



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE
REFER TO OUR FILE

April 11, 2022

Docket No. R-2022-3031704
Utility Code 220200

ADEOLU A BAKARE ESQUIRE
MCNEES WALLACE & NURICK LLC
100 PINE STREET
PO BOX 1166
HARRISBURG, PA 17108-1166
ABAKARE@MCNEESLAW.COM

RE: Borough of Ambler Supplement No. 40 to Tariff Water – Pa. P.U.C. No. 5
at Docket R-2022-3031704

Dear Attorney Bakare:

On March 31, 2022, the Borough of Ambler (Ambler) filed the above-captioned document with the Pennsylvania 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) business days** from the date of this letter. All documents requiring notary stamps must have original signatures. The Commission strongly encourages submission through e filing with the Secretary of the Commission by opening an e filing account through the Commission website and accepting eservice at <https://efiling.puc.pa.gov>. The Commission is accepting all public documents through our e filing system at this time.

If your filing contains confidential material, you are required to either file by overnight delivery or submit to the Secretary's Share Point File system to ensure the timely filing of your submission. Filers should contact the Secretary's Bureau in advance to gain access to the Share Point File system. Make sure to reference the Docket Number listed above when filing your response. The overnight address for hard-copy or confidential responses is:

Rosemary Chiavetta, Secretary
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:

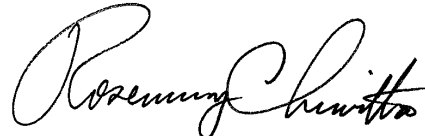
I, [print name of appropriate company representative], hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made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

Signature _____
Title _____
Date _____

Please contact the below staff 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 copies of the information to Paul Zander via e-mail at pzander@pa.gov. Questions may be directed to Paul Zander in the Bureau of Technical Utility Services, Water/Wastewater Division at telephone number (717) 783-1372. Thank you in advance for your cooperation.

Sincerely,



Rosemary Chiavetta
Secretary

Enclosure: TUS Data Request Set 1

cc: 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

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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.

- R-1. Ambler’s Supplement No. 40 to Tariff Water – Pa. P.U.C. No. 5 (Supplement No. 40), Page 2 indicated that Supplement No. 40 deleted the “Water Conservation Tariff” section of Ambler’s water tariff. However, 52 Pa. Code § 65.11 requires jurisdictional water utilities to file plans of their contingent mandatory conservation measures with the Commission as part of their tariff. Please provide responses for each of the following:
- a. Confirm that Ambler does not have plans for contingent mandatory water conservation measures for jurisdictional water service (Jurisdictional Service) to Jurisdictional Service customers (Jurisdictional Customers) and will not impose mandatory water conservation measures for Jurisdictional Service to Jurisdictional Customers that are not included in Ambler’s water tariff; and
 - b. Explain how removing the “Water Conservation Tariff” section of Ambler’s water tariff complies with 52 Pa. Code § 65.11.
- R-2. Ambler’s Supplement No. 40, Page 2 specified that Supplement No. 40 increases the fees for service discontinuance, renewal of service after discontinuance, and emergency shut offs (collectively, Turn On/Off Fees). However, the filing’s Rate Study and Data in Support of Supplement No. 40 (Rate Study), Page 11, Line No. 22 does not indicate any change in miscellaneous revenues, including Turn On/Off Fee and forfeited discount (i.e., late payment fees) revenues, resulting from Supplement No. 40. Please provide responses for each of the following for the 2018 and 2019 calendar years, the 12 months ended September 30, 2021 (HTY), the 12 months ended September 30, 2022 (FTY), and the 12 months ended September 30, 2023 (FPFTY) at present and proposed rates:
- a. Quantify Turn On/Off Fee revenues and the number of instances that Turn On/Off Fees were, or are expected to be, charged; and
 - b. Quantify forfeited discount revenues.
- R-3. The depreciation studies included in the filing’s Exhibit Nos. JJS-1, JJS-2, and JJS-3 (the 2021, 2022, and 2023 Depreciation Studies, respectively, or the Depreciation Studies, collectively), and the balance sheet included in the Rate Study’s Page 9, do not appear to reflect unamortized balances for capital contributions from sources like contributions and advances in aid of construction, system development charges like tapping fees, and local, state, and federal grants (collectively, Capital Contributions). Also, the Rate Study’s Page 14 includes Ambler’s Net Utility Plant claims. Please either confirm that Ambler’s Net Utility Plant claims exclude the cost of facilities funded, or expected to be funded, by Capital Contributions, or provide Depreciation Studies for the HTY, FTY, and FPFTY, respectively, to include detailed lists of Capital Contributions, by major plant categories, and related summaries of unamortized Capital Contribution balances.

