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August 17, 2020

By Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Second Floor North
Harrisburg, PA 17120

RE: Audubon Water Company; Docket No. R-2020-3020919; **AUDUBON WATER COMPANY'S RESPONSES TO BTUS DATA REQUESTS, SET I**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission are Audubon Water Company's responses to BTUS Data Requests, Set I, in the above-captioned matter.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (717) 236-1300.

Very truly yours,

/s/ Whitney E. Snyder

Thomas J. Sniscak
Whitney E. Snyder
Bryce R. Beard

Counsel for Audubon Water Company

WES/das
Enclosures

cc: Paul Zander (via email only pzander@pa.gov)
Per Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the forgoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party). This document has been filed electronically on the Commission's electronic filing system and served via electronic mail only on the following:

VIA ELECTRONIC MAIL ONLY

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/s/ Whitney E. Snyder _____

Thomas J. Sniscak, Esq.
Whitney E. Snyder, Esq.
Bryce R. Beard, Esq.

Dated: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

- R-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).

RESPONSE:

The Company respectively references Tariff Water – Pa. PUC No. 4, Supplement No. 3, Second Revised Page No. 2 entitled “LIST OF CHANGES MADE BY THIS SUPPLEMENT” under the subheading “Change” in the instant rate case filing. More specifically, based upon the advice of regulatory counsel and as noted therein changes to definitions and conditions in the Second Revised Pages 10, 11, 21, 23, 23A, and 29 of Supplement No. 3 were made so the Company’s tariff would be consistent with the Commission’s June 1, 2019 changes to 52 Pa. Code Chapter 56.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

See response to BTUS R-1.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

- R-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.

RESPONSE:

The requested information is attached and referenced as “Attachment to BTUS-R-3”. Audubon will separately provide an executed affidavit no later on or about August 18, 2020.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

PHILADELPHIA GROUP

AFFIDAVIT OF PUBLICATION
307 Derstine Avenue • Lansdale, PA 19446

AUDUBON WATER COMPANY
P.O. BOX 7337
AUDUBON, PA 19407
Attention:

STATE OF PENNSYLVANIA,
COUNTY OF MONTGOMERY

The undersigned May Gutschalk, being duly sworn the he/she is the principal clerk of The Times Herald, Times Herald Digital, published in the English language for the dissemination of local or transmitted news and intelligence of a general character, which are duly qualified newspapers, and the annexed hereto is a copy of certain order, notice, publication or advertisement of:

AUDUBON WATER COMPANY

Published in the following edition(s):

The Times Herald 07/21/20
Times Herald Digital 07/21/20

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
MAUREEN SCHMID, Notary Public
Lansdale Boro., Montgomery County
My Commission Expires March 31, 2021

Sworn to the subscribed before me this 7/30/2020

Maureen Schmid
Notary Public, State of Pennsylvania
Acting in County of Montgomery

**PRESS RELEASE ON
PROPOSED RATE CHANGE
AUDUBON WATER COMPANY**

Audubon Water Company ("Company") has filed a request with the Pennsylvania Public Utility Commission ("Commission") on July 20, 2020 to modify its rates for water service as of September 19, 2020. The Commission will be investigating the rate filing and proposed rates prior to the effective date. The Company's last general rate increase was approved by the Commission on September 13, 2012.

The Company has requested a rate increase of \$934,243 per year. If the Company's entire request is approved, the total bill for the average residential customer using 4,000 gallons per month would increase from \$38.84 per month to \$55.38 per month, or by 43%. The total bill for an average 2" meter commercial customer using 42,000 gallons per month would increase from \$362.37 per month to \$517.54 per month, or by 43%. Rates for an average 2" meter public customer using 116,000 gallons per month would increase from \$810.34 per month to \$1,158.10 per month, or 43%. All fire protection rates would increase, for example a private hydrant at an annual rate of \$933.54 will increase to \$1,332.00, or 43% and public hydrant rates to municipal customers at an annual rate of \$233.46 will increase to \$333.00 or 43%.

The rate increase is required in order to cover increases in the costs of operating the water company, to pay for the construction of new facilities and water plant additions that are necessary to serve customers and to allow the Company to maintain and improve water service reliability. Customers can contact Audubon at 610-630-1200 to get further information on the proposed increase or to find out what actions they may take.
NTH 7/21 a-1

Advertisement Information

Client Id: 949712 **Ad Id:** 2029024 **PO:** **Sales Person:** 018304

WFYL 1180AM

Trinity Associates Broadcasting, LLC

36 Wyndemere Lake Drive
Chester Springs, PA 19425

Attachment to BTUS-R-3

Invoice

| Date | Invoice # |
|-----------|-----------|
| 7/20/2020 | 5794 |

| |
|--|
| Bill To |
| AUDUBON WATER CO. Jenn Maaskant, Controller 2650 Eisenhower Avenue Norristown, PA 19403 |

| P.O. No. | Terms | Project |
|---------------|----------------|---------|
| Press Release | Due on receipt | |

| Quantity | Description | Rate | Amount |
|----------|---------------|-------|--------|
| 10 | Press Release | 40.00 | 400.00 |

| | | | | |
|--|--|--|--------------|----------|
| | | | Total | \$400.00 |
|--|--|--|--------------|----------|

| Phone # | Fax # | E-mail |
|--------------|--------------|--------------------|
| 610-458-1517 | 610-458-1518 | susan@1180wfyl.com |

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

Since the Company’s prior rate case filing the PaDEP has required that inactive wells be removed from service. In accordance with that requirement Audubon removed the inactive well from service. By way of additional comment, more recently Audubon has received a construction permit from the PaDEP for a new well, which by way of reference is so reflected on Schedule E-4 of the Company’s filing.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

- R-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.

RESPONSE:

The revenues referenced as “Temp. Service Fees/Reimbursements” is not related to the provision of temporary tariff service rates but rather reimbursements of cost incurred by the Company for materials and supplies reimbursed by customers. As shown on Schedule I-3 a review of this line item for the twelve-month period ended 3/31/20 indicated that \$49,567 of cost were misclassified. The remaining balance, i.e., \$37,512 represents reimbursement revenues by customers for materials and supplies which corresponding cost are then reflected in operating expenses; thus, a zero impact in base rate revenue requirement to customers on both a per book and pro forma future test year basis. A review of the calendar year data for 2017, 2018, and 2019 reflected reimbursements of \$3,806, \$5,631, and \$86,747, respectively. The Company submits that the pro forma 3/31/19 revenues has been appropriately adjusted and reflected for ratemaking purposes on a per book on pro forma going forward basis and should be approved as-filed.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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 (LTIIIP) 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.

RESPONSE:

By way of background, while the Company has an approved tariff provision for the use of a DSIC up to 5% it has never utilized such provision. On a going forward basis, the Company has reevaluated its need to begin utilizing such provision to assist in revitalizing its aging distribution system with required new capital asset additions. The Company submits that said DSIC rates if and when filed and approved by the Commission will provide the necessary revenues to cover the associated carrying cost for those system facilities provided for under DSIC tariff provisions.

The Company provides the following as it relates to its long term infrastructure improvement plan (LTIIIP) projections. In brief, the Company’s current LTIIIP program estimates it will cost approximately \$2 million dollars to upgrade its distribution system: 1) approximately \$1 million for water mains and hydrants to provide for increased system reliability and eliminate dead-ends; and, 2) \$1 million to replace water meters.

The instant rate case filing at Schedule E-4 for the future test year ended 3/31/21 reflects a claim of \$203,00 for distribution mains for the future test year ended 3/31/21; Schedule E-5, page 2 for the test year ended 3/31/22 provides for \$135,800 of new fire hydrants and \$200,000 of new water meters, a total test year cost of \$335,800; or a total combined investment of \$538,800 in instant rate filing claim. Thus, remaining \$1.5 million project cost could be recovered through the DSIC ratemaking process over the next three years, i.e., 2023 through 2025 years until such time as Audubon files its next base rate case proceeding. The Company’s current Cap-X planplan provides for distribution main and hydrant additions of \$118,250, \$208,400 and \$140,500 in years 2023, 2024 and 2025, respectively; along with an additional \$200,000 annual investment in new water meters. A copy of the Company’s long term Cap-X program is attached and referenced as “Attachment to BTUS-R-6”.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

