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April 6, 2016

By Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Second Floor North
PO Box 3265
Harrisburg, PA 17105-3265

RE: Community Utilities of Pennsylvania Inc. Water Divisions; Docket No. R-2016-_____; **TARIFF WATER – Pa. PUC NO. 1- FILING FOR CONSOLIDATION AND INCREASE IN RATES FOR THE SERVICE TERRITORIES FORMALLY KNOWN AS PENN ESTATES UTILITIES, INC. AND UTILITIES, INC. - WESTGATE**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission on behalf of Community Utilities of Pennsylvania Inc. Water Divisions are the following documents:

- 1) Supplement No. 1 to Tariff Water - Pa. PUC No. 1 which consolidates and increases rates for all customers for the service territories formally known as Penn Estates Utilities, Inc. and Utilities, Inc. – Westgate; and,
- 2) Supporting Data required by 52 Pa. Code §53.52.

A copy of the enclosed materials has been served upon the Commission's Bureau of Investigation and Enforcement, the Pennsylvania Office of Consumer Advocate and the Office of Small Business Advocate.

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
April 6, 2016
Page Two

Thank you for your attention to this matter. If you have any questions, please feel free to call either me or undersigned counsel.

Very truly yours,

A handwritten signature in blue ink that reads "Thomas J. Sniscak". The signature is written in a cursive style with a large, stylized 'T' and 'S'.

Thomas J. Sniscak (Attorney ID No. 33891)
Christopher M. Arfaa (Attorney ID No. 57047)
William E. Lehman (Attorney ID No. 83936)

*Counsel for Community Utilities of Pennsylvania
Inc.*

TJS/WEL/das
Enclosures

cc: Per Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

BY FIRST CLASS MAIL

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

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North 2nd Street
Harrisburg, PA 17101

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265



Thomas J. Sniscak
Christopher M. Arfaa
William E. Lehman

Dated this 6th day of April, 2016

COMMUNITY UTILITIES OF PENNSYLVANIA INC.

RATES, RULES AND REGULATIONS GOVERNING

THE PROVISION OF WATER SERVICE

TO THE PUBLIC IN STROUD AND POCONO TOWNSHIPS IN MONROE COUNTY, AND
A PORTION OF HANOVER TOWNSHIP IN NORTHAMPTON COUNTY,

PENNSYLVANIA

Service Territory Formally Known as Penn Estates Utilities, Inc., and
Utilities, Inc. - Westgate

ISSUED: April 6, 2016

EFFECTIVE: June 5, 2016

ISSUED BY:

Steven M. Lubertozzi, President
2335 Sanders Road
Northbrook, IL 60062
(800) 860-4512

NOTICE:

THIS TARIFF SUPPLEMENT UPDATES THE SCHEDULE OF RATES FOR
ALL CUSTOMERS

LIST OF CHANGES

Supplement No. 1 consolidates and increases Part I: Schedule of Rates and Charges for the service territories formally known as Penn Estates Utilities, Inc. and Utilities Inc. – Westgate water divisions. The increase in operating revenue will produce an additional \$427,817.

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(c) Indicates Change

PART I: SCHEDULE OF RATES AND CHARGES(Service Territory Formally Known as Penn Estates Utilities, Inc. and Utilities, Inc. - Westgate)

All water supplied by the Company shall be metered and the water usage shall be paid for in accordance with the following schedule of rates:

Section A - Rates for Metered ServiceResidential

Customer Charge: Each metered residential customer will be assessed a customer service charge based upon the size of the customer's meter as follows:

<u>Meter Size</u>	<u>Monthly Customer Charge</u>	
5/8 inch	\$ 22.32	(i)
1 inch	\$ 55.80	(i)
1 1/2 inch	\$ 111.60	(i)
2 inch	\$ 178.56	(i)

Commercial

Customer Charge: Each metered commercial customer will be assessed a customer service charge based upon the size of the customer's meter as follows:

<u>Meter Size</u>	<u>Monthly Customer Charge</u>	
5/8 inch	\$ 22.32	(i)
1 inch	\$ 55.80	(i)
1 1/2 inch	\$ 111.60	(i)
2 inch	\$ 178.56	(i)

Consumption Charge: In addition to the customer charge, the following volumetric water rates will apply to both residential and commercial customers:

Rate per 1,000 Gals.	\$6.073	(i)
----------------------	---------	-----

Purchased Water Adjustment Clause

A Purchased Water Adjustment Clause of \$0.00 per 1,000 gallons is applied to metered sales. (d)

Rates will be payable in arrears and will be billed monthly.

- (i) Indicates Increase
- (d) Indicates Decrease

PART I: SCHEDULE OF RATES AND CHARGES (CONT'D)**(Service Territory Formally Known as Penn Estates Utilities, Inc. and Utilities, Inc. - Westgate)****Section B - Fire Protection Rates****Public Fire Protection:**

For public fire protection, the charge shall be \$29.87 per hydrant per month. (i)
Rates will be payable in arrears and will be billed monthly.

Section C - Returned Check Charge

A charge of \$25 will be assessed any time where a check which has been presented to the Company for payment on account has been returned by the payor's bank for any reason.

Section D - Availability Rates

The flat rate availability charge for a lot upon which no structure has been erected will be \$19.97 per month. These charges will be payable in arrears and will be billed quarterly. (i)

Section E - Service Termination or Resumption Rates

The fee for shut-off or turn-on of service at the curb stop shall be \$30.00 during regular business hours and \$75.00 during non-regular business hours. (i)

Section F - Meter Test Rates

Consistent with Commission regulation at 52 Pa. Code §65.8(h), the fee schedule for testing of meters shall be as follows:

1 inch or less	\$10.00
1 1/4 inch - 2 inch	\$20.00

These amounts may vary without revision of this tariff so as to be consistent with Commission regulations.

Fees for testing meters over 2 inches or for testing meters so located that testing costs are disproportionate to the stated fees shall be as established by the Company based upon the actual cost of the test.

Section G – Tampering Fee

Unauthorized connections, repairs, or other tampering with the system will render the service subject to immediate discontinuation without notice and water service shall not be restored until such unauthorized connections, repairs, and other tampering with the system have been removed and unless settlement is made in full and for water service estimated by the Company to have been used by reason for such unauthorized connection. The fee for these unauthorized connections, repairs, and system tamperings shall be \$200 plus any actual costs to repair.

PART I: SCHEDULE OF RATES AND CHARGES (CONT'D)

(Service Territory Formally Known as Penn Estates Utilities, Inc. and Utilities, Inc. - Westgate)

Section H – Construction Rates

The rate charge for building construction shall be at regular tariff metered service rates. A monthly deposit of \$20.00, or an amount based on the estimated use for a monthly billing period, will be required in advance.

Section I - Purchased Water Adjustment Charge

The Company may apply a Purchased Water Adjustment Clause ("PWAC") to its water rates set forth under Schedule of Rates and Charges to reflect an increase or decrease in the rates charged by its wholesale water supplier, the City of Bethlehem ("City").

The PWAC will be calculated based on changes in the customer charges contained in Schedule G Meter Rates-Sales for Resale of the City's Tariff Water PA. P.U.C. No. 6. For purposes of calculating the PWAC, the amount collected or refunded will be the difference between the consumption charge rate per 1,000 gallons contained in the Company's Schedule of Rates and Charges and the customer charges contained in Schedule G of the City's tariff. The Company will revise the Tariff consumption charge in its base rate cases to mirror the customer charges in Schedule G of the City's tariff and set its PWAC to zero. Between rate cases, the Company will use the PWAC to reflect changes in the rates contained in Schedule G of the City's tariff. The Company will provide notice to its customers of changes in rates resulting from application of the PWAC.

Determination of Purchased Water Adjustment Charge

A PWAC may be implemented on the effective date of a change in the City's wholesale rates charged to the Company for purchased water but not on less than 45 days notice to the customer. 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 the decrease.

The items used to calculate the PWAC are:

A. The projected cost of the volume of water purchased from the City in the prior 12 months at the City's revised rate per 1,000 gallons.

PART I: SCHEDULE OF RATES AND CHARGES (CONT'D)

(Service Territory Formally Known as Penn Estates Utilities, Inc. and Utilities, Inc. - Westgate)

B. The actual cost for the volume of water purchased from the City for the prior 12 months at the City's prior rate per 1,000 gallons.

C. The total metered water sold for the prior 12 months measured per 1,000 gallons.

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

$$\text{PWAC} = \frac{A - B}{C}$$

The PWAC will be charged for each thousand gallons of metered water sales supplied under the Schedule of Rates and Charges.