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- R-4. Please provide a list of all local, state, and federal grants and low or no interest loans (i.e., PennVEST loans, etc.) that are projected to be used to fund capital improvements during the FTY and FPFTY. The list, at a minimum, should include details about each grant or loan, project scope, complete asset descriptions, funding amount, total estimated project cost, estimated construction start date, and expected date assets will be placed into service.
- R-5. Ambler’s Annual Report for the 2020 calendar year, Page 2, Line 14 indicates that Ambler had an Investment in Plant at end Period of \$5,718,519. However, the 2021 Depreciation Study, Page II-4, indicated a cumulative depreciated original cost at the end of the 2020 calendar year of \$6,687,941. Please explain the apparent discrepancy of \$969,422 ($\$6,687,941 - \$5,718,519 = \$969,422$) between these two figures reported by Ambler that cover the same time period.
- R-6. Please provide a detailed list that identifies any assets, along with associated original cost values, that are no longer used and useful, to include retirements and replacements of Plant in Service during the period between June 30, 2013 to September 30, 2021, the FTY, and the FPFTY, respectively. The list, at a minimum, should describe the assets (i.e, sizes, lengths, and material types), plant accounts, date placed in service, original cost, date replaced or retired, and remaining accrual balance at retirement.
- R-7. On January 31, 2014, Ambler filed a Depreciation Report for the 12 months ended June 30, 2013 at Docket No. R-2014-2400003 as Schedule J-1-1 of Ambler’s filing at that docket (2013 Depreciation Study). The 2013 Depreciation Study, Pages 5 and 6, Line Nos. 7, 8, 13, and 14 included assets described as “1991 Houston Tank Painting In/Out”, “1991 Surge Relief Valve”, “2006 Board Axe Tank Re-coat”, and “2012 Houston Tank Painting Re-coat Painting”, which were assigned services lives of 15, 20, 15, and 15 years, respectively. Based upon the assets’ service lives, these assets appear to have been entirely, or almost entirely, depreciated prior to the end of the HTY. However, the 2021 Depreciation Study, Page II-14, Account 330, Lines 1991, 2006, and 2012 appears to include these same assets and assign these assets a new service life of 65 years. Additionally, Gannett Fleming Valuation and Rate Consultants, LLC’s (Gannett Fleming’s) Depreciation Study for Aqua Pennsylvania, Inc. filed on August 25, 2021, at Docket No. R-2021-3027385 as Exhibit No. 6-A (Aqua Depreciation Study), Page I-4 used a 10-Square survivor curve for a Tank Painting subaccount in Account 330. Please explain why it is appropriate to use the 65-R3 survivor curve for Ambler’s tank painting assets, which is different than the service lives Ambler used from the 2013 Depreciation Study or Gannett Fleming used in its Aqua Depreciation Study. If required, please submit revised Depreciation Studies.
- R-8. Ambler’s 2021 Depreciation Study, Page II-4 identified an original cost balance of \$14,642,076 for the HTY, Ambler’s 2022 Depreciation Study, Page VII-4 identified an original cost balance of \$16,771,368 for the FTY, and Ambler’s 2023 Depreciation

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Study, Page II-4 identified an original cost balance of \$18,195,456 for the FPFTY. Also, the Depreciation Studies did not reflect any asset retirements. Thus, the Depreciation Studies appear to project that Ambler will invest approximately \$2,129,292 in utility plant in service (\$16,771,368 - \$14,642,076 = \$2,129,292) between the HTY and the FTY, and approximately \$1,424,088 in utility plant in service (\$18,195,456 - \$16,771,368 = \$1,424,088) between the FTY and the FPFTY. Please provide a detailed list that describes each capital investment for the FTY and the FPFTY, including, at a minimum, asset details (i.e., pipe sizes, lengths and material types of mains, size of tanks, pump sizes, etc.), scope of work, necessity for the project, plant account, construction start date, expected date for the asset to be placed in service, asset service life and projected project cost.

- R-9. The Rate Study, Page 1 indicated that Ambler is proposing to increase all rates by approximately 36.5% to 36.6%, except for outside-borough consumption charges, which Ambler is proposing to increase by approximately 46.8% to 48.3%. However, it does not appear that Ambler provided copies of, or references to, cost of service studies or similar documentation that is used to allocate its revenue requirement between Jurisdictional Service and non-Jurisdictional Service. Please provide a comparison of Ambler's allocated Jurisdictional Service revenue requirement and Ambler's allocated Jurisdictional Service proposed revenues and provide descriptions of all allocation methods used.
- R-10. The Rate Study, Page 5 included responses to 52 Pa. Code §§ 53.52(a)(2)-(3) that contain an apparent mathematical error, that do not provide the number of public fire protection customers (Public FPCs) and private fire protection customers (Private FPCs) served by Ambler, and, correspondingly, do not provide the number of Public and Private FPCs whose bills will be affected by Supplement No. 40. Please provide revised responses to 52 Pa. Code §§ 53.52(a)(2)-(3) to separately quantify the number of customers served by Ambler and the number of customers whose bills will be affected by Supplement No. 40, including Public and Private FPCs.
- R-11. 52 Pa. Code § 53.52(c)(2) requires Ambler to provide a detailed balance sheet for its HTY. However, the Rate Study, Page 9 included a response to 52 Pa. Code § 53.52(c)(2) that provided a balance sheet for the period ending December 31, 2020, which does not match the HTY Ambler used in the Rate Study. Please provide a detailed balance sheet for Ambler as of the close of the HTY.
- R-12. The Rate Study, Page 12, Line No. 56 identified a \$23,221 expense described as "hydrants". Please provide a description of this expense, including whether this expense represents a capital investment, state whether this expense is expected to recur, and quantify the normalized amount of this expense.
- R-13. The Rate Study, Page 13, Line No. 109 identified a \$85,873 expense described as "Legal Services". Please quantify the amount of this expense that Ambler incurred for the 2018,

