

REYNOLDS WATER COMPANY

301 ARLINGTON DRIVE
GREENVILLE, PENNSYLVANIA 16125

(724) 646-1144
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RECEIVED

November 27, 2017

NOV 27 2017

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg PA 17120

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Dear Madame Secretary:

Enclosed are the responses to the Bureau of Technical Services Data Requests number 1 through 24
and all pertinent attachments.

The responses were prepared by Reynolds Water Company's staff in conjunction with the Company's
consultant, Dennis M. Kalbarczyk of Utility Rate Resources.

Please refer any questions to me at 724-646-1144 or thovis@greenvillereynolds.com or Dennis Kalbarczyk,
Utility Rate Resources at 717-469-7232 or utilityrate.dmk@verizon.net

Respectfully,

REYNOLDS WATER COMPANY



Tina Hovis
Business Manager

CC: Yasmin Snowberger, PUC (via email)
Attorney Thomas T Niesen, Thomas, Niesen & Thomas, LLC
Dennis M. Kalbarczyk, Utility Rate Resources

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

R-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.

R-1. Response:

The Company has been advised by legal counsel that the customer within this classification (a volunteer fire company) is not a City, Borough, Town or Township and does not qualify for the provisions as defined under 66 Pa. C.S. § 1328(d) as provided below. Thus, provisions provided for under 66 Pa. C.S. § 1328(c) do not apply.

Finally, the Company respectfully submits that the cost to prepare a cost of service study as it relates to only one customer would be both time consuming and expensive, the cost of which would be passed onto the customers.

Lastly, the Company submits that the Commission Order in its prior 2009 rate case adjusting rates, approved an increase in rates for this customer based upon an across-the-board basis; the same approach applied to all the Company's customers.

(a) Effect on current rates – The legal rates charged to municipalities for public fire hydrants in effect on the effective date of this section shall remain frozen and shall not be changed until the present rates for those public fire hydrants are determined to be below the 25% ceiling established under subsection (b). The remaining cost of service for those public fire hydrants not recovered from the municipality shall be recovered from all customers of the public utility in the public utility's fixed or service charge or minimum bill.

(b) Definition – As used in this section, the term “public fire hydrant” means a fire hydrant that is charged, at least in part, to a municipality such as a city, borough, town or township.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-2. Please confirm if water use reported by local fire departments is charged and if such water is only used for firefighting purposes.

R-2. Response –

The “Transfer Volunteer Fire Department is not charged a volumetric rate but rather a flat monthly fire hydrant rate under the Company’s currently approved tariff, which to the best of the Company’s knowledge is used for firefighting purposes.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-3. Page 1-2 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.

R-3. Response –

Confirmed. By way of further discussion, the Company's books only reflect those hydrants for which it paid. Thus, customers like the Transfer Volunteer Fire Department, the hydrant at the station house was paid for by the Fire Department, is not included in Reynolds' book cost nor its rate base value claim.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-4. Response –

At the time of the filing of the Settlement at Docket No. R-2009-2102464, the anticipated amount of the grant monies to be received for the construction of a sedimentation building as a CIAC for ratemaking purposes was \$105,000. However, when the project was completed, and the grant was awarded, the amount of the grant award was reduced to \$80,506.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

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R-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.

R-5. Response –

The depreciation study provided in Section J was prepared by the Company's rate consultant in support of the original cost and accumulated levels of depreciation and annual depreciation expense for the historic and future test years. Thus, Page J-73 for the period ended June 30, 2017 reflects the net book value of the two CIAC assets which should have been reflected on the Company's books as of June 30, 2017 – a net CIAC book value of \$298,677.

Schedule E-1 provides the CIAC as reflected on the Company's books as of June 30, 2017; the original cost value of only account 331.40 at \$262,072 as shown on Section J, page J-73. In short, the Company's rate consultant determined that the June 30, 2017 value did not appropriately reflect the CIAC asset in account 331.40 net of accumulated reserves for depreciation, nor did it reflect consideration of the CIAC asset in account 304.31. Schedule E-2 provides the appropriate \$292,215 value on a pro forma adjusted June 30, 2018 basis for these two CIAC net of accumulated reserves for depreciation as supported in Section J, page J-148.

