

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Quentin Water Company	:	A-2022-3035731
for the approval of the Abandonment and	:	
Transfer of Water Services to customers in West	:	
Cornwall Township, Lebanon County,	:	
Pennsylvania to West Cornwall	:	
Township Authority	:	

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JOINT STIPULATION OF FACTS

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TO THE HONORABLE DARLENE D. HEEP, ADMINISTRATIVE LAW JUDGE:

Quentin Water Company (QWC or Company) and the Office of Consumer Advocate (OCA) (collectively, the Stipulating Parties), all parties to the above-captioned proceeding, hereby file this Joint Stipulation of Facts (Stipulation).

Concurrent with this Stipulation, the Stipulating Parties are filing a Joint Petition for Settlement (Settlement) that resolves all issues in this proceeding. A background of the case is provided therein. The Settlement was reached after an investigation of QWC's Application, including informal discovery and settlement discussions.

Because of the efforts of the parties to conserve time and resources through settlement without formal litigation, no testimony has been served in this proceeding. Accordingly, the Stipulating Parties have agreed to the facts set forth herein. Supporting verifications are provided as Attachments 1 and 2 to the Stipulation.



## I. STIPULATION

### Filings

1. The Stipulating Parties hereby stipulate to the admission of these filings:
  - a. QWC's Application for Approval of Abandonment & Transfer of Water Service to Customers in West Cornwall Township, Lebanon County, PA, filed on or about September 29, 2022.
  - b. OCA's Protest, filed October 31, 2022.
  - c. QWC's Response to Protest of the Office of Consumer Advocate, filed November 7, 2022.
  - d. First Joint Status Report, filed December 21, 2022.

### Availability and Adequacy of Alternate Service

#### Operations/DEP Compliance

2. QWC is operated by two part-time operators, David Bradley and William White. Both operators are certified and will continue to be certified. They will continue to serve in the same capacity, upon the transfer to the water service to WCTMA.
3. The services currently provided by QWC's bookkeeper will be taken over by David Bradley, upon the transfer of the ownership to WCTMA.
4. QWC has a part-time meter reader, who will continue to do the same job after acquisition by WCTMA.
5. WCTMA operates a sewage system covering the same geographic area as the Quentin Water Company system. WCTMA provides wastewater service to the Village of Quentin, the Village of Stoberdale, and the Mine Road/Butler Road area of West Cornwall Township. Quentin provides service to a portion of West Cornwall Township, including the Village of Quentin.
6. QWC received no customer complaints in 2020, 2021 and 2022. One complaint, discussed below, was made to the Office of Consumer Advocate.

7. QWC reports the following levels of unaccounted-for-water:

Unaccounted-for-Water	
2017	16.2%
2018	13.1%
2019	34.0%
2020	28.0%
2021	25.9%

The reason for the rise in unaccounted-for water was a leak attributable to the Quentin Riding Club, which had terminated its operation and, upon discovery of the reason for the loss, action was taken to reduce any water loss. It is anticipated that the calculation for unaccounted-for-water in 2022 will be approximately 17%.

8. QWC did not receive any notices of violation from Pa. Department of Environmental Protection (DEP) in 2020, 2021 or 2022.

9. QWC has no Consent Agreements with DEP.

10. WCTMA did not receive any notices of violation from DEP in 2020, 2021 or 2022.

11. WCTMA does not have any Consent Agreements with DEP.

12. Currently, WCTMA does not anticipate making any capital investments or upgrades to the QWC system in the first five years of ownership.

13. WCTMA has seven board members.

Customer Count/Supply and Demand

14. QWC's historic and projected customer count is:

Historic		Projected	
2017	283	2023	351
2018	287	2024	401
2019	307	2025	451
2020	338	2026	501
2021	338	2027	551
2022	346	2032	598

15. Two developers have submitted plans with concept sketches for 252 new units total. The pace of those future developments is dependent upon many circumstances but it is anticipated that the growth rate will accelerate for the next five years, with approximately 12 units per year and will continue thereafter at about the same rate of growth. That growth is reflected in the chart above.

