



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

May 9, 2017

Rod Nevirauskas
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

Re: Pennsylvania Public Utility Commission v.
Pennsylvania-American Water Company –Base Rate
Docket No. R-2017-2595853

Dear Mr. Nevirauskas:

Enclosed please find two (2) copies of the Bureau of Investigation and Enforcement's (I&E) Data Request, **I&E-RB-1-D through I&E-RB-30-D and I&E-RS-17-D through I&E-RS-29-D**. Please restate each Data Request before responding, and start each Data Request and response on a separate page. The responses should identify the responding person(s).

The responses to these Data Requests are due within fifteen (15) calendar days pursuant to 52 Pa. Code Section 5.342(d). Please provide two (2) copies of your responses and forward them to me at Post Office Box 3265, Harrisburg, PA 17105-3265.

If you have any questions, please contact me at (717) 787-8754.

Sincerely,

Gina L. Miller

Prosecutor

Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

GLM/snc
Enclosure

cc: Certificate of Service
Secretary Chiavetta (CL and COS only)

Instructions For Answers To Bureau of Investigation and Enforcement
Interrogatories

1. These Bureau of Investigation and Enforcement (I&E) Interrogatories shall be deemed to be continuing. The Respondent is obliged to change, supplement and correct all answers to these interrogatories to conform to reasonably available information, including such information as becomes available to the Respondent after answers are filed.

2. Each answer should first restate the question asked and should also identify the person(s) supplying the information that constitutes any and all portions of the subject answer. If more than one person is listed, the primary sponsoring witness, for purposes of potential cross-examination at hearing, should be specifically identified.

3. All requested information within the knowledge, possession, control or custody of Respondent or that which may be reasonably ascertained by Respondent is to be provided. Specific references to the company or corporate name(s) or "the Company," or "you," as used herein includes agents, employees or other representatives.

4. As used herein, the word "document" or "workpaper" includes, but is not limited to, the original and/or all copies of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, e-mail messages, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence and enclosures, circulars, opinions, studies, investigations, questionnaires and surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium including electronic hard disks, floppy disks, CD, internet resources and/or magnetic media.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2017-2595853
 :
 Pennsylvania-American Water Company :
 -Base Rate :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Data Requests** dated May 9, 2017,
in the manner and upon the persons listed below, in accordance with the requirements of
52 Pa. Code § 1.54 (relating to service by a party):

Served via Electronic and First Class Mail

Susan Simms Marsh, Esquire
Rod Nevirauskas
Pennsylvania-America Water Company
800 West Hersheypark Drive
Hershey, PA 17033

John R. Evans
Office of Small Business Advocate
300 North Second Street
Suite 202
Harrisburg, PA 17101

Christine Maloni Hoover, Esquire
Erin L. Gannon, Esquire
Christy M. Appleby, Esquire
Lauren M. Burge, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923



Gina L. Miller
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

BUREAU OF INVESTIGATION AND ENFORCEMENT DATA REQUESTS

PENNSYLVANIA AMERICAN WATER COMPANY

Docket No. R-2017-2595853

Engineer: Kokou M Apetoh

I&E-RB-1-D

Reference Notes to Rate Base Elements shown on page 21 of Company Volume 3- Exhibit 3-A. Please provide a similar schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. A summary of rate base adjustments for the test year ended December 31, 2016 that supports the depreciated original cost of \$2,560,926,561;
- B. A summary of rate base adjustments for the test year ending December 31, 2017 that supports the depreciated original cost of \$2,585,750,214;
- C. A summary of rate base adjustments for the test year ending December 31, 2018 that supports the depreciated original cost of \$2,875,272,680; and
- D. A summary of rate base adjustments for the test year December 31, 2018 that supports the proposed depreciated original cost of \$2,877,035,202.

I&E-RB-2-D

Reference Notes to Rate Base Elements on page 22 of Company Volume 3- Exhibit 3-A. Reference Summary of Detailed Plant Accounts. Please provide a similar schedule in MS Excel or similar format with all the formulae live that shows for each plant account the following:

- A. The account number;
- B. The account title;
- C. The cost of the plant for the test year ended December 31, 2016;

- D. The estimated book value at December 31, 2017;
- E. The additions and retirements between December 31, 2016 and 2017;
- F. The estimated book value at December 31, 2018; and
- G. The estimated additions and retirements between December 31, 2017 and 2018.

