



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

IN REPLY PLEASE
REFER TO OUR FILE

October 5, 2023

TERESA K HARROLD ESQUIRE
PENNSYLVANIA AMERICAN WATER COMPANY
852 WESLEY DRIVE
MECHANICSBURG PA 17055
TERESA.HARROLD@AMWATER.COM

Docket No. A-2023-3042587
Utility Code 230073

RE: Application of Pennsylvania-American Water Company-Wastewater Division for approval of the transfer, by sale, of substantially all of the Township of Farmington's assets, properties, and rights related to its wastewater system and the right of Pennsylvania-American Water Company-Wastewater Division to begin to offer, render, furnish and supply wastewater service to the public in an additional portion of Farmington Township, Clarion County, Pennsylvania at Docket No. A-2023-3042587

Dear Attorney Harrold:

On August 30, 2023, Pennsylvania-American Water Company – Wastewater Division (PAWC-WD) filed the above-referenced document (Application) with the Pennsylvania Public Utility Commission (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 efilings with the Secretary of the Commission by opening an efilings account through the Commission website and accepting eservice at <https://efiling.puc.pa.gov>. The Commission is accepting all public documents through our efilings 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
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

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 application, please send a copy of your response to Clinton McKinley in the Water/Wastewater Section of the Bureau of Technical Utility Services via e-mail at cmckinley@pa.gov. Thank you in advance for your cooperation.

Sincerely,



Rosemary Chiavetta
Secretary

Enclosure: TUS Data Request Set 1

cc: Patrick Cicero, Office of Consumer Advocate (w/enclosure), ra-oca@paoca.org
Christine Hoover, Office of Consumer Advocate (w/enclosure), choover@paoca.org
NazAarah Sabree, Office of Small Business Advocate (w/enclosure), ra-sba@pa.gov
Richard Kanaskie, Bureau of Investigation & Enforcement (w/enclosure), rkanaskie@pa.gov

TUS Data Request Set 1

Application of Pennsylvania-American Water Company – Wastewater Division for approval of the transfer, by sale, of the Township of Farmington’s wastewater system assets and to begin to offer, render, furnish and supply wastewater service to the public in a portion of Farmington Township, Clarion County, Pennsylvania at Docket No. A-2023-3042587

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.

- A-1 The Application’s Appendix A consisted of an Asset Purchase Agreement (APA) between PAWC and the Township of Farmington (Farmington) for the purchase and acquisition of Farmington’s water distribution system (Water System) and wastewater collection and treatment system (Wastewater System) by PAWC. Section 3.01 of the APA quantified the total purchase price to be \$5,545,000 for both systems. However, the purchase price’s allocations between the Water System and Wastewater System were not provided. Please provide a breakdown of PAWC’s allocation of the purchase price between the Water and Wastewater Systems.
- A-2 Please provide an estimate of the closing costs for the transaction to be allocated to the Wastewater System only and identify the source of funds that will be used to pay for those costs.
- A-3 In Section 23.f. of the Application, PAWC-WD indicated that the acquisition will help resolve Farmington’s extensive history of recurring Pennsylvania Department of Environmental Protection (DEP) violations. Please provide a 5-year DEP compliance history with an explanation of each violation related to Farmington’s provision of wastewater service.
- A-4 Section 25 of the Application indicated that PAWC-WD will adopt Farmington’s existing rates for wastewater service at the time of closing and Schedule A of the APA, Farmington Township Ordinance 2003-02, revised February 6, 2008, identified a monthly service charge per EDU of \$40.00. However, Schedule 7.03(a), Rates, of the APA identified a wastewater service charge of \$53.50 per month per equivalent dwelling unit and the *pro forma* wastewater tariff supplement (Pro Forma WW Tariff) provided as the Application’s Appendix C, identified a flat rate per month, per equivalent dwelling unit (EDU) to be \$53.50 for wastewater service. Please explain this apparent discrepancy and demonstrate that PAWC-WD’s proposed rates for wastewater service are the same as Farmington’s existing rates.
- A-5 Section 7.10 of the APA, provided as the Application’s Appendix A indicated that for a period of five years after closing, upon a customer’s request, PAWC-WD will replace grinder pumps at residential customer properties that were installed at the time the properties were constructed. Please provide an estimate of the cost PAWC-WD could incur as a result of this provision and identify the source of funds PAWC-WD intends to use to fund these replacements.

TUS Data Request Set 1

Application of Pennsylvania-American Water Company – Wastewater Division for approval of the transfer, by sale, of the Township of Farmington’s wastewater system assets and to begin to offer, render, furnish and supply wastewater service to the public in a portion of Farmington Township, Clarion County, Pennsylvania at Docket No. A-2023-3042587

- A-6 On September 29, 2023, PAWC-WD filed with the Commission an original cost of wastewater utility plant and depreciation reserve calculations as of April 30, 2024, regarding the acquisition of the Farmington Township Wastewater System (OC Study) and indicated that a final cost study based on actual data will also be submitted after closing of the transaction. The OC Study at Page 1-6 indicated that, “Sheffer Consulting LLC completed extensive research of records to determine if any customer advances for construction (CAC) existed. The record research included all documents that were available. Based on this record research, the water [wastewater] system was not funded by customer advances for construction.” However, Schedule A, revised February 6, 2008, of Farmington Township’s Ordinance No. 2003-02 identified a tap connection fee of \$5,000. Please clarify the apparent discrepancy and quantify any CAC used to construct and facilities of the Wastewater System to be acquired.
- A-7 Section 2 of the OC Study quantified account number 391.00 – Transportation Equipment to be \$36,879.00, including a 2020 Dodge truck. However, Schedule 2.02 of the APA identified the Dodge truck to be an excluded asset. Please clarify this apparent discrepancy and revise the OC Study as necessary to exclude any utility plant excluded from this transaction.
- A-8 The Application’s Appendix T consisted of a table that defined how certain customer categories would be assigned EDUs. Please explain why this table was not included in the Pro Forma WW Tariff.
- A-9 Please provide a copy of Farmington’s most recent Chapter 94 Municipal Wasteload Management Report (Chapter 94 Report) submitted to DEP.
- A