



Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888
(717) 533-5000 • Fax: (717) 531-3314 • E-mail: ssimms@pawc.com

Susan Simms Marsh
Associate Corporate Counsel

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December 3, 2001

Joel H. Cheskis
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Kuj

Re: Cindy Parks v. Pennsylvania-American Water Company
Docket No. C-00015377

Dear Mr. Cheskis:

Enclosed please find two (2) copies of Pennsylvania-American Water Company's Responses to Office of Consumer Advocate's Interrogatories, Set II, Question 2. Question 1 will be responded to within the twenty (20) days of the date of service pursuant to 52 Pa. Code §5.342(d). As evidenced by the enclosed Certificate of Service, all parties to this proceeding have been duly served.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Respectfully,

Susan Simms Marsh
Associate Corporate Counsel

c: James McNulty (w/Certificate of Service only)
Terry Fought

DOCUMENT
FOLDER



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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CINDY PARKS :
: :
Complainant : :
: :
v. : :
: :
PENNSYLVANIA-AMERICAN WATER : :
COMPANY, : :
Respondent :

Docket No. C-00015377

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, Pennsylvania-American Water Company's Response to Office of Consumer Advocate's Interrogatories Set II, upon the participants listed below, in accordance with the requirements of §1.54:

VIA UPS OVERNIGHT DELIVERY

Joel H. Cheskis
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Ms. Cindy Parks
447 Fort Cherry Road
McDonald, PA 15057

Terry Fought
Consulting Engineer
780 Cardinal Drive
Harrisburg, PA 17111

DOCKETED
DEC 06 2001

Dated this 3rd day of December, 2001.

Susan Simms Marsh
Susan Simms Marsh
Pennsylvania-American Water Company
800 West Hershey Park Drive
P. O. Box 888
Hershey, Pennsylvania 17033-0888
(717) 533-5000

DOCUMENT
FOLDER



Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888
(717) 533-5000 • Fax: (717) 531-3314 • E-mail: ssimms@pawc.com

Susan Simms Marsh
Associate Corporate Counsel

December 11, 2001

VIA FAX AND FIRST CLASS MAIL

Joel H. Cheskis
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

DOCUMENT
FOLDER

RECEIVED
2001 DEC 12 AM 9:04
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SECRETARY'S BUREAU

Re: Cindy Parks v. Pennsylvania-American Water Company
Docket No. C-00015377

Dear Mr. Cheskis:

Enclosed please find two (2) copies of Pennsylvania-American Water Company's Responses to Office of Consumer Advocate's Interrogatories, Set II, Question 1. As evidenced by the enclosed Certificate of Service, all parties to this proceeding have been duly served.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Respectfully,

Susan Simms Marsh
Associate Corporate Counsel

c: James McNulty (w/Certificate of Service only)
Terry Fought



BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

CINDY PARKS :
:
Complainant :
:
v. :
:
PENNSYLVANIA-AMERICAN WATER :
COMPANY, :
Respondent :

Docket No. C-00015377

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, Pennsylvania-American Water Company's Response to Office of Consumer Advocate's Interrogatories Series II, upon the participants listed below, in accordance with the requirements of §1.54:

VIA US MAIL

Joel H. Cheskis
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Ms. Cindy Parks
447 Fort Cherry Road
McDonald, PA 15057

Terry Fought
Consulting Engineer
780 Cardinal Drive
Harrisburg, PA 17111

DOCKETED
DEC 12 2001

DOCUMENT
FOLDER

Dated this 11th day of December, 2001.

Susan Simms Marsh
Susan Simms Marsh
Pennsylvania-American Water Company
800 West Hershey Park Drive
P. O. Box 888
Hershey, Pennsylvania 17033-0888
(717) 533-5000



Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888
(717) 533-5000 • Fax: (717) 531-3314 • E-mail: ssimms@pawc.com

Susan Simms Marsh
Associate Corporate Counsel

January 4, 2002

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VIA E-MAIL AND U.S. MAIL

The Honorable Larry Gesoff
Administrative Law Judge
Pennsylvania Public Utility Commission
1103 Pittsburgh State Office Building
300 Liberty Avenue
Pittsburgh, PA 15222

REP

Re: Cindy Parks v. Pennsylvania-American Water Company
Docket No. C-0015377

Dear Judge Gesoff:

In accordance with 52 Pa. Code § 5.412 and the Interim Order dated November 28, 2001,, enclosed please find two copies of the Direct Testimony on behalf of Pennsylvania-American Water for the following individuals:

Statement No. 1.0 - Jay R. Lucas - Operations Manager

Statement No. 2.0 - Jerry E. Hankey - Engineering Manager

Statement No. 3.0 - Paul T. Diskin - Director of Rates and Planning

A Certificate of Service is also enclosed evidencing service upon all parties of record.

Respectfully,

Susan Simms Marsh
Associate Corporate Counsel

jmm
Enclosures
cc: James J. McNulty, Secretary (Certificate of Service)



STATEMENT OF JAY R. LUCAS
ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY
STATEMENT 1.0

1 **Q. What is your name and business address?**

2 A. My name is Jay R. Lucas and my business address is P. O. Box 1290, 300 Galley
3 Road, McMurray, PA 15317.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Pennsylvania-American Water Company ("Pennsylvania-
6 American" or "Company") as an Operations Manager. In my current position, I
7 oversee the operations that are responsible for the production, supply and
8 distribution of potable water to approximately 85,000 customers in four (4)
9 separate Districts located within Pennsylvania-American's Western Operations.
10 Those Districts are McMurray, Brownsville/California, Elizabeth/Monongahela,
11 and Uniontown/Connellsville.

12 **Q. Will you please outline your experience in the water utility industry?**

13 A. I have worked in various capacities in the water and wastewater utility industry
14 for more than nineteen (19) years. After graduating from College in 1982, I
15 accepted a position with the Philadelphia Water Department (PWD) as a Civil
16 Engineer. In this capacity, I was responsible for managing and start-up of multi-
17 million dollar wastewater treatment plant construction projects at PWD's North
18 East Water Pollution Control Plant. In 1989, I left PWD and accepted a position
19 as Operations Engineer for Pennsylvania-American's Milton Operations. In this
20 capacity, I was responsible for managing engineering projects for four (4)
21 separate Districts, which included Milton, Philipsburg, Berwick, and Frackville.
22 Part of my duties included designing and overseeing the construction of waterline
23 extension projects. In 1995, I was promoted to Operations Manager for the
24 Southwest Area of the Company's Western Operations. In this capacity, I am
25 responsible for the operations of four (4) separate Districts located within the
26 Company's Western Operations. Those Districts are McMurray, Brownsville/
27 California, Elizabeth/Monongahela, and Uniontown/Connellsville. I have

1 presented testimony or been involved in formal complaint proceedings which are
2 listed on PAWC Appendix 1.A.

3 **Q. What is your educational background?**

4 A. I am a 1982 graduate of Lafayette College of Easton, Pennsylvania, where I
5 received a Bachelor of Science Degree in Civil Engineering. I am also a 1998
6 graduate of Robert Morris College of Moon Township, Pennsylvania, where I
7 received a Master's Degree of Business Administration.

8 **Q. Do you hold any professional licenses or certification?**

9 A. Yes. I am a Licensed Professional Engineer in the State of Pennsylvania (PE-
10 038950-E). I am an A-1 Certified Water Treatment Plant Operator in the State of
11 Pennsylvania (W6712). I am an A-1 Certified Waste Water Treatment Plant
12 Operator in the State of Pennsylvania (S9957).

13 **Q. Do you belong to any professional or industry associations?**

14 A. Yes. I am a member of the National Society of Professional Engineers (NSPE),
15 the Pennsylvania Society of Professional Engineers (PSPE), the American Society
16 of Civil Engineers (ASCE), the Water Works Operators Association of
17 Pennsylvania (WWOAP), and the American Water Works Association (AWWA),
18 of which I currently serve as Chairman of the Distribution Committee for the
19 Pennsylvania Section of AWWA.

20 **Q. What is the nature of your duties with Pennsylvania-American?**

21 A. As an Operations Manager for Pennsylvania-American, I am responsible for
22 overseeing the operations of four (4) separate Districts in the Company's Western
23 Operations. These responsibilities primarily focus on three major areas, which
24 include the production of potable water, the daily reading of water meters and the
25 installation of new and replacement water meters, and the maintenance and
26 extension of the waterline distribution system. In this capacity, I have
27 approximately 15 salaried associates and 100 bargaining unit associates under my
28 supervision. I am also responsible for the preparation and control of Operating
29 and Maintenance Budgets and Capital Improvement Budgets.

30

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to discuss the background and history as I know it
3 of the attempts to extend the Company's water system to the Hickory Area of
4 Mount Pleasant Township. I will also discuss and describe the meetings
5 Pennsylvania-American has had with the Mount Pleasant Township Authority
6 ("MPTA") in order to better define the proposed project and determine the
7 number of potential Bona Fide Service Applicants. Additionally, I will discuss
8 how Pennsylvania-American developed the cost estimates for a potential project
9 to extend the Company's water system to the Hickory Area of Mount Pleasant
10 Township. Finally, I will state my concerns with the testimony of OCA Witness
11 Fought.

12 **Q. How many applications for water service has Pennsylvania-American**
13 **received from homeowners, renters, businesses and local government located**
14 **in the Hickory Area of Mount Pleasant Township?**

15 A. As of January 4, 2002, PAWC has received no application for water service from
16 persons residing in the Hickory Area of Mount Pleasant Township that is the
17 subject of the Formal Complaint proceeding before the Pennsylvania Public
18 Utility Commission ("Commission" or "PUC"). This has been a continuing
19 unresolved issue. Based on the Mount Pleasant Township population, the number
20 of Bona Fide Service Applicants could exceed 600. The OCA and Mount Pleasant
21 Municipal Authority have both sent surveys to potential Bone Fide Service
22 Applicants in order to ascertain the Area's interest in public water.

