

With respect to petitions for rehearing, reconsideration, rescission, and amendment of Commission orders, the Code establishes a party's right to seek relief within fifteen days following the service of a Commission order pursuant to Subsection 703(f). 66 Pa.C.S. § 703(f) (relating to rehearing).⁹ Upon the filing of a petition for relief pursuant to Section 703(f), the Commission may affirm, rescind, or modify its original order. 66 Pa.C.S. § 703(f). The Code further provides that the Commission may, at any time, after notice and opportunity to be heard by all affected parties, rescind or amend any order made by the Commission, pursuant to Section 703(g). 66 Pa.C.S. § 703(g) (relating to rescission and amendment of orders). A request for relief

⁹ Petitions under this section which do not allege new evidence are typically treated as petitions for reconsideration. Petitions for rehearing pursuant to Section 703(f) of the Code typically include an allegation of new evidence. 66 Pa.C.S. § 703(f); see *West Penn Power Co. v. Pa. PUC*, 659 A. 2d 1055 (Pa. Cmwlth. 1995).

pursuant to § 703(f) or § 703(g) must be brought as a petition for relief consistent with Section 5.572 of Commission Regulations. 52 Pa. Code § 5.572 (relating to petitions for relief).

Petitions for relief predicated upon Sections 703(f) and 703(g) of the Code, whether brought under Section 5.572(c) of Commission Regulations as a petition for reconsideration, rehearing, reargument, clarification, supersedeas, or others within fifteen days of the service of a Commission order, or under Section 5.572(d) as a petition for rescission or amendment filed at any time following service of a Commission order, are reviewed by the Commission as matters seeking relief falling within the agency's discretion.

The Commission's application of the standard for granting a petition for amendment, reconsideration, or rescission is set forth in *Philip Duick, et al. v. Pennsylvania Gas and Water Company*, 56 Pa. P.U.C. 553 (1982) (*Duick*) as follows:

A petition for reconsideration, under the provisions of 66 Pa.C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part on the grounds that the decision or ruling of the Commission on a matter or issue was either unwise or in error.

In this regard we agree with the Court in the *Pennsylvania Railroad Company* case, wherein the Court said,

[b]ut the grounds for reconsideration should be restricted to the new matters and new or changed conditions set up in the joint petition, which had arisen since and were not presented in the several petitions of these appellants ... and dismissed by the Commission ... and not appealed from. Parties,..., cannot be permitted, by a second motion to review and reconsider, to

raise the same questions which were specifically considered and decided against them and not appealed from. ...

Pennsylvania Railroad Co. v. Public Service Commission, [179 A. 850, 854 (Pa. Super. 1935)].

What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission. Absent such matters being presented, we consider it unlikely that a party will succeed in persuading us that our initial decision on a matter or issue was either unwise or in error.

Duick at 559; *see also*, *AT&T v. Pa. PUC*, 568 A.2d 1362 (Pa. Cmwlth. 1990).

The Commission utilizes a two-step analysis in determining whether to exercise its discretion to grant relief under *Duick*. *See, e.g., SBG Management Services, Inc./Colonial Garden Realty Co., L.P. v. Philadelphia Gas Works*, Docket Nos. C-2012-2304183 and C-2012-2304324 (Opinion and Order entered May 9, 2019)¹⁰ at 4-5 (discussing *Application of La Mexicana Express Service, LLC, to transport persons in paratransit service, between points within Berks County*, Docket No. A-2012-2329717; A-6415209 (Opinion and Order entered September 11, 2014)). The first step is to determine whether a party has offered any basis to persuade the Commission to exercise its discretion, including but not limited to, new and novel arguments or identified considerations that appear to have been overlooked or not addressed by the Commission in its previous order. This initial step examines whether a party raises the same questions which were specifically considered and decided against them by a prior Order of the Commission. If so, it is unlikely that the Commission will be persuaded to exercise its discretion to grant relief. *Duick* at 559 (citing *Pennsylvania Railroad Co. v.*

¹⁰ *Affirmed, Phila. Gas Works v. Pa. PUC*, 249 A.3d 963 (Pa. 2021), *remand granted, in part*, 256 A.3d 1092 (Pa. 2021) (Table).

Public Service Commission, 179 A. 850 (Pa. Super. 1935)). The second step of the *Duick* analysis is to evaluate any matter the Commission has deemed worthy of consideration, to determine whether to grant any relief.

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

B. *July 2025 Order*

In the *July 2025 Order*, after full consideration of the arguments SCH USA had raised before the ALJ and on Exceptions, we denied SCH USA's Exceptions, adopted ALJ Coogan's Initial Decision, and dismissed the Complaints. *July 2025 Order* at 23-24. Additionally, noting that the ALJ had made sixteen Findings of Fact and reached eleven Conclusions of Law, those Findings of Fact and Conclusions of Law were incorporated by reference into the *July 2025 Order*. We noted that such Findings of Fact and Conclusions of Law were adopted without comment unless they were expressly or by necessary implication overruled or modified therein. *Id.* at 11-12.

We recognized that the ALJ had ruled in the Initial Decision to dismiss the Complaints, given his finding that SCH USA failed to carry its burden of proof that the rates it has been and is being charged violated 66 Pa.C.S. § 1301. We noted our concurrence with the following findings of the ALJ:

- Many arguments raised in this proceeding were similarly rejected by the Commission in the *Aqua 2024 Rate Case*.

- The number of EDUs were reviewed and authorized in *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2018-3003558 and R-2018-3003561, *et al.* (Order entered May 9, 2019) (*Aqua 2018 Rate Case*), *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2021-3027385 and R-2021-3027386, *et al.* (Order entered May 16, 2022) (*Aqua 2021 Rate Case*).
- Aqua's wastewater treatment plant is designed to treat 100% of every customer's flow and cannot adjust its wastewater treatment capacity to match variations in the resort occupancy. Therefore, it is reasonable to bill them assuming 100% occupancy of the Resort.
- While the Commission has expressed its preference for volumetric billing, as opposed to flat-rate billing, it has acknowledged the standard industry practice of flat-rate billing where metered water information is unavailable.
- Metered billing is not possible where neither SCH USA's water or wastewater usage is currently metered and the Commission has not authorized metering wastewater service.
- SCH USA did not carry the high burden of proving that circumstances have changed so drastically that the complained of tariff provisions approved in the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case* are unreasonable.

July 2025 Order at 14-15, 17-23 (citing I.D. at 15-18). We further noted that in the *Aqua 2024 Reconsideration Order*, we declined to exercise our discretion to reconsider our Order in the *Aqua 2024 Rate Case*, finding no new or novel arguments or any considerations overlooked by the Commission. *July 2025 Order* at 23 (citing *Aqua 2024 Reconsideration Order* at 58).

Accordingly, we denied SCH USA's Exceptions, affirmed ALJ Coogan's Initial Decision, and dismissed the Complaints. *July 2025 Order* at 23-24.

C. Petition and Answer

In its Petition, SCH USA raises three arguments regarding its request for reconsideration of the Commission's *July 2025 Order*. First, SCH USA argues that the Commission overlooked that SCH USA's EDUs are not calculated consistent with 25 Pa. Code § 73.17, in violation of Aqua's tariff. Petition at 3. SCH USA contends that Aqua's tariff requires that EDUs be determined based upon the estimated average of daily wastewater flow for the type of business which is calculated by the Pennsylvania Department of Environmental Protection (PA DEP) regulation at 25 Pa. Code § 73.17 and divided by the typical estimated average daily wastewater flow from a current single-family unit. *Id.* at 3-4. SCH USA argues that the EDU definition in Aqua's tariff and the calculation procedure for EDUs established in Aqua's tariff and 25 Pa. Code § 73.17 were not applied or evaluated by the Commission and that the omission of such discussion or misapplication warrants reconsideration. *Id.*

SCH USA claims the difference between what would be charged to SCH USA if the Company's tariff provision was applied as written is significantly lower than the calculation of 330 EDUs SCH USA as assigned under the Kidder Settlement. Petition at 4-5. SCH USA points out that there is more than one potential outcome when calculating the EDUs, as described in 25 Pa. Code § 73.17, depending on how broadly or narrowly "hotel" is defined; however, using the broadest and narrowest definition, the EDU calculations both result in lower EDUs than what SCH USA is currently charged. *Id.* at 5. SCH USA states that Aqua neither disputed the analysis of the proper EDU calculation under Section 73.17, nor did it provide any calculation providing a basis for the current EDUs. SCH USA contends that Aqua and the Commission's *July 2025 Order* rely on the Kidder Settlement as the basis for the current EDUs charged to SCH USA. *Id.*

Second, SCH USA argues that Aqua did not assume SCH USA's EDUs from the Kidder Settlement. According to SCH USA, the EDUs assigned to SCH USA were determined through litigation initiated in 2007 between a prior owner of Split Rock Resort and Kidder Township that resulted in the Kidder Settlement in 2010. Petition at 6. In 2012, SCH USA explains, LWWC purchased the Kidder Township wastewater system, and in the asset purchase agreement (APA), only two paragraphs from the Kidder Settlement transferred to LWWC and neither paragraph included the EDUs for the Split Rock Resort. *Id.* at 6-7. It is SCH USA's position that if LWWC did not assume the portions of the Kidder Settlement relating to the Resort's EDU calculations, then Aqua also did not assume those EDU provisions when it acquired LWWC. *Id.* at 7. SCH USA contends that the Kidder Settlement should have no bearing on the calculations of EDUs for the Resort today and by continuing to rely on this calculation, Aqua is imposing improper charges on SCH USA that are unjust and unreasonable. *Id.* at 8.

Lastly, SCH USA avers that Aqua's prior rate cases did not specifically address SCH USA's EDUs. Petition at 8. SCH USA argues that the Commission did not expressly approve an allocation of costs or EDUs specific to SCH USA in either the *Aqua 2018 Rate Case* or the *Aqua 2021 Rate Case*. Further, SCH USA states that Aqua's current tariff does not include any mention of EDUs specific to SCH USA. *Id.*

As relief, SCH USA asks the Commission to grant its Petition and either direct Aqua to bill SCH USA for 120 EDUs or 206.2 EDUs, as calculated under 25 Pa. Code § 73.17, and adjust SCH USA's bills back to October 29, 2020 or remand this matter for further proceedings to determine the proper number of EDUs, as calculated consistent with Aqua's tariff and Section 73.17. Petition at 9.

In response to SCH USA's Petition, Aqua contends that SCH USA did not meet the legal standard for reconsideration of a Commission's final Order. Answer at 5.

Aqua argues that the reasons for the requested reconsideration were already addressed and dismissed in the *July 2025 Order*, as well as rejected in the *Aqua 2024 Rate Case*. *Id.*

D. Disposition

As stated above, Petitions for Reconsideration are governed by *Duick*, which essentially requires a two-step analysis. First, we determine whether a party has offered new and novel arguments, or identified considerations that appear to have been overlooked or not addressed by the Commission in its previous order. We will not reconsider our previous decision based on arguments that have already been considered. However, we will not necessarily modify our prior decision just because a party offers a new and novel argument or identifies a consideration that was overlooked or not addressed by the Commission in its previous order. The second step of the *Duick* analysis, therefore, is to evaluate the new or novel argument, or overlooked consideration, in order to determine whether to modify our previous decision.

Upon consideration of the Petition and Answer, and the record evidence in this proceeding, we will deny the Petition on the grounds that it fails to persuade us to exercise our discretion to reconsider the *July 2025 Order*. *Duick*. The Petition fails to establish a basis for reconsideration, as SCH USA fails to raise new or novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed, so as to meet the criteria outlined in *Duick*, for the grant of reconsideration.

In its Petition, SCH USA requests the Commission to reconsider its *July 2025 Order* and find that SCH USA is not being charged for an accurate and reasonable number of EDUs based on the following three reasons. First, SCH USA contends that the Commission overlooked that Aqua's current billing practice as applied to SCH USA violates Aqua's tariff by failing to calculate the EDUs consistent with its

tariff and 25 Pa. Code § 73.17. Petition at 3. Second, SCH USA argues that Aqua did not assume SCH USA's EDUs from the Kidder Settlement. *Id.* at 6. Lastly, according to SCH USA, the Commission did not specifically address SCH USA's EDUs in Aqua's prior rate cases and therefore, SCH USA avers, the Commission did not expressly approve an allocation of costs or EDUs to SCH USA. *Id.* at 8.

Regarding its first argument, that the Commission overlooked that Aqua's current billing practice as applied to SCH USA violates Aqua's tariff, we disagree. In our *July 2025 Order*, we specifically stated that SCH USA is billed under Rate Zone 4 pursuant to the Company's Commission-approved tariff. *July 2025 Order* at 22. Additionally, SCH USA's argument overlooks Aqua's tariff, in which EDU is defined, as follows:

Equivalent Dwelling Unit or "EDU": Except for existing Customers acquired by the Company through a purchase or acquisition and for billing purposes only, the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit. Residential Customers are designated as one (1) EDU; however, in the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

For existing customers without a predetermined EDU allocation, the EDU is a measure based upon the estimated average daily wastewater flow for the type of business based on water usage, divided by the typical estimated average daily wastewater flow from a current single-family unit. For other existing customers acquired by the Company through a purchase or acquisition, the number of equivalent dwelling units is available at <https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>.

Any Customer who modifies their properties in a manner that impacts the EDU calculation, including in areas previously

acquired by the Company, will be subject to the EDU definition described above. The Company will consider a Customer's request for a change in the number of assigned EDU's upon presentation of substantial evidence, satisfactory to the Company in its sole discretion. The Customer shall bear the burden of proof for all such requests.

See Tariff Sewer No. 4 at Original Page 26, effective February 22, 2025 (emphasis added). Aqua's tariff carves out an exception for those existing customers acquired by the Company, such as SCH USA. This means Section 73.13 did not have to be considered for SCH USA's EDU calculation.

Furthermore, after Aqua's acquisition of the system, the Commission approved SCH USA's billing determinants through the Compliance Tariffs filed in the *Aqua 2018 Rate Case*, the *Aqua 2021 Rate Case*, and the *Aqua 2024 Rate Case*, and those rates were determined by the Commission to be just and reasonable. Accordingly, we disagree with the contention of SCH USA that Aqua is not billing SCH USA in accordance with Aqua's tariff and find that the first argument of SCH USA fails to assert any new or novel arguments or considerations which we overlooked and, thus, does not satisfy the *Duick* standard for reconsideration.

Regarding SCH USA's claims that Aqua did not assume SCH USA's EDUs from the Kidder Settlement, we direct SCH USA to our *July 2025 Order* where we addressed a similar argument made by SCH USA. There we explained that it is commonplace with any acquisition for the number of EDUs, or billing determinants, associated with a customer to remain consistent with what the system's previous owner had been charging. *July 2025 Order* at 19. We reasoned that the Commission approved Aqua's acquisition of the Kidder Township wastewater system and found that the Compliance Tariff for the Kidder Township acquisition explicitly listed the number of EDUs associated with the Resort. *Id.* at 20 (citing *Aqua 2024 Rate Case* at 160). The Commission approved SCH USA's EDUs in the *Kidder Township Order*, the

Kidder Township Order – Compliance Tariff, the *Aqua 2018 Rate Case*, the *Aqua 2021 Rate Case*, and the *Aqua 2024 Rate Case*. *July 2025 Order* at 20. SCH USA’s argument fails to acknowledge that the rate applicable to SCH USA has long been established and approved by the Commission. SCH USA’s contention that Aqua bills SCH USA based upon the Kidder Settlement has no merit and has been rejected by the Commission in the *Aqua 2024 Rate Case* and *Aqua 2024 Reconsideration Order*. Accordingly, we decline to exercise our discretion to reconsider this argument again.

Lastly, SCH USA asserts that the Commission did not specifically address SCH USA’s EDUs in Aqua’s prior rate cases and therefore, the Commission did not expressly approve an allocation of costs or EDUs to SCH USA. Again, this argument has been addressed by the Commission in the *Aqua 2024 Rate Case* and the *Aqua 2024 Reconsideration Order*. Specifically, in the *Aqua 2024 Reconsideration Order*, we stated:

We disagree with the contention of SCH USA that the Commission, in the *February 2025 Order*, overlooked the fact that neither the *Aqua 2018 Rate Case* nor the *Aqua 2021 Rate Case* specifically approved an allocation of costs or number of EDUs applicable to SCH USA. Rather, we explained that the EDUs applicable to SCH USA were approved as part of the *Kidder Township Order* proceeding. Additionally, we clarified that it is commonplace with any acquisition for the number of EDUs, or billing determinants, associated with a customer to remain consistent with what the system’s previous owner had been charging. We reasoned that the Commission approved Aqua’s acquisition of the Kidder Township wastewater system and found that the *Kidder Township Order – Compliance Tariff* explicitly listed the number of EDUs associated with the Resort.

Moreover, we determined that in Aqua’s prior two base rate proceedings the EDUs billed to SCH USA’s accounts were included in the revenue requirements set forth in the respective Orders in both the *Aqua 2018 Rate Case* and the *Aqua 2021 Rate Case*. As discussed above, we found those

rates to be just and reasonable and approved them pursuant to the Compliance Tariffs filed in those respective dockets.

Furthermore, we specifically noted that the approval of the billing determinants in the prior rate cases were based upon the EDUs applicable to SCH USA. In particular, we emphasized that the quantity of EDUs established for the Resort were presumptively reasonable as they were reviewed and approved, along with other billing determinants included in the revenue requirement, which the Commission found to be just and reasonable, most recently in the *Aqua 2021 Rate Case*.

Aqua 2024 Reconsideration Order at 55-56 (citing *Aqua 2024 Rate Case* at 160-63). As we have already addressed and resolved the same argument SCH USA raises in the instant matter, we decline to grant reconsideration.

Accordingly, we find that the arguments raised by SCH USA fail to assert any new or novel arguments or considerations which we overlooked and, thus, does not satisfy the *Duick* standard for reconsideration.

III. Conclusion

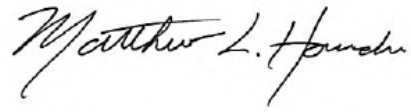
Upon review, we shall deny the instant Petition, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Petition for Reconsideration of the Opinion and Order, entered on July 10, 2025, at Docket Nos. C-2022-3036893 and C-2022-3037118, filed by SCH USA, LLC, on July 25, 2025, is denied, consistent with this Opinion and Order.

2. That this proceeding at Docket Nos. C-2022-3036893 and C-2022-3037118 be marked closed.

BY THE COMMISSION

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive style with a large, stylized "M" and "H".

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: October 23, 2025

ORDER ENTERED: October 23, 2025

SCH EXHIBIT NO. 1

Expert Report of James L. Crist

Exhibit SCH-1

Expert Report of James L. Crist, P.E.

Executive Summary

This report demonstrates that Aqua Pennsylvania Wastewater, Inc.'s (Aqua) application of Equivalent Dwelling Units (EDUs) to SCH USA, LLC (SCH) is unjust, unreasonable, unsupported by tariff requirements, and is not based on actual wastewater produced. Analysis of data presented in Aqua's most recent base rate case (R-2024-3047824) shows that Aqua's billing methods rely on outdated, unexplained, and non-tariff based EDU assignments that substantially overstate SCH's wastewater usage.

The evidence supports SCH's Amended Complaint's objectives by showing that:

1. Aqua's tariff is unreasonably discriminatory as applied to SCH because it excludes SCH from having EDUs assigned to its accounts determined consistent with regulations and instead allows Aqua to rely upon arbitrary EDU assignments. Specifically, Aqua's Tariff 4 Wastewater now provides that:

Except for existing Customers acquired by the Company through a purchase or acquisition and for billing purposes only, the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the [Pennsylvania Department of Environmental Protection (DEP)] regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit.

The exclusion of an existing customer acquired by the Company even after a rate case incorporating the acquired customer into Aqua's rates is completely arbitrary and results in unreasonable discrimination as applied to SCH.

2. Aqua relied on a decade-old settlement agreement that does not define, justify, or validate current EDU values whereas 25 Pa. Code § 73.17(b) provides a fair, reasonable, and consistent methodology for determining EDUs.

3. The resultant charges are unreasonable, discriminatory, and inconsistent with cost-causation principles.

4. Aqua has violated its tariff by failing to post the number of EDUs assigned to customers as its tariff requires and thus leaves this number undefined. Specifically, Aqua's tariff defines EDUs as follows: "[f]or existing customers acquired by the Company through a purchase or acquisition, the number of equivalent dwelling units is available at <https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>". I have visited this link as of April 1, 2026 and Aqua has not posted the number of equivalent dwelling units for customers at this link or at any links accessible through this page. Aqua has thus left the number of EDUs assigned to SCH undefined and has violated its tariff.

6. Aqua has violated Chapter 56 regulations regarding termination of service by ignoring express consumer protections in the regulations. Specifically, Aqua has treated one of the SCH accounts as a landlord ratepayer account, issuing a 37-day termination notice on December 1, 2025. However, the Commission's regulations specifically state: "(f) Landlord ratepayer accounts. During the period of December 1 through March 31, a public utility may not terminate service to a premises when the account is in the name of a landlord ratepayer as defined in 66 Pa.C.S. § 1521 (relating to definitions) except for the grounds in § 56.98." 52 Pa. Code § 56.100.

Objectives of the SCH Amended Complaint

The Amended Complaint seeks Commission findings and relief that include:

1. A determination that Aqua's EDU-based billing for SCH is unjust and unreasonable and unreasonably discriminatory under Pennsylvania utility law.
2. A finding that Aqua improperly calculated and applied EDUs, contrary to its tariff and 25 Pa. Code § 73.17.
3. A requirement that Aqua reassess SCH's wastewater billing EDUs to be calculated consistent with 25 Pa. Code § 73.17 going forward and retroactively applied.
4. Refunds and bill corrections for amounts charged in excess of reasonable wastewater usage as determined by applying 25 Pa. Code § 73.17.

EDUs Assigned to SCH are not just or reasonable and rely on unreasonably discriminatory tariff language as applied to SCH

Review of Evidence Presented in the 2024 Aqua Base Rate Case

Aqua's EDU assignments lack tariff support:

- Aqua used EDU values from a 2010 private settlement unrelated to Aqua's tariff requirements.
- Aqua did not demonstrate how those EDUs were calculated.
- Aqua failed to reconcile the calculated EDU values with the assumptions in Aqua's tariff provision incorporating DEP's regulation at 25 Pa. Code § 73.17.

Use of a 2010 settlement agreement is not appropriate because that agreement predates SCH's ownership of the properties. The 2010 agreement was never

incorporated into Aqua's tariff. Most importantly, the 2010 agreement contains no methodology tying EDUs to wastewater flow or capacity. This means the assignment of EDUs is divorced from cost causation.

Aqua's tariff states, "the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit." When this tariff language is applied with DEP flow factors to the three SCH hotel accounts (Willowbrook, Galleria, Lodge), it is clear that the EDUs Aqua is currently charging SCH are overstated. Section 73.17 (a) explains the procedure used to determine the gallons per day for a sewage system design. The table in section 73.17(a) states the flow rate for a hotel is 100 gallons/day/unit, and for a single-family dwelling is 400 gallons/day. A clear example of Aqua's overbilling of SCH is the billing rendered for the Willowbrook property, a hotel. The calculation of the EDU is simply the ratio of 100 gallons/day to 400 gallons/day, or 0.25. Willowbrook has 256 hotel rooms, or "units," and therefore its EDU assignment should be $0.25 \times 256 = 64$. Aqua's bills for the Willowbrook show the assignment of 128 EDUs and consequently the wastewater bills are twice what the calculation specified in the DEP regulation would allow. The Galleria and Lodge properties are also hotels and are similarly overcharged by Aqua.

Aqua has produced EDUs that are disconnected from cost causation, violating foundational utility law standards. Its billing method is arbitrary and discriminatory. Customers that were not acquired through acquisition will have EDUs determined in a consistent manner based on an environmental regulation. SCH has been stuck with an arbitrary EDU determination instead of being treated in the same manner as non-acquired customers. SCH is treated less favorably than similarly situated

customers and such treatment is unreasonably discriminatory because it is an arbitrary distinction.

Aqua Tariff Violation – Failure to Define EDUs

On February 18, 2025, Aqua filed Tariff Sewer-PA P.U.C. No. 4, effective February 22, 2025. On Original Page 28, Aqua defines EDUs for existing customers acquired by Aqua through purchase or acquisition as what it lists on its website. Specifically, the tariff states: “[f]or existing customers acquired by the Company through a purchase or acquisition, the number of equivalent dwelling units is available at

<https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>.”

As the Amended Complaint demonstrates, as of December 12, 2025, Aqua had not posted the required information at this link. I visited the link on April 1, 2026, and Aqua had not posted the required information at this link.

Failing to post the required EDU information is a tariff violation. This tariff violation results in Aqua failing to define the number of EDUs assigned to SCH.

Aqua Tariff Violation – Illegal Threat of Termination of Service

On December 1, 2025, Aqua issued a 37-day termination notice to SCH as a landlord, consistent with requirements of 66 Pa. C.S. Ch. 15.

- (a) Nonpayment of charges.--Except when required to prevent or alleviate an emergency as defined by the commission or except in the case of danger to life or property, before any termination of service to a landlord ratepayer for nonaccess as defined by the commission in its rules and regulations or nonpayment of charges, a public utility shall:
 - (1) Notify the landlord ratepayer of the proposed termination in writing as prescribed in section 1525 (relating to delivery and

contents of termination notice to landlord) at least 37 days before the date of termination of service.

15 Pa.C.S. § 1523.

The Commission's Chapter 56 regulations clearly prohibit issuance of this termination notice:

Landlord ratepayer accounts. During the period of December 1 through March 31, a public utility may not terminate service to a premises when the account is in the name of a landlord ratepayer as defined in 66 Pa.C.S. § 1521 (relating to definitions) except for the grounds in § 56.98.

52 Pa. Code § 56.100(f). I reviewed Aqua's Answer to the Amended Complaint and Aqua claims that the termination notice was valid because SCH does not rely on water to heat its building, citing 52 Pa. Code § 56.100(a). However, SCH does not take water service from Aqua and this regulation has no apparent applicability to the facts at hand.

Conclusions

Evidence in the base rate case supports the objectives of SCH's Amended Complaint. Aqua's EDU-based billing applied to SCH is unjust, unreasonable, and unreasonably discriminatory. Aqua has violated its tariff after the 2024 base rate case by failing to post EDUs assigned to SCH as required by its tariff, thus leaving EDUs assigned undefined. Aqua has further violated consumer protections by issuing a 37-day termination notice on December 1, 2025.

