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November 1, 2021

Via Electronic Filing

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

In Re: Application of Columbia Water Company Pursuant to Sections 1102 of the Public Utility Code For: Approval Of the Acquisition Of the Water System Of East Donegal Township Municipal Authority; Approval Of The Right For Columbia Water Company To Offer, Render Furnish And Supply Water Service To The Public In Portions Of East Donegal Township, Lancaster County; Registration Of A Securities Certificate; And all Other Approvals Or Certificates Appropriate, Customary Or Necessary Under The Public Utility Code To Carry Out The Transactions Described In The Application; Request For Certificates Of Filing For Contracts Between Columbia Water Company And East Donegal Township Municipal Authority, Pursuant To Section 507 Of The Public Utility Code; Docket No. A-2021-3027134 and S-2021-3027145; **ADDITIONAL RESPONSES TO BUREAU OF TECHNICAL SERVICES' DATA REQUESTS, SET I**

Dear Secretary Chiavetta,

On October 29, 2021, Columbia Water Company filed responses to many of BTUS Data Requests, Set I in this proceeding. Attached you will find Columbia Water Company's responses to the remaining requests listed below:

- 10 – 13
- 15-16
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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
November 1, 2021
Page 2

- 26
- 28
- 31-32, and
- 34

Should you have any questions or require any additional documents, please feel free to contact me at (717) 236-1300.

Respectfully submitted,

/s/ Whitney E. Snyder

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

Counsel for Columbia Water Company

WES/das
Enclosure

cc: David Lewis
Michael Davis (mdavis@barley.com)
Daniel Desmond (ddesmond@barley.com)

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: Attached is a pro forma tariff supplement that includes rates, proposed rules and conditions of service applicable to the customers within the requested service territory. Columbia Water notes that its rules and conditions of service contained within its existing tariff will be applied to EDTMA customers in conjunction with the attached.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

THE COLUMBIA WATER COMPANY

RATES, RULES, AND REGULATIONS GOVERNING
THE DISTRIBUTION OF WATER IN WEST HEMPFIELD, RAPHO,
EAST DONEGAL AND MANOR TOWNSHIPS AND
THE BOROUGHS OF COLUMBIA AND MOUNTVILLE, AND MARIETTA
LANCASTER COUNTY AND HELLAM TOWNSHIP, YORK COUNTY, PENNSYLVANIA

Issued: _____

Effective: _____

By: Donald H. Nikolaus, President
The Columbia Water Company
220 Locust Street
Columbia, PA 17512

NOTICE

This Tariff filing updates the Schedule of Rates and Rules and Regulations pursuant to the Pennsylvania Public Utility Commission's Final Order in Docket No. A-2021-3027134.

See Page Two

Issued: _____

Effective: _____

List of Changes Made by this Supplement

Change:

Supplement No. 112 updates the Schedule of Rates and Rules and Regulations to include the service territory formerly known as the East Donegal Township Municipal Authority in accordance with the Pennsylvania Public Utility Commission's Ordering Paragraph [number] of the [date] Final Order entered in A-2021-3027134.

(C)

(C) Indicates Change

Issued: _____

Effective: _____

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(I) Indicates Increase (D) Indicates Decrease (C) Indicates Change

Issued: _____

Effective: _____

THE COLUMBIA WATER COMPANY
SCHEDULE OF RATES APPLICABLE TO EDTMA DISTRICT

Schedule of Rates – General Meter Rates EDTMA District

(C)

<u>Use Classification</u>	<u>Water Use Rates</u>
Residential Users:	
First 9,000 Gallons per Quarter	\$48.00 / Quarter
All over 9,000 Gallons per Quarter	\$2.10 / 1000 gal.
Commercial Users:	
First 9,000 Gallons per Quarter	\$73.00 / Quarter
All over 9,000 Gallons per Quarter	\$2.10 / 1000 gal.
Industrial Users:	
First 75,000 Gallons per Month	\$390.26 / Month
All over 75,000 Gallons per Month	\$3.00 / 1000 gal.
Farm Users:	
First 35,000 Gallons per Quarter	\$182.58 / Quarter
All over 35,000 Gallons per Quarter	\$2.10 / 1000 gal.
Late Payment Charge	\$8.00 / Quarter

(I) Indicates Increase (C) Indicates Change

Issued: _____

Effective: _____

THE COLUMBIA WATER COMPANY

5. The PENNVEST surcharge shall remain in effect until the principal and interest charges (amounts payable pursuant to the final amortization schedule) for the applicable loan have been collected. The surcharge mechanism will be continued but set at zero if there are no PENNVEST loans approved by the Commission for surcharge recovery.