AUDUBON WATER COMPANY
CAP-X PROGRAM

Attachment to BTUS-R-6

| Acct. Code (1) | Item Description (2) | Cap-X Program (3) | 2021 Original Cost (4) | 2022 Original Cost (5) | 2023 Original Cost (6) | 2024 Original Cost (7) | 2025 Original Cost (8) | 2026 Original Cost (9) |
|----------------------|---|-------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 312.13 | 4-Springs & Wells - AWC#16; Featherbed; Well #5; other | \$ 425,000 | \$ 75,000 | \$ 150,000 | \$ 175,000 | \$ 25,000 | \$ - | \$ - |
| 312.13 | Total Additions to Springs & Wells | \$ 425,000 | \$ 75,000 | \$ 150,000 | \$ 175,000 | \$ 25,000 | \$ - | \$ - |
| 320 | 5-Treatment Tower Replacements | \$ 607,500 | \$ 121,500 | \$ 121,500 | \$ 121,500 | \$ 121,500 | \$ 121,500 | \$ - |
| 320 | Total Purification/Treatment Systems | \$ 607,500 | \$ 121,500 | \$ 121,500 | \$ 121,500 | \$ 121,500 | \$ 121,500 | \$ - |
| 322 | Arcola Road Stream Crossing (Related to new Well AWC#16) | \$ 136,000 | \$ 136,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 322 | 4-New Blow Off's at various locations -Dead End Elimination Prog. | 34,400 | 34,400 | - | - | - | - | - |
| 322 | 1-Blow Off Upgrade (Leon) - Dead End Elimination Program | 8,600 | 8,600 | - | - | - | - | - |
| 322 | 8" Main - 300LF Highley Road (System Reinforcement) | 24,000 | 24,000 | - | - | - | - | - |
| 322 | 8-New Blow Off's at various locations - Dead End Elimination Prog. | 68,800 | | | 68,800 | | | |
| 322 | 2-Blow Off Upgrade (Coppermine & Raynham) - Dead End Elimination Prog. | 17,200 | | | 17,200 | | | |
| 322 | 8" Main - 215LF VFCC Sys Loop Main and Elim. Dead End | 32,250 | | | 32,250 | | | |
| 322 | 8" Main - 500LF Arcola Road, incl. 3 Check Valves(System Reinforcement) | 45,000 | | | | 45,000 | | |
| 322 | 8" Main - 500LF Wren Road (System Reinforcement) | 25,000 | | | | 25,000 | | |
| 322 | 12" Main - 1,350LF Egypt & Pinetown Rd (System Reinforcement) | 40,500 | | | | | 40,500 | |
| 322 | 8" Main - 340LF Thrush Loop (Loop System Reinforcement) | 68,000 | | | | | 68,000 | |
| 322 | 12" Main - 2,365LF Trooper Rd to Trailer Park Ext. (System Reinforcement) | 118,250 | | | | | | 118,250 |
| 322 | 6" Main - ___ Orchard Lane Loop (Loop System Reinforcement) | 72,500 | | | | | | 72,500 |
| 322 | Total Mains & Accessories Non-CIAC | \$ 690,500 | \$ 203,000 | \$ - | \$ 118,250 | \$ 70,000 | \$ 108,500 | \$ 190,750 |
| 324 | Water Meter Replacement Program | \$ 1,000,000 | \$ - | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 |
| 325 | 6-New Hydrants at various locations - Dead End Elimination Program | \$ 103,800 | | \$ 103,800 | | | | |
| 325 | 2-Hydrant Repl. at Pinetown and Ringneck - Dead End Elimination Prog. | 32,000 | | 32,000 | | | | |
| 325 | 8-New Hydrants at various locations - Dead End Elimination Program | 138,400 | | | | 138,400 | | |
| 325 | 2-Hydrant Repl. at Monroe and Brenda - Dead End Elimination Prog. | 32,000 | | | | | 32,000 | |
| | Total Additions Hydrants | \$ 306,200 | \$ - | \$ 135,800 | \$ - | \$ 138,400 | \$ 32,000 | \$ - |
| 328 | Server & Backup Computers, Upgrades for New Billing System | \$ 10,000 | | \$ 10,000 | | | | |
| 328 | New Customer Billing Program | 50,000 | | 50,000 | | | | |
| | Total Additions Office Equipment | \$ 60,000 | \$ - | \$ 60,000 | \$ - | \$ - | \$ - | \$ - |
| 329 | Backhoe | \$ 120,000 | \$ 120,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 329 | Total Equipment Transportation | \$ 120,000 | \$ 120,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Total Cap-X Program | \$ 3,209,200 | \$ 519,500 | \$ 667,300 | \$ 614,750 | \$ 554,900 | \$ 462,000 | \$ 390,750 |

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

- R-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.

RESPONSE:

The Company notes that its last rate case resulted in a settlement which also provided for a phase-in of rates and stay out provision. Thus, the Company respectfully submits that its prior periods of operations and investments reflect management’s overall financial decisions to comply with the settlement provisions while continuing to provide safe, reliable, and adequate service within said limitations to also include an effort to provide its customers with some reasonable expectation rate stability. By way of further discussion and support refer to the Company’s responses to BTUS-R-6 and R-8.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company provides the following summary discussion and attachments related to the projects referenced on Schedules E-4 and E-5:

E-4 - Well AWC#16 with current cost of \$65,000 as completed, except for the estimated cost of \$10,000 to tie it in to the Arcola Rd Stream Crossing Project when completed. The \$10,000 estimated cost to complete and tie the well in is based upon Company judgement.

E-4 and E-5 - refer to “Attachment to BTUS-R-8 Treat Towers” for \$121,550 estimated cost per treatment tower, one tower per year for a total of 5 towers from 2021 through 2025. Information provided includes a general discussion of need for project to replace 5 of its towers along with major contractor cost estimate and proposal of \$85,650 for 1st tower and the additional \$35,900 balance of related work required to complete each tower project. The Company is basically ready to move forward with the 1st tower project but some delays are related to the current Covid-19 pandemic.

E-4 Arcola Road Stream Crossing estimated at cost of \$136,000 is a multi-phase step project. Documents in support of the requested claim are attached and referenced as “Attachment To BTUS R-8 Stream Crossing” and include the following: required stream crossing permitting estimated at a cost \$46,600; 275 lf of 8” DR11 pipe directionally drilled under the Skippack Creek estimated at \$19,255; a total cost of \$65,855 for this phase of the project. Additional cost to complete the line included: two inline valves for tapping at \$10,000 each, a cost of \$20,000; 2 hot taps at \$10,000 each, a cost of \$20,000; and materials, labor and restoration of \$35,500; a sum total estimated cost of \$75,500 for this phase of the project. Thus, phase-1 estimated at \$65,855 along with phase-2 estimated at \$75,500 results in an updated estimate of \$141,355.

E-4 & E-5 - Blow Off estimated cost are based upon Company experience and judgement at a total cost of \$8,600 each. The component breakdown is as follows: Site identification and preparation work \$1,250; Install valve & Tap materials and labor \$4,600; Blow Off material \$700; Stone & backfill \$300; Restoration, i.e., paving and/or landscaping \$1,750 a sum total cost estimate of \$8,600. More specifically, E-4 reflects 4 new units at various locations at \$8,600 each a cost of \$34,400; and 1 additional existing location for \$8,600.

E-4 – 300 lf of 8” water main installation was based upon Company judgement at a cost of \$80 per lf for a claim of \$24,000.

E-4 Backhoe – refer to “Attachment to BTUS-R-8 Backhoe”.

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

Continued Response to BTUS R-8

E-5 - New Featherbed Well estimated at a cost of \$150,000 was based upon Company judgement.

E-5 – Hydrants are estimated at a cost of \$17,300 each: Site identification and preparation work \$1,250; Hydrant \$2,500; Install valve & Tap materials and labor \$10,700; Stone & backfill \$600; Restoration, i.e., paving and/or landscaping \$2,250 a sum total cost estimate of \$17,300. As reflected on Schedule E-5, 8 hydrants at a cost of \$17,300 each, a sum of \$135,800.

E-5 – Meter Program \$200,000 per year with an estimated 500 meters per year at cost of approximately \$400 each. The estimate is based upon the following considerations; Meter \$130, touch pad/coupler \$140, ancillary items to install \$30, labor to install \$100 , estimated unit cost of \$375 with possible contingencies \$400.

E-5 New Billing System \$50,000 along with Computer Hardware/Software upgrades. Billing system estimated based upon Company informed judgement \$35,000 with additional meter reading equipment \$10,000, plus \$5,000 for license and contingency, a total cost of \$50,000. New Computer/Server/Hardware w/Software etc. at \$10,000 to support new billing system and increased cyber security. The Company understands that a change to the billing system is complex process for both the Company and ultimately the Customer. In that regard, the Company is working with an experienced outside contractor to formalize the projected cost related to total system requirements, i.e., cost of system, coordinated time line required to install system, requirements for new computer/hardware/service and installation of same, transfer data from old system to new system, in-house training requirements for both meter readers and billing staff, running parallel system before actual in-service, and customer education regarding changes in potential billing format difference related to new system.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

Treatment Tower Replacement Program

Audubon water has Five Treatment Towers that need replacing to continue to treat source water.

This program would replace Audubon Water's 5 treatment Towers that were installed in the late 1980s to early 1990s. These Towers were installed to treat Various V.O.C. compounds that were discovered in the source water. Recently Audubon had one of its Towers inspected and had the results analyzed by various installers and manufacturers of these towers. The consensus was that the Towers have greatly exceeded their useful life and need to be replaced. Understanding the normal useful live of these towers are 10-15 years Audubon has been able to get from double to triple the normal useful life out of the existing towers. Maintenance is potentially more expensive than replacement. As well as the fact we could not be in a situation where a tower was removed for maintenance, could not be reinstalled and Audubon would be left with the site out of service for months. All 5 towers should be replaced from 3 to 5 years. As all 5 tower projects will be slightly different given specifications, location and conditions, an average project is summarized as follows.