Additional Exhibits

SCH-2 Aqua PA Tariff Sewer-PA P.U.C. No. 4

SCH-3 Aqua PA Website Regarding EDUs as of December 12, 2025

SCH-4 Aqua PA Website Regarding EDUs as of April 1, 2026

SCH-5 Aqua termination notices

SCH-6 Recent Aqua bills and SCH payments

PRESIDENT, LUMEN GROUP, INC.

Suite 101, 4226 Yarmouth Drive • Allison Park, PA 15101

Phone: 412.487.9708 • Cell: 412.613.8886 • E-mail: JLCrist@aol.com

DEMONSTRATED AREAS OF EXPERTISE

“ GENERAL MANAGEMENT	Proven executive-level management expertise with excellent capabilities in developing, implementing, and supervising corporate-wide policies and procedures in areas including sales, marketing, customer service, public relations, rates, regulatory affairs, and administration. Possess a unique combination of abilities to set goals, develop winning business strategies, organize structures and work methods, and train the right people for the right positions to make it all work. Skilled in strategic short and long-term planning and budgeting with effective abilities in reducing the "fat" and increasing organizational efficiency. A creative, decisive leader who can successfully meet challenges and overcome obstacles to achieve profit objectives.
“ REGULATORY STRATEGY	A thorough strategist with an extensive background in utility business unit operation (electric, natural gas, water/wastewater) the full range of rate and regulatory functions, from tariff development and special contract negotiation. Proven personal testifying skills with an outstanding record of developing and presenting successful written and oral testimony, along with settlement negotiations.
“ PERSONNEL MANAGEMENT	Effective interpersonal communications skills support outstanding capabilities in recruiting, training, motivating, and directing staff at all levels. Proven ability to build productive, highly motivated teams of sales/marketing, operations, technical, and customer service personnel who contribute to top organizational performance.
“ PERSONAL ATTRIBUTES	A determined, hardworking, challenge-driven executive with the skills and experience to bring excellence to any business organization. A high-energy mover and shaper ... experienced in successful start-ups and turn-arounds. An excellent communicator - written and verbal. A frequent speaker at professional symposiums, able to interpret and communicate complex concepts for diverse audiences. An engineering/technical specialist and a management generalist. Active in civic and community affairs.

EMPLOYMENT HISTORY

LUMEN GROUP, INC., Pittsburgh, PA	1996 - Present
President - A consulting practice specializing in strategic planning, business planning, regulatory strategy, marketing and venture development in the electric, natural gas and energy services industries. Please see Addendum for amplification of consulting assignments.	
ACN ENERGY, Farmington Hills, MI	2004-2005
Vice President, Consumer Markets	
OPTIRON, Pittsburgh, PA	2003-2004
Vice President, Marketing	
E R I SERVICES, Pittsburgh, PA	1996
Vice President, Marketing & Product Development	
CITIZENS UTILITIES, Harvey, LA & Stamford, CT	1994 - 1995
Vice President, Marketing	
CONSOLIDATED NATURAL GAS, Pittsburgh, PA	1977 - 1994
Director, Residential & Commercial Marketing (1988 - 1994)	
Manager, Technical Sales/Market Development (1985 - 1988)	
Market Development Specialist (1982 - 1985)	
Project Engineer (1979 - 1982) ... promoted from ... Process Engineer (1977 - 1979)	
OCCIDENTIAL CHEMICAL CORP., Niagara Falls, NY	1975 - 1977
Research Engineer	
PENNSYLVANIA STATE UNIVERSITY, State College, PA	1988
CLEVELAND STATE UNIVERSITY, Cleveland, OH	1984
Instructor (Evening Division) - Economics, Engineering Economics	

 SELECTED ACCOMPLISHMENTS

VICE PRESIDENT, CONSUMER MARKETS - ACN ENERGY

Retained for a turnaround assignment with an independent energy marketing company. Participated on the executive management team and directed a decentralized 3-person market management staff responsible for sales to 85,000 customers. Worked directly with the parent company executives and business unit management to create market-driven strategies for the corporation. Sharpened marketing and sales efforts of an energy marketing company operating in seven states and packaged company for eventual sale to Commerce Energy.

- “ Primary executive responsible for sales. Directed a team of market managers that was responsible for all aspects of 11 different markets (electric and natural gas) around the country. Provided direction and support to sales channel organization of commissioned representatives. Turned around five-year annual loss to significant gain in 2004. Tightened focus on market decisions.
- “ Directed regulatory involvement to insure compliance with market rules. Focused on maintaining positive relationships with state utility regulators to avoid penalties.
- “ Led weekly operations meetings during absence of COO. This involved direction of call center, provisioning, billing, credit & collection, and marketing.
- “ Worked in a team setting with other executives (VP Finance, VP Supply, COO) to provide consistent, professional focus to workforce experiencing changing environment.
- Directed development of annual business plan and budget with targets resulting in both goal achievements and income improvements.
- “ During transition period working with merger partner Commerce Energy’s executive team to train and advise incoming executives.
- “ Directed customer service improvements in the customer acquisition process which resulting in replacing outdated paper/fax process with phone order process.
- “ Organized and directed trade show presence at national sales convention for alliance sales channel to create awareness of new product and market focus.

VICE PRESIDENT, MARKETING - OPTIRON

Retained as part of executive team in venture capital startup company developing new CIS/CRM software for the energy industry. Worked closely with CEO, COO, and Director of Sales to determine business strategy and develop marketing strategy to create market awareness and brand attributes in medium and small energy companies.

- “ Added in-house marketing communications function and personnel and revamped all marketing materials.
- Added new website functionality and content.
- “ Implemented first print advertising campaign in industry publications.
- “ Using industry contacts, positioned Option as expert presenter at several conferences and trade shows.
- “ Developed business plan to identify sales prospects and created competitive database of CIS/CRM vendors.
- Participated in development of exit strategy plan resulting in the successful sale to large software company.

VICE PRESIDENT, MARKETING & PRODUCT DEVELOPMENT - ERI Services

Assumed responsibility for creating a new corporate marketing vision and strategy to facilitate entry into new deregulated energy markets nationally.

- “ Recruited and selected an exceptional management team and integrated marketing and sales activities into one functional operating unit.
- “ Established the product innovation process to identify and create new and profitable market-driven service offerings.
- “ Directed strategic branding to launch the new corporate identity; managed a \$2 million national advertising campaign; and developed over \$1 million of new sales/marketing collateral materials.
- “ Instituted financial controls that reduced costs 60% in the Iowa market rollout while maintaining 80% market share and high customer satisfaction.

VICE PRESIDENT, MARKETING - Citizens Utilities

Directed a decentralized 20-person sales staff and a five person marketing staff. Worked directly with the Board of Directors, Corporate President, and Sector Vice President to create market-driven sales strategies for the corporation. Revamped and redirected sales efforts of a five-state energy utility with 440,000 customers.

- “ Increased industrial sales revenues by reorganizing unregulated gas marketing effort.
- “ Revamped merchandising utilizing inbound telemarketing in Louisiana Gas.
- “ Revised training programs for entire sales force, identifying and correcting missing technical and equipment training, adding a greater competency in the commercial and industrial sectors.
- “ Developed first business plan in sales and marketing organization with monthly budget monitoring and

- targets resulting in both goal achievements and cost improvements.
- Launched an aggressive direct marketing program that increased sales 500% over previous year.
- Increased share of gas transportation business in Arizona by 15% in first year of operation through marketing efforts.
- Created a telephone long distance business in Louisiana that captured a 20% share (2nd to AT & T).

DIRECTOR, RESIDENTIAL & COMMERCIAL MARKETING - Consolidated Natural Gas

Managed a marketing staff of 12 and a "dotted-line" 24-person field sales force. Directed marketing and sales efforts in consumer, business, and manufacturing markets with \$154 million revenue.

- Added \$6 million in revenue by developing new products in gas transportation, supply, and agency.
- Directed sales activities in residential, commercial, institutional and governmental accounts for both product sales and technology sales.
- Produced \$600,000 annual revenue and doubled competitive project wins by revamping market approaches to residential and commercial new construction.
- Secured 50% increase in customer decisions over 5 gas companies and 4 electric companies.
- Experienced in PUC and Legislature lobbying. Increased revenues \$2.3 million through regulatory strategy/testifying and received major competitive program approval.

MANAGER, TECHNICAL SALES / MARKET DEVELOPMENT - Consolidated Natural Gas

Directed new market development and competitive market support.

- Focused on commercial and industrial accounts and increased the depth of relationship beyond the typical utility provider of service to a rich full service information provider and business partner.
- Captured \$150,000 in new business annually by competitive pricing analysis, sales tool development, and market approach.
- Developed total advertising and promotional plan launching new market programs.
- Compiled extensive technical database and developed economic model for project analysis, eliminating a \$100,000 operating budget expense.
- Led statewide coalition with customers and government agencies for fair treatment of new technology.

EDUCATION - PROFESSIONAL

UNIVERSITY OF PITTSBURGH, Pittsburgh, PA 1982
M.B.A. Degree

CARNEGIE - MELLON UNIVERSITY, Pittsburgh, PA 1975
B.S. Degree in Chemical Engineering

Registered Professional Engineer AGA Hall of Fame, 4/1991

JAMES L. CRIST

Lumen Group, Inc.

Suite 101, 4226 Yarmouth Drive • Allison Park, PA 15101

Phone: 412.487.9708 • Cell: 412.613.8886 • E-mail: JLCrist@AOL.com

AMPLIFICATION OF LUMEN GROUP CONSULTING ASSIGNMENTS

A consulting practice specializing in strategic planning, business planning, marketing and venture development in the telecommunications, energy, and services industries.

REGULATORY

Represented the National Energy Marketers Association and their members in Equitable-Dominion Peoples merger case. Developed strategy, presented written and oral testimony and negotiated on behalf of clients. Worked with other interveners and FTC on anti-competitive issues.

UTILITY RATE NEGOTIATION

Represented large client group seeking to obtain rate reduction from electric utility. Prepared strategy, wrote testimony, and exceeded expectations by achieving a 40% reduction in charges, producing a \$2 million annual reduction.

STRATEGIC PLANNING FOR ON-SITE POWER GENERATION

Participated in proposal development for a 27-MW power plant on Kauai. Handled critical customer needs assessment in rapid turnaround fashion to meet proposal deadline. Maintained relationships with clients, vendors and proposal partners. Our proposal was selected as the preferred bidder out of five strong competitors.

NEW BUSINESS START-UP / TARIFF NEGOTIATIONS

Participated in the development of a new gas distribution utility in New York. Handled tariff development, pricing structure, transportation contracting, and operations, maintenance, and emergency manual preparation.

SALES STRATEGY/BUSINESS DEVELOPMENT

Developed sales strategy to focus on profitable accounts and markets. Developed sales training and account management plans and provided consulting to energy marketing organizations to improve overall sales.

BUSINESS STRATEGY/BUSINESS DEVELOPMENT

Developed business strategy to verticalize eCommerce/Customer Relationship Management product for the energy/utility industry. Produced sales training for global applications, product promotion presentations, developed alliance relationships with system integrators and software partners, developed business. Client is market leader in North America.

JOINT VENTURE/PRODUCT DEVELOPMENT

Assembled joint ventures resulting in sales to offer new hedge-based weather risk management retail product. Identified venture partners, and developed business arrangements and closed million-dollar deals

Served as energy expert on project team that obtained long-term natural gas supply for major government facilities. Prepared project specifications, negotiated with suppliers, prepared RFP, negotiated major reduction in delivery charges. This project resulted in annual cost reduction of \$2.5 million.

NEW BUSINESS DEVELOPMENT - TELECOMMUNICATIONS

Analyzed use of electric utility assets for possible telecommunications business venture. Wrote the business plan that identifies regulatory and non-regulatory issues, marketing plans, financial analysis, and organizational requirements. Launched the new non-regulated business unit in 1996.

JOINT VENTURE DEVELOPMENT - TELECOMMUNICATIONS

Conducted analysis of potential joint venture partners for new unregulated telecommunications venture, bypassing the Bell operating company. Held screening discussions with potential partners and selected lead candidate for venture. Developed working agreement with partners along with business case to launch venture.

JOINT VENTURE DEVELOPMENT - TELECOMMUNICATIONS & ENERGY

Developed strategic plan for joint venture involving gas, electric, and telecommunications partners. Screened potential business partners and held discussions with lead candidates. Assembled justification for top management approval.

PRODUCT DEVELOPMENT - UNREGULATED ENERGY SERVICES

Developed energy products for start-up subsidiary of major energy utility. Identified potential products and selected most likely candidates for further development. Developed market plans and sales plans for products.

MARKET PLAN - DIRECT MARKETING

Developed the market plan for large, global direct marketing agency to enter the energy industry. Identified strategies, strengths, weaknesses, and target prospects. Initiated sales effort and developed new business.

CORPORATE IMAGE DEVELOPMENT

Developed complete business unit identity for a new operations and services company. Produced capabilities brochure for use with prospects.

MARKET RESEARCH

Conducted market research to identify new customer/new business opportunities for major energy utility. Comprehensive project with two additional similar projects were completed. Entailed determination of goals, development of research methodology, script preparation, vendor selection, data analysis, and development of action plan.

MARKET DEVELOPMENT

Organized intervenor group in Illinois consisting of retail marketers and intervened in three rate proceedings (Nicor Gas base case, WPS-Peoples merger case, Peoples Gas base case) and secured significant improvements in rules and procedures enabling marketers to increase their business and profitability. Developed strategy and presented written and oral testimony.

PARTIAL LIST OF REGULATORY EXPERIENCE OF JAMES L. CRIST

1. Duke Energy Ohio, Application for Tariff Approval, Case No. 20-0054-GA-ATA, Representing Retail Energy Supply Association
2. Black Hills Wyoming Gas, Application for Authority to Revise Certain Tariff Provisions, Docket 30026-GA-21, Representing Wyoming Community Gas
3. West Penn Power Company, Default Service Program, Docket P-2021-3030021, Representing the Pennsylvania State University
4. Columbia of PA General Base Rate Increase, Docket R-2021-3025775, Representing the Pennsylvania State University
5. Columbia of PA General Base Rate Increase, Docket R-2020-3018835, Representing the Pennsylvania State University
6. Dominion Energy Ohio Motion, Case No. 18-1419-GA-EXM, Representing Retail Energy Supply Association
7. Aqua America/Peoples Natural Gas Merger, Docket R-2018-3006061, Representing Natural Gas Supplier Parties and Retail Energy Supply Association
8. Peoples Natural Gas General Base Rate Increase, Docket R-2018-3006818, Representing Peoples Industrial Intervenors
9. Duquesne Light Company General Base Rate Increase, Docket R-2018-3000124, Representing the Duquesne Industrial Intervenors
10. Columbia of PA General Base Rate Increase, Docket R-2018-2647577, Representing the Pennsylvania State University
11. West Penn Power Company, Default Service Program, Docket R-2017-2637866, Representing the Pennsylvania State University
12. Vectren Energy Delivery Ohio, Alternative Rate Plan, Case No. 18-0049-GA-ALT, Representing Retail Energy Supply Association
13. Columbia of PA Gas Cost Increase, Docket R-2017-2591326, Representing the Pennsylvania State University
14. West Penn Power Company, General Base Rate Increase, Docket R-2016-2537359, Representing the Pennsylvania State University
15. Columbia of PA General Base Rate Increase, Docket R-2016-2529660, Representing the Pennsylvania State University
16. UGI Utilities General Base Rate Increase, Docket R-2015-2518438, Representing Dominion Retail, Inc., Shipley, Choice, LLC, Interstate Gas Supply, Inc., Amerigreen Energy, and Rhoads Energy
17. Columbia of PA General Base Rate Increase, Docket R-2015-2468056, Representing the Pennsylvania State University
18. West Penn Power Company, General Base Rate Increase, Docket R-2014-2428742, Representing the Pennsylvania State University
19. Herman Oil & Gas Company, General Base Rate Increase, R-2014-2414379, Representing Herman Oil & Gas Company
20. Columbia of PA General Base Rate Increase, Docket R-2014-2406274, Representing the Pennsylvania State University
21. Ameren Gas- General Base Rate Increase, Docket No. 13-0192, Representing Dominion Retail and Interstate Gas Supply of Illinois
22. Columbia of PA General Base Rate Increase, Docket R-2012-2321748, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
23. Columbia of PA Petition for Approval of a Distribution System Improvement Charge Docket R-2012-2338282, Representing the Pennsylvania State University
24. PUC PA Generic Investigation Regarding Gas-On-Gas Competition, Docket No. P-2011-2277868, Representing the Pennsylvania State University
25. Ameren Gas- General Base Rate Increase, Docket 11-0282 (Cons.), Representing Dominion Retail and Interstate Gas Supply of Illinois
26. Water and Power Authority (USVI)- Electric Base Rate Case, Docket 575, June 2009, Representing Frenchman's Reef Marriott
27. Water and Power Authority (USVI)- Water Base Rate Case, Docket 576, June 2009, Representing Frenchman's Reef Marriott
28. Public Service of New Mexico 2010 Base Rate Case, Informal rate design workshops pursuant to the stipulation in NMPRC Case No. 08-00273-UT, Representing City of Albuquerque
29. Public Service of New Mexico, Electric base case at Case No. 08-00273-UT, Representing City of Albuquerque
30. Public Service of New Mexico 2009 Renewable Energy Procurement Plan for 2010, Case No. 09-00260-UT, Representing City of Albuquerque and Santa Fe County
31. Public Service of New Mexico, Gas sale case at Case No. 08-00078-UT, Representing City of Albuquerque
32. UGI Utilities, Central Penn Gas, Penn Natural Gas, Gas Cost Increase, Docket No. R-2011-2238953, Representing Shipley Energy, Rhodes Energy, and CenterPoint Energy
33. UGI Utilities- Gas Division, Gas Cost Increase, Docket No. R-2010-2172933, Representing Shipley Energy

34. Columbia of PA General Base Rate Increase, Docket R-2010-2215623, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
35. Columbia of PA General Base Rate Increase, Docket R-2009-2149262, Representing the Pennsylvania State University, Dominion Retail, Interstate Gas Supply, and Shipley Energy
36. Columbia of PA General Base Rate Increase, Docket R-2008-2011621, Representing Hess Energy, Dominion Retail, Interstate Gas Supply, and Shipley Energy
37. Columbia of PA Gas Cost Increase, Docket R-2008-2028039, Representing Dominion Retail, Interstate Gas Supply, and Shipley Energy
38. PPL Electric Utilities Voluntary Purchase of Accounts Receivables Program and Merchant Function Charge, Docket No. P-2009-2129502
39. Nicor Gas Company, Provision of facilities and services and the transfer of assets between Nicor Gas Company and Nicor Inc., Docket No. 09-0301, Representing Dominion Retail
40. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 09-0166 and 09-0167, Representing Dominion Retail, Interstate Gas Supply and Nicor Advanced Energy
41. Nicor Gas Company, Base Rate Increase, Docket No. 08-0363, Representing Interstate Gas Supply and Dominion Retail
42. North Shore Gas and Peoples Gas Light and Coke Company, General Base Rate Increase, Dockets 07-0241 and 07-0242, Representing Dominion Retail, Interstate Gas Supply and U.S. Energy Savings
43. WPS Resources, Peoples Energy, Peoples Gas Light and Coke Company, North Shore Gas Company, Application pursuant to Section 7-204 of the Public Utilities Act for authority to engage in a Reorganization, Docket 06-0540, Representing Dominion Retail, Interstate Gas Supply, US Energy Savings, MxEnergy, and Direct Energy Services.
44. Allegheny Energy, Approval of Retail Electric Default Service Program and Competitive Procurement Plan, Docket No. P-2008-2021608, Representing the Pennsylvania State University
45. Allegheny Energy, Generation Rate Cap, Docket No. P-2007-2001828, Representing the Pennsylvania State University
46. Equitable Gas Company, Rate Increase, Docket R-2008-2029325, Representing Independent Oil & Gas Association and Hess Corp.
47. Equitable Gas Company and Peoples Gas, Merger Case, Docket A-122250F5000, Representing National Energy Marketers, Hess Corporation, and Constellation New Energy.

SCH EXHIBIT NO. 2

**Aqua PA Tariff Sewer-PA P.U.C.
No. 4**

- [Current Water Tariff - Rules and Regulations](#)
- [Current Wastewater Tariff - Rules and Regulations](#)
- [Twin Lakes Utilities, Inc. Water Tariff](#)
- [Venango Water Company Tariff](#)
- [Cooperstown Water Company Tariff](#)
- [Fryburg Water Company Tariff](#)
- [Plumer Water Company Tariff](#)
- [Sugar creek Water Company Tariff](#)
- [West Hickory Water Company Tariff](#)
- [Blaine E. Rhodes Sewer Company Tariff](#)
- [Deer Haven Water Tariff](#)
- [Deer Haven Wastewater Tariff](#)

AQUA PENNSYLVANIA WASTEWATER, INC.
(hereinafter referred to as the "Company")

RATES, RULES, AND REGULATIONS

GOVERNING THE COLLECTIONS OF

WASTEWATER

IN PORTIONS OF

ADAMS, BEAVER, BERKS, BUCKS, CARBON, CHESTER, CLARION, CLEARFIELD,
DELAWARE, LACKAWANNA, LUZERNE, MERCER, MONROE, MONTGOMERY, PIKE,
SCHUYLKILL, VENANGO, AND WYOMING COUNTIES

IN THE COMMONWEALTH OF PENNSYLVANIA

ISSUED: July 20, 2025

EFFECTIVE: July 21, 2025

By:

Marc Lucca, President
Aqua Pennsylvania, Inc.
762 Lancaster Avenue
Bryn Mawr, Pennsylvania 19010

NOTICE

THIS TARIFF ESTABLISHES WASTEWATER RATES FOR CUSTOMERS OF THE
CITY OF BEAVER FALLS SITUATED WITHIN BEAVER COUNTY,
PENNSYLVANIA.

AQUA PENNSYLVANIA WASTEWATER, INC.

SUPPLEMENT NO. 4

TARIFF SEWER-PA P.U.C. NO. 4

FOURTH REVISED PAGE 2

CANCELING THIRD REVISED PAGE 2

LIST OF CHANGES MADE BY THIS TARIFF

Changes: This tariff makes changes to reflect the acquisition of the wastewater assets of the City of Beaver Falls located in Beaver County, Pennsylvania. Closing on the acquisition took place on 7/21/2025, with the effective date of ownership occurring at 12:01AM on 7/21/2025. (See pages 11.9.1 and 11.9.2).

This tariff is made pursuant to the Commission's Order adopted at Docket No. A-2022-3033138, which authorizes the issuance of the Certificate of Public Convenience.

TABLE OF CONTENTS

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Rates, Rules, and Regulations	1	Fourth Revised (C)
List of Changes Made by This Tariff	2	Fourth Revised (C)
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DESCRIPTION OF TERRITORIES SERVED

	<u>Township</u>	<u>County</u>
RATE ZONE 1		
Bunker Hill Subdivision (Rate Zone 1A)	Clinton	Wyoming
Bridlewood Division	Thornbury (portion)	Chester
Cheltenham Township Division	Cheltenham	Montgomery
Cheltenham Township Division	Jenkintown Borough (portion)	Montgomery
Eagle Rock Division	Black Creek (portion)	Luzerne
Eagle Rock Division	Hazle (portion)	Luzerne
Eagle Rock Division	East Union (portion)	Schuylkill
Eagle Rock Division	North Union (portion)	Schuylkill
East Norriton Township Division	East Norriton	Montgomery
Limerick Division	Limerick (portion)	Montgomery
Lower Makefield Township Division	Lower Makefield	Bucks
Media Division*	Media	Delaware
North Heidelberg Sewer Division	Jefferson	Berks
North Heidelberg Sewer Division	North Heidelberg	Berks
Penn Township Division	Penn	Chester
Treasure Lake Division (Rate Zone 1A)*	Sandy	Clearfield
Village at Valley Forge Division (Rate Zone 1A)*	Upper Merion	Montgomery
RATE ZONE 2		
East Bradford Township Division	East Bradford (portion)	Chester
East Bradford Township Division	Birmingham (portion)	Chester
Emlenton Borough Division	Richland (portion)	Clarion
Emlenton Borough Division	Salem (portion)	Clarion
Emlenton Borough Division	Emlenton	Venango
Emlenton Borough Division	Richland (portion)	Venango
New Garden Township Division	New Garden	Chester
Pinecrest Division	Tobyhanna (portion)	Monroe
Rivercrest Division	Tunkhannock	Wyoming
Rivercrest Division	Washington	Wyoming
White Haven Division (Kidder)	Dennison (portion)	Carbon
White Haven Division (Kidder)	East Side (portion)	Carbon
White Haven Division (Kidder)	Dennison (portion)	Luzerne
White Haven Division (Kidder)	White Haven Borough	Luzerne

DESCRIPTION OF TERRITORIES SERVED

	<u>Township</u>	<u>County</u>
RATE ZONE 3		
Beech Mountain Lakes Division	Butler	Luzerne
Beech Mountain Lakes Division	Dennison	Luzerne
Deerfield Knoll Division	Willistown (portion)	Chester
Laurel Lakes Division (Wilbar)	Rice	Luzerne
Links at Gettysburg Division	Cumberland	Adams
Links at Gettysburg Division	Mount Joy	Adams
Stony Creek Division	Worcester (portion)	Montgomery
Thornhurst Division	Lehigh	Lackawanna
Willistown Woods Division (Chesterdale)	Westtown (portion)	Chester
Willistown Woods Division (Chesterdale)	Willistown (portion)	Chester
Woodloch Springs Division	Lackawaxen (portion)	Pike
Woodloch Springs Division (Woodloch Pines)	Lackawaxen (portion)	Pike
RATE ZONE 4		
Honeycroft Village Division	Londonderry (portion)	Chester
Lake Harmony Division	Kidder	Carbon
New Daleville Division	Londonderry (portion)	Chester
Peddlers View Division	Solebury (portion)	Bucks
Tobyhanna Township Division	Tobyhanna (portion)	Monroe
Twin Hills Division	West Pikeland (portion)	Chester
RATE ZONE 5		
Avon Grove School District	New London (portion)	Chester
Avon Grove School District	Penn (portion)	Chester
East Bradford Division (Brandywine)	East Bradford (portion)	Chester
Little Washington Division	East Brandywine (portion)	Chester
Plumsock Division*	Willistown (portion)	Chester
The Greens at Penn Oaks Division	Thornbury (portion)	Chester
Newlin Green Division	Newlin	Chester
Sage Hill Division	Thornbury (portion)	Chester
RATE ZONE 6		
CS Sewer Division (Masthope)	Lackawaxen	Pike
RATE ZONE 7		
East Whiteland Township Division	East Whiteland	Chester

AQUA PENNSYLVANIA WASTEWATER, INC.

