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January 17, 2012

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P. O. Box 3265
Harrisburg, PA 17105-3265

In re: Docket Nos. A-2011-2276845, A-2011-2276847,
A-2011-2276856 and A-2011-2276857
Joint Applications of Aqua Pennsylvania, Inc./Little Washington Wastewater Company
and Total Environmental Solutions, Inc.

Dear Secretary Chiavetta:

Enclosed for filing are responses to the Bureau of Technical Utility Services Data Requests Nos. A-1 through A-11 in the above matters. Please contact me at your convenience with any questions.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By

Thomas T. Niesen

cc: Ralph Wax (w/encl.)
Keith E. Gabage (w/encl.)
Thomas J. Sniscak, Esq. (w/encl.)

120117-Chiavetta (TUS Data Requests).wpd

Respondent's Name:
Keith E. Gabage
Director Corporate Development
Aqua Pennsylvania, Inc.
January 17, 2012

BUREAU OF TECHNICAL UTILITY SERVICES
Water/Wastewater Industry Group
LWWC, Aqua and TESI
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A-1 **Please provide the Proofs of Publication/Service if they have not already been forwarded.**

Response: **Aqua/LWWC filed Proofs of Publication/Service with the Public Utility Commission on January 3, 2012. Copies of the Proofs were forwarded to the Bureau of Technical Utility Services on January 5, 2012.**

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A-2 Indicate why Aqua and Little Washington are only requesting the developed portion of TESI's certificated service territories rather than the full service territories.

Response: The Requested Territory in the Aqua and LWWC Joint Applications represent the presently built-up section(s) of the Beech Mountain Lakes Resort Community. Although service authority outside the built-up section(s) of the Community has existed for many years, there are no water or wastewater customers or utility facilities outside the built-up section(s). Crystal Penn Ridge, which Aqua/LWWC understand to be the existing owner/developer of the undeveloped area, apparently intends to provide water and wastewater service on a private basis if development moves forward, as discussed in a news report of August 12, 2010, a copy of which is attached. Aqua/LWWC provided a copy of the Joint Applications to Crystal Penn Ridge on December 15, 2011.

Developer plans to revive housing project

BY KENT JACKSON (STAFF WRITER)

Published: August 12, 2010

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A developer nudged forward plans that appeared dormant to build 1,183 homes in three townships.

By hiring an engineer to complete paperwork for a sewage plan and a water quality permit, Crystal Penn Ridge indicates that it remains interested in the development in Butler, Foster and Derrison townships.

Crystal Penn Ridge, a limited liability corporation from Randolph, N.J., bought nearly 2,000 acres for the proposed development five years ago. But after reaching an agreement in federal court with Butler Township two years ago, the company grew quiet about plans, and the economy worsened.

Crystal Penn Ridge's owner Philip N. Rizzo did not return a telephone message asking about plans on Wednesday.

Paperwork dated July 30 that Crystal Penn Ridge's engineering firm provided to Butler Township this month represents the next step in the approval process for the development.

The documents describe the sewage collection system for the first phase of the development, which calls for 268 homes on land entirely in Butler Township.

Drawings show houses clustered along the northwest and northeast shores of the Lake of the Four Seasons, a man-made lake shaped like New York State.

The documents prepared by the Wilkes-Barre engineering firm of Pennoni Associates said the sewage from the 268 homes will average 67,000 gallons per day and reach a maximum flow of 87,100 gallons per day.

Grinder pumps and forced main pipelines will move the sewage into the recently expanded treatment plant of Butler Township. Two years ago, Crystal Penn Ridge agreed to purchase sewage treatment for the first 100 homes as they are built.

The documents contain no timetable for constructing the first phase, but they list 2050 as target for building all the homes proposed for the three townships.

A report by Ecological Solutions of Conyngham included in the documents identified 53 wetlands on Crystal Penn Ridge's property. Crystal Penn Ridge will require state permission and, possibly, permission from the U.S. Army Corps of Engineers if it plans to disturb wetlands, the report said.

Pennsylvania's Department of Conservation and Natural Resources found two threatened plants - variable sedge and rough-leaved aster - on Crystal Penn Ridge's land. The Pennsylvania Historical and Museum Commission, however, said no historic structures require evaluation before development proceeds.