Safeguards

Annual Reconciliation

The Company will provide an annual reconciliation of PWAC revenues with the actual cost of purchased water from the City pursuant to Section 1307(e) of the Public Utility Code upon implementation of a PWAC. The revenue received under the PWAC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on July 1 of each year. If PWAC revenues exceed PWAC-eligible costs, such overcollections will be refunded with interest. Interest on the overcollections will be calculated at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. § 101, et seq.) and will be refunded in the same manner as an overcollection. For the purposes of calculating such over or under collection, the reconciliation period shall be the annual period ended March 31.

New Base Rates

The charge will be reset at zero as of the effective date of new base rates that provide for prospective recovery of the annual costs that had theretofore been recovered under the PWAC. Thereafter, only new purchased water adjustments, which have not previously been reflected in the Company's base rate, are eligible for PWAC recovery.

CAP

The PWAC shall not exceed seven and one-half percent (7.5%) of the amount billed to customers, exclusive of the amounts recovered under the State Tax Adjustment Surcharge.

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Section 1

Community Utilities of Pennsylvania Inc.
Water Divisions

Supporting Data
for
Docket No. R-2016-_____

By

Robert Guttormsen
Senior Financial Analyst

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Section 1

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Community Utilities of Pennsylvania Inc.
Water Division

R-2016-_____

Statement of Reasons for Rate Increase
Answer to 52 PA. Code 53.52 (b) (1)

Community Utilities of Pennsylvania – Water Operations

Community Utilities of Pennsylvania Inc. (“Company”) is filing Supplement No. 1 to Tariff Water – Pa. P.U.C. No. 1. on April 6th 2016 with a requested effective date of June 5, 2016 for the purpose of increasing water service revenue by \$427,817 per annum which represents a 39.96% increase over the service revenues previously generated by the service territories formally known as Penn Estates Utilities, Inc. and Utilities Inc. - Westgate.

For the twelve months ended December 31, 2015, December 31, 2016, and December 31, 2017, respectively, utility operations produced book net income, forecasted net income under present rates, and fully projected pro-forma net income as follows:

<u>Period</u>	<u>Net Income/(Loss)</u>	<u>Reference</u>
Base Year per Books (12/31/2015)	(\$32,209) ¹	Section 1 (pp. 1-19)
Future Test Year (12/31/2016)	(\$65,364) ¹	Section 1 (pp. 1-19)
Future Test Year (12/31/2017)	(\$205,938) ¹	Section 1 (pp. 1-19)
Pro-Forma Proposed (12/31/2017)	\$174,099 ²	Section 1 (pp. 1-19)

The current rate filing is necessary to realize a reasonable rate of return on the Company’s capital investment and recover operating expenses. The factors given consideration in calculating the proposed increase are set forward in the following narrative.

Operating Revenues

The per books operating revenue for the twelve months ended December 31, 2015 totaled \$1,070,650. The Company performed a billing analysis to reflect the proper level of service revenue for the test years ended December 31, 2015, December 31, 2016, and December 31, 2017. The analysis produced an adjustment that resulted in an overall decrease in service revenue of \$8,522 for the twelve months ended

¹ Present rates

² Proposed rates

Community Utilities of Pennsylvania Inc.
Water Division

R-2016-_____

Statement of Reasons for Rate Increase
Answer to 52 PA. Code 53.52 (b) (1)

December 31, 2016 and an overall decrease in service revenue of \$8,383 for the twelve months ended December 31, 2017. These adjustments, combined with projected levels of miscellaneous revenues, forfeited discounts, and uncollectible accounts produce pro-forma operating revenue under present rates of \$1,018,664 and \$1,010,282 for the twelve months ended December 31, 2016, and December 31, 2017 respectively. After accounting for the increase in uncollectible accounts (\$3,886) related to the Company's revenue request of \$426,493, the Company's proposed fully projected test year operating revenue is \$1,438,099.

Operating Expenses

For the twelve months ended December 31, 2015, December 31, 2016, and December 31, 2017, respectively, utility operations produced per book, forecasted, and fully projected pro-forma operating expenses as follows:

<u>Period</u>	<u>Operating Expense</u>	<u>Reference</u>
Base Year Per books (12/31/2015)	\$1,007,369	Section 1 (pp. 1-11)
Future Test Year (12/31/2016)	\$982,091	Section 1 (pp. 1-11)
Future Test Year (12/31/2017)	\$1,097,730	Section 1 (pp. 1-11)
Fully projected (12/31/2017)	\$1,142,380	Section 1 (pp. 1-11)

The Company has projected net increased operating and maintenance costs of \$96,345 between the base year ended December 31, 2015 and the fully projected future test year ended December 31, 2017 as reflected in response to tariff Regulation c (1) Sheets1b and 1c.

Original Cost – Plant in Service

The original costs of the plant in service at December 31, 2015 were compiled through Company records. The total plant in service per books at the end of the base year is \$7,850,876. Pro-forma plant additions (net of retirements) of \$58,406 and \$487,667 for the future test years ended December 31, 2016,

Community Utilities of Pennsylvania Inc.
Water Division

R-2016-_____

Statement of Reasons for Rate Increase
Answer to 52 PA. Code 53.52 (b) (1)

and December 31, 2017 respectively have been included on Tariff Regulation (c) (3) to reflect the fully projected future test year level of utility plant in service as of December 31, 2017

Accumulated Depreciation and Annual Depreciation Expense

The calculations of annual and accumulated depreciation are based upon the straight line method. An adjustment has been made to calculate pro-forma depreciation expense and the level of pro-forma accumulated depreciation using class of asset rates on the Company's books, going level, as well as, projected plant in service as of December 31, 2016, and December 31, 2017. This adjustment results in a decrease to depreciation expense of \$16,917 and increase of \$7,658 for the future test years ended December 31, 2016, and December 31, 2017 respectively. The pro-forma accumulated depreciation amounts to \$2,410,113 and \$2,427,424 as of December 31, 2016, and December 31, 2017 respectively. Please see Supporting Schedules No. 4 and No. 9 (a & b) in Section 2.

Calculation of Rate Base

Five elements were used to determine rate base for the Company. They are as follows:

- I. Net Plant in Service
- II. Contributions in Aid of Construction (Net)
- III. Net Plant Acquisition Adjustment
- IV. Customer Deposits
- V. Accumulated Deferred Income Taxes
- VI. Pro forma Plant Additions (Net of Retirements)
- VII. Cash Working Capital

- I. Net Plant in Service

Net Plant in Service was determined by deducting pre books and pro forma accumulated depreciation from per books and pro forma gross utility plant in service as of December 31, 2015, December 31, 2016, and December 31, 2017.

Community Utilities of Pennsylvania Inc.

Water Division

R-2016-_____

Statement of Reasons for Rate Increase

Answer to 52 PA. Code 53.52 (b) (1)

Water Operations	Supporting Schedule No.	Per Books Base Year Ended 12/31/2015	Future Test Year Ended 12/31/2016	Pro-forma FPFTY Ended 12/31/2017
Utility Plant in Service	(c)(2)	\$ 7,850,876	\$ 7,909,281	\$ 8,396,948
Accumulated Depreciation	(c)(2)	(2,520,106)	(2,410,113)	(2,427,424)
Net Utility Plant:		\$ 5,330,770	\$ 5,499,169	\$ 5,969,524

II. Cash Working Capital

The amount included for Cash Working Capital is based on 1/8 method using per books and pro forma operating and maintenance expenses of \$886,492, \$880,473, and \$1,004,055 for the test years ended December 31, 2015, December 31, 2016, and December 31, 2017 respectively resulting in cash working capital levels of \$110,811, \$110,059, and \$125,507 for the test years ended December 31, 2015, December 31, 2016, and December 31, 2017 respectively.

III. Accumulated Deferred Income Taxes

The amount included in Accumulated Deferred Income Taxes are per books and projected prorated amounts of (\$290,421), (\$435,780), and (\$484,204) for the test years ended December 31, 2015, December 31, 2016, and December 31, 2017 respectively.

IV. Customer Deposits

The amount included in Customer Deposits are per books (\$4,646), for the test years ended December 31, 2015, December 31, 2016, and December 31, 2017 respectively.

V. Plant Acquisition Adjustment

The amount included in Plant Acquisition Adjustment is the per books number net of accumulated amortization as of December 31, 2015 and amounts to (\$835,750). Net PAA is rolled forward to December 31, 2016 and December 31, 2017 using current amortization rates and result in Net PAA of (\$936,305) and (\$900,236) for the test years ended December 31, 2016, and December 31, 2017 respectively

**Community Utilities of Pennsylvania Inc.
Water Division**

R-2016-_____

**Statement of Reasons for Rate Increase
Answer to 52 PA. Code 53.52 (b) (1)**

Rate of Return

The Company uses the capital structure of its parent company, Utilities, Inc. to calculate its rate of return. Utilities Inc.'s capital structure as of December 31st 2015 is as follows:

Debt	\$197,000,000
Common Equity	<u>201,933,346</u>
Total Capital	\$398,933,346

For December 31, 2017, the Company adopts a 50/50 debt-to-equity capital ratio and 6.60% cost of debt. The Company has utilized an overall 8.55% weighted average cost of capital and 10.50% cost of equity for this application.