6. The surcharge is solely designed to begin timely recovery of PENNVEST principal and interest loan obligations(s).

7. The Company will segregate all revenues dedicated for PENNVEST repayment so long as the surcharge remains in effect.

8. Subject to the Final Order at A-2021-3027134, customers within the EDTMA District are exempt from the PENNVEST Surcharge under the terms and conditions ordered therein. (C)

Issued: _____

Effective: _____

THE COLUMBIA WATER COMPANY
SCHEDULE OF FIRE PROTECTION RATES APPLICABLE TO THE EDTMA
DISTRICT

SCHEDULE OF FLAT RATES

(C)

PUBLIC FIRE PROTECTION SERVICE

Application

This Schedule is applicable to Public Fire Protection Service to the service territory formerly known as the East Donegal Township Municipal Authority.

PUBLIC FIRE PROTECTION SERVICE RATE

Fire Hydrant Fee:	NONE
Fire Service Fee:	NONE

Issued: _____

Effective: _____

**RULES AND REGULATIONS GOVERNING THE
DISTRIBUTION AND SALE OF WATER**

(Cont'd)

27. Distribution System Improvement Charge (DSIC)

Customer Safeguards

Cap: The DSIC will be capped at 5% of the amount billed to customers **for service (including all applicable clauses and riders) as determined on an annualized basis.**

Audit/Reconciliation: The DSIC will be subject to audit at intervals determined by the Commission. **Any cost determined by the Commission not to comply with any provision of 66 Pa. C.S. §§ 1350, et seq. shall be credited to customer accounts. The DSIC is** subject to annual reconciliation based on a reconciliation period consisting of the 12 months ending December 31 of each year **or the utility may elect to subject the DSIC to quarterly reconciliation but only upon request and approval of the Commission.** The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on **April 1, of each year or in the next quarter if permitted by the Commission.** If DSIC revenues exceed DSIC-eligible costs, such overcollections will be refunded with interest. Interest on over-collections **and credits** will be calculated at the residential mortgage lending specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. sec. 101, *et seq.*) and will be refunded in the same manner as an over-collection. **The Company is not permitted to accrue interest on under-collections.**

New Base Rates: The DSIC will be reset at zero **upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC.** Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's **rate or rate base** will be reflected in the quarterly updates of the DSIC.

All Customer Classes: The DSIC shall be applied equally to all customer classes **except for customers within the EDTMA District pursuant to the terms and conditions contained in the Final Order entered at A-2021-3027134.**

(C)

Earning Reports: The DSIC will also be reset at zero if, in any quarter, data filled with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the Pre-tax return section. **The Company shall file a tariff supplement implementing the reset to zero due to over-earning on one day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Company has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.**

(C) Indicates Change

Issued: _____

Effective: _____

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: The Application requests that EDTMA current rates remain in place for at least 3 years and thus EDTMA’s customers will not be subject to Columbia Water’s Distribution System Improvement Charge (DSIC). Application of the DSIC may be sought in the future.

See Attachment to A-10, the *pro forma* tariff supplement that includes language that exempts EDTMA customers from Columbia Water’s DSIC.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: The Application requests that EDTMA current rates remain in place for at least 3 years and thus EDTMA’s customers will not be subject to Columbia Water’s PennVEST Surcharge (PVS).

See Attachment to A-10, the *pro forma* tariff supplement that includes language that exempts EDTMA customers from Columbia Water’s PVS.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: At this time Columbia Water does not anticipate the transaction will have any impact on amounts charged to existing Columbia Water customers prior to Columbia Water’s next base rate case. The DSIC will not apply to EDMTA customers for at least three years. During the period where the DSIC does not apply to EDTMA customers, Columbia Water will not include capital improvements to the EDTMA system in its DSIC. Thus, the transaction will not impact quarterly revenues from the DSIC for this period.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY'S RESPONSES TO BUREAU OF TECHNICAL SERVICES' DATA REQUESTS, SET 1

A-15. Please provide the tentative journal entries for booking the acquisition of EDTMA.

RESPONSE: See attached tentative journal entries.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

Columbia Water Company
East Donegal Township Municipal Authority

Tentative Acquisition Journal Entries
12/31/2021

<u>G/L #</u>	<u>General Ledger Name</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
114.00	Utility Plant Acquisition Adj			780,646.00
301.10-348.50	Utility Plant in Service		7,174,286.00	
108.10	Accumulated Depreciation			3,893,640.00
131.20	Cash			250,000.00
234.15	EDTWA-Promissory Note	Note		2,250,000.00
			7,174,286.00	7,174,286.00

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY'S RESPONSES TO BUREAU OF TECHNICAL SERVICES' DATA REQUESTS, SET 1

A-16. Please provide a detailed calculation of the estimated annual operating revenues and expenses, by customer class, for EDTMA customers.

