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|  | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSION400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE** |

October 25, 2021

Docket No. A-2021-3027134

Utility Code 210540

WHITNEY E SNYDER ESQUIRE

HAWKE MCKENON & SNISCAK LLP

100 NORTH TENTH STREET

HARRISBURG PA 17101

WESNYDER@HMSLEGAL.COM

RE: Application of Columbia Water Company for approval of the right to: (1) acquire, by sale, substantially all the water systems assets of East Donegal Township Municipal Authority; and (2) begin to offer, render, furnish and supply water service to the public in portions of East Donegal Township, Lancaster County, Pennsylvania

Dear Attorney Snyder:

On July 7, 2021, Columbia Water Company (Columbia Water) filed the above referenced document with the Public Utility Commission. For the Commission to complete its analysis of the filing, please respond with the information requested in the attached document.

Please forward the information to the Secretary of the Commission at the address listed below **within ten (10) working days** from the date of this letter. Make sure to reference the Docket Number listed above when filing your response. Please note that some responses may be e-filed to your case, <http://www.puc.pa.gov/efiling/default.aspx>. A list of document types allowed to be e-filed can be found at <http://www.puc.pa.gov/efiling/DocTypes.aspx>. All documents requiring notary stamps must have original signatures.

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|  | Rosemary Chiavetta, Secretary |
|  | Pennsylvania Public Utility Commission |
|  | 400 North Street |
|  | Harrisburg, PA 17120 |

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

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

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

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

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

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

In addition, to expedite completion of the review, please send a copy of the response to Matthew Lamb in the Water/Wastewater Section of the Bureau of Technical Utility Services via e-mail at mlamb@pa.gov. Please also direct any questions to Matthew Lamb at telephone number (717) 783-1001. Thank you in advance for your cooperation.

Sincerely,

Rosemary Chiavetta

Secretary

Enclosure: Data Request Set 1

cc: Christine Hoover, Office of Consumer Advocate (w/ enclosure), choover@paoca.org

Teresa Wagner, Office of Small Business Advocate (w/ enclosure), tereswagne@pa.gov

Richard Kanaskie, Bureau of Investigation & Enforcement (w/ enclosure), rkanaskie@pa.gov

