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| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSION400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

February 4, 2019

Docket No. R-2019-3007103

Utility Code 210260

THOMAS T NIESEN ESQUIRE

THOMAS NIESEN & THOMAS LLC

212 LOCUST STREET SUITE 302

hARRISBURG pa 17101

RE: Buck Hill Water Company Supplement No. 32 to Tariff Water – Pa. P.U.C. No. 3 at Docket No. R-2019-3007103

Dear Attorney Niesen:

On January 11, 2019, Buck Hill Water Company filed the above-captioned document with the Pennsylvania 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:

|  |
| --- |
| Secretary, Pennsylvania Public Utility Commission400 North Street, 2nd FloorHarrisburg, 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**. 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. BHWC’s current tariff contains several apparent errors and inconsistencies. Please provide *pro forma* tariff pages to correct errors and inconsistencies on the following BHWC tariff pages:
	1. Page No. 3 does not identify several tariff pages, including Page Nos. 4A and 5 through 13;
	2. Page No. 6 contains Rule 3, which indicates customers have the option of receiving monthly bills. However, BHWC’s effective tariff and the Supplement do not contain applicable monthly rates;
	3. Page No. 6 contains Rule 5, which indicates a late payment charge of 1.25%. However, Page No. 5 of BHWC’s effective tariff and the Supplement indicate a late payment charge of 1.5%; and
	4. Page No. 8 contains Rule 8, which references a “Rule 29”. Rule 29 does not appear in BHWC’s tariff.
2. BHWC’s 2017 annual report filed with the Commission, and similar reports filed in previous years, reflect that approximately 40-50% of BHWC water is lost to located and repaired breaks in mains and services. Please provide a breakdown of the number of breaks and calculations supporting the volume of water identified as located and repaired breaks.
3. Please provide additional explanation regarding what efforts BHWC is taking to reduce or prevent water loss in addition to the efforts identified in the filing’s page A-14.
4. Regarding the filing’s Schedule E-3, please identify the anticipated date (i.e., month and year) each *pro forma* plant addition will be placed into service.
5. Regarding the filing’s Schedule E-3, please explain how cost estimates and service lives were calculated for each *pro forma* plant addition and provide any supporting documentation (i.e., engineering studies, contractor estimates, manufacturer’s catalog cuts, etc.).
6. Regarding the filing’s Schedule E-3, please identify which *pro forma* plant additions represent partial or total replacements of existing assets and update Schedule J to remove the original cost of assets that will be retired.
7. Regarding the filing’s Schedule E-3, please provide a detailed breakdown of the Water Main Upgrades line item (i.e., identify the anticipated quantity, location, material type and size of materials).
8. BHWC’s cash working capital (CWC) claim, included in the filing’s Schedule F-2, appears to include several types of operating expenses which are not typically paid in advance of receiving customer payments, including electric, telephone, and water expenses. Please explain why BHWC includes these types of operating expenses in its CWC claim.
9. Regarding the filing’s Schedule H-1, please provide a detailed breakdown and description of the Management Fee operating expense.
10. The filing’s Schedule H-1 reflects $2,160 in turn on/off charges for the 12 months ended September 30, 2018. However, BHWC’s tariff indicates a turn on/off fee of $50 per occurrence. Please explain why turn on/off fee revenue is not an increment of $50.
11. Regarding the filing’s Schedule H-1, the Materials & Supplies and Maintenance & Repairs operating expense accounts appear higher in 2018 than in previous years. Please provide a breakdown of these operating expense accounts for 2018.
12. Regarding the filing’s Schedule H-1, please provide additional explanation and justification for the Dues and Subscriptions and Water Expenses operating expense accounts.
13. In the filing’s Schedule H-1, other than Salaries, Payroll Taxes, Employee Benefits Expense and Office Rent, please identify any operating expense accounts that represent an expense shared with another entity. For these expenses, please explain how BHWC’s share of the expense is determined. Please supplement this response with billing statements for affiliate transactions for the 12-month period ending September 30, 2018.