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DESCRIPTION OF TERRITORIES SERVED

	<u>Township</u>	<u>County</u>
RATE ZONE 8		
Greenville Division	Borough of Greenville	Mercer
Greenville Division	Hempfield	Mercer
Greenville Division	West Salem	Mercer
RATE ZONE 9		
Beaver Falls Division*	City of Beaver Falls	Beaver
Beaver Falls Division*	Eastvale Borough	Beaver
Beaver Falls Division*	West Mayfield Township	Beaver

*All Divisions and Subdivisions above are billed on a per EDU basis, with the exception of the Beaver Falls Division, Media Division, Plumsock Division, Treasure Lake Division, and Village of Valley Forge Division

(C)

DESCRIPTION OF TERRITORIES SERVED

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SCHEDULE OF RATES

RATE ZONE 1 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 1 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 1	Rate Zone 1A
Fixed (per EDU)	\$ 49.41	\$ 49.41
<u>Meter Size:</u>		
5/8 inch	49.41	49.41
3/4 inch	74.12	49.41
1 inch	123.53	49.41
1-1/2 inch	247.05	98.82
2 inch	395.28	158.11
3 inch	741.15	296.46
4 inch	1,235.25	494.10
6 inch	2,470.50	796.94
8 inch	3,952.80	
10 inch	5,682.15	

Unmetered Charge (per EDU)	\$ 101.34	\$ 101.34

MONTHLY CONSUMPTION CHARGE

Consumption Charge for all divisions (per 1,000 gallons water used)	\$ 13.419	\$ 13.419

QUARTERLY SPECIAL CHARGES

Lower Makefield Township Division - Quarterly Customers

Customer Charge (\$)

Fixed (per EDU)	\$ 148.23

Consumption Charge

(per 1,000 gallons water used)	\$ 13.419

Unmetered Charge (per EDU)	\$ 304.02

SCHEDULE OF RATES

RATE ZONE 1 – METERED AND UNMETERED (cont'd)

NON-RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 1	Rate Zone 1A
Fixed (per EDU)	\$ 49.41	\$ 49.41
<u>Meter Size:</u>		
5/8 inch	49.41	49.41
3/4 inch	74.12	49.41
1 inch	123.53	49.41
1-1/2 inch	247.05	98.82
2 inch	395.28	158.11
3 inch	741.15	296.46
4 inch	1,235.25	494.10
6 inch	2,470.50	796.94
8 inch	3,952.80	
10 inch	5,682.15	

Unmetered Charge (per EDU)	\$ 107.51	\$ 107.51

Special Charges

Bridlewood Division - Unmetered:

Apartment Complex will be billed at 217 EDU's

Children's World Daycare will be billed at 7 EDU's

MONTHLY CONSUMPTION CHARGE

Consumption Charge for all divisions (per 1,000 gallons water used)	\$ 12.468	\$ 12.468

QUARTERLY SPECIAL CHARGES

Lower Makefield Township Division - Quarterly Customers

Customer Charge (\$)

Fixed (per EDU) \$ 148.23

Consumption Charge

(per 1,000 gallons water used) \$ 12.468

Unmetered Charge (per EDU) \$ 322.53

RATE ZONE 1 – (cont'd)

Sewer Charge Adjustment for the Limerick Division

The Company is authorized to allow deductions on sewer bills for water which is used but does not enter the Company's system from April through October. A request for deduction shall be subject to the following regulations:

- A. To be an eligible Customer for this credit, the Customer shall have applied for or shall have been currently using the credit as of the execution date of November 16, 2016, of the Asset Purchase Agreement between the Company and Limerick Township.
- B. No deduction shall be granted for customers who do not have a metered water supply
- C. No deduction shall be granted for customers who are delinquent in their payment for service.
- D. One hundred percent of any used water for which a deduction is requested must have been prevented from entering the system.
- E. It is the responsibility of the customer to purchase, install, and maintain the Company approved deduct meter at the approved and inspected water outlet on their property. The meter shall measure water not entering the system and shall be eligible for deduction of that used water monthly.
- F. Customers are responsible for the installation and removal of their meters at the approved service locations each year to prevent freezing and damage. Deduct meters shall be inspected by the Company at the time of installation at which time the customer agrees to allow the Company the right to enter upon their property for inspection. Every deduct meter shall be required to be inspected annually by the Company in order for the customer to be eligible for sewer adjustment charges. The administrative fee charged by the Company to the customer is \$50.00.
- G. All deduct meters shall be of a design approved by the Company, shall be registered with the Company prior to use, and shall be used only by the customer to whom it is registered and at the service location to which it is assigned in accordance with the Company's records.
- H. Eligible Customers are required to submit, or cause to be submitted, all data required to calculate the credit in a manner approved by the Company within a time period determined by the Company. The Company shall then credit the customer's total gallons consumed by the gallons recorded from the customer's deduct meter.
- I. The Company shall be authorized to inspect meters for accuracy and calibration at any time the meter readings are suspect and/or not considered representative of usage. The customer shall be responsible for obtaining calibration of the meter if the Company determines it is not accurate. Failure to make such change or provide such calibration data will result in disqualification from the program.
- J. All approved meters will be subject to the Company's backflow requirements.

RATE ZONE 1 – (cont'd)

Sewer Charge Adjustment for the Cheltenham Township Division

The Company is authorized to allow deductions on sewer bills for water which is used but does not enter the Company's system. A request for deduction shall be subject to the following regulations:

- A. Deductions apply within the Cheltenham Division and, in particular, to those customers identified on Exhibit G of the Application filed by Aqua Pennsylvania Wastewater, Inc., dated March 13, 2019. The Application of the Company was approved by the Pennsylvania Public Utility Commission in its Order entered on November 5, 2019, at PUC Docket Number A-2019-3008491.
- B. No deduction shall be granted for customers who do not have a metered water supply
- C. No deduction shall be granted for customers who are delinquent in their payment for service.
- D. One hundred percent of any used water for which a deduction is requested must have been prevented from entering the system.
- E. It is the responsibility of the customer to purchase, install, and maintain the deduct meter at the approved and inspected water outlet on their property. The meter shall measure water not entering the system and shall be eligible for deduction of that used water monthly.
- F. Customers are responsible for the installation and removal of their meters at the approved service locations each year to prevent freezing and damage. Deduct meters shall be inspected by the Company at the time of installation at which time the customer agrees to allow the Company the right to enter upon their property for inspection. Every deduct meter shall be required to be inspected annually by the Company in order for the customer to be eligible for sewer adjustment charges. The inspection fee charged by the Company to the customer is \$100.00.
- G. All deduct meters shall be of a design approved by the Company, shall be registered with the Company prior to use, and shall be used only by the customer to whom it is registered and at the service location to which it is assigned in accordance with the Company's records.
- H. Customers are responsible for making their meter accessible to the Company for reading on a monthly basis. The Company shall then credit the customer's total gallons consumed by the gallons recorded from the customer's deduct meter.
- I. The Company shall be authorized to inspect meters for accuracy and calibration at any time the meter readings are suspect and/or not considered representative of usage. The customer shall be responsible for obtaining calibration of the meter if the Company determines it is not accurate.

Wastewater customers in Cheltenham Township are required to comply with the City of Philadelphia's wastewater control regulations adopted by Cheltenham Township and included in Exhibit H to the Application filed at Docket No. A-2019-3008491.

RATE ZONE 1 – (cont'd)

Sewer Charge Adjustment for the East Norriton Township Division

The Company is authorized to allow deductions on sewer bills for water which is used but does not enter the Company's system from April through October. A request for deduction shall be subject to the following regulations:

- A. To be an eligible Customer for this credit, the Customer shall have applied for or shall have been currently using the credit as of the execution date of October 29, 2018, of the Asset Purchase Agreement between the Company and East Norriton Township.
- B. No deduction shall be granted for customers who do not have a metered water supply
- C. No deduction shall be granted for customers who are delinquent in their payment for service.
- D. One hundred percent of any used water for which a deduction is requested must have been prevented from entering the system.
- E. It is the responsibility of the customer to purchase, install, and maintain the Company approved deduct meter at the approved and inspected water outlet on their property. The meter shall measure water not entering the system and shall be eligible for deduction of that used water monthly.
- F. Customers are responsible for the installation and removal of their meters at the approved service locations each year to prevent freezing and damage. Deduct meters shall be inspected by the Company at the time of installation at which time the customer agrees to allow the Company the right to enter upon their property for inspection. Every deduct meter shall be required to be inspected annually by the Company in order for the customer to be eligible for sewer adjustment charges. The administrative fee charged by the Company to the customer is \$50.00.
- G. All deduct meters shall be of a design approved by the Company, shall be registered with the Company prior to use, and shall be used only by the customer to whom it is registered and at the service location to which it is assigned in accordance with the Company's records.
- H. Eligible Customers are required to submit, or cause to be submitted, all data required to calculate the credit in a manner approved by the Company within a time period determined by the Company. The Company shall then credit the customer's total gallons consumed by the gallons recorded from the customer's deduct meter.
- I. The Company shall be authorized to inspect meters for accuracy and calibration at any time the meter readings are suspect and/or not considered representative of usage. The customer shall be responsible for obtaining calibration of the meter if the Company determines it is not accurate. Failure to make such change or provide such calibration data will result in disqualification from the program.
- J. All approved meters will be subject to the Company's backflow requirements.

RATE ZONE 1 – (cont'd)

Sewer Charge Adjustment for the Lower Makefield Township Division

The Company is authorized to allow deductions on sewer bills for water which is used but does not enter the Company's system from April through October. A request for deduction shall be subject to the following regulations:

- A. To be an eligible Customer for this credit, the Customer shall have applied for or shall have been currently using the credit as of the execution date of September 17, 2020, of the Asset Purchase Agreement between the Company and Lower Makefield Township.
- B. No deduction shall be granted for customers who do not have a metered water supply
- C. No deduction shall be granted for customers delinquent in their payment for service.
- D. One hundred percent of any used water for which a deduction is requested must have been prevented from entering the system.
- E. It is the responsibility of the customer to purchase, install, and maintain the Company approved deduct meter at the approved and inspected water outlet on their property. The meter shall measure water not entering the system and shall be eligible for deduction of that used water monthly.
- F. Customers are responsible for the installation and removal of their meters at the approved service locations each year to prevent freezing and damage. Deduct meters shall be inspected by the Company at the time of installation at which time the customer agrees to allow the Company the right to enter upon their property for inspection. Every deduct meter shall be required to be inspected annually by the Company in order for the customer to be eligible for sewer adjustment charges. The administrative fee charged by the Company to the customer is \$50.00.
- G. All deduct meters shall be of a design approved by the Company, shall be registered with the Company prior to use, and shall be used only by the customer to whom it is registered and at the service location to which it is assigned in accordance with the Company's records.
- H. Eligible Customers are required to submit, or cause to be submitted, all data required to calculate the credit in a manner approved by the Company within a time period determined by the Company. The Company shall then credit the customer's total gallons consumed by the gallons recorded from the customer's deduct meter.
- I. The Company shall be authorized to inspect meters for accuracy and calibration at any time the meter readings are suspect and/or not considered representative of usage. The customer shall be responsible for obtaining calibration of the meter if the Company determines it is not accurate. Failure to make such change or provide such calibration data will result in disqualification from the program.
- J. All approved meters will be subject to the Company's backflow requirements.

Wastewater customers in Lower Makefield Township are required to comply with the wastewater control regulations adopted by Lower Makefield Township and included in Exhibit H to the Application filed at Docket No. A-2021-3024267.

SCHEDULE OF RATES

RATE ZONE 2 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 2 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 2
Fixed (per EDU)	\$ 55.93
<u>Meter Size:</u>	
5/8 inch	55.93
3/4 inch	83.90
1 inch	139.83
1-1/2 inch	279.65
2 inch	447.44
3 inch	838.95
4 inch	1,398.25
6 inch	2,796.50
8 inch	4,474.40
10 inch	6,431.95
Unmetered Charge (per EDU)	\$ 106.73

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 13.126

QUARTERLY SPECIAL CHARGES

New Garden Township Division - Quarterly Customers

Customer Charge (\$)	
Fixed (per EDU)	\$ 167.79
Consumption Charge (per 1,000 gallons water used)	\$ 13.126
Thompson Property Development Residential Flat (per EDU)	\$ 415.49

SCHEDULE OF RATES

RATE ZONE 2 – METERED AND UNMETERED (cont'd)

NON-RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 2
Fixed (per EDU)	\$ 54.95
<u>Meter Size:</u>	
5/8 inch	54.95
3/4 inch	82.42
1 inch	137.37
1-1/2 inch	274.73
2 inch	439.57
3 inch	824.20
4 inch	1,373.67
6 inch	2,747.34
8 inch	4,395.75
10 inch	6,318.88
Unmetered Charge (per EDU)	\$ 114.03

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 12.468

Special Charges

East Bradford Township Division

Customer Charge (\$)

Fixed (per EDU)	\$ 55.93

QUARTERLY SPECIAL CHARGES

New Garden Township Division - Quarterly Customers

Customer Charge (\$)

Fixed (per EDU)	\$ 167.79

Consumption Charge

(per 1,000 gallons water used)	\$ 12.468

SCHEDULE OF RATES

RATE ZONE 3 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 3 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 3
Fixed (per EDU)	\$ 66.37
<u>Meter Size:</u>	
5/8 inch	66.37
3/4 inch	99.56
1 inch	165.93
1-1/2 inch	331.85
2 inch	530.96
3 inch	995.55
4 inch	1,659.25
6 inch	3,318.50
8 inch	5,309.60
10 inch	7,632.55
Unmetered Charge (per EDU)	\$ 116.30

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 12.902

QUARTERLY SPECIAL CHARGES

Stony Creek - Whitehall Estates

Customer Charge (\$)

Fixed (per EDU)	\$ 199.11

Consumption Charge

(per 1,000 gallons water used)	\$ 12.902

SCHEDULE OF RATES

RATE ZONE 3 – METERED AND UNMETERED (cont'd)

NON-RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 3
Fixed (per EDU)	\$ 65.20
<u>Meter Size:</u>	
5/8 inch	65.20
3/4 inch	97.80
1 inch	163.00
1-1/2 inch	326.00
2 inch	521.60
3 inch	978.00
4 inch	1,630.00
6 inch	3,260.00
8 inch	5,216.00
10 inch	7,498.00
Unmetered Charge (per EDU)	\$ 124.47

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 12.468

QUARTERLY SPECIAL CHARGES

Stony Creek – Whitehall Estates

Customer Charge (\$)

Fixed (per EDU)	\$ 195.60

Consumption Charge

(per 1,000 gallons water used)	\$ 12.468

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 4 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 4
Fixed (per EDU)	\$ 86.12
<u>Meter Size:</u>	
5/8 inch	86.12
3/4 inch	129.18
1 inch	215.30
1-1/2 inch	430.60
2 inch	688.96
3 inch	1,291.80
4 inch	2,153.00
6 inch	4,306.00
8 inch	6,889.60
10 inch	9,903.80
Unmetered Charge (per EDU)	\$ 137.06

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 13.163

SCHEDULE OF RATES

RATE ZONE 4 – METERED AND UNMETERED (cont'd)

NON-RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 4
Fixed (per EDU)	\$ 84.60
<u>Meter Size:</u>	
5/8 inch	84.60
3/4 inch	126.90
1 inch	211.50
1-1/2 inch	423.00
2 inch	676.80
3 inch	1,269.00
4 inch	2,115.00
6 inch	4,230.00
8 inch	6,768.00
10 inch	9,729.00
Unmetered Charge (per EDU)	\$ 144.17

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 12.457

SCHEDULE OF RATES

RATE ZONE 5 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 5 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 5
Fixed (per EDU)	\$ 98.95
<u>Meter Size:</u>	
5/8 inch	98.95
3/4 inch	148.43
1 inch	247.38
1-1/2 inch	494.75
2 inch	791.60
3 inch	1,484.25
4 inch	2,473.75
6 inch	4,947.50
8 inch	7,916.00
10 inch	11,379.25
Unmetered Charge (per EDU)	\$ 150.02

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 13.196

SCHEDULE OF RATES

RATE ZONE 5 – METERED AND UNMETERED (cont'd)

NON-RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 5
Fixed (per EDU)	\$ 97.20
<u>Meter Size:</u>	
5/8 inch	97.20
3/4 inch	145.80
1 inch	243.00
1-1/2 inch	486.00
2 inch	777.60
3 inch	1,458.00
4 inch	2,430.00
6 inch	4,860.00
8 inch	7,776.00
10 inch	11,178.00
Unmetered Charge (per EDU)	\$ 157.71

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 12.610

Special Charges

Avon Grove School District - Flat Rate	\$ 11,670.73

East Brandywine Township Water & Sewer Authority - Wastewater Treatment Plant Consumption Rate (per 1,000 gallons)	\$ 14.600

SCHEDULE OF RATES

RATE ZONE 6 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 6 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 6
Fixed (per EDU)	\$ 61.04
Unmetered Charge (per EDU)	\$ 73.16

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 3.133

NON-RESIDENTIAL

MONTHLY SERVICE CHARGE

Customer Charge (\$)	Rate Zone 6
Fixed (per EDU)	\$ 59.97
Unmetered Charge (per EDU)	\$ 75.38

MONTHLY CONSUMPTION CHARGE

Consumption Charge (per 1,000 gallons water used)	\$ 3.077

SCHEDULE OF RATES

RATE ZONE 7 (East Whiteland Township) – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 7 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

QUARTERLY SERVICE CHARGE (\$)

Customer Charge (\$)		Rate Zone 7	
Fixed (per EDU)			
District A	\$	100.00	per EDU per quarter
District B	\$	100.00	per EDU per quarter
District C	\$	135.50	per EDU per quarter
District D	\$	150.00	per EDU per quarter
District E	\$	120.00	per EDU per quarter

Commercial and Industrial Users: Each commercial and industrial user, whose total quarterly sewage discharge or water consumption is greater than 100,000 gallons, "High Volume Users", shall pay a sewer rate per thousand gallons as opposed to the Fixed Per EDU Service Charge.

QUARTERLY CONSUMPTION CHARGE (\$)

High Volume Users Commercial and Industrial Consumption Charge:

Districts A through E	\$	6.20	per 1,000 gallons

1. Wastewater customers in East Whiteland Township are required to comply with the wastewater control regulations adopted by East Whiteland Township and included in Exhibit H to the Application filed at Docket No. A-2021-3026132.

RATE ZONE 7 (East Whiteland Township) – (cont'd)

2. Unit Schedule

For customers in the East Whiteland Township service area, the number of equivalent dwelling units is determined as follows.

Category		Number of EDU
(1)	Each private dwelling unit or living unit	1
(2)	Each individual commercial establishment or business, having 10 or less of its own employees, attached to or forming a part of owner's residence, unless otherwise specified herein	1
(3)	Each additional 5 of its own employees or fraction thereof	1/2
(4)	Each individual commercial establishment or business, having 10 or less of its own employees, not attached to or forming a part of owner's residence, unless otherwise specified herein	1
(5)	Each additional 5 of its own employees or fraction thereof	1/2
(6)	(i) Hotel guest room/suite, motel guest room/ suite and conference center guest room/suite with kitchenette - 2.5 bedrooms	1
	(ii) Hotel guest room/suite, motel guest room/ suite and conference center guest room/suite without kitchenette - 3.0 bedrooms	1
	(iii) Kitchenette shall include any one or more of the following facilities or combination thereof: (i) sink and refrigerator; (ii) sink and stove; (iii) sink and dishwasher; (iv) sink and disposal	
(7)	Each restaurant (without liquor license) per 25 seats	1
(8)	Each restaurant (with liquor license) per 10 seats	1
(9)	Each service station garage and automobile repair shop, without carwash facilities:	
	2 bays or less	2
	Each additional bay over 2	1
(10)	Each barber or beauty shop, not attached to owner's residence:	
	2 chairs or less	1 1/2
	Each additional two chairs or fraction thereof	1/2
(11)	Each firehouse	1 1/2
(12)	Each church or chapel	1
(13)	Each public swimming pool or private swimming club	3
(14)	Each school, public or private, having:	
	Toilet facilities only, per 25 pupils and staff or fraction thereof	1
	Toilet facilities and kitchen, per 20 pupils and staff or fraction thereof	1

RATE ZONE 7 (East Whiteland Township) – (cont'd)

		Toilet facilities and gymnasium, per 15 pupils and staff or fraction thereof	1
		Toilet facilities, kitchen and gymnasium, per 12 pupils and staff or fraction thereof	1
(15)		Each property having a commercial garbage grinder of 3/4 horsepower or greater per grinder	1
(16)		Each business providing showers for employees:	
		7 or less employees	1
		Each additional 7 employees or fraction thereof	1
(17)		Each funeral home	2
(18)		Each nursing home, per bed	3/4

To compute the sewer rate for facilities in a single commercial establishment which consists of multiple uses, such as a shopping center or an office building, each unit, tenant, or use shall be calculated by using the above schedule as though each unit, tenant, or use were a separate property or user with a separate connection to the sewer system. In such cases, the owner shall be liable for the full sewer charges. Charges shall be due and payable on all units whether vacant or occupied. If the unit is vacant, one-half of the EDUs assigned to the space shall be used for the calculation.

The DSIC surcharge shall not be applied to bills of wastewater customers in East Whiteland Township; this will remain effective until an amended Long-Term Infrastructure Improvement Plan (LTIIP) is filed and approved which includes East Whiteland. Following the approval of an amended LTIIP, the DSIC surcharge shall be applicable to wastewater customers in East Whiteland Township.

Special Charges:

Customers may apply for a credit to domestic water utilized outside of the property which does not enter the Company's sanitary sewer system; provided, that to be an eligible Customer for this credit, the Customer shall have applied for or shall have been currently using the credit as of the execution date of January 8, 2021 of the Asset Purchase Agreement between the Company and East Whiteland Township. Eligible Customers must have a properly calibrated outside meter upon their premises for the purpose of recording outside usage, and such meter shall be approved by the Company. All such costs of maintenance, repair, furnishing and installation of an approved meter shall be borne by the eligible Customer. Eligible Customers are required to submit, or cause to be submitted, all data required to calculate the credit in a manner approved by the Company within a time period determined by the Company.

SCHEDULE OF RATES

RATE ZONE 8 – METERED AND UNMETERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 15 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

MONTHLY SERVICE & CONSUMPTION CHARGES (\$)

Rate Zone 8
Monthly

Minimum Charge (up to the first 500 gallons)	\$	10.50	Per Month Per Unit*

Consumption Charge:

For next 2,000 gallons	\$	3.84	per 1,000 gallons
For next 2,000 gallons	\$	4.05	per 1,000 gallons
For next 3,500 gallons	\$	4.13	per 1,000 gallons
For next 24,500 gallons	\$	4.18	per 1,000 gallons
For next 117,500 gallons	\$	4.26	per 1,000 gallons
For next 100,000 gallons	\$	4.40	per 1,000 gallons
For next 75,000 gallons	\$	4.47	per 1,000 gallons
Anything Over 325,000 gallons	\$	4.69	per 1,000 gallons

Well Users Flat Charge	\$	30.41	Per Month Per Unit*

*Per Unit - All structures with multiple units will be billed per each individual unit

The DSIC surcharge shall not be applied to bills of wastewater customers in the Greenville Division; this will remain effective until an amended Long-Term Infrastructure Improvement Plan (LTIIP) is filed and approved which includes Greenville. Following the approval of an amended LTIIP, the DSIC surcharge shall be applicable to wastewater customers in the Greenville Division.

RATE ZONE 8 - CONTINUED

The following surcharges are applicable for waste that exceeds the limits set forth in each of the items below:

- (a) \$0.000288 for each mg/l of suspended solids in excess of 350 mg/l per 1,000 gallons of sewage.
- (b) \$0.000202 for each mg/l of five day 20° C.BOD above 300 gpm per 1,000 gallons of sewage.
- (c) \$0.01008 for each mg/l of chlorine demand greater than 50 mg/l.
- (d) \$0.000015 for each mg/l of grit or mineral solids in excess of 14 mg/l per 1,000 gallons of sewage.

Special Charges:

Customers that have in place a deduct meter, as of the execution date of April 27, 2023 of the Asset Purchase Agreement between the Company and Greenville Sanitary Authority, that measures water on the water supply line or lines not discharging into the Greenville Sanitary Sewer System may continue to use the deduct meter and will be Eligible Customers for use of deduct meters in the Greenville Division. Eligible Customers must have a properly calibrated outside meter upon their premises for the purpose of recording outside usage, and such meter shall be approved by the Company. All such costs of maintenance, repair, furnishing and installation of an approved meter shall be borne by the Eligible Customer. Eligible Customers are required to submit, or cause to be submitted, all data required to calculate the credit in a manner approved by the Company within a time period determined by the Company.

SCHEDULE OF RATES

RATE ZONE 9 – METERED

The rates under this schedule apply to all customer classes in the territories served subject to Rate Zone 9 rates as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

QUARTERLY SERVICE & CONSUMPTION CHARGES (\$)

		Gallons per Quarter	Rate Zone 9 Quarterly
<u>RESIDENTIAL</u>	Base	0 to 3,000 Gallons	\$43.64
	Block 1	Over 3,000 Gallons	\$8.71 per 1,000 gallons
<u>COMMERCIAL</u>	Base	0 to 3,000 Gallons	\$43.64
	Block 1	Over 3,000 Gallons	\$8.71 per 1,000 gallons
<u>Bulk Rates</u> ⁽¹⁾			\$4.68 per 1,000 gallons
<u>Bulk Rate Other</u> <u>(Dalton)</u>			\$4.68 per 1,000 gallons

MONTHLY SERVICE & CONSUMPTION CHARGES (\$)

<u>COMMERCIAL</u> <u>& INDUSTRIAL</u>	Base	0 to 1,000 Gallons	\$14.54
	Block 1	Over 1,000 Gallons	\$8.71 per 1,000 gallons

The DSIC surcharge shall not be applied to bills of wastewater customers in the Beaver Falls division; this will remain effective until an amended Long-Term Infrastructure Improvement Plan (LTIIP) is filed and approved which includes Beaver Falls. Following the approval of an amended LTIIP, the DSIC surcharge shall be applicable to wastewater customers in the Beaver Falls division.