The Company respectively submits that the rate base values on a per books basis and pro forma adjusted basis are properly calculated and do not need to be recalculated.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-6. Response –

An agreement was in place with the contractor for the Keystone Health facility stipulating that the maximum cost Reynolds would incur would only be five (5) percent of the total project. The \$507 was an over-run of the project for which Reynolds decided not to bill the contractor.

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R-7. Please describe how Reynolds determines service lives for company assets.

R-7. Response –

Reynolds bases service lives on company assets based on historical data of previous service life of similar assets.

In the case of vehicles and equipment for which the purchase is financed, the service life is the length of the loan.

For laboratory and office equipment, specifically computers and related components, the service life is usually only 3 years.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-8. Response –

Vehicle #42 was owned by the parent corporation, Greenville-Reynolds Development. In December of 2015, Vehicle #42 was demolished in an accident and the company's insurance provider determined it a total loss. An insurance settlement was received and, because equipment is shared between the parent corporation as well as Reynolds' sister corporation (Reynolds Disposal Company), a portion of the insurance settlement, \$5,035, was used as a down payment towards the purchase of vehicle #43.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-9. Please provide justification for the 3 and 5-year service lives used for Vehicles #42 and #43 referenced in Data Request R-8.

R-9. Response –

Be advised that the service lives listed on the depreciation schedule for Vehicles #42 and #43 are both 3 years.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-10. Response –

The eyewash station purchased in 2000 was assigned a service life of 20 years in error.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-11. Response –

The salaries added to account no. 304.31 were for administrative salaries associated with applying for and administering the grant funding.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

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R-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.

R-12. Response –

The Company submits that to minimize controversy in the instant rate case proceeding it utilized the same depreciation lives as submitted in its prior rate case proceeding.

Reynolds' staff reads meters for billing on a quarterly basis. Every quarter, one of the ten meter routes are selected to get "inside" meter readings to verify that the outside register is working in conjunction with the actual meter inside the residence / facility. During this time, if a meter and a register do not correspond, that meter is scheduled for replacement.

Company management is in the process of evaluating its need to setup a more formal meter testing and replacement program, to include the need to revise the depreciation lives of meters on a going forward basis. The Company will update this response at a later date regarding its progress on this matter.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-14. Response –

Reynolds' tariff page no. 4 erroneously contains a heading for "residential and commercial" customers when the volumetric rates are applicable to all classes of customers. This heading will be eliminated from the Tariff Supplement No. 5 to Tariff – Water Pa. P. U. C. No. 4 when it is finalized.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-15. Response –

With regard to the above example, the Company submits that as shown on Page 4A of Reynolds' current tariff, the 6" meter size customer's quarterly rate provides for a \$2,977.88 charge which includes an allowance of 100,000 gallons. Thus, only volumes in excess of the 100,000 gallon allowance would be subject to the volumetric rate charges at the appropriate incremental rates and levels provided for in its tariff, i.e., volumes in excess of 100,000 gallons billed at the second block rate; and volumes above 500,000 gallons at its last block rate. The Company respectively submits that the method and process described is consistent with that approved by the Commission in prior rate case proceeding.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
Tariff Supplement No. 5 To Tariff – Water Pa. P.U.C. No. 4 at
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R-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.

R-16. Response –

- 1.) The project identified on page E-4 of the filing for \$152,250 is for the waterproofing (sealing) of the sedimentation basin walls. The contractor proposes to furnish all necessary labor to provide preparation and waterproofing of the basin. The areas will be blasted with an abrasive and coated with (proposed) “Zypex Waterproof System.” See attached estimate.
- 2.) The project identified on page E-4 of the filing for \$125,000 is for the replacement of 500 feet of 8” water main under the Shenango River. The contractor will provide all the material and labor for the installation of the pipe and the necessary fittings to make connections at both sides of the river. Additional costs expected to be incurred are for engineering fees and permits as well as construction inspection. The Company’s estimate includes construction and engineering estimated (see attached) at \$106,000. The Company added an additional \$19,000 for unforeseen cost-over-runs and other unknown contingencies.
- 3.) The third project identified on page E-4 of the filing for \$50,000 is for a liner to be installed in the filtration plant clear-well. Just as noted above in Item #1, the contractor proposes to furnish all necessary labor to provide preparation and waterproofing of the basin. The areas will be blasted with an abrasive and coated with (proposed) “Zypex Waterproof System.” See attached estimate.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