Tariff Design

Community Utilities is proposing to consolidate rates between its two service territories formally known as Penn Estates Utilities, Inc. and Utilities, Inc. – Westgate. The overall proposed increase in an average 5/8" meter size customer's bill is approximately 47.82% for customers of the formally known territory, Penn Estates Utilities, Inc. and 20.06% for customers of the formally known territory Utilities, Inc. - Westgate as follows:

Community Utilities of Pennsylvania Inc.
Average Bills

A	B	C	D	E	F	G	H	I	K	L	M	N	O	P
Name	W/WW	Class	Meter Size	12/31/15				12/31/17				Proposed Average Bill	Proposed Increase	Proposed Increase %
				Average Usage	BFC	Usage Rate	PWAC Surcharge	Average Bill	Average Usage	Proposed BFC*	Proposed Usage*			
315 - Utilities, Inc. - Westgate	W	RES	5/8"	4,439	\$ 16.83	\$ 4.61	\$ 0.69	\$ 40.36	4,303	\$ 22.32	\$ 6.073	\$ 48.45	\$ 8.10	20.06%
317 - Penn Estates Utilities, Inc.	W	RES	5/8"	3,943	\$ 15.06	\$ 3.98	\$ -	\$ 30.75	3,810	\$ 22.32	\$ 6.073	\$ 45.46	\$ 14.71	47.82%

A billing analysis at present rates was prepared for the twelve months ended December 31, 2015, December 31, 2016, and December 31, 2017. The Calculations are contained in supporting Schedule No. 1. The results of that analysis were used to prepare proof of revenues for the proposed rates contained

Community Utilities of Pennsylvania Inc.

Water Division

R-2016-_____

Statement of Reasons for Rate Increase

Answer to 52 PA. Code 53.52 (b) (1)

in supporting Schedule No. 2. The allocation of the proposed revenues is shown in response to tariff Regulation (b) (4).

General Comments

The proposed level of operating revenues will allow the company enough revenue to meet debt obligations, recover normal operating costs and increased operating costs as outlined in this filing. The increased revenue for Community Utilities of Pennsylvania Inc.'s water division will also ensure continued safe and adequate service to its customers.

Community Utilities of Pennsylvania Inc.
Water Divisions
Operating Revenue for the Base Year Ended December 31, 2015 Under Present Rates,
the Future Test Year Ended December 31, 2016, and the FPFTY Ended December 31, 2017 Under Present Rates
Answer to 52 Pa. Code 53.52 (b)(2)

<u>Water Operations</u>	Base Year Ended 12/31/2015	Pro-forma Revenue at Present Rates Future Test Year Ended 12/31/2016	Pro-forma Revenue at Present Rates FPFTY Ended 12/31/2017
Customer Classification			
<u>Volumetric Revenue</u>			
Residential	\$ 511,320	\$ 502,974	\$ 494,765
Commercial	11,315	11,139	10,965
Total Volumetric Revenue	<u>522,635</u>	<u>514,113</u>	<u>505,731</u>
<u>Flat/Base Rate Revenue</u>			
Residential	\$ 461,029	\$ 461,029	\$ 461,029
Commercial	7,657	7,657	7,657
Availability	8,346	8,346	8,346
Fire Hydrant	15,892	15,892	15,892
Total Flat Rate Revenue	<u>492,923</u>	<u>492,923</u>	<u>492,923</u>
Forfeited Discounts	\$ 9,363	\$ 9,363	\$ 9,363
Miscellaneous Service Revenues	2,265	2,265	2,265
Purchased Services	30,324	-	-
Accruals	13,140	-	-
Total Operating Revenues	<u>\$ 1,070,650</u>	<u>\$ 1,018,664</u>	<u>\$ 1,010,282</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Number of Customer Equivalents served at December 31, 2015,
and the Future Test Year Ended December 31, 2016, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (b)(3)

<u>Water Operations</u>		Pro-forma	Pro-forma
<u>Customer Classification</u>	<u>Total Customers</u>	<u>Customers</u>	<u>Customers</u>
	12/31/2015	12/31/2016	12/31/2017
<u>Customers</u>	[1]		
Residential	2,512	2,512	2,512
Commercial	40	40	40
School	-	-	-
Availability	52	52	52
Fire Hydrant (# of Hydrants)	1	1	1
Total Flat Rate Customers	<u>2,605</u>	<u>2,605</u>	<u>2,605</u>

[1] The Company uses Equivalent Residential Connections (ERCs) to count customers.

Community Utilities of Pennsylvania Inc.
Water Divisions
Statement of Operating Revenue Under the Existing and Proposed Rates for the Base Year Ended
December 31, 2015, the Future Test Years Ended December 31, 2016 and December 31, 2017, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (b)(4)

<u>Water Operations</u>	Schedule Number	Base Year Ended 12/31/2015	Change	Future Test Year Ended 12/31/2016	Change	Future Test Year Ended 12/31/2017	Change	Proposed FPFTY Ended 12/31/2017
<u>Volumetric Revenue</u>								
Residential	(b)(2)	\$ 511,320	\$ (8,346)	\$ 502,974	\$ (8,209)	\$ 494,765	\$ 212,304	\$ 707,070
Commercial	(b)(2)	11,315	(176)	11,139	(174)	10,965	5,837	16,802
Total Volumetric Revenue		<u>\$ 522,635</u>	<u>\$ (8,522)</u>	<u>\$ 514,113</u>	<u>\$ (8,383)</u>	<u>\$ 505,731</u>	<u>\$ 218,141</u>	<u>\$ 723,872</u>
<u>Flat/Base Rate Revenue</u>								
Residential	(b)(2)	\$ 461,029	\$ -	\$ 461,029	\$ -	\$ 461,029	\$ 193,934	\$ 654,963
Commercial	(b)(2)	7,657	-	7,657	-	7,657	4,092	11,749
Availability	(b)(2)	8,346	-	8,346	-	8,346	2,789	11,135
Fire Hydrant	(b)(2)	15,892	-	15,892	-	15,892	8,860	24,752
Total Flat Rate Revenue		492,923	-	492,923	-	492,923	209,676	702,599
Forfeited Discounts	(b)(2)	\$ 9,363	\$ -	\$ 9,363	\$ -	\$ 9,363	\$ -	\$ 9,363
Miscellaneous Service Revenues	(b)(2)	2,265	-	2,265	-	2,265	-	2,265
Purchased Services	(b)(2)	30,324	(30,324)	-	-	-	-	-
Accruals	(b)(2)	13,140	(13,140)	-	-	-	-	-
Total Operating Revenues		<u>\$ 1,070,650</u>	<u>\$ (51,986)</u>	<u>\$ 1,018,664</u>	<u>\$ (8,383)</u>	<u>\$ 1,010,282</u>	<u>\$ 427,817</u>	<u>\$ 1,438,099</u>

Going Level Adjustments [1]Customer Classification

Residential	\$ (8,346)
Commercial	(176)
Purchased Services	(30,324)
Accruals	(13,140)

Availability	-
Fire Hydrant	-
See supporting Schedule No. 1	<u>\$ (8,522)</u>

Future Test Year Ended 12/31/17 Adjustments [1]Customer Classification

Residential	\$ (8,209)
Commercial	(174)
Purchased Services	-
Accruals	-

Availability	-
Fire Hydrant	-
See supporting Schedule No. 1	<u>\$ (8,383)</u>

FPFTY Ended 12/31/17 AdjustmentsVolumetric Revenue

Residential	\$ 212,304
Commercial	\$ 5,837

Flat/Base Rate Revenue

Residential	193,934
Commercial	4,092
Availability	2,789
Fire Hydrant	8,860
See supporting Schedule No. 2	<u>\$ 427,817</u>

**Community Utilities of Pennsylvania Inc.
Water Divisions
Whose Bills will be Decreased Under the Proposed Tariff
for the Twelve Months Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (b)(5)**

Under the proposed tariff, no customers in Community Utilities of Pennsylvania Inc. will receive a decrease in bills.