23 **Q. Please describe the Company's existing water facilities in and around**
24 **Hickory Area of Mount Pleasant Township?**

25 A. Pennsylvania-American currently has limited waterline facilities located within
26 Mount Pleasant Township. However, the Company owns and operates existing
27 waterline facilities in neighboring Townships that border and surround Mount
28 Pleasant Township. They are as follows:

- 29 • To the north of the town of Hickory, there are existing Pennsylvania-
30 American waterlines in and around Waterdam Road located near the
31 Cherry Valley Reservoir in Mount Pleasant Township.

- To the northeast of the town of Hickory, there are existing Pennsylvania-American waterlines in and around Fort Cherry Road near the Primrose Area in Mount Pleasant Township.
- To the east of the town of Hickory, there are existing Pennsylvania American waterlines in and around SR 50 in Mount Pleasant Township.
- To the southeast of the town of Hickory, there are existing waterlines in and around SR 519 near Westland in Mount Pleasant Township.
- To the south of the town of Hickory, there are existing waterlines in and around SR 18 and Old Hickory Ridge Road near McCarrell Road in Chartiers Township.

Q. Please describe the proposed main extension project footprint for the Hickory Area of Mount Pleasant Township Area?

A. As previously stated above, the Company has waterline facilities generally surrounding several sides of Mount Pleasant Township. The largest grouping and density of potential bona fide service applicants residing in Mount Pleasant Township appear to be located in and around the town of Hickory, which is approximately located in the geographic center of Mount Pleasant Township. Initially, the proposed project was designed to include a booster pump station and a water storage tank. A recent unrelated project located in neighboring Chartiers Township that is currently under construction resulted in a modification to the proposed Hickory Area project as initially designed. The current proposed main extension project footprint for the Hickory Area is outlined in the map provided at PAWC Exhibit 1.1. Specifically, a booster pump station will be located along SR 18 in Chartiers Township in close proximity to the Mount Pleasant Township border. The design for proposed Hickory Area project has changed to utilize SR 18. Designing the Hickory Area project to include SR 18 will eliminate the need for the booster pump station as initially proposed and the booster pump station located along SR 18 will be used for the Hickory project. Additionally, the new design proposal for the Hickory Area project will potentially increase the number of the potential bona fide service applicants to include homes and/or businesses located along SR 18. The Hickory Area project pipeline footage is as follows:

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<u>Street</u>	<u>Pipe Size</u>	<u>Footage</u>
SR 18	12	17,553
SR 50, Main St., SR 18	12	24,900
Walbash Road	12	1,421
McCarrell Road	12	4,241
Allison Road	8	720
Casey Road	8	3,393
Dire Road	8	1,440
Donaldson Road	8	4,476
Grandview Road	8	2,270
Johnson Road	8	2,300
Pleasant Road	8	4,536
Hornhead Road	8	6,832
Eleanor Street	8	415
Ft. Cherry Road	8	1,667
Washington Road	8	2,709
Tank Site	12	4,800

Q. How does this project framework differ from the Company's response to OCA Interrogatory Set I No. that is included in OCA Witness Terry Fought Direct Testimony (OCA Statement 1) as Exhibit TLF-4?

A. The initial design for the proposed Hickory Area project included water service for the Primrose area to be provided from the end of the Company's existing waterline located on Fort Cherry Road. The differences between the initial project design and the current design are summarized below:

- 11,880' of 16" waterline from Primrose to Southview replaced with 17,533' of 12" waterline located along SR 18 from Chartiers Township to Hickory.
- 3,800' of 12" waterline along the eastern end of SR 50 is eliminated.
- The booster pump station located in Mount Pleasant Township is has been eliminated.

1 **Q. Why did the Company modify the proposed main extension project?**

2 A. Pennsylvania-American coordinated the design of the proposed Hickory Area
3 project with the Mount Pleasant Municipal Authority (“Authority” or “MPTMA”)
4 and the Authority’s engineer. During the fall of 2001, the Authority requested the
5 Company to consider and present possible alternative designs and pipeline routes
6 for the Authority’s review and consideration. Additionally, the Company entered
7 into an agreement with Chartiers Township, during the fall of 2001, to construct a
8 waterline extension and install a booster pump station. Since the facilities to be
9 constructed for the Chartiers Township project were in proximity to the Chartiers
10 Township and Mount Pleasant Township boundary, Pennsylvania-American
11 reviewed and evaluated the proposed Hickory Area project to determine if there
12 were alternative routes and designs that would service the Hickory Area at a
13 lower cost. At a meeting with the MPTMA during the later part of December,
14 the Company outlined alternative project scope and design. It was determined
15 that the least cost design while providing adequate water service to the Hickory
16 Area was the alternative project design which included SR 18 and the booster
17 pump station that is being constructed and installed in Chartiers Township along
18 SR 18.

19 **Q. How did the Company determine the project footprint?**

20 A. The project footprint was determined based in large part from input provided by
21 the MPTMA. It is my understanding that the MPTMA distributed and surveys to
22 600 residents and businesses residing in the Hickory area in order to determine
23 the interest in obtaining public water. Based on this information obtained from
24 the survey, the MPTMA identified the roads along the proposed project that
25 should be included in the project footprint. The project footprint actually evolved
26 over the course of several meetings that took place between Pennsylvania-
27 American and the MPTMA members. The meetings included discussions and
28 evaluations of the project scope and layout. Several meetings with a MPTMA
29 Board member were held in the field during 2001 in order to drive the proposed
30 project route, count houses, etc. This is how the project footprint was ultimately
31 developed.

1 **Q. What has been the nature of the Company's relationship with the Authority?**

2 A. I believe that the Company and the MPTMA have had a good working
3 relationship so far on this project. There has been cooperation on each side in
4 sharing information.

5 **Q. What is the estimated cost of the proposed project?**

6 A. The total estimated cost of the project is \$4,042,019 and include a potential Bona
7 Fide Service Applicant count of 420. PAWC Exhibit 1.2 outlines the estimated
8 proposed cost.

9 **Q. Based on the Company's tariff, what is the Company Contribution?**

10 A. There are a total of 420 potential Bona Fide Service Applicants along the
11 proposed project route. If all 420 potential Bona Fide Service Applicants submit
12 applications for water service, enter into an Extension Deposit Agreement and
13 agree to take water service, the Company Contribute, at \$5,655 per customer,
14 would be \$2,375,100. Based on the Company Tariff Rule 27, the balance of the
15 project cost, \$1,666,919, would be funded by Customer Contribution. I would
16 note, however, in other projects of this type and magnitude, there has been a
17 variety of ways that the balance of a project has been funded. They are at a
18 minimum as follows and could include any possible combination:

- 19 • Grant(s) from the local State Legislator(s).
20 • A Community Development Block Grant (CDBG).
21 • Growing Greener Money.
22 • A PENNVEST Loan.
23 • A Contribution from a local Coal Company whose mining activities may have
24 damaged the local underground water supplies.
25 • Grant from the Federal Office of Surface Mining (OSM) where it can be
26 proved that previous mining activities may have damaged the local
27 underground water supplies.

28 **Q. Does the project include facilities to provide the Complainant, Cindy Parks,
29 water service?**

30 A. Yes, Cindy Parks' home is included in the project footprint.
31

1 **Q. Did you have an opportunity to review Terry Fought's Direct Testimony?**
2 A. Yes, I did review Mr. Fought's testimony.
3 **Q. Do you agree with his testimony?**
4 A. Not completely
5 **21. What are your disagreements?**
6 A. My disagreements with Terry Fought's direct testimony are as follows:
7 • Page 4, Line 3-7: The Company has correctly applied its tariff in this case. A
8 high CIAC is a direct result of the total size and scope of the proposed project,
9 whose project footprint was derived based on the input the Company received
10 from the MPTMA.
11 • Page 5, Lines 13-21: The Company's proposed facilities for this project are
12 not oversized. The facilities are correctly sized based experience using sound
13 engineering judgment and principles. Pennsylvania-American has a
14 responsibility to be able to serve all of the residents within the Mount Pleasant
15 Township area, specifically the project footprint. This responsibility includes
16 being able to provide adequate domestic flow and pressure as well as adequate
17 fire protection.
18 • Page 7, Lines 7-19: The allocation of certain costs into DSIC is not correct in
19 this case. The 16" waterline installation benefits the new potential Bona Fide
20 Service Applicants in Mount Pleasant Township. It will not benefit the
21 Company's existing customers along SR 50, etc. because the separate water
22 treatment types in this area (chloramination versus chlorine) makes it
23 impossible to mix the two types of water.
24 • Page 8, Lines 12-21: See the response for page 7 above.
25 • Page 11, Lines 14-23: Donaldson Road was included in the project footprint
26 at the request of the MPTMA.
27 • Page 12, Lines 15-17: There was no distinction between residential and
28 commercial customers in developing the estimated project costs analysis and
29 the calculation of CIAC because it was assumed based on experience that any
30 potential commercial customers in this project would only use a standard 5/8"
31 residential type meter. If there were a large commercial or even industrial

1 customer along the project footprint, the Company would revise the CIAC
2 calculation accordingly.

- 3 • Page 14, Lines 13-21: The MPTMA has previously applied for at least one
4 and possibly two PENNVEST Loans on their own in the past 10 to 15 years in
5 order to attempt to bring water into the Hickory area of Mount Pleasant
6 Township. It is my understanding that both times, public resistance to
7 mandatory connection has stopped the project from moving forward even
8 though the PENNVEST Loan(s) had been approved. However, I do not
9 believe that a vote has actually ever been taken with the residents of Mount
10 Pleasant Township.

