

COMMONWEALTH OF PENNSYLVANIA



DARRYL A. LAWRENCE
Consumer Advocate

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
(800) 684-6560

 @pa_oca
 /pennoca
FAX (717) 783-7152
consumer@paoca.org
www.oca.pa.gov

October 15, 2025

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Homsher:

Attached for electronic filing, please find the Office of Consumer Advocate's Formal Complaint and Public Statement in this proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 320580
Email: HBreitman@paoca.org

Enclosures

cc: The Honorable Charles E. Rainey, Jr. (Email Only: crainey@pa.gov)
Office of Special Assistants (Email Only: ra-OSA@pa.gov)
Paul Diskin, TUS (Email Only: pdiskin@pa.gov)
Daniel Searfoorce, TUS (Email Only: dsearfoorc@pa.gov)
Sean Donnely, TUS (Email Only: sdonnelly@pa.gov)
Paul Zander, TUS (Email Only: pzander@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Formal Complaint and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 15th day of October 2025.

SERVICE BY E-MAIL ONLY

Courtney L. Schultz, Esq.
 Saul Ewing Arnstein & Lehr LLP
 1500 Market Street
 Centre Square West, 38th Floor
 Philadelphia, PA 19102
 Courtney.schultz@saul.com
Counsel for City of Lancaster

Rebecca Lyttle, Esq.
 Office of Small Business Advocate
 Forum Place
 555 Walnut Street, 1st Floor
 Harrisburg, PA 17101
 relyttle@pa.gov
Counsel for OSBA

Scott B. Granger, Esq.
 Pennsylvania Public Utility Commission
 Bureau of Investigation and Enforcement
 Commonwealth Keystone Building
 400 North Street
 Harrisburg, PA 17120
 sgranger@pa.gov
Counsel for I&E

/s/ Harrison W. Breitman
Harrison W. Breitman, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 320580
E-Mail: HBreitman@paoca.org

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: 717-783-5048
Fax: 717-783-7152

Dated: October 15, 2025

Ryan R. Morden, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 335679
E-Mail: RMorden@paoca.org
E-Mail: OCALancaster2025@paoca.org

Counsel for:
Darryl A. Lawrence
Consumer Advocate

PENNSYLVANIA PUBLIC UTILITY COMMISSION

FORMAL COMPLAINT

1. COMPLAINANT INFORMATION

Darryl A. Lawrence, Consumer Advocate

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: 717-783-5048

2. FULL NAME OF UTILITY:

City of Lancaster – Bureau of Water
R-2025-3057237

3. TYPE OF UTILITY:

Water

4. COMPLAINT:

A. On September 30, 2025, City of Lancaster – Bureau of Water (Lancaster or City) filed Supplement No. 49 to Tariff Water – PA P.U.C. No. 6 to become effective November 29, 2025. A full suspension by the Public Utility Commission (Commission) would delay the increase until June 29, 2026. Through these filings, Lancaster requests that the Commission approve general distribution rate increases to its water rates pursuant to sections 1308 of the Public Utility Code.¹ Lancaster’s proposed tariff would increase the City’s total annual operating revenues by \$7,005,217, or 20.1% overall, based on a fully projected future test year (FPFTY) ending December 31, 2027.²

¹ 66 Pa. C.S. §§ 1308, 1330.

² Lancaster St. 3 at 3 (providing amount of proposed increase); Lancaster St. 4 at 3-4 (explaining use of FPFTY).

- B.** As of March 31, 2025, Lancaster serves approximately 16,865 water customers inside the City of Lancaster, and 31,624 water customers outside the City of Lancaster.³
- C.** Lancaster provides water service in the following territories, including Lancaster City, Lancaster Township, Manheim Township, Millersville Borough, West Lampeter Township, Pequea and portions of Manor, West Hempfield and East Hempfield Townships, and East Lampeter.⁴
- D.** According to the customer notice included in Lancaster’s filing, hypothetical residential water customers would see the following changes to their monthly bill, as follows:
- “If the City’s entire request is approved, the total bill for a residential customer with a 5/8-inch meter, using 4,500 gallons per month would increase from \$29.53 to \$38.32 per month or by 29.8%.”⁵
- E.** The OCA is investigating the basis for, and calculation of, estimated bill increases and decreases to ensure that they are consistent with applicable standards and will produce just and reasonable rates.
- F.** The proposed rate changes noted above do not reflect the changes that all customers will experience; rather they only reflect changes for customers using what the City has asserted the “typical” usage for residential customers. In the OCA’s experience, the increases reflected above (and on the notices sent to customers) often underestimate the impact of the rate increase for many customers.
- G.** The City proposes to increase the water customer charge for customers living outside of Lancaster City, which is a charge that a customer pays no matter how little or how much water they consume.⁶ The proposed charge for 5/8” meters would increase from the current \$7.95 per month, to \$11.62 per

³ Lancaster St. 4, Ex. GRH-1 at 26.