16. QWC recently drilled and put a new well into service in December 2020. There are presently three wells in operation. The capacity of each is:

Well #1: 21,600 gallons per day

Well #3: 46,800 gallons per day

Well #4: 46,800 gallons per day

Total capacity of Wells #1, 3, and 4: 115,200 gallons per day

17. Existing system demand for 2022 is 60,000 gallons per day.

18. It is estimated that in 2033, system demand will be 90,000 to 97,500 gallons per day.

19. Based on the foregoing, QWC estimates that its system has adequate supply to meet the demand of existing customers and projected customers for the next ten years.

20. QWC estimates that the existing water supply will continue to be adequate to meet customer demand for a minimum of 20 years, without further capital investments.

21. If alternative supply were needed, based on QWC's investigation, the system could connect to an alternative source of water (City of Lebanon Authority), which lines run to the adjoining West Cornwall Township.

#### Pressures

22. In response to a complaint regarding fluctuating and low pressures by a QWC customer living in the Scenic Ridge development, QWC installed a pressure gauge on the tap inside the customer's garage. The initial pressure result was 80 psi. Overnight pressures, which the customer photographed, varied from 30 psi to 64 psi. The 30 psi occurred when a resident was taking a shower.

23. Currently, Scenic Ridge is the only development in West Cornwall Township.

24. At the time that Scenic Ridge was planned, QWC informed the Developer, Gerald Musser, that the water flow was 600 to 800 gallons per minute and the residual pressure was 20 psi.

25. Higher pressures cannot be provided to Scenic Ridge, in part, due to the age of the system.

26. In the Agreement dated February 11, 2015 between QWC and Musser, a copy of which is attached as Appendix A to this Stipulation, it was stated that domestic pressure, even with the construction of a new well (Well #4), would not be any greater than 20 psi. QWC requested that a booster pump be installed in all homes due to the low pressure.

27. QWC has no knowledge whether booster pumps were installed in the homes.

28. Providing water service to the two anticipated developments will not reduce pressures being provided to existing customers, including customers in Scenic Ridge.

#### Purchase Price/Financial Information

29. The Asset Purchase Agreement between QWC and WCTMA is attached as Appendix B to this Stipulation.

30. The purchase price is \$1,000,000.

31. As provided in QWC's Annual Report to the Commission, the original cost of utility plant in service was \$988,018 and accumulated depreciation of utility plant was \$61,995, as of December 31, 2021. As such, depreciated original cost as of December 31, 2021 was \$926,023.

32. QWC reported annual net operating revenue of \$31,171 for December 31, 2021. WCTMA anticipates similar operating costs but with the addition of debt service costs, as further discussed below.

33. In May 2022, WCTMA closed on a 20-year, 2.25% interest rate loan from Peoples Security Bank and Trust company for \$1,000,000 to fund the purchase price.

34. As part of the Bank loan, WCTMA incurred closing costs and expenses in the amount of approximately \$21,000 in May 2022. WCTMA will incur semi-annual loan payments of \$31,500 beginning in December 2022, and every six months thereafter.

35. West Cornwall Township enacted a resolution to utilize grant funds to cover WCTMA's closing costs and initial loan payments until the Authority takes ownership of QWC. WCTMA is not required to repay \$50,000 of amounts loaned. For remaining amounts, WCTMA is required to repay within 5-years of acquiring ownership of QWC. A copy of Resolution 2022-8-24 is attached as Appendix C to this Stipulation.

#### Rate Impact/Customer Notice

36. QWC's current tariff took effect on April 1, 2012 and is attached as Appendix D to this Stipulation.

37. WCTMA will not charge existing QWC customers a tapping fee.

38. WCTMA plans to charge the current QWC customer charge of \$11.58 per quarter for 5/8-inch meters and \$5.44 per thousand gallons, plus an additional \$40 per quarter.

39. The additional \$40 per quarter is to cover the annual debt service for the loan (\$63,000) divided over the number of customers (394).

