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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

August 5, 2020

Docket No. R-2020-3020919

Utility Code 210060

THOMAS J SNISCAK

HAWKE MCKEON AND SNISCAK LLP

100 NORTH TENTH STREET

HARRISBURG PA 17101

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RE: Audubon Water Company Supplement No. 3 to Tariff Water – Pa. PUC No. 4 at Docket No. R-2020-3020919

Dear Attorney Sniscak:

On July 20, 2020, Audubon Water Company filed the above-captioned document with the Public Utility Commission. For the Commission to complete its analysis of the filing, responses are required for the attached data requests. Please forward the requested information to the Commission within 10 business days of the date of this letter.

During the pendency of the current Proclamation of Disaster Emergency, the Commission shall only accept e-filings in lieu of paper filings for all documents. Please e-file your responses at <http://www.puc.pa.gov/efiling/default.aspx>. A list of allowable e-filing document types is available at <http://www.puc.pa.gov/efiling/DocTypes.aspx>. All filings containing confidential or proprietary information shall be filed with the Commission by e-mailing the Secretary at [rchiavetta@pa.gov](mailto:rchiavetta@pa.gov). Use of encryption with the prior consent of the Secretary is permitted. All documents requiring notary stamps must have original signatures.

**Please note that your answers must be verified per 52 Pa Code § 1.36.** Accordingly, you must provide the following statement with your responses:

*I,* [print name of appropriate company representative], *hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).*

Signature \_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_

Please contact the below staff person if any problems should arise that prevent a full response within ten business days or if any clarification of these data requests is needed. Please mark the materials “CONFIDENTIAL” in bold or highlighted manner if any of the requested information is deemed to be of a confidential nature.

In addition, to expedite completion of the filing, please send a copy of the information to Paul Zander via e-mail at[**pzander@pa.gov**](mailto:pzander@pa.gov). Questions may be directed to Paul Zander in the Bureau of Technical Utility Services, Water/Wastewater Division at telephone number (717) 783-1372. Thank you in advance for your cooperation.