14. Regarding the filing’s Schedule H-1, Please provide supporting documentation to justify *pro forma* operating expense adjustments, such as a notice from BHWC’s affiliate that the affiliate’s cost for certain expenses (i.e., salaries, office rent, etc.) will be increasing by the stated amount on a specified date.
15. Regarding the filing’s Schedule H-1, please explain how Office Rent is determined and provide a calculation of BHWC’s cost per square foot of rented space.
16. Please explain how the salary allocation factors shown in the filing’s Schedule I-3 were determined and provide supporting evidence justifying the following increased percentages compared with BHWC’s last rate filing at Docket No. R-00049493:
	1. Sec./Tres. – Controller salary allocation increased from 3% to 20%; and
	2. Maintenance Supervisor salary allocation increased from 5% to 20%.
17. Please explain why the filing’s Schedule J does not list assets according to the Uniform System of Accounts for Class C Water Companies prescribed by the National Association of Regulatory Utility Commissioners.
18. Regarding the filing’s Schedule J, please confirm if BHWC books reflect, in whole or in part, assets that are no longer used and useful (i.e., assets retired from service). If so, please update Schedule J to remove these assets.
19. Regarding the filing’s Schedule J, please explain how BHWC determined service lives for assets added since BHWC’s last rate filing. Also, please provide specific justifications for assets whose service lives differ from the service lives used for similar assets in previous BHWC rate filings (i.e., explain why water meters installed before 2000 use 50-year service lives whereas meters installed after 2000 use 20-year service lives, etc.).
20. The filing’s Schedule J identifies several fire hydrants, including several hydrants added since BHWC’s last rate filing. Please explain the purpose of these hydrants and indicate whether BHWC offers fire protection service. If BHWC offers fire protection service, please specify the following:
	1. The number of BHWC public hydrants (i.e., hydrants paid for, in part or entirely, by a municipal entity);
	2. The number of BHWC private hydrants;
	3. The number of BHWC other private fire protection connections (i.e., customers with automatic fire suppression systems, etc.). Also, please specify the size of each connection where the service line connects to BHWC mains;
	4. Whether fire protection service is provided for all BHWC customers or only to certain BHWC customers; and
	5. Whether any fire protection service customers receive free or discounted service.
21. Regarding the filing’s Schedule J, please provide additional details and evidence supporting the original cost of the following assets:
	1. The 2005 and 2007 “Creek Intake Upgrades” assets;
	2. The 2001 and 2014 “Water Mains – Lenape” assets. Also, please specifically identify if the 2014 asset replaced any portion of the 2001 asset. If so, please quantify the original cost of the 2001 asset replaced; and
	3. The 1995 and 2005 “Water filtration system” assets.
22. Regarding the filing’s Schedule J, please provide additional justification for the service lives assigned to the following assets and any associated service life changes from BHWC’s last rate filing:
	1. The 1980 “Pump & Equipment”, which changed from 50 years to 30 years;
	2. The 1981 “Distribution Mains”, which changed from 60 years to 35 years;
	3. The 2003 “Pump Upgrade” assets, which changed from 50 years to 30 years. Also, please provide additional details for these assets;
	4. The 2000 “Mud Pump”;
	5. The 1999 “Water-Generator”;
	6. The 2000 “Reservoir Fence”;
	7. The 2002 “Equiptment” [*sic*] assets. Also, please provide additional details for these assets;
	8. The 1999 and 2003 “Locator” assets. Also, please provide additional details for these assets;
	9. The 2003 “Plant valve”;
	10. The 2005 “Valve replacement”;
	11. The 2006 and 2007 “Water main valve” assets;
	12. The 2007 and 2011 “Fire Hydrant” assets; and
	13. The 2017 “Security Radio Cabinet”.
23. Please provide a copy of the notice BHWC sent, or intends to send, to customers regarding BHWC’s question and answer session, as required by BHWC’s settlement at Docket No. R-00049493.
24. Please either provide a copy of the affidavit confirming notice requirements have been met consistent with 52 Pa. Code § 53.45(h) or verify that this affidavit will be provided upon BHWC’s completion of notice requirements.
25. Please provide a copy of BHWC leak detection reports generates as a result of BHWC’s leak detection program for the 12 months ended September 30, 2018.
26. Please quantify actual rate case expenses incurred as of the date of BHWC’s response to the filing’s Data Request Set 2.