Tower Removal:

| | |
|----------------------------|-----------|
| Crane \$2,500 day x 5 days | \$ 12,500 |
| Labor \$1,500 day x 5 days | \$ 7,500 |
| | \$20,000 |

Base modifications:

| | |
|---------------------|----------|
| Materials and labor | \$ 4,250 |
|---------------------|----------|

Replacement tower:

| | |
|-------------------|-----------|
| From manufacturer | \$ 85,650 |
|-------------------|-----------|

Tower Installation:

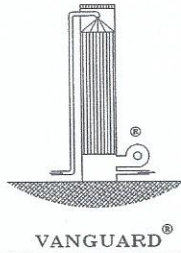
| | |
|-----------------------|----------|
| Crane \$2,500 day x 2 | \$ 5,000 |
| Labor \$1,500 day x 2 | \$ 3,000 |
| | \$ 8,000 |

Miscellaneous expenses:

| | |
|-------------------|----------|
| Materials | \$ 750 |
| Electrical | \$ 1,550 |
| Disposal expences | \$ 1,350 |
| | \$ 3,650 |

| | |
|-------------------------|------------|
| Total expense per tower | \$ 121,550 |
|-------------------------|------------|

| | |
|-----------------------|-----------|
| Total project expense | \$607,750 |
|-----------------------|-----------|



Delta Cooling Towers, Inc.
185 US Highway 206
Roxbury Twp, New Jersey 07836
Telephone 973-586-2201x201
Fax 973-586-2243
Email: sales@deltacooling.com
Web Address: www.deltacooling.com

Delta Cooling Towers

June 4, 2020

JH - Audubon Water Company
2650 Eisenhower Avenue
Valley Forge Corporate Center
Norristown, PA 19403

Subject: Delta Project # B19-046
**Revised to Include Terms &
Signature Line for Acceptance**
Replacement Air Stripper Project

Dear JH,

Thank you for the opportunity to submit this Delta Air Stripper proposal for your consideration. In response to your request, Delta recommends the following equipment for this application.

**Design Basis - (1) Tower at 275gpm per Tower
Packed Tower Air Stripping System**

Delta recommends one (1) of our Vanguard® Model ΔS3-200RAC air strippers for the subject application. The stripper is a 36" diameter Aluminum column with 20'-0" of Random Packing, factory installed prior to shipment. The tower shell will be fabricated from aluminum and coated internally with an NSF approved Epoxy Paint System and will include the necessary wall re-distribution rings and shell body flanges.

The other items included in Delta Cooling Towers, Inc.'s scope of supply for this project are (per tower):

- The tower will include One (1) 1.5hp TEFC 230/460/3/60 Inline blower/motor assembly designed for 1,475cfm @ 3.0"w.c.
- The blower will be supplied with the intake screen, outlet flexible connection, and ductwork from the blower to the tower. All ductwork material is Aluminum.
- Screened tower discharge windows.
- The tower column will be provided with the flanges, nozzles, connections, and manways.
- The tower will also be supplied with the required internals; FRP packing support plates, PVC mist eliminators, and PVC / Stainless Steel inlet distribution systems.
- A 4" SS influent pipe terminating at a flange approximately 5'-0" above the base of the stripper, and a 6" effluent plain end bottom center with vortex breaker nozzle connection (bottom center discharge).
- Blower Pressure Switch.
- Standard tower sump to provide approximately 2'-0" of usable sump to allow

for pumping discharge.

- Design of the tower anchor bolts is by Delta Cooling Towers, Inc., the supply and installation of the bolts required are by others.
- All the necessary drawings, submittals for approval and O&M manuals.

The following items are specifically **excluded** for this proposal:

- Offloading or installation labor.
- Insulation Materials of any Type.
- Anchor Bolts.
- Controls or Instrumentation other than specifically listed above.
- Any and all taxes.

The Total net price for the above Air Stripper and control panel is **\$85,650.00**, FOB Philippi, W. VA., **freight Quoted Below**. Shipment can be made approximately **8 weeks** after receipt of "Approved" submittals and authorization to proceed with fabrication. Please allow 2 weeks for preparation of submittals. Price is exclusive of any all taxes.

Note all pricing is valid for 90days. Quote will need to be updated for future tower replacements.

Packed Tower Air Stripping System (Optional Items)

The following other items can be added to be included in Delta Cooling Towers, Inc.'s scope of supply for this project are (per tower):

- Shipping of tower and accessories from Delta's Philippi, WV factory to the Williamsport, PA jobsite. – **COST = \$3,250.00**

Packed Tower Air Stripping System (Payment Terms)

The following payment terms will be utilized for this project:

- 10% Payment due with PO prior to submittal.
- 15% Payment due with Release to Manufacture, Net-30.
- 75% Payment due with Shipment, Net-30.

Please feel free to contact the undersigned with any questions or comments. Thank you for your interest in Delta and its products, and for the opportunity to be of service.

Sincerely,

Joseph B. Homza, Jr.

Joseph B. Homza, Jr.
Vice President – Municipal Products Division

Acceptance of Proposal and Placement of PO.

By: _____ of Audubon Water Company

Date & PO Number: _____



July 14, 2020

Mr. J.H. Russell
Audubon Water Company
PO Box 7337
Audubon, PA 19407
[jh@audubonwater.com]

RE: Water Main Replacement
Skippack Creek Stream Boring Permitting
SSM File POP202020.0784

Dear JH:

Spotts, Stevens, and McCoy (SSM) is pleased to provide Audubon Water Company with this proposal for permitting services for the waterline boring beneath Skippack Creek.

SCOPE OF WORK

Skippack Creek Stream Boring Permitting

The following tasks are anticipated for the boring permitting:

- SSM will prepare the General Permit 5 (GP-5) Application package for submission to the Pennsylvania Department of Environmental Protection (PADEP) for review and approval. SSM will coordinate, as necessary, with PADEP for approval of the GP-5.
- SSM will survey the project site area and develop a base plan. The survey will include relevant property lines, Skippack Creek bottom of channel survey, existing utility identification and ground topography in the project area.
- SSM will update the Pennsylvania Natural Diversity Inventory (PNDI) Environmental review to determine if any additional outside agency approval is required.
- A wetlands survey will be performed. Due to potential bog turtle conflict, the survey will extend outward 300 feet from the project site. SSM will locate the delineated wetlands and show them on the base plan.
- The GP-5 Permit Application will also require an Erosion and Sediment Control (E&SC) Plan be prepared and approved by the Montgomery County Conservation District (MCCD). SSM will prepare an E&SC Report for submission along with the E&SC Plan to the MCCD for review and approval in conjunction with the GP-5 application.
- SSM will utilize Applied Geosciences and Engineering, Inc. (AGEI) for the geotechnical investigation. AGEI is a frequent sub-consultant to SSM who regularly provides soil and rock studies. Their contact information is: Applied Geosciences and Engineering, Inc., 150-C Love Road, Reading, PA 19607, Ayub Iqbal, P.E., PhD., President, 610.777.4276, ayub_iqbal@appliedgeoscience.com.
- Applied Geosciences and Engineering, Inc. to perform two (2) test borings using standard penetration testing and rock coring techniques. Access to test locations is to be provided by Audubon Water Company.
- A PennDOT highway occupancy permit (HOP) for a temporary construction entrance is anticipated to be required. SSM will prepare and submit the HOP application to PennDOT via their electronic permitting system (EPS).

ASSUMPTIONS

- The boring contractor will review the geotechnical data and provide a boring profile for submission with the GP-5 permit application.



- Audubon Water Company will provide filing fees for the GP-5, HOP and E&SC applications, and any other permit applications.
- Audubon Water Company will provide site access and clearances for the geotechnical investigation.
- As water main right-of-way/easement agreement(s) are unknown at this time, additional design and surveying services to develop these documents, as may be required by PennDOT, are not included in the above Work Scope.
- It is not anticipated that further wetlands, bog turtle surveys, and/or other sensitive species clearances will be required by PADEP.
- Our cost includes the geotechnical study plus a 10% administrative fee. Applied Geosciences and Engineering, Inc. proposal is attached should AWC prefer to contract directly.

EXCLUSIONS

Our Proposal includes the services outlined in the Scope of Work, but specifically excludes the following:

- Preparation of front end documents for bidding.
- Construction management.
- Review of submittals.
- Construction observation.

COMPENSATION

SSM will provide the services described in the Scope of Work on a time and expense basis for an estimated fee of Forty-Six Thousand Six Hundred Dollars (\$46,600), as detailed below:

| | |
|---|----------------|
| GP-5 Permitting and Wetland Investigation | \$10,900 |
| Survey and Base Plan Preparation | \$12,600 |
| Geotechnical Investigation | \$19,900 |
| Highway Occupancy Permit | <u>\$3,200</u> |
| Estimated Project Total | \$46,600 |

Our fee is valid for ninety (90) days from the date this Proposal.