I&E-RB-3-D

Please provide the monthly plant additions and retirements for the future test year ending December 31, 2017 and the fully projected future test year ending December 31, 2018, shown on page 22 of Company Volume 3 – Exhibit 3-A.

I&E-RB-4-D

Reference the plant additions and retirements by state account – future test for year ended December 31, 2017 shown on pages 1-5 of Company Volume 5- Exhibit 3-C. For each plant addition, please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;
- C. The starting date of the project;
- D. The location of the project;
- E. The percentage of project completed;
- F. The anticipated retirements related to the plant addition;
- G. The anticipated completion date; and
- H. The in-service date.

I&E-RB-5-D

Reference the \$21,148,240 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 304.62 – Stores, Shop and Garage Buildings, shown on page II-41 of Company Volume 11- Exhibit No. 11-C. Please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;
- C. The starting date of the project;
- D. The location of the project;
- E. The amount expended to date;
- F. The anticipated retirements related to the plant addition;
- G. The anticipated completion date; and
- H. The in-service date

I&E-RB-6-D

Reference the \$10,113,910 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 305 – Collecting and Impounding Reservoirs (Lake Scranton) shown on page II-48 of Company Volume 11- Exhibit No. 11-C. Please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- I. The account number;
- J. The account title;
- K. The starting date of the project;
- L. The location of the project;
- M. The amount expended to date;

- N. The anticipated retirements related to the plant addition;
- O. The anticipated completion date; and
- P. The in-service date.

I&E-RB-7-D

Reference the \$1,145,455 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 330.00 – Distribution Reservoirs and Standpipes, shown on page II-98 of Company Volume 11- Exhibit No. 11-C. Please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;
- C. The starting date of the project;
- D. The location of the project;
- E. The amount expended to date;
- F. The anticipated retirements related to the plant addition;
- G. The anticipated completion date; and
- H. The in-service date.

I&E-RB-8-D

Reference the \$3,716,442 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 330.10 – Elevated Tanks and Standpipes, shown on page II-99 of Company Volume 11- Exhibit No. 11-C. Please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;

- C. The starting date of the project;
- D. The location of the project;
- E. The amount expended to date;
- F. The anticipated retirements related to the plant addition;
- G. The anticipated completion date; and
- H. The in-service date.

I&E-RB-9-D

Reference the \$5,856,053 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 330.20 – Ground Level Facilities, shown on page II-100 of Company Volume 11- Exhibit No. 11-C. Please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;
- C. The starting date of the project;
- D. The location of the project;
- E. The amount expended to date;
- F. The anticipated retirements related to the plant addition;
- G. The anticipated completion date; and
- H. The in-service date.

I&E-RB-10-D

Reference the \$4,956,001 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 330.59 – Distribution Reservoirs and Standpipes – Painting shown on page II-104 of Company Volume 11- Exhibit No. 11-C. For each painting project, please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;
- C. The starting date of the project;
- D. The location of the project;
- E. The amount expended to date;
- F. The anticipated retirements related to the plant addition;
- G. The anticipated completion date; and
- H. The in-service date.

I&E-RB-11-D

Reference the \$1,189,028 of plant additions for the fully projected future test year ending December 31, 2018 related to Account 347.00 – Miscellaneous Equipment, shown on page II-136 of Company Volume 11- Exhibit No. 11-C. For each project, please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The account number;
- B. The account title;
- C. An explanation of the project;
- D. The starting date of the project;
- E. The location of the project;

- F. The amount expended to date;
- G. The anticipated retirements related to the plant addition;
- H. The anticipated completion date; and
- I. The in-service date.

I&E-RB-12-D Please provide a schedule that shows the actual total cost as well as the budgeted cost of plant additions and retirements, by account, for each month from January 1, 2012 through the most recent month available.

I&E-RB-13-D Reference Company response to filing requirements FR I.1. Please provide the Company's Construction Budget variance reports for each month (or quarter, if monthly data is not available) for the years ended December 31, 2011-2016 and explanations for variances of more than 20%.

I&E-RB-14-D Reference PAWC response to filing requirement FR IX.1 regarding quality of service shown in Volume 7 of Company filing. Has the Company been found in violation of any statutes or regulations from January 1, 2012 until December 31, 2015? If so, please provide:

- A. The date the violation occurred;
- B. The nature of the violation;
- C. The fines or penalties assessed as well as the entity that levied the penalties; and
- D. A detailed explanation of all the actions taken by the Company to remedy the problem(s).