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NOV 27 2017

PA P PA.PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Masterpiece Painting Company, Inc.

www.masterpiecepaintingcompany.com

546 Washington Street NE
Warren, OH 44483
Email: masterpiece@onecom.com

p (330) 395-9900
f (330) 395-1415

February 24, 2017

Reynolds Industrial Park
Attention: Brad Gosser
301 Arlington Drive
Greenville, Pa. 16125

Re: Water Filtration Plant
Sedimentation Basin – Budget Pricing

Quote #Q126-17

Brad,

Masterpiece Painting Company, Inc. proposes all necessary labor, materials, tools and equipment to provide for prep and waterproofing sedimentation basin as per the following scope of work:

- Perform ½ of project at one time
- Areas to be abrasive blasted and coated with Xypex Waterproof System
 - 1st coat – Xypex Concentrate
 - 2nd coat – Megamix 1 – troweled applied

This system reduces time requirements to put tank back into service and will meet your down times.

Budget Labor and Materials in the amount of..... \$ 152,300.00

Should you have any questions or need additional information, please do not hesitate to contact our office.

Sincerely,

MASTERPIECE PAINTING COMPANY, INC.

John M. Handerhan

John M. Handerhan, President

JMH/eg

"A Good Job is Our Best Advertisement"

R-16

#2
AIC# 320.32

Masterpiece Painting Company, Inc.

www.masterpiecepaintingcompany.com

546 Washington Street NE
Warren, OH 44483
Email: masterpiece@onecom.com

p (330) 395-9900
f (330) 395-1415

Reynolds Industrial Park
Attention: Brad Gosser
301 Arlington Drive
Greenville, PA 16125

DATE: November 17, 2017

Brad:

Quote #Q459-17-R

Re: Water Filtration Plant
Clear Well – Budget Pricing

Masterpiece Painting Company, Inc. proposes all necessary labor, materials, tools and equipment to provide for prep and waterproofing of Clear Well as per the following scope of work:

- Areas to be abrasive blasted and coated with Xypex Waterproof System
 - 1st Coat – Xypex Concentrate
 - 2nd Coat – Megamix 1 – Troweled applied

Budget Labor and Materials in the amount of \$ 50,000.00

Should you have any questions or need additional information, please do not hesitate to contact our office.

Sincerely,

MASTERPIECE PAINTING COMPANY, Inc.

John M. Handerhan, President

JMH/kc

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R-16

3
Pg 1 of 2
A/C # 331.4

J & T Paving, Inc.
108 Grant Street
Greenville, PA 16125

Estimate

Date	Estimate #
12/30/2016	1932

Name / Address
Greenville Reynolds Developmen Attn: Dan Blair Fax# 724-646-1162

Rep	Project

Description	Qty	Cost	Total
1) 500' 8" C-900 fusable pipe directionally drilled under river 2) All necessary fittings to make connections at east & west side of river 3) Restoration		72,600.00	72,600.00
		Total	\$72,600.00

Signature _____

Phone #	Fax #
724-588-0901	724-588-0902



Excellence Delivered As Promised

November 21, 2017

Mr. Brad Gosser
Executive Director and Vice President
Reynolds Water Company
301 Arlington Drive
Greenville, PA 16125

Re: Reynolds Water Company
Shenango River Crossing - Engineering Budget Estimate

Dear Brad:

Per your request we have developed an Engineering Budget Estimate for the proposed water line river crossing installation under the Shenango River. This waterline river crossing is required to replace the existing line that is approaching the end of its life cycle.