Terms and Conditions

Our Standard Terms and Conditions for the performance of services are included in this letter. The Issuance of a Purchase Order in response to this Proposal constitutes acceptance. In the event of any inconsistencies between this Proposal and any other contract document, including but not limited to Purchase Orders issued in response hereto, this Proposal shall govern.

We appreciate the opportunity to provide professional services for this project. Should you have questions or require additional information, please contact us.

Sincerely,
Spotts, Stevens and McCoy

A handwritten signature in cursive script that reads "Scott R. Mundell".

Scott R. Mundell, P.G.
Senior Geologist
Water and Wastewater Engineering
scott.mundell@ssmgroup.com



Terms and Conditions for Service Authorization

1. JOB SITE

1.1 CLIENT, at CLIENT's expense, shall furnish to Spotts, Stevens and McCoy (SSM) all documents and information known to CLIENT that relate to the identity, location, quantity, nature or characteristics of any asbestos or hazardous materials at, on or under the site. In addition, CLIENT will furnish such other reports, data, studies, plans, specifications, documents and other information on surface and subsurface site conditions required by SSM for proper performance of its services. SSM shall be entitled to rely on the accuracy and completeness of CLIENT-provided information in performing the services required under this AGREEMENT. CLIENT-provided documents will remain the property of the CLIENT.

1.2 CLIENT shall mark the location of all underground utilities affecting the job site. SSM assumes no liability for the accuracy or completeness of these markings. CLIENT shall arrange for proper disconnection or de-energizing of utilities as requested by SSM.

2. DISPOSAL OF CONTAMINATED MATERIAL

2.1 It is understood and agreed that SSM is not, and has no responsibility as, a handler, generator, operator, treater or storer, transporter or disposer of hazardous or toxic substances, including asbestos and that CLIENT shall undertake or arrange for the handling, removal, treatment, storage, transportation and disposal of any hazardous substances or constituents found or identified in any sample collected by SSM.

2.2 All samples of hazardous substances or materials containing hazardous substances (whether soil, water, sludge, or any other material collected as a result of testing or sampling) shall become and remain the property of the CLIENT and will be returned to the CLIENT after laboratory analyses are completed and the CLIENT shall have responsibility for the proper handling and disposal of all such samples and materials.

2.3 Any and all testing or sampling equipment, clothing, expendables or supplies which cannot be decontaminated will also become the property of the CLIENT subject to the CLIENT's responsibilities as outlined in Paragraph 2.2.

3. INVESTIGATION OF ALLEGED ERRORS OR OMISSIONS

In the event Engineer is asked to investigate an alleged act, error, or omission of the Engineer, and it is determined that Engineer was not at fault, Client shall bear the costs of such investigative or testing work relating thereto. If it is determined that the Engineer was at fault, then Engineer shall absorb the costs of their investigation and the cost of any professional design services as may be required to correct or remedy any negligent act, error, or omission. Engineer shall not be responsible beyond such corrective professional services.

4. FEES AND REIMBURSABLE EXPENSES

4.1 Reimbursable Expenses means the actual expenses plus our standard markups to cover administrative costs, incurred by SSM or SSM's independent professional associates or consultants directly or indirectly in connection with the PROJECT, such as expenses for: transportation and subsistence incidental thereto; toll telephone calls and telegrams; reproduction of reports, drawings, specifications, bidding documents, expenses incurred for computer time and other highly specialized equipment; and other similar PROJECT related items.

4.2 Fees and Reimbursable Expenses under this AGREEMENT will also include any state or local sales or use tax. Payment shall be made by CLIENT within thirty days from the date of the invoice. SSM reserves the right to require payment at any time prior thereto if in good faith it believes that the prospect of payment is impaired. Interest at the rate of 1.5% per month shall accrue for late payment beginning 30 days after the date of invoice.

4.3 SSM may suspend performance under this AGREEMENT if at any time any fees or costs are due and outstanding for a period of more than 45 calendar days from the date of invoice. In the event of a suspension, CLIENT agrees to reimburse SSM for all increases in costs of its services caused by the suspension, including profit on the increased cost of performance and expenses related to demobilization and remobilization, if any.

4.4 In the event of delays through no fault of SSM and due to the CLIENT'S conduct, the CLIENT shall pay all costs which have been reasonably incurred by SSM in suspending the services, including all costs incurred in reactivating the services. This is in addition to compensation for services performed and costs incurred prior to suspension.

5. LIABILITY, LIMITATIONS

5.1 Standard of Care
Services provided by SSM under this AGREEMENT will be conducted with the level of skill and care ordinarily exercised by members of the profession under similar conditions. No other warranty, expressed or implied, is made.

5.2 As between the parties to this AGREEMENT, any applicable statute of limitations or repose will begin to run, and any cause of action will have accrued, not later than the date of the last invoice sent to CLIENT by SSM for project work performed. In no event shall the CLIENT be permitted to make any claim against any party, including third parties not in privity with this AGREEMENT, after four years from the date of any specific substantial completion of the PROJECT or the date of the final payment to SSM for any PROJECT, whichever event occurs earliest (referred to as the date of repose), whether the basis of any claim is known or discovered before or after that date of repose.

5.3 The liability of SSM or any of its principals or employees for any claims based on the performance or nonperformance of any duties arising from this AGREEMENT shall be limited to the sum of all fees paid, or the amount of insurance proceeds, whichever is less.

5.4 NEITHER SSM NOR ANY OF ITS PRINCIPALS OR EMPLOYEES SHALL BE LIABLE FOR ANY DELAY IN PERFORMING UNDER THIS AGREEMENT, INCLUDING DELAY ATTRIBUTABLE TO LABOR DISPUTES, FORCE MAJEURE, SUBSTANTIAL MODIFICATION OF THE SCOPE OF WORK, OR ANY CAUSE BEYOND SSM'S CONTROL.

5.5 Neither SSM nor any of its principals or employees make any implied or express warranties with regard to any of the services to be provided hereunder and nothing herein shall be construed as such. To the contrary, any alleged breach of this AGREEMENT or claim against SSM or any of its principals or employees by any person or entity arising from the services provided under this AGREEMENT is to be judged by the standard of reasonable care as rendered by others under similar circumstances at the time when and the place where the services are rendered.

6. INDEMNIFICATION

6.1 To the fullest extent permitted by law, CLIENT shall indemnify and hold harmless SSM, its successors and assigns, and the directors, officers, agents, and employees of each of them, from and against any and all claims, damages, losses and expenses, including attorney's fees, provided that (1) such liability is caused by CLIENT'S wrongful acts, and (2) such claim is attributable to bodily injury, sickness, disease or death, or to the injury to or destruction of tangible property, including the loss of use resulting therefrom.

6.2 To the fullest extent permitted by law, SSM shall indemnify and hold harmless CLIENT, successors and assigns, and the directors, officers, agents, and employees of each of them, from and against any and all claims, damages, losses, and expenses, including attorney's fees, provided that (1) such liability is caused by SSM's wrongful acts, and (2) such claim is attributable to bodily injury, sickness, disease or death, or to the injury to or destruction of tangible property, including the loss of use resulting therefrom.

6.3 SSM shall not be liable to client for any interest, special, indirect or consequential damages whatsoever, whether caused or alleged to be caused by SSM's negligence, errors, omissions, strict liability, breach of contract or warranty, or performance of services under this AGREEMENT.

7. ARBITRATION

7.1 All claims, disputes and other matters in question between the parties to this AGREEMENT, arising out of or relating to the AGREEMENT or the breach thereof, shall be decided by a panel of three arbitrators in accordance with the current Construction Industry Arbitration Rules of the American Arbitration Association, said Rules being incorporated herein by reference. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in any court having jurisdiction.

7.2 No arbitration arising out of, or relating to this AGREEMENT may include, by consolidation, joinder or otherwise, any person or entity who is not a party to this AGREEMENT, except by written signed consent of both the SSM and the CLIENT.

8. TERMINATION OF AGREEMENT

8.1 This AGREEMENT may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination. CLIENT's failure to make payments promptly when due, or if SSM has reason to believe CLIENT will be unable to make any such payment, shall be events justifying termination pursuant to this clause.

8.2 In the event of termination which is not the fault of SSM, SSM shall be compensated for all services performed to termination date, together with Reimbursable Expenses then due, and all Termination Expenses as defined below.

8.3 Termination Expenses include expenses directly attributable to termination for which SSM is not otherwise compensated, plus 10 percent of the total compensation earned to the time of termination. The parties hereby acknowledge the difficulty of determining SSM's actual damages as a result of termination and agree that the Termination Expenses defined here are liquidated damages.

9. INTEGRATION

The AGREEMENT represents the entire and integrated agreement between the CLIENT and SSM and supersedes all prior negotiations, representations or agreements, either written or oral. This AGREEMENT may be amended only by written instrument signed by both CLIENT and SSM. No course of prior dealing between the parties, no usage of trade and no course of performance accepted or acquiesced in shall be relevant to supplement, define or explain any term used in this AGREEMENT.

10. PATENTS, COPYRIGHTS AND TRADE SECRETS

SSM will not conduct patent searches and does not assure any liability for patent or copyright infringement or use of trade secrets and SSM makes no representations that equipment, or materials used in its work or design are free of such claims.