40. WCTMA plans to reduce and eventually eliminate the \$40 per quarter charge.
  - a. As additional customers are added, the debt service payment will be spread over more households and reduce the cost per customer.
  - b. Currently, the loan is for 20 years but when tapping fees are paid for the connection of new developments, WCTMA plans to apply those fees toward the principal of the loan to reduce the repayment period.
  - c. When the loan is paid off, WCTMA will remove the charge from customer bills.
  - d. WCTMA recently reduced the quarterly rates charged to wastewater customers in the Mine Road area of its system.

41. On or about November 17, 2022, QWC mailed individual notice of the Application to its customers. The notice specified WCTMA's proposed rates including the impact on a customer using 12,000 gallons of water per quarter. A copy of the notice is attached to this Stipulation as Appendix E.

## II. TERMS AND CONDITIONS OF THE STIPULATION

1. This Stipulation is presented by the Stipulating Parties in conjunction with the simultaneously filed Joint Petition for Settlement, which is intended to resolve all issues in this proceeding. If the Commission rejects or otherwise modifies the Settlement, the Stipulating Parties reserve their respective rights to object to the admission of the Stipulation, submit additional testimony and exhibits, and cross-examine witnesses at evidentiary hearings.

2. This Stipulation is being presented, in conjunction with the Settlement, only to resolve issues in the above-captioned proceeding. Regardless of whether this Stipulation is approved, no adverse inference shall be drawn, nor shall prejudice result to any Stipulating Party, in this or any future proceeding, as a consequence of this Stipulation or any of its terms or conditions.

3. Attached hereto as Exhibit A is a proposed "Order Granting Joint Stipulation of Facts" for consideration by the Presiding Officer.

**WHEREFORE**, the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge admit the foregoing Joint Stipulation of Facts into the record in this proceeding on the terms and conditions set forth in the Stipulation.

Respectfully Submitted,

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George E. Christianson  
PA Attorney I.D. # 06310  
georgec@christiansonmeyer.com

Counsel for:  
Quentin Water Company

Christianson Meyer  
411 Chestnut Street  
Lebanon, PA 17042  
717-273-1651

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Senior Assistant Consumer Advocate  
PA Attorney I.D. # 83487  
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Counsel for:  
Patrick M. Cicero  
Consumer Advocate

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

DATED: \_\_\_\_\_

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Administrative Law Judge Darlene D. Heep

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VERIFICATION

I, William Matthews, hereby state that the facts related to the Quentin Water Company set forth in the Joint Stipulation of Facts 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).

DATED: \_\_\_\_\_

Signature: William Matthews  
William Matthews, President

Business Address: Quentin Water Company  
100 South Zinns Mill Road  
Lebanon, PA 17042

Mailing Address: Quentin Water Company  
P.O. Box 1243  
Quentin, PA 17083



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VERIFICATION

I, Jeffery Steckbeck, hereby state that the facts related to the West Cornwall Township Municipal Authority set forth in the Joint Stipulation of Facts 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).

DATED: \_\_\_\_\_

Signature: \_\_\_\_\_

Jeffery Steckbeck, Manager

Business Address:

West Cornwall Township Municipal Authority  
73 S. Zinns Mill Road  
Lebanon, PA 17042

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**ORDER GRANTING JOINT STIPULATION OF FACTS**

On [date], Quentin Water Company (QWC or Company) and the Office of Consumer Advocate (OCA) (collectively, the Stipulating Parties), all parties to the above-captioned proceeding, filed a Joint Stipulation of Facts (Stipulation). Each of the Stipulating Parties stipulated to the veracity and authenticity of the facts set forth in the Stipulation and requested that the Stipulation be admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation. The Stipulation is attached to this Order.

As the request of the Stipulating Parties is reasonable, the request will be granted.

THEREFORE, IT IS ORDERED:

1. That the Stipulation, filed on [date], is admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation.

Date: \_\_\_\_\_

\_\_\_\_\_

Darlene D. Heep  
Administrative Law Judge