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Seth A. Mendelsohn
Corporate Counsel

August 2, 2013

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

In Re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of Franklin Township Municipal Sewer Authority properties and rights related its wastewater system to Pennsylvania American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in portions of Franklin Township, Adam County, Pennsylvania. Docket No. A-2013-2344624

Dear Ms. Chiavetta:

In response to H. Edwin Rodrock's letter dated July 29, 2013, attached please find Pennsylvania-American Water Company's answers to the data requests regarding the above referenced docket number.

Respectfully,


Seth A. Mendelsohn *SM*

blg
Enclosure

cc: H. Edwin Rodrock
E. Festus Odubo

**Bureau of Technical Utility Services
Water/Wastewater Industry Group**

Discovery

**Pennsylvania-American Water Company (PAWC) – Wastewater/Franklin Township Municipal
Sewer Authority (FTMSA)
Acquisition Application
Docket No. A-2013-2344624
July 29, 2013**

Note: Restate the data request prior to providing a response, in addition, for each data response provide the name of the person(s) providing the response and/or information.

A-32 In line with the amended agreement, please provide updated information for paragraph 17 on page 5 of the application.

Response: Based on amendment the tentative journal should it be as noted below. However, as stated on page 5, PAWC will undertake an original cost study and will establish the depreciated original costs (including any contributions) for FTMSA's utility plant based on the results of the study.

Utility plant	\$ 7,890,005	
C.I.A.C. (estimated)	(\$1,156,000)	
Accumulated depreciation		\$ 515,310
Short term debt		\$5,500,000
Acquisition Adjustment		\$ 718,695

A-33 Based on your responses to A-3, A-31 and paragraph 2.2 of the Purchase Agreement, please confirm that the improvements shown on the attachment in your response to A-3 was made by FTMSA and the cost of the improvements (\$158,520) was included in the purchase price in the application.

Response: The improvements of \$158,520 will be completed by PAWC after closing. It is anticipated that these improvements will be completed during the beginning of 2014.

A-34 In line with your response to A-6, provide information on an annual estimate of how much PAWC will lower electrical KWH costs for the FTMSA system after acquisition.

Response: PAWC estimates KWH costs will be reduced by approximately \$5,300 based on utilizing PAWC's negotiated power contracts.

A-35 Indicate how water service is currently being provided to FTMSA customers.

Response: Approximately 100 FTMSA customers receive public water from the Franklin Township Municipal Authority (FTMA). The remaining FTMSA customers have private wells. This response also updates PAWC's prior response to A-10.

A-36 In line with your response to A-20, indicate why the revenue from the tap-in-fee (\$8,000) for the approximately 297 customers (\$2,376,000) of FTMSA is not reflected on the tentative journal entries on paragraph 17 of your application or FTMSA's balance sheet of November 19, 2012.

Response: Prior to June 1, 2011, the wastewater system was owned and operated by Franklin Township. The tap-in fee during the time was \$4,000 per Franklin Township resolution FT 2008-10 (copy attached). Based on recent information received from FTMSA, a tap-in fee was charged to each customer that was connected to the wastewater treatment plant during 2009. At that time, 289 customer services were installed. The total tap-in fees charged were \$1,156,000. This information was not known when the tentative journal entries for this acquisition were developed. It is assumed that FTMSA booked the tap-in fees as revenue so they were never reflected on the balance sheet. However, PAWC is currently preparing an original cost study and will establish the depreciated original costs (including contributions) and final journal entries for FTMSA's utility plant based on the results of this study. The tentative journal entries have been updated to reflect an estimated amount of CIAC.

A-37 Indicate how PAWC plans on addressing the tap-in fee for new customers in the service territory of FTMSA after the acquisition.

Response: Tap-in fees for new customers will be treated as contribution in aid of construction.

A-38 Provide information or a breakdown of the facilities (type of main, size, length, etc.) on the proposed interconnect from FTMSA to Hamiltonban Township estimated at \$2.9 million.

Response: PAWC plans to install a pump station to be located at the site of the existing Hamiltonban Township Municipal Authority (HTMA) treatment plant. The pump station is anticipated to have 2 pumps and discharge into a 4-inch force main. The force main will be approximately 10,800 ft.

A-39 Indicate if the 14 FTMSA sand mound customers that are currently charged \$117.73 per quarter per EDU will also be charged the adopted rate of \$85 per month per EDU after closing.

Response: The FTMSA sand mound customers are currently being charged \$117.73 per quarter. After closing, the rate will remain at \$117.73 per quarter.

A-40 If yes, indicate how they were notified and provide a copy of the notification.

Response: NA. Please see response to A-39.

A-41 Provide information on the outstanding data requests for Hamiltonban dated April 5, 2013 and update on the current status of the Hamiltonban Township application.

Response: The Hamiltonban project (data requests and application) was temporarily delayed pending completion of the FTMA Agreement Amendment. With the completion of the FTMA Agreement Amendment, the project is no longer delayed and PAWC plans to provide data responses by August 9, 2013.

A-42 Based on your response to A-2 provide reasons why the Commission should approve the FTMSA application without first approving or concurrently approving the Hamiltonban Township application.

Response: We suggest that it would be in the interest of FTMSA's current customers if PAWC and FTMSA could close the acquisition on or before September 1, 2013. FTMSA has requested PAWC to close the transaction as soon as possible to provide rate relief to its customers. Also, as stated in A-41, there is no longer a delay with the Hamiltonban application/project and PAWC intends to regionalize the Hamiltonban system via the completion of the interconnection to FTMSA.

VERIFICATION

BERNIE GRUNDUSKY, JR., subject to the penalties of 18 Pa. Cons. Stat. § 4904 relating to unsworn falsification to authorities, hereby avers that he is Director, Business Development, for PENNSYLVANIA-AMERICAN WATER COMPANY, that as such he is authorized to sign this Verification its behalf; and that the facts set forth in the foregoing Responses to Data Requests are true and correct to the best of his knowledge, information or belief.



Bernie Grundusky, Jr., Director, Business Development

Dated: 8/2/13

FRANKLIN TOWNSHIP
RESOLUTION NO. 2008-10

A RESOLUTION OF THE TOWNSHIP OF FRANKLIN ESTABLISHING
SEWER SYSTEM TAPPING FEES IN ACCORDANCE WITH
ACT 57 OF 2003

WHEREAS, FRANKLIN TOWNSHIP (the "Township") owns and operates a municipal sewer system; and

WHEREAS, the Pennsylvania Municipality Authorities Act confers upon the Township the power to charge property owners connecting to the Township's sewer system tapping fees; and

WHEREAS, Act 57 of 2003 (P.L. 404) amended the Pennsylvania Municipality Authorities Act by revising, inter alia, the method of calculating and determining various tapping fees and tapping fee components chargeable to such property owners; and

WHEREAS, after undertaking appropriate and required study and consideration, the Board of Supervisors has determined the need to establish tapping fees effective July 3, 2008 consistent with requirements of Act 57 of 2003.

NOW, THEREFORE, the Township, in public session duly assembled, hereby RESOLVES as follows:

1. Effective July 3, 2008, any residential property owner connecting to the Township's sewer system shall pay to the Township prior to connecting thereto a tapping fee of \$ 4,000.00 per household, which tapping fee consists of the following components:

Capacity Part:	\$ 2,010.00
Collection Part:	\$ 1,990.00
Special Purpose Part:	\$ 0.00
Reimbursement Component	\$ 0.00
Total Sewer Tapping Fee:	\$ 4,000.00

2. As to multi-family or apartment dwellings, the per household tapping fee shall apply to each dwelling unit.

3. Tapping fees are imposed and payable for each separate EDU use made within any improved property. In the case of domestic uses, apartments, offices, commercial uses, industrial uses, institutional and all other types of uses, a separate tapping fee shall be paid for each separate use or uses. The number of EDU's shall be established in accordance with Section IV of the Franklin Township Rules and Regulations.

4. The addition of an apartment unit, multiple units, office spaces, retail shop or other residential or commercial entity creating a need for additional sanitary sewer capacity in the collection system and the wastewater treatment facility, shall be charged the appropriate tapping fee for sanitary sewer capacity utilized by the customer.

5. The Capital Charges Study Pursuant to Act 57 of 2003-Sewer System, dated July 3, 2008 is hereby incorporated by reference herein in its entirety, made a part of this Resolution and shall be made available for public inspection in accordance with applicable law.

6. Connection fees and customer facilities fees, as applicable, shall be charged at actual cost.

7. The tapping fees set forth in this Resolution and adopted hereby shall remain in effect until changed or modified by the Township as provided by law.

8. All rules, regulations and resolutions of the Township and all parts or portions thereof to the extent not specifically modified hereby shall remain in full force and effect, it being the intention of this Resolution only to establish tapping fees as noted above and to affect no other charges or any prior rules, regulations or resolutions of this Township.

ADOPTED AND ENACTED this 3rd day of July 2008.

ATTEST

Scott G. Killinger
Secretary

Franklin Township Board of Supervisors

By Stephanie K. Spence
Vice Chairman