

NEWTOWN ARTESIAN WATER COMPANY  
Newtown, Pennsylvania 18940

Supplement No. 136  
To  
Water-Pa. P.U.C. No. 9

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THE NEWTOWN ARTESIAN WATER COMPANY

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Rates and Rules  
Governing the Supply  
of Water Service  
in  
Newtown Borough,  
the Township of Newtown and  
the Township of Middletown,  
Bucks County, Pennsylvania

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ISSUED: March 1, 2019

EFFECTIVE: May 1, 2019

Don Smith, Secretary  
The Newtown Artesian Water Company  
Newtown, Pennsylvania 18940

# NOTICE

This Tariff Makes Increases, Decreases and/or Changes in Rates and in Existing Rules and Regulations.

NEWTOWN ARTESIAN WATER COMPANY  
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Supplement No. 136  
To  
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One Hundred Twentieth Revised Page No. 2  
Canceling  
One Hundred Nineteenth Revised Page No. 2

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

**Increases:**

This tariff supplement increases all meter rates and flat rates to produce additional annual revenue of \$934,154 effective May 1, 2019.

This tariff supplement increases the state tax adjustment surcharge from -0.425% to 0.00%.

**Decreases:**

This tariff supplement decreases the distribution system improvement charge from 5.00% to 0.00%.

The tariff supplement decreases the Purchased Water Adjustment Charge (PWAC) from \$0.1461 per 1,000 gallons to \$0.00 per 1,000 gallons.

**Changes:**

This tariff supplement changes PWAC language to provide for notice of PWAC changes by including appropriate information on the first bill following a PWAC change and bill insert.

This tariff supplement changes PWAC language by recalculating baseline items included in the PWAC calculation.

This tariff supplement changes PWAC language to clarify the refund or recovery of any E-factor over/under collection residual upon the resetting of the PWAC to zero.

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(C) Indicates change.

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**STATE TAX ADJUSTMENT SURCHARGE**

In addition to the changes in this tariff, a surcharge of 0.00% will apply (I) to all bills for services rendered on or after April 1, 2019.

The above surcharge will be recomputed, using the elements prescribed by the Commission:

- (a) Whenever any of the tax rates used in calculation of the surcharge are changed;
- (b) Whenever the utility makes effective increased or decreased rates;
- (c) And on March 31, 1975, and year thereafter.

The above recalculation will be submitted to the Commission within ten (10) days after the occurrences of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, and if the recomputed surcharge is more than the one then in effect, the utility may submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be ten (10) days after filing.

(I) Indicates increase.

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SCHEDULE OF METER RATES

Application

This schedule is applicable to metered domestic, commercial, industrial, and public customers.

Meter Rates

Per 1,000 Gallons

All water used - Newtown Artesian Rate Area	\$6.827	(I)
All water used - Indian Rock Rate Area	6.827	(I)

Minimum Charges

Each metered customer shall pay a quarterly service charge based upon the size of the meter required to render adequate service.

Size of Meter

Quarterly  
Service  
Charge

5/8 inch	\$ 22.71	(I)
3/4 inch	34.11	(I)
1 inch	56.82	(I)
1 1/2 inch	113.64	(I)
2 inch	181.80	(I)
3 inch	340.92	(I)
4 inch	568.23	(I)
6 inch	1,136.49	(I)
8 inch	1,818.33	(I)
10 inch	2,613.87	(I)

Purchased Water Adjustment Clause

A Purchased Water Adjustment Clause of \$0.0000 per 1,000 gallons is applied (D)  
to metered sales.

(I) Indicates increase.  
(D) Indicates decrease.

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 Eighth Revised Page No. 6

Public and Private Fire Protection

Per Quarter

Newtown Artesian Rate Area		
Each standard hydrant	\$ 109.07	(I)
Each sprinkler system		
First 300 sprinkler heads or less		
6" connection or smaller	\$ 121.11	(I)
8" connection	\$ 141.28	(I)
Each sprinkler head over 300	\$ .46	(I)
Indian Rock Rate Area		
Hydrants	\$ 109.07	(I)
Each sprinkler system		
First 300 sprinkler heads or less		
6" connection or smaller	\$ 121.11	(I)
8" connection	\$ 141.28	(I)
Each sprinkler head over 300	\$ .46	(I)

Wholesale Water Service

For water sold to Pennsylvania-American Water Company - Yardley Service Area. In the event wholesale sales to Pennsylvania-American Water Company result in an increase in Newtown Artesian Water Company's minimum take-or-pay obligations to the Bucks County Water and Sewer Authority and to the extent Newtown Artesian Water Company is unable to sell all such water it is obligated to purchase, Pennsylvania-American Water Company will pay Newtown Artesian Water Company for all such unsold water at its actual cost for a period ending June 7, 2024.

	Per 1,000	
	<u>Gallons</u>	
Demand charge	\$ .990	(I)
Electric for pumping	actual cost	
Purchased water cost	actual cost	

(I) Indicates increase.

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**Distribution System Improvement Charge (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 reports 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 Company shall file a tariff supplement implementing the reset to zero due to overearning on one-day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Company 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 Company 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 Company can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The Company shall refund any overcollection to customers and is entitled to recover any undercollections as set forth above in Audit/Reconciliation. Once the Company determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the Company 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.

**DSIC Surcharge:**

The DSIC Surcharge is zero.

(D)

**Public Fire Protection:**

The DSIC will not apply to public fire protection customers.

(D) Indicates decrease.

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Third Revised Page No. 31

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**Purchased Water Adjustment Charge**

The Company may apply a Purchased Water Adjustment Clause ("PWAC") to its water rates set forth under Schedule of Metered Rates to reflect an increase or decrease in the rates charged by its wholesale water suppliers, Bucks County Water and Sewer Authority ("BCWSA") and Pennsylvania American Water Company ("PENN-AM"), who are referred to jointly as "Wholesalers." The purchased water adjustment charges will not apply to wholesale customers because they are billed the actual cost of purchased water each month on a current basis.

The PWAC will be calculated based on changes in the Company's Wholesalers rates from the purchased water included in the Company's Baseline Cost. For the purpose of calculating the PWAC the Baseline Cost is the annual purchased water cost reflected as an operating expense in the Company's most recently concluded base rate case. This amount will remain constant until such time base rates are reset.

Customers shall be notified of changes in the PWAC 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. (C)

When the Company's water suppliers change their rates for water purchased by the Company, the Company will re-compute the PWAC based upon its annual purchased water cost reflecting the level of consumption and other billing determinants that formed the basis for the Baseline Cost.

**Determination of Purchased Water Adjustment Charge**

A PWAC may be implemented on the effective date of a change in Wholesalers' rates charged to the Company for purchased water but not on less than forty-five (45) days notice. The Company may, at its option, implement a PWAC, to recover an increase in purchased water costs. However, if the rate change is a decrease, the Company must implement a credit PWAC to reflect that decrease.

The baseline items determined in the Company's most recently concluded base rate case are:

Baseline Purchased Water Cost (per thousand gallons)		\$3.356	(D)
BCWSA (Customer)	\$0.018		(I)
BCWSA (Consumption)	\$3.454		(I)
PENN-AM	\$2.797		(I)
Baseline 1,000 Gallons of Purchased Water		443,832	(D)
BCWSA	367,487		(D)
PENN-AM	76,345		(I)
Baseline 1,000 Gallons of Water Sales		665,151	(D)

The PWAC, per thousand gallons, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formulas set forth below:

$$\text{PWAC} = \frac{(\text{CHGPWC} \times 443,832)}{665,151} \quad (D)$$

- (C) Indicates change.
- (D) Indicates decrease.
- (I) Indicates increase.



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**Purchased Water Adjustment Charge** (Continued)

**Residual E-Factor Recovery Upon Reset to Zero**

The Company shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the PWAC rate has been reset to zero. The Company can collect or credit the residual over/under collection balance when the PWAC rate is reset to zero. The Company shall refund any overcollection to customers and is entitled to recovery any undercollections as set forth above in Audit/Reconciliation. Once the Company determines the specific amount of the residual over or under collection amount after the PWAC rate is reset to zero, the Company 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.