Community Utilities of Pennsylvania Inc.
Water Divisions
Statement of Net Operating Income Under the Existing and Proposed Rates for the Base Year Ended
December 31, 2015, the Future Test Years Ended December 31, 2016 and December 31, 2017, and the FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(1) - Sheet No. 1a

<u>Water Operations</u>	<u>Schedule Number</u>	<u>Per Books Base Year Ended 12/31/2015</u>	<u>Change</u>	<u>Future Test Year Ended 12/31/2016</u>	<u>Change</u>	<u>Future Test Year Ended 12/31/2017</u>	<u>Change</u>	<u>Proposed FPFTY Ended 12/31/2017</u>
<u>Operating Revenue</u>								
Gross Operating Revenue	(b)(2)	\$ 1,070,650	\$ (51,986)	\$ 1,018,664	\$ (8,383)	\$ 1,010,282	\$ 427,817	\$ 1,438,099
Allowance for Uncollectible Accounts	Sup. Sch. No.3	(9,368)	245	(9,123)	77	(9,046)	(3,130)	(12,176)
Net Operating Revenue		<u>1,061,282</u>	<u>(51,741)</u>	<u>1,009,541</u>	<u>(8,305)</u>	<u>1,001,236</u>	<u>424,687</u>	<u>1,425,922</u>
<u>Operating Expenses</u>								
Operating Expenses	(c)(1) - Sheet No. 1b	\$ 854,108	\$ (23,717)	\$ 830,392	\$ 120,062	\$ 950,454	\$ -	\$ 950,454
Depreciation	Sup. Sch. No. 4	196,757	(17,309)	179,447	7,658	187,105	-	187,105
Amortization of CIAC	Sup. Sch. No. 4	(30,894)	392	(30,502)	-	(30,502)	-	(30,502)
Amortization of PAA	Sup. Sch. No. 4	(36,069)	0	(36,069)	-	(36,069)	-	(36,069)
Taxes Other than Income	Sup. Sch. No. 5	32,383	17,697	50,081	3,520	53,601	2,471	56,072
<u>Income Taxes</u>								
Federal Income Tax	Sup. Sch. No. 6	\$ 24,059	\$ (24,059)	\$ -	\$ -	\$ -	\$ -	\$ -
State Income Tax	Sup. Sch. No. 6	(32,975)	21,717	(11,258)	(15,602)	(26,860)	42,179	15,320
Total Operating Expenses		<u>1,007,369</u>	<u>(25,278)</u>	<u>982,091</u>	<u>115,638</u>	<u>1,097,730</u>	<u>44,650</u>	<u>1,142,380</u>
Net Operating Income		<u>\$ 53,913</u>	<u>\$ (26,463)</u>	<u>\$ 27,450</u>	<u>\$ (123,944)</u>	<u>\$ (96,494)</u>	<u>\$ 380,037</u>	<u>\$ 283,543</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Statement of Operating Expenses for the Base Year Ended December 31, 2015,
the Future Test Year Ended December 31, 2016, and the FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(1) - Sheet No. 1b

Water Operations

NARUC Acct. No.	Account Description	Per Books Base	Per Book & Going		Pro Forma Expenses	Per Book & Going		Pro Forma Expenses
		Year Ended 12/31/15	No.	Amount	at Going Rates 12/31/2016	No.	Amount	at Going Rates 12/31/2017
701	Water - Salaries & Wages - Employees	\$ 197,690	1,2	\$ 39,782	\$ 237,472	1,2	\$ 3,043	\$ 240,516
704	Water - Employee Pensions & Benefits	57,506	3	211	57,717	3	3,504	61,221
711	Water - Sludge Hauling & Sewer Rodding	-	4	-	-	4	-	-
615	Water - Purchased Power	38,186	5	2,559	40,745	5	(852)	39,893
610	Water - Purchased Water	277,715	6	(24,640)	253,075	6	16,451	269,526
718	Water - Chemicals	33,356	7	1,329	34,685	7	860	35,545
720	Water - Materials, Supplies, and Other Maintenance Expense	18,354	8	6,763	25,117	8	5,104	30,221
731	Water - Engineering Fees	2,052	9	801	2,853	9	-	2,853
732	Water - Contractual Services - Accounting	7,757	10	(1,493)	6,264	10	188	6,452
733	Water - Contractual Services - Legal	31,563	11	(29,258)	2,305	11	45	2,350
736	Water - Contractual Services - Other	5,390	12	121	5,511	12	222	5,733
741	Water - Rental of Building/Real Property	2,584	13	213	2,797	13	59	2,856
750	Water - Transportation Expenses	15,946	14	1,517	17,463	14	(286)	17,177
759	Water - Insurance - Other	25,370	15	3,068	28,438	15	705	29,143
760	Water - Advertising Expense	98	16	(98)	-	16	-	-
675	Water - Office Utilities, Supplies & Other Office Expenses	42,982	17	7,749	50,731	17	2,285	53,016
766	Water - Regulatory Commission Expenses - Amortization of Rate Case Expense	32,144	18	(5,766)	26,378	18	87,670	114,048
767	Water - Regulatory Commission Expenses - Other	28,675	19	(28,675)	-	19	-	-
775	Water - Testing, Meter Reading, and Miscellaneous Expense	\$ 36,742	20	\$ 2,098	\$ 38,840	20	\$ 1,064	\$ 39,904
	Total Operating and Maintenance Expenses	<u>\$ 854,108</u>		<u>\$ (23,717)</u>	<u>\$ 830,392</u>		<u>\$ 120,062</u>	<u>\$ 950,454</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Adjustments to (c)(1) Sheet 1b
Answer to 52 Pa. Code 53.52 (c)(1) - Sheet No. 1c

<u>Going Level Adjustments [1]</u>	<u>2016</u>	<u>2017</u>
1 An adjustment is required to reflect the forecasted level of salary expense. Going Level Adjustment Refer to Supporting Schedule 7	\$ 39,786	\$ 9,430
2 An adjustment is required to reflect the forecasted level of Capitalized Time Charged to Plant for employees allocated to Community Utilities of PA Inc. Going Level Adjustment Refer to Supporting Schedule 7	\$ (4)	\$ (6,386)
3 An adjustment is required to reflect the forecasted level of Pension and Benefits for Employees Allocated to Community Utilities of PA Inc. Going Level Adjustment	\$ 211	\$ 3,504
4 An adjustment is required to reflect the forecasted level of Sludge Hauling and Sewer Rodding expense for territories providing wastewater service to Community Utilities of PA Inc. customers. Going Level Adjustment	\$ -	\$ -
5 An adjustment is required to reflect the forecasted level of Electric expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 2,559	\$ (852)
6 An adjustment is required to reflect the forecasted level of Purchased Water expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ (24,640)	\$ 16,451
7 An adjustment is required to reflect the forecasted level of Chemical expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 1,329	\$ 860
8 An adjustment is required to reflect the forecasted level of Maintenance expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 6,763	\$ 5,104
9 An adjustment is required to reflect the forecasted level of Engineering fees to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 801	\$ -
10 An adjustment is required to reflect the forecasted level of Accounting fees to be allocated to Community Utilities of PA Inc. Going Level Adjustment	\$ (1,493)	\$ 188
11 An adjustment is required to reflect the forecasted level of outside Legal expense to be allocated to Community Utilities of PA Inc. Going Level Adjustment	\$ (29,258)	\$ 45
12 An adjustment is required to reflect the forecasted level of other Contractual services expenses to be allocated to Community Utilities of PA Inc. Going Level Adjustment	\$ 121	\$ 222
13 An adjustment is required to reflect the forecasted level of Rent expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 213	\$ 59
14 An adjustment is required to reflect the forecasted level of Transportation expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 1,517	\$ (286)

[1] "Adjustment" refers to the change between periods and is not meant to imply there was an "adjustment" to the base period.

Community Utilities of Pennsylvania Inc.
Water Divisions
Adjustments to (c)(1) Sheet 1b
Answer to 52 Pa. Code 53.52 (c)(1) - Sheet No. 1c

<u>Going Level Adjustments [1]</u>	2016	2017
15 An adjustment is required to reflect the forecasted level of Insurance expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 3,068	\$ 705
16 An adjustment is required to reflect the forecasted level of Advertising expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ (98)	\$ -
17 An adjustment is required to reflect the forecasted level of Office Utilities expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 7,749	\$ 2,285
18 An adjustment is required to normalize Estimated Rate Case expense for this filing over three years. Going Level Adjustment	\$ (5,766)	\$ 87,670
Refer to Supporting Schedule 8		
19 An adjustment is required to eliminate outside regulatory commission expense. Going Level Adjustment	\$ (28,675)	\$ -
20 An adjustment is required to reflect the forecasted level of Testing, Meter Reading, and other miscellaneous expense to be incurred by Community Utilities of PA Inc. Going Level Adjustment	\$ 2,098	\$ 1,064

[1] "Adjustment" refers to the change between periods and is not meant to imply there was an "adjustment" to the base period.

