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April 28, 2022

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

**RE: The Borough of Ambler Supplement No. 40 to Tariff Water – PA. P.U.C. No. 5;
Docket No. R-2022-3031704**

Dear Secretary Chiavetta:

Attached please find for filing with the Pennsylvania Public Utility Commission the Responses of the Borough of Ambler (“Borough”) to the Bureau of Technical Utility Services (“TUS”) Set I Data Requests, Nos. 2, 3, 6, and 7. A response to TUS Set I, No. 15 remains pending.

We are filing these documents electronically and can provide parties with a hard copy upon request. If you have any questions regarding the documents, please feel free to contact the undersigned. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare', written over a white background.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to the Borough of Ambler

c: Paul Zander, Bureau of Technical Utility Service (pzander@pa.gov)
Certificate of Service

Responses to TUS Data Request, Set 1

- TUS-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.

Response:

- a. See Attachment TUS I-2 for historical Turn On/Off fee revenues. Based on the historical revenue, the Borough expects between \$25 and \$200 in annual revenues and one to eight instances that Turn On/Off fees would be charged in the future under present rates. Based on the historical revenue, the Borough expects between \$50 and \$400 in annual revenues and one to eight instances that Turn On/Off fees would be charged in the future under proposed rates.
- b. The Borough does not have the requested quantification on forfeited discounts available at this time.

Response Provided by: Mary Aversa, Borough Manager

Date: April 28, 2022

Responses to TUS Data Request, Set 1

TUS-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.

Response:

The Borough does not have any Capital Contributions or unamortized Capital Contribution balances for contributions in 2021 or anticipated in 2022 or 2023 for the FTY or FPFTY.

Response Provided by: John Spanos, President, Gannett Fleming Valuation and Rate Consultants, LLC

Date: April 28, 2022

Responses to TUS Data Request

TUS-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.

Response:

The Borough has no assets that satisfy the criteria of assets that are no longer useful or used. All assets on our asset schedule previously provided whether fully depreciated or not are in use. We do not have any assets that are not contributing to the operation of the Water Department.

**Response Provided by: Mary Aversa, Borough Manager
John Spanos, President, Gannett Fleming Valuation and Rate
Consultants, LLC**

Date: April 28, 2022

Responses to TUS Data Request

TUS-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.

Response:

Group depreciation is a standard practice across all utility industries as the most appropriate method to depreciate assets and to group assets into property accounts. Each property account is designed to represent homogeneous assets, however, we know each individual asset will have a unique life so mortality curves are utilized. Depreciating each individual asset separately based on individual asset service lives has been proven to be cumbersome and unnecessary for capital intensive entities. Assets within an account do not have identical service lives but have a range of lives that are dispersed over many ages, *i.e.*, mortality curve. The various assets described in this data request belong in Account 330 Distribution Reservoirs and Standpipes. While the lives of tank painting are generally at the shorter end of the mortality curve, they still should be depreciated within the account. When analyzing the lives of all of the assets in the account, it was determined that a 65-year average service life and R3 type curve was appropriate for the entire account. There are some Pennsylvania utilities, such as Aqua Pennsylvania, Inc., that have specifically segregated tank painting into a subaccount of Account 330. The 2013 Depreciation Study for Ambler was not prepared based on group depreciation, and only the 1991 assets would have been fully depreciated, as the other assets referenced in this question were between 1 and 7 years old at the time. Additionally, upon review, the costs assigned to each of these line items was viewed to include more than tank painting or recoating. Therefore, based on all the information available at the time of the 2021 Depreciation Study, it was determined the most appropriate recovery pattern for assets in Account 330 would be to utilize a 65-R3 survivor curve. For further discussion on service life considerations, please reference Part III of Exhibit JJS-2, and for further discussion on group depreciation, please reference page IV-2 of Exhibit JJS-2.

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

Responses to TUS Data Request

Response Provided by: John Spanos, President, Gannett Fleming Valuation and Rate Consultants, LLC

Date: April 28, 2022

BOROUGH OF AMBLER

\$25.00 TURN ON FEE DUE TO SHUT OFF

2018

2/20/2018	310408464-0	\$25.00 TURN ON FEE CHARGED
3/26/2018	310416636-0	\$25.00 TURN ON FEE CHARGED
4/2/2018	310416636-0	\$25.00 TURN ON FEE CHARGED
6/28/2018	312509662-1	\$25.00 TURN ON FEE CHARGED
7/2/2018	202106413-0	\$25.00 TURN ON FEE CHARGED
11/28/2018	202106413-0	\$25.00 TURN ON FEE CHARGED
11/28/2018	203153011-0	\$25.00 TURN ON FEE CHARGED
11/28/2018	206289462-0	\$25.00 TURN ON FEE CHARGED

2019

2/27/2019	206289462-0	\$25.00 TURN ON FEE CHARGED
7/15/2019	206288262-0	\$25.00 TURN ON FEE CHARGED
12/19/2019	310408464-0	\$25.00 TURN ON FEE CHARGED
12/19/2019	312495462-0	\$25.00 TURN ON FEE CHARGED
12/19/2019	312502762-0	\$25.00 TURN ON FEE CHARGED
12/20/2019	312500112-0	\$25.00 TURN ON FEE CHARGED

2020

NO SHUT OFF'S DUE TO COVID-19

2021

7/6/2021	310408464-0	\$25.00 TURN ON FEE CHARGED
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CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

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Adeolu A. Bakare

Counsel to the Borough of Ambler

Dated this 28th day of April, 2022, in Harrisburg, Pennsylvania.