****Sincerely,

Rosemary Chiavetta

Secretary

Enclosure – TUS Data Request Set 1

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

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

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

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

1. Audubon Water Company’s (Audubon) response to 52 Pa. Code § 53.52(a)(7) states “Not applicable.”. However, 52 Pa. Code § 53.52(a)(7) requires Audubon to provide statements showing the list of factors considered by Audubon in its determination to make changes in service terms and conditions. Please provide a list of factors considered by Audubon in its determination to make proposed changes in service terms and conditions in Supplement No. 3 to Tariff Water – Pa. PUC No. 4 (Supplement No. 3).
2. Audubon’s response to 52 Pa. Code § 53.52(a)(8) states “Not applicable.”. However, 52 Pa. Code § 53.52(a)(8) requires Audubon to provide statements showing studies undertaken by Audubon to draft proposed changes in service terms and conditions. Please provide copies of studies undertaken by Audubon to draft proposed changes in service terms and conditions in Supplement No. 3 or a statement indicating that Audubon did not undertake any studies.
3. Please provide evidence that Audubon has complied with 52 Pa. Code § 53.45(h) by filing an affidavit with the Commission confirming that applicable customer notice requirements have been met.
4. The filing’s Section A, Page A-12 states Audubon’s source of supply system consists of 16 wells. However, Section A, Page A-12 of Audubon’s most recent rate case at Docket No. R-2012-2286118 stated Audubon’s source of supply system consisted of 17 wells. Please explain the reason for this change.
5. The filing’s Section D, Page No. 6 indicates Audubon is proposing to increase its rates for temporary service. However, the filing’s Schedule I-3, line “Temp. Service Fees/Reimbursements” appears to indicate that Audubon does not anticipate additional revenue from rates for temporary service. Please provide the amount of revenue Audubon received from rates for temporary service for the 2017, 2018 and 2019 calendar years and explain why Audubon does not anticipate additional revenue from rates for temporary service under Supplement No. 3.
6. The filing’s Section D, Page No. 44 indicates Audubon is proposing to increase the cap for its Distribution System Improvement Charge (DSIC) from 5.00% to 7.50%. Please provide evidence of the following: (1) that Audubon has been meeting its Long Term Infrastructure Improvement Plan (LTIIP) projections; (2) that Audubon has accelerated its investment in DSIC-eligible property; and (3) that Audubon has filed base rate cases regularly and in a timely manner.
7. In Schedule J-2-1 of Audubon’s most recent rate case at Docket No. R-2012-2286118, Audubon projected utility plant additions of $631,079 between January 1, 2012 and September 30, 2012. However, Page 18 of Audubon’s 2012 annual financial report filed with the Commission reflects utility plant additions of $135,749 for the 2012 calendar year. Please provide additional evidence that demonstrates that each projected plant addition in column 6 of the filing’s Schedules E-4 and E-5 will be placed into service by March 31, 2021 and March 31, 2022, respectively. This evidence includes, but is not limited to, indicating when each project was, or will be, designed, permitted and put out for bid.
8. Please provide copies of invoices, contractor estimates and similar supporting documentation that justify the estimated original cost values for each projected plant addition identified in column 6 of the filing’s Schedules E-4 and E-5.
9. The filing’s Schedule E-5, Page 2 of 2, Acct. Code 325 appears to reflect that Audubon will install six new fire hydrants at various locations in 2022. However, the filing’s Schedule H-4 does not include any additional public fire protection revenue associated with these six new fire hydrants. Please explain this apparent discrepancy.
10. The filing’s Schedule E-4 reflects an investment of $121,500 in Acct. Code 320 – 1-Treatment Tower Replacements dated March 31, 2021. Also, the filing’s Schedule E-5, Page 2 of 2 reflects an additional investment of $121,500 in Acct. Code 320 – 1-Treatment Tower Replacements dated March 31, 2022. Please state whether these are duplicate entries for the same project and, if so, please provide revised schedules for the filing to reflect appropriate adjustments to rate base, depreciation and tax expenses and anticipated rate of return to eliminate this duplicate entry.
11. The filing’s Schedule F-3 indicates that approximately half of Audubon’s debt is associated with vehicle loans with interest rates of 6% and 7.59%. Please provide copies of the bills of sale and finance agreements for these vehicles.
12. The filing’s Schedule G-2 specifies Audubon does not anticipate additional late payment fee revenue as a result of its base rate increase. However, Page 27, Section E, Paragraph 3 of Audubon’s effective water tariff indicates that all amounts not paid when due shall accrue a late payment charge at the rate not to exceed 1.50% per billing period. Please explain why Audubon doesn’t anticipate additional late payment charge revenue under Supplement No. 3.
13. The filing’s Schedule H-4 shows line 703 – Operation Supplies and Expenses increased by approximately $37,638, or 40%, between March 31, 2019 and December 31, 2019 and increased again by approximately $6,474, or 5%, between December 31, 2019 and March 31, 2020. Please explain the reason for the sudden increase in line 703 – Operation Supplies and Expenses and provide a breakdown of these expenses for the 12 months ended March 31, 2020.
14. The filing’s Schedule H-4 indicates line 705 – Maintenance Wells & Springs increased by approximately $26,426, or 190%, between March 31, 2019 and December 31, 2019 and increased again by approximately $2,621, or 6%, between December 31, 2019 and March 31, 2020. Please explain the reason for the sudden increase in line 705 – Maintenance Wells & Springs and provide a breakdown of these expenses for the 12 months ended March 31, 2020.
15. The filing’s Schedule H-4, line 705 – Maintenance Wells & Springs, column 4 reflects a *pro forma* adjustment of $43,436, or 101%, between March 31, 2020 and March 31, 2021. Please provide copies of invoices, contractor estimates and similar supporting documentation that justify the claimed *pro forma* adjustment for line 705 – Maintenance Wells & Springs.
16. The filing’s Schedule H-4 designates line 795 – Outside Professional Services increased by approximately $27,757, or 40%, between March 31, 2019 and December 31, 2019 and increased again by approximately $6,287, or 6%, between December 31, 2019 and March 31, 2020. Please explain the reason for the sudden increase in line 795 – Outside Professional Services and provide a breakdown of these expenses for the 12 months ended March 31, 2020.
17. The filing’s Schedule I-1-2 represents that for the 12 months ended March 31, 2020, Audubon issued 33 bills for commercial customers with six-inch water meters and that these customers used no water. Please reconfirm the volume of water used by these customers for the 12 months ended March 31, 2020. If this volume is zero gallons, please explain whether these connections are used for fire protection purposes, commercial purposes or both.
18. The filing’s Schedule I-11 reflects Audubon is normalizing its estimated rate case expense of $230,000 over a 36-month period. However, Audubon’s last rate case was filed on January 27, 2012 at Docket No. R-2012-2286118. Please explain why Audubon’s proposed rate case expense normalization period of 36 months is reasonable.
19. Please provide working electronic copies of the filing’s Schedules J-1-1, J-1-2, J-2-1, J-2-2, J-2-3, J-3-1, J-3-2 and J-3-3.
20. The filing’s Schedule J-1-1 appears to indicate that in the last five years, Audubon invested approximately $315,181 in Account Code 329 - Transportation Equipment to buy four new vehicles and one used vehicle, whereas Audubon invested approximately $26,678 in other system facilities. Please explain whether Audubon’s investments in Account Code 329 - Transportation Equipment are reasonable and prudent.
21. The filing’s Schedule J-3-3 and Page A-8 of the filing’s Section A indicate a proposed change in the assigned service life for Account Code 324 – Meters from 25 years to 15 years. Please explain why Audubon is proposing to change the service life for water meters beginning in 2022.
22. Audubon’s 2019 annual financial report filed with the Commission indicated on Page 37 that Audubon serves 5 unmetered residential and 25 unmetered commercial customers. However, Audubon tariff does not appear to include rates for unmetered service to residential or commercial customers. Please explain this apparent discrepancy.
23. Please provide a copy of Audubon’s most recent federal income tax return and quantify the amount of Audubon’s current federal income tax loss carryforward.
24. Please provide a copy of Audubon’s most recent state income tax return and quantify the amount of Audubon’s current state income tax loss carryforward.