Although we have not conducted a review of this particular project, we have designed, permitted and constructed similar projects. Based on past projects we have estimated the engineering fees for a job of this type to be approximately \$10,000. This fee includes preparation of plans and specifications and potential permit applications and the bidding process. The estimated cost for construction observation of the installation, testing and tie-ins for the new line is approximately \$6,000. An additional fee of \$3,000 is estimated for various local permits and erosion and sedimentation control plan. This fee includes ancillary costs for Pennsylvania Natural Diversity Inventory research and other minor efforts. The total estimated cost for engineering, permitting, bidding and construction observation is approximately \$19,000.

The uncertain nature of the subsurface conditions present at the site have the potential to greatly impact the cost of the project. The potential for issues with the boring process to impact the river and the environment may require the development of site specific emergency response plans and may create the need for remedial measures to be taken if there are issues with the boring process. For this reason, we suggest including a high construction contingency budget in the project estimate. A construction contingency budget of \$33,400 is suggested.

The estimates presented above are an opinion of probable costs associated with projects of this nature. These figures are based upon your description of the project and our experience with similar projects.

Please feel free to contact me if you have any questions or require additional information.

Very truly yours;

Gannett Fleming, Inc.

Eric Buzza

Senior Operations Specialist

Gannett Fleming, Inc.

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t: 412.922.5575 • f: 412.922.3717
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Reynolds Water Company (Reynolds)
Tariff Supplement No. 5 To Tariff – Water Pa. P.U.C. No. 4 at
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R-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.

R-17. Response –

The data for the quarter ending September 30, 2017 is not yet available. The Company will update this response at a later date.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-18. Response –

The interest rate of 5.5% for a projected loan of \$387,345 is an estimate based on the current (local) market for a 10-year loan.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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.

R-19. Response –

It is anticipated that the multi-tenant facility would be completed and ready for occupancy by April 30, 2019. As the building is not designed to be very large in size, the tenant(s) in the facility would likely be small manufacturing firm(s) that would not use high volumes of water. Therefore no significant impact on revenues is expected.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-20. Please explain why Schedule E-3 does not include an amount for retirements for items such as meters.

R-20. Response –

At the time of the initial filing, there was no calculation for retirements. Below is a listing of anticipated retirements for expected Plant Asset Additions. (Not all additions listed on Page E-4 will have a corresponding retirement as they are new assets not replacements.)

<u>ACCT #</u>	<u>DESCRIPTION</u>	<u>ADDITION</u>	<u>RETIREMENTS</u>
320.33	Backwash Tank	3,000.00	750.00
320.37	Lab Equipment (sensors, etc.)	2,500.00	625.00
331.40	Water Line Replacement Program	10,000.00	2,500.00
331.40	Distribution Main Valves Program	15,000.00	3,750.00
333.40	Misc. Service Line Replacement	3,000.00	750.00
334.40	Meters (various)	9,750.00	2,438.00
340.50	Office Computers & I T Equipment	4,000.00	1,000.00
343.50	Misc. Shop Equipment	1,000.00	250.00
347.51	Misc. Meter Test Equipment	2,500.00	625.00
347.52	Misc. Safety Equipment	1,000.00	<u>250.00</u>
Estimated Total Retirements			<u>\$12,938.00</u>

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-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

R-21. Response –

The schedule above, as provided indicates a total of 588 customers as of the 6/30/16 filing and 583 customers as of the 12/31/16 annual report, a reduction 5 customers.

The Company respectively submits that Table 2 included in the rate increase filing did not present Residential and Trailer park customers on a combined bases of 561 but rather on an individual basis, as illustrated below as of June 30, 2016:

Residential	554
Trailer Park	7
Apartments	27
Sub-total	588

In brief, the 554 number of residential customers as of 6/30/16 as compared to the 549 as of 12/31/16 declined by a total of 5 customers. Further, the Company's 2016 Annual Report listed the 7 Trailer Park and 27 Apartment Customers on a combined basis as 34 "Multiple Family Dwellings" customers, thus, exactly the same total number as noted on Table 2 of the filing. Residential (single dwelling units) fluctuate from quarter to quarter due to the sale of homes as well as bank foreclosures and other factors that leave a residence vacant for a short or an extended period of time. In an effort to minimize controversy the Company's rate case filing utilized the higher number of residential customers as of June 30, 2016 rather than the lower number of customers as of December 31, 2016.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

Reynolds Water Company (Reynolds)
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R-22. 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.