11 **Q. Does this conclude your testimony?**

12 **A. Yes, it does.**

PAWC APPENDIX 1.A

PAWC APPENDIX 1.A

FORMAL CUSTOMER COMPLAINT PROCEEDINGS

<u>Name</u>	<u>Docket No.</u>
Thomas M Lapinski	C-00971096
Thomas W. Bellas	C-00970869
Deborah E. Cowden, et al.	C-00981949
William D. Stevenson, Jay Sasse, Jr. & Regis E. Karch	C-00981518, C-00981517, C-00981519
Sarah Kildow, Robert K. Ulm & Robert E. Kildow	C-00992267, C-00992268, C-00992271
Donald & Kathleen Graff	C-00992554
Joseph M. Gazvoda, et al.	C-00003200
Robert Maltony, et al.	C-00003636
Edward Morra, Jr. et al.	C-00014733
Cindy Parks	C-00015377

PAWC EXHIBIT 1.1

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JOHN M. BEGALCA
Owner
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McDonald, Pennsylvania 15054

OVER SIZED DOCUMENTS

19

MOUNT PLEASANT

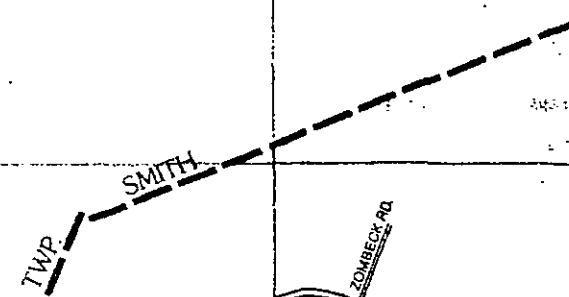
WASHINGTON COUNTY

31 McCARTHY
HICKORY,

TELEPHONE:

LEGEND

- STATE ROUTE
- PUBLIC ROAD
- CHURCH
- SCHOOL
- EMBEDDING
- CEMETERY
- PUBLIC AREA
- SUPPORTING ADVERTISERS



PAWC EXHIBIT 1.2

Mt Pleasant Twp Overview

Phase 1 Part One

Customers

Rt 18 from Chartiers twp. project total:	17,553 feet of 12"DI \$750,105	59
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Phase 1 Part Two

Rt 50 and Rt 18 project total:	24,900 feet of 12"DI \$1,050,384	174
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Phase 1 Part Three

Hickory Distribution project total:	5,662 feet of 12", 30,758 feet of \$1,227,464	179
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Phase 1 Part Four

Tank	\$850,000	
Pipe line 4,800' of 12"	\$164,066	8
	\$1,014,066	

Cost of Distribution project:	\$3,192,019	
Cost of Tank project:	\$850,000	
		420

Total:	\$4,042,019	
PAWC Investment(2\$5655/Customer)	<u>\$2,375,100</u>	

Difference	\$1,666,919	
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121001

Mt Pleasant
Rt 18 from Chartiers

Units	Description	Estimated Cost	Unit Cost
17,553	12" DICL pipe	179,567	10.23
19500	12" polywrap	6,435	0.33
18	12" gatevalves	6,786	377
5	12" x 12" solid sleeves	385	77
18	valve boxes	972	54
3	12"-8" tee	372	124
8	12" - 45 bends	768	96
0	12" tee	0	154
8	12" - 22 1/2 bends	768	96
8	12" - 11 1/4 bends	768	96
0	12" plug	0	31
15	blow-off	750	50
17553	Contract Installation	219,413	12.5
2000	Extra Depth	2,000	1
20000	Rock Excavation	25,000	1.25
11,333	stone	135,996	12
35	concrete	4,725	135
10	hauling	400	40
1000	temp paving	9,000	9
0	concrete sidewalk	0	9
8000	berm	72,000	9
2500	paving	47,500	19
1	permits	18,000	18000
1	Water Company Labor	18,500	18500
	subtotal	750,105	

59 Apps @ \$5655=\$333,645

91901

Mt Pleasant
McCarrell Rd

Units	Description	Estimated Cost	Unit Cost
4,241	12" DICL pipe	43,385	10.23
4721	12" polywrap	1,558	0.33
5	12"gatevalves	1,885	377
3	12" x 12" solid sleeves	231	77
5	valve boxes	270	54
1	12"-8" tee	124	124
2	12" - 45 bends	192	96
0	12" tee	0	154
3	12" - 22 1/2 bends	288	96
3	12" - 11 1/4 bends	288	96
1	12" plug	31	31
5	blow-off	250	50
4241	Contract Installation	53,013	12.5
500	Extra Depth	~ 500	1
5000	Rock Excavation	6,250	1.25
1880	stone	22,560	12
10	concrete	1,350	135
10	hauling	400	40
150	temp paving	1,350	9
0	concrete sidewalk	0	9
1000	berm	9,000	9
250	paving	4,750	19
1	permits	2,500	2500
1	Water Company Labor	7,500	7500
	subtotal	157,675	

23 Apps @ \$5655=\$130,065

91901

Mt Pleasant
Allison Rd

Units	Description	Estimated Cost	Unit Cost
720	8" DICL pipe	4,471	6.21
800	8" polywrap	208	0.26
1	8"gatevalves	191	191
1	valve box	51	51
2	8" 45 bends	108	54
2	8" 22 bends	108	54
1	blowoffs	100	50
1	8" x 8" solid sleeves	57	57
1	8" plugs	17	17
720	Contract Installation	9,000	12.5
100	extra dept	100	1
500	rock	625	1.25
300	2rc stone	3,600	12
2	concrete blocking	270	135
250	paving	4,750	19
0	stream crossing	0	125
1	Pawc labor	1,500	1500
1	permits	500	500
	subtotal	25,656	

7 Apps @ \$5655=\$39,585

91901

Mt Pleasant
Casey Rd

Units	Description	Estimated Cost	Unit Cost
3393	8" DICL pipe	21,071	6.21
3500	8" polywrap	910	0.26
2	8" gate valves	382	191
2	valve box	102	51
4	8" 45 bends	216	54
4	8" 22 bends	216	54
3	blowoffs	100	50
3	8" x 8" solid sleeves	171	57
0	8" plugs	0	17
3393	Contract Installation	42,413	12.5
250	extra dept	250	1
2000	rock	2,500	1.25
690	2rc stone	8,280	12
10	concrete blocking	1,350	135
500	paving	9,500	19
0	stream crossing	0	125
1	Pawc labor	3,500	3500
1	permits	1,000	1000
	subtotal	91,960	

16 Apps @ \$5655=\$90,480

91901

Mt Pleasant
Dire Rd

Units	Description	Estimated Cost	Unit Cost
1440	8" DICL pipe	8,942	6.21
1600	8" polywrap	416	0.26
2	8"gatevalves	382	191
2	valve box	102	51
2	8" 45 bends	108	54
2	8" 22 bends	108	54
2	blowoffs	100	50
1	8" x 8" solid sleeves	57	57
1	8" plugs	17	17
1440	Contract Installation	18,000	12.5
200	extra dept	200	1
1000	rock	1,250	1.25
600	2rc stone	7,200	12
5	concrete blocking	675	135
450	paving	8,550	19
0	stream crossing	0	125
1	Pawc labor	2,000	2000
1	permits	500	500
	subtotal	48,607	

27 Apps @ \$5655=\$152,685

91901

Mt Pleasant
Donaldson Rd

Units	Description	Estimated Cost	Unit Cost
4476	8" DICL pipe	27,796	6.21
4973	8" polywrap	1,293	0.26
5	8"gatevalves	955	191
5	valve box	255	51
4	8" 45 bends	216	54
4	8" 22 bends	216	54
7	blowoffs	100	50
2	8" x 8" solid sleeves	114	57
0	8" plugs	0	17
4476	Contract Installation	55,950	12.5
300	extra dept	300	1
6000	rock	7,500	1.25
1900	2rc stone	22,800	12
10	concrete blocking	1,350	135
1500	paving	28,500	19
0	stream crossing	0	125
1	Pawc labor	3,500	3500
1	permits	2,500	2500
	subtotal	153,345	

5 Apps @ \$5655=\$28,275

91901

Mt Pleasant
Grandview Rd

Units	Description	Estimated Cost	Unit Cost
2270	8" DICL pipe	14,097	6.21
2522	8" polywrap	656	0.26
3	8" gatevalves	573	191
3	valve box	153	51
4	8" 45 bends	216	54
2	8" 22 bends	108	54
4	blowoffs	100	50
1	8" x 8" solid sleeves	57	57
1	8" plugs	17	17
2270	Contract Installation	28,375	12.5
300	extra dept	300	1
1200	rock	1,500	1.25
1000	2rc stone	12,000	12
10	concrete blocking	1,350	135
1000	paving	19,000	19
0	stream crossing	0	125
1	Pawc labor	2,000	2000
1	permits	500	500
	subtotal	81,001	

*23 Apps @ \$5655=\$130,065

91901

MT Pleasant
Johnson Rd

Units	Description	Estimated Cost	Unit Cost
2300	8" DICL pipe	14,283	6.21
2500	8" polywrap	650	0.26
3	8"gatevalves	573	191
3	valve box	153	51
4	8" 45 bends	216	54
4	8" 22 bends	216	54
1	blowoffs	100	50
1	8" x 8" solid sleeves	57	57
1	8" plugs	17	17
2300	Contract Installation	28,750	12.5
800	extra dept	800	1
1500	rock	1,875	1.25
1000	2rc stone	12,000	12
30	concrete blocking	4,050	135
250	paving	4,750	19
0	stream crossing	0	125
1	Pawc labor	3,500	3500
1	permits	2,500	2500
	subtotal	74,490	

9 Apps @ \$5655=\$50,895

91901

Mt Pleasant
Pleasant Rd

Units	Description	Estimated Cost	Unit Cost
4536	8" DI/CL pipe	28,169	6.21
5040	8" polywrap	1,310	0.26
5	8" gate valves	955	191
5	valve box	255	51
4	8" 45 bends	216	54
4	8" 22 bends	216	54
3	blowoffs	100	50
3	8" x 8" solid sleeves	171	57
0	8" plugs	0	17
4536	Contract Installation	56,700	12.5
250	extra dept	250	1
3000	rock	3,750	1.25
2000	2rc stone	24,000	12
10	concrete blocking	1,350	135
1000	paving	19,000	19
0	stream crossing	0	125
1	Pawc labor	3,500	3500
1	permits	1,000	1000
	subtotal	140,942	

