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July 10, 2020

Docket No. R-2020-3019612

Utility Code 230380

Thomas T Niesen ESQUIRE

THOMAS NIESEN & THOMAS LLC

212 LOCUST STREET SUITE 203

HARRISBURG PA 17101

tniesen@tntlawfirm.com

RE: Reynolds Disposal Company Supplement No. 5 To Tariff Sewage – Pa P.U.C. No. 4 at Docket No. R-2020-3019612

Dear Attorney Niesen:

On June 30, 2020, Reynolds Disposal Company filed the above-captioned document 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 business days of the date of this letter.

During the pendency of the current Proclamation of Disaster Emergency, the Commission shall only accept e-filings in lieu of paper filings for all documents. Please e-file your responses 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>. All filings containing confidential or proprietary information shall be filed with the Commission by e-mailing the Secretary at rchiavetta@pa.gov. Use of encryption with the prior consent of the Secretary is permitted. All documents requiring notary stamps must have original signatures.

**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 \_\_\_\_\_\_\_\_\_\_\_\_

Please contact the below staff person if any problems should arise that prevent a full response within ten business 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 – TUS Data Request

cc: Tanya McCloskey, Office of Consumer Advocate (w/enclosure), tmccloskey@paoca.org

John Evans, Office of Small Business Advocate (w/enclosure), jorevan@pa.gov

Richard Kanaskie, PUC Bureau of Investigation and Enforcement (w/enclosure), rkanaskie@pa.gov

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. The filing’s Schedule H-1 indicates that Reynolds Disposal Company (RDC) received approximately $61,569 in revenue in 2019 for industrial sludge drop-offs at RDC’s wastewater treatment plant (WWTP). Also, Part A.III.C.3. of RDC National Pollutant Discharge Elimination System (NPDES) Permit No. PA0100200 requires RDC to file Hauled In Residual Wastes and Hauled In Municipal Wastes Supplemental Reports (Supplemental Reports) with the Pennsylvania Department of Environmental Protection. Please provide copies of RDC’s Supplemental Reports for the 2017, 2018 and 2019 calendar years.
2. The filing’s Schedule H-1 appears to indicate that revenues RDC receives from processing sludge drop-offs at RDC’s WWTP are not considered operating revenues from rates. Please provide responses for the following:
	1. State whether compensation RDC demands or receives for sludge processing, and any rules, regulations, practices, classifications or contracts affecting this compensation, are “rates” pursuant to 66 Pa. C.S. § 102;
	2. Explain whether compensation RDC demands or receives for sludge processing, and any rules, regulations, practices, classifications or contracts affecting this compensation, are required to be identified in RDC’s effective wastewater tariff; and
	3. Explain why RDC reported $0 in revenue from sludge processing fees on Page 36, Line No. 32 of RDC’s 2019 annual financial report filed with the Commission;
3. Please provide the rates RDC charges for sludge processing at RDC’s WWTP.
4. Please provide documentation supporting how RDC determined the rates it charges for sludge processing at RDC’s WWTP.
5. Please explain whether the rates RDC charges for sludge processing at RDC’s WWTP cover RDC’s costs to provide this service.
6. The filing’s Schedule H-1 reflects RDC’s 2019 per books operating revenues were approximately $508,662. However, Page 35, Line No. 1 of RDC’s 2019 annual financial report filed with the Commission indicates RDC’s 2019 per books operating revenues were approximately $513,231. Please explain this apparent discrepancy.
7. The filing’s Schedule H-1 indicates RDC does not anticipate additional late payment fee revenue as a result of its base rate increase. However, Page 12, Section 4 of RDC’s effective wastewater tariff indicates that 1.5% interest per month is added to the balance of unpaid and overdue bills. Please explain why RDC does not anticipate additional late payment fee revenue as a result of its base rate increase.
8. The filing’s Schedule H-4 indicates a *pro forma* test year expense of approximately $22,270 for “STP – Purification Chemicals”. Please explain why this *pro forma* test year expense is not adjusted to reflect a three-year average of this expense.
9. The filing’s Schedule H-4 denotes a *pro forma* test year expense of approximately $2,070 for “Meter Reading Supplies”. Please state whether this expense is incurred solely by RDC or if this expense is shared between RDC and entities affiliated with RDC (Affiliates). Also, if this expense is shared between RDC and Affiliates, please explain how this expense is allocated between RDC and Affiliates and explain why this allocation is reasonable.
10. The filing’s Schedule H-4 specifies a *pro forma* test year expense of approximately $2,602 for “Credit Card Fees and Expenses”. Please provide additional evidence supporting the per books values listed for this expense for the 2017, 2018 and 2019 calendar years. Also, if this expense is shared between RDC and Affiliates, please explain how this expense is allocated between RDC and Affiliates and explain why this allocation is reasonable.
11. The filing’s Schedule I-5 signifies RDC is normalizing its estimated rate case expense of $150,000 over a 36-month period. However, RDC’s last rate case was filed on June 30, 2010 at Docket No. R-2010-2171339. Please explain why RDC’s proposed rate case expense normalization period of 36 months is reasonable.
12. The filing’s Section J - Detail Depreciation Study Schedules (Detailed Depreciation Schedules) includes paper copies of depreciation schedules for RDC facilities. Please provide a working electronic copy of the Detailed Depreciation Schedules.
13. Please provide evidence, including any invoices, estimates and executed agreements, supporting the “asset additions” column values identified in the Detailed Depreciation Schedules.
14. The Detailed Depreciation Schedules include a line item under account number 361.21 - Reynolds Industrial Park Sewer Lines with an acquisition date of 2014 and an original cost of approximately $263,723. Above this line, there also appear to be eight additional line items with various acquisition dates that appear to be related to the installation of sewer mains and appurtenances for the Reynolds Industrial Park. For these line items, please provide the following details:
	1. Documentation evidencing the original cost amounts identified for these line items; and
	2. Documentation, including copies of any executed extension deposit agreements or non-refundable contribution agreements, evidencing that these main extensions were funded in a manner consistent with RDC’s wastewater tariff in effect at the time of construction, including Section 21 – Main Extensions.
15. For each of the following line items included in the Detailed Depreciation Schedules under account number 393.70, please provide: (1) a statement indicating if the asset is used solely by RDC or if the asset is shared with Affiliates; (2) a breakdown of how the asset’s original cost is allocated between RDC and Affiliates; and (3) evidence of the asset’s original cost:
	1. Backhoe JCB 3CX-14 Balance, acquisition date 03/01/14;
	2. 2018 Ford F150 Pick-up Truck, acquisition date 06/01/18; and
	3. Automated Meter Reading System, no acquisition date listed.
16. The Detailed Depreciation Schedules indicate a proposed service life of seven years for account number 393.70 - Backhoe JCB 3CX-14 Balance, acquisition date 03/01/14. Please explain why this proposed service life is reasonable.
17. The Detailed Depreciation Schedules indicate a proposed service life of three years for account number 393.70 - 2018 Ford F150 Pick-up Truck, acquisition date 06/01/18. Please explain why this proposed service life is reasonable.
18. Page No. 6 of RDC’s existing and proposed wastewater tariff indicate certain industrial customers may receive flat rate service, where an industrial customer is billed based upon an employee count. Please explain how RDC determines the employee count of flat rate service industrial customers, state how often this employee count is updated and provide the date RDC last updated the employee count of flat rate service industrial customers.