⁽¹⁾ Bulk Rate service is available to municipalities and municipal authorities that provide their own wastewater collection system but obtain conveyance and treatment service from the Beaver Falls division and do not have a wastewater service agreement with Aqua.

SCHEDULE OF RATES

RATE ZONE 9 – CONTINUED

Industrial Pretreatment Program-Beaver Falls (IPP-Beaver Falls)

A. Introduction

1. This Section applies to Industrial and Commercial customers served under Rate Zone 9 of this Tariff. All customers subject to this section (“Users”) shall comply with the Wastewater Control Regulations and Industrial and Commercial Service Limitations as set forth in Section H and M, respectively, of the Company’s Tariff, as amended from time to time, except as such rules and regulations are modified by this Section.
2. The Users shall be responsible for the charges and fees set forth below for the administration of the IPP-Beaver Falls. IPP fees are in addition to any other charges set forth in this Tariff.
3. Specific limitations and prohibitions applicable to Industrial and Commercial Users under this Section are set forth on Aqua’s website regarding IPP-Beaver Falls.
4. Users shall be required to enter into a separate pretreatment agreement to govern specific limitations; prohibitions; conditions; duties and responsibilities; and sampling, monitoring and reporting requirements.

B. Charges

1. Industrial Wastewater Discharge Contract Application/Renewal Fee: \$300.00
2. Specific Fees to be applied to quarterly flow, if the quarterly average results from samples collected from the discharge exceeds 300 ppm for BOD₅ or 275 ppm for TSS:
 - a. BOD₅ Rate per 1,000 gallons = $0.00834 \times \$0.25 \times (\text{BOD}_5 \text{ Sample} - 300)$
 - b. TSS Rate per 1,000 gallons = $0.00834 \times \$0.15 \times (\text{TSS Sample} - 275)$
3. Industrial Surcharge Rate: \$0.01 per gallon.

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% shall apply to all (I) bills issued on or after the Effective Date at the bottom of this page.

I. General Description

Purpose: To recover the reasonable and prudent costs incurred to repair, improve or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems. The costs of extending facilities to serve new customers are not recoverable through the DSIC. Utility projects receiving PENNVEST funding or using PENNVEST surcharges are not DSIC-eligible property.

Eligible Property: The DSIC-eligible property will consist of the following:

- Collection sewers, collecting mains and service laterals, including sewer taps, curb stops and lateral cleanouts installed as in-kind replacements for customers. Accounts ()
- Collection mains and valves for gravity and pressure systems and related facilities such as manholes, grinder pumps, air and vacuum release chambers, cleanouts, main line flow meters, valve vaults, and lift stations installed as replacements or upgrades for existing facilities that have worn out, are in deteriorated condition or are required to be upgraded by law, regulation or order. Accounts ()
- Collection main extensions installed to implement solutions to wastewater problems that present a significant health and safety concern for customers currently receiving service from the wastewater utility. Accounts ()
- Collection Main rehabilitation including inflow and infiltration projects. (Account)
- Unreimbursed cost related to highway relocation projects where a wastewater utility must relocate its facilities. Account ()
- Other related capitalized costs. Account ()

Effective Date: The DSIC will become effective for bills rendered on and after October 1, 2013.

II. Computation of the DSIC

Calculation: The initial charge, effective October 1, 2013, will be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service between June 1, 2013 and August 31, 2013. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three month periods ending one month prior to the effective date of each DSIC update. Thus, changes in the DSIC rate will occur as follows:

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

<u>Effective Date of Change</u>	<u>Date to Which DSIC Eligible Plant Additions Reflected</u>
April 1	December 1 to February 28/29
July 1	March 1 to May 31
October 1	June 1 to August 31
January 1	September 1 to November 30

The fixed costs of eligible distribution system improvement projects will consist of depreciation and pre-tax return, calculated as follows:

Depreciation: The depreciation expense will be calculated by applying to the original cost of DSIC-eligible property the annual accrual rates employed in the Company's last base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded.

Pre-tax Return: The pre-tax return will be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day of the three month period ending one month prior to the effective date of the DSIC and subsequent updates. The cost of equity will be the equity return rate approved in the Company's last fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the DSIC. If more than two years shall have elapsed between the entry of such a final order and the effective date of the DSIC, then the equity return rate used in the calculation will be the equity return rate calculated by the Commission staff in the latest Quarterly Report on the Earnings of Jurisdictional Utilities released by the Commission.

DSIC Surcharge Amount: The charge will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for service under the Company's otherwise applicable rates and charges, excluding amounts billed for the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for wastewater service (including all applicable clauses and riders) for the quarterly period during which the charge will be collected.

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

Formula: The formula for calculation of the DSIC surcharge is as follows:

$$\text{DSIC} = \frac{(\text{DSI} * \text{PTRR} + \text{STFT} + \text{Dep} + e) \times 1/(1-T)}{\text{PQR}}$$

Where:

DSI = Original cost of eligible distribution system improvement projects net of accrued depreciation and associated accumulated deferred income taxes pertaining to property-related book/tax depreciation timing differences resulting from the use of accelerated depreciation per Internal Revenue Code, 26 U.S. Code § 168.

PTRR = Pre-tax return rate applicable to DSIC-eligible property.

STFT = (State Tax Flow Through) Pre-tax flow through calculated on book-tax timing differences between accelerated tax depreciation and book depreciation net of federal tax.

Dep = Depreciation expense related to DSIC-eligible property.

e = Amount calculated (+/-) under the annual reconciliation feature or Commission audit, as described below.

T = If applicable, Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

PQR = Projected quarterly revenue will be based on the applicable three-month period, (including all applicable clauses and riders) including revenue from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Bureau of Investigation & Enforcement, the Office of Consumer Advocate, Bureau of Audits and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

III. Customer Safeguards

All Customer Classes: The DSIC shall be applied equally to all customer classes, with the exception of Woodloch Pines and any future customers with negotiated contracts for which a reduction or exemption is shown to be reasonably necessary.

SCHEDULE OF RATESDISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

Cap: The DSIC is capped at 5.00% of the amount billed to customers (including all applicable clauses and riders) as determined on an annualized basis.

Audits/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, et seq., shall be credited to customer accounts. It will also be subject to an annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year, or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on the over-collections and credits will be calculated at the residential mortgage-lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P. S. sec.101, et seq.) and will be refunded in the same manner as an over-collection. The utility is not permitted to accrue interest on under collections.

New Base Rates: The charge will be reset at zero as of the effective date of new base rates that provide for prospective recovery of the annual costs that had theretofore been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base would be reflected in the quarterly updates of the DSIC.

Earning Reports: The charge will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings Report show that the Company will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section. The utility shall file a tariff supplement implementing the reset to zero due to overearnings on one-days' notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the utility has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.

Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

Residual E-Factor Recovery Upon Reset to Zero: The utility shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The utility can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The utility shall refund any over-collection to customers and is entitled to recover any under collections as set forth in Section III Safeguards – Audits/Reconciliations. Once the utility determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the utility shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.

SCHEDULE OF RATES

STATE TAX ADJUSTMENT SURCHARGE (STAS)

In addition to the net charges provided for in this Tariff, a surcharge of 0.00% will apply to all bills issued on or after the Effective Date at the bottom of this page for Rate Zones 1, 2, 3, 4, 5, 6, and 7.

The above surcharge will be recalculated using the element prescribed by the Commission in its policy at 52 PA Code section 69.51 et seq.:

- On or before March 31 of each year; and/or
- Whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge due to a change in the applicable tax rates, or in the basis of calculating such tax rates, or due to changes in the state tax liability arising under the law.

The recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recalculation or as prescribed in the Commission's regulations or orders. If the recalculated surcharge is less than the one in effect, the Company will, or if the recalculated surcharge is more than the one in effect, the Company may, submit with such recalculation a tariff or supplement to reflect such recalculated surcharge. The effective date of such tariff or supplement shall be 10 days after filing or as prescribed in the Commission's regulations or orders. In the event that the Company files an increased surcharge subsequent to 10 days after the occurrence of an event which occasions a recalculation, the effective date of such tariff or supplement shall be 60 days after filing in accordance with Section 1308(a) of the Public Utility Code, 66 Pa.C.S. § 1308(a) (regarding voluntary changes in rates), unless otherwise directed by the Commission.

The surcharge shall be rolled into base rates when increased or decreased base rates are made effective.

SCHEDULE OF RATES

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SCHEDULE OF RATES

CUSTOMER ASSISTANCE PROGRAM RIDER

Customer Assistance Program ("CAP"):

I. Availability

The CAP is a program designed to enroll residential Customers who satisfy the criteria set forth below ("CAP Program").

Processing and verification by authorized agencies upon referral by the Company's offices, other agencies, or the Commissions Bureau of Consumer Services.

Residential Customer of the Company.

Annual income no greater than 200 percent of the federal poverty limit ("FPL"). For payment purposes Customers will be defined as follows:

- a. Tier 1 – Customers whose annual income has been verified as being at or below 50 percent of FPL.
- b. Tier 2 – Customers whose annual income has been verified as being above 50 percent FPL or at or less than 100 percent of FPL.
- c. Tier 3 – Customers whose annual income has been verified as being above 100 percent FPL or at or less than 150 percent of FPL.
- d. Tier 4 – Customers whose annual income has been verified as being above 150 percent FPL or at or less than 200 percent of FPL.

II. Rate Table

Eligible Customers will receive the discounted rate as set forth below:

<u>Tier</u>	<u>Customer Charge</u>	<u>Consumption Charge</u>
1	85% discount on Customer Charge	85% discount on all volumes
2	75% discount on Customer Charge	75% discount on all volumes
3	65% discount on Customer Charge	50% discount on all volumes
4	50% discount on Customer Charge	25% discount on all volumes

Customers billed a flat bill

Rate Zone	Tier 1 Discount	Tier 2 Discount	Tier 3 Discount	Tier 4 Discount
1	85.00%	75.00%	57.31%	37.19%
2	85.00%	75.00%	57.86%	38.10%
3	85.00%	75.00%	58.56%	39.27%
4	85.00%	75.00%	59.43%	40.71%
5	85.00%	75.00%	59.89%	41.49%
6	85.00%	75.00%	62.51%	45.86%
7	85.00%	75.00%	65.00%	50.00%
8	85.00%	75.00%	55.18%	33.63%

SCHEDULE OF RATES

CUSTOMER ASSISTANCE PROGRAM RIDER (cont'd)

III. Surcharges

All surcharges applicable under the Company's Rules and Regulations shall still apply to Customers under the CAP Program.

IV. Late Payment Charges

No late payment charges shall be applied to arrearages existing at the time the Customer begins receiving service under the CAP Program. Late payment charges will not be applied during participation in the CAP Program.

V. Rules and Regulations

If, at any time after acceptance into CAP, a Customer's family size or income changes, the Customer must notify the Company of the change within 30 days of the change. Failure to do so may result in the Company ending the Customer's opportunity to receive service under the CAP Program.

If a balance is owed at the time of enrollment such balance will be frozen as preprogram arrears and is eligible for a monthly credit of \$40.00 for in-full payments as those payments are made. (c)

If a Customer no longer satisfies the criteria set forth under Availability, the Customer will no longer be eligible to receive service under the CAP Program and any pre-program arrearages will become due.

At the time of application to the CAP Program, the Customer will be advised of the importance of timely payments. The CAP Program screening administrator will review relevant assistance programs and offer help in applying for such programs.

Failure to make payments will result in the Company returning the participant to the regular collection cycle and may lead to termination of service. To avoid termination, the participant must pay the amount set forth in the termination notice prior to the scheduled termination date.

SCHEDULE OF RATES

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SCHEDULE OF RATES

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RULES AND REGULATIONS

SECTION A – INTRODUCTION

These Rules and Regulations, files as part of the Company's Tariff, shall govern the manner in which wastewater service is provided to all Applicants and Customers. The Company may supplement these Rules and Regulations, and may revise and amend these Rules and Regulations from time to time subject to the approval of the Pennsylvania Public Utility Commission ("Commission"). The Company will follow Commission regulations not specifically addressed in these Rules and Regulations.

There are four classes of general metered service, based on the nature of the Customer and the use of the property receiving service, as follows:

Residential Class: An individually-metered or flat rate billed dwelling unit intended for human habitation (including a detached house, rowhome, townhouse, condominium and mobile home) or an individually-metered or flat rate billed home or building consisting of not more than two dwelling units.

Commercial Class: A building, store, restaurant, or office which is primarily a site for the buying or selling of goods or the provision of professional or consumer services. In addition, apartments, condominium complexes, colleges, private and public schools, car washes, laundromats, construction sites, hotels, and motels are included in this class.

Industrial Class: A building or factory which is primarily a site for the manufacture or production of goods.

Public: A public building, library, park, or playground which is owned by a governmental unit having the power of taxation.

RULES AND REGULATIONS

SECTION B - DEFINITIONS

Wherever used in the Rules and Regulations or elsewhere in the Company's Tariff, the following terms shall have the meanings hereinafter set forth:

Applicant: A person, at least 18 years of age, who is not currently receiving service but has applied to the Company for service and whose name appears on the mortgage, deed, or lease of the property for which service is requested.

Authorized or Duly Authorized Representative of the User:

(1) If the User is a corporation:

(a) The president, secretary, treasurer, or a vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation; or

(b) The manager of one or more manufacturing, production, or operating facilities, provided the manager is authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

(2) If the User is a partnership or sole proprietorship: a general partner or proprietor, respectively.

(3) If the User is a Federal, State, or local governmental facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.

(4) The individuals described in paragraphs 1 through 3, above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for entity, and the written authorization is submitted to the Company.

Best Management Practices or BMPs: means schedules of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in Section 2.1 of Section H of this tariff. BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Biochemical Oxygen Demand or BOD5: The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five (5) days at 20 degrees centigrade, usually expressed as a concentration (e.g., mg/l).

Builder: Any person(s) requesting an extension to provide service to an existing lot or group of lots, either existing or to be subdivided, where service is to be provided to something other than a preexisting Residential Structure; namely, a newly constructed structure, structures to be constructed in the future, or to a preexisting non-residential structure.

Categorical Industrial User: An Industrial User who, if it were discharging to a POTW, would be subject to a categorical pretreatment standard or categorical standard.

Categorical Pretreatment Standard or Categorical Standard: Any regulation containing pollutant discharge limits promulgated by EPA in accordance with sections 307(b) and (c) of the FWPCA (33 U.S.C. § 1317) that apply to a specific category of Users and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471.

Chemical Oxygen Demand or COD: A measure of the oxygen required to oxidize all compounds, both organic and inorganic, in water.

Commission: The Pennsylvania Public Utility Commission.

Company: Aqua Pennsylvania Wastewater, Inc. and its duly authorized officers, agents, and employees; each acting within the scope of his/her authority and employment.

Company Service Lateral: The pipe or line extending laterally out from the Company collection Main that connects to the building service line at the hypothetical or actual curb line, edge of the right-of-way, or the actual property line, or easement line in the case where the Company collection Main is located within an easement.

Company's System: The aggregate of the Company's wastewater disposal plant, pumping equipment, trunk lines or Mains, and connection facilities to the curb-line at each premise.

Construction Costs: All direct and indirect costs attributable to the material and installation of the subject Main extension, services and appurtenances, and/or removal of existing Company facilities (including the net book value of property replaced or retired) whether incurred by the Builder or the Company.

Contributory Industrial User: Any Industrial User that the Company has determined discharges specific pollutants to the treatment works at concentrations greater than are found in typical domestic/commercial wastewaters.

Customer: A person at least 18 years of age, or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.

Customer Service Lateral: The connecting facilities owned by the Customer from the Company wastewater supply lines or Mains at the curb-line, Right-of-way line, or easement line into and within the Customer's premises.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Daily Maximum: The arithmetic average of all effluent samples for a pollutant collected during a calendar day.

Daily Maximum Limit: The maximum allowable discharge limit of a pollutant during a calendar day. Where Daily Maximum Limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where Daily Maximum Limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.

Domestic Wastes: A combination of water-carried wastes, consisting of wash water, culinary wastes, and liquid wastes containing only human excreta and similar matter flowing in or from a building drainage system of sewer originating from residences, business buildings, institutions, and commercial establishments.

Environmental Protection Agency or EPA: The U.S. Environmental Protection Agency.

Equivalent Dwelling Unit or "EDU": Except for existing Customers acquired by the Company through a purchase or acquisition and for billing purposes only, the EDU is a measure assigned by the Company based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP regulation at 25 Pa. Code § 73.17(b) divided by the Company's typical estimated average daily wastewater flow from a current single-family unit. Residential Customers are designated as one (1) EDU; however, in the Company's sole discretion, the Company may assign more than one (1) EDU for a residential Property.

For existing customers without a predetermined EDU allocation, the EDU is a measure based upon the estimated average daily wastewater flow for the type of business based on water usage, divided by the typical estimated average daily wastewater flow from a current single-family unit. For other existing customers acquired by the Company through a purchase or acquisition, the number of equivalent dwelling units is available at <https://www.aquawater.com/about/states-we-serve/pennsylvania/index.php>.

Any Customer who modifies their properties in a manner that impacts the EDU calculation, including in areas previously acquired by the Company, will be subject to the EDU definition described above. The Company will consider a Customer's request for a change in the number of assigned EDU's upon presentation of substantial evidence, satisfactory to the Company in its sole discretion. The Customer shall bear the burden of proof for all such requests.

Existing Source: Any source of discharge that is not a "New Source."

Federal Water Pollution Control Act (FWPCA), also known as the Clean Water Act, as amended, 33 U.S.C. § 1251 et seq.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Grab Sample: A sample that is taken from a wastestream without regard to the flow in the wastestream and over a period of time not to exceed fifteen (15) minutes.

Grinder Pump: Any mechanical or powered device used to grind, macerate or fluidize waste so that it can be discharged into the Company's System. This device is a component of the Customer Service Lateral and the sole responsibility of the Customer to own, maintain, and operate along with the balance of their Customer Service Lateral. The Customer shall be responsible for all power to operate the device in accordance with the manufacturer's specifications and guidelines. If required by the PaDEP, the Customer shall enter into an operations and maintenance agreement with the respective municipality.

Indirect Discharge or Discharge: The introduction of pollutants into the Company's System from any nondomestic source.

Industrial Waste Discharge Permit or Contract: A wastewater permit or contract issued as required by the Company to an Industrial User.

Industrial Waste Pretreatment Program: A program established by the Company that requires discharges to monitor, test, treat and control as necessary, pollutants in a Customer's wastewater prior to discharge into the sanitary and/or combined sewer.

Instantaneous Limit: The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected, independent of the industrial flow rate and the duration of the sampling event.

Interference: A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the Company's System, its treatment processes or operations or its sludge processes, use or disposal; and therefore, is a cause of a violation of the Company's NPDES permit or of the prevention of sewage sludge use or disposal in compliance with any of the following statutory/regulatory provisions or permits issued thereunder, or any more stringent State or local regulations: section 405 of the FWPCA; the Solid Waste Disposal Act, including Title II commonly referred to as the Resource Conservation and Recovery Act (RCRA); any State regulations contained in any State sludge management plan prepared pursuant to Subtitle D of the Solid Waste Disposal Act; the Clean Air Act; the Toxic Substances Control Act; and the Marine Protection, Research, and Sanctuaries Act.

Line or Main Extension: An addition to the Company's System Mains which is necessary to serve the Premises of an Applicant or Customer.

Local Limit: Specific discharge limits developed and enforced by the Company upon industrial or commercial facilities to implement the general and specific discharge prohibitions identified in Section H of this tariff.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Main: The Company's pipe used in transporting Wastewater, excluding Service Connections, which is located in a public highway, street, alley, or private right-of-way.

Maximum Allowable Industrial Loading: The maximum mass of pollutants that is allowed to be discharged to the treatment works from all contributory Industrial Users.

Medical Waste: Isolation wastes, infectious agents, human blood and blood products, pathological wastes, sharps, body parts, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.

Monthly Average: The sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

Monthly Average Limit: The highest allowable average of "daily discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

New Source:

(1) Any building, structure, facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed pretreatment standards under section 307(c) of the FWPCA that will be applicable to such source if such standards are thereafter promulgated in accordance with that section, and if such source were to discharge to a POTW, provided that:

(a) The building, structure, facility, or installation is constructed at a site at which no other source is located; or

(b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an Existing Source; or

(c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an Existing Source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the Existing Source, should be considered.

(2) Construction on a site at which an Existing Source is located results in a modification rather than a New Source if the construction does not create a new building, structure, facility, or installation meeting the criteria of Section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a New Source as defined under this paragraph has commenced if the owner or operator has:

(a) Begun, or caused to begin, as part of a continuous onsite construction program

(i) any placement, assembly, or installation of facilities or equipment; or

(ii) significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or

(b) Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Noncontact Cooling Water: Water used for cooling that does not come into direct contact with any raw material, intermediate product, waste product, or finished product.

Nondomestic Waste or Industrial Waste: Any wastewater resulting from any process of industry, manufacturing, trade, or business or from the development or recovery of any natural resource, or any mixture of such waste with water or domestic wastewater, as distinct from domestic wastewater.

PaDEP: The Pennsylvania Department of Environmental Protection.

Pass Through: A discharge which exits the Company's System into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the Company's NPDES permit, including an increase in the magnitude or duration of a violation.

Person: Any individual, partnership, copartnership, firm, company, corporation, association, joint stock company, trust, estate, governmental entity, or any other legal entity; or their legal representatives, agents, or assigns. This definition includes all Federal, State, and local governmental entities.

pH: A measure of the acidity or alkalinity of a solution, expressed in standard units.

Pollutant: Dredged spoil, solid waste, incinerator residue, filter backwash, sewage, garbage, sewage sludge, munitions, Medical Wastes, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt, municipal, agricultural and industrial wastes, and certain characteristics of wastewater (e.g., pH, temperature, TSS, turbidity, color, BOD5, COD, toxicity, or odor).

Premise: A single lot or piece of ground consisting of a single Residential Structure, together with all buildings and structures erected thereon.

Pretreatment: Pretreatment. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater prior to, or in lieu of, introducing such pollutants into the Company's System. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable pretreatment standard.

Pretreatment Requirements: Any substantive or procedural requirement related to pretreatment imposed on a User, other than a pretreatment standard.

Pretreatment Standards or Standards: Pretreatment Standards shall mean prohibited discharge standards, categorical pretreatment standards, and local limits.

Prohibited Discharge Standards or Prohibited Discharges: Absolute prohibitions against the discharge of certain substances; these prohibitions appear in Section 2.1 of Section H of this tariff.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Property: In general terms, a separate parcel of land owned in fee simple absolute, including any home(s), condominium(s), Home Owner's Association or building(s) affixed thereto, which is delineated by the description contained on the recorded deed, and which may be further delineated by any public roads.

Prospective Customer: Any owner, tenant, or lessee of a Property that is expected to be receiving wastewater service for at least one year following the commencement of wastewater service.

Publicly Owned Treatment Works or POTW: A treatment works defined by EPA in 40 CFR § 403.3(q).

Residential Structure: A home or building which contains metered or flat rate dwelling units intended for human habitation.

Sanitary Sewer: A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.

Service Connection: The point at which the Company Service Lateral connects with the Customer Service Lateral.

Septic Tank Waste: Any sewage from holding tanks such as vessels, chemical toilets, campers, trailers, and septic tanks.

Shall: is mandatory; May is permissive.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Significant Industrial User ("SIU"): A Significant Industrial User is:

- (1) An Industrial User subject to categorical pretreatment standards, if it were discharging to a POTW; or
- (2) An Industrial User that:
 - (a) Discharges an average of twenty-five thousand (25,000) gallons per day or more of process wastewater to the Company's System (excluding sanitary, noncontact cooling and boiler blowdown wastewater;
 - (b) Contributes a process wastestream which makes up five (5) percent or more of the average dry weather hydraulic or organic capacity of the Company's treatment plant; or
 - (c) Is designated as such by the Company on the basis that it has a reasonable potential for adversely affecting the Company's System operation or for violating any pretreatment standard or requirement.
- (3) The Company may determine that an Industrial User subject to categorical pretreatment standards is a Non-Significant Categorical Industrial User rather than an SIU on a finding that the Industrial User never discharges more than 100 gallons per day of total categorical wastewater (excluding sanitary, noncontact cooling and boiler blowdown wastewater, unless specifically included in the pretreatment standard) and the following conditions are met:
 - (a) The Industrial User, prior to the Company's finding, has consistently complied with all applicable categorical pretreatment standards and requirements;
 - (b) The Industrial User annually submits the certification requirement in Section 6.13 of Section H of this tariff, together with any additional information necessary to support the certification statement; and
 - (c) The Industrial User never discharges any untreated concentrated wastewater.
- (4) Upon a finding that a User meeting the criteria in subsection 2 of this definition has no reasonable potential for adversely affecting the Company's System operation or for violating an pretreatment standard or requirement, the Company may at any time, on it is own initiative or in response to a request received from an Industrial User, determine that such User should not be considered an SIU.

RULES AND REGULATIONS

SECTION B – DEFINITIONS (cont'd)

Slug Load or Slug Discharge: Any discharge at a flow rate or concentration, which could cause a violation of the prohibited discharge standards in Section 2.1 of Section H of this tariff. A Slug Discharge is any Discharge of a non-routine, episodic nature, including but not limited to an accidental spill or a non-customary batch Discharge, which has a reasonable potential to cause Interference or Pass Through, or in any other way violate these rules, local limits or permit conditions.

Stormwater: Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt.

Tariff: All the service rates, rules and regulations issued by the Company, together with any supplements and revisions thereto, officially approved by the Commission and contained in this document.

Total Suspended Solids (TSS) or Suspended Solids: The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquid, and that is removable by laboratory filtering.

User or Discharger: Any person that discharges, causes, or permits the discharge of wastewater into the Company's System.

Waste: Rejected, unutilized, or superfluous substances in liquid, gaseous, or solid form resulting from domestic and nondomestic activities.

Wastewater: A combination of the water-carried waste from residences, businesses, buildings, institutions, and industrial establishments, together with any ground, surface, and storm water that may be present, whether treated or untreated, discharged into or permitted to enter the Company's System.