Before receiving preliminary approval for the first phase of the development, Crystal Penn Ridge must comply with the stipulations listed in the court settlement with Butler Township.

The settlement stipulates that Crystal Penn Ridge will build a private water plant that a homeowner's association will own and operate.

Another stipulation says an engineer must certify that a bridge over Nescopeck Creek can handle traffic generated from the development.

Crystal Penn Ridge must obtain a letter from a fire marshal saying the road layout is adequate for emergency vehicles.

The company also must obtain all required permits, such as a sewage planning module from the state and a water obstruction and encroachment permit from the Corps, before presenting the plan for signatures. Crystal Penn Ridge has to comply with Butler's ordinances, pay fees that the township charges for applications and reviews, and comply with the recommendations for stormwater made by the township's engineer.

Joseph Calabrese of the township's consulting engineering firm, RJD Engineering of Hazleton, said Crystal Penn Ridge must build infrastructure or post a bond for construction before gaining permission to sell lots.

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A-3 a) Identify the primary owner of the undeveloped land within TESI's service territories.

b) Identify the owner of Silverleaf Resorts, Inc.

Response: a) Aqua/LWWC understand Crystal Penn Ridge to be the primary owner of the undeveloped land within TESI's existing, undeveloped service territory.

b) Aqua/LWWC understand Silverleaf Resorts, Inc. to be a publicly held company.

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- A-4
- a) Provide a breakdown of the customer classifications for the 962 water customers and 1,007 wastewater customers.
 - b) Indicate if Aqua/Little Washington will provide service to all of TESI's current customers. If not, provide an explanation.

Response: a) Customer breakdown:

962 Water customers: 956 residential and 6 commercial;

956 Wastewater customers: 950 residential and 6 commercial (the 1,007 customers referenced at page 2 paragraph 6 of the wastewater Joint Application may be the result of the commercial customers being considered as several EDU's in customer counting).

b) Aqua/LWWC will provide service to all of TESI's current usage customers. Aqua/LWWC do not intend to provide availability service as explained in the response to A-10.

Respondent's Name:
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Respondent's Name:
William Schoening
Chief Executive Officer
Total Environmental Solutions, Inc.
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A-5 DEP has indicated; "The distribution system has had many breaks in recent years and is currently on a BWA due to another break." Provide a list of the planned repairs/improvements to the water system with a projected timetable and cost.

Response: TESI: There have only been two minor interruptions of service during 2011 that met the PUC's threshold (5% of customers and for more than 6 hours) for reporting--which TESI reported. One of those occurred on 11/9/11 (presumably the current BWA stated in the data request) and per DEP's rules a boil water advisory was issued for 30% of the service area for four days (three days of which were for testing samples). Only three breaks in 2011 (including the two mentioned above) met DEP reporting requirements of 8 hours and more than 15 connections --which TESI reported. Those breaks were promptly repaired and any BWA was lifted when water samples passed lab tests. TESI does not agree with the statement by DEP that there have been many breaks to the distribution system but notes that in this mountain community service area that breaks do occur in customer-owned lines and that such breaks may have a minimal impact on a small percentage of nearby customers until that break is isolated. TESI is not responsible for customer-owned pipe breaks.

Aqua: Tentatively, Aqua anticipates that improvements to the water system may include main replacements (includes associated fittings, company service lines, fire hydrants and related appurtenances); upgrades to treatment facilities; meter replacements or upgrades; security; and the installation of automation and controls to remotely monitor the tank and well/treatment of the System. Aqua has not definitively determined a time frame or cost estimates for the foregoing improvements, which, at this time, are only possibilities, and would not be determined as necessary until after Closing and Aqua has been actually operating the system.

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Docket Nos. A-2011-2276845, A-2011-2276847, A-2011-2276856 and A-2011-2276857

A-6 Aqua has indicated its intent to commence charging fire hydrant rates. Meanwhile, DEP has indicated; "Fire demand can deplete potable water supply." Indicate how Aqua intends to remedy this situation.