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

1. The Application’s Appendix 1, Exhibit B titled “Promissory Note”, Section 2.(b)(i), references Amortization Schedule, Exhibit A. However, a copy of Amortization Schedule, Exhibit A was not included in the Application. Please provide a copy of Amortization Schedule, Exhibit A.
2. The Application’s Appendix 1, Exhibit C titled “Open-End Mortgage and Security Agreement”, references Description of Premises, Exhibit A. However, a copy of Description of Premises, Exhibit A was not included in the Application. Please provide a copy of Description of Premises, Exhibit A.
3. The Application’s Appendix 1, Exhibit D titled “Assignment of Lease”, Page 1 references Lease Agreement between EDTMA and East Donegal Township (Lease Agreement), Exhibit A. However, a copy of Lease Agreement, Exhibit A was not included in the Application. Please provide a copy of Lease Agreement, Exhibit A.
4. The Application’s Appendix 1, Schedule 2(a)(i), provided a list of equipment including total pipeline lengths and associated material type. However, the list did not provide a breakdown of EDTMA’s water system pipeline network by pipe diameter. Please provide a list of all EDTMA’s water system assets broken down by major plant categories detailing each item description along with the associated pipe diameter, material type, pipe length, and/or quantity
5. The Application’s Appendix 1, Schedule 4(p), Lead and Asbestos Disclosure listed three documents dated June 21, 2016, January 8, 2020, and February 6, 2020, respectively, as attached to the Application. However, copies of the Lead and Asbestos Disclosure (Disclosure) attachments were not included in the Application. Please provides copies of the Disclosure attachments.
6. The Application’s Appendix 10 contains a map depicting boundaries and written description of bearing angles and distances entitled “East Donegal Township Water Service Map”. Please confirm this map represents the requested additional service territory that Columbia Water is seeking Commission approval of the right begin to offer, render, furnish and supply water service to the public in these portions of East Donegal Township, Lancaster County Pennsylvania. If so, please provide the approximate total of the requested territory area, quantified in acres.
7. Please provide an estimate of the number of customer connections, by customer class, anticipated to connect to the EDTMA water system within in the next five years.
8. Please provide the estimated average monthly water usage for customers connected to EDTMA’s water system, by customer class.
9. Please provide copies of EDTMA’s current water rates, rules, and regulations.
10. The Application does not include a *pro forma* tariff supplement that includes rates, proposed rules and conditions of service applicable to the customers within the requested service territory. Please provide a *pro forma* tariff supplement.
11. Please clarify whether EDTMA customers will be subject to Columbia Water’s Distribution System Improvement Charge (DSIC). If not, please provide a *pro forma* tariff supplement that includes language that exempts EDTMA customers from Columbia Water’s DSIC.
12. Please clarify whether EDTMA customers will be subject to Columbia Water’s PennVEST Surcharge (PVS). If not, please provide a *pro forma* tariff supplement that includes language that exempts EDTMA customers from Columbia Water’s PVS.
13. Please explain and quantify any impact the transaction will have on the amounts charged to existing Columbia Water customers for water service prior to Columbia Water’s next base rate case, including, but not limited to, whether the transaction affects the calculation of projected quarterly revenue under Columbia Water’s DSIC.
14. Please explain and quantify any impact the transaction will have on the amounts charged to EDTMA customers for water service prior to Columbia Water’s next base rate case.
15. Please provide the tentative journal entries for booking the acquisition of EDTMA.
16. Please provide a detailed calculation of the estimated annual operating revenues and expenses, by customer class, for EDTMA customers.
17. Please provide details of EDTMA’s source of supply capabilities including design maximum production capacity, permitted/contracted maximum production capacity, peak daily production for the 2020 calendar year, and average daily production for the 2020 calendar year.
18. In response to OCA Informal Discovery Requests (OCA Discovery), Columbia Water filed a document titled “EDTMA Condition Assessment” prepared by Buchart Horn, dated August 2020 (Condition Assessment). In the Condition Assessment, Buchart Horn indicated copies of all or complete Pennsylvania Department of Environmental Protection (DEP) Public Water Supply (PWS) permits were not available for review. Please provide copies of all DEP approved PWS permits including approval letters for EDTMA’s water system assets and/or provide documentation from DEP indicating which permit(s) could not be supplied.
19. In response to OCA Discovery, Buchart Horn detailed a list of Assets in Need of Immediate Repair/Replacement along with conceptual cost estimates for each item totaling $1,258,000 in the Condition Assessment. In Columbia Water’s response to OCA Discovery No. 10, Columbia Water indicated it would address these items during the first 10 years post-acquisition. Please provide a breakdown of Columbia Water’s expected additional capital requirements for the acquisition of EDTMA’s water system assets for the next five years including, but not limited to the items listed in the Condition Assessment, the cost of new water meters, meter installation, SCADA, etc. broken down by major plant accounts and by year.
20. Please provide copies of the most recent Susquehanna River Basin Commission (SRBC) approvals related to EDTMA’s system, which may include SRBC Docket No. 20190314.
21. Please state if EDTMA will dissolve after closing with Columbia Water.
22. Please state the distance, in miles, between Columbia Water’s closest existing water facility and EDTMA’s water system.
23. Please identify any operational and/or managerial changes Columbia Water intends to make after acquiring EDTMA’s water system.
24. Please explain how approval of the Application would benefit Columbia Water’s existing customers.
25. Please provide a copy of the certified operator’s certificate for the individual(s) Columbia Water intends to operate the EDTMA facilities to be acquired.
26. Please provide evidence that Columbia Water has requested certifications from Lancaster County and East Donegal Township officials that Columbia Water’s requested service territory meets all applicable requirements of officially adopted county comprehensive plans, municipal comprehensive plans, and applicable zoning designations, including any necessary amendments.
27. Please verify that Columbia Water will be able to provide adequate water supply, treatment, storage, and distribution capacity to meet present and future customer demands within the requested territory.
28. Please confirm that there are no public utilities, municipalities, municipal authorities, cooperatives, or associations providing water service within one mile of the requested territory, and that Application approval would not result in the creation of a competitive condition.
29. Columbia Water’s letter filed on October 4, 2021, at Docket No. A-2021-3027134 included a copy of an agreement between Columbia Water and East Donegal Sewer Authority dated May 21, 1990. Please confirm that Columbia Water is seeking a certificate of filing pursuant to Section 507 of the Public Utility Code, 66 Pa.C.S. § 507, regarding the assignment of this agreement to Columbia Water.
30. Please explain how EDTMA customers receive wastewater service (e.g., public sewer or on-lot septic) and confirm if EDTMA water usage data is used to calculate wastewater bills.
31. Please confirm that Columbia Water and EDTMA are not affiliated with each other and that the proposed transaction was negotiated at arms’ length.
32. Please explain how Columbia Water intends to determine the original cost of, and contributions related to, EDTMA’s system prior to the first base rate case when Columbia Water makes any rate base claim related to EDTMA assets.
33. Please provide copies of EDTMA’s two most recent annual financial statements filed with the Department of Community and Economic Development.
34. The Application’s Appendix 6 includes a copy of Columbia Water’s balance sheet dated March 31, 2021, which appears to indicate a balance in contributions in aid of construction (CIAC) of approximately $7,247,612. Also, the Application’s Appendix 7 includes a copy of a post-transaction *pro forma* Columbia Water balance sheet dated December 31, 2021, which also appears to indicate the same balance in CIAC. However, the EDTMA financial statement for the 12 months ended September 30, 2020 appears to identify on Page 10 a balance of at least $716,708 in known CIAC, and on Page 4 that there was $6,000 in tapping fee revenue for 2020. In other words, it appears that Columbia Water may be acquiring contributed property but may not be properly recognizing such property as contributed. Please provide responses for each of the following:
	1. Please confirm that Columbia Water will request copies of the documents indicated in 52 Pa. Code §§ 69.711(d)(i)(A)-(I) from EDTMA.
	2. Please confirm that Columbia Water will book those contributions that were properly recorded on EDTMA’s books as CIAC contributions, consistent with 52 Pa. Code §69.711(d)(iii).
	3. Please explain how Columbia Water intends to determine the value of tapping, tap-in, hook-up, or similar connection fees charged by EDTMA to former EDTMA customers that may have recovered EDTMA capital-related costs.