Wastewater Treatment Plant or Treatment Plant: That portion of the Company's System which is designed to provide treatment of domestic waste and industrial waste.

RULES AND REGULATIONS

SECTION C – APPLICATION FOR SERVICE

1. Application for Wastewater Service by a New Owner or Occupant at an Existing Service Property: Where a Customer's Service Lateral exists on a Property, service will be furnished by the Company as soon as reasonably practicable after written application of the Applicant or the Applicant's authorized agent is made and such application is approved by the Company. The Customer receiving service takes such service subject to the Company's Tariff, including its Rules and Regulations.

2. Application for Wastewater Service to a Proposed Service Property: Where an adequate sewer Main abuts the Customer's Property, a Service Connection will be made as soon as reasonably practicable after written application of the Applicant or the Applicant's authorized agent and such application is approved by the Company. Service Connection application forms will be furnished by the Company on request.

Where an adequate sewer Main does not abut the Customer's Property, the Customer must make necessary arrangements with the Company's New Business Office for the extension of sewer in accordance with the Company's Rules and Regulations, as discussed further in Section I of this Tariff.

3. Application and Discharge Requirements. All applications for service must be in writing on a form provided by the Company and signed by the owner or owners of the Property to which wastewater collection service will be provided; except that where a lessee of a Property occupies or uses the Property under a lease having a fixed term of more than six (6) months, the lessee may request service as an Applicant. The Company may, at its sole discretion, require that a separate contract for service be signed by the Applicant. The Applicant must provide all necessary and required documentation as determined in Company's sole discretion to evaluate the request for service.

Non-residential service Customers which desire to discharge Nondomestic Wastes into the Company's System or existing Industrial/Commercial Users which desire to commence operations of a new facility or a new or different process that will affect the characteristics of the wastewater discharging into the Sanitary Sewer, shall notify the Company prior to the commencement of the new or different operations at the facility and provide such other information regarding the proposed discharge as the Company may request, including an application for an Industrial Waste Discharge Permit when deemed necessary.

RULES AND REGULATIONS

SECTION D – CONSTRUCTION AND MAINTENANCE OF FACILITIES

1. Provision of Service:

- Connection of a Premise to the Company's System constitutes a contract for service subject to all Rules and Regulations and rate schedules as provided for in this Tariff.
- The Company will install a Company Service Lateral from the main to the curb, or such point as determined by the Company of a size and material determined by the Company in its discretion. Any additional or larger connection facilities requested by the Customer may be installed provided the proposed discharge into the system is within the capability of the system, complies with these Rules and Regulations, and the Customer pays the additional costs for the installation.
- No owner or tenant of any Premises connected with the Mains of the Company will be allowed to permit another person or premises to use or connect with its Customer Service Lateral, except upon written permit from the Company.
- Any violation of the Rules and Regulations of the Company shall render the contract between the Customer and the Company void, and service may be discontinued after due notice, remaining so until such time as the Company is satisfied that the Customer will observe the Rules and Regulations. Service will not be connected until the actual costs of the discontinuing and reconnections are paid in full.

Customer Service Lateral Inspection Fee

- Charge for the Company's time involved in the inspection of a Customer Service Lateral tie-in to the Company's wastewater system shall be fifty dollars (\$50.00) per Customer Service Lateral.

2. Customer Service Lateral: The Customer Service Lateral shall extend from the Property to the Curb Stop or cleanout or such point as designated by the Company. All connections, Service Laterals and fixtures owned by the Customer shall be maintained by the Customer in good order, and all meters and appurtenances owned by the Company and located on the Property of the Customer shall be protected properly by the Customer. All leaks in or other deteriorated condition of the Customer's Service Line or any other pipe or fixture in or upon the Premises supplied must be repaired immediately by the owner or occupant of the Premises.

3. Size, Kind, and Location of Service Laterals: The Company reserves the right to determine the size, kind and location of the Service Laterals, from the main to the curb, and from the curb to the property to be served. The Customer's Service Lateral shall not cross intervening properties unless the property is landlocked and there is no other way in which service can be provided (for example, because the property does not abut a public road) and an appropriate easement is obtained by the Customer for the Customer's benefit, a copy of which must be furnished to the Company. The service line from the curb stop or cleanout to the property shall be furnished, installed, owned, and maintained by the owner of the property, and where possible shall be laid in a straight line at right angles to the curb line within the building limits of the structure to be served and at a minimum depth of cover specified by the Company, and bedded in at least 6 inches of sand, in property owned in fee simple absolute.

SECTION D – CONSTRUCTION AND MAINTENANCE OF FACILITIES (cont'd)

4. Right to Reject: The Company may refuse to connect with any Customer Service Lateral or furnish wastewater collection, treatment and/or disposal through a service already connected if such system or service is not properly installed or maintained.

5. Separate Trench: The Customer Service Lateral shall not be laid in the same trench with drain or water pipe, the facilities of any other public utility or of any municipality or municipal authority that provides a utility service.

6. Customer Grinder Pump: In areas of the Company's System where the Company has installed a pressure sewage collection system or where required as determined by the Company, the Customer, in conjunction with the construction of their Customer Service Lateral, shall install, own, operate, and maintain and replace a Grinder Pump and holding tank at the Customer's expense as specified by the Company prior to connection and shall maintain such facilities in good order and repair. The Grinder Pump shall meet specifications as provided by the Company. The failure of a Customer to properly install and maintain a Grinder Pump, including replacement, shall construe grounds for the Company to initiate action to terminate service to the Customer and seek recovery for any damage to the Company's facilities caused by an improperly functioning Grinder Pump. In the case where PaDEP approval of the grinder pump installation is required to ensure the long-term operation and maintenance of the grinder pump in accordance with PaDEP regulation Title 25 Pa Code §71.72, the Customer may have to enter into an operations and maintenance agreement with the municipality in which the Customer is located.

RULES AND REGULATIONS

SECTION D – CONSTRUCTION AND MAINTENANCE OF FACILITIES (cont'd)

7. Individual Service Lines: Except as otherwise expressly authorized by the Company, each individual Customer shall be served only through a separate Customer Service Lateral connected directly to the Company Service Lateral, and that Customer Service Lateral shall not cross over the Property of or serve any other Customer or Premise. The maximum Customer Service Lateral length shall be two hundred and fifty (250) feet from the Service Connection(s) with clean-outs every 50 feet. The Company shall have the right to waive this maximum length requirement at its sole discretion. No additional attachment may be made to any Customer Service Lateral for any purpose without the express written approval of the Company.

8. Customer Responsibilities:

a. Use shall be restricted to Domestic Wastes, unless a special agreement is made satisfactory to the Company as to other uses. No Customer shall discharge into the system roof, storm, surface or ground water, swimming pools, drainage from cesspools or drain fields, cistern, combustible gases or liquids, insoluble solids, industrial type waste or other harmful substances. Any Customer discharging any unauthorized matter into the system, which causes damage to Company facilities or interferes with the operation of the system, will be required to cease using the system and pay whatever damages and costs are incurred as a result.

b. Each Customer Service Lateral shall be installed and maintained by or on behalf of the Customer at its expense and in full accordance with the Company's specifications as to materials, size, location and underground construction, starting at the curb-line at a location designated by the Company.

c. No sewer connection, or disconnection, shall be made to the Company's Main except under the supervision, control and approval of the Company's authorized representative. All such connections shall be property of the Company and shall be accessible to it and under its control. The Company will furnish, install, and maintain all Company Service Laterals from the Main to the property line or right of way.

d. No repairs, alterations, or additions to any drain or Service Connection with the Company's System shall be made, unless the person desiring to make the same shall first receive permission from the Company for doing so.

e. Connections with sewers that run through private property shall, in all respects, be governed by these Rules and Regulations.

RULES AND REGULATIONS

SECTION D – CONSTRUCTION AND MAINTENANCE OF FACILITIES (cont'd)

9. Company's Service Lateral:

Except for Service Connections made in accordance with the section, "Main Extensions", the Company will make all connections to its Mains and furnish, install and maintain the Company Service Laterals from the Main up to the hypothetical or actual curb line, edge of the right-of-way or the actual property line. The Company Service Laterals will be the property of the Company and under its control.

The maximum Company investment per Company Service Lateral to a Bona Fide Service Applicant shall be calculated under the same formula as described in the "Company Contribution" of Section I, "Main Extensions", of this Tariff.

The cost of any Company Service Lateral in excess of the applicable maximum Company investment shall be paid by the Customer. The Company may require payment of the estimated amount of such excess cost in advance of the installation and will make a partial repayment of the extent the actual cost is determined to be less than the estimate.

RULES AND REGULATIONS

SECTION E – TERMINATION, DISCONTINUANCE, RESTORATION OF SERVICE, AND SERVICE CONTINUITY

Termination and Discontinuance of Service:

Termination and Discontinuance by the Company

1. Service may be terminated by the Company for any one of the following reasons:

- a. Failure of a Customer to maintain and repair its Customer Service Lateral(s);
- b. Failure of a Customer to pay a bill for service in accordance with the Commission's regulations;
- c. Vacancy of the Premises;
- d. Violation by a Customer, or with his consent, of any of these Rules and Regulations.

2. The Company may, without notice, discontinue wastewater service if an emergency reasonably requires it in order to make necessary repairs or connections or to meet any other emergency; however, the Company will give notice of any discontinuance of service if it is reasonably possible to do so.

3. If you are a victim of domestic violence and have a Protection From Abuse Order or other court order that shows clear evidence of domestic violence, there are special protections available.

Discontinuance by the Customer

1. A Customer desiring the discontinuance of wastewater service shall give written notice to the office of the Company and the Customer will be responsible for service charges until such notice is given. A new application must be made on any change of Customers on a Property as required at the office of the Company, and the Company shall be at liberty to discontinue the service until such new application has been made and approved.

2. The Customer desiring abatement from wastewater bills shall report same in writing or call in person at the office of the Company. All vacancies shall date from the day reported at the office of the Company. When vacancy is properly reported, an allowance will be made for the period of vacancy, but not for less than one month.

Restoration of Service: After termination of service it will not be reconnected until all amounts due to the Company have been paid plus the cost of a fifty dollar (\$50.00) turn-on charge prior to service reconnection (with the exception of the Masthope Division).

RULES AND REGULATIONS

SECTION E – TERMINATION, DISCONTINUANCE, RESTORATION OF SERVICE, AND SERVICE CONTINUITY (cont'd)

Service Continuity and Liability:

In the course of furnishing service that needs to be adequate, but not perfect, it is recognized that there will be times when service is subject to interruption or disruption as a result of Main breaks, the failure of equipment or facilities, and for other reasons. Accordingly, the liability of the Company shall be limited to four thousand dollars (\$4,000.00) in any legal action brought against the Company for damages in connection with: 1) a service interruption or delay, or cessation or lack of adequate, efficient, safe and reasonable service and facilities; and/or 2) a failure of equipment, including, but not limited to, a break or leak in a Main, service line or Meter owned by the Company.

In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of a public utility are in conformity with the regulations and Orders of the Commission, the public utility may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory judgment with the Commission.

Furthermore, the Company shall not be liable in any action where the loss or damage involves an act of God (except where the Company is found to be negligent or not in compliance with its Section 1501 duties under the Public Utility Code) or does not involve a duty of the Company, including breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or conditions in the Customer's Service Line, Meter, internal plumbing or fixtures, or due to the materials out of which those facilities are made. Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of a duty of the Company, including where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a Customer's Property) is in need of repair that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or the person or event.

From time to time, the Company may provide public notices, specific notices, correspondence or other notifications ("Notices") regarding the presence of conditions affecting the wastewater service provided by the Company. These Notices may contain information about actions members of the public may wish to, are recommended to, or should take in response to the conditions identified in the Notice. In the event the Company issues a Notice, the Company will not be liable for any expenses or costs incurred by a Customer or end-user for any action taken in response to any condition identified in the Notice.

RULES AND REGULATIONS

SECTION F – BILLING AND COLLECTION

Methods of Payment: Bills are payable by mail, by direct debit, in person at any authorized pay agency or as otherwise authorized by the Company. Amounts due for services must be made in one of the following formats: cash at a valid payment center, credit card, debit card, atm card, or personal check, business check, or money order issued by a properly licensed financial institution, or other commercially acceptable form of payment as determined by the Company.

Landlord Assumption of Responsibility: If an Applicant for service, who is a landlord, assumes responsibility for rates and charges related to wastewater service provided to tenants and is billed for such service, the landlord must assume responsibility and be billed for both water and wastewater service, if such service is provided or billed by the Company.

Billing History: A Customer may obtain from the Company; at no charge to the Customer, the billing history for up to ten accounts per year in the name of the Customer, provided that the Customer submits a written request for such information directly to the Company. Additional requests will be processed subject to the Company's right to charge the Customer its incremental costs of providing such billing histories.

Delinquent Bills: If a rendered bill remains unpaid for a period of 20 days for Residential Customers and 15 days for Non-Residential Customers, it shall be classified as delinquent. However, if the last day of such period falls on a Saturday, Sunday, a holiday or day when the Company's offices are closed, the delinquency date shall be the next succeeding business day. Payments by mail will be deemed made on the date of the postmark. Payments to the Company drop box or authorized payment agent will be deemed received when paid at that location. Service may be terminated for non-payment of bills in accordance with the Commission's regulations. If service is thus terminated, it will not be restored until all outstanding charges provided by the Commission's regulations and the Tariff of the Company are paid or satisfactory arrangements are entered for payment.

Late Payment Charge: If payment has not been received by the Company for five days after the bill has been classified as delinquent, a late charge (penalty) of 1.50% will be applied to the account and such late charge (penalty) will be calculated every thirty days thereafter only on the overdue portion of the bill excluding previous late charges (penalties), and in no event shall the late charge (penalty) exceed more than 18% annually (simple interest).

Return Check Charge and Return Electronic Payment Charge: The Customer will be responsible for the payment of a charge of \$20.00 per incident where a check or electronic payment, which has been presented to the Company for payment of any bill, is returned by the bank for any reason including, but not limited to, non-sufficient funds, account closed, payment stopped, two signatures required, postdated, stale date, account garnished, no account, drawn against uncollected funds, balance held, and unauthorized signature. This charge is in addition to any and all charges assessed against the Customer by the bank. If a Customer's account shows a history of submitting payments that have been returned for insufficient funds or any other reason outlined above, the Company may require deposit or turn-on charges to be paid by cash, certified check, money order, or credit card or service may be terminated without additional notice in accordance with Commission regulations.

RULES AND REGULATIONS

SECTION F – BILLING AND COLLECTION (cont'd)

Turn-on Charge: When service has been terminated to any Premise because of violation of the Company's Rules and Regulations or at the Customer's request, a charge of fifty dollars (\$50.00) payable in advance will be made for restoration of service. If the Customer request for restoration of service requires the Company to incur overtime or holiday costs, the Company reserves the right to bill the Customer for the additional cost incurred. If the Company incurs out of the ordinary expense to affect termination of service for non-payment of bills or due to lack of access to the Company's facilities, the Customer must reimburse the Company for those expenses in addition to the \$50.00 turn-on charge prior to service reconnection.

Turn-off at Customer's Request: Customers desiring to avoid payment for wastewater service during periods when Properties are vacant or during extended absences shall give notice in writing at the office of the Company requesting the wastewater to be shut off. If a minimum charge or Customer charge for water use is applicable, the bill will be based on the proportion that the period when wastewater service was available bears to the entire period on which such minimum charge or Customer charge is based. Metered consumption in excess of such adjusted minimum shall be billed at normal rates.

Pro-ration of Base Rates on Customer Bills: During a period of changes to base rates, billing of base rates for Customers involves proration of the different base rates based on days of invoice. The fixed charge and the consumption for the entire period is divided by the number of service days to develop an average rate per day for purposes of bifurcating the consolidated charges at the old rate and at the new rate.

RULES AND REGULATIONS

SECTION G – DEPOSITS AND CREDIT STANDARDS

General: Deposits may be required from Applicants for new service or extension of service. Residential Customers will not be required to pay a security deposit in order to receive service from the Company. The Company will pay income tax on any deposit, advance, contribution or other like amounts received from an Applicant which shall constitute taxable income to the Company as defined by the Internal Revenue Service and required by the Commission. Such income taxes shall be segregated in a deferred account for inclusion in rate base in a future base rate case proceeding. Such income tax associated with a deposit, advance, or contribution will not be charged to the Person providing such deposit, advance, or contribution.

Creditworthiness: Upon application for wastewater service, the Company may require the Applicant/Customer to provide valid identification, a valid deed lease or mortgage evidencing the Applicant/Customer's residency at the Property/Premise, and/or payment of an outstanding balance owed by the Customer which accrued within the past 4 years for which the Applicant/Customer is legally responsible.

The Company may determine liability for a past due balance by:

- Use of Company records that contain information previously provided to the Company;
- Information contained on a valid mortgage, lease or deed;
- Use of commercially available public records databases; and
- Government and property ownership record.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS

1. GENERAL PROVISIONS

1.1 Purpose and Policy

- (a) These rules set forth uniform requirements applicable to Users of the wastewater collection, treatment, and disposal services provided by the Company and the nature of wastes acceptable for discharge into the Company's System, either directly or indirectly. In developing these rules, the Company was guided by the "EPA Model Pretreatment Ordinance" (January 2007) published by the U.S. Environmental Protection Agency ("EPA") for use by municipalities operating Publicly Owned Treatment Works ("POTWs") as well as EPA regulations designed to control pollutants discharged to POTWs at 40 CFR Part 403 (General Pretreatment Regulations for Existing and New Sources of Pollution). These rules shall apply throughout the Company's service territory.
- (b) The objectives of these rules are:
 - (i) To prohibit the introduction of pollutants into the Company's System that will interfere with its operation or impact the quality or classification of the resulting sludge;
 - (ii) To prohibit the introduction of pollutants into the Company's System that will pass through the treatment works, inadequately treated, into receiving waters, or otherwise be incompatible with the System;
 - (iii) To protect both the Company's personnel who may be affected by wastewater and sludge in the course of their employment and the general public;

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (iv) To promote reuse and recycling of industrial wastewater and sludge from the Company's System;
 - (v) To provide for fees for the equitable distribution of the cost of operation, maintenance, and improvement of the Company's System;
 - (vi) To enable the Company to comply with its National Pollutant Discharge Elimination System permit conditions, its Water Quality Management ("WQM") Permit in the case of land application treated effluent disposal systems, sludge use and disposal requirements, and any other federal or state laws to which the Company's System is subject;
 - (vii) To require the pretreatment of wastewater discharged into the Company's System as appropriate and consistent with standards for pretreatment of wastewater that have been promulgated by the EPA or otherwise imposed by the PaDEP; and
 - (viii) To otherwise provide the conditions of wastewater collection, treatment and disposal service by the Company.
- (c) These rules shall apply to all Users of the Company's System. These rules authorize the issuance of wastewater discharge permits; provide for monitoring, compliance, and enforcement activities; establish administrative review procedures; require user reporting; and provide for the setting of fees for the equitable distribution of costs resulting from the program established herein.

1.2 Administration

Except as otherwise provided herein, the Company shall administer, implement, and enforce these rules. Any powers granted to or duties imposed upon the Company may be delegated by the Company a duly authorized Company employee.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

1.3 Abbreviations

The following abbreviations, when used in these rules, or in the implementation of these rules, shall have the designated meanings:

BOD5 - Biochemical Oxygen Demand (5-day)

BMP - Best Management Practice

C - Celsius

CERCLA - Comprehensive Environmental Response, Compensation and Liability Act

CFR - Code of Federal Regulations

CIU - Categorical Industrial User

COD - Chemical Oxygen Demand

PaDEP - Pennsylvania Department of Environmental Protection

EPA - U.S. Environmental Protection Agency

F - Fahrenheit

FOG - Fats, Oils and Grease

gpd - gallons per day

IU - Industrial User

IPP - Industrial Pretreatment Program

IWDC - Individual Wastewater Discharge Contract

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

mg/l - milligrams per liter

MGD - Million Gallons per Day

NH₃-N - Ammonia Nitrogen

NPDES - National Pollutant Discharge Elimination System

NSCIU - Non-Significant Categorical Industrial User

RCRA - Resource Conservation and Recovery Act

SIU - Significant Industrial User

TDS - Total Dissolved Solids

TKN - Total Kjeldahl Nitrogen

TN - Total Nitrogen

TP - Total Phosphorus

TSS - Total Suspended Solids

U.S.C. - United States Code

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

2. GENERAL SANITARY SEWER USE REQUIREMENTS

2.1 Prohibited Discharge Standards

- (a) General Prohibitions. No User shall introduce or cause to be introduced into the Company's System any pollutant or wastewater which causes pass through or interference or damages the Company's System. These general prohibitions apply to all Users of the Company's System whether or not they are subject to categorical pretreatment standards or any other national, state, or local pretreatment standard or requirement.
- (b) Specific Prohibitions. No User shall introduce or cause to be introduced into the Company's System the following pollutants, substances, or wastewater:
 - (i) Liquids, solids or gases that by reason of their nature or amount are, or may be, sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any way to persons, the Company's System or the operation of the Company's System, including, but not limited to, any discharge with a closed-cup flashpoint of less than 140° F (60°C) using the test methods specified in 40 CFR § 261.21. At no time shall any wastewater cause two successive readings on an explosion hazard meter, at the point of discharge into the Company's System (or at any point in the Company's System), to be more than five percent (5%) nor any single reading to be over ten percent (10%) of the Lower Explosive Limit (LEL) of the meter.
 - (ii) Wastewater having a pH less than 6.0 or higher than 9.0 as measured by a grab sample, unless otherwise specified by the Company in an IWDC, or wastewater having other corrosive properties capable of causing damage or hazard to structures, equipment, or personnel of the Company's System.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (iii) Solid or viscous substances which may cause obstruction to the flow in the Company's System or other interference with the operation of the Company's System such as, but not limited to, grease, garbage (not properly shredded), animal guts or tissues, paunch manure, bones, hair, hides or fleshings, entrails, whole blood, feathers, ashes, cinders, sand, spent limestone or marble dust, bentonite, lye, building materials, rubber, leather, porcelain, china, metal glass, straw, shavings, grass clippings, rags, spent grains, spent hops, waste paper, wood, plastics, tar, asphalt residues, residues from refining or processing of fuel or lubricating oil, mud, or glass grinding or polishing wastes or any material which can be disposed of as trash.
- (iv) Pollutants, including oxygen-demanding pollutants (BODS, etc.), released in a discharge at a flow rate and/or pollutant concentration which, either singly or by interaction with other pollutants, will cause interference with the Company's System.
- (v) Wastewater with a temperature at the introduction into the Company's System which exceeds 120 degrees F (49 degrees C), or less than 32°F, or which will inhibit biological activity in the treatment plant resulting in interference, but in no case wastewater which causes the temperature at the introduction into the treatment plant to exceed 104 degrees F (40 degrees C).
- (vi) Petroleum oil, motor oils or lubricants removed from vehicles or machinery, non-biodegradable cutting oil, or products of mineral oil origin, in amounts that will cause interference or pass through.
- (vii) Pollutants in sufficient quantity which, either alone or by interaction with other pollutants, would result in the presence of toxic gases, vapors or fumes, cause worker injury or disruption of any wastewater treatment process, including the disposal of sludge, or be in non-compliance with any categorical or pretreatment standards established in accord with 40 CFR § 403.6.
- (viii) Trucked or hauled pollutants, except at discharge points designated by the Company in accordance with subsection 2.10 of Section H of this tariff.
- (ix) Noxious or malodorous liquids, gases, solids, or other wastewater which, either singly or by interaction with other wastes, are sufficient to create a public nuisance or a hazard to life, or to prevent entry into the Company's System for maintenance or repair.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (x) Wastewater which imparts color which cannot be removed by the treatment process, and which consequently imparts color to the treatment plant's effluent.
- (xi) Wastewater containing any radioactive wastes or isotopes with half-lives or concentrations that exceed (A) measured background or naturally-occurring levels or (b) limits established by the Company.
- (xii) Storm water, surface water, ground water, artesian well water, roof runoff, subsurface drainage, swimming pool drainage, condensate, deionized water, noncontact cooling water, and unpolluted wastewater, unless specifically authorized by the Company.
- (xiii) Sludges, screenings, or other residues from the pretreatment of industrial wastes
- (xiv) Medical wastes, except as specifically authorized by the Company in an IWDC.
- (xv) Wastewater causing, alone or in conjunction with other sources, the treatment plant's effluent to fail toxicity test or otherwise create a toxic effect in receiving waters.
- (xvi) Detergents, surface-active agents, or other substances that might cause excessive foaming in the Company's System.
- (xvii) Discharge which is or contains hazardous waste or, if otherwise disposed of, would be considered hazardous waste.
- (xviii) Any substance which may cause the treatment plant's effluent or any other product of the treatment plant, such as residues, sludge or scum, to be unsuitable for reclamation and reuse or to interfere with the reclamation process. In no case shall a substance discharged to the Company's System cause the Company to be in non-compliance with sludge use or disposal criteria, guidelines or regulations developed under Section 405 of the Federal Water Pollution Control Act ("FWPCA"), nor any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or state criteria applicable to the sludge management methods being used by the Company.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (xix) Any pollutant, including oxygen demanding pollutants and suspended solids, released at a flow rate and/or pollutant concentration which a User knows or has reason to know will cause interference or pass through to the Company's System. In no case shall a slug load have a flow rate or contain a concentration or quantity of a pollutant that exceeds for any time period longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour permitted concentration, quantity, or flow during normal operation.
- (xx) Any wastewater which because of its chemical nature or composition causes the sewer atmosphere to contain airborne chemical concentrations in excess of concentrations established by the U.S. Department of Labor, Occupational Safety and Health Administration ("OSHA") under 29 CFR Part 1910, regardless of duration of exposure experienced by any individual, unless written authorization is granted by the Company.
- (xxi) Substances which will cause pass through or interference or otherwise cause the Company to violate its NPDES permit or air quality or receiving water quality standards, or that are prohibited by any permit issued by the Company, the Commonwealth of Pennsylvania or EPA.
- (xxii) Wastes which are not amenable to biological treatment or reduction in existing treatment facilities, including but not limited to nonbiodegradable complex carbon compounds.
- (xxiii) Wastewater containing any organic compounds of endrin, lindane, methoxychlor, toxaphene, dichlorophenoxyacetic acide, trichlorophenoxypropionic acid or other herbicides, pesticides or rodenticides.
- (xxiv) Wastewater containing any of the pollutants listed on EPA's "Priority Pollutant List" (40 CFR Part 423, Appendix A), without authorization from the Company in an IWDC.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (c) Pollutants, substances, or wastewater prohibited by this section shall not be processed or stored in such a manner that they could be discharged to the Company's System.
- (d) No User shall discharge wastewater to the Company's System in an amount exceeding the below general prohibitions. The Company may impose different limitations depending on the needs of a particular treatment plant or the Company's System:

Wastewater raw Waste strength shall be limited to that illustrated below:

		Maximum Allowable Limits (<u>Grab Sample</u>)	Maximum Allowable Limits (<u>24 Hour Composite Sample</u>)
BOD ₅	(mg/l)	250	250
TSS	(mg/l)	250	250
COD	(mg/l)	500	500
Total Kjeldahl Nitrogen	(mg/l)	50	50
Total Phosphorus	(mg/l)	8	8
Ammonia Nitrogen	(mg/l)	45	45
pH	(s.u.)	6-9	N/A
Oil and Grease	(mg/l)	100	N/A

2.2 National Categorical Pretreatment Standards

- (a) The National Categorical Standards found at 40 CFR Chapter I, Subchapter N, Parts 405-471 are hereby incorporated by reference. Any industrial User that would be a categorical industrial User under the provisions of one or more categorical standards if it were discharging to a POTW is a Significant Industrial User under these rules and is required to obtain an WDC as described in subsection 4 of this Section H, unless otherwise determined by the Company pursuant to these rules. The IWDC will reflect the effluent limitations and standards of the pertinent categorical standard(s). Although the Company is not subject to EPA's pretreatment regulations, the Company will use pertinent standards and requirements contained in 40 CFR, Chapter I, Subchapter N, Part 403 as guidance in administering and applying the categorical standards. Any categorical standard or local limit, if more stringent than the limitations imposed under an IWDC, shall immediately supersede the limitations imposed under the IWDC.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (b) Where a categorical standard is expressed only in terms of either the mass or the concentration of a pollutant in wastewater, the Company may impose equivalent concentration or mass limits in the manner described in 40 CFR § 403.6(c).
- (c) When the limits in a categorical standard are expressed only in terms of mass of pollutant per unit of production, the Company may convert the limits to equivalent limitations expressed either as mass of pollutant discharged per day or effluent concentrations for purposes of calculating effluent limitations applicable to individual industrial Users.
- (d) When wastewater subject to a categorical standard is mixed with wastewater not regulated by the same standard, the Company shall impose an alternate limit using the combined waste stream formula in 40 CFR § 403.6(e).
- (e) Once included in its IWDC, an industrial User must comply with the equivalent limitations developed in this subsection 2.2 of this Section H in lieu of the categorical standard from which the equivalent limitations were derived.
- (f) Where a categorical standard specifies one limit for calculating maximum daily discharge limitations and a second limit for calculating maximum monthly average (or 4-day average) limitations, the same production flow figure shall be used in calculating both the average and the maximum equivalent limitation.
- (g) Any industrial User operating under an IWDC incorporating equivalent mass or concentration limits calculated from a production-based standard, as provided in paragraph (c) of this subsection 2.2, shall notify the Company within two (2) business days after the User has reasonable basis to know that the production level will significantly change within the next calendar month. Any User not notifying the Company of such anticipated change will be required to meet the mass or concentration limits in its IWDC that was based on the original estimate of the long term average production rate.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****2.3 Modification of National Categorical Pretreatment Standards**

The Company may modify specific limits in a categorical pretreatment standard where appropriate for purposes of these rules or an IWDC. Although not subject to EPA's pretreatment regulations, the Company will utilize the standards and requirements contained in 40 CFR, Chapter I, subchapter N, Part 403 generally, and particularly sections 403.7 (removal credits), 403.13 (fundamentally different factors), and 403.15 (net limits), as guidance in considering any such modifications.