R-22. Response –

The Company believes that the Annual Water Loss calculation for the year ending December 31, 2016 reflecting a 40% unaccounted for water level is primarily attributed to the 8" water main that runs under the Shenango River which was found to be leaking in the summer of 2016. The Company was unable to determine how long the leak had occurred and how much water was lost. Thus the Company was unable to provide a more definitive estimate of total loss associated with this event.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

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R-23. 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.

R-23. Response –

The trailer park usage has declined because the parks' occupancy has declined. There have been conversations with the mobile home park managers and there is no definitive answer as to whether the decline will continue or if it has subsided.

The apartment revenue has declined because the largest apartment complex has been undergoing remodeling and the units have been vacant. The Company is unable to determine if revenue is expected to come back to near the average use as it has been in the past as the remodeling project included new efficient plumbing fixtures which have been installed that are designed to reduce water usage.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

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R-24. 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.

R-24. Response –

As shown in Section K of the Bill Analysis, page K-40 of the filing, the bulk of the commercial customers consisted of approximately 55 customers with 5/8" meter service, a total of 221 bills with a total usage of 1,876,500 gallons, an average quarterly usage of 8,490 gallons. For comparison in the press release that consumption was rounded up to 9,000 gallons. The Company submits that the Commission's annual report does not provide for the level of detail that as contained in the Bill Analysis provided in the filing.

RESPONSE: Dennis M. Kalbarczyk, Consultant Utility Rate Resources, Date: 11/22/17

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

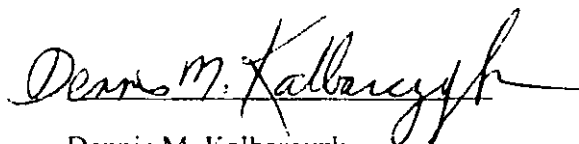
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v.

Reynolds Water Company
Base Rate Case

VERIFICATION

I, Dennis M. Kalbarczyk of Utility Rate Resources, verify that the foregoing Answers to Data Requests are true and correct to the best of my knowledge, information and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. §4904. relating to unsworn falsifications to authorities.


Dennis M. Kalbarczyk

Date: 11/22/2017

RECEIVED

NOV 27 2017

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ORIGIN ID:YNGA (724) 646-1144
TINA HOVIS
GREENVILLE-REYNOLDS DEV CORP
301 ARLINGTON DRIVE

GREENVILLE, PA 16125
UNITED STATES US

SHIP DATE: 27NOV17
ACTWGT: 10.00 LB
CAD: 4544302/NET3920

BILL SENDER

TO **SECRETARY**
PA PUBLIC UTILITY COMMISSION
400 NORTH STREET, 2ND FLOOR

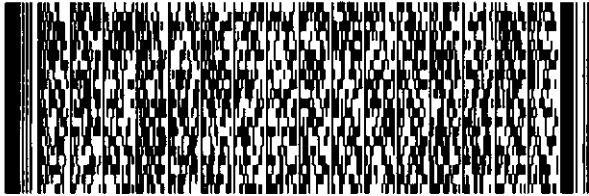
HARRISBURG PA 17120

(717) 425-5540

REF RWC RATE CASE JOB #2017-64

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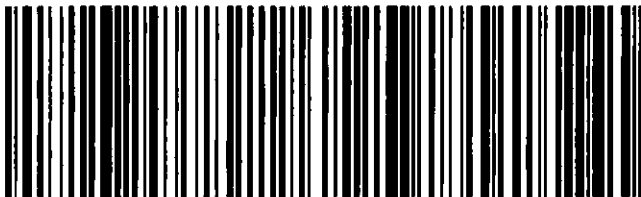
TUE - 28 NOV 3:00P
STANDARD OVERNIGHT

TRK# **7708 3454 2944**

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XH MDTA

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PA-US MDT



11/27/2017