|  |  |  |
| --- | --- | --- |
| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  P.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE** |

November 7, 2017

Docket No. R-2017-2631441

Utility Code 212530

THOMAS T NIESEN

THOMAS NIESEN & THOMAS LLC

212 LOCUST STREET SUITE 302

HARRISBURG PA 17101

RE: Reynolds Water Company Tariff Supplement No. 5 To Tariff – Water Pa. P.U.C. No. 4 at Docket No. R-2017-2631441

Dear Attorney Niesen,

On October 30, 2017, the Reynolds Water Company filed the above-captioned tariff supplement with the Commission. In order for the Commission to complete analysis of the filing, the Water/Wastewater Division requires response to the attached data requests. Please be advised that you are directed to forward the requested information to the Commission **within 10 working days** of the date of this letter.

Please send all responses to the Secretary of the Commission at the following address:

|  |
| --- |
| Secretary, Pennsylvania Public Utility Commission |
| 400 North Street, 2nd Floor  Harrisburg, Pennsylvania 17120 |

All documents requiring notary stamps must have original signatures. Some responses may be e-filed at <http://www.puc.pa.gov/efiling/default.aspx>. A list of allowable e-filing document types is available at <http://www.puc.pa.gov/efiling/DocTypes.aspx>.

**Please note that your answers must be verified per 52 Pa Code § 1.36.** Accordingly, you must provide the following statement with your responses:

*I, \_* [print name of appropriate company representative], *hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter.  I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).*

Signature \_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_

Please contact the below staff person if any problems should arise that prevents a full response within ten working days or if any clarification of these data requests is needed. Please mark the materials “CONFIDENTIAL” in bold or highlighted manner if any of the requested information is deemed to be of a confidential nature.

In addition, to expedite completion of the application, please send a copy of the information to Yasmin Snowberger via e-mail at[**ysnowberge@pa.gov**](mailto:ysnowberge@pa.gov). Questions may be directed to Yasmin Snowberger in the Bureau of Technical Utility Services, Water/Wastewater Division at telephone number (717) 425-5540. Thank you in advance for your cooperation.

Sincerely,

Rosemary Chiavetta

Secretary

Enclosure

cc: Tanya McCloskey, Office of Consumer Advocate (w/ enclosure)

John Evans, Office of Small Business Advocate (w/ enclosure)

Richard Kanaskie, PUC Bureau of Investigation and Enforcement (w/ enclosure)

Note: Please restate the data request prior to providing a response. In addition, provide the name and title of the person(s) providing the response and/or information for each data request.