2.4 State and Federal Requirements

Applicable state or federal requirements and limitations on discharges shall apply in any case where they are more stringent than those in these rules.

2.5 Specific Pollutant Discharge Limitations - Local Limits

- (a) All industrial Users shall be subject to the local limits applicable to their service area as specified in the Company's IPP.
- (b) Local limits are the highest allowable concentrations in a discharge, unless otherwise specified in an IWDC.
- (c) Local limits apply at the point where wastewater is discharged to the Company's System or at the point designated by the Company.
- (d) The Company reserves the right to allocate among Users the total loading applicable to a particular pollutant by establishing maximum daily industrial concentrations specific to each User, provided that the total maximum allowable daily industrial load for the treatment plant is not exceeded.
- (e) In addition to industrial Users, the Company reserves the right to apply local limits to any User's wastewater.
- (f) The Company reserves the right to establish alternate limits in IWDCs in order to protect against pass through or interference or to assure that the Company complies with its NPDES permit and federal and state law. The alternate limits, if more stringent than the categorical standards, shall immediately supersede the categorical standards.
- (g) The Company may develop BMPs in IWDCs to implement local limits and the requirements of subsection 2.1 of this Section H.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

2.6 Reservation of Right to Impose More Stringent Requirements

The Company reserves the right to establish, in IWDCs, more stringent limits or requirements on discharges to the Company's System, if deemed necessary, consistent with the purpose of these rules.

2.7 Dilution

No User shall ever increase the use of process water, or in any way attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with a discharge limitation unless expressly authorized by an applicable pretreatment standard or requirement. The Company may impose mass limitations on Users who are using dilution to meet applicable pretreatment standards or requirements, or in other cases when the imposition of mass limitations is appropriate.

2.8 Compliance with Other Applicable Standards and Requirements

Compliance with these rules and IWDCs or compliance or cessation directives issued hereunder does not relieve the industrial user from its obligations to comply with any and all applicable local, state, and federal standards and requirements including any such applicable standard or requirement that may become effective during the term of a permit or directive or these rules.

2.9 Grease Traps

Users shall install, operate and maintain interceptor/collector devices (e.g., traps) to capture and remove fats, oils and grease prior to discharge to the treatment works whenever the Company determines that such devices are necessary for the proper handling of wastewater. All such devices shall be designed and installed so as to accommodate the maximum flow rate expected to occur and to be readily and easily accessible for cleaning and inspection. The User shall be responsible for operating and maintaining the devices, including regular cleaning, to ensure that they consistently remove FOG prior to discharge to the Company's System. Alternatively, or in addition, the Company may require users to implement BMPs in order to eliminate FOG at the point of use and thereby reduce the generation of FOG in wastewater.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****3. PRETREATMENT OF WASTEWATER****3.1 Pretreatment Facilities - General**

Users shall provide wastewater treatment as necessary to comply with these rules and shall achieve compliance with all categorical pretreatment standards, local limits, and the prohibitions set out in subsection 2.1 of this Section H within the time limitations specified by EPA, the state, or the Company, whichever is more stringent. Any facilities necessary for compliance, including the design, construction, operation, and maintenance of these facilities, shall be at the User's expense. Detailed plans describing such facilities and operating procedures shall be submitted to the Company for review, and shall be acceptable to the Company before such facilities are constructed. The review of such plans and operating procedures shall in no way relieve the User from the responsibility of modifying such facilities or procedures as necessary to produce a discharge acceptable to the Company under the provisions of these rules.

3.2 Additional Pretreatment Measures

- (a) Whenever Deemed necessary, the Company may require Users to restrict their discharge during peak flow periods, designate that certain wastewater be discharged only into specific sewers, relocate and/or consolidate points of discharge, separate sewage wastestreams from industrial wastestreams, and such other conditions as may be necessary to protect the Company's System and determine the User's compliance with the requirements of these rules.
- (b) The Company may require any person discharging to the Company's System to install maintain, on their property and at their expense, a suitable storage and flow-control facility to ensure equalization of flow. Provisions regarding flow equalization may be required in an IWDC.
- (c) Grease, oil and sand interceptors or traps shall be provided when, in the opinion of the Company, they are necessary for the proper handling of wastewater containing grease and/or oil, or sand. All interception/trap units shall be of the type and capacity acceptable to the Company, and shall be located as to be readily and easily accessible for cleaning and inspection. Such interceptors/traps shall be inspected, cleaned and repaired by the User at the User's expense.
- (d) Users are prohibited from discharging combustible or flammable substances into the Company's system. Users with the potential to discharge combustible or flammable substances may be required to install and maintain an approved combustible gas detection meter. The User shall immediately notify the Company in the event of a potential combustible or flammable discharge.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

3.3 Accidental Discharge/Slug Discharge Control Plans

- (a) The Company shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control slug discharges. The Company may require any User to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control slug discharges. Alternatively, the Company may develop such a plan for any User. An accidental discharge/slug discharge control plan shall address, at minimum, the following:
 - (i) Description of discharge practices, including nonroutine batch discharges;
 - (ii) Description of stored chemicals;
 - (iii) Procedures for immediately notifying the Company of any accidental or slug discharge, as required by subsection 6.6 of this Section H; and
 - (iv) Procedures to prevent adverse impact from any accidental or slug discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.
- (b) The Company may include conditions relating to implementation of an accidental discharge/slug discharge control plan when issuing an IWDC.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

3.4 Hauled Wastewater

- (a) Septic tank waste may be introduced into the Company's System only at locations designated by the Company, and at such times as are established by the Company. Such waste shall not violate subsection 2 of this Section H or any other requirements established by the Company. The Company may require septic tank waste haulers to enter a separate agreement with the Company.
- (b) The Company may require haulers of industrial waste to enter into an IWDC. The Company may require generators of hauled waste to enter into an IWDC. The Company also may prohibit the disposal of hauled industrial waste. The discharge of hauled industrial waste is subject to all other requirements of these rules.
- (c) Industrial waste haulers may discharge loads only at locations designated by the Company. No load may be discharged without prior consent of the Company. The Company may collect samples of each hauled load to ensure compliance with applicable standards. The Company may require the industrial waste hauler to provide a waste analysis of any load prior to discharge.
- (d) Industrial waste haulers must provide a waste-tracking form for every load. This form shall include, at a minimum, the name and address of the industrial waste hauler, the IWDC (as applicable), truck identification, names and addresses of sources of waste, and volume and characteristics of waste. The form shall identify the type of industry and all known or suspected waste constituents and confirm that no wastes are RCRA hazardous wastes.

3.5 Damage Liability

The person producing or introducing waste to the Company's System shall be liable for all damages, increased costs of treatment or maintenance, or other costs incurred by the Company directly attributable to such waste, including the costs of repairs, testing, consulting and all other costs associated with the damage. Any User violating any of the provisions of these rules shall be liable to the Company for all expenses, losses, or damages occasioned by the Company by reason of such violation, whether incidental or consequential.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

4. INDIVIDUAL WASTEWATER DISCHARGE CONTRACTS

4.1 Wastewater Analysis

When requested by the Company, a User must submit information on the nature and characteristics of its wastewater. Upon receipt of a questionnaire or IWDC application from the Company, a User shall have sixty (60) days (unless extended by the Company for good reason) to return the completed questionnaire or application, signed by an authorized representative of the User. The Company may periodically require Users to update this information.

4.2 IWDC Requirements

- (a) No SIU shall discharge wastewater into the Company's System without first obtaining an IWDC from the Company.
- (b) No person discharging industrial waste to the treatment works shall undertake any significant wastewater modification without first notifying the Company and obtaining a new or amended IWDC from the Company, except as authorized by the Company in accordance with the provisions of these rules.
- (c) The Company may require that other Users obtain IWDCs as necessary to carry out the purposes of these rules.
- (d) Any violation of the terms and conditions of an IWDC shall be deemed a violation of these rules and subjects the User to the sanctions set out in subsection 10 through subsection 11 of this Section H. Obtaining an IWDC does not relieve a User of its obligation to comply with all federal and state standards or requirements or with any other requirement of federal, state, and local law.

4.3 IWDC: Existing Connections

Any User required to obtain a IWDC who was discharging wastewater into the Company's System prior to the effective date of these rules and who wishes to continue such discharges in the future, shall, within ninety 90 days after said date, apply to the Company for an IWDC, and shall not cause or allow discharges to the Company's System after 180 days after the effective date of these rules except in accordance with an IWDC issued by the Company. Any User with an existing IWDC shall comply with their existing IWDC until the term of the IWDC ends, and shall be subject to these rules for any new IWDC required by the Company.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

4.4 IWDC: New Connections

Any User required to obtain an IWDC who proposes to begin or recommence discharging into the Company's System must obtain such IWDC prior to the beginning or recommencing of such discharge. An application for this IWDC must be filed at least 180 days prior to the date upon which any discharge will begin or recommence.

4.5 IWDC Application Contents

- (a) All Users required to obtain an IWDC must submit a permit application. The Company shall provide the information requirements to the User upon request for an IWDC application, including, at minimum, the following:
 - (i) Identifying Information
 - 1) The name and address of the facility, including the name of the operator and owner; and
 - 2) Contact information, description of activities, facilities, and plant production processes on the premises.
 - (ii) Environmental Permits. A list of any environmental control permits held by or for the facility.
 - (iii) Description of Operations
 - 1) A brief description of the nature, rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such User. This description should include a schematic process diagram, which indicates points of discharge to the Company's System from the regulated processes;
 - 2) Types of wastes generated, and a list of all raw materials and chemicals used or stored at the facility which are, or could accidentally or intentionally be, discharged to the Company's System;
 - 3) Number and type of employees, hours of operation, and proposed or actual hours of operation;

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- 4) Type and amount of raw materials processed (average and maximum per day);
- 5) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge.
- (iv) Time and duration of discharges.
- (v) The location for monitoring all wastes covered by the IWDC.
- (vi) Flow Measurement. Information showing the measured average daily, maximum daily, and 30 minute flow rates, in gallons per day, including daily, monthly, and seasonal variations if any, to the Company's System from regulated process streams and other streams, as necessary, to allow use of the combined wastestream formula set out in subsection 2.2(d) of this Section H (40 CFR §403.6(e)).
- (vii) Measurement of Pollutants
 - 1) The categorical pretreatment standards applicable to each regulated process and any new categorically regulated processes for existing sources.
 - 2) The results of sampling and analysis identifying the nature and concentration, and/or mass, where required by the standard or by the Company, of regulated pollutants in the discharge from each regulated process.
 - 3) Instantaneous, daily maximum, and long-term average concentrations, or mass, where required, shall be reported.
 - 4) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set out in subsection 6.9 of this Section H. Where the standard requires compliance with a BMP or pollution prevention alternative, the User shall submit documentation as required by the Company or the applicable standards to determine compliance with the standard.
 - 5) Sampling must be performed in accordance with procedures set out in subsection 6.10 of this Section H.

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SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (b) Incomplete or inaccurate applications will not be processed and will be returned to the User for revision.
- (c) Applicants wishing to claim confidentiality of information required in the application shall indicate on the application which information is of a confidential nature. Wastewater constituents and characteristics shall not be considered as confidential information.

4.6 Application Signatories and Certifications

- (a) All wastewater IWDC applications, User reports and certification statements must be signed by an authorized representative of the User and comply with the requirements of the Company.
- (b) If the designation of an authorized representative of the User is no longer accurate because a different individual or position has responsibility for the overall operation of the facility or overall responsibility for environmental matters for the User, a new written authorization satisfying the requirements of this Section must be submitted to the Company prior to or together with any reports to be signed by the authorized representative of the User.
- (c) A facility determined to be a non-SIU by the Company must annually submit the signed certification statement in subsection 6.13 of this Section H.

4.7 IWDC Decisions

The Company will evaluate the data furnished by the User and may require additional information. The Company will determine whether to issue IWDC and may deny any application for an IWDC.

4.8 IWDC Renewal

- (a) A user with an expiring IWDC shall apply for an IWDC reissuance by submitting an application to the Company a minimum of one hundred twenty (120) days prior to the expiration of the User's existing IWDC, unless the deadline is extended in writing by the Company.
- (b) In the event that a timely and complete application to renew an IWDC has been submitted and the IWDC cannot be reissued before the expiration date, through no fault of the User, the terms and conditions of the existing IWDC will be automatically continued and will remain fully effective and enforceable pending the granting or denial of the application for IWDC renewal.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****5. INDIVIDUAL WASTEWATER DISCHARGE CONTRACT ISSUANCE****5.1 IWDC Duration**

Individual IWDCs shall be issued for a specified time period, not to exceed five (5) years. A IWDC may be issued for a period less than five (5) years at the discretion of the Company. Each IWDC will indicate a specific date upon which it will expire.

5.2 IWDC Contents

- (a) IWDCs shall be expressly subject to all provisions of these rules, the Company's IPP, and such other conditions as are deemed reasonably necessary by the Company to prevent pass through or interference, protect the quality of the water body receiving the treatment plant's effluent, protect worker health and safety, facilitate sludge management and disposal, and protect against damage to the Company's System.

5.3 IWDC Modification

- (a) The Company may modify an IWDC for good cause, including, but not limited to, the following reasons:
 - (i) To incorporate any new or revised federal, state, or local pretreatment standards or requirements;
 - (ii) To address significant alterations or additions to the User's operation, processes, or wastewater volume or character since the time of the IWDC issuance;
 - (iii) A change in the Company's System that requires either a temporary or permanent reduction or elimination of the authorized discharge;
 - (iv) Information indicating that the permitted discharge poses a threat to the Company's System, Company personnel or the receiving waters;
 - (v) Violation of any terms or conditions of the IWDC;
 - (vi) Misrepresentations or failure to fully disclose all relevant facts in the IWDC application or in any required reporting;
 - (vii) Revision of or a grant of variance from categorical pretreatment standards as provided in 40 CFR § 403.13;

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (viii) To correct typographical or other errors in the IWDC; or
- (ix) To reflect a transfer of the facility ownership or operation to a new owner or operator where requested in accordance with subsection 5.4 of this Section H;

5.4 IWDC Transfer

- (a) IWDCs may be transferred to a new owner or operator only if the User gives at least thirty (30) days advance notice to the Company and the Company approves the IWDC transfer. The notice to the Company must include a written certification by the new owner or operator which:
 - (i) States that the new owner and/or operator has no immediate intent to change the facility's operations and processes;
 - (ii) Identifies the specific date on which the transfer is to occur; and
 - (iii) Acknowledges full responsibility for complying with the existing IWDC.
- (b) Failure to provide advance notice of a transfer renders the IWDC void as of the date of facility transfer.

5.5 IWDC Revocation

- (a) The Company may revoke an IWDC for good cause, including, but not limited to, the following reasons:
 - (i) Failure to notify the Company of significant changes to the wastewater prior to the changed discharge;
 - (ii) Failure to provide prior notification to the Company of changed conditions pursuant to subsection 6.5 of this Section H;
 - (iii) Misrepresentation or failure to fully disclose all relevant facts in an IWDC application;
 - (iv) Falsifying self-monitoring reports and certification statements;
 - (v) Tampering with monitoring equipment;
 - (vi) Refusing to allow the Company timely access to the facility premises and records;

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (vii) Failure to meet effluent limitations;
 - (viii) Failure to pay fees or sewer charges;
 - (ix) Failure to meet compliance schedules;
 - (x) Failure to complete a wastewater survey or the IWDC application;
 - (xi) Failure to provide advance notice of the transfer of business ownership of a facility with an IWDC; or
 - (xii) Violation of any pretreatment standard or requirement or any terms of an IWDC or these rules.
- (b) If an IDWC is revoked, the Company may take steps it deems advisable, including severance of the sewer connection to terminate service, in order to promote compliance with these rules. The Company reserves the right to terminate wastewater service for violation of any provision of these rules, subject to the Commission's rules and regulations.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

6. REPORTING REQUIREMENTS

6.1 Baseline Monitoring Reports

- (a) Within either one hundred eighty (180) days after the effective date of a categorical pretreatment standard, or the final administrative decision on a category determination under 40 CFR § 403.6(a)(4), whichever is later, existing categorical industrial Users currently discharging to or scheduled to discharge to the Company's System shall submit to the Company a report which contains the information listed in paragraph (b), below. At least ninety (90) days prior to commencement of their discharge, new sources, and sources that become categorical industrial Users subsequent to the promulgation of an applicable categorical standard, shall submit to the Company a report which contains the information listed in paragraph (b), below. A new source shall report the method of pretreatment it intends to use to meet applicable categorical standards. A new source also shall give estimates of its anticipated flow and quantity of pollutants to be discharged.
- (b) Users described above shall submit the information set forth below.
 - (i) All information required in subsections 4.5(a)(i)(1), 4.5(a)(ii), 4.5(a)(iii)(1), and 4.5(a)(vi).
 - (ii) Measurement of pollutants.
 - 1) The user shall provide the information required in subsection 4.5(a)(vii)(1) through 4.5(a)(vii)(4)
 - 2) The User shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.
 - 3) Samples should be taken immediately downstream from pretreatment facilities if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment, the User should measure the flows and concentrations necessary to allow use of the combined wastestream formula in 40 CFR § 403.6(e) to evaluate compliance with the pretreatment standards. Where an alternate concentration or mass limit has been calculated in accordance with subsection 2.2 and 40 CFR § 403.6(e) this adjusted limit along with supporting data shall be submitted to the Company;

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- 4) Sampling and analysis shall be performed in accordance with subsections 6.9 and 6.10;
 - 5) The Company may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for industrial pretreatment measures;
 - 6) The baseline report shall indicate the time, date and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant discharges to the Company's System.
- (iii) Compliance Certification. A statement, reviewed by the authorized representative of the User and certified by a qualified professional, indicating whether pretreatment standards are being met on a consistent basis, and, if not, whether additional operation and maintenance ("O&M") and/or additional pretreatment is required to meet the pretreatment standards and requirements.
- (iv) Compliance Schedule. If additional pretreatment and/or O&M will be required to meet the pretreatment standards, the shortest schedule by which the user will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard. A compliance schedule pursuant to this section must meet the requirements set out in subsection of this Section H.
- (v) Signature and Report Certification. All baseline monitoring reports must be certified in accordance with subsection 6.13 of this Section H and signed by an authorized representative of the user.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****6.2 Compliance Schedule Progress Reports**

The following conditions shall apply to the compliance schedule required by subsection 6.1(b)(iv) of this Section H.

- (a) The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the User to meet the applicable pretreatment standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation);
- (b) No increment referred to above shall exceed nine (9) months;
- (c) The User shall submit a progress report to the Company no later than fourteen (14) days following each date in the schedule and the final date of compliance including, as a minimum, whether or not it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the User to return to the established schedule; and
- (d) In no event shall more than nine (9) months elapse between such progress reports to the Company.

6.3 Reports on Compliance with Categorical Pretreatment Standard Deadline

Within ninety (90) days following the date for final compliance with applicable categorical pretreatment standards, or in the case of a new source following commencement of the introduction of wastewater into the Company's System, any User subject to such pretreatment standards and requirements shall submit to the Company a report containing the information described in subsections 4.5(a)(vi), 4.5(a)(vii) and 6.1(b)(ii) of this Section H. For Users subject to equivalent mass or concentration limits established in accordance with the procedures in Section 2.2(d) of this Section H, this report shall contain a reasonable measure of the User's long-term production rate. For all other users subject to categorical pretreatment standards expressed in terms of allowable pollutant discharge per unit of production (or other measure of operation), this report shall include the User's actual production during the appropriate sampling period. All compliance reports must be signed and certified in accordance with subsection 6.13 of this Section H. All sampling will be done in conformance with subsection 6.10.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

6.4 Periodic Compliance Reports

- (a) All SIUs must submit reports to the Company on a quarterly basis, within thirty (30) days following the end of each calendar quarter, or on a more frequent basis as specified in the User's IWDC, indicating the nature, concentration of pollutants in the discharge which are limited by pretreatment standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the pretreatment standard requires compliance with BMPs or pollution prevention alternatives, the User must submit documentation required by the Company or the pretreatment standard necessary to determine the compliance status of the User.
- (b) All periodic compliance reports must be signed and certified in accordance with subsection 6.13 of this Section H.
- (c) All wastewater samples must be representative of the User's discharge. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and maintained in good working order at all times. The failure of a User to keep its monitoring facility in good working order shall not be grounds for the User to claim that sample results are unrepresentative of its discharge.
- (d) If a User subject to the reporting requirement in this section monitors any regulated pollutant at the appropriate sampling location more frequently than required by the Company, using the procedures prescribed in subsection 6.10 of this Section H, the results of this monitoring shall be included in the report.
- (e) SIUs not subject to categorical pretreatment standards under these rules shall submit periodic compliance reports as specified by the User's IWDC.

6.5 Reports of Changed Conditions

- (a) Each User must notify the Company of any significant wastewater modification at least ninety (90) days before the change.
- (b) The Company may require the User to submit such information as may be deemed necessary to evaluate the changed condition, including the submission of an IWDC application.
- (c) The Company may issue a new IWDC or modify an existing IWDC in response to changed conditions or anticipated changed conditions.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

6.6 Reports of Potential Problems

- (a) In the case of any discharge, including, but not limited to, an accidental discharge, a discharge of a nonroutine, episodic nature, a non-customary batch discharge, or a slug discharge or slug load, that might cause potential problems for the Company's System, the User, upon discovery, and after assessing the situation and taking initial corrective action, shall immediately telephone and notify the Company of the incident. This notification shall include the location of the discharge, type of waste, concentration and volume, if known, and corrective actions taken by the User.
- (b) Within five (5) days following such discharge, the User shall, unless waived by the Company, submit a detailed written report including the date, time and duration of the discharge and describing the cause(s) of the discharge, all corrective actions implemented or attempted, and the measures to be taken by the User to prevent similar future occurrences. Such notification shall not relieve the User of any expense, loss, damage, or other liability which might be incurred as a result of damage to the Company's System, natural resources, or any other damage to person or property; nor shall such notification relieve the User of any fees or other liability which may be imposed pursuant to these rules.
- (c) A notice shall be permanently posted on the User's bulletin board or other prominent place advising employees who to call in the event of a discharge described in paragraph (a), above. Employers shall ensure that all employees are advised of the emergency notification procedure.
- (d) SIUs are required to notify the Company immediately of any changes at its facility affecting the potential for a slug discharge.