Community Utilities of Pennsylvania Inc.
Water Divisions
Statement of the Calculation of the Rate of Return Under the Present and Proposed Rates for the Base Year Ended
December 31, 2015, the Future Test Years Ended December 31, 2016 and December 31, 2017, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(1) - Sheet No. 2

<u>Water Operations</u>	Supporting Schedule No.	Pro-forma Present 12/31/2015	Future Test Year 12/31/2016	Future Test Year 12/31/2017	Proposed FPFTY 12/31/2017
Utility Plant In Service	(c)(3)	\$ 7,850,876	\$ 7,581,003	\$ 7,559,381	\$ 7,559,381
Less:					
Accumulated Depreciation	(c)(4)	(2,520,106)	(2,410,113)	(2,427,424)	(2,427,424)
Net Plant In Service		5,330,770	5,170,890	5,131,957	5,131,957
Less:					
Contributions in Aid of Construction (Net)		(1,450,471)	(1,419,969)	(1,389,467)	(1,389,467)
Net Plant Acquisition Adjustment		(835,750)	(936,305)	(900,236)	(900,236)
Customer Deposits		(4,646)	(4,646)	(4,646)	(4,646)
Accumulated Deferred Income Taxes		(290,421)	(435,780)	(484,204)	(484,204)
Add:					
Proforma Level of Plant		-	328,279	837,567	837,567
Cash Working Capital	10	110,811	110,059	125,506	125,506
Total Rate Base		\$ 2,860,293	\$ 2,812,528	\$ 3,316,476	\$ 3,316,476
Net Operating Income	(c)(1) Sheet 1a	53,913	27,450	(96,494)	283,543
Percent Pro-forma Return		<u>1.88%</u> [1]	<u>0.98%</u> [1]	<u>-2.91%</u> [1]	<u>8.55%</u> [1]

[1] Net Operating Income over Total Rate Base.

**Community Utilities of Pennsylvania Inc.
Water Divisions**

**Assets and other Debits as of the Base Year Ended December 31, 2015 and Pro-forma Balance Sheets
for the Future Test Years Ended December 31, 2016 and December 31, 2017, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(2) - Sheet No. 1**

Water Operations

<u>Account</u>	<u>Per Books Base Year Ended 12/31/2015</u>		<u>Future Test Year Ended 12/31/2016</u>		<u>Pro-forma FPFTY Ended 12/31/2017</u>	
<u>Net Utility Plant</u>						
Utility Plant in Service	\$ 7,850,876		\$ 7,909,281		\$ 8,396,948	
Accumulated Depreciation	<u>(2,520,106)</u>	5,330,770	<u>(2,410,113)</u>	5,499,169	<u>(2,427,424)</u>	5,969,524
Purchased Acquisition Adjustment (Net)		(835,750)		(936,305)		(900,236)
Work in Progress (Net)		6,001		-		-
<u>Current & Accrued Assets</u>						
Cash	-		-		-	
Accounts Receivable (Net)	156,636		156,636		156,636	
Other Current Assets	2,854		2,854		2,854	
Deferred Charges	<u>-</u>	<u>159,490</u>	<u>342,145</u>	<u>501,635</u>	<u>228,097</u>	<u>387,587</u>
Total Assets		<u>\$ 4,660,512</u>		<u>\$ 5,064,499</u>		<u>\$ 5,456,874</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Assets and other Debits as of the Base Year Ended December 31, 2015 and Pro-forma Balance
Sheets for the Future Test Year Ended December 31, 2016 and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(2) - Sheet No. 2

Water Operations

Account	Per Books Base Year Ended 12/31/2015		Future Test Year Ended 12/31/2016		Pro-forma FPFTY Ended 12/31/2017	
<u>Equity Capital</u>						
Common Stock and Paid In Capital		\$ 2,567,236		\$ 2,567,236		\$ 2,567,236
Retained Earnings		415,734		350,371		144,433
<u>Current and Accrued Liabilities</u>						
Accounts Payable-Trade	42,714		42,714		42,714	
Taxes Accrued	(21,181)		(21,181)		(21,181)	
Customer Deposits	4,205		4,205		4,205	
Customer Deposits - Interest	441		441		441	
Advances from Utilities, Inc.	1,113,237		1,113,237		1,113,237	
A/P - Assoc. Companies	<u>(1,202,768)</u>	(63,351)	<u>(790,340)</u>	349,077	<u>(265,772)</u>	873,645
Contributions in Aid of Construction		1,450,471		1,419,969		1,389,467
<u>Accumulated Deferred Income Tax</u>						
Deferred Tax - Federal	298,584		364,493		443,085	
Deferred Tax - State	<u>(8,163)</u>	290,421	<u>1,677,541</u>	13,352	377,846	2,146,892
					39,007	482,093
						2,745,205
Total Capitalization & Liabilities		<u>\$ 4,660,512</u>		<u>\$ 5,064,499</u>		<u>\$ 5,456,874</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Original Cost Utility Plant in Service for the Base Year Ended December 31, 2015
Future Test Year Ended December 31, 2016, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(3)

Water Operations

NARUC Acct. No.	Account Description	Per Books Base Year Ended 12/31/2015	Future Test Year 2016 GL Additions & Pro-forma Plant	Future Test Year 2016 Retirements	Pro Forma Plant Future Test Year Ended 12/31/2016	FPFTY 2017 GL Additions & Pro-forma Plant	FPFTY 2017 Retirements	Pro Forma Plant FPFTY Ended 12/31/2017
301.1	WATER - ORGANIZATION	\$ 219,938	\$ -	\$ -	\$ 219,938	\$ -	\$ -	\$ 219,938
302.1	WATER - FRANCHISES	6,608	-	-	6,608	-	-	6,608
303.2	WATER - LAND & LAND RIGHTS PUMP	-	-	-	-	-	-	-
303.3	WATER - LAND & LAND RIGHTS WTR TRT	-	-	-	-	-	-	-
303.4	WATER - LAND & LAND RIGHTS TRANS DIST	-	-	-	-	-	-	-
303.5	WATER - LAND & LAND RIGHTS GEN PLT	7,238	389	-	7,627	389	-	8,016
304.2	WATER - STRUCT & IMPRV SRC SUPPLY	65,260	6,603	-	71,863	6,603	-	78,466
304.3	WATER - STRUCT & IMPRV WTR TRT PLT	30,686	1,902	-	32,588	1,902	-	34,489
304.4	WATER - STRUCT & IMPRV TRANS DIST PLT	12,015	3,004	-	15,018	3,004	-	18,022
304.5	WATER - STRUCT & IMPRV GEN PLT	63,435	375	-	63,810	375	-	64,185
305.2	WATER - COLLECTING RESERVOIRS	-	-	-	-	-	-	-
307.2	WATER - WELLS & SPRINGS	630,422	9,503	-	639,925	9,503	-	649,428
309.2	WATER - SUPPLY MAINS	66,576	2,468	-	69,044	2,468	-	71,512
310.2	WATER - POWER GENERATION EQUIP	835	-	-	835	-	-	835
311.2	WATER - ELECTRIC PUMP EQUIP SRC PUMP	2,363	602	-	2,965	602	-	3,566
311.3	WATER - ELECTRIC PUMP EQUIP WTP	212,991	11,180	-	224,172	11,180	-	235,352
311.4	WATER - ELECTRIC PUMP EQUIP TRANS DIST	9,168	2,292	-	11,460	2,292	-	13,752
320.3	WATER - WATER TREATMENT EQPT	87,161	4,479	-	91,640	4,479	-	96,119
330.4	WATER - DIST RESV & STANDPIPES	1,036,522	91,993	-	1,128,515	8,710	-	1,137,224
331.4	WATER - TRANS & DISTR MAINS	3,520,804	41,194	-	3,561,998	41,194	-	3,603,192
333.4	WATER - SERVICE LINES	410,890	91,380	(5,861)	496,409	91,380	(5,861)	581,928
334.4	WATER - METERS	412,859	23,415	-	436,274	430,018	(142,311)	723,981
334.4	WATER - METER INSTALLATIONS	57,504	9,852	-	67,356	9,852	-	77,207
335.4	WATER - HYDRANTS	356,465	16,328	-	372,793	16,328	-	389,121
336.4	WATER - BACKFLOW PREVENTION DEVICES	-	-	-	-	-	-	-
339.3	WATER - OTH PLT&MISC EQUIP WTP	-	-	-	-	-	-	-
304.5	WATER - OFFICE STRUCT & IMPRV	31,203	786	-	31,989	786	-	32,775
340.5	WATER - OFFICE FURN & EQPT	28,504	58	-	28,563	58	-	28,621
343.5	WATER - TOOL SHOP & MISC EQPT	80,934	3,144	-	84,078	3,144	-	87,222
344.5	WATER - LABORATORY EQUIPMENT	8,472	773	-	9,246	773	-	10,019
345.5	WATER - POWER OPERATED EQUIP	22,031	6,559	-	28,591	6,559	-	35,150
346.5	WATER - COMMUNICATION EQPT	21,201	5,150	-	26,351	5,150	-	31,500
347.5	WATER - MISC EQUIPMENT	-	-	-	-	-	-	-
392.7	WATER - STORES EQUIPMENT	1,483	713	-	2,196	713	-	2,909
341.5	WATER - TRANSPORTATION EQPT	150,671	13,707	(25,169)	139,209	-	-	139,209
340.5	WATER - MAINFRAME COMPUTER	10,223	-	(10,220)	3	-	-	3
340.5	WATER - MINI COMPUTERS	46,681	-	(28,167)	18,514	-	(13,235)	5,279
340.5	WATER - COMP SYS COST	234,444	-	(214,735)	19,709	-	(8,387)	11,322
340.5	WATER - MICRO SYS COST	5,289	-	(5,289)	(0)	-	-	(0)
348.5/398.7	WATER - OTHER PLANT	-	-	-	-	-	-	-
	Total Plant in Service	\$ 7,850,876	\$ 347,847	\$ (289,441)	\$ 7,909,282	\$ 657,461	\$ (169,794)	\$ 8,396,949