11. INTERPRETATION

If any provision of this AGREEMENT differs in any respect from the provisions (if any) of CLIENT'S invitation to bid, purchase order or other solicitation, this AGREEMENT shall govern and shall be construed as SSM's counteroffer and shall not be effective as an acceptance of such invitation to bid, purchase order, or other solicitation. Acceptance of the terms of this AGREEMENT must be made on the exact terms contained herein.

12. NO THIRD PARTY BENEFICIARIES

This AGREEMENT is made solely for the benefit of the parties hereto and nothing herein is to be construed as conferring any right or benefit on any third party, it being the expressed intent of the CLIENT and SSM that they are the sole beneficiaries of the terms of this AGREEMENT and there are no third party beneficiaries to this AGREEMENT.

13. OWNERSHIP AND USE OF DOCUMENTS

All documents, including drawings, specifications, reports, and digitized versions thereof, furnished by SSM under this AGREEMENT shall be the property of the CLIENT subject to the following:

- SSM shall be entitled to keep copies of all such documents;
- SSM shall have the right to use the intellectual property contained in such documents;
- All proprietary information of SSM, including formulae, calculations, standards and computer programs used in the preparation of the documents, shall remain the property of SSM;
- Documents furnished by SSM under this AGREEMENT are not to be reused by the CLIENT or any other person for extensions of the project for which they were prepared or on any other project. Any reuse of the documents without specific written verification or adaptation by SSM will be at the CLIENT'S sole risk and without liability to SSM and CLIENT shall indemnify and hold SSM harmless from any claims or damages resulting from such reuse. Any verification or adaptation of the documents by SSM will entitle SSM to further compensation at rates to be agreed to by the CLIENT and SSM.

14. OPINION OF PROBABLE COSTS

Opinions of probable construction and related costs, financing, and acquisition of land and rights-of-way prepared by SSM represent its judgment as a design professional and are supplied for the general guidance of the CLIENT. Since SSM has no control over cost of labor, materials, equipment, or services furnished by others, over contractors' methods of determining prices, over costs of financing, acquisition of land or rights-of-way, or over competitive bidding, market or negotiating conditions, SSM does not guarantee that any such opinions will not vary from actual costs or contractors' bids to the CLIENT.

15. NONDISCRIMINATION CLAUSE

We at Spotts, Stevens and McCoy are an Equal Opportunity Employer and adhere to the Equal Employment Opportunity Clause under Executive Order 11246, as amended, Section 503 and Section 2012.

JH Russell | Audubon Water Company
SSM File POP02020.0784
July 14, 2020
Page 2 of 4



AUTHORIZATION FOR SERVICES

Water Main Replacement
Skippack Creek Stream Crossing Permitting
SSM File POP202020.0784

Spotts, Stevens and McCoy (SSM) thanks you for the opportunity to provide permitting services for the waterline boring beneath Skippack Creek, as outlined in our Proposal (POP02020.0784) dated July 14, 2020.

COMPENSATION

SSM will provide the services described in the Scope of Work a time and expense basis for an estimated fee of Forty-Six Thousand Six Hundred Dollars (\$46,600), as detailed below:

| | |
|---|----------------|
| GP-5 Permitting and Wetland Investigation | \$10,900 |
| Survey and Base Plan Preparation | \$12,600 |
| Geotechnical Investigation | \$19,900 |
| Highway Occupancy Permit | <u>\$3,200</u> |
| Estimated Project Total | \$46,600 |

Please review the enclosed Conditions and acknowledge your acceptance of them by returning a signed copy of this Authorization for Services.

We look forward to working with you on this project.

Sincerely,
Spotts, Stevens and McCoy

Alfred C. Guisepppe, PG
Director
Water Resources
al.guisepppe@ssmgroup.com

Reviewed and Accepted:

Signature

Printed Name and Title

Date



Reading, PA

An Empire Group Company

6-19-2020

Audubon Water Authority
2650 Eisenhower Ave
Audubon PA 19403
Attn: J H Russell
Phone: 610-630-1200
Email: jh@audubonwater.com

Project: Skippack Creek Crossing
Location: Hoy Park, Audubon
DVUC File: 20261

Project Description: 8" DR11 pipe directionally Drilled for 275 lf under Skippack Creek

Inclusions: All equipment, machines and manpower, pa one call, entry and receiving pits, minor clearing to facilitate the operation and Right of way restoration, matting and seeding

Exclusions: Rock drilling or excavation, permits and fees

Lump Sum Price: \$19,255.00

Additional Charge if Rock is encountered: \$91.00/LF*

*(In addition to the Lump Sum Price)

- Note 1: Any delays that is no fault of DVUC will be charged at cost plus.
Note 2: In the event that rock is encountered DVUC will stop drilling and a Audubon Water representative will be contracted for the approval to continue drilling based on the additional LF price noted above. In the event that rock drilling is not approved, labor and equipment will be charged at cost.
Note 3: If accepted this proposal is subject to the general Terms and Conditions of DELAWARE VALLEY UTILITY CONTRACTORS, INC. which can be found on the subsequent pages and verification of credit and funding if required.

Respectfully submitted by:

Charles D. Lightcap III
484-332-2019
clightcap@esreading.com

+ Contract is subject to
1) Audubon Water agree to DVUC to Proceed
2) successful conclusion of Audubon Water Rate Case with P.U.C.

JHR
DWC

Acceptance

The terms and conditions of this proposal are hereby accepted in full this 19th day of JUNE 2020.

PRINT NAME: J. H. Russell
SIGNED: [Signature]
TITLE: [Signature]

TERMS AND CONDITIONS

1. References herein to Delaware Valley Utility Contractors ("DVUC"). References herein to "Project" mean the project as defined in DVUC's written proposal to the Client. Any proposal submitted by DVUC for the performance of a proposed Project shall be firm for a period of 90 days.
2. Invoices for T&M work will be submitted weekly. Contract progress billings will be submitted monthly. All invoices and contract billings are payable within 30 days from their date. Unpaid balances shall be subject to interest at the rate of 1.5 percent per month, or the maximum permissible under state law, whichever is less, starting 30 days from the invoice date. DVUC may, after giving seven days written notice, suspend services under any agreement resulting from Client's acceptance of DVUC's proposal without liability until all past due accounts (including fees and accrued interest) have been paid.
3. Cost and schedule commitments contained in DVUCs proposal shall be subject to renegotiation for unreasonable delays caused by the Client's failure to provide specified information, or for delays caused by unpredictable occurrences, or force majeure, such as fires, adverse weather conditions, floods, strikes, riots, unavailability of labor and materials or services, process shutdown, acts of God or of the public enemy, or acts or regulations of any governmental agency.
4. For the purposes of performing the Project, the Client shall arrange to provide DVUC with the following:
 - a. Reasonable ingress and egress to the worksite by DVUC and/or its authorized subcontractors and their personnel and equipment.
 - b. Clean and unobstructed space and areas at the worksite for DVUC equipment and vehicles or those of DVUC authorized subcontractors.
 - c. Specifications (schematics, engineering drawings and plot plans) detailing the construction of facilities located underground or above-ground at the worksite that pertain to the stated scope of work.
 - d. Prior to any boring, drilling, and/or excavation work being commenced by DVUC, the specific location of the work and identification of any underground obstructions or utilities. Where Client is unable to provide DVUC with specific locations of concealed utilities or other underground installations. Client shall remain responsible for any harm or injury resulting from contact with same.
5. Where the method of payment for DVUC is on a time-and-material or cost reimbursable basis, the following commercial terms shall apply:
 - a. For DVUC employees, the minimum time segment for charging of field work is 4 hours (E.G. Showup time).
 - b. Expenses properly chargeable to the Project shall include: travel and living expenses of DVUC personnel on business travel connected with the Project; equipment costs; shipping costs; reproduction, bindery and FAX costs at DVUC standard rates; computer and record processing time and software; professional, analytical, technical and construction subcontractors and suppliers; expendable materials, supplies, tools and equipment, including temporary facilities purchased specifically for the Project; identifiable drafting and stenographic supplies. A charge for administration and profit will be added to all third party Project expenses. If the services covered by any DVUC proposal are subject to local or state taxes or fees (except state income taxes), such additional costs will be charged to the Project and reimbursed by the Client.
6. Any agreement resulting from Client's acceptance of DVUC's proposal may be terminated in whole or in part in writing by either party in the event of substantial or material failure by the other party to fulfill its obligations under such agreement through no fault of the terminating party, provided that no such termination shall be effective unless the other party is given: (1) not less than 10 calendar days written notice of intent to terminate, (2) an opportunity for consultation with the terminating party prior to the effective date of such termination and an opportunity to cure the default for a period of 10 days. Client shall further assume and become liable for obligations, commitments, and unsettled claims that DVUC has previously undertaken or incurred in good faith in connection with the Project. DVUC shall, as a condition of receiving the payments referred to herein, execute and deliver all such papers and take all such steps, including the legal assignment of DVUC contracted rights, as the Client may require for the purpose of fully vesting in the Client the rights and obligations of DVUC under such commitments.
7. Insurance