RESPONSE: See attached estimated annual operating revenues and expenses.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

THE COLUMBIA WATER COMPANY
EAST DONEGAL TOWNSHIP MUNICIPAL AUTHORITY RATE DISTRICT
PRO FORMA INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2022

	<u>PRO FORMA INCOME STATEMENT</u>
<u>OPERATING REVENUES</u>	
METERED RESIDENTIAL SALES	371,400
METERED COMMERCIAL SALES	26,100
METERED INDUSTRIAL SALES	144,600
METERED PUBLIC SALES	6,510
DISCOUNTS FORFEITED	9,400
	9,400
TOTAL OPERATING REVENUES	558,010
<u>ADMINISTRATIVE AND GENERAL EXPENSES</u>	
SALARIES AND WAGES, OTHER ADMINISTRATIVE	12,020
CONTRACTED SERVICES	19,480
MISCELLANEOUS EXPENSES	5,563
TAXES OTHER THAN INCOME	4,946
	4,946
TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	42,009
<u>DEPRECIATION AND AMORTIZATION</u>	
DEPRECIATION	155,333
	155,333
TOTAL DEPRECIATION	155,333
<u>PLANT EXPENSES</u>	
SALARIES AND WAGES	26,926
CONTRACTED SERVICES	22,259
REPAIRS AND MAINTENANCE	30,199
UTILITIES	38,510
CHEMICALS	45,019
INSURANCE	17,024
LAB TESTING	13,438
PERMITS AND OTHER EXPENSES	12,625
	12,625
TOTAL PLANT EXPENSES	206,000
TOTAL OPERATING EXPENSES	197,342
OPERATING INCOME	154,668
<u>OTHER INCOME</u>	
RENTAL INCOME	24,394
MISCELLANEOUS INCOME	19,177
	19,177
TOTAL OTHER INCOME	43,571
<u>OTHER EXPENSES</u>	
INTEREST EXPENSES	43,300
MISCELLANEOUS EXPENSES	4,859
	4,859
TOTAL OTHER EXPENSES	48,159
NET INCOME BEFORE FEDERAL & PENNSYLVANIA INCOME TAX EXPENSE & EXTRAORDINARY ITEM	150,080
FEDERAL AND PENNSYLVANIA INCOME TAX EXPENSE	0
	0
NET INCOME FOR THE PERIOD	150,080

For Internal Management use only.

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: Upon Commission approval and closing of the proposed acquisition, CWC will exercise its managerial discretion and consider in detail the timeline for discrete capital improvement projects, including capital expenditures per year. Columbia Water does not believe it would be prudent to expend the significant time and resources necessary to plan specific implementation of such projects prior to approval of the proposed acquisition, particularly given the expense associated with necessary permitting, which permitting process and approval will significantly impact the timelines for beginning and completing each project. Accordingly, a specific timeline for completion of projects and expenditures related thereto will begin after Commission approval of the proposed acquisition.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-24. Please explain how approval of the Application would benefit Columbia Water’s existing customers.

RESPONSE: Columbia Water notes that it is not a prerequisite for approval of the proposed transaction to find unique, affirmative, or direct benefits for all types of customers. *Popowsky v. Pa. Pub. Util. Com’n*, 937 A.2d 1040, 1061 (Pa. 2007). There will be no detriments to current Columbia Water customers. One benefit to Columbia Water customers is that currently Columbia Water does not have an emergency supply contract with EDTMA for use of the emergency interconnection. Once Columbia Water owns the EDTMA system, it will be able to use that interconnection at its discretion as necessary in a nimbler fashion. Moreover, the Commission has repeatedly recognized the benefits of regionalization to all customers.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: Attached is a letter from East Donegal Township confirming that the acquisition does not conflict with the Donegal Regional Comprehensive Plan and that they confer with the application as-filed.

Also attached is a letter from Lancaster County Planning Department confirming that the acquisition does not conflict with its adopted comprehensive plan.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021



East Donegal Township

190 Rock Point Road, Marietta, Pennsylvania 17547

John E. Murphy Jr., Chairman, Board of Supervisors

Allen D. Esbshade, Vice-Chairman, Board of Supervisors

Thomas M. Jones, Supervisor

August 18, 2021

Hawke, McKeon & Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101

Att.: Whitney E. Snyder

To Whom It May Concern:

On Thursday, August 12, 2021, the East Donegal Township Planning Commission reviewed the provided application for approval of the sales of the water system to the Columbia Water Company from the East Donegal Municipal Water Authority. The purpose of the review was to determine if there was any conflict with the Donegal Regional Comprehensive Plan regarding any potential, anticipated changes in water service facilities.