I&E-RB-15-D

Reference Notes to Rate Base Elements on page 21 of Company Volume 3 - Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's proposed \$192,431,353 of Contributions In Aid Of Construction for the historic test year ended December 31, 2016. For each contribution, please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The type of plant installed;
- B. The date the contribution was received;
- C. The amount received;
- D. The annual depreciation expense; and
- E. The accrued depreciation as of December 31, 2016.

I&E-RB-16-D

Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's proposed \$196,308,876 of Contributions In Aid Of Construction for the future test year ending December 31, 2017. For each contribution, please provide a schedule in MS Excel or similar format with all the formulae live that shows the following:

- A. The type of plant installed;
- B. The date the contribution was received;
- C. The amount received;
- D. The annual depreciation expense; and
- E. The accrued depreciation as of December 31, 2017.

I&E-RB-17-D

Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's proposed \$200,186,399 of Contributions In Aid Of Construction for the fully projected future test year ending December 31, 2018. For each contribution, please provide a schedule showing the following:

- A. The type of plant installed;
- B. The date the contribution was received;
- C. The amount received;
- D. The annual depreciation expense; and
- E. The accrued depreciation as of December 31, 2018.

I&E-RB-18-D

Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's proposed \$83,870,344 of Customer Advances For construction for the fully projected future test year ending December 31, 2018. Please provide the monthly levels of Customer Advances for Construction from December 2011 through the most recent month available.

I&E-RB-19-D

Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's proposed \$1,558,014 of Excluded Property for the fully projected future test year ending December 31, 2018. For each plant item, please provide:

- A. A breakdown of the \$1,558,014 of Excluded Property; and
- B. Any supporting documentation for part A above.

- I&E-RB-20-D** Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments. Please provide a breakdown by plant account of the \$4,534,335,372 of total utility plant-in-service and the \$932,137,018 of accumulated depreciation for the historic test year ended December 31, 2016 in Excel or similar format with all the formulae live.
- I&E-RB-21-D** Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments. Please provide a breakdown by plant account of the \$4,749,287,406 of total utility plant-in-service and the \$1,016,007,443 of accumulated depreciation for the future test year ending December 31, 2017 in Excel or similar format with all the formulae live.
- I&E-RB-22-D** Reference Notes to Rate Base Elements on page 21 of Company Volume 3- Exhibit 3-A. Reference Summary of Rate Base Adjustments. Please provide a breakdown by plant account of the \$5,154,439,820 of total utility plant-in-service and the \$1,095,625,641 of accumulated depreciation for the fully projected future test year ending December 31, 2018 in Excel or similar format with all the formulae live.
- I&E-RB-23-D** Reference Notes to Rate Base Elements on page 21 of Company Volume 3 - Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's claimed \$9,821,042 of Materials and Supplies for the fully projected future test year ending December 31, 2018. Please provide the monthly levels of Materials and Supplies from January 1, 2013 through December 31, 2015.
- I&E-RB-24-D** Reference Notes to Rate Base Elements on page 21 of Company Volume 3 - Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's claimed \$8,549,182 of PG & W Acquisition Adjustment for the fully projected future test year ending December 21, 2018. Please provide the following:

- A. Original Acquisition Adjustment;
- B. Beginning date for the Acquisition Adjustment;
- C. Amortization period;
- D. Annual amortization amount; and
- E. Unamortized amounts as of December 31, 2016-2018.

I&E-RB-25-D

Reference Notes to Rate Base Elements on page 21 of Company Volume 3 - Exhibit 3-A. Reference Summary of Rate Base Adjustments and the Company's claimed \$20,041,664 of Citizens Acquisition CIAC & CAC, per settlement adjustments for the fully projected future test year ending December 21, 2018. For each acquisition, please provide the following:

- A. Original Acquisition Adjustment;
- B. Beginning date for the Acquisition Adjustment;
- C. Amortization period;
- D. Annual amortization amount; and
- E. Unamortized amounts as of December 31, 2016-2018.

I&E-RB-26-D

Reference Account 303.99 – Comprehensive Planning Studies shown on page II-9 of Company Volume 11 – Exhibit No. 11-C. Please provide a description of the study conducted in 2014 that cost \$668,293.