Response: Aqua intends to determine improvements to the water system after Closing and it has been actually operating the system as explained in the response to A-5.

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Docket Nos. A-2011-2276845, A-2011-2276847, A-2011-2276856 and A-2011-2276857

- A-7
- a) Identify the municipality who will be asked to pay for the public fire hydrant fee.
 - b) Indicate whether this municipality has consented to pay the fee.
 - c) If not, indicate whether Beech Mountain Lakes Resort Community has agreed to pay the private fire hydrant fees.
 - d) In the event the municipality is unwilling to pay the fee, indicate if the Community is obligated to pay.

- Response:
- a) Depending on where the fire hydrant is located, Butler Township or Dennison Township will be asked to pay the public fire hydrant rate.
 - b) Paragraph 6.c. of the Assets Purchase Agreement addresses the fire hydrant rate and provides for "Seller" to approach the municipality about taking responsibility for paying the rate. Aqua is not presently aware that the Seller has been able to have the municipality take responsibility for the fire hydrant fees.
 - c) At the present time, the municipalities have not agreed to pay the fire hydrant fees, nor have they stated an unwillingness to pay the fees.
 - d) Aqua believes that the municipality is obligated to pay the fire hydrant fees or in the alternative the property owners association.

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A-8 a) The applications indicate the combined cost for the water/wastewater facilities is \$1.5 million. Provide the distribution of cost between Aqua (for the water system) and Little Washington (for the wastewater system).

b) Indicate whether an original cost study will be performed before the transaction is "booked"

Response: a) As of the present time, Aqua/LWWC have not allocated the total purchase price between the water and wastewater systems.

b) An original cost study will be performed before the transaction is "booked."

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A-9 Provide a list of the planned repairs/improvements to the wastewater system with a projected timetable and cost.

Response: Tentatively, LWWC anticipates that improvements for the wastewater system may include collection system rehabilitation. LWWC has not definitively determined a time frame or cost estimates for the foregoing improvements, which, at this time, are only possibilities, and would not be determined as necessary until after Closing and LWWC has been actually operating the system.

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A-10 a) It is noted that in Exhibit D of both applications, the schedule of TESI's service rates did not include the Availability Service fees. Provide an explanation.

b) Indicate if Aqua/ Little Washington intends to adopt TESI's Schedules of Rates and Charges in their entirety. If not, provide an explanation.

Response: a) Aqua/LWWC are not planning to adopt the Availability Service fee and did not include the Availability Service fee in Exhibit D. In *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, 236 P.U.R. 4th 218 (2004), the Public Utility Commission adopted an Aqua proposal to remove availability charges from the Company's rate structure because the charges produce phantom income or revenue in that most customers do not actually pay the charge. Consistent with the foregoing and the difficulties associated with charging and collecting Availability Service fees, Aqua has not included the fees in the Exhibit D rates.

b) In *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, 236 P.U.R. 4th 218 (2004), the Public Utility Commission adopted an Aqua proposal to remove availability charges from the Company's rate structure because the charges produce phantom income or revenue in that most customers do not actually pay the charge. Consistent with the foregoing and the difficulties associated with charging and collecting Availability Service fees, Aqua/LWWC intend to adopt TESI's Schedules of Rates and Charges, with the exception of the Availability Service fee.

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A-11 a) Indicate whether an approval has been received from Butler Township Authority for the assumption of the existing contract for wastewater treatment services.

b) Indicate if the assumed contract will be between the Authority and Little Washington or Aqua.

Response: a) Subsequent to the filing of the Joint Applications, Aqua/LWWC learned from Butler Township that the Butler Township Authority has been disbanded and that Township wastewater operations are handled by the Butler Township Wastewater Department. Aqua/LWWC understand Crystal Penn Ridge to be the primary owner of the undeveloped land within TESI's existing, undeveloped service territory. Aqua/LWWC do not read the existing contract for wastewater treatment services to require Authority approval. It is LWWC's intent to work with the Wastewater Department to update the contract as stated in Exhibit 3(e) of the Assets Purchase Agreement.

b) Aqua/LWWC anticipate that the assumed or new arrangement for wastewater treatment services would be between Butler Township and LWWC.