



April 3, 2020

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Pennvest Surcharge  
Elverson Water Company, Inc.  
Utility Code: 210011  
Docket No. R-2018-3001106

Via: electronic filing

Dear Secretary Chiavetta:

In compliance with provision III. 7. of the Commission's Order entered May 3, 2018, at Docket No. R-2018-3001106, we file the attached Annual Reconciliation of the Pennvest Surcharge related to Pennvest Loan No. 80190 for the period of 3/31/2019 through 3/30/2020.

Thank you very much for your attention to this matter. Please contact me with any questions you may have pertaining to this filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Merle W. Stoltzfus". The signature is written in a cursive style with a large, prominent initial "M".

Merle W. Stoltzfus, President  
Elverson Water Company, Inc.

Cc: Office of Consumer Advocate  
Office of Small Business Advocate



Annual Reconciliation  
for Pennvest Surcharge  
related to Pennvest Loan No. 80190  
for the period of  
3/31/2019 through 3/30/2020

in compliance with provision III. 7. of the Commission's Order  
entered May 3, 2018, at Docket No. R-2018-3001106.

### **Background**

- During the summer and fall of 2018, and the spring of 2019, Elverson Water Company, Inc. (Company) replaced a 60-year-old cement water main along Main Street in Elverson Borough in conjunction with a concurrent PennDOT road reconstruction project. The Company also replaced 80 service connections, 8 fire hydrants, and 4 main-to-main connections. The project also included the installation of an interconnecting loop in the Company's distribution system.
- The cost of the project was estimated to be \$1,428,082. However, the Company was able to complete the project under budget at a cost of \$1,287,412.
- The project was fully funded by Pennvest Loan No. 80190 in the amount of \$1,287,412 with a term of 20 years, and an initial rate of 1.743% for the first five years of the loan, a subsequent rate of 2.179% for the remaining term of the loan, and a closing date of May 10, 2018.
- The Company's Supplement No. 9 to Tariff Water Pa. PUC No. 2 became effective on June 1, 2018 which established the structure and calculation mechanism for a Pennvest Surcharge. Its sole purpose is to recover the Company's principal and interest obligations of Pennvest Loan No. 80190 used to finance the related project.
- The project was completed on March 12, 2019 as attested by a Final Inspection Report by the PA Dept. of Environment Protection, dated the same day.
- On March 29, 2019 the Company notified the Commission, the Office of Consumer Advocate, the Office of Small Business Advocate, and its customers that the project associated with Pennvest Loan No. 80190 was completed, approved by the Dept. of Environmental Protection, in service, and considered used and useful assets of the Company.
- The Company's Supplement No. 10 to Tariff Water Pa. PUC No. 2 became effective on March 31, 2019 which set the Pennvest Rate (PVR), used to calculate the Pennvest Surcharge, at 48.75%.
- The Company first applied the Pennvest Surcharge to its customer billings on March 31, 2019.

**Total Revenues Received**  
**Pursuant to Pennvest Surcharge**

<u>Quarter</u>	<u>Revenue</u>
3/31/19 thru 6/29/19	\$19,542.76
6/30/19 thru 9/29/19	\$29,224.41
9/30/19 thru 12/30/19	\$21,970.28
12/31/19 thru 3/30/20	\$21,064.81
	<u>\$91,802.26</u>

**Total Principal & Interest Expenses Incurred**  
**Pursuant to Pennvest Loan No. 80190**

<u>Quarter</u>	<u>Revenue</u>
Initial P&I payment on 3/1/19	\$6,963.91*
3/31/19 thru 6/29/19	\$20,275.00
6/30/19 thru 9/29/19	\$19,041.48
9/30/19 thru 12/30/19	\$19,041.48
12/31/19 thru 3/30/20	\$26,541.48
	<u>\$91,863.35</u>

\*The Company's monthly loan payments to Pennvest began on March 1, 2019 which means the first payment occurred before the Pennvest Surcharge was first applied to its customer billings on March 31, 2019. The date of the payment notwithstanding, it remains eligible for reimbursement by the Pennvest Surcharge according to the Company's Supplement No. 9 to Tariff Water Pa. PUC No. 2 which became effective on June 1, 2018.

**Difference Between Revenues and Expenses**  
**shown as Revenues less Expenses**

<u>Quarter</u>	<u>Revenue</u>
3/1/19	(\$6,963.91)
3/31/19 thru 6/29/19	(\$732.24)
6/30/19 thru 9/29/19	\$10,182.93
9/30/19 thru 12/30/19	\$2,928.80
12/31/19 thru 3/30/20	(\$5,476.67)
	<u>(\$61.09)</u>

### **Summary**

The total principal & interest expenses incurred by the Company pursuant to Pennvest Loan No. 80190 have exceeded the total revenues received pursuant to its related Pennvest Surcharge in the amount of \$61.09. The Company considers this amount to be immaterial, and respectfully requests the Commission consider foregoing any order directing the Company to recover such a small amount from its customers.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

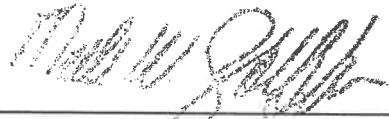
**Service Via E-File System**

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
PO Box 3265  
Harrisburg PA 17105-3265

**Service Via First Class Mail**

Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg PA 17101-1921

Office of Small Business Advocate  
300 North Second St., Suite 1102  
Harrisburg PA 17101



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Merle W. Stoltzfus

Dated this 3rd day of April 2020.