DVUC shall maintain policies of insurance for the following types of coverage, each (with the exception of Workers' Compensation) with a limit of liability of \$1,000,000, combined single limit:

 - Workers' Compensation (statutory) and Employer's Liability
 - Comprehensive General Liability
 - Comprehensive Automobile Liability

DVUC shall, at the Client's request, provide the Client with a certificate of insurance or other satisfactory evidence that such insurance has been obtained and that such policies are maintained in force throughout the period in which DVUC provides service to the Client under any agreement.
8. Indemnification
 - a. Except as provided in subparagraph c., below, regarding pollution liability, DVUC shall indemnify the Client and its directors, officers, employees, and agents from and against all liability, claims, suits, and attorneys' fees connected therewith, on account of personal injury, including death, or property damage, sustained by any person or entity not a party to any agreement between DVUC and Client and arising out of or connected with the performance of such agreement, to the extent such injury, death or damage is caused by the sole or contributory negligence or willful misconduct of DVUC or its subcontractors or their respective employees, officers and agents; provided that such injury, death or damage is not occasioned by the sole negligence of Client or its contractors or their respective employees, officers and agents; and provided further, that DVUC liability under this indemnity provision shall be limited to and not exceed the insurance coverage and associated limits of liability which DVUC is required to secure pursuant to Paragraph 7, hereof; and provided further, that DVUC's obligation hereunder shall not extend to indemnification of a party indemnified hereunder for any claims of loss of profits or any other indirect, special, incidental or consequential damages of any nature whatsoever.

- b. Client shall indemnify DVUC and its directors, officers, employees, and agents from and against all liability, claims, suits, losses, damages, costs and demands, including reasonable legal expenses and attorneys' fees connected therewith, on account of personal injury, including death, or property damage, sustained by any person or entity not a party to any agreement between DVUC and Client and arising out of or connected with the performance of such agreement, to the extent of such injury, death or damage is caused by the sole or contributory negligence or willful misconduct of Client or its contractors or their respective employees, officers and agents; provided that such injury death or damage is not occasioned by the sole negligence of DVUC or its subcontractors or their respective employees, officers and agents; and provided further that Client's obligation hereunder shall not extend to indemnification of a party indemnified hereunder for any claims of loss of profits or any other indirect, special, incidental or consequential damage of any nature whatsoever.
- c. DVUC is not agreeing to assume Client's responsibility, if any, for injury or death to persons or damage to property or adverse effects on the environment arising out of or relating to contaminated soils, polluted air, polluted surface water and/or polluted ground water or exposure thereto, Client shall indemnify, hold harmless, and defend DVUC and its authorized subcontractors and suppliers, and their respective directors, office employees, and agents, from and against any and all claims (including fines or complaints, whether civil or criminal, asserted under the environmental laws of the United States or any state or local governmental body) alleging injury or death to persons, damage to property (including loss of use), adverse effects on the environment or damage to natural resources or loss of any other kind or nature arising out of or relating to the creation or existence of any type of hazardous or toxic waste, material, chemical, compound, or substance or any other type of environmental hazard, contamination, or pollution, whether latent or patent, or the release thereof or the violation of any law or regulation relating thereto, at the site of any Project or exposure to or contact with any such contaminated soils, polluted air, polluted surface water and/or ground water.
- d. The provisions of this Paragraph 8 shall survive the completion of the Project or the expiration, cancellation or termination of any agreement between DVUC and Client.

9. Standard of Care

- a. While performing services under any agreement, DVUC shall exercise that degree of care and skill ordinarily exercised under similar circumstances by members of the construction & demolition profession performing the kinds of services to be performed thereunder and practicing in the same or similar locality at the same time.
- b. Except for the express promise set forth in subparagraph a., above, regarding DVUC's standard of care, DVUC neither makes, nor offers, nor shall DVUC be liable to Client for any express or implied warranties with respect to the performance of DVUC services. Estimates of cost, approvals, recommendations, opinions, and decisions by DVUC are made on the basis of DVUC's experience, qualifications, and professional judgment and are not guaranteed. DVUC shall not be regarded as a guarantor with respect to any work product provided to Client. **THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY WAIVED BY CLIENT.**
- c. In no event shall DVUC and DVUC's officers, directors, employees, agents and independent professional consultants, and any of them be liable to Client and/or anyone claiming by, through or under Client, including Client's insurers, for any lost, delayed, or diminished profits, revenues, or opportunities; losses by reason of shutdown or inability to utilize or complete work at the site of the Project; or any other incidental, special, indirect, or consequential damages of any kind or nature whatsoever resulting from DVUC's performance or failure to perform services pursuant to any agreement.
- d. DVUC and DVUC's officers, directors, employees, agents, and independent professional consultants, and any of them, shall not be liable to Client and/or anyone claiming by, through or under Client, including Client's insurers, in an amount which exceeds either (i) \$100,000 or the total compensation value to DVUC of the Project, whichever amount is less, if the claims of Client or Client's insurers against DVUC are not covered by the insurance coverage and associated limits of liability which DVUC is required to maintain pursuant to Paragraph 7 hereof of (ii) \$1,000,000 if the claims of Client or Client's insurers against DVUC are covered by the insurance coverage and associated limits of liability which DVUC is required to maintain pursuant to Paragraph 7 hereof. Client hereby forever releases DVUC and its officers, principals, employees, and agents from any liability for losses or damage sustained and incurred by the Client in excess of such amount.
- e. As used in this Paragraph 9, the term "liable" or "liability" means liability of any kind, whether in contract (including breach of warranty), in tort (including negligence, whether of DVUC or others), in strict liability, or otherwise, or any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to DVUC's services from any cause or causes whatsoever, including, but not limited to, the negligence, errors, omissions, strict liability or breach of contract of DVUC and/or DVUC's officers, directors, employees, agents and independent professional consultants, or any of them. The provisions of Paragraph 9 providing for limitations of and protections against DVUC's liability shall survive the completion of the Project or the expiration, cancellation, or termination of any agreement between DVUC and Client, and such provisions shall apply to the full extent permitted by law.

10. If any of these General Terms and Conditions shall be finally determined to be invalid or unenforceable in whole or in part, the remaining provisions hereof shall remain in full force and effect and be binding upon the parties. The parties agree to reform the contract between them to replace any such invalid unenforceable provision with a valid and enforceable provision that comes as close as possible to the intention of the stricken provision.

11. Once the Client has signified its acceptance of DVUC's proposal, the express terms of DVUC's proposal to Client and these General Terms and Conditions shall constitute the complete and exclusive statement of the terms of the agreement between the parties and are intended as a final expression of the terms of such agreement and will supersede all prior contemporaneous agreements, representations or conditions, express or implied, oral or written. No provision of DVUC's proposal or these General Terms and Conditions may be waived altered, or modified in any manner, unless the same shall be set forth in writing and signed by a duly authorized officer of DVUC. Client may use its standard business forms (such as purchase orders) to administer any agreement between DVUC and Client, but use of such forms shall be for convenience purposes only, and any typed provision in conflict with the terms of DVUC's proposal or these General Terms and Conditions and all preprinted terms and conditions contained in or on such forms shall be deemed stricken

Purchase Order

Eagle Power and Equipment
Corp
953 Bethlehem Pike
Montgomeryville, PA 18936
215-699-5871

Date
Reference #
Salesperson

6/9/2020
JL002747
Jim Lutz
jlutz@eaglepe.com
Phone: 215-870-8567
Fax: 215-699-6416

Billing Information

AUDUBON WATER CO
JH RUSSELL
PO BOX 7337
AUDUBON, PA 19407
MONTGOMERY
(610)631-1960 (Phone)
jh@audubonwater.com
10843

| Qty | Description | TAG# | SERIAL# | Unit Price | Line Total |
|-----|---|------|---------|--------------|--------------|
| 1 | Case 580SN Loader Backhoe | | | \$100,000.00 | \$100,000.00 |
| 1 | 4WD Powershift S-Type Transmission | | | \$0.00 | \$0.00 |
| 1 | Cab / HVAC / Radio / Left & Right Doors | | | \$0.00 | \$0.00 |
| 1 | Heavy counterweight | | | \$0.00 | \$0.00 |
| 1 | Backhoe Performance Package | | | \$7,500.00 | \$7,500.00 |
| 1 | - Extindahoe Dipper | | | \$0.00 | \$0.00 |
| 1 | - Multi-function Hydraulics | | | \$0.00 | \$0.00 |
| 1 | - Hydraulic Backhoe Coupler | | | \$0.00 | \$0.00 |
| 1 | Case 4 Stick Controls with Power Lift | | | \$0.00 | \$0.00 |
| 1 | Combo Flip Over Style Stabilizer Pads | | | \$0.00 | \$0.00 |
| 1 | Hydraulic Backhoe Thumb (installed) | | | \$2,500.00 | \$2,500.00 |
| 1 | Loader Performance Package | | | \$4,200.00 | \$4,200.00 |
| 1 | - Auto Ride Control | | | \$0.00 | \$0.00 |
| 1 | - Loader Hydraulics | | | \$0.00 | \$0.00 |
| 1 | - Hydraulic Loader Coupler | | | \$0.00 | \$0.00 |
| 1 | - Comfort Steer | | | \$0.00 | \$0.00 |
| 1 | Premium Air Suspension Seat (heated) | | | \$500.00 | \$500.00 |
| 1 | LED Light Package | | | \$500.00 | \$500.00 |
| 1 | Cold Start with Dual Batteries | | | \$0.00 | \$0.00 |
| 1 | 4 Corner LED Strobe Light Package | | | \$750.00 | \$750.00 |
| 1 | 12" HD Backhoe Bucket with Pin | | | \$1,350.00 | \$1,350.00 |
| 1 | 24" HD Backhoe Bucket with Pin | | | \$1,550.00 | \$1,550.00 |
| 1 | 82" FFC Coupler Style Loader Bucket | | | \$2,250.00 | \$2,250.00 |
| 1 | 48" FFC Coupler Style Loader Forks | | | \$3,550.00 | \$3,550.00 |
| 1 | 3 Year / 3000 Hour Case PPP (warranty) | | | \$0.00 | \$0.00 |

Attachment to BTUS-R-8 Backhoe

WARRANTY ON EQUIPMENT

Warranty coverage on the equipment covered by this order; if any, has been explained to the purchaser. The warranty coverage is outlined below and indicated by the box checked.