I&E-RB-27-D

Reference Account 303.99 – Comprehensive Planning Studies shown on page II-9 of Company Volume 11 – Exhibit No. 11-C. Please provide the following:

- A. A breakdown of the \$5,204,352 of Comprehensive Planning Studies conducted in 2016 by type (planning, collection analysis, etc.); and
- B. A copy of each study.

I&E-RB-28-D

Reference Company Exhibit No. 11-C, which shows PAWC's 2018 Depreciation Study related to its water plant as of December 31, 2018. Please provide in MS Excel or similar format with all the formulae live the following:

- A. Table 1, the development of net original cost as of December 31, 2018 shown on pages I-3 through I-4;
- B. Table 2, summary of estimated survivor curves, original cost, book reserve and calculated annual depreciation accruals related to water plant as of December 31, 2018 shown on pages I-5 through I-7;
- C. Table 3, bringforward to December 31, 2018 of book reserve as of December 31, 2017 shown on page I-8;
- D. Table 4, calculation of depreciation accruals for the twelve months ending December 31, 2018 shown on page I-9;
- E. Table 5, amortization of experienced and estimated net salvage shown on page I-10; and
- F. The cumulative depreciated original cost by year installed related to original cost as of December 31, 2018 shown on pages II-3-II-5.

I&E-RB-29-D

Reference Company Exhibit No. 11-B, which shows PAWC's 2017 Depreciation Study related to its water plant as of December 31, 2017. Please provide in MS Excel or similar format with all the formulae live the following:

- A. Table 1, development of net original cost as of December 31, 2017 shown on pages V-5 through V-6;

- B. Table 2, summary of estimated survivor curves, original cost, book reserve and calculated annual depreciation accruals related to water plant as of December 31, 2017 shown on pages V-7 through V-9;
- C. Table 3, bringforward to December 31, 2017 of book reserve as of December 31, 2016 shown on page V-10;
- D. Table 4, calculation of depreciation accruals for the twelve months ending December 31, 2017 shown on page V-11; and
- E. Table 5, amortization of experienced and net salvage shown on page V-12.

I&E-RB-30-D

Reference Company Exhibit No. 11-A, which shows PAWC's 2016 Depreciation Study related to its water plant as of December 31, 2016. Please provide in MS Excel or similar format with all the formulae live the following:

- A. Table 1, development of net original cost as of December 31, 2016 shown on pages I-3 through I-4;
- B. Table 2, summary of estimated survivor curves, original cost, book reserve and calculated annual depreciation accruals related to water plant as of December 31, 2016 shown on pages I-5 through I-7;
- C. Table 3, amortization of experienced net salvage shown on page I-8; and
- D. The cumulative depreciated original cost by year installed related to original cost as of December 31, 2016 shown on pages II-3-II-5.

BUREAU OF INVESTIGATION AND ENFORCEMENT DATA REQUESTS

PENNSYLVANIA AMERICAN WATER COMPANY

Docket No. R-2017-2595853

Supervisor: Joseph Kubas

I&E-RS-17-D Reference PAWC Exhibit No. 12-G, Schedule D, page 1 of the Scranton Wastewater Operations (SWO). Please provide the following concerning Average Daily Flows:

- A. Documentation and support for the claim that 3,320,100 gallons of the average daily flow is Inflow and Infiltration.
- B. Documentation and support for the claim that 1,681,400 gallons the average daily flow is storm water flow.

I&E-RS-18-D Reference PAWC Exhibit No. 12-G, Schedule D, page 1 of the Scranton Wastewater Operations (SWO). Please provide the following concerning Average Daily Flows:

- A. Description of how assigning a portion of the average I&I flow to storm water would change the results of the study.
- B. An explanation as to whether assigning 10% of I&I average flow to storm water would be a reasonable estimate. If the Company has an analysis that supports a more reasonable amount, provide that analysis.

I&E-RS-19-D Reference PAWC Exhibit No. 12-G, Schedule D, page 4 of the Scranton Wastewater Operations (SWO). Please provide the following concerning Peak Daily Flows:

- A. Documentation and support for the 3,252,700 gallons of peak residential flow. If this is an estimate, provide the basis for the estimate.
- B. Documentation and support for the 2,113,500 gallons of peak non-residential flow. If this is an estimate, provide the basis for the estimate.