Community Utilities of Pennsylvania Inc.
Water Divisions
Reserve for Depreciation of Utility Plant
the Future Test Year Ended December 31, 2016, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(4)

Water Operations

	<u>Adjustment</u> [1]	<u>Base Year Ended 12/31/2016 Total</u>	<u>Adjustment</u> [1]	<u>Future Test Year Ended 12/31/2017 Total</u>
Per Books Reserve for Depreciation		\$ 2,520,106		\$ 2,410,113
<u>Accumulated Depreciation Adjustments:</u>				
Pro-forma Plant A/D	\$ 145,208		\$ 17,313	
Computers	\$ (244,826)		\$ (14,796)	
Vehicles	<u>\$ (10,375)</u>	<u>\$ (109,994)</u>	<u>\$ 14,794</u>	<u>\$ 17,311</u>
Pro-forma Reserve for Depreciation		<u><u>\$ 2,410,113</u></u>		<u><u>\$ 2,427,424</u></u>

[1] Supporting Schedule No. 9 includes additional Accumulated Depreciation associated with Pro-forma Capital Projects, General Ledger Additions and Retirements.

Community Utilities of Pennsylvania Inc.
Water Divisions
Statement of Operating Income Setting Forth the Operating Revenues
at Present Rates by Detail Accounts for the Base Year Ended December 31, 2015, the
Future Test Year Ended December 31, 2016, and FPFTY Ended December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(5)

<u>Water Operations</u>	Per Books for the Base Year Ended 12/31/2015	Future Test Year Ended 12/31/2016	Future Test Year Ended 12/31/2017	Pro Forma FPFTY Ended 12/31/2017
<u>Operating Revenue</u>				
Gross Operating Revenue	\$ 1,070,650	\$ 1,018,664	\$ 1,010,282	\$ 1,438,099
Allowance for Uncollectible Accounts	(9,368)	(9,123)	(9,046)	(12,176)
Net Operating Revenue	1,061,282	1,009,541	1,001,236	1,425,922
<u>Operating Expenses</u>				
Operating Expenses	\$ 854,108	\$ 830,392	\$ 950,454	\$ 950,454
Depreciation	\$ 196,757	\$ 179,447	\$ 187,105	\$ 187,105
Amortization of PAA	\$ (36,069)	\$ (36,069)	\$ (36,069)	\$ (36,069)
Taxes Other than Income	\$ 32,383	\$ 50,081	\$ 53,601	\$ 56,072
Amortization of CIAC	\$ (30,894)	\$ (30,502)	\$ (30,502)	\$ (30,502)
Income Taxes				
Federal Income Tax	\$ 24,059	\$ -	\$ -	\$ -
State Income Tax	\$ (32,975)	\$ (11,258)	\$ (26,860)	\$ 15,320
Total Operating Expenses	\$ 1,007,369	\$ 982,091	\$ 1,097,730	\$ 1,142,380
Net Operating Income	\$ 53,913	\$ 27,450	\$ (96,494)	\$ 283,543
<u>Non-Operating Income & Expenses</u>				
Interest Expense	\$ 87,058	\$ 92,813	\$ 109,444	\$ 109,444
Other Income	(936)	-	-	-
Total Non-Operating Expenses	\$ 86,122	\$ 92,813	\$ 109,444	\$ 109,444
Net Income (Loss)	<u>\$ (32,209)</u>	<u>\$ (65,364)</u>	<u>\$ (205,938)</u>	<u>\$ 174,099</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Statement Detailing Major Changes in the Operating or Financial
Condition Occurring between December 31, 2015 and December 31, 2017
Answer to 52 Pa. Code 53.52 (c)(6)

There were no major accounting changes between December 31, 2015 and December 31, 2017 which would effect the operating or financial condition of Community Utilities of Pennsylvania Inc.

Section 2

Community Utilities of Pennsylvania Inc.
Water Divisions

Supporting Data
for
Docket No. R-2016-_____

By

Robert Guttormsen
Senior Financial Analyst

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Community Utilities of Pennsylvania Inc.
Water Divisions
Base Year / Present Revenues
December 31, 2015

	A	B	C	D	E	F	G	H	I	J	K
	WATER										
Line	Class	Meter Size	Meter Size	Gallage	Usage Charge	Vol Revenue	Units	BFC	Base Revenue	Revenues	
1.	<u>All Subs:</u>										
2.	RES	5/8"	5/8" Res.	120,786,893	\$ 4.22	\$ 510,209	29,307	\$ 15.70	\$ 460,019	\$ 970,228	
3.	RES	1"	1" Res.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
4.	RES	1.5"	1.5" Res.	241,000	\$ 4.61	\$ 1,111	12	\$ 84.16	\$ 1,010	\$ 2,121	
5.	RES	2"	2" Res.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
6.	COML	5/8"	5/8" Coml.	1,027,888	\$ 4.52	\$ 4,641	238	\$ 16.49	\$ 3,924	\$ 8,565	
7.	COML	1"	1" Coml.	1,294,691	\$ 4.53	\$ 5,863	55	\$ 38.83	\$ 2,118	\$ 7,981	
8.	COML	1.5"	1.5" Coml.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
9.	COML	2"	2" Coml.	176,000	\$ 4.61	\$ 811	12	\$ 134.64	\$ 1,616	\$ 2,427	
10.				123,526,472		\$ 522,635	29,623		\$ 468,686	\$ 991,321	
11.											
12.	FLAT	Fire Hydrant		-	\$ -	\$ -	760	\$ 20.91	\$ 15,892	\$ 15,892	
13.	AVAIL	Construction		-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
14.	AVAIL	Other		-	\$ -	\$ -	199	\$ 41.94	\$ 8,346	\$ 8,346	
15.				-		\$ -	959		\$ 24,237	\$ 24,237	
16.											
17.	Water Total			123,526,472		\$ 522,635	30,582		\$ 492,923	\$ 1,015,558	

Community Utilities of Pennsylvania Inc.
Water Divisions
Future Period / Pro Forma Present Revenues
Base Year (Per Books) Ended December 31, 2015
Future Period Ended December 31, 2016

	A	B	C	D	E	F	G	H	I	J	K
	WATER										
Line	Class	Meter Size	Meter Size	Gallage	Usage Charge	Vol Revenue	Units	BFC	Base Revenue	Revenues	
1.	<u>All Subs:</u>										
2.	RES	5/8"	5/8" Res.	118,808,378	\$ 4.22	\$ 501,881	29,307	\$ 15.70	\$ 460,019	\$ 961,899	
3.	RES	1"	1" Res.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
4.	RES	1.5"	1.5" Res.	237,289	\$ 4.61	\$ 1,094	12	\$ 84.16	\$ 1,010	\$ 2,104	
5.	RES	2"	2" Res.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
6.	COML	5/8"	5/8" Coml.	1,011,811	\$ 4.52	\$ 4,569	238	\$ 16.49	\$ 3,924	\$ 8,492	
7.	COML	1"	1" Coml.	1,274,484	\$ 4.53	\$ 5,772	55	\$ 38.83	\$ 2,118	\$ 7,889	
8.	COML	1.5"	1.5" Coml.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
9.	COML	2"	2" Coml.	173,290	\$ 4.61	\$ 799	12	\$ 134.64	\$ 1,616	\$ 2,415	
10.				<u>121,505,252</u>		<u>\$ 514,113</u>	<u>29,623</u>		<u>\$ 468,686</u>	<u>\$ 982,799</u>	
11.											
12.	FLAT	Fire Hydrant		-	\$ -	\$ -	760	\$ 20.91	\$ 15,892	\$ 15,892	
13.	AVAIL	Construction		-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
14.	AVAIL	Other		-	\$ -	\$ -	199	\$ 41.94	\$ 8,346	\$ 8,346	
15.				<u>-</u>		<u>\$ -</u>	<u>959</u>		<u>\$ 24,237</u>	<u>\$ 24,237</u>	
16.											
17.	Water Total			<u>121,505,252</u>		<u>\$ 514,113</u>	<u>30,582</u>		<u>\$ 492,923</u>	<u>\$ 1,007,036</u>	