NEW CASE WARRANTY or qualified new Case Warranty. If qualified, the period is months
WARRANTIES PROVIDED BY THE SELLER ON NEW PRODUCTS SHALL BE GIVEN TO PURCHASER UNDER SEPARATE AGREEMENT, THE RECEIPT HEREOF IS HEREBY ACKNOWLEDGED BY PURCHASER

NEW-Other manufacturer's warranty

USED-When the equipment covered by this order is used equipment, THE PURCHASER STATES THAT HE HAS EXAMINED THE EQUIPMENT and is buying the equipment AS IS and with NO REPRESENTATIONS OR WARRANTIES, unless otherwise specified in writing below.

THE ADDITIONAL TERMS AND CONDITIONS SET FORTH ON PAGE 3 HEREOF ARE A PART OF THIS CONTRACT AND ARE INCORPORATED HEREIN BY REFERENCE.

NOTICE TO PURCHASER

- 1. CAUTION. Do not sign this contract before you thoroughly read all pages of it or if it contains blank spaces, even if otherwise advised.
- 2. You are entitled to an exact and completely filled in copy of this Contract when you sign it. Keep it to protect your legal rights.
- 3. General Manager signature required for final acceptance of Purchase Order.

ACCEPTED BY [Signature] Date 6/19/20
General Manager

PURCHASER'S SIGNATURE [Signature] Date 6/18/2020

ADDITIONAL TERMS AND CONDITIONS

1. When trade-in equipment is not to be delivered to the Seller until delivery of the equipment purchased by this order, the trade-in equipment may be reappraised at that time and such reappraisal value shall determine the allowance made for such trade-in equipment. When the reappraisal value is less than the original trade-in allowance shown on this form the purchaser may terminate this order; however, this right of termination must be exercised prior to delivery of the equipment by Seller and surrender of the trade-in equipment to Seller.
2. The prices which Purchaser will pay for the new equipment set forth on the reverse side hereof shall be based upon the Case dealer price in effect on date of delivery of the new equipment. In the event Case dealer's price is changed prior to delivery, the purchase price shall be adjusted accordingly. If such price change results in an increase, purchaser has the option of cancelling the order in writing immediately on being notified thereof.
3. The Seller shall be excused if delivery is delayed or rendered impossible by differences with workmen, strikes, work stoppages, car shortages, delays in transportation, inability to obtain labor or materials and also by any cause beyond the reasonable control of Seller, including but not restricted to acts of God, floods, fire, storms, acts of civil military authorities, war and insurrections.
4. Purchaser shall keep the property free of all liens, taxes, encumbrances and seizure or levy, shall not use same illegally, shall not damage, abuse, misuse, abandon or lose said property, shall not part with possession thereof, whether voluntarily or involuntarily or transfer any interest therein or remove same out of the county or filing district in which Purchaser resides as indicated herein without the prior written consent of Seller, shall keep said property insured in such amounts and with such insurer as may be acceptable to Seller with any loss payable to Seller as his interest in the property may appear. The Property is held by Purchaser at his risk and expense with no abatement in his obligation on account of loss or damage.
5. Time is of the essence of this contract and if purchaser fails to comply with any of the terms and conditions hereof or defaults in the payment of any installment hereunder or under any renewal or renewals hereof, or in the payment of interest or defaults in the payment of any installment due under any other indebtedness or contract held by the Seller or Assignee, or if proceedings are instituted against Purchaser under any bankruptcy or insolvency law or Purchaser makes an assignment for the benefit of creditors or if for any reason the Seller deems himself insecure and so declares all payments heretofore made by Purchaser shall be retained by the Seller and all indebtedness hereunder shall become immediately due and payable with or without notice, together with all expenses of collection by suit or otherwise including reasonable attorney fees and Seller may, without notice or demand take possession of the equipment set forth on the reverse hereof, or any additions to replacements of, or any proceeds from said equipment or may render the property unusable or Seller may require Purchaser to assemble the property and make it available at a place designated by Seller, Seller may resell the retaken property at public or private Sale in accordance with the Uniform Commercial Code or applicable state or provincial law., After deducting reasonable expenses for retaking, repairing, holding, preparing for sale, other selling expenses including attorney fees and legal expenses the remaining proceeds of Sale shall be credited upon the amount of indebtedness remaining unpaid hereunder, and Purchaser agrees to pay any deficiency upon demand by Seller, any surplus, however, shall be paid to Purchaser. Said retaking of repossession shall not be deemed rescission of the contract. Seller may exercise any other rights and remedies provided by applicable law.
6. No waivers or modifications hereof shall be valid unless written upon or attached to this contract. Waiver or condonation of any breach or default hereunder shall not constitute a waiver of any other or subsequent breach or default. Payments received by Seller are to be applied first to delinquent interest and then to principal.
7. The remedies provided for herein are not exclusive and any action to enforce payment shall not waive or affect any of the holder's rights to have recourse to the property. The transfer of this contract shall operate to pass a security interest in the property as security for the payment hereof.
8. Any provision of this contract prohibited by the laws of any state, the United States, any province or Canada shall be ineffective to the extent of such prohibition without invalidating the remaining portions of the contract.
9. Each Maker, endorser, guarantor and surely hereon severally waives presentment, demand protest, and notice of non-payment and all defenses of want of diligence in collection and bringing suit. This contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representative, successors and assigns.
10. Buyer authorizes Seller to insert the Serial and/or model numbers of the goods set forth on the reverse side hereof for the purposes of identifying said goods. The Seller may correct patent errors herein.

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

- R-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.

RESPONSE:

The listed project additions were first considered as necessary for the distributions system maintenance requirements. As the project was not contemplated to be in-service until 2022 the Company has not approached the local municipality to see if they would accept dedication of hydrant as a public hydrant. If the municipality agrees to accept such dedication as a public hydrant then the Company will bill for said service at the public hydrant rates. If the municipality rejects the request the Company will not be able to charge and would only be able to advise that the hydrant is not available for public use. The Company will update this response if additional information becomes available.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company’s plans to replace 5 treatment towers over the next five years, i.e., 2021 through 2025. See response to BTUS-R-6 and R-8.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

By way of discussion, the only debt incurred by the Company for the historic test year was related to the transportation equipment. Traditionally these types of shorter long-term debt related to transportation equipment is not included in the general development of the overall rate of return component, i.e., cost of debt and equity and related capital structure. The Company submits that only 25% of the listed debt as of 3/31/21 was associated with current transportation equipment (\$148,643 / \$603,143) while 75% of the debt is related to the 2021 capital asset additions. Further, the total weight cost of debt as of 3/31/21 is 5.60% which only .10% higher than the projected 5.50% cost of debt to finance the new capital asset additions. As of the 3/31/22 test period transportation equipment would only account for 9% of the total debt (\$103,153 / \$1,179,885) with 91% debt associated with the 2021 and 2022 capital project additions. Somewhat similar to 2021, the 2022 weighted cost of debt is 5.55% which is only .05% higher than the projected 5.50% cost of debt to finance the new projects.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

By way of background, as noted the Company did not reflect any major increase in late payment fee revenues nor additional customer to address potential increase cost related to collection efforts to minimize late payment charges. The Company submits that, absent current PaPUC Covid-19 guidelines related to late payment and collection matters, its prior efforts in-place to encourage customers to timely pay for services rendered has continued to minimize the potential for increased late payment fees and related increased costs for collections of outstanding balances. The Company may supplement this response at a later date if it can determine what, if any impact the Commission Covid-19 collection guidelines may have on the timely payment and/or assessment of late payment and collection efforts.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

Audubon requires additional time to provide a response to this request. Audubon requests an additional 10 days to respond to this request.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The primary reason for the increase is more directly related to maintenance work on the pumps and well starters at AWC #6 & 9; and VFCC # 3, and #2 which did not occur in the previous period. The Company believes that continued additional work of a similar nature must be done on a more frequent ongoing basis in the future to its remaining wells. The Company notes that the expenses incurred for this period do not reflect any similar work reflected in the Company’s new preventive maintenance program identified in response to BTUS-R-14. The table below provides cost incurred at each respective well, except for the line item well supplies general which are routine items for all of its wells.

| | FYE 3/31/20 |
|-------------------------------|----------------|
| AWC Wells #6 & #9 | 5,806 |
| VFCC #3 | 2,950 |
| VFCC #2 | 21,022 |
| Well Supplies General | 5,883 |
| Audubon Park Wells | 5,320 |
| Valley Forge Mobile Home Park | 1,320 |
| AWC Wells #7 & #8 | 650 |
| Totals | 42,951 |

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The referenced *pro forma* adjustment #9; and, Schedule I-9 which reflects 4 new preventative maintenance projects to be undertaken at a number of the Company’s well stations over the next 4 four years, a projected cost of \$173,743 or an annualized claim of \$43,436 as the projects are somewhat cyclical in nature. A more descriptive scope of work required is provided below. The work has not yet begun due in-part to Covid-19 restrictions which has impacted the availability of required outside service contractors.