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2019, and 2020 calendar years, and quantify the amount of this expense, if any, that represent either infrequently-recurring or non-recurring expenses.

- R-14. The Rate Study’s Page 13, Line No. 127 identified a \$69,055 expense described as “Mattison Ave.”. Please provide a description of this expense, provide supporting invoices or similar documents detailing this expense and quantify the normalized amount of this expense.
- R-15. Please provide a copy of Ambler Ordinance No. 1082 and Attachment A to Ordinance No. 1082, which is a report of Keystone Alliance Consulting, Inc. entitled, “Ambler Borough Water System Tapping Fee Calculation in Accordance with PA Act 57 of 2013” dated March 17, 2015 (Tapping Fee Study). Additionally, please provide responses for each of the following:
- a. Quantify the amount of tapping fee revenues, by category (i.e., connection fees, customer facilities fees, and tap fees), recorded by Ambler between the end of the period considered by the Tapping Fee Study and September 31, 2021;
 - b. Quantify anticipated tapping fee revenues for the FTY and the FPFTY, and specify the amount of these revenues, if any, that are included within Ambler’s miscellaneous revenue claim in the Rate Study’s Page 11, Line No. 22;
 - c. State whether Ambler charges tapping fees to Jurisdictional Customers, including *bona fide* service applicants, and, if so, identify the provisions of Ambler’s water tariff that specifies the amount of this charge and allows Ambler to impose this charge;
 - d. Explain how Ambler treats each category of tapping fee revenues for ratemaking purposes, including whether each tapping fee revenue category reduces applicable utility plant in service and expense account balances (i.e., like a contribution in aid of construction or a reimbursement) and whether for ratemaking purposes tapping fee revenues are recovered on a current (i.e., normalized) basis or by deferral and amortization; and
 - e. If tapping fee revenues reduce applicable utility plant in service account balances, explain whether reductions are assigned entirely to one utility plant account (i.e., only Account No. 333, etc.), or are allocated among several or all utility plant accounts. Also, if tapping fee revenues reduce balances for several or all utility plant accounts, explain how this reduction is allocated between affected utility plant accounts for each category of tapping fee revenue.
- R-16. Please provide a copy of Ambler’s most recent audited financial statements.
- R-17. Please provide a copy of Ambler’s adopted budget for the 2022 calendar year.

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- R-18. Please provide evidence that Ambler filed annual financial reports for the 2013 and 2019 calendar years with the Commission. Also, provide copies of the subject reports as part of the Ambler’s response to this data request.
- R-19. The Commission’s Order entered December 4, 2014, at Docket No. R-2014-2400003 (December 2014 Order), Ordering Paragraph No. 5 directed Ambler, at its next base rate proceeding, to prepare and submit a comparison of its actual expense and rate base additions for the 12 months ended June 30, 2015, to its FPFTY projections included in that docket. However, it does not appear that the filing contains a copy of this comparison. Please provide a comparison of Ambler’s actual expense and rate base additions for the 12 months ended June 30, 2015, to Ambler’s FPFTY projections filed at Docket No. R-2014-2400003.
- R-20. The Commission’s December 2014 Order, Ordering Paragraph No. 7 directed Ambler to continue to replace two isolation valves per year and required Ambler to submit a schedule by March 1 at the aforementioned docket showing work performed in the preceding calendar year. The schedule was to include the location, size, date installed, municipality for each valve replaced, and dates exercised. Ambler appears to have filed schedules with the Commission on February 21, 2017 and February 26, 2018 at Docket No. R-2014-2400003 for the 2016 and 2017 calendar years, respectively. However, Ambler does not appear to have to filed schedules for the calendar years between 2018 through 2021. Please submit a combined valve exercise schedule for the calendar years between 2018 through 2021 to include noting the two isolation valves that were replaced each calendar year between 2018 through 2021.
- R-21. The Commission’s December 2014 Order, Ordering Paragraph No. 9 affirmed that Ambler will comply with the pressure survey requirements contained in 52 Pa. Code § 65.6. Please provide a copy of Ambler’s 2021 pressure survey.