After consideration and discussion, a motion was made and carried to concur with the application as submitted and noted that there did not appear to be any conflict with the Donegal Region Comprehensive Plan related to current or future water service usage to the community.

Should you have any further questions, feel free to contact this office.

Sincerely,

Craig Underwood
Planning Agency Staff



Planning Commission

150 North Queen Street
Suite #320
Lancaster, PA 17603
Phone: 717-299-8333
Fax: 717-295-3659

www.lancastercountyp Planning.org

County Commissioners

Joshua G. Parsons, Chairman
Ray D'Agostino, Vice-Chairman
Craig E. Lehman, Commissioner

Executive Director

Scott W. Standish

October 29, 2021

Whitney E. Snyder, Esq.
Hawke, McKeon & Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101

RE: Columbia Water Company Application to the PA PUC
Purchase of the E. Donegal Twp. Municipal Authority

Dear Ms. Snyder,

The Lancaster County Planning Department (LCPD) has reviewed the Columbia Water Company's application to the PA Public Utility Commission for approval of the purchase of the East Donegal Township Municipal Authority (EDTMA) water system. The purpose of this review was to determine if this action is consistent with the Lancaster County Comprehensive Plan and applicable zoning designations.

We understand that the Columbia Water Company is acquiring the same service area that the EDTMA currently serves, with no plans of expansion. In 2018, the Lancaster County Board of Commissioners adopted *places2040* as the Lancaster County Comprehensive Plan, which calls for local municipalities and partners to "maintain public infrastructure" and "think beyond boundaries". This proposed action is consistent with *places2040* in that it will serve to improve the County's public infrastructure and increase efficiency and cooperation in the of the management of this infrastructure asset. Additionally, considering the service area will not be changing, we feel it is consistent with the adopted comprehensive plan.

Should you need any additional information, please do not hesitate to contact Mark Huber, Senior Planner, at 717-299-8333.

Sincerely,

Scott W. Standish, Executive Director
Lancaster County Planning Department



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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY'S RESPONSES TO BUREAU OF TECHNICAL SERVICES' DATA REQUESTS, SET 1

A-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.

RESPONSE: Beside Columbia Water itself, there are no public utilities, municipalities, municipal authorities, cooperatives, or associations providing water service within one mile of the requested territory, and the Application approval will not result in the creation of a competitive condition.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-31. Please confirm that Columbia Water and EDTMA are not affiliated with each other and that the proposed transaction was negotiated at arms’ length.

RESPONSE: Columbia Water and EDTMA are not affiliated with each other and the proposed transaction was negotiated at arms’ length. While not an affiliation, Columbia Water notes one of its part-time employee does provide operational services to EDTMA on a part-time basis.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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.

RESPONSE: Columbia Water notes that this is not a rate case and no rates of any customers, including EDTMA, will change as a result of the proposed transaction. Determination of original cost is an issue for a future rate case. At this point in time, without prejudice to the position Columbia Water may take in a future rate case, Columbia Water intends to have an original cost study performed.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

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; Docket No. A-2021-3027134

COLUMBIA WATER COMPANY’S RESPONSES TO BUREAU OF TECHNICAL SERVICES’ DATA REQUESTS, SET 1

A-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:

- a. Please confirm that Columbia Water will request copies of the documents indicated in 52 Pa. Code §§ 69.711(d)(i)(A)-(I) from EDTMA.
- b. 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).
- c. 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.

RESPONSE: Columbia Water is not seeking an acquisition incentive for this transaction and thus the policy statement in 52 Pa. Code § 69.711 does not apply.

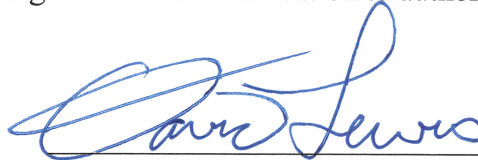
- a. To the extent Columbia Water is not already in receipt of the documents indicated, it will request them from EDTMA.
- b. This is an issue for a future rate case. Columbia Water will make the determination as to how to book contributions in conjunction with its next base rate case.
- c. This is an issue for a future rate case. Columbia Water will make the determination of these values in conjunction with its next base rate case.

PROVIDED BY: David Lewis, Vice President and General Manager

DATE: November 1, 2021

VERIFICATION

I, David T. Lewis, on behalf of Columbia Water Company, 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 in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



David T. Lewis, P.E.
General Manager
Columbia Water Company

CERTIFICATE OF SERVICE

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

VIA EMAIL ONLY

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/s/ Whitney E. Snyder

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

Dated: November 1, 2021