Audubon’s related facilities require a concentrated effort to perform new preventive maintenance work to address concentrated efforts to perform additional maintenance and repairs which at times may require a station to be temporarily taken out of service. Thus, work will be performed over a number of years at various stations at various times of the year and as such work will not generally be performed during periods of peak system demands. The projects are as follows:

5 Well Stations - AWC #14 and #15, VFCC #1 and #2, and MHP #2; Globe check valves when properly operating reduces and/or eliminates flow back from the storage facility or distribution system in times of emergency shut-off’s or planned shutdown. Related materials and outside labor are estimated at \$450 and \$1,633, a total of \$2,083 for each station or a total cost of \$10,415.

2 Well Stations – AWC #13 and Level Rd #2 will require similar Globe Check valve work of \$2,083 for each station; and, additional minor repairs to each station exterior roof, doors, painting etc. by outside contractors is estimated at \$6,550, a total cost of \$8,633 for each station. Thus, a total cost of \$17,266.

4 Well Stations – VFCC #3, Featherbed, and MHP #1 and #3, again each stations Globe check valve work is estimated at \$2,083; and, more major repairs to the stations will require extensive block work, structural carpentry, and some safety related modifications estimated at \$13,100 each. Thus, \$15,183 for each station or \$60,732 for all 4 stations.

5 Well Stations – AWC #1, #2, #5, #6 & #9, and Falcon Rd, require all the similar work described at \$15,183 above plus additional mechanical work of \$1,853, or \$17,066 for each station. Thus, \$17,066 each or a total of \$85,330 for all 5 stations.

PROVIDED BY: J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

In brief, the Company incurred additional professional related expenses to remove one of its wells from reserve status to comply with PaDEP guidelines; superfund site related work; and, minor increase in cost of approximately \$3,000 for outside accounting services. The table below provides a breakdown of 3/31/20 by general category of services booked. Copying expenses were inadvertently reflected in the total expense and should have been reflected as a general administrative expense.

| | FYE 3/31/20 |
|---------------------------------|----------------|
| Hydrogeologist | 53,230 |
| Outside Accountants | 23,483 |
| General Legal | 9,450 |
| Regulatory Legal - General | 6,885 |
| Regulatory Consultant - General | 5,760 |
| Engineering | 2,893 |
| Copying Expense | 1,802 |
| Total | 103,503 |

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company confirms that the referenced 33 bills with zero consumption readings are accurate. The service provided to the three customers for these 33 bills does include a provision for fire protection service, simply put, the customers did not use any water consumption for this service during the referenced time period.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company submits the normalization period considered the frequency of rate filings and the need for the Company to provide for necessary revenue requirements on a more frequent basis so as to minimize much larger percentage rate increase requests which tend to occur when less frequent cases are filed. Additionally, due to the age of the system facilities the Company believes that more extensive capital projects, as referenced in response to BTUS-RE-6, and maintenance projects will be required in the future to continue to provide safe, reliable, and adequate service. Further, changing environmental and regulatory requirements continue to place additional demands on the Company’s revenue requirement needs. The Company believes that its three-year normalization request reflects a reasonable balance of the impact on both the customer and Company.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company submits that the requested information in electronic format is proprietary information. Thus, the requested working electronic copy will be provided as a Confidential document to participating statutory advocates after execution of a confidentiality agreement or entry of a protective order.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company submits that such an analysis is not appropriate and reasonable analysis which fails to take into consideration the full scope of the Company’s operations as generally discussed in response to BTUS-R-7. With regard to the investment value, the referenced assets are not yet reflected in rates. Further, the original cost value is not the rate base value reflected in the ratemaking process but rather due to the relatively short life of these assets the net book value when the new rates will be determined, in this case will only have a net book value \$139,953 as shown on Schedule J-3-1. The listed assets are required in conduct of the normal day to day business of the Company’s operations. Simply put, the Company’s operations are just not directed total to plant asset additions but it must also address the required needs related to the daily operating and maintenance expense concerns for an aging distribution system. Further, the Company submits that its long-term capital improvement programs identified in its responses to BTUS-R-6 and R-8 appropriately address the required capital asset additions on a going forward basis which many of the assets have much greater in-service lives in the range of 30 to 60 years. The Company submits that appropriate and timely rate relief assist in Company in meeting its goals to implement its long term capital improvement projects.

PROVIDED BY:

J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company submits that change from 25 years to 15 years is based upon informed judgement which considers trends in the water utility industry and the types of new water meter technology which can effectively operate within an automated meter reader system technology requirements. The economic life of the meter must take into consideration the optimum time for replacement which considers the cumulative cost of not replacing water meters, i.e., accuracy and testing cost, prone to more maintenance issues such as replacement of electronic parts and batteries, as well as repairs to the meter itself. In brief, the Company is aware that other larger class A utilities are using depreciation lives which approximate similar useful lives to that of the Company’s proposed 15-year life for new water meters being installed. The Company submits that its use of proposed 15-years balances the interest of both the customer and company in its need to upgrade its distribution system facilities with more modern technologies available to the industry.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

The Company’s policy is that all customers who use water for domestic purposes are to have a water meter. However, there are periods of time during the construction phase when new home construction is undertaken that the homes may require temporary water service during this phase. When such construction water service is required on a temporary basis the customer would be subject to the Temporary rate for “Water for Building Purposes” as reflected in its current and proposed tariff at a monthly rate of \$129.46 and \$184.56 respectively, Schedule G-4. The general practice used by some builders when building multiple homes in the same immediate location is to have one of the units connected to water metered service and delay connecting water service to the other unit(s) until time of completion. In other cases, water will be available for a period less than a month when the home is under construction and the Company waives that charge until the water meter and required backflow preventers are installed and in-service. It is at this time that the Company believes that the new construction unit has had all required services installed to provide safe and reliable water service. In short, the 5 listed counts may simply be an over count based upon the number of units under construction in the last month of the year, with water meters installed shortly thereafter in the next upcoming month.

The Company notes that its 2019 PaPUC annual report on page 37 inadvertently reported the unmetered public and private fire protection customers as 49 and 1, respectively when it should have reflected the amounts consistent with that reported in 2018 - 1 Unmetered Public Fire Protection and 49 Unmetered Private Protection Customer. With regard to the referenced 25 unmetered commercial customers the Company is reevaluating the reporting of this value in the PaPUC annual report. The Company submit that the 25 unmetered commercial and 49 unmetered private fire protection customers are directly related to private fire protection service on behalf of commercial customers. In brief, some commercial customers have either a metered or unmetered fire protection service unit; others have both a metered and unmetered fire protection unit; while even others have multiple numbers of metered and unmetered fire protection units. The Company will reevaluate its annual report method for 2020. However, the Company submits the development of its pro forma current and proposed revenues in the instant rate case filing is based on the respective number units at their applicable unit rates to assure that the annualized revenues were appropriately reported.

PROVIDED BY: J.H. Russell, Audubon Water Company

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE: August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

CONFIDENTIAL RESPONSE:

The requested information is considered CONFIDENTIAL and is being provided under the Commission standard confidentiality filing requirement provisions. See requested 2019 federal and state income tax returns are attached and referenced as “CONFIDENTIAL Attachment to BTUS-R-23”.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

**AUDUBON WATER COMPANY SUPPLEMENT NO. 3
TO TARIFF WATER – PA. PUC NO. 4; DOCKET NO. R-2020-3020919**

Audubon Water Company’s Responses to BTUS Data Requests, Set I

R-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.

RESPONSE:

See response to BTUS-R-23.

PROVIDED BY:

Dennis M. Kalbarczyk, Consultant, Utility Rate Resources.

DATE:

August 17, 2020

VERIFICATION

I, Dennis M. Kalbarczyk, Consultant, on behalf of Audubon Water Company, hereby state that the facts set forth in the foregoing document 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 in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Dennis M. Kalbarczyk

Dated: August 17, 2020