- C. Documentation and support for the 167,300 gallons of peak non-residential flow. If this is an estimate, provide the basis for the estimate.
- D. Documentation and support for the claim that 35,000,000 of the peak daily flow is storm water flow. If this is an estimate, provide the basis for the estimate.

I&E-RS-20-D

Reference PAWC Exhibit No. 12-G, Schedule D, page 4 of the Scranton Wastewater Operations (SWO). Please provide the following concerning Average Daily Flows:

- A. Whether the Company believes that during peak days, all storm water entering the system is measured and therefore there is no storm water Inflow and Infiltration (I&I)?
- B. An explanation as to why no peak I&I volumes were assigned to the storm water flow.
- C. A description of how assigning a portion of the peak I&I to storm water would change the results of the study.
- D. An explanation as to if assigning 10% of peak I&I flow to storm water would be a reasonable estimate. If the Company has an analysis that supports a more reasonable amount, provide that analysis.

I&E-RS-21-D

Reference PAWC Exhibit No. 12-G, Schedule D, page 1 of the Scranton Wastewater Operations (SWO). Please provide the average flow from each jurisdiction causing 3,320,100 gallons of I&I and 1,681,400 gallons of storm water entering the system each day.

I&E-RS-22-D

Reference PAWC Exhibit No. 12-G, Schedule D, page 4 of the Scranton Wastewater Operations (SWO). Please provide the peak flow from each jurisdiction causing the 19,466,500 gallons of I&I flow and 35,000,000 gallons of storm water entering the system on a peak day.

I&E-RS-23-D Provide the average daily flow recorded at the Scranton Wastewater treatment plan each day of 2016.

I&E-RS-24-D Does the Company monitor storm water flow? If yes, provide the average daily storm water flow for the Scranton Operations recorded at each point in the system on each day of 2016.

I&E-RS-25-D Reference PAWC Exhibit No. 12-G, Schedule D, page 8 showing the allocation of rate base of the Scranton Wastewater Operations (SWO). Please provide the following information:

- A. Identify the account in which the Company included the cost of storm drains in public streets;
- B. Identify the original cost, book reserve, and net plant related to storm drains in public streets claimed as of December 31, 2018;
- C. Indicate the basis for allocating the cost of storm drains on public streets;
- D. Identify the account in which the Company included the cost storm drains on private streets, yards and/or parking lots;
- E. Identify the original cost, book reserve, and net plant related to of storm drains on private streets, yards, and/or parking lots as of December 31, 2018; and
- F. Explain the basis for allocating storm drains on private streets, yards, and/or parking lots.

I&E-RS-26-D Reference PAWC Exhibit No. 12-G, Schedule C, page 1 of the Scranton Wastewater Operations, showing \$1,013,293 of chemical expense. Provide the following:

- A. An explanation as to why no chemical expense should be allocated to the storm water costs;

- B. The basis for the assumption that storm water requires no chemical treatment;
- C. Indicate whether the Company has conducted any storm water test results that show storm water requires no chemical treatment; and
- D. If test were conducted, provide the results of the tests.

I&E-RS-27-D Reference PAWC Exhibit No. 12-G, Schedule C, page 1 of the Scranton Wastewater Operations, showing \$1,039,145 of waste disposal expense. Explain why no waste disposal expense should be allocated to the storm water costs.

I&E-RS-28-D Reference PAWC Exhibit No. 12-G, Schedule C, page 1 of the Scranton Wastewater Operations, showing \$7,252 of waste disposal expense. Explain why no waste disposal expense should be allocated to the storm water costs

I&E-RS-29-D Reference PAWC Exhibit No. 12-A, Schedule D, page 4 of the Water Operations, showing \$651,709 of rate case expense, and PAWC Exhibit No. 12-G, Schedule C, page 2 of the Scranton Wastewater Operations (SWO), showing \$25,000 of rate case expense. Please provide the following:

- A. An explanation as to why no rate case expense was allocated to the Wastewater Operations (excluding Scranton);
- B. The basis for allocating only \$25,000 or 3.7% of rate case expense to the SWO, and \$651,709 or 96.3% or rate case expense to water operations; and
- C. An explanation as to why the allocation was not based on the number of customers, rate base, or some other proportional parameter.