⁴ Lancaster St. 2 at 3.

⁵ See *Notice of Proposed Rate Changes*, City of Lancaster (Sept. 30, 2025), <https://www.cityoflancasterpa.gov/blog/notice-of-proposed-rate-changes/>.

⁶ See Lancaster St. 3, Ex. CVH-2 at 4.

month.⁷ Similarly, the proposed charge for 3/4” meters would increase from the current \$9.30 per month to \$13.59 per month.

- H.** For customers using all meter sizes living outside of Lancaster City, including standard 5/8” and 3/4” meters, the proposed monthly charge would increase by approximately 46%.⁸
- I.** Of the total proposed revenue increase, the City proposes to allocate the increase solely to customers residing outside of Lancaster City, and none of the increase to customers residing inside of Lancaster City.⁹
- J.** The City requests to allocate the total revenue increase among customer classes outside of Lancaster City, as follows: 31.4% residential customers, 29.7% commercial customers, 30.8% industrial customers, 29.9% large industrial, 28.5% other water utilities, and 46.4% private fire.¹⁰
- K.** The City requests increases inside Lancaster City, as follows: 0% residential, 0% industrial, 0% private fire.¹¹
- L.** For ratemaking purposes, the City asks for a return on equity of 10.90% resulting in overall rates of return of 7.75%.¹²
- M.** The City’s proposed capital structure is an imputed capital structure, at March 31, 2027, of 47% debt and 53% equity.¹³
- N.** Lancaster’s depreciation studies use the straight line remaining life method of depreciation for most plants, in accordance with its past practices.¹⁴ For certain accounts, the studies use the straight line remaining life method of

⁷ *Id.*

⁸ *Id.*

⁹ See Lancaster St. 4, Ex. GRH-2 at 6.

¹⁰ *Id.*

¹¹ *Id.*

¹² Lancaster St. 6 at 2.

¹³ *Id.* at 13.

¹⁴ Lancaster St. 5 at 3.

amortization.¹⁵ Lancaster posits that it uses its equal life group procedure “for all depreciable accounts and installation years for water plant consistent with most other Pennsylvania water companies.”¹⁶

- O.** The Pennsylvania Department of Environmental Protection (DEP) has communicated that the City has a Running Annual Average Maximum Contaminant Level (MCL) exceedance violation for Perfluorooctanoic acid (PFOA) associated with its Conestoga filter plant. In January 2025, the City received a Significant Deficiency Notice of Violation for this PFOA MCL exceedance.
- P.** Whether rates are just and reasonable is inextricably intertwined with the quality of service provided.¹⁷ Therefore, all issues pertaining to the adequacy and reasonableness of a utility’s service and facilities are relevant to whether a utility’s existing or proposed rates are just and reasonable.¹⁸
- Q.** The General Assembly has empowered the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission.¹⁹
- R.** In reaching a decision on whether to grant the City’s rate increase as well as its various rule and tariff changes, the Public Utility Commission must give “due consideration to the interests of consumers.”²⁰
- S.** A preliminary examination of the City’s general rate increase request indicates that the rates requested, including specific elements of its request, for example, but not limited to, the inclusion of certain plant in rate base, expense claims, rate of return, revenue allocation, customer charges, capital structure, and proposed rate design, may not be just and reasonable and otherwise may violate the law.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Nat’l Utils. v. Pa. PUC*, 709 A.2d 972, 973 (Pa. Cmwlth. 1998).

¹⁸ *See* 66 Pa. C.S. §§ 1301, 1501.

¹⁹ *See* 71 P.S. §§ 309-1, *et seq.*

²⁰ 71 P.S. § 309-5(2).