Community Utilities of Pennsylvania Inc.
Water Divisions
Test Year / Present Revenues
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31 2015

	A	B	C	D	E	F	G	H	I	J	K
	WATER										
Line	Class	Meter Size	Meter Size	Gallage	Usage Charge	Vol Revenue	Units	BFC	Base Revenue	Revenues	
1.	<u>All Subs:</u>										
2.	RES	5/8"	5/8" Res.	116,862,345	\$ 4.22	\$ 493,688	29,307	\$ 15.70	\$ 460,019	\$ 953,707	
3.	RES	1"	1" Res.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
4.	RES	1.5"	1.5" Res.	233,635	\$ 4.61	\$ 1,077	12	\$ 84.16	\$ 1,010	\$ 2,087	
5.	RES	2"	2" Res.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
6.	COML	5/8"	5/8" Coml.	995,985	\$ 4.52	\$ 4,497	238	\$ 16.49	\$ 3,924	\$ 8,421	
7.	COML	1"	1" Coml.	1,254,593	\$ 4.53	\$ 5,682	55	\$ 38.83	\$ 2,118	\$ 7,799	
8.	COML	1.5"	1.5" Coml.	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
9.	COML	2"	2" Coml.	170,621	\$ 4.61	\$ 787	12	\$ 134.64	\$ 1,616	\$ 2,402	
10.				<u>119,517,179</u>		<u>\$ 505,731</u>	<u>29,623</u>		<u>\$ 468,686</u>	<u>\$ 974,416</u>	
11.											
12.	FLAT	Fire Hydrant		-	\$ -	\$ -	760	\$ 20.91	\$ 15,892	\$ 15,892	
13.	AVAIL	Construction		-	\$ -	\$ -	-	\$ -	\$ -	\$ -	
14.	AVAIL	Other		-	\$ -	\$ -	199	\$ 41.94	\$ 8,346	\$ 8,346	
15.				<u>-</u>		<u>\$ -</u>	<u>959</u>		<u>\$ 24,237</u>	<u>\$ 24,237</u>	
16.											
17.	Water Total			<u>119,517,179</u>		<u>\$ 505,731</u>	<u>30,582</u>		<u>\$ 492,923</u>	<u>\$ 998,653</u>	

Community Utilities of Pennsylvania Inc.
Water Division
Calculation of Proposed Consolidated Rates
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

A		B	C	D	E	F	G	H
Line No.	Meter Size	# of bills/units	Proposed Base Charge	Base Charge Revenue	Gallorage	Proposed Gallorage Charge	Gallorage Charge Revenue	Total Revenue
1.	Water Residential							
2.	Meter Size							
3.	5/8"	29,307	\$ 22.32	\$ 654,129	116,862,345	\$ 6.073	\$ 709,705	\$ 1,363,834
4.	1"	-	\$ 55.80	\$ -	-	\$ 6.073	\$ -	\$ -
5.	1.5"	12	\$ 111.60	\$ 1,339	233,635	\$ 6.073	\$ 1,419	\$ 2,758
6.	2"	-	\$ 178.56	\$ -	-	\$ 6.073	\$ -	\$ -
7.	Total Residential Water							\$ 1,366,592
8.								
9.	Water Commercial							
10.	Meter Size							
11.	5/8"	238	\$ 22.32	\$ 5,311	995,985	\$ 6.073	\$ 6,049	\$ 11,360
12.	1"	55	\$ 55.80	\$ 3,043	1,254,593	\$ 6.073	\$ 7,619	\$ 10,662
13.	1.5"	-	\$ 111.60	\$ -	-	\$ 6.073	\$ -	\$ -
14.	2"	12	\$ 178.56	\$ 2,143	170,621	\$ 6.073	\$ 1,036	\$ 3,179
15.	Total Commercial Water							\$ 25,201
16.								
17.	Unmetered - Public Fire Protection (Hydrants)	760	\$ 29.87	\$ 22,701	-	\$ 6.073	\$ -	\$ 22,701
18.	Unmetered - Construction Availability	-	\$ -	\$ -	-	\$ 6.073	\$ -	\$ -
19.	Unmetered - Other Availability	199	\$ 59.91	\$ 11,921	-	\$ 6.073	\$ -	\$ 11,921
20.								
21.	Total Water							\$ 1,426,416
22.	Water Revenue Requirement from Rates							\$ 1,426,471
23.	Difference							\$ (55)

Community Utilities of Pennsylvania Inc.
Water Divisions
Uncollectible Accounts
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

	A	B
Line		Water
	<u>Community Utilities of Pennsylvania Inc.</u>	
1.	December 31, 2015 Revenues	\$ 1,043,131
2.		
3.	Uncollectible Accounts	\$ 9,368
4.		
5.	Uncollectible %	0.90%
6.		
7.	<u>Community Utilities of Pennsylvania Inc.</u>	
8.	PROPOSED Revenues	\$ 1,426,471
9.		
10.	Uncollectible %	0.90%
11.		
12.		
13.	Uncollectible Accounts	\$ 12,176

Community Utilities of Pennsylvania Inc.
Water Divisions
Depreciation Expense
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

	A	B
Line		Water
1.	December 31, 2015	
2.	Utility Plant	\$ 145,328
3.	Transportation	16,230
4.	Computers	35,199
5.		
6.	CIAC	(30,894)
7.		
8.	PAA	(36,069)
9.		
10.	Per Books December 31, 2015	\$ 129,794
11.		
12.		
13.	December 31, 2016	
14.	Utility Plant	\$ 151,069
15.	Transportation	14,794
16.	Computers	13,585
17.		
18.	CIAC	(30,502)
19.		
20.	PAA	(36,069)
21.		
22.	Future Period December 31, 2016	\$ 112,876
23.		
24.		
25.	December 31, 2017	
26.	Utility Plant	\$ 165,485
27.	Transportation	14,794
28.	Computers	6,826
29.		
30.	CIAC	(30,502)
31.		
32.	PAA	(36,069)
33.		
34.	FPFTY December 31, 2017	\$ 120,534

Community Utilities of Pennsylvania Inc.
Water Divisions
Calculation of Taxes Other Than Income Taxes
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

<u>Line No.</u>	<u>A</u>	<u>B</u>
		<u>Water</u>
1.	<u>Test Year 12/31/2015</u>	
2.		
3.	Utility/Commission Tax	\$ 5,772
4.	Real Estate Tax	6,658
5.	Personal Property Tax	4
6.	Gross Receipts Tax	-
7.	Franchise Tax	904
8.	Sales/Use Tax	-
9.		
10.	Payroll Taxes	<u>19,045</u>
11.		
12.	Total	<u><u>\$ 32,383</u></u>
13.		
14.	<u>Forecast 12/31/2016</u>	
15.		
16.	Utility/Commission Tax	\$ 5,816
17.	Real Estate Tax	19,910
18.	Personal Property Tax	-
19.	Gross Receipts Tax	-
20.	Franchise Tax	139
21.	Sales/Use Tax	-
22.		
23.	Payroll Taxes	<u>24,216</u>
24.		
25.	Total	<u><u>\$ 50,081</u></u>
26.		
27.	<u>Forecast 12/31/2017</u>	
28.		
29.	Utility/Commission Tax	\$ 8,238
30.	Real Estate Tax	20,356
31.	Personal Property Tax	-
32.	Gross Receipts Tax	-
33.	Franchise Tax	146
34.	Sales/Use Tax	-
35.		
36.	Payroll Taxes	<u>24,861</u>
37.		
38.	Total	<u><u>\$ 53,601</u></u>
39.		
40.	<u>Pro Forma Proposed</u>	
41.		
42.	Proposed Revenue Increase	\$ 427,817
43.		
44.	Gross Receipts Increase	0.58%
45.	(Utility/Commission Tax)	<u> </u>
46.		
47.	Adjustment	<u><u>\$ 2,471</u></u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Calculation of Income Taxes
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

A	B	C	D	E
<u>WATER</u>	12/31/2016	12/31/2017	Pro Forma	Pro Forma
Line No.	Forecast	Forecast	Future Test Year	Proposed
1.				
2.				
3.	\$ 1,009,541	\$ 1,001,236	\$ 1,001,236	\$ 1,425,922
4.				
5.	610,653	634,420	634,420	634,420
6.	219,739	316,034	316,034	316,034
7.	148,945	156,603	156,603	156,603
8.	50,081	53,601	53,601	56,072
9.	-	-	-	-
10.	92,813	109,444	109,444	109,444
11.				
12.	\$ (112,690)	\$ (268,866)	\$ (268,866)	\$ 153,350
13.	9.99%	9.99%	9.99%	9.99%
14.				
15.	<u>\$ (11,258)</u>	<u>\$ (26,860)</u>	<u>\$ (26,860)</u>	<u>\$ 15,320</u>
16.				
17.				
18.				
19.	\$ (112,690)	\$ (268,866)	\$ (268,866)	\$ 153,350
20.				
21.	<u>(11,258)</u>	<u>(26,860)</u>	<u>(26,860)</u>	<u>15,320</u>
22.				
23.	\$ (101,433)	\$ (242,007)	\$ (242,007)	\$ 138,030
24.	0%	0%	0%	0%
25.				
26.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Utilities of Pennsylvania Inc.
Water Divisions
Salary Expense
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

A	B
Line	Water
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
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55.	
56.	
57.	
58.	

