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

July 12, 2018

Docket No. R-2018-3003141

Utility Code 230175

C MICHAEL FOOTE BOROUGH MANAGER

Borough of Indiana

80 NORTH 8th street suite 102

INdiana PA 15701

RE: Borough of Indiana Supplement No. 11 to Sewer – PA P.U.C. No. 1 at Docket No. R-2018-3003141

Dear Mr. Foote,

On June 28, 2018, the Borough of Indiana filed the above-captioned tariff supplement with the Public Utility Commission. For the Commission to complete its analysis of the filing, responses are required for the attached data requests. Please 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:

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| --- |
| 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 \_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_

*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 prevent 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 Paul Zander via e-mail at[**pzander@pa.gov**](mailto:pzander@pa.gov) or by fax at (717) 787-4750. Questions may be directed to Paul Zander in the Bureau of Technical Utility Services, Water/Wastewater Division at telephone number (717) 783-1372. 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. Please explain why the filing’s Schedule C and Schedule J indicated outside borough residential revenues to be $751,752 for 2017 when Indiana Borough (Indiana) has approximately 3,524 residential customers and a flat rate of $12.57 per month (i.e., 3,524 x $12.57 x 12 months = $531,560).
2. Please explain why the filing’s Schedule C indicated that Indiana’s total revenues, for both inside and outside the borough, increased by $9,242 between 2016 and 2017, but Indiana’s 2016 and 2017 annual financial reports filed with the Commission indicated total revenues decreased by $79,713.
3. The filing’s Schedule C does not appear to include revenues from pretreatment fees. Indiana’s last base rate case at Docket No. R-00027550 indicated pretreatment fee revenues totaling $14,455. Please quantify pretreatment fee revenue received for 2016 and 2017.
4. The filing’s Schedule D indicated a 33% positive adjustment to Account 715 – Purchased Power. Please provide Indiana’s monthly electric usage activity for the last two calendar years and provide further justification for this adjustment.
5. The filing’s Schedule D appears to use the depreciation expense from Page 13 of the filing, which appears to depreciate assets by tax service life rather than regulatory service life. Please quantify Indiana’s depreciation expense using asset regulatory service lives.
6. Please explain and justify the $110,606 increase in Account 701 – Maintenance Labor between 2016 and 2017 in the filing’s Schedule D.
7. Please confirm if all claimed labor and benefit expenses identified in the filing’s Schedule D are exclusively for wastewater operations (i.e., confirm whether wastewater employees only perform tasks related to wastewater operations). If not, please identify any claimed labor and benefit expenses that are for other purposes and provide estimated cost allocations.
8. Please provide invoices supporting the 2017 claimed expense identified in the filing’s Schedule D for Account 731 – Contracted Svc – Engineer and Account 733 – Contracted Svc – Other.
9. Page 8 of the filing proposes a $5,187,468 deduction for “Capital Debt”, a $2,092,205 addition for “Cash and Investments”, a $23,733 deduction for “Payables and Other Current Liabilities”, and a $2,115,938 addition for “Cash Working Capital.” Please explain and justify these amounts.
10. Page 8 of the filing identifies a $880,920 proposed increase to Indiana’s “Original Cost Measure of Value.” Please justify this addition.
11. Schedule G of the filing identifies Indiana’s claim for a 100% long-term debt capital structure. Please explain how the filing’s Schedule G complies with 66 Pa. C.S. § 1301(b) that requires the employment of an imputed capital structure of comparable public utilities providing water or wastewater service.
12. The filing’s Schedule H identifies that Indiana added nearly $15 million to Account 361 – Collection Sewers – Gravity and appears to indicate that Indiana received no contributions in aid of construction since its last base rate case. Please identify the funding source for the following claimed additions to rate base and provide supporting documentation evidencing the purpose of the funding if the source is a loan or grant:
    1. $14,488,438 for “Sewer System Improvements per DEP”, 7/2003
    2. $388,432 for “Sewer System Construction”, 7/2003
    3. $417,693 for “Sewer System Construction: Cap Interest”, 1/2006
    4. $76,899, $1,650,685, and $12,037 for “Wayne Avenue Project”, 7/2011
13. The filing’s Schedule J reflects outside-borough residential revenue to be $751,751, while Indiana’s 2017 annual financial report with the Commission identifies outside-borough residential revenue to be $705,801. Please explain this discrepancy.
14. Page No. 4 of Indiana’s tariff contains a customer class titled “Public”, but Schedule J of the filing does not appear to reflect any public customers. Please state whether Indiana has any public customers. If so, please quantify the number of public customers and the revenue received from them.
15. Please provide evidence that Indiana’s method of billing the “Industrial Service” customer class by man hours results in a rate that is just and reasonable (i.e., covers the cost of service and does not subsidize, and is not subsidized, by other customer classes).
16. Please provide copies of all effective intermunicipal agreements between Indiana and the White Township Municipal Authority regarding the provision of wastewater service.
17. Please provide copies of all effective agreements between Indiana and Indiana University of Pennsylvania regarding the provision of wastewater service.
18. Please provide copies of two recent bills for each customer class inside the borough limits and outside the borough limits (e.g., two consecutive monthly inside-borough residential bills, two consecutive-monthly outside-borough residential bills, etc.).
19. Please state the number of Equivalent Dwelling Units in Indiana’s system as of December 31, 2017 and the number of Equivalent Dwelling Units assigned to Indiana University of Pennsylvania as of December 31, 2017.
20. Please confirm if outside-borough customers are billed by any other entity for sewage collection, conveyance, or treatment. If so, please identify the entity for each, the monthly amount billed, and if Indiana receives revenue from the entity. Additionally, if this practice is pursuant to an agreement between Indiana and a separate entity, please provide a copy of the agreement.
21. Please confirm if all plant assets are used exclusively for wastewater operations (i.e., vehicles used for general municipal purposes). If not, please identify non-exclusive plant assets and the quantify the percent of each asset used for non-wastewater operations.