1. 66 Pa. C.S. § 1328 provides for allocating costs for public fire hydrants. Since the filing proposes increases in public fire hydrant rates, please provide a cost of service breakdown for public fire hydrants. Also, since certain hydrants may have frozen rates pursuant to § 1328(c), please specify the number of public hydrants installed prior to August 30, 1995.
2. Please confirm if water use reported by local fire departments is charged and if such water is only used for firefighting purposes.
3. Page I-2 of the filing identifies 2 customers with 6 customer-supplied hydrants. However, Reynolds does not identify contributions-in-aid of construction (CIAC) for hydrants. Please confirm that hydrants paid for by customers are not included in Reynolds’ rate base.
4. The Joint Petition for Settlement at Docket No. R-2009-2102464 stipulated an agreement for Reynolds to reflect $105,000 in grant monies received for the construction of a sedimentation building as a CIAC for ratemaking purposes. However, page J-73 of the filing only identifies $80,506 in contributions‑in‑aid of construction for a sedimentation basin building. Please clarify this discrepancy.
5. Page J-73 of the filing identifies CIAC property net of accumulated depreciation totaling $298,677 as of June 30, 2017. However, Page E-1 of the filing identifies this value to be $262,072, while Page E-2 of the filing identifies this value as $290,215. Please explain these discrepancies and provide revised rate of return calculations if this impacts the calculated rates.
6. The depreciation schedule provided in Section J appears to indicate some values above the Reynolds’ maximum allowable investment, per Page 10 of Reynolds’ tariff. For example, page J-59 of the filing reflects an original cost of $2,507 for 60 feet of 2-inch diameter service line, where the maximum Reynolds investment for service lines between 1.5 and 4 inches are $2,000. Please specify if the excess investment is a customer CIAC and if Reynolds books amounts paid by customers for service lines above the maximum Reynolds investment as CIAC.
7. Please describe how Reynolds determines service lives for company assets.
8. For Account No. 343.5 on page J-70 of the filing, Vehicle #42 traded for new #43 – it appears that there should be a salvage value for this vehicle. Please identify this value and make changes to rate base if necessary.
9. Please provide justification for the 3 and 5-year service lives used for Vehicles #42 and #43 referenced in Data Request R-8.
10. For Account No. 347.52 on page J-71, please reconcile the service lives for eyewash stations where one is 5 years and another is 20 years.
11. Account No. 304.31 includes an amount for Sed Basin Bldg Admin Salaries on page J-7 of the filing. Please clarify what this amount is for and verify that these salaries were not double counted.
12. On page J-63, Account No. 334.40 System Meter is listed with a service life of 45 years while rebuilt meters are assigned a life of 35 years. Please provide justification for these service lives. Please also provide a description of Reynolds’ meter testing and replacement program.
13. Please provide a copy of Reynolds’s tax returns for the tax years ending 2014, 2015, and 2016.
14. Page 4 of Reynolds’s tariff identifies volumetric rates for residential and commercial customers. However, the tariff does not identify volumetric rates for any other customer class (e.g., industrial, public, trailer park, and apartments). Please confirm the volumetric rates for each of these customer classes.
15. Page 4A of Reynolds’s tariff states its quarterly consumption charge is determined by applying volumetric rates to the sum of total gallons consumed less an allowance. However, Section K of the filing shows the allowance may prevent any usage from being billed under certain volumetric rates. For example, page K-42 shows a customer with a 6-inch meter and a 100,000-gallon allowance is not billed any amount under the first block rate (20,000 gallons) and is not billed for 80,000 gallons under the second block rate. Please confirm if this is the case.
16. Please provide information detailing the cost of the projects identified on page E-4 of the filing. For the $152,250, $125,000, and $50,000 projects, please provide detailed estimates or invoices that would justify these anticipated capital expenditures. Please also provide a project description, material cost estimates, construction cost estimates, etc., and indicate whether these projects will be constructed with in-house labor or be contracted out.
17. 52 Pa. Code § 53.56 provides that utilities must submit the results of the actual experience in a future test year for each quarter by 30 days of the end of the quarter or as soon thereafter as available. The first quarter would have ended September 30, 2017. Please provide data for the first quarter.
18. Please state how Reynolds determined a 5.5% interest rate for the $387,345 loan identified on Page F-3 of the filing. If this value is based on a quoted rate from a financial institution, please provide documentation of this quoted rate.
19. Reynolds’ parent company, Greenville-Reynolds Development Corporation, has received grants over the last several years related to the redevelopment of a former ELG Metals storage lot to construct a new multi-tenant facility, among other grants. Please confirm when Reynolds anticipates this project will be completed and estimate additional annual revenue that would result after a water service connection is installed at this facility.
20. Please explain why Schedule E-3 does not include an amount for retirements for items such as meters.
21. Please reconfirm the number of customers. Also, explain the discrepancy in the filing vs. the 2016 Annual Report as information from Table 2 of the filing does not seem to agree with the Annual Report ending 12/31/2016 in comparison below.

|  |  |  |
| --- | --- | --- |
|  | Filing as of 6/30/2016 | Annual Report as of 12/31/2016 |
| Residential/Trailer Park | 561 | 549 |
| Multi-family/Apartment | 27 | 34 |

1. Reynolds’ Annual Report for the year ending 12/31/2016 indicates 40% Unaccounted-for-Water. Commission regulations at 52 Pa. Code § 65.20 states that levels above 20% have been considered by the Commission to be excessive. Please describe current or planned efforts by Reynolds to reduce its Unaccounted-for-Water.
2. Water Allocation Permit reports submitted with Reynolds’ annual reports show that trailer park water usage has declined by approximately 815,100 gallons from 2014 to 2015. Also, trailer park metered revenue has declined by $18,970 and apartment revenue has declined by $10,603 over the last two years. Please state if Reynolds expects this to be a temporary or long-term usage trend for these customers.
3. The press release provided uses an assumed average usage of 9,000 gallons per quarter for commercial customers. However, Reynolds’ 2016 annual report reflects approximately 64 commercial customers used 6,053,000 gallons of water, which would equate to an average quarterly usage of 23,644 gallons. Please quantify how Reynolds determined the average bill for each customer class identified in its press release.