T. A preliminary examination of the City’s filed Supplement No. 49 to Tariff Water – PA P.U.C. No. 6 and request for a general rate increase indicates that:

1. The proposed changes and increase in rates, proposed rate schedule modifications and transfers, proposed capital structure, and proposed changes in rate policy, rules and regulations contained in the proposed Tariff may be unjust, unreasonable, in violation of the law and may produce an excessive return on investment in violation of the Public Utility Code.
2. The proposed revenue increases fall exclusively on residents outside the city and not at all on residents inside the city, suggesting discrimination based on favored and disfavored geographical locations, in violation of the Public Utility Code Sections 1301 and 1304, sound ratemaking principles, and public policy.²¹
3. The proposed tariff changes and proposed rate structure and rate design may be unlawfully discriminatory, in violation of the Public Utility Code Sections 1301 and 1304 and are otherwise contrary to sound ratemaking principles and public policy.²²
4. The City’s existing rates, rules, and regulations may not be just and reasonable or otherwise proper under the Public Utility Code and applicable ratemaking principles.
5. The character of service and facilities furnished and maintained by the City may not be adequate, efficient, safe, reasonable, reasonably continuous, or without unreasonable interruptions or delay, in violation of Public Utility Code Section 1501.²³ The character of service and facilities may not be in conformity with Commission regulations or orders.²⁴ Additionally, the City may have failed to make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public.²⁵

U. The Consumer Advocate files this Complaint to ensure that the Commission will fully and fairly adjudicate issues pertaining to whether the City’s (1)

²¹ See 66 Pa. C.S. §§ 1301, 1304.

²² See *id.*

²³ See 66 Pa. C.S. § 1501.

²⁴ See *id.*

²⁵ See *id.*

existing and proposed rates are just, reasonable, and are not unduly discriminatory or otherwise unlawful, and (2) service and facilities are adequate, efficient, safe, reasonable, reasonably continuous, without unreasonable interruptions or delay, and in conformity with Commission regulations and orders.

5. RELIEF

The Consumer Advocate respectfully requests that the Commission take the following actions:

- A.** Suspend and investigate the operation of the proposed City of Lancaster – Bureau of Water Supplement No. 49 to Tariff Water – PA P.U.C. No. 6 pursuant to Section 1308(d) of the Public Utility Code;²⁶
- B.** Enter a suspension order at the next scheduled Public Meeting following the date of this Complaint, on October 23, 2025, in order to expedite this matter being assigned to the Office of Administrative Law Judge, which would develop a procedural schedule for litigation;
- C.** Direct the Office of Administrative Law Judge to use the June 4, 2026, Public Meeting as the deadline for a final Commission determination in this matter and for purposes of setting a deadline for a Recommended Decision and developing a litigation schedule in this matter;
- D.** Consolidate all complaints filed against the proposed general rate increase request;
- E.** Ensure that the City has provided appropriate and adequate notice in accordance with the Public Utility Code and the Commission’s regulations;
- F.** Hold full evidentiary hearings examining the reasonableness of Lancaster’s current and proposed rates and its proposed increases;
- G.** After providing the public with adequate notice, and as early in the proceeding as possible, hold in-person public input hearings in the utility’s service territory, as well as by telephone or virtually, in order to provide customers with an opportunity to be heard on the record;

²⁶ See 66 Pa. C.S. §1308(d).

- H.** Deny any inclusion into rate base of any plant that is not reasonably projected to be used and useful within the FPFTY, deny any charges or changes contained in the proposal which would result in unjust and unreasonable rates, or cannot be fully justified by the City, or otherwise are contrary to the Public Utility Code, sound ratemaking principles, and public policy; and
- I.** Deny the proposed changes and increase in rates, proposed rate schedule modifications and transfers, proposed changes in rate policy or pilot programs, and proposed changes in rules and regulations contained in the proposed Tariff where the Commission finds that they are not just and reasonable, unreasonably discriminatory, contrary to sound ratemaking principles, or inconsistent with or in violation of Commission regulations or orders.²⁷
- J.** After reasonable notice, as raised by consumer testimony in public input hearings or a party's written direct or supplemental direct testimony, and after hearing of the same, make findings as to whether the service or facilities of any public utility are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory, or otherwise in violation of the Public Utility Code.²⁸
- K.** Consider, in addition to all other relevant evidence of record, the efficiency, effectiveness and adequacy of service of the utility when determining just and reasonable rates.²⁹ Effectuate this consideration by adjusting specific components of the utility's claimed cost of service as the Commission determines to be proper and appropriate, using specific findings on record evidence.³⁰ And explicate these findings, together with their underlying rationale, in the Commission's final order.³¹
- L.** Reject, in whole or in part, the City's request to increase its rates where the Commission concludes, after hearing, that the service rendered by the public

²⁷ 66 Pa. C.S. §§ 1301, 1304.

²⁸ 66 Pa. C.S. § 1505(a).

²⁹ 66 Pa.C.S. § 523.