Community Utilities of Pennsylvania Inc.
Water Divisions
Rate Case Expense
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

Line No.	A	B	C	D	E	Total
1.	Legal Fees:					\$ 300,000
2.						
3.	Customer Notices (2 notices):					
4.	Postage	2,605	=	Customers x \$0.49		1,276
5.	Stock	2,605	=	Notices x (.103)		268
6.						
7.	Fed Ex, mailings, postage, and miscellaneous costs:					\$ 1,000
8.						
9.				# of Trips/ Nights		
10.		Personnel	Cost			
11.	Travel:					
12.	Airfare	3	500	3		\$ 4,500
13.	Hotel/Meals	3	200	3		1,800
14.	Rental Car	1	200	3		600
15.						
16.						
17.	External Consultants (Sussex Economic Advisors ROE):					<u>\$ 32,700</u>
18.						
19.						
20.	Total Cost of current case - estimated cost to complete:					342,145
21.						
22.	Allocation Weight to Community Utilities of Pennsylvania Inc.					1.00
23.						
24.						
25.	Total:					342,145
26.						
27.	Normalized over 3 years					<u>3</u>
28.						
29.						
30.	Forecast Amortization Expense per year [1]					<u><u>\$ 114,048</u></u>

[1] Rate case expense, including legal and any consulting fees may be more or less than estimated, depending upon the amount of discovery, scope and scale of litigation, or if and when the case settles.

Community Utilities of Pennsylvania Inc.
Water Divisions
Net Plant In Service
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

Line	A	B
		Water
1.	December 31, 2015	
2.	Utility Plant In Service (UPIS)	\$ 7,403,567
3.	Transportation	150,671
4.	Computers	296,637
5.	Total Gross Plant In Service	\$ 7,850,876
6.		
7.	Accumulated Depreciation UPIS	\$ (2,125,455)
8.	Accumulated Depreciation Transportation	(124,929)
9.	Accumulated Depreciation Computers	(269,722)
10.	Total Accumulated Depreciation	\$ (2,520,106)
11.		
12.	Per Books December 31, 2015	\$ 5,330,770
13.		
14.		
15.	Additions	
16.	Utility Plant In Service (UPIS)	\$ 334,139
17.	Transportation	13,707
18.	Computers	-
19.	Total Additions	\$ 347,846
20.		
21.	Retirements	
22.	Utility Plant In Service (UPIS)	\$ (5,861)
23.	Transportation	(25,169)
24.	Computers	(258,411)
25.	Total Retirements	\$ (289,441)
26.		
27.	Depreciation	
28.	Utility Plant In Service (UPIS)	\$ 151,069
29.	Transportation	14,794
30.	Computers	13,585
31.	Total Depreciation	\$ 179,447
32.		
33.	December 31, 2016	
34.	Utility Plant In Service (UPIS)	\$ 7,731,846
35.	Transportation	139,209
36.	Computers	38,227
37.	Total Gross Plant In Service	\$ 7,909,281
38.		
39.	Accumulated Depreciation UPIS	\$ (2,270,663)
40.	Accumulated Depreciation Transportation	(114,554)
41.	Accumulated Depreciation Computers	(24,896)
42.	Total Accumulated Depreciation	\$ (2,410,113)
43.		
44.	Future Period December 31, 2016	\$ 5,499,169

Community Utilities of Pennsylvania Inc.
Water Divisions
Net Plant In Service
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

Line	A	B
		Water
1.	Future Period December 31, 2016	
2.	Utility Plant In Service (UPIS)	\$ 7,731,846
3.	Transportation	139,209
4.	Computers	38,227
5.	Total Gross Plant In Service	\$ 7,909,281
6.		
7.	Accumulated Depreciation UPIS	\$ (2,270,663)
8.	Accumulated Depreciation Transportation	(114,554)
9.	Accumulated Depreciation Computers	(24,896)
10.	Total Accumulated Depreciation	\$ (2,410,113)
11.		
12.	Future Period December 31, 2016	\$ 5,499,169
13.		
14.		
15.	Additions	
16.	Utility Plant In Service (UPIS)	\$ 657,460
17.	Transportation	-
18.	Computers	-
19.	Total Additions	\$ 657,460
20.		
21.	Retirements	
22.	Utility Plant In Service (UPIS)	\$ (148,172)
23.	Transportation	-
24.	Computers	(21,622)
25.	Total Retirements	\$ (169,794)
26.		
27.	Depreciation	
28.	Utility Plant In Service (UPIS)	\$ 165,485
29.	Transportation	14,794
30.	Computers	6,826
31.	Total Depreciation	\$ 187,105
32.		
33.	December 31, 2017	
34.	Utility Plant In Service (UPIS)	\$ 8,241,134
35.	Transportation	139,209
36.	Computers	16,605
37.	Total Gross Plant In Service	\$ 8,396,948
38.		
39.	Accumulated Depreciation UPIS	\$ (2,287,976)
40.	Accumulated Depreciation Transportation	(129,348)
41.	Accumulated Depreciation Computers	(10,100)
42.	Total Accumulated Depreciation	\$ (2,427,424)
43.		
44.	FPFTY December 31, 2017	\$ 5,969,524

Community Utilities of Pennsylvania Inc.
Water Divisions
Calculation of Working Capital
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

<u>Line No.</u>	A	B	<u>Water</u>
1.	<u>12/31/2015 Base Year</u>		
2.	Maintenance Expenses		646,135
3.	General Expenses		207,974
4.	Taxes Other Than Income		32,383
5.			
6.	Total		<u>886,492</u>
7.			
8.	Working Capital	45/360	<u>110,811</u>
9.			
10.			
11.	<u>12/31/2016 Forecast</u>		
12.	Maintenance Expenses		610,653
13.	General Expenses		219,739
14.	Taxes Other Than Income		50,081
15.			
16.	Total		<u>880,473</u>
17.			
18.	Working Capital	45/360	<u>110,059</u>
19.			
20.			
21.	<u>12/31/2017 FPFTY</u>		
22.	Maintenance Expenses		634,420
23.	General Expenses		316,034
24.	Taxes Other Than Income		53,601
25.			
26.	Total		<u>1,004,055</u>
27.			
28.	Working Capital	45/360	<u>125,507</u>

UTILITIES, INC. AND SUBSIDIARIES
Capital Structure
Base Year (Per Books) Ended December 31, 2015

Line No.	A	B	C	D
		12/31/2015 Per Books	Annual Interest Expense	Capital Structure
1.	<u>COMMON SHAREHOLDERS' EQUITY:</u>			
2.	Common shares, \$.10 par value; authorized 1,000 and			
3.	issued 1,000 shares	\$ 100		
4.	Paid-in capital	149,122,616		
5.	Retained earnings	52,810,630		
6.				
7.	Total Common Shareholder's Equity	<u>\$ 201,933,346</u>		<u>50.62%</u>
8.				
9.	<u>DEBT:</u>			
10.				
11.	Collateral trust notes-			
12.	6.58%, \$9,000,000 due in annual installments			
13.	beginning in 2017 through 2035	180,000,000	11,886,434	
14.				
15.	Revolver	17,000,000	306,000	
16.				
17.	Total Debt	<u>\$ 197,000,000</u>	<u>\$ 12,192,434</u>	<u>49.38%</u>
18.				
19.				
20.	TOTAL CAPITALIZATION	<u>\$ \$ 398,933,346</u>		<u>100.00%</u>
21.				
22.	COST OF DEBT	<u>6.19%</u>		

Community Utilities of Pennsylvania Inc.
Water Divisions
Pro Forma Interest Expense/Forecasted Capital Structure
Base Year (Per Books) Ended December 31, 2015
Future Test Year Ended December 31, 2017

Line No.	A	B
		Water
1.	Forecast Rate Base 12/31/2016	2,812,528
2.		
3.	Debt Ratio	50.00%
4.		
5.	Embedded Cost of Debt	6.60%
6.		
7.		
8.	Forecast Interest Expense 12/31/2016	92,813
9.		
10.	Forecast Rate Base 12/31/2017	3,316,476
11.		
12.	Debt Ratio	50.00%
13.		
14.	Embedded Cost of Debt	6.60%
15.		
16.		
17.	Forecast Interest Expense 12/31/2017	109,444