6.7 Reports from Users without an IWDC

All Users not required to obtain an IWDC shall provide appropriate reports to the Company as the Company may require.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****6.8 Notice of Violation/Repeat Sampling and Reporting**

If sampling performed by a User indicates a violation, the User must notify the Company within twenty-four (24) hours of becoming aware of the violation. The User shall also repeat the sampling and analysis and submit the results of the repeat analysis to the Company within thirty (30) days after becoming aware of the violation. Resampling by the User is not required if the Company performs sampling at the User's facility at least once a month, or if the Company performs sampling at the User between the time when the initial sampling was conducted and the time when the User or receives the results of this sampling, or if the Company has performed the sampling and analysis in lieu of the User.

6.9 Analytical Requirements

All pollutant analyses, including sampling techniques, to be submitted as part of a IWDC or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical pretreatment standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where the Company determines that the Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed by using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the Company. The Company may specify appropriate alternative procedures in a User's IWDC.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****6.10 Sample Collection**

- (a) Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that are representative of conditions occurring during the reporting period.
- (b) Except as indicated in subsections (c) and (d) below, the User must collect wastewater samples using 24-hour flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the Company. Where time-proportional composite sampling or grab sampling is authorized by the Company, the samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate EPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to the analysis as follows: for cyanide, total phenols, and sulfides, the samples may be composited in the laboratory or in the field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved EPA methodologies may be authorized by the Company, as appropriate. In addition, grab samples may be required to show compliance with instantaneous limits.
- (c) Samples for oil and grease, temperature, pH, cyanide, total phenols, sulfides, and volatile organic compounds must be obtained using grab collection techniques.
- (d) For sampling required in support of baseline monitoring and 90-day compliance reports required in subsections 6.1 and 6.3, a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, the Company may authorize a lower minimum. For the reports required by subsection 6.4, the User is required to collect the number of grab samples necessary to assess and assure compliance with applicable pretreatment standards and requirements.

6.11 Date of Receipt of Reports

Written reports will be deemed to have been submitted on the date postmarked. For reports which are not mailed, postage prepaid, into a mail facility serviced by the United States Postal Service, including reports submitted by electronic mail, the date of receipt of the report shall govern.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****6.12 Recordkeeping**

Users subject to the reporting requirements of these rules shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by these rules, any additional records of information obtained pursuant to monitoring activities undertaken by the User independent of such requirements, and documentation associated with BMPs established under subsection 2.5(g) of this Section H. Records shall include the date, exact place, method, and time of sampling, and the name of the person(s) taking the samples; the dates analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the User or the Company, or where the User has been specifically notified of a longer retention period by the Company.

6.13 Certification Statements

- (a) Certification of Permit Applications, User Reports and Initial Monitoring Waiver - The following certification statement is required to be signed and submitted by Users submitting permit applications in accordance with subsection 4.6; Users submitting baseline monitoring reports under subsection 6.1(b)(v); Users submitting reports on compliance with the categorical pretreatment standard deadlines under subsection 6.3; and Users submitting periodic compliance reports required by subsection 6.4. The following certification statement must be signed by an authorized representative of the User:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

- (b) A facility determined by the Company to be a non-SIU must annually submit the following certification statement signed an authorized representative of the User. This certification must accompany an alternative report required by the Company:

*Based on my inquiry of the person or persons directly responsible for managing compliance with the Categorical Pretreatment Standards under 40 CFR_____, I certify that, to the best of my knowledge and belief that during the period from_____ to_____
[months, days, year]:*

- (a) *The facility described as_____ [facility name] met the definition of a Non-Significant Categorical Industrial User as described in Section B of the rules and regulations specified in Aqua Pennsylvania Wastewater, Inc.'s Tariff under the definition of SIU; and*
- (b) *The facility complied with all applicable Pretreatment Standards and requirements during this reporting period; and*
- (c) *The facility never discharged more than 100 gallons of total categorical wastewater on any given day during this reporting period.*

This compliance certification is based on the following information:

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

7. COMPLIANCE MONITORING

7.1 Right of Entry: Inspection and Sampling

- (a) In addition to the rights afforded to the Company as set forth in this tariff, the Company shall have the right to enter the premises of any User to determine whether the User is complying with all requirements of these rules and any IDWC or compliance directive issued hereunder. Users shall allow the Company ready access to all parts of the premises for the purpose of inspection, sampling, records examination and copying, and the performance of any additional duties.
- (b) Where a User has security measures in force which require proper identification and clearance before entry into its premises, the User shall make necessary arrangements with its security guards so that, upon presentation of suitable identification, the Company shall be permitted to enter without delay for the purposes of performing specific responsibilities.
- (c) The Company shall have the right to set up on the User's property, or require installation of, such devices as are necessary to conduct sampling or metering of the User's operations.
- (d) The Company may require the User to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the User at its own expense. All devices used to measure wastewater flow and quality shall be calibrated at least one per year, and more frequently if necessary, to ensure their accuracy.
- (e) Any temporary or permanent obstruction to safe and easy access to the facility to be inspected or sampled shall be promptly removed by the User at the written or verbal request of the Company and shall not be replaced. The costs of clearing such access shall be borne by the User.
- (f) Unreasonable delays in allowing the Company access to the User's premises shall be a violation of these rules.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

8. CONFIDENTIAL INFORMATION

Information and data on a User obtained from reports, surveys, IWDC applications, IWDCs, and monitoring programs, and from the Company's inspection and sampling activities, shall be made available at the discretion of the Company, unless the User specifically requests, and is able to demonstrate to the satisfaction of the Company that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets under applicable state or federal law. Any such request must be asserted at the time of submission of the information or data. When requested and demonstrated by the User furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public, but shall be made available immediately upon request to governmental agencies for uses related to the NPDES program or pretreatment program, and in enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined at 40 CFR § 2.302, shall not be recognized as confidential information and may be available to the public.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

9. FEES AND CHARGES

9.1 General Fees.

- (a) IWDC Application Fee: \$500.00
- (b) IWDC Transfer/Modification/Renewal Fee: \$200.00
- (c) Facility Inspection Fee: \$200.00 per inspection.
- (d) Monitoring Report Review Fee: \$200.00 per report.
- (e) Accidental Discharge, Slug Control, and/or Monitoring Fee: Actual cost of response to accidental discharges or discharges of slugs loads, including but not limited to the costs incurred for any additional treatment or other actions required to manage such discharges, monitor and respond to such discharges, correct any resulting contamination or other impacts to the Company's System.
- (f) Compliance and Enforcement Fee: Administrative and Legal: Actual cost incurred by the Company for investigation and actions to address a User's non-compliance with the terms of these rules or any IWDC.
- (g) Damage Repair: Actual cost for cleaning, repair, replacement or correction of any damage to the Company's System caused or contributed to by a User's discharge.

9.2 Administration.

- (a) All fees shall be payable by the User within forty-five (45) days of notification, or the User will be subject to such enforcement action deemed appropriate by the Company, including, but not limited to, termination of service and a revocation of the IWDC.
- (b) Fees may be modified or amended as the Company deems necessary, subject to review and approval by the Commission.

RULES AND REGULATIONS**SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)****10. ADMINISTRATIVE ENFORCEMENT REMEDIES****10.1 General**

Users of the Company's System are obligated to comply with applicable provisions of these rules, pretreatment standards, and the terms and conditions of IWDCs issued by the Company. Failure to comply with these requirements may lead to suspension or termination of service, IWDC revocation, assessment of costs, and/or legal action. In determining what enforcement remedies are appropriate, the Company, in its discretion, may consider the nature and extent of the violation, the harm or threat of harm presented by the discharge, the compliance history of the user, and whether the user is in "significant noncompliance" as defined by 40 CFR § 403.8(f)(2)(viii)(A)-(H), among other factors.

10.2 Notice of Violation

When the Company finds that a User has violated, or continues to violate, any provision of these rules, an IWDC, a compliance or cessation directive issued hereunder, or any pretreatment standard or requirement, the Company may deliver to that User a written notice of violation stating the nature of the violation(s). Within the timeframe set forth in such notice, an explanation of the violation and a plan for the satisfactory correction and prevention thereof, to include specific remedial actions, shall be submitted by the User to the Company. Submission of such a plan in no way relieves the User of liability for any violations occurring before or after receipt the notice. Nothing in this section shall limit the authority of the Company to take any action, including emergency actions or any other enforcement action, without first issuing a notice of violation.

10.3 Compliance Orders

When the Company finds that a User has violated, or continues to violate, any provision of these rules, an IDWC, a compliance order or Discontinue Notice issued hereunder, or any pretreatment standard or requirement, the Company may issue a compliance order to the User responsible for the discharge directing that the User come into compliance within a specified time. If the User does not come into compliance within the time provided, sewer service may be discontinued unless adequate treatment facilities, devices, or other related appurtenances are installed and properly operated. Compliance orders also may contain other requirements to address the noncompliance, including additional self-monitoring and management practices designed to minimize the amount of pollutants discharged to the Company's System. A compliance order may not extend the deadline for compliance established for a pretreatment standard or requirement, nor does a compliance order relieve the User of liability for any violation, including any continuing violation. Issuance of a compliance order shall not be a bar against, or a prerequisite for, taking any other action against the User.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

10.4 Discontinue Notice

- (a) When the Company finds that a User has violated, or continues to violate, any provision of these rules, an IWDC, a compliance order or Discontinue Notice issued hereunder, or any pretreatment standard or requirement, or that the User's past violations are likely to recur, the Company may issue a Discontinue Notice to the User directing it to cease and desist all such violations and directing the User to:
 - (i) Immediately comply with all requirements; and
 - (ii) Take such appropriate remedial or preventive action as may be needed to properly address a continuing or threatened violation, including halting operations and/or terminating the discharge. Issuance of a cessation directive shall not be a bar against, or a prerequisite for, taking any other action against the user.

10.5 Emergency Response

- (a) The Company may immediately suspend a User's discharge or the IWDC of any User, upon notice to the User, whenever such suspension is necessary, in the opinion of the Company, to stop an actual or threatened discharge, which presents or reasonably appears to present, or cause, an imminent or substantial endangerment to the health or welfare of persons. The Company may also immediately suspend a User's discharge, upon notice to the User, that causes or contributes to a violation of any condition of the Company's NPDES permit, or threatens to interfere with the operation of the Company's System, or which presents, or may present, an endangerment to the environment.
- (b) Any User notified of a suspension of its discharge shall immediately stop or eliminate its discharge to the Company's System. In the event of a User's failure to immediately comply voluntarily with the suspension notice, the Company may take such steps as deemed necessary, including immediate severance of the sewer connection, to prevent or minimize damage to the Company's System, its receiving stream, or endangerment to any individuals or the environment.

RULES AND REGULATIONS

SECTION H – WASTEWATER CONTROL REGULATIONS (cont'd)

11. JUDICIAL ENFORCEMENT REMEDIES

11.1 Injunctive Relief and Civil Actions

When the Company finds that a User has violated, or continues to violate, any provision of these rules, an IWDC, a compliance order or Discontinue Notice issued hereunder, or any pretreatment standard or requirement, the Company may petition the Court of Common Pleas in the county in which the User is located for the issuance of a temporary or permanent injunction, as appropriate, which restrains or compels the specific performance of the IWDC, compliance order, Discontinue Notice, or other requirement imposed by these rules. The Company also may seek such other action as is appropriate for legal or equitable relief, including a requirement for the User to conduct environmental remediation. A petition for injunctive or other judicial relief shall not be a bar against, or a prerequisite for, taking any other action against a User.

11.2 Remedies Nonexclusive

The remedies provided for in these rules are not exclusive and the Company may take any, all, or any combination of actions against a noncompliant User. As a general policy, however, the Company will seek to resolve compliance matters informally with a User before pursuing formal enforcement proceedings.

12. PROTECTION OF COLLECTION SYSTEMS

12.1 Service Areas Where the Company Provides Collection and Conveyance Only Service

In circumstances where the Company provides wastewater collection and conveyance services but not wastewater treatment services within a service territory, all Users shall comply with all rules, regulations and requirements established by the treatment plant operator and/or the municipality where wastewater is treated, including but not limited to requirements specifying prohibited discharges, assuring compliance with applicable pretreatment standards and discharge limitations, providing for user permitting, and assessing administrative and pollutant loading fees with respect to wastewaters that are not composed entirely of sanitary sewage.

RULES AND REGULATIONS

SECTION I – MAIN EXTENSIONS

General Provisions:

1. A Bona Fide Service Applicant (“Applicant”) or Builder must include with the initial written request for a Main extension to the Company, the following information: location for service, gallons/day flow, and type of use. The Company will evaluate its ability to serve for the requested Main extension. Applicant or Builder must provide all necessary and required documentation as determined in Company’s sole discretion to determine whether Main extension can be made. Once the Company has determined the Main extension can be made, Application and Company will develop and enter into an appropriate agreement(s).
2. The Company shall have the exclusive right to determine the type and size of Mains to be installed, and any other facilities or fixtures required to render adequate service
3. In determining the length and size of, and necessity for Main extensions, the terminal point of such extensions will, in all cases, be at that point in the curb-line which is equidistant from the side property lines of the lot for which wastewater service is requested. A street Service Connection will be provided only for service lines from the curb to the premises to be served, and will be installed in a straight line, at right angles, to the curb line. Where the Prospective Customer’s Property is landlocked, the Prospective Customer may be required to obtain, at no cost to the Company, an easement or right-of-way that shall not cross multiple properties. The Prospective Customer shall present the Company with a certified copy of a duly recorded instrument that is recorded in the County Office of the Recorder of Deeds.
4. Should it be necessary, at the Company's sole discretion, to extend beyond the last lot in any street to connect to an existing Main to provide more adequate and reasonable service, this additional extension shall be considered part of the total and orderly system development so long as the last lot in the street is not more than one hundred fifty (150) feet from that existing Main, and may be included in the cost of the extension to be paid for by the Applicant or Potential Customer.

RULES AND REGULATIONS**SECTION I – MAIN EXTENSIONS (cont'd)****Bona Fide Service Applicant Initiated Main Extensions:**

1. Where an adequate wastewater collection Main does not abut an Applicant's Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the Applicant (or an authorized agent for the Applicant) must apply to the Company for a Main extension. Such extension will be made under and pursuant to the terms of a Sewer Extension Agreement (which may include a reasonable allowance for overhead costs) subject to applicable provisions of these Rules and Regulations. The construction of facilities to serve such Applicant will not commence until a Sewer Extension Agreement has been executed and all applicable terms and conditions therein have been satisfied by the Applicant.

In conjunction with executing a Sewer Extension Agreement, an Applicant shall deposit with the Company an amount totaling \$1,000, representing a Service Line Deposit. If the total cost to connect the Applicant exceeds the total of the Service Line Deposit and the Company's contribution to the extension, the Applicant will be required to pay the difference. However, if the Company's contribution to the extension fully funds the amount needed to connect the Applicant, the Service Line Deposit will be refunded to the Applicant within 90 days after the Applicant's requesting and receiving wastewater service from the Company, provided, however, that if the Applicant does not request connection to the Company's Main extension within six months of the completion of the Main extension, the Service Line Deposit shall become non-refundable.

Where a proposed Main extension is capable of serving multiple structures or facilities and at least 80% of the Prospective Customers who could receive service from the Main extension become Bona Fide Service Applicants and satisfy all applicable terms and conditions of the foregoing provisions, the Customer Advance, if any, required of each Bona Fide Service Applicant shall be calculated as if 100% of such Prospective Customers had become Bona Fide Service Applicants.

For a period of ten (10) years following completion of the Main extension, the Company shall refund to each Applicant his/her pro rata share of an amount equal to the Company Contribution for each additional Customer who attaches a service line to the main extension and requests service. No refunds shall be made, however, in those situations where at least 80%, but less than 100%, of the Prospective Customers who could receive service from the Main extension become Applicants and their Customer Advances are calculated as if 100% of such Prospective Customers had participated in the initial funding of the project. In addition, the total amount refunded shall not exceed the amount of the Customer Advance paid by the Applicant.

2. The Applicant must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive wastewater service from the Main extension.

RULES AND REGULATIONS

SECTION I – MAIN EXTENSIONS (cont'd)

Definitions:

Bona Fide Service Applicant ("Applicant"): shall mean a person or entity applying for wastewater service to an existing or proposed structure or facility within the Company's certificated service territory, and which is either: (1) the primary residence of the Applicant; (2) a place of business; or (3) a public school, building, library, park or playground which is owned by a governmental unit or school district having the power of taxation. A person or entity shall not be deemed a Bona Fide Service Applicant if: (1) applying for service to a building lot, subdivision, or a secondary residence; (2) the request for service is part of a plan for the development of a residential dwelling or subdivision; or (3) requesting Special Utility Service. To become an Applicant, a person or entity must file a signed application to connect the qualifying structure or facility with the Company's distribution system and request service to begin immediately following such connection.

Builder: Any person(s) requesting an extension to provide service to an existing lot or group of lots, either existing or to be subdivided, where service is to be provided to something other than a preexisting Residential Structure; namely, a newly constructed structure, structures to be constructed in the future, or to a preexisting non-Residential Structure.

Company Contribution: shall mean that portion of the Main extension costs which generate annual line extension costs equal to annual revenue from the line extension and that the Company will fund based upon the following formula, where X equals the Company Contribution attributed to each Bona Fide Service Applicant:

$$X = \frac{AR - O\&M}{(P*I) + D}$$

Whereby:

AR = the expected annual revenue from the Bona Fide Service Applicant based upon the Company's currently effective Tariff rates as established in the Company's last base rate case and on the average annual usage of customers similar in nature and size to the Bona Fide Service Applicant.

O&M = the average annual operating and maintenance expenses associated with serving an additional Customer, including customer accounting, billing and collection, wastewater treated, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as any costs particular to the specific needs of the Bona Fide Service Applicant.

I = the Company's current debt ratio multiplied by its weighted cost of long-term debt as established in the Company's last base rate case; and

D = the Company's depreciation accrual rate for facilities to be installed, as established in the Company's last base rate case.

RULES AND REGULATIONS

SECTION I – MAIN EXTENSIONS (cont'd)

Customer Advance: shall mean (1) the Estimated Cost of the wastewater Main extension less (2) the Company Contribution.

Line extensions to Bona Fide Service Applicants shall be funded without Customer Advance where the annual revenue from the line extension will equal or exceed the Company's line extension costs. If the annual revenue from the line extension will not equal or exceed the Company's line extension costs, a Bona Fide Service Applicant may be required to provide a Customer Advance to the Company's cost of construction for the line extension.

Where a Customer Advance is required, and the Bona Fide Service Applicant is unable to advance the entire amount due, the Company, at its sole option, will either (1) allow the Bona Fide Service Applicant to pay the remaining portion of the Customer Advance ratably over a period of not less than three years, or (2) provide information to the applicant on financial institutions that may offer financing to the Bona Fide Service Applicant for the line extension. If the Company chooses option (1), it may require that up to one-third of the total Customer Advance be deposited prior to extending its facilities and may recover from the Bona Fide Service Applicant, over the payment term selected, its costs of financing the construction by applying to the amount outstanding interest charges calculated at the then-prevailing residential mortgage lending rate specified by the Secretary of Banking in accordance with the act of January 30, 1974 (P.L. 13, No. 6), known as the Loan Interest and Protection Law.

RULES AND REGULATIONS**SECTION I – MAIN EXTENSIONS (cont'd)**

Special Utility Service: shall mean residential or business service which exceeds that required for ordinary residential purposes. By way of illustration and not limitation, Special Utility Service shall include: the installation of facilities such as oversized mains, lift stations, disposal systems, wastewater treatment facility ("WWTF") expansion, etc., as necessary to handle increased flows, hydraulic loading and / or organic loading, or service to large wastewater producing commercial and industrial facilities. An otherwise Bona Fide Service Applicant requesting service which includes a "Special Utility Service" component is entitled to a Bona Fide Service Applicant status, including the corresponding Company contribution toward the costs of the line extension which does not meet the Special Utility Service criteria.

Builder Initiated Main Extensions: In the event any Main extension is requested or required to provide service to newly constructed structure(s) to be constructed in the future on existing or subdivided lots, or to preexisting non-Residential Structures except as provided below, the Builder shall be required to install the wastewater Main and service lines through a pre-qualified contractor retained by the Builder and to pay all costs related thereto. The Company has the sole right to accept or reject the proposed contractor. At the sole discretion of the Company, the Company may undertake construction of facilities otherwise subject to this Rule, in which event, a Builder's Extension Agreement shall be applicable except that the Builder will retain financial responsibility for the installation of the wastewater Main, service lines and appurtenances as specified herein.

Under the provisions of this Rule, prior to construction, the Builder must enter into a Builder's Extension Agreement, in a form acceptable to the Company, detailing the terms and conditions under which the Company will accept, and provide service through, facilities constructed by Builder. All construction costs, whether initially incurred by the Company or the Builder, related to the Main extension shall be the responsibility of the Builder. The Builder's Extension Agreement shall contain, at a minimum, the following terms and conditions:

1. Main and service line installation work shall be performed in accordance with the specifications and conditions of the Company.
2. All costs of material and installation required to serve Builder's lots shall be the responsibility of Builder. Builder shall contract directly with a pre-qualified contractor, recognized and approved by the Company, for all Main and service line installation work, and all appurtenances required to serve the project.
3. Any specialty material required to interconnect with the Company's existing facilities shall be provided by the Company.
4. Any construction involving preexisting facilities of the Company, including but not limited to relocation of existing facilities and connections of Mains or services with existing facilities, shall be performed only by the Company except where otherwise agreed upon by the Company in its sole discretion.
5. Builder's estimate of the cost of construction must be acceptable to the Company. Estimates which appear to be understated may be rejected by the Company in its sole discretion.

RULES AND REGULATIONS

SECTION I – MAIN EXTENSIONS (cont'd)

6. Builder shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Builder shall do all engineering, design, research and complete the application for the Company's submittal. Any fees associated with any such permits shall be the sole responsibility Builder.

7. All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval from Company inspectors.

Main Extensions to Governmental Bodies: The Company may negotiate and enter into customized Extension Agreements with Governmental Agencies where the main extension is for a public purpose and is funded entirely with public funds. These agreements may include a waiver of the tax requirements of the "Extension Agreement;" provided, however, that where such waiver is given, the Company will not refund any portion of the cost of the main extension.

RULES AND REGULATIONS

SECTION J – WAIVERS

The Company may, at its sole discretion, waive any of the Rules and Regulations contained herein that operate for the benefit of the Company; provided, that no such waiver will be valid unless in writing and signed by an authorized representative of the Company, and provided that no waiver will be allowed where the waiver would constitute a violation of the Public Utility Code, the regulations of the Commission or of any other applicable statute, law or regulation.

SECTION K – AMENDMENT OF COMMISSION REGULATIONS

Whenever Commission regulations in Title 52 of the Pennsylvania Code are duly amended in such a way as would produce a difference between Commission regulations and this Tariff, the Tariff is deemed to be amended so as to be consistent with the amendments to the regulations, except that if application of the amendment to Title 52 is discretionary, this Tariff will remain unchanged.

SECTION L – PRIVILEGE TO INVESTIGATE/RIGHT TO ACCESS

The Company shall have the right by its employees to have access at all reasonable times to all parts of any Premises connected with the Company's System, including meters, Service Connections and other Property owned by it on the Premises of the Customer for the purpose of examining and inspecting the connections and fixtures, including the water and/or wastewater metering arrangement, or for disconnecting service for any proper cause or for purposes of replacement, maintenance, operation or repair thereof. The existing ground grade over any Sanitary Sewer in the utilities right of way shall not be changed nor shall any manhole be covered with earth and no shrubbery or trees be placed over Sanitary Sewer lines or facilities.

RULES AND REGULATIONS

SECTION M – INDUSTRIAL AND COMMERCIAL SERVICE LIMITATIONS

Pretreatment: At the User's expense, all industrial and commercial waste proposed for discharge into the wastewater system shall be studied to determine the degree of Pretreatment, if any, necessary in order that the Waste will not adversely affect the Company's System, and for compliance with Section H of this tariff. The Company will have the authority to properly control any Waste discharged into the Company's System by regulating the rate of any Waste discharged into the Company's System by requiring necessary Pretreatment, and excluding certain Waste, if necessary, to protect the integrity of the Company's System.

Customer Limitations: Users specifically agree that service applies exclusively for domestic/household sewage. If any User discharges industrial or commercial Waste that:

- The existing wastewater treatment plant is unable to satisfactorily treat; or,
- Is not in compliance with discharge permit standards, disrupts the normal functioning of the existing wastewater treatment plant; or
- Requires the utilization of more wastewater treatment plant capacity per gallon of effluent than that required by average typical domestic wastewater.

Then the User shall provide, at the User's own expense, such Pretreatment as may be necessary before such Waste is discharged into the Company's System. No commercial or industrial Waste, whether pretreated or not, may be discharged without prior written authorization from the Company.

Company Limitations: The Company will not be liable nor bound to increase wastewater treatment plant operations to accommodate industrial or commercial Waste.

Specific Dangers: In general, any Waste will be considered harmful to the Company's System if it may cause any of the following damaging effects:

- Chemical reaction either directly or indirectly with the materials of construction of the Company's System in such a manner as to impair the strength or durability of the sewer structures;
- Mechanical action that will destroy the sewer structures;
- Restriction of the hydraulic capacity of the sewer structures;
- Restriction of the normal inspection or maintenance of the sewer structures;
- Danger to public health and safety; or
- Obnoxious condition contrary to public interest.

SCH EXHIBIT NO. 3

**Aqua PA Website Regarding EDUs
as of December 12, 2025**

Additional Resources

Aqua Pennsylvania >

Customer Assistance Program (CAP) >

Aqua PA Water and Wastewater Rates

On May 23, 2024, we filed an application to adjust water and wastewater rates to reflect \$953 million in capital infrastructure projects we have made since April 2023 and will make through the end of 2025. Our request, Aqua Pennsylvania’s first in nearly three years, allows us to continue our infrastructure work that improves reliability and water quality, enhances customer service, and helps to support our commitment to the communities we serve. This includes replacing approximately 200 miles of aging water main and associated valves and customer service lines throughout about 5,900 miles of distribution system. Aqua has also replaced hundreds of fire hydrants, improving public safety in the communities we serve. The request also supports our response to new regulations that require treatment, like PFAS and replacement of lead service lines, while also defending against cyber-security threats.

The PUC reviewed our request, and on February 7, 2025, issued an order approving adjusted water and wastewater rates for Aqua Pennsylvania customers. New rates became effective February 22, 2025, except for the East Whiteland Wastewater Division and certain recently acquired systems not included in the original rate filing.

New rates are based on assigned rate zones. Customers can find their rate zone on the Description of Territories Served section of the tariff.

Documentation

Water Rate Zones Bill Comparison



Wastewater Rate Zones Bill Comparison



Tariffs



Flat Wastewater Rates



Flat Wastewater Rates



What is a Flat Wastewater Rate?

A flat wastewater rate is a fixed monthly charge for wastewater services, regardless of water usage. This is a common industry practice that ensures fair and consistent rates when water consumption meter reads are not available.

Why Use a Flat Rate?

Our wastewater system must operate 24 hours a day, 7 days a week, regardless of daily fluctuations in usage. To ensure reliable service, the system must always be capable of handling maximum capacity, even during peak times such as heavy rainfall or high household usage periods.

Because the costs of operating and maintaining the system remain constant, the rates are designed to cover the expenses of operating at full capacity. This ensures that wastewater can always be treated safely and efficiently, protecting public health and the environment.

Benefits of Using a Flat Rate

- Predictable Billing – Your wastewater bill remains consistent each month.
- Fair Cost Distribution – Most households generate similar wastewater volumes, making a flat rate an equitable way to ensure all customers contribute to system maintenance and operations.
- Simplified Billing and Administration – Measuring individual wastewater discharge is challenging and costly and separately metered water usage is not available in your community from a water utility; a flat rate eliminates the need for complex metering and tracking, reducing administrative costs and keeping rates more affordable.

How is the Flat Rate Calculated?

How is the Flat Rate Built?

Because the water usage is not individually metered in your area because of private wells or non-public utility, the flat rate is based on a system-wide average number of gallons of water generated per household each month.

- The Company’s system-wide average residential usage is 3,870 gallons per month.
- The cost per gallon to collect, convey and treat wastewater is then applied to this usage.
- This calculation ensures that each household contributes fairly to covering system costs.

Each rate case we review these assumptions to ensure the rate accurately reflects system needs and usage trends.

The current flat wastewater rate for residential customers in Rate Zone 4 is \$137.06 per month.

The current flat wastewater rate for non-residential customers in Rate Zone 4 is \$144.17 per month.

Aqua Pennsylvania's Collaborative Discussion About Flat Rates for Wastewater Customers

Please visit [this page](#) to learn more about a Customer Collaborative Workgroup meeting being held November 17, 2025, 1:00 - 3:00 p.m.



SCH EXHIBIT NO. 4

**Aqua PA Website Regarding EDUs
as of April 1, 2026**



Additional Resources

Aqua Pennsylvania >

Customer Assistance Program (CAP) >

Aqua PA Water and Wastewater Rates

On May 23, 2024, we filed an application to adjust water and wastewater rates to reflect \$953 million in capital infrastructure projects we have made since April 2023 and will make through the end of 2025. Our request, Aqua Pennsylvania's first in nearly three years, allows us to continue our infrastructure work that improves reliability and water quality, enhances customer service, and helps to support our commitment to the communities we serve. This includes replacing approximately 200 miles of aging water main and associated valves and customer service lines throughout about 5,900 miles of distribution system. Aqua has also replaced hundreds of fire hydrants, improving public safety in the communities we serve. The request also supports our response to new regulations that require treatment, like PFAS and replacement of lead service lines, while also defending against cyber-security threats.

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New rates are based on assigned rate zones. Customers can find their rate zone on the Description of Territories Served section of the tariff.

Documentation

Water Rate Zones Bill Comparison



Wastewater Rate Zones Bill Comparison



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Documentation

Water Rate Zones Bill Comparison	+
Wastewater Rate Zones Bill Comparison	+
Tariffs	+
Flat Wastewater Rates	+
Beaver Falls Estimated Rate Impact	+
Greenville Water Estimated Rate Impact	+

New rates are based on assigned rate zones. Customers can find their rate zone on the Description of Territories Served section of the tariff.

Documentation

Water Rate Zones Bill Comparison



Wastewater Rate Zones Bill Comparison



Tariffs



Flat Wastewater Rates



What is a Flat Wastewater Rate?

A flat wastewater rate is a fixed monthly charge for wastewater services, regardless of water usage. This is a common industry practice that ensures fair and consistent rates when water consumption meter reads are not available.

Why Use a Flat Rate?

Our wastewater system must operate 24 hours a day, 7 days a week, regardless of daily fluctuations in usage. To ensure reliable service, the system must always be capable of handling maximum capacity, even during peak times such as heavy rainfall or high household usage periods.

Because the costs of operating and maintaining the system remain constant, the rates are designed to cover the expenses of operating at full capacity. This ensures that wastewater can always be treated safely and efficiently, protecting public health and the environment.

Benefits of Using a Flat Rate

Benefits of Using a Flat Rate

- Predictable Billing – Your wastewater bill remains consistent each month.
- Fair Cost Distribution – Most households generate similar wastewater volumes, making a flat rate an equitable way to ensure all customers contribute to system maintenance and operations.
- Simplified Billing and Administration – Measuring individual wastewater discharge is challenging and costly and separately metered water usage is not available in your community from a water utility; a flat rate eliminates the need for complex metering and tracking, reducing administrative costs and keeping rates more affordable.

How is the Flat Rate Calculated?

Your monthly wastewater rate pays for the:

1. Collection, conveyance and treatment of wastewater
2. Maintenance of pipe, pumps, and treatment facilities
3. Compliance with environmental regulations
4. System improvements to ensure long-term reliability

How is the Flat Rate Built?

Because the water usage is not individually metered in your area because of private wells or non-public utility, the flat rate is based on a system-wide average number of gallons of water generated per household each month.

- The Company's system-wide average residential usage is 3,870 gallons per month.
- The cost per gallon to collect, convey and treat wastewater is then applied to this usage.
- This calculation ensures that each household contributes fairly to covering system costs.

Each rate case we review these assumptions to ensure the rate accurately reflects system needs and usage trends.

The current flat wastewater rate for residential customers in Rate Zone 4 is \$137.06 per month.

The current flat wastewater rate for non-residential customers in Rate Zone 4 is \$144.17 per month.

SCH EXHIBIT NO. 5

Aqua Termination Notices

3-Day Shut Off Notice

DATE NOTICE ISSUED: 10-8-25

Name:

SCA USA, LLC

Service Address:

159 Willowbrook Dr.

Premise No.

In order for Aqua Pennsylvania, Inc. to continue supplying ^{water} service to your residence/business, you need to take immediate action. If the information **marked** below is not provided, we will shut off the ^{water} service at the above address on or after 8:00 A.M. on 10-13-25

THIS ACTION WILL BE TAKEN FOR THE FOLLOWING REASON:

1. Your Bill For \$ 88,153.56 is Overdue. Call 1.877.987.2782 (and choose Collections).

2. Meter Operations:

- ☐ ACT 120 Lead Service Line Inspection or Replacement. Call 610.645.4272 to speak with Water Quality.
☐ Inactive Account - Apply for Water Service
☐ Meter Equipment Inspection ☐ Exchange or Install Meter ☐ Meter Space Does Not Meet Aqua PA Specifications
☐ Customer side leak, property owner responsibility. Call 1.877.987.2782 to update repair status

Other: _____ Call 1.877.WTR.AQUA or 1.877.987.2782.

3. Backflow Prevention: ☐ Failure to Test Backflow Device ☐ SEPA 610.541.4179 or backflow@aquawater.com
☐ Failure to Install Backflow Device ☐ GPA 1.877.987.2782 or gpabackflow@aquawater.com

TO STOP THE SHUT OFF, YOU MUST DO THE FOLLOWING IMMEDIATELY:

1. Pay the total amount overdue. To pay by phone, call our toll-free number at 866-269-2906 or see the back of the payment stub for all payment options. If we shut off your ^{water}, you may have to pay the following charges to have your ^{water} turned back on: Overdue Amount \$88,153.56; Turn-On Charge \$50.00; Payments will not be accepted by our representative. It must be paid at an authorized payment location (call Aqua for the nearest payment location's address).
2. Contact Aqua during normal business hours at 877.987.2782 (Select Collections) to let us know you made a payment in full (or in full of past due amounts of the most recent payment arrangement), to make a payment arrangement, dispute an overdue bill, the grounds for termination are otherwise eliminated, or learn about Aqua's Customer Assistance Program. You can also contact Aqua at our address above.
3. Call 877.987.2782 during normal business hours (Select Collections) if you or someone in your home has a serious illness or a medical condition.
 - Comunicarse con Aqua al 877.987.2782 (elija "Bohranzas" - "Collectiones" en inglés) para hacernos saber que realizó el pago, o para disputar el balance atrasado. También puede comunicarse con Aqua a la dirección que aparece arriba.
 - Attention! Este es un mensaje muy importante. Si usted no lo entiende, favor de llamar a 877.987.2782.

If you have questions or need more information, contact us as soon as possible at 877.987.2782. After you talk to us, if you are not satisfied, you may file a complaint with the Public Utility Commission. The Public Utility Commission may delay the shut off if you file the complaint before the shut off date. To contact them, call 1.800.692.7380 or write to the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, Pennsylvania 17105-3265.

AQUA

An Essential Utilities Company

762 W. Lancaster Avenue
Bryn Mawr, PA 19010-3489

Para acceder al documento traducido al español, visite el sitio web de Aqua en
<https://www.aquawater.com/aqua-pa-lead-spanish.php>

如果需要查看本文件的中文简体字译本，请访问 Aqua 网站：
<https://www.aquawater.com/aqua-pa-lead-chinese.php>

Die deutsche Übersetzung dieses Dokuments finden Sie auf der Website von Aqua unter
<https://www.aquawater.com/aqua-pa-lead-german.php>

3-Day Shut Off Notice

DATE NOTICE ISSUED: 10-9-25

Name SCH USA LLC

Service Address 100 Moseywood Road, Lake Harmony

Premise No. [REDACTED]

In order for Aqua Pennsylvania, Inc. to continue supplying sewer service to your residence/business, you need to take immediate action. If the information **marked** below is not provided within the next 10 days, we will shut off the sewer service at the above address on or after 8:00 A.M. on **October 14, 2025**. **Aqua may act on this notice for up to 60 days.**

THIS ACTION WILL BE TAKEN FOR THE FOLLOWING REASON:

1. Your Bill For **\$20,904.65** is Overdue. Call 1.877.987.2782 (and choose Collections).

2. Meter Operations:

☐ Electrical Hazard	☐ Install Meter
☐ Inspect or Repair Meter Equipment	☐ Exchange Meter
☐ Incorrect or No Meter Space	☐ Apply for Service

Other: _____ Call 1.877.WTR.AQUA or 1.877.987.2782.

3. Backflow Prevention: ☐ Failure to Test Backflow Device
☐ Failure to Install Backflow Device Email GPABackflow@aquaamerica.com

TO STOP THE SHUT OFF, YOU MUST DO THE FOLLOWING AT ONCE:

- Pay the total amount due or call 1.877.WTR.AQUA or 1.877.987.2782 (and choose Collections) to request a payment arrangement, let us know that you made the payment, or dispute the overdue bill. If we shut off your sewer, you may have to pay the following charges to have your service restored: **Overdue Amount \$20,904.65; Reconnection Charge \$ up to or over \$3,000 based on contractor invoicing; Payments will not be accepted by our representative.**
It must be paid at an authorized payment location (call Aqua for the nearest payment location's address)
- Call 1.877.WTR.AQUA or 1.877.987.2782 (and choose Collections) if you or someone in your home has a serious illness or a medical condition. Read the Medical Emergency Notice shown (on the back).
- Comunicarse con Aqua al 877.987.2782 (elija "Bobranzas" o "Collectiones" en inglés para hacernos saber que realizó el pago, o para disputar el balance atrasado. También puede comunicarse con Aqua a la dirección que aparece arriba.
- Atencion! Este es en mensaje muy importante. Si usted no lo entiende, favor de llama a 877.987.2782.

If you have any questions or need more information, please call us, 877.987.2782. If you are not satisfied after you talk to us, you may file a complaint with the Public Utility Commission by calling 1.800.692.7380 toll free, or by writing to P.O. Box 3265 Harrisburg, PA 17105-3265. The Public Utility Commission will delay the shut off if you file a complaint before the shut off date.

AQUA

An Essential Utilities Company
 762 W. Lancaster Avenue
 Bryn Mawr, PA 19010-3489

PA-B-265 REV 0619

IMPORTANT TO KNOW - BEFORE WE SHUT OFF YOUR UTILITY SERVICE

- If we shut off your service during the winter months (between Dec. 1 – Mar. 31) we will restore your service within 24 hours of your meeting all requirements/conditions to have service reconnected. Where street digging is required, it may take up to 7 days.
- If you are a victim of domestic violence and have a Protection from Abuse Order (PFA) or other court order that shows clear evidence of domestic violence, there are special protections available.
Call us immediately at 877.987.2782. (You will be required to provide us with a copy of the order.)
- You may be eligible for a payment agreement or special assistance programs. **Call 877.987.2782 right away** to provide us with household income and occupant information. Documentation of your income may be required, such as pay stubs or tax documents.
- If your landlord pays your utility bill: You have certain legal protections. Please call us at 877.987.2782.
- If you have trouble understanding or speaking English or have a disability, please call us at 877.987.2782 for free interpretation.
- If your service is shut off, you may be required to pay more than the amount listed on the front of this notice to have your service turned back on. You may have to pay any additional bills that have become past due.
- All adult occupants of the premise whose name appears on the mortgage, deed, or lease are considered "customers" and are responsible for payment of this bill.
- If service is shut off, ANY adult occupant who has been living at the premise may have to pay all or portions of this bill to have service restored.
- If your service is shut off, you must contact us after your payment has been made to be sure you have met all conditions to have the service turned back on and to arrange access to your premise.
- After all conditions have been met to have the service turned back on, it may take up to 7 days to have your service restored. Please contact us to discuss the details.
- If you need water to heat your property, please contact Aqua immediately at 877.987.2782 (and choose Collections) so we can arrange a service visit to verify that need. The company will act in accordance with the public utility laws with respect to water service shut offs.

MEDICAL EMERGENCY NOTICE

Let us know if someone living in your home is seriously ill or has a medical condition.

WE WILL NOT SHUT OFF YOUR SERVICE provided you:

- A. Provide a medical certification by a licensed physician, nurse practitioner or physician's assistant.
Medical certifications must be in writing and signed by your physician, nurse practitioner or physician's assistant by fax, email or mail within three days.

AND

- B. Make some equitable arrangements to pay your current bills for service.

Call Aqua at 877.987.2782 to let us know about your medical emergency.

FAX: 610.520.2168 or toll-free at 866.780.8301

Address: ATTN: Collections Department, Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

10-Day Shut Off Notice

DATE NOTICE ISSUED: 11-20-25

Name **SCH USA LLC**

Service Address **100 Moseywood Road, Lake Harmony**

Premise No. [REDACTED]

In order for Aqua Pennsylvania Wastewater, Inc. to continue supplying sewer service to your residence/business, you need to take immediate action. If the information **marked** below is not provided within the next 10 days, we will shut off the sewer service at the above address on or after 8:00 A.M. on **December 1, 2025** **Aqua may act on this notice for up to 60 days.**

THIS ACTION WILL BE TAKEN FOR THE FOLLOWING REASON:

1. Your Bill For **\$576,037.03** is Overdue. Call 1.877.987.2782 (and choose Collections).

2. Meter Operations:

☐ Electrical Hazard	☐ Install Meter
☐ Inspect or Repair Meter Equipment	☐ Exchange Meter
☐ Incorrect or No Meter Space	☐ Apply for Service

Other: _____ Call 1.877.WTR.AQUA or 1.877.987.2782.

3. Backflow Prevention: ☐ Failure to Test Backflow Device
☐ Failure to Install Backflow Device Email GPABackflow@aquaamerica.com

TO STOP THE SHUT OFF, YOU MUST DO THE FOLLOWING AT ONCE:

- Pay the total amount due or call 1.877.WTR.AQUA or 1.877.987.2782 (and choose Collections) to: request a payment arrangement, let us know that you made the payment, or dispute the overdue bill. If we shut off your sewer, you may have to pay the following charges to have your service restored: **Overdue Amount \$576,037.03; Reconnection Charge \$ up to or over \$3,000 based on contractor invoicing; Payments will not be accepted by our representative.**
It must be paid at an authorized payment location (call Aqua for the nearest payment location's address)
- Call 1.877.WTR.AQUA or 1.877.987.2782 (and choose Collections) if you or someone in your home has a serious illness or a medical condition. Read the Medical Emergency Notice shown (on the back).
- Comunicarse con Aqua al 877.987.2782 (elija "Bobranzas" o "Colecciones" en inglés para hacernos saber que realizó el pago, o para disputar el balance atrasado. También puede comunicarse con Aqua a la dirección que aparece arriba.
- Attention! Este es un mensaje muy importante. Si usted no lo entiende, favor de llamar a 877.987.2782.

If you have any questions or need more information, please call us, 877.987.2782. If you are not satisfied after you talk to us, you may file a complaint with the Public Utility Commission by calling 1.800.692.7380 toll free, or by writing to P.O. Box 3265 Harrisburg, PA 17105-3265. The Public Utility Commission will delay the shut off if you file a complaint before the shut off date.



An Essential Utilities Company

762 W. Lancaster Avenue
 Bryn Mawr, PA 19010-3489

PA-B-265 REV 0619

IMPORTANT TO KNOW - BEFORE WE SHUT OFF YOUR UTILITY SERVICE

- **If we shut off your service during the winter months (between Dec. 1 – Mar. 31)** we will restore your service within 24 hours of your meeting all requirements/conditions to have service reconnected. Where streetdigging is required, it may take up to 7 days.
- If you are a victim of domestic violence and have a Protection from Abuse Order (PFA) or other court order that shows clear evidence of domestic violence, there are special protections available.
Call us immediately at 877.987.2782. (You will be required to provide us with a copy of the order.)
- You may be eligible for a payment agreement or special assistance programs. **Call 877.987.2782 right away** to provide us with household income and occupant information. Documentation of your income may be required, such as pay stubs or tax documents.
- If your landlord pays your utility bill: You have certain legal protections. Please call us at 877.987.2782.
- If you have trouble understanding or speaking English or have a disability, please call us at 877.987.2782 for free interpretation.
- If your service is shut off, you may be required to pay more than the amount listed on the front of this notice to have your service turned back on. You may have to pay any additional bills that have become past due.
- All adult occupants of the premise whose name appears on the mortgage, deed, or lease are considered “customers” and are responsible for payment of this bill.
- If service is shut off, ANY adult occupant who has been living at the premise may have to pay all or portions of this bill to have service restored.
- If your service is shut off, you must contact us after your payment has been made to be sure you have met all conditions to have the service turned back on and to arrange access to your premise.
- After all conditions have been met to have the service turned back on, it may take up to 7 days to have your service restored. Please contact us to discuss the details.
- If you need water to heat your property, please contact Aqua immediately at 877.987.2782 (and choose Collections) so we can arrange a service visit to verify that need. The company will act in accordance with the public utility laws with respect to water service shut offs.

MEDICAL EMERGENCY NOTICE

Let us know if someone living in your home is seriously ill or has a medical condition.

WE WILL NOT SHUT OFF YOUR SERVICE provided you:

- A. Provide a medical certification by a licensed physician, nurse practitioner or physician's assistant.

Medical certifications must be in writing and signed by your physician, nurse practitioner or physician's assistant by fax, email or mail within three days.

AND

- B. Make some equitable arrangements to pay your current bills for service.

Call **Aqua at 877.987.2782** to let us know about your medical emergency.

FAX: 610.520.2168 or toll-free at 866.780.8301

Address: ATTN: Collections Department, Aqua Pennsylvania, Inc.

762 W. Lancaster Avenue

Bryn Mawr, PA 19010

10-Day Shut Off Notice

DATE NOTICE ISSUED: 11-20-25

Name **SCH USA LLC**

Service Address **1 Lake Drive, Lake Harmony**

Premise No. **[REDACTED]**

In order for Aqua Pennsylvania Wastewater, Inc. to continue supplying sewer service to your residence/business, you need to take immediate action. If the information **marked** below is not provided within the next 10 days, we will shut off the sewer service at the above address on or after 8:00 A.M. on **December 1, 2025**. **Aqua may act on this notice for up to 60 days.**

THIS ACTION WILL BE TAKEN FOR THE FOLLOWING REASON:

1. Your Bill For **\$184,463.76** is Overdue. Call 1.877.987.2782 (and choose Collections).

2. Meter Operations:

☐ Electrical Hazard	☐ Install Meter
☐ Inspect or Repair Meter Equipment	☐ Exchange Meter
☐ Incorrect or No Meter Space	☐ Apply for Service

Other: _____ Call 1.877.WTR.AQUA or 1.877.987.2782.

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☐ Failure to Install Backflow Device

Email GPABackflow@aquaamerica.com

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It must be paid at an authorized payment location (call Aqua for the nearest payment location's address)
- Call 1.877.WTR.AQUA or 1.877.987.2782 (and choose Collections) if you or someone in your home has a serious illness or a medical condition. Read the Medical Emergency Notice shown (on the back).
- Comunicarse con Aqua al 877.987.2782 (elija "Bohranzas" o "Colecciones" en inglés para hacernos saber que realizó el pago, o para disputar el balance atrasado. También puede comunicarse con Aqua a la dirección que aparece arriba.
- Attention! Este es un mensaje muy importante. Si usted no lo entiende, favor de llamar a 877.987.2782.

If you have any questions or need more information, please call us, 877.987.2782. If you are not satisfied after you talk to us, you may file a complaint with the Public Utility Commission by calling 1.800.692.7380 toll free, or by writing to P.O. Box 3265 Harrisburg, PA 17105-3265. The Public Utility Commission will delay the shut off if you file a complaint before the shut off date.



An Essential Utilities Company

762 W. Lancaster Avenue
Bryn Mawr, PA 19010-3489

PA-B-265 REV 0619

IMPORTANT TO KNOW - BEFORE WE SHUT OFF YOUR UTILITY SERVICE

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- You may be eligible for a payment agreement or special assistance programs. **Call 877.987.2782 right away** to provide us with household income and occupant information. Documentation of your income may be required, such as pay stubs or tax documents.
- If your landlord pays your utility bill: You have certain legal protections. Please call us at 877.987.2782.
- If you have trouble understanding or speaking English or have a disability, please call us at 877.987.2782 for free interpretation.
- If your service is shut off, you may be required to pay more than the amount listed on the front of this notice to have your service turned back on. You may have to pay any additional bills that have become past due.
- All adult occupants of the premise whose name appears on the mortgage, deed, or lease are considered "customers" and are responsible for payment of this bill.
- If service is shut off, ANY adult occupant who has been living at the premise may have to pay all or portions of this bill to have service restored.
- If your service is shut off, you must contact us after your payment has been made to be sure you have met all conditions to have the service turned back on and to arrange access to your premise.
- After all conditions have been met to have the service turned back on, it may take up to 7 days to have your service restored. Please contact us to discuss the details.
- If you need water to heat your property, please contact Aqua immediately at 877.987.2782 (and choose Collections) so we can arrange a service visit to verify that need. The company will act in accordance with the public utility laws with respect to water service shut offs.

MEDICAL EMERGENCY NOTICE

Let us know if someone living in your home is seriously ill or has a medical condition.

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- A. Provide a medical certification by a licensed physician, nurse practitioner or physician's assistant.

Medical certifications must be in writing and signed by your physician, nurse practitioner or physician's assistant by fax, email or mail within three days.

AND

- B. Make some equitable arrangements to pay your current bills for service.

Call **Aqua at 877.987.2782** to let us know about your medical emergency.

FAX: 610.520.2168 or toll-free at 866.780.8301

Address: ATTN: Collections Department, Aqua Pennsylvania, Inc.

762 W. Lancaster Avenue

Bryn Mawr, PA 19010



Date Notice Issued: 12/1/25

37 - DAY SHUT - OFF NOTICE TO LANDLORD

Water Account No.: [REDACTED]

SCH USA, LLC
P. O. Box 567
Lake Harmony, PA 18624

WARNING: The Landlord's sewer bills for \$606,607.32 are overdue. Aqua will shut off water service to: 159 Willowbrook Drive, Lake Harmony on or after 8:a.m. on 1/7/26

To Stop the shut-off of water service, the Landlord must do one (1) of the following:

- Pay the total amount overdue.
- Call 877.987.2782 to: request a payment arrangement, or to let us know that you made a payment.

If you do not pay the total overdue amount or make payment arrangements, we will notify your tenants on or after 12/9/25, that water service will be shut-off. We will explain to the tenants that they have the right to continued water service by deducting payments from their rent and that tenants can recover money damages from a landlord for resulting retaliation. We will also notify the local Public Health Department prior to water service shut-off.

In order to notify the tenants of the proposed shut-off, you are required by Pennsylvania Law to provide us with the names and addresses of every affected tenant. If this tenant information is not provided within 7 days of your receiving this notice, the Landlord shall be required to pay a civil penalty to Aqua Pennsylvania, Inc. the liquidated damage amount of not less than \$500.00 for each day that this data is not provided.

AFTER WATER SERVICE IS SHUT-OFF

We may not be able to restore water service until the next business day after receiving payment. If we shut-off the water service, the Landlord may have to pay the following charges to have the tenant's water service turned back on.

- Overdue Amount
- \$50.00 Turn-on charge

877.987.2782 • AquaAmerica.com

- A Security Deposit equal to 4-month's average billing

If someone living at this property has a serious illness or medical condition, please read the Medical Emergency Notice shown on the back of this notice.

To answer any questions concerning the Landlord's bills or to make payment arrangements, please call telephone number 1-877-987-2782. If after talking with us, you are not satisfied, you may contact the Public Utility Commission by calling 1-800-692-7380, toll free or by writing P.O. Box 3265, Harrisburg, Pennsylvania 17105-3265. **YOU SHOULD CALL OR WRITE BEFORE THE SHUT-OFF. TO AVOID SHUT-OFF, YOUR LETTER MUST BE RECEIVED BEFORE THE SHUT-OFF DATE.**

The tenants will not be notified if the Landlord files a complaint within 7 days of receipt of this notice and water will not be shut-off until the Pennsylvania Public Utility Commission settles the complaint.

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AND

- B. Make some equitable arrangements to pay your current bills for service.

Call Aqua at 877-987-2782 to let us know about your medical emergency.

Fax: 610.520.2168 or toll-free at 866.780.8301

Address: Attn: Collections Department, Aqua Pennsylvania, Inc., 762 W. Lancaster Avenue, Bryn Mawr, PA 19010