³⁰ *Id.*

³¹ *Id.*

utility is inadequate in that it fails to meet quantity or quality for the type of service provided.³²

- M.** Where the Commission finds that service or facilities of the public utility are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory, or otherwise in violation of the Public Utility Code, determine and prescribe, by regulation or order, the reasonable, safe, adequate, sufficient, service or facilities to be observed, furnished, enforced, or employed, including all such repairs, changes, alterations, extensions, substitutions, or improvements in facilities as shall be reasonably necessary and proper for the safety, accommodation, and convenience of the public.³³

- N.** Grant such other relief that the Commission may deem appropriate.

³² 66 Pa. C.S. § 526.

³³ 66 Pa. C.S. § 1505(a).

6. VERIFICATION AND SIGNATURE

I, Darryl A. Lawrence, hereby state that the facts above set forth are true and correct (or 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).

/s/ Darryl A. Lawrence

October 15, 2025

Signature

Date

7. Legal Representation

Harrison W. Breitman, Esq.
PA Attorney ID # 320580

Ryan R. Morden, Esq.
PA Attorney ID # 335679

555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Dauphin County

Phone: 717-783-5048
E-mail: OCALancaster2025@paoca.org

**PUBLIC STATEMENT OF THE OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)**

The Pennsylvania General Assembly authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission).³⁴ According to this legal authority,³⁵ and for the following reasons, the Consumer Advocate decided to file a Formal Complaint and participate in the proceedings before the Commission involving the proposed general rate increase by City of Lancaster – Bureau of Water (Lancaster or City).

On September 30, 2025, the City filed Supplement No. 49 to Tariff Water – PA P.U.C. No. 6, to become effective November 29, 2025. Lancaster’s proposed tariffs would increase the City’s total annual operating revenues by \$7,005,217, or 20.1% overall, based on a fully projected future test year (FPFTY) ending December 31, 2027. According to the City, the total bill for a residential customer with a 5/8-inch meter, using 4,500 gallons per month would increase from \$29.53 to \$38.32 per month or by 29.8%.

Lancaster serves approximately 16,865 water customers inside Lancaster City, and 31,624 water customers outside the City. Lancaster provides water service in the following territories beyond Lancaster City, including: Lancaster Township, Manheim Township, Millersville Borough, West Lampeter Township, Pequea and portions of Manor, West Hempfield and East Hempfield Townships, and East Lampeter. Of the total proposed revenue increase, the City proposes to allocate the increase solely to customers residing

³⁴ 71 Pa. C.S. §309-2.

³⁵ *See* 71 Pa. C.S. §309-4.

outside of Lancaster City, and none of the increase to customers residing inside of Lancaster City.

The Consumer Advocate's objective in filing this complaint is to protect the interests of the City's customers in paying just and reasonable rates and receiving adequate, efficient, safe, and reasonable utility service.

First, the Consumer Advocate will seek to ensure that the City is permitted to implement only rates that are fully substantiated, just and reasonable, not unduly discriminatory, and otherwise consistent with the Public Utility Code, Commission regulations and orders, case law, and sound ratemaking principles. The Consumer Advocate submits that the City's existing rates and its proposed rates may be unjust and unreasonable and other otherwise unlawful based upon information filed by the City in support of its ratemaking claims and overall general rate increase request.³⁶

Additionally, the Consumer Advocate will seek to ensure that the character of utility service and facilities furnished and maintained by the City are adequate, efficient, safe, reasonable, reasonably continuous, without unreasonable interruptions or delay, and in conformity with Commission regulations or orders.³⁷ Where service or facilities are found to be inadequate, the Consumer Advocate will seek to ensure that the Commission consider such findings in granting or denying the requested rate relief, in whole or in part, and in

³⁶ 66 Pa. C.S. §§ 1301, 1304.

³⁷ 66 Pa. C.S. § 1501.

determining and prescribing the character of service or facilities to be furnished or maintained by the City.³⁸

³⁸ 66 Pa. C.S. §§ 523, 526, 1505(a).



Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
 Harrisburg, PA 17105-3265
EFILING - FILING DETAIL

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10/15/2025	2891849

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The date filed on will be the current day if the filing occurs on a business day before or at 4:30 p.m. (EST). It will be the next business day if the filing occurs after 4:30 p.m. (EST) or on weekends or holidays.

Docket Number: R-2025-3057237

Case Description:

Transmission Date: 10/15/2025 3:32 PM

Filed On: 10/15/2025 3:32 PM

eFiling Confirmation Number: 2891849

File Name	Document Type	Upload Date
OCA Formal Complaint and Public Statement.pdf	Formal Complaint	10/15/2025 3:32:47 PM

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