

THE YORK WATER COMPANY

Statement of Reasons For the 2022 Rate Increase Request

The York Water Company (the “Company”) is requesting Public Utility Commission (“PUC”) approval for a base rate increase for water customers of \$18.8 million, and for wastewater customers, a rate increase of \$1.5 million to begin August 1, 2022. From our past experience, it is likely the PUC may suspend implementation of the rates until its investigation of the need for the increases is completed which may take until March 2023. York Water last requested an increase in rates four years ago.

Our main reasons for the increase are as follows:

- Recovery of \$176 million in capital expenditures. We have greatly increased the total plant investment from the level claimed in our last rate request in 2018. This increase of approximately \$176 million (through February 2024) in system improvements since the last rate request includes the following major items:
 1. Replaced 45 miles of pipe. Replacement, reinforcement, and relining of aging water mains, replacement of service lines, meters, and hydrants. Nearly 45 miles of aging pipeline, about 4.5% of our total, was replaced which extends the life of our infrastructure, reduces costs associated with main breaks and leaks, and provides improved customer service and reliability.
 2. Improvements to Lake Williams dam. Construction project required by the Pennsylvania Department of Environmental Protection to replace the spillway and armor the dam. This will ensure that the dam continues to be safe and effective for many years into the future.
 3. Lead service lines replacement. Replacement of all company-owned lead service lines within a compressed two-year time frame. In addition, replacement of customer-owned lead service lines when discovered.
 4. Pumping equipment. Upgrade of pumping equipment at our primary pump station to increase efficiency that reduces costs and provide redundancy and reliability.
 5. Construction of a wastewater treatment plant. Construction required to service the wastewater needs of a community in a safe and efficient manner that meets or exceeds all regulatory requirements.
 6. Enhanced security. System monitoring and computer system upgrades.
 7. Distribution system improvements. Improvements to standpipes and pumping equipment to ensure customers have a safe and reliable supply of water that meets current and proposed regulations.
 8. Upgrades to water and wastewater treatment equipment and facilities. These projects are necessary to maintain compliance with existing and proposed regulations and provide resiliency in operations.

These and similar projects, all of which is spent in York, Adams and Franklin Counties, are important to our ability to ensure a safe, adequate, and reliable

supply of drinking water and to maintain proper handling and disposal of wastewater to our customers.

- The costs of serving our customers have gone up. During the past few years, we have taken steps to control our operating expenses. The increase would allow the Company to recover costs for increased wages, benefits, chemicals, materials, and supplies, and increased annual depreciation. Despite these increases, York Water remains one of the most efficient water utilities in the nation, continuing to reduce or eliminate various expenses since its last rate case, including reduction in income taxes from the tax repair deductions. These reduced expenses are reflected in this rate filing.
- The increase would provide an opportunity for our 206-year-old Company to earn a fair return on the money it has invested in infrastructure in our community and would assist the Company in maintaining a solid financial position.

Please refer to the Company's Direct Testimony and Exhibits for additional reasons for and support of the requested rate increase.