12 Apps @ \$5655=\$67,860

91901

Mt Pleasant
Walbash Rd

Units	Description	Estimated Cost	Unit Cost
1,421	12" DI,CL pipe	14,537	10.23
1578	12" polywrap	521	0.33
2	12"gatevalves	754	377
2	12" x 12" solid sleeves	154	77
2	valve boxes	108	54
1	12"-8" tee	124	124
2	12" - 45 bends	192	96
0	12" tee	0	154
1	12" - 22 1/2 bends	96	96
1	12" - 11 1/4 bends	96	96
1	12" plug	31	31
3	blow-off	150	50
1421	Contract Installation	17,763	12.5
200	Extra Depth	200	1
1000	Rock Excavation	1,250	1.25
1500	stone	18,000	12
5	concrete	675	135
10	hauling	400	40
1000	temp paving	9,000	9
500	concrete sidewalk	4,500	9
0	berm	0	9
500	paving	9,500	19
1	permits	1,500	1500
1	Water Company Labor	2,000	2000
	subtotal	81,550	

23 Apps @ \$5655=\$130,065

91901

Mt Pleasant
Hornhead Rd

Units	Description	Estimated Cost	Unit Cost
6832	8" DICL pipe	42,427	6.21
7591	8" polywrap	1,974	0.26
7	8"gatevalves	1,337	191
7	valve box	357	51
4	8" 45 bends	216	54
6	8" 22 bends	324	54
5	blowoffs	100	50
3	8" x 8" solid sleeves	171	57
0	8" plugs	0	17
6832	Contract Installation	85,400	12.5
300	extra dept	300	1
4000	rock	5,000	1.25
3000	2rc stone	36,000	12
15	concrete blocking	2,025	135
1200	paving	22,800	19
0	stream crossing	0	125
1	Pawc labor	6,000	6000
1	permits	3,000	3000
	subtotal	207,430	

11 Apps @ \$5655=\$62,205

91901

Mt Pleasant
Eleanor Rd

Part 3

Units	Description	Estimated Cost	Unit Cost
415	8" DICL pipe	2,577	6.21
420	8" polywrap	109	0.26
1	8" gate valves	191	191
1	valve box	51	51
4	8" 45 bends	216	54
6	8" 22 bends	324	54
2	blowoffs	100	50
1	8" x 8" solid sleeves	57	57
1	8" plugs	17	17
415	Contract Installation	5,188	12.5
100	extra dept	100	1
200	rock	250	1.25
170	2rc stone	2,040	12
8	concrete blocking	1,080	135
200	paving	3,800	19
0	stream crossing	0	125
1	Pawc labor	750	750
1	permits	150	150
	subtotal	17,000	

4 Apps @ \$5655=\$22,620

91901

Mt Pleasant
Ft Cherry

Units	Description	Estimated Cost	Unit Cost
1667	8" DICL pipe	10,352	6.21
1800	8" polywrap	468	0.26
2	8" gate valves	382	191
2	valve box	102	51
4	8" 45 bends	216	54
6	8" 22 bends	324	54
2	blowoffs	100	50
1	8" x 8" solid sleeves	57	57
1	8" plugs	17	17
1667	Contract Installation	20,838	12.5
200	extra dept	200	1
500	rock	625	1.25
400	2rc stone	4,800	12
10	concrete blocking	1,350	135
400	paving	7,600	19
0	stream crossing	0	125
1	Pawc labor	1,500	1500
1	permits	500	500
	subtotal	49,431	

4 Apps @ \$5655=\$22,620

Units	Description	Estimated Cost	Unit Cost
2709	8" DICL pipe	16,823	6.21
2900	8" polywrap	754	0.26
2	8" gate valves	382	191
2	valve box	102	51
4	8" 45 bends	216	54
4	8" 22 bends	216	54
3	blowoffs	100	50
3	8" x 8" solid sleeves	171	57
1	8" plugs	17	17
2709	Contract Installation	33,863	12.5
484	extra dept	484	1
4000	rock	5,000	1.25
1000	2rc stone	12,000	12
10	concrete blocking	1,350	135
1100	paving	20,900	19
0	stream crossing	0	125
1	PAWC labor	4,500	4500
1	permits	1,500	1500
	subtotal	98,377	

15 Apps @ \$5655=\$84,825

91901

Tank site Mt Pleasant

Units	Description	Estimated Cost	Unit Cost
4,800	12" DICL pipe	49,104	10.23
4900	12" polywrap	1,617	0.33
5	12" gatevalves	1,885	377
3	12" x 12" solid sleeves	231	77
5	valve boxes	270	54
0	12"-8" tee	0	124
2	12" - 45 bends	192	96
0	12" tee	0	154
3	12" - 22 1/2 bends	288	96
3	12" - 11 1/4 bends	288	96
1	12" plug	31	31
5	blow-off	250	50
4800	Contract Installation	60,000	12.5
500	Extra Depth	500	1
5000	Rock Excavation	6,250	1.25
1880	stone	22,560	12
10	concrete	1,350	135
10	hauling	400	40
150	temp paving	1,350	9
0	concrete sidewalk	0	9
1000	berm	9,000	9
0	paving	0	19
1	permits	2,500	2500
1	Water Company Labor	6,000	6000
	subtotal	164,066	

8 Apps @ \$5655=\$45,240

Units	Description	Estimated Cost	Unit Cost
24,900	12" DICL pipe	254,727	10.23
2766	12" polywrap	913	0.33
23	12" gatevalves	8,671	377
6	12" x 12" solid sleeves	462	77
23	valve boxes	1,242	54
5	12"-8" tee	620	124
8	12" - 45 bends	768	96
3	12" tee	462	154
8	12" - 22 1/2 bends	768	96
8	12" - 11 1/4 bends	768	96
2	12" plug	62	31
15	blow-off	750	50
24900	Contract Installation	311,250	12.5
2000	Extra Depth	2,000	1
40000	Rock Excavation	50,000	1.25
9733	stone	116,796	12
35	concrete	4,725	135
10	hauling	400	40
1000	temp paving	9,000	9
6000	concrete sidewalk	54,000	9
8000	berm	72,000	9
6500	paving	123,500	19
1	permits	18,000	18000
1	Water Company Labor	18,500	18500
	subtotal	1,050,384	

174 Apps @ \$5655=\$983,970

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

JAN -7 AM 12: 34
PA PUC
SECRETARY'S BUREAU

CINDY PARKS,
Complainant

v.

PENNSYLVANIA-AMERICAN WATER
COMPANY,
Respondent

Docket No. C-00015377

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, upon the participants listed below, in accordance with the requirements of §1.54:

Via E-Mail and U.S. Mail
Diane Dusman, Esquire
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Forum Place
Harrisburg, PA 17101-1923

Via U.S. Mail:
Ms. Cindy Parks
447 Fort Cherry Road
McDonald, PA 15057

Dated this 4th day of January, 2002



Susan Simms Marsh
Pennsylvania-American Water Company
800 West Hershey Park Drive, P. O. Box 888
Hershey, Pennsylvania 17033-0888
(717) 533-5000

2002 JAN 7 10 12 AM '02

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JAN 07 2002

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CINDY PARKS :
 :
Complainant :
 :
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 :
PENNSYLVANIA-AMERICAN WATER :
COMPANY, :
Respondent :

Docket No. C-00015377

**DIRECT TESTIMONY
JERRY E. HANKEY
ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY
STATEMENT 2.0**

2002 JAN 7 10 12 AM '02
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STATEMENT OF JERRY E. HANKEY
ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY
STATEMENT 2.0

1 **Q. Please state your name and business address.**

2 A. My name is Jerry E. Hankey and my business address is 1909 Oakland Ave.,
3 Indiana, PA 15701.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Pennsylvania-American Water Company (“Pennsylvania-
6 American” or “Company”) as an Engineering Manager.

7 **Q. Please outline your experience in the water utility industry.**

8 A. For the past 15 years, I worked for Pennsylvania-American in its engineering
9 department. During this time, I have been involved in the planning, design and
10 construction administration of projects related to the production and
11 distribution of water. Specifically, I have designed and served as the lead
12 project engineer for wastewater holding tank, chemical feed equipment
13 installations, pump replacements and a new laboratory construction. I have
14 also been involved in the design and installation of booster pump stations in
15 the distribution system as well as the sizing of new main installations.
16 Recently, I completed two PENNVEST Projects involving the acquisition of
17 existing water systems, the installation of approximately 156,000 feet of water
18 mains to provide service to these systems and the surrounding areas as well as
19 the replacement of booster station pumps. I am completing the design and
20 permitting for a third PENNVEST Project that includes the installation of
21 104,470 feet of main, a booster station replacement, installation of three
22 Pressure Reducing Valve Stations, and the construction of an elevated water
23 tower. I have presented testimony or been involved in formal complaint
24 proceedings which are listed on PAWC Appendix 2.A.

25 **Q. What is your educational background?**

26 A. I have a Bachelor of Science Degree in Civil Engineering from the
27 Pennsylvania State University and a Master Degree in Business
28 Administration from the Indiana University of Pennsylvania.

29

1 **Q. Do you hold any professional licenses or certification?**
2 A. Yes. I have a Professional Engineer’s License for the state of Pennsylvania
3 and a Water Operators License for Water Plants.

4 **Q. Do you belong to any professional or industry associations?**
5 A. Yes. I belong to the American Society of Civil Engineers and the American
6 Water Works Association.

7 **Q. What is the nature of your duties with Pennsylvania-American?**
8 A. I perform engineering duties for six water districts in Northern Pennsylvania
9 as well as supervise the work of four other engineers and one drafter. As
10 Engineering Manager, I review the work performed by the other engineers as
11 well as approve invoices, time sheets and expense statements. I regularly
12 review their projects and attend meetings pertaining to said projects. I oversee
13 the work performed by the drafter and determine the priority of jobs to be
14 completed.

15 **Q. What is the purpose of your testimony?**
16 A. The purpose of my testimony is two fold. First, I will explain the initial design
17 of the proposed water system for the Hickory Area. Second, I will state my
18 concerns with the testimony of OCA Witness Terry Fought.

19 **Q. Please describe the facilities needed to serve the potential bona fide
20 service applicants located in the Hickory Area?**
21 A. The proposed service area requires a booster pump station, tank and
22 distribution system. The distribution system is designed to provide a pressure
23 range of 40 pounds per square inch (“psi”) to 50 psi during normal operating
24 conditions and 20 psi during a fire flow occurrence of 750 gallons per minute.
25 Velocities in all pipes during any condition are kept less than 5 feet per
26 second. The elevation of the proposed distribution area ranges from 1200 feet
27 to 1300 feet. The existing hydraulic gradient that will be used to provide water
28 service is at 1360 feet. This would provide approximately 26 psi pressure at
29 the highest elevations thus requiring the booster pump station. I would note
30 that the proposed project as originally designed has changed.

1 **Q. Please describe the water storage tank for the proposed project?**

2 A. The water storage tank will be a ground level standpipe. It will be of welded
3 steel construction.

4 **Q. Why is a 1 million gallon water storage tank needed to provide water**
5 **service to the potential Bona Fide Service Applicants located in the**
6 **Hickory Area?**

7 A. The tank size was determined based on two demands:

8 1. Fire service reserve for a flow of 750 gpm for a time period of 4 hours.

9 This equates to 180,000 gallons of storage.

10 2. Average day demand for the estimated customers. This amount is

11 estimated at 48,500 gallons for service to 362 potential Bona Fide Service
12 Applicants.

13 The total of these two demands are 228,500 gallons. Generally, standard tank
14 size is 200,000, 250,000, and 300,000 gallons. PAWC Witness Jay Lucas
15 indicated in his Direct Testimony that one of the difficulties experienced with
16 this proposed project has been determining the potential customer base. Since
17 there is a potential customer base in excess of 600 residents and/or businesses,
18 the size of the tank was actually estimated at 300,000 gallons. The standpipe
19 design was used for this tank because the cost of a one million gallon
20 standpipe is less than the cost of a 300,000 gallon elevated tank.

21 **Q. Please describe the initial design of a booster pump station for the**
22 **proposed project.**

23 A. The booster station will contain three pumps sized at 275 gallons per minute.
24 The station will operate in an on/off mode. The tank level will be allowed to
25 drop to a specific level at which time the first pump will turn on. If the tank
26 level continues to drop, the second pump will start at a second predetermined
27 level and continue to run until the level in the tank has risen above the turn on
28 level for the pump. The third pump will serve as a spare.

29

1 **Q. Why was a 550-gallon per minute booster pump station needed to provide**
2 **water service to the potential Bona Fide Service Applicants?**

3 A. The 550-gallon per minute booster station is required to provide the potential
4 bona fide service applicants fire protection and domestic service. If a four-
5 hour fire at a demand of 750 gallons per minute occurs, 180,000 gallons is
6 used. The booster will refill this volume in less than six hours preparing it
7 again for a fire. The pumps will also provide fire protection during periods
8 when the tank is taken out of service for inspection or recoating.

9 **Q. Did you have an opportunity to review the testimony submitted by OCA**
10 **Witness Terry Fought in this proceeding?**

11 A. Yes, I have reviewed Terry Fought's testimony.

12 **Q. Do you agree with this analysis?**

13 A. I do not agree with the position taken by Mr. Fought regarding distribution of
14 costs for the 16-inch main, booster station, and tank.

15 **Q. Why do you disagree with OCA Fought's position regarding the 11,800**
16 **feet of 16" main for Primrose to Southview?**

17 A. Pennsylvania-American's initial proposed project design plan to run a 16"
18 main from Primrose to Southview. The 16" main not only helps the pressures
19 in Southview during the max day demands for the Hickory Area, but also
20 helps the water quality. The water from the McDonald system is treated with
21 Ammonia. This chemical addition forms Chloramines in the water. The
22 chloramines hold the total chlorine residual for a longer period of time. This is
23 important in areas that stretch a long way from the original production facility
24 such as Hickory. This water cannot be mixed with water that does not have
25 Ammonia added. This requirement restricts the area that can benefit from this
26 main. This area has been reduced even more from the time of OCA
27 Interrogatories Set II, question 13. Please see PAWC Exhibit 2.1. A 12-inch
28 main has been installed in SR 980 that connects to the Canonsburg area. Since
29 this water is not treated with ammonia, the separation of the two systems must
30 move west towards Southview. But for the provision of water service to the

1 Hickory Area as initially designed, the Company did not contemplate
2 connecting the McDonald system to the Washington system.

3 A 10-inch main may be adequate to provide 275 gpm to the booster station.
4 However, it is the Company's operating standard to install 12-inch rather than
5 10-inch. The difference in cost between 10" and 12" is minimum. As
6 previously indicated in my testimony, the potential customer base for the Mt.
7 Pleasant Township Area exceeds 600. If there is a modification to the
8 estimated project cost, the cost allocation to CIAC should be the cost of a 12"
9 main with the difference allocated to future growth. The cost of 16" pipe is
10 \$15.81 per foot. The amount going to future growth would be \$65,844
11 $(\$15.81-10.23)*11,800$. The amount going to CIAC would be \$457,299.

12 **Q. Why do you disagree with Mr. Fought's position regarding the booster**
13 **station?**

14 A. The size of the pumps was determined, in part, on the requirement to provide
15 fire service. The 550 gallon per minute capacity will provide a quick refill
16 time should the 180,000 gallon reserved for fire fighting occur. The pumps
17 will also provide fire protection during periods when the tank is taken out of
18 service for inspection or recoating. Because of this, the cost of the booster
19 should be allocated as CIAC since the potential Bona Fide Service Applicants
20 will benefit from the fire protection.

21 **Q. Why do you disagree with Mr. Fought's position regarding the water**
22 **storage tank?**

23 A. The fire protection storage will be required no matter what the actual count for
24 the number of Bona Fide Service Applicants becomes. Since the 372 potential
25 Bona Fide Service Applicants will benefit from the fire protection, the cost of
26 this storage should not be distributed between the future and initial potential
27 proposed customers base. The cost break down should be based on the fire
28 storage of 180,000 gallons plus the average day demand of 48,500 gallons.
29 This total becomes 76.17% of the 300,000-gallon storage. The additional
30 71,500 gallons is for future demand or 23.83%. These are the percentages that
31 should be used to distribute the cost of the tank between future growth and

1 CIAC. The break down becomes \$647,455 to CIAC and \$202,555 to future
2 growth. If the customer count provided by Mr. Fought is used, the average
3 day demand becomes 25,992 gallons. The percentage then going to CIAC
4 would be 68.66%. $((180,000 + 25,992) / 300,000)$ or \$583,610 with \$266,390
5 going to future growth. If the potential Bona Fide Service Applicant count of
6 600 is used, the average day demand becomes 80,387 gallons. The percentage
7 then going to CIAC would be 86.80% $((180,000 + 80,387) / 300,000)$ or
8 \$737,800 with \$112,200 going to future growth.

9 **Q. Does this conclude your direct testimony?**

10 A. Yes, it does.

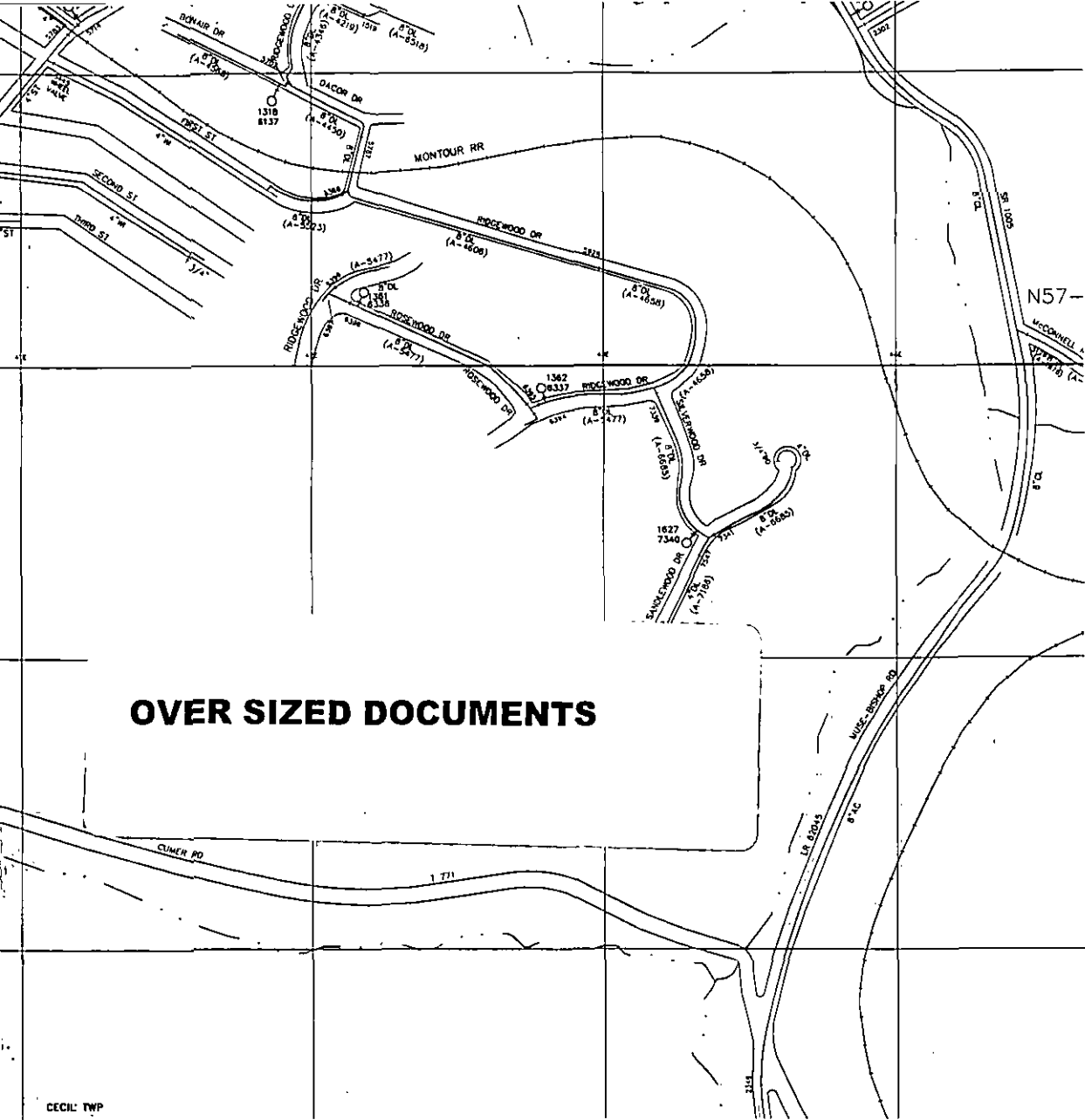
PAWC APPENDIX 2.A

PAWC APPENDIX 2.A

FORMAL CUSTOMER COMPLAINT PROCEEDINGS

<u>Name</u>	<u>Docket No.</u>
William E. & Martha McClain	C-00935050
Thomas M Lapinski	C-00971096
Thomas W. Bellas	C-00970869
Deborah E. Cowden, et al.	C-00981949
William D. Stevenson, Jay Sasse, Jr. & Regis E. Karch	C-00981518, C-00981517, C-00981519
Sarah Kildow, Robert K. Ulm & Robert E. Kildow	C-00992267, C-00992268, C-00992271
Donald & Kathleen Graff	C-00992554
Joseph M. Gazvoda, et al.	C-00003200
Robert Maltony, et al.	C-00003636
Edward Morra, Jr. et al.	C-00014733
Cindy Parks	C-00015377

PAWC EXHIBIT 2.1



OVER SIZED DOCUMENTS

CECIL TWP

VISIONS

CINDY PARK V.
 PENNSYLVANIA-AMERICAN WATER COMPANY
 DOCKET No.C-00015377

PAWC - EXHIBIT 2.1

PENNSYLVANIA-AMERICAN WATER COMPANY
 CORPORATE ENGINEERING

410 COOKE LANE PITTSBURGH, PA 15234

DRAWN BY: IU
 PROJECT ENG'R: JEH
 APPROVED:

DATE:
 PROJECT:

USE DIMENSIONS ONLY
 SCALE: NOT TO SCALE

USE APPROVED DRAWINGS ONLY
 FOR CONSTRUCTION PURPOSES

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

CINDY PARKS

Complainant

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

Respondent

DOCKETED
JAN 07 2002

Docket No. C-00015377

**DIRECT TESTIMONY
PAUL T. DISKIN
ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY
STATEMENT 3.0**

STATEMENT OF PAUL T. DISKIN
ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY
STATEMENT 3.0

1 **Q. What is your name and address?**

2 A. My name is Paul T. Diskin and my business address is 800 West Hershey Park Drive,
3 Hershey, Pennsylvania 17033.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Pennsylvania-American Water Company ("Pennsylvania-American" or
6 the "Company") as Director of Rates and Planning.

7 **Q. Please state your educational background and experience in the waterworks business.**

8 A. I received a Bachelor of Science Degree in Business Administration with a dual
9 concentration in Accounting and Management from Clarion State College in December of
10 1977. In December of 1992, I was awarded my MBA from York College of Pennsylvania. I
11 have completed the continuing education program conducted by the National Association
12 of Regulatory Utility Commissioners (NARUC) and the University of Utah. In addition, I
13 am a Certified Management Accountant (CMA) recognized by the Institute of Management
14 Accountants. I also serve as the Chairman of the Rates and Revenue Committee of the
15 Pennsylvania Chapter of the National Association of Water Companies.

16 My experience in the water utility industry began in 1979 when I was employed as a Junior
17 Accountant in the Continuing Property Records Section of the American Water Works
18 Service Company, Inc. My principal duties were to process investment and retirement work
19 orders and to record additions and retirements of utility plant in the subsidiary ledgers of
20 the various districts of the Company's predecessor corporations. Later in the same year, I

1 was assigned to the Rates and Revenue Section to aid in the preparation of rate filings. In
2 1980, I was promoted to the position of Rate Analyst I, and in 1981 was promoted to Rate
3 Analyst II. Effective January 1982, I was promoted to the position of Revenue Requirement
4 Specialist. On July 1, 1988, I became Assistant Director of Rates and Revenue for the
5 Pennsylvania Region. Effective January 1, 1993, I was transferred to Pennsylvania-
6 American. On July 1, 2001, I became the Director of Rates and Planning.

7 **Q. What are your duties as Director of Rates and Planning?**

8 A. I supervise and coordinate the preparation of data and various exhibits in rate matters and
9 the preparation of tariffs along with the responsibility of managing and directing the
10 Company's annual and strategic planning process. I also present testimony in formal rate
11 cases and formal complaint proceedings. I have testified in the various Pennsylvania Public
12 Utility Commission ("Commission" or "PUC") proceedings concerning base rate increases,
13 which are listed in PAWC Appendix 3.A. I have also presented testimony or been involved
14 with formal complaint proceedings, which are listed on PAWC Appendix 3.B.

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is two fold. First, I will describe the customer contribution
17 model that is contained in the Company's tariff and how the Company has utilized it.
18 Second, I will state my concerns with the testimony of OCA Witness Kraus.

19 **Q. Mr. Diskin, are you familiar with Rule 27 of the Company's tariff?**

20 A. Yes, I am. Rule 27, as shown in PAWC Exhibit 3.1, is the section that details the
21 Company's rule concerning main extensions for Bona Fide Service Applicants which is in
22 compliance with the Commission regulations at 52 Pa. Code §§65.21-65.23.

1 **Q. Describe the provisions of the Company's Main Extension Tariff for Bona Fide**
2 **Service Applicants.**

3 A. Pennsylvania-American, in accordance with its Tariff, will extend its main for a Bona Fide
4 Service Applicant who has made an application for water service. The tariff further
5 provides that when the costs of the main extension for the Bona Fide Service Applicant
6 exceeds the Company's contribution, the extension is made pursuant to an Extension
7 Deposit Agreement. The formula for the calculation of the Company Contribution is shown
8 on Tariff pages 72 and 73 (PAWC Exhibit 3.1 pp 2-3). I am the individual who performs
9 the calculation of the Company Contribution.

10 **Q. What components are used to calculate the amount of the Company Contribution?**

11 A. As shown in PAWC Exhibit 3.1 at page 2 the components are average annual revenue,
12 operation and maintenance expense, the depreciation rate on an 8" main along with the
13 weighted cost of debt. The Company investment is arrived at by taking the net amount of
14 revenue less operating expenses and dividing that number by the composite rate of
15 depreciation and the weighted cost of debt

16 **Q. Mr. Diskin, what is the current amount of the Company Contribution and how**
17 **frequently does that number change?**

18 A. The current amount, which is shown in PAWC Exhibit 3.2, is \$5,655. The Company
19 Contribution changes when the PUC approves a base rate increase for the Company. The
20 current calculation is based upon the rate increase which became effective December
21 18,1999.

22

- 1 **Q. What is your understanding of the use of the Company Contribution?**
- 2 A. It is my understanding that the Company has used the Company Contribution amount that I
3 have calculated for Bona Fide Service Applicants.
- 4 **Q. Describe the provisions of the Company's Main Extension Tariff Rule 27 as it relates**
5 **to Customer Contribution.**
- 6 A. The Customer Contribution is the amount equal to the difference between the Company
7 Contribution and the cost of the main extension. The Bona Fide Service Applicant(s) are
8 required to pay one-third of the Customer Contribution prior to the commencement of the
9 project and the remainder is payable over thirty-six equal monthly installments.
- 10 **Q. Have you reviewed the testimony submitted by OCA witness Marilyn Kraus in this**
11 **proceeding?**
- 12 A. Yes, I have and I do not agree with the position taken by Ms. Kraus on utilizing a specific
13 debt cost rate in the calculation of the Company Contribution or the rate, which was used.
14 Witness Kraus has used the lower debt cost associated with a Pennsylvania Infrastructure
15 Investment Authority ("PENNVEST") project to calculate her contribution of \$14,689 on
16 pages 11-12 of her testimony. One aspect of the Commission prescribed formula, as
17 provided for in its regulations at 52 PA Code §65.21, is the use of the weighted cost of debt
18 for the entire Company, **not** a specific rate associated with a specific project. I will agree
19 that the use of a lower cost instrument of debt will result in a lower weighted cost of debt
20 in the long run, but that reduction will have to be achieved over time.
- 21

1 **Q. Do you agree with OCA Witness Kraus's use of a 1% rate?**

2 A. No, I do not. Ms. Kraus has chosen to use a rate of 1% in her calculation of the Company
3 Contribution for the proposed Hickory area project. The rates for PENNVEST projects
4 vary by county. Moreover, the lower rate usually only exists during the first five years of
5 the PENNVEST loan. A higher rate is charged for the remaining 15 years of the loan. For
6 example, the rates for Washington County, where Mount Pleasant Township is located, for
7 the first five years of the loan is 1.387% and 2.774% for years 6 through 20. If,
8 hypothetically, the Company was to use the PENNVEST rate, I believe a blended rate of
9 2.427% ($1.387 \times .25 + 2.774 \times .75$) should be used in the calculation of the Company
10 Contribution. The use of this rate would decrease OCA Witness Kraus' proposed Company
11 Contribution amount from \$14,689 to \$8,730 ($[(397-90) / [1.09\% + 2.427\%]]$).

12 **Q. If a lower debt rate is used, do you have another proposal to offer?**

13 A. Yes, I do. The Company has not experienced average usage from customers who are
14 similarly situated as the potential Bona Fide Service Applicants in the Hickory area and the
15 provision of water service is the result of a main extension. The average water usage is
16 significantly lower for these new customers in comparison to our existing customers. We
17 believe the reason may be due, in large part, to the usage characteristics of individuals who
18 have had restricted, limited, or contaminated sources of water and thus have been forced to
19 conserve water. Generally, these customers are consuming a low amount of water. If a
20 specific lower PENNVEST debt rate is used in the calculation of the Company

1 Contribution, I would propose to use a lower annual consumption, around 3,000 gallons for
2 such customers

3 **Q. What affect would the use of the PENNVEST debt cost and 3,000 gallons a month**
4 **usage have on the Company contribution?**

5 A. The Company Contribution would decrease to \$6,398 $([292-67] / [1.09\%+2.427\%])$.

6 **Q. Do you agree that the PENNVEST financing should be sought for this project?**

7 A. The Commission fequlations regarding the Duty of the Public Utility to Make Line
8 Extension does not require companies to finance main extension projects from loans
9 provided by PENNVEST. Even if the Company were to submit an application for such a
10 loan, there is no guarantee that the loan application would be approved. Moreover, PAWC
11 is not the only entity that can make such an application. PAWC Witness Jay Lucas
12 indicated in his Direct Testimony that the Mount Pleasant Township Authority previously
13 applied for at least one and possibly two PENNVEST loans and the loan application was
14 approved.

15 **Q. Does this conclude your direct testimony?**

16 A. Yes, it does.

PAWC APPENDIX 3.A

PAWC APPENDIX 3.A

DOCKET NO.

Pennsylvania-American Water Company	R-00016339
(Wastewater)	R-00005212
	R-00994638
(Wastewater)	R-00973973
	R-00973944
	R-00943231
	R-00932670
	R-922428
	R-911909
	R-901652
	R-891208
Pennsylvania-American Water Company (Pre-merger)	R-880916
Keystone Water Company	R-850245
Berwick District	R-842759
Northeast Region	R-842755
Southern Central Region	R-842756
Riverton Consolidated Water Company	R-850153
Western Pennsylvania Water Company	R-870825
	R-860397
Butler District	R-842624
Clarion-Punxsutawney District	R-842625
Indiana-Kane	R-842623
Warren District	R-842622
	R-850097
Western Region	R-842621
	R-850096

PAWC APPENDIX 3.B

PAWC APPENDIX 3.B

FORMAL CUSTOMER COMPLAINT PROCEEDINGS

<u>DOCKET NO.</u>	<u>COMPLAINT</u>
C-00971106	Gilbert
C-00981273	Drew
C-00992304	Sayegh
C-00992569	Waste Recycling
C-00003629	Ellis
C-00004511	Valvanno

PAWC EXHIBIT 3.1

27. MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS

27.1 General Provisions

(A) (1) The Company will extend existing distribution mains for a Bona Fide Service Applicant making application for water service, other than temporary or seasonal service, under, and pursuant to, these Rules and Regulations, to commence immediately upon installation of the Street Service Connection.

(2) When the costs of the main extension exceed the Company Contribution as defined in Subsection (D), then such extension will be made under and pursuant to the terms of an Extension Deposit Agreement for Bona Fide Service Applicant, as hereinafter set forth, and subject to the applicable provisions of these Rules and Regulations. The construction of facilities to serve such Bona Fide Service Applicant will not commence until an Extension Deposit Agreement for Bona Fide Service Applicant has been executed and all applicable terms and conditions therein have been satisfied by the Applicant.

(3) When an extension is requested or required to serve a Bona Fide Service Applicant requiring Special Utility Service, construction of the extension or of any facilities needed to provide such Special Utility Service will not commence until a Special Utility Service Agreement has been executed and all applicable terms and conditions therein have been satisfied by the Applicant including, but not limited to, paying the requisite sum of money for construction of the facilities needed to furnish Special Utility Service, in accordance with the Preliminary Memorandum to such Special Utility Service Agreement.

(B) The Company shall have exclusive right to determine the type and size mains to be installed and the other facilities required to render adequate service. If a Bona Fide Service Applicant desires any facilities other than those facilities determined by the Company to be required to render adequate service, those other facilities will be installed by, owned by, maintained by, and will become the sole responsibility of the Bona Fide Service Applicant. (C)

All estimated or actual cost figures referred to in the Extension Deposit Agreement, the Special Utility Service Agreement and the Preliminary and Final Memoranda thereto shall include a reasonable allowance for overhead costs. (C)

(C) In determining the length of and necessity for any extension required pursuant hereto, the terminal point of such extension shall, in all cases, be at the point in the curb line which is equidistant from the side property lines of the last lot for which water service is requested, except as provided in Paragraph B above wherein it may be necessary to extend beyond the last lot and connect to an existing main to provide adequate and reliable water service. A street service connection will be provided only when Customer service lines from the curb to the premises to be served are laid in a straight line at right angles to the curb line.

(D) For the purposes of this rule:

(1) "Bona Fide Service Applicant" shall mean a person or entity applying for General Water Service to an existing structure for which a valid occupancy permit has been issued if such structure is within the Company's certificated service territory and is either: (1) a primary residence of the Applicant; or (2) a place of business. An Applicant shall not be deemed a Bona Fide Service Applicant if such Applicant is requesting water service to: (1) a building lot or subdivision; or (2) a primary residence if such primary residence was constructed, or the request for water service was made, as part of a plan for the development of a residential subdivision; or (3) water service for temporary or seasonal services. To become a Bona Fide Service Applicant, a person or entity must file a signed application for a new Street Service Connection to qualifying premises, extend the necessary service line to the curb line of premises, agree to separate any existing private well system from the public water system in accordance with the Cross Connection provisions of the Company's tariff, and request water service to begin immediately following installation of the Street Service Connection. If the Company shall be delayed or prevented from installing the Street Service Connection for a period of one (1) year or more from the date of application, the Bona Fide Service Applicant shall have the right to withdraw the Application for Service.

(2) "Company Contribution" shall mean that portion of the main extension costs which the Company will fund based upon the following formula:

Average Annual Revenue minus	\$ _____
Operation and Maintenance Expenses	\$ _____
Subtotal	\$ _____

Pennsylvania-American Water Company

divided by
Depreciation Rate and
weighted cost of debt
Company Investment

\$ _____ %
(C)

The Bona Fide Service Applicant will be required to pay one-third of the Customer Contribution prior to the commencement of any work by the Company. The Customer Contribution will be an amount equal to the difference between the Company Contribution and the cost of the main extension and applicable interest charges. After the initial payment any remainder will be amortized over thirty-six (36) equal monthly installments beginning with the Bona Fide Service Applicant's first bill for water service. The Company will also provide information to the applicant on financial institutions that may offer financing to the Bona Fide Service Applicant for the line extension. (C)

(a) The Average Annual Revenue for residential customers with a 5/8" meter shall be calculated based upon the average residential consumption for customers with a 5/8" meter used to determine rates approved by the Pennsylvania Public Utility Commission in the Company's last approved general rate increase. Consumption for residential customers with larger meters will be determined by selecting up to twenty (20) existing customers with similar meter sizes, as available, which have received service for at least twelve (12) months prior to the date of application, and applying the Company's latest approved rates to the annual average consumption of those customers. (C)

(b) The Average Annual Revenue for Commercial and Municipal customers shall be calculated by selecting up to twenty (20) existing, similar commercial or municipal ratepayers, as available, which have received service for at least twelve (12) months prior to the date of application, to determine the average consumption to be used in calculating the Company Contribution.

(c) Operation and Maintenance Expenses shall be the Company's average annual operation and maintenance costs associated with serving an additional customer. (C)

(d) The depreciation rate shall be the Company's depreciation rate for the facilities to be installed as determined in the Company's last approved general rate increase filing. (C)

(e) The weighted cost of debt shall be the Company's long-term debt costs as determined in the Company's last approved general rate increase. (C)

(3) "General Water Service" shall mean basic residential water service or water service for general commercial or municipal purposes but excluding, without limitation, water service for seasonal or temporary uses and water service solely for sprinkler systems or for any other fire protection use.

(4) "Special Utility Service" shall mean any residential or business service which exceeds that required for ordinary residential purposes. By way of illustration and not limitation, Special Utility Service shall include: the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. (An otherwise Bona Fide applicant requesting service which includes a "special utility service" component is entitled to a Bona fide applicant status, including the corresponding Company contribution toward the costs of the line extension which do not meet the special utility service criteria.) (C)

(5) "Street Service Connection" shall mean a pipe with appurtenances used to conduct water from a distribution main of the Company to the curb line of the premises.

(E) (1) Street service supplying a premises shall not pass through or across any premises or property other than that to be supplied, except as provided in (E) (2). No water pipes or plumbing in any premises shall be extended therefrom to adjacent or other premises. Street service connections shall not be connected to hydrant branch lines and they will not be permitted to cross intervening properties unless there is no other way in which service can be provided and appropriate easements are obtained. Only service applicant(s) owning property in fee which directly abuts a street wherein there is an existing main of the Company will be permitted to attach a street-service connection to the Company's main for the purpose of receiving water service therefrom; unless appropriate easements are obtained pursuant to Subsection (2) below. It is understood that such property owned in fee by the said service applicant(s) shall be a complete standard building lot which complies with the existing zoning laws and regulations of the municipality in which such property is located. It is further understood that if such property owned in fee by a service applicant(s) is subsequently sold, the purchaser of such property will be entitled to receive water service upon compliance with all of the provisions of this tariff, but that the seller of such property shall only be entitled to continue to receive service if such seller complies with all of the provisions of this tariff.

(2) A residential service applicant(s) may obtain a recorded easement or right-of-way that runs with the land, of at least fifteen (15) feet in width connecting the property to be served to the street wherein the Company's main is located. Such easement or right-of-way shall not cross multiple properties. The residential service applicant(s) shall present the Company with a certified copy of a duly recorded instrument which (a) describes the easement or right-of-way by metes and bounds, (b) gives the easement in perpetuity to the heirs, successors and assigns

of said residential service applicant(s), (c) grants access to the service pipe for purposes of repair and replacement, and (d) is recorded in the County Office of the Recorder of Deeds.

PENNSYLVANIA-AMERICAN WATER COMPANY
(Illustrative Purposes Only)

Calculation of Company Funded Portion of Main Extensions
Per Proposed Tariff Supplement Filed

Average Annual Revenue	\$ 340	
minus		
Operation and Maintenance Expenses	102	
Subtotal	238	
divided by		
Depreciation Rate (Mains Only) and Weighted Debt Costs	6.08%	
Total	\$3,914	(C)

Issued: January 13, 1997

Effective: March 14, 1997

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Continued)

27.2 EXTENSION DEPOSIT AGREEMENT FOR
BONA FIDE SERVICE APPLICANT

THIS AGREEMENT entered into this _____ day of _____, 19____, by and between Pennsylvania-American Water Company hereinafter called the "COMPANY," and _____ hereinafter called the "BONA FIDE SERVICE APPLICANT."

WHEREAS, the BONA FIDE SERVICE APPLICANT desires extension of the water mains of the COMPANY, as hereinafter described;

NOW, THEREFORE, this agreement WITNESSETH:

FIRST: THE COMPANY contracts and agrees to lay the water main(s) (and other facilities, if any) as shown in red on the diagram hereto attached and made a part hereof described and located as follows:

(LEAVE SPACE FOR DESCRIPTION)

SECOND: It is expressly understood and agreed that if the COMPANY shall be delayed or prevented from installing the water main (s) (and other facilities, if any) hereinabove described because of its failure to secure pipe or other construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than one (1) year from the date thereof, the BONA FIDE SERVICE APPLICANT shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to the COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by the BONA FIDE SERVICE APPLICANT shall not be invoked if the COMPANY has received the construction material, in which event the COMPANY shall have the obligation to prosecute the work diligently to its completion.

Pennsylvania-American Water Company

THIRD: The BONA FIDE SERVICE APPLICANT hereby agrees, upon notice from the COMPANY that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, to pay for the actual costs of extending the facilities as provided in Paragraph FIRST hereof, by depositing an amount in cash equal to (1) the Estimated Cost less (2) the Company Contribution. Items (1) and (2) are to be determined as follows: (C)

- (1) The Estimated Cost shall be the estimated cost of the extension, including the estimated cost of said main(s) and the estimated cost of any other facilities which the COMPANY shall have determined are required to render adequate service.
- (2) The Company Contribution shall be a credit as determined by the following formula:

Average Annual Revenue	\$ _____
minus	
Operation and Maintenance Expenses	\$ _____
Subtotal	\$ _____
divided by	
Depreciation Rate and Weighted Cost of Debt	_____ % (C)
Total	\$ _____

multiplied by the number of bona fide service applicants who will be directly served by the extension.

The BONA FIDE SERVICE APPLICANT agrees to pay at least one-third of the deposit prior to the commencement of construction of the extension, and the remainder of the deposit plus applicable interest charges in thirty-six (36) equal monthly installments beginning with BONA FIDE SERVICE APPLICANT'S first bill for water service. Interest will be charged on the unpaid portion each month, equal to the monthly portion of the embedded cost of long-term debt recognized in the Company's last approved general rate increase. (C)

Issued: January 13, 1997

Effective: March 14, 1997

Upon such written notice, a Preliminary Memorandum in the form attached shall be prepared and signed by both parties showing the deposit required in accordance with foregoing provisions. Upon completion of the installation of the extension, a Final Memorandum in the form attached shall be prepared and signed by both parties showing the deposit required based on the same calculations as set forth above but by using the actual cost of the extension, including the actual installation costs of the mains and other facilities, for the Estimated Cost and calculating the Applicable Credit. If the deposit shown to be due on the Final Memorandum differs from that shown on the Preliminary Memorandum, the APPLICANT will deposit any additional amount shown to be due or the COMPANY will refund to the APPLICANT any excess amount shown to have been deposited. Any additional amount of required deposit must be made by the APPLICANT to the COMPANY before the granting of refunds to the APPLICANT. (C)

FOURTH: The COMPANY hereby agrees to refund to the BONA FIDE SERVICE APPLICANT during the period of ten (10) years from actual date of deposit as shown on the Preliminary Memorandum a Per-Customer Refund Amount for each additional BONA FIDE SERVICE APPLICANT for whom a street service connection shall be directly attached to such main extension, as distinguished from extensions or branches thereof; provided however, that the total amount refunded shall not exceed the amount of the original deposit by the BONA FIDE SERVICE APPLICANT to the COMPANY as of the date of the refund, and further provided that, if there is an unpaid balance owed then the Per-Customer Refund Amount shall first be deducted from the unpaid balance. All or any part of the deposit not refunded within said 10-year period shall become the property of the COMPANY. The Per-Customer Refund Amount shall be an amount determined by multiplying the number of bona fide customers directly served by the facilities installed in Paragraph FIRST by the most recent average annual bill for the appropriate customer class. (C)

FIFTH: The BONA FIDE SERVICE APPLICANT may request refunds under Paragraph FOURTH, once in each Calendar quarter, furnishing the COMPANY, at such time, a listing of additional bona fide service applicants; however, failure on the part of the BONA FIDE SERVICE APPLICANT to make such request shall not constitute a waiver of any rights hereunder or relieve the COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: The ownership of the water main(s) and other facilities installed hereunder shall at all times be with the COMPANY, its successors and assigns. (C)

SEVENTH: This agreement shall be valid and binding on the COMPANY only when executed by its duly authorized representative. (C)

EIGHTH: This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

Issued: January 13, 1997

Effective: March 14, 1997

Pennsylvania American Water Company

NINTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to the COMPANY at

(Address of COMPANY)

and to the BONA FIDE SERVICE APPLICANT at

(Address of BONA FIDE SERVICE APPLICANT)

TENTH: This agreement is entered into pursuant to the legally established Rules and Regulations of the COMPANY, and the words, phrases, and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed in triplicate by the parties hereto on the date first above written.

PENNSYLVANIA-AMERICAN WATER COMPANY

WITNESS:

BY: _____

Title: _____ (C)

WITNESS:

BONA FIDE SERVICE APPLICANT

Issued: January 13, 1997

Effective: March 14, 1997

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Continued)

PRELIMINARY MEMORANDUM

This Preliminary Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph THIRD of a certain agreement in writing between the parties entered into on the _____ day of _____, 19____, for the installation by the COMPANY of certain water main(s) and other facilities therein described. It is, therefore, agreed and stipulated: (C)

- (a) Estimated Cost Main(s) \$ _____
- (b) Estimated Cost of Other Facilities \$ _____
- (c) Total \$ _____
- (d) Company Contribution \$ _____ (C)
- (e) Amount of Deposit \$ _____ (C)
- (c) minus (d)

This Preliminary Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph THIRD thereof.

Dated: _____ PENNSYLVANIA-AMERICAN WATER COMPANY
Date

WITNESS:

BY: _____
Title: _____ (C)

WITNESS: BONA FIDE SERVICE APPLICANT

Issued: January 13, 1997

Effective: March 14, 1997

Pennsylvania-American Water Company

RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER
(Continued)

FINAL MEMORANDUM

This Final Memorandum is executed by the parties hereto under and pursuant to the provisions of Paragraph THIRD of a certain agreement in writing between the parties entered into on the _____ day of _____, 19 _____, for the installation by the COMPANY of certain water main(s) and other facilities therein described. It is, therefore, agreed and stipulated:

(a)	Actual Cost of Main(s)	\$ _____	
(b)	Actual Cost of Other Facilities	\$ _____	
(c)	Total	\$ _____	
(d)	Company Contribution	\$ _____	(C)
(e)	Amount of Deposit (c) minus (d)	\$ _____	(C)

This Final Memorandum shall be attached to the original agreement in accordance with the provisions of Paragraph THIRD thereof.

Dated: _____ PENNSYLVANIA-AMERICAN WATER COMPANY
Date

WITNESS:

By: _____

Title: _____ (C)

WITNESS:

_____ BONA FIDE SERVICE APPLICANT

Issued: January 13, 1997

Effective: March 14, 1997

PAWC EXHIBIT 3.2

PAWC EXHIBIT 3.2

PENNSYLVANIA-AMERICAN WATER COMPANY		
CALCULATION OF COMPANY FUNDED PORTION OF MAIN EXTENSIONS PER PUC FINAL RULEMAKING AT L-00930089		
AVERAGE ANNUAL REVENUE		\$397
MINUS		
OPERATION AND MAINTENANCE EXPENSES		90
SUBTOTAL		307
DIVIDED BY		
DEPRECIATION RATE FOR 8" MAIN	0.0109	
AND WEIGHTED COST OF DEBT	0.0434	
COMPOSITE RATE		0.0543
COMPANY INVESTMENT		\$5,655

RATE FILING INFORMATION FROM
DOCKET NO R-994638
EFFECTIVE 12-18-99



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048

IRWIN A. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
E-Mail: paoca@ptd.net

DOCUMENT
FOLDER

January 25, 2002

Honorable Larry Gesoff, Administrative Law Judge
PA Public Utility Commission
1103 Pittsburgh State Office Building
300 Liberty Avenue
Pittsburgh, PA 15222
Pittsburgh, PA

DOCKETED
JAN 31 2002

RECEIVED
02 JAN 25 PM 3:52
SECRETARY'S BUREAU

Re: Cindy Parks v. Pennsylvania American Water Company;
Docket No. C-00015377

Dear Judge Gesoff:

The parties to this proceeding request an indefinite stay of the litigation schedule. An agreement in principle has been reached which will involve PAWC applying for a Penn Vest loan by the next deadline in May 2002. If the Presiding Officer so approves, the parties will submit a status report in May 2002 and advise whether the litigation schedule may need to be reinstated.

Cindy Parks and Counsel for PAWC have agreed to this stay. Please contact me if you have any questions or concerns about this matter.

Very truly yours,

Joel H. Cheskis
Assistant Consumer Advocate

cc: Secretary McNulty
Cindy Parks
Susan Simms-Marsh