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File #: 210634

May 27, 2026

VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of The York Water Company for Authorization to Defer, for Accounting and Financial Reporting Purposes, Expenses Associated with the Water Customer Class Demand Study
Docket No. P-2026-**

Dear Secretary Homsher:

Enclosed for filing on behalf of The York Water Company (“York Water” or the “Company”) is its Petition for Authorization to Defer, for Accounting and Financial Reporting Purposes, Expenses Associated with the Water Customer Class Demand Study.

York Water notes that this Petition is being filed pursuant to Ordering Paragraph 10 of the Opinion and Order entered on February 26, 2026, in the Company’s 2025 Base Rate Case at Docket Nos. R-2025-3053442, et al. Further, pursuant to that same ordering paragraph, the active parties to that proceeding are being served with this Petition.

Copies of this filing are being served as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/bfc
Enclosures

Matthew Homsher, Secretary
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cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL

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Date: May 27, 2026



Devin T. Ryan

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of The York Water Company for :
Authorization to Defer, for Accounting and :
Financial Purposes, Expenses Associated : Docket No. P-2026-_____
with the Water Customer Class Demand :
Study :

PETITION FOR DEFERRED ACCOUNTING TREATMENT

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

The York Water Company (“York Water” or the “Company”) hereby petitions the Pennsylvania Public Utility Commission (“Commission”), pursuant to Section 1701 of the Public Utility Code, 66 Pa.C.S. § 1701, and Section 5.41 of the Commission’s regulations, 52 Pa. Code § 5.41, for authority to defer, for accounting and financial reporting purposes, the expenses associated with the customer class demand study required under the Commission’s Opinion and Order entered February 26, 2026, in York Water’s 2025 Base Rate Case at Docket Nos. R-2025-3053442, et al. (“Order”). Under that Order, York Water was required to “study the feasibility and costs of conducting an updated customer class demand study” for its water customers and “report those costs to the Commission” within 90 days of the Order’s entry date. Order, p. 82. The Commission further stated that “[a]t that time, if York Water avers that the costs warrant deferred accounting treatment, it may simultaneously submit a petition requesting such treatment and demonstrating how the requisite standards are met.” *Id.*

Pursuant to that Order, York Water respectfully submits this Petition simultaneously with the filing of the results of its feasibility study, and requests that the Commission permit the Company to defer, for accounting and financial reporting purposes, the expenses associated with

the water customer class demand study. As set forth herein, the Company's request meets the standard for deferred accounting treatment because the expenses are: (1) extraordinary, as opposed to routine business expenses; (2) unanticipated; (3) non-recurring; and (4) substantial.¹ Also, the Commission previously approved a similar petition filed by Pennsylvania-American Water Company ("PAWC") to defer, for accounting purposes, the expenses associated with a water customer class demand study that was undertaken pursuant to the Commission-approved Settlement in PAWC's 2011 Base Rate Case. *See Petition of Pa. American Water Co. for Authority to Defer for Accounting and Fin. Reporting Purposes Expenses Relating to a Water Customer Class Demand Study*, Docket No. P-2012-2308982, 2012 Pa. PUC LEXIS 1431, at *1-7 (Order entered Aug. 30, 2012) ("PAWC"). Consistent with that precedent, the Commission should approve the instant Petition.

In support of this request, York Water states as follows:

I. BACKGROUND

1. York Water is a Class "A" public utility regulated by the Commission and organized under the laws of the Commonwealth of Pennsylvania, with a primary business address at 130 East Market Street, York, Pennsylvania 17401-1219.

2. The Company provides water and wastewater services to customers located in its certificated service territory.

3. On February 26, 2026, the Commission entered its Order in York Water's 2025 Base Rate Case at Docket Nos. R-2025-3053442, et al. Under that Order, the Commission mandated that York Water "study the feasibility and costs of conducting an updated customer class demand study" and "report those costs to the Commission" within 90 days of the Order's

¹ *Petition of Duquesne Light Company for Authorization to Defer Expenses for Accounting Purposes Only*, Docket No. P-2012-2333760, at 6 (Order entered April 17, 2013) ("DLC FOCUS Order").

entry date. Order, p. 82. “At that time, if York Water avers that the costs warrant deferred accounting treatment,” the Commission stated that the Company “may simultaneously submit a petition requesting such treatment and demonstrating how the requisite standards are met.” *Id.*

II. THE COMMISSION SHOULD GRANT THE PETITION

4. York Water respectfully requests that the Commission approve this Petition and authorize the Company to defer, for accounting and financial purposes, the expenses associated with its water customer class demand study required under the Order.

5. To establish a regulatory asset, a utility must file a petition for deferred accounting authorization with the Commission.

6. The overall standard a utility must meet when seeking such approval is “whether, based on Commission precedent, the expense item appears to be within the scope of the type of items that the Commission has allowed as an exception to the general rule against retroactive recovery of past expenses.”²

7. The Commission and appellate courts consider several factors to determine whether an expense may be retroactively recovered, specifically: (1) whether the increased expenses arose from an extraordinary and non-recurring (*i.e.*, one-time) event; (2) whether the increased expenses arose out of inaccurate projections; (3) whether the utility had a prior opportunity to seek recovery of the expenses and failed to do so; and (4) whether the costs are substantial.³

² See *Petition of the Newtown Artesian Water Co. for Permission to Use Deferred Cost Accounting and Amortization in Respect to Certain Well Development and Service Territory Expansion Costs*, Docket No. P-00052161, p. 4 (Order entered Oct. 28, 2005).

³ See *Popowsky v. Pa. PUC*, 868 A.2d 606, 609-11 (Pa. Cmwlth. 2004) (“PAWC II”); *Columbia Gas of Pa., Inc. v. Pa. PUC*, 613 A.2d 74, 76-78 (Pa. Cmwlth. 1992) (“Columbia”); *Popowsky v. Pa. PUC*, 642 A.2d 648, 652-53 (Pa. Cmwlth. 1994) (“PPL I”).

8. In recent cases, the Commission has clarified the standard as follows: (1) whether the costs are extraordinary, as opposed to routine business expenses; (2) whether the costs were unanticipated; (3) whether the costs are non-recurring; and (4) whether the costs are substantial.⁴

9. Here, the expenses to be incurred by York Water meet this standard.

10. York Water retained Gannett Fleming to conduct a feasibility study for the water customer class demand study.

11. In that feasibility study, which has been filed simultaneously with this Petition at Docket Nos. R-2025-3053442, et al., Gannett Fleming concluded that the total estimated cost for a one to three-year study would be approximately \$88,000 to \$177,000.

12. That total estimated costs consists of: (1) estimated consultant cost for the data analysis phase and reporting over a one to three-year period of approximately \$50,000 to \$120,000; (2) recurring software costs and labor costs for collecting sampled customers' data of approximately \$10,000 to \$15,000; (3) MIU equipment and labor required to conduct the testing that would cost approximately \$20,000 to \$26,000; and (4) a 10% contingency on the total costs.

13. The expenses that York Water will incur as part of this water customer class demand study are extraordinary, unanticipated, non-recurring, and substantial.

14. The expenses are extraordinary, substantial, and non-recurring because they are costly, one-time expenditures that the Company will need to incur as part of its water customer class demand study, as opposed to routine annual expenditures that York Water incurs as part of its operations.

⁴ *Petition of Duquesne Light Company for Authorization to Defer Expenses for Accounting Purposes Only*, Docket No. P-2012-2333760, p. 6 (Order entered April 17, 2013) (“*DLC FOCUS Order*”).

15. Also, the expenses are unanticipated because they are only being incurred due to the litigated outcome of the water revenue allocation issue in York Water's 2025 Base Rate Case.

16. Furthermore, approval of the Petition is consistent with Commission precedent.

17. Specifically, the Commission approved a similar petition filed by PAWC to defer, for accounting purposes, the expenses associated with a water customer class demand study that was undertaken pursuant to the Commission-approved Settlement in PAWC's 2011 Base Rate Case. *See PAWC*, 2012 Pa. PUC LEXIS 1431, at *1-7.

18. In that order, the Commission found in pertinent part,

The sole issue for consideration before us today is whether PAWC should be authorized to defer certain unanticipated expenses associated with a demand study. The ratemaking treatment of these expenses, if any, shall be addressed in a future ratemaking proceeding.

Today's decision is not a directive that PAWC must defer these expenses, nor are we making any determination as to the veracity of the Company's claim of the appropriate treatment for recovery of any allowable costs in a future period. Our decision today involves only our authorization for the Company to defer certain expenses for accounting purposes.

The issue before us is simply whether we should authorize PAWC to defer for financial accounting purposes expenses that may be approximately \$463,000 which may be incurred for a demand study. Whether the expenses are extraordinary and whether the expenses were reasonably and prudently incurred are issues we are not called upon to decide here. Rather, the standard which a utility must meet when seeking Commission authorization for deferral accounting is whether, based on Commission precedent, the expense item appears to be within the scope of the type of items that the Commission has allowed as an exception to the general rule against retroactive recovery of past expenses.

We find that PAWC has established a *prima facie* case pursuant to the above standard. However, we are not making any factual findings in this Order. A petition seeking authorization for deferral accounting is not intended to create a factual record. As such this determination will be of no weight in such future proceeding.

Id. at *4-6.

19. The Commission should, therefore, likewise find that York Water's request for deferred accounting treatment meets the requisite standard as well.

20. York Water is not requesting the Commission to decide, at this time, whether deferred expenses resulting from the water customer class demand study are recoverable through rates charged to customers.

21. Instead, York Water is simply requesting permission to defer those expenses on its books of account pending such determination in a future rate proceeding.

22. York Water also is not seeking any determination at this time as to the reasonableness or prudence of any specific expenses.

23. Therefore, no party will be prejudiced by the granting of this Petition.

24. York Water understands that other parties will be permitted to challenge the recovery of deferred expenses incurred as part of the water customer class demand study in a future proceeding, except that those parties cannot contend that the Company should have filed a petition to defer those costs on its books of account.

25. York Water will address the reasonableness and prudence of specific costs in the future in an appropriate proceeding before the Commission.

26. Based upon the foregoing, York Water respectfully requests that it be permitted to defer, for accounting and financial reporting purposes, the expenses incurred as part of its water customer class demand study that is required under the Commission's Order in the Company's 2025 Base Rate Case.

III. CONCLUSION

WHEREFORE, The York Water Company respectfully requests that the Pennsylvania Public Utility Commission authorize the Company to defer, for accounting and financial reporting purposes, the expenses incurred as part of its water customer class demand study required under the Commission's Order entered February 26, 2026, at Docket Nos. R-2025-3053442, et al.

Respectfully submitted,



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Date: May 27, 2026

Counsel for The York Water Company

VERIFICATION

I, Matthew E. Poff, Chief Financial Officer of The York Water Company, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: May 27, 2026

Signed by:

Matthew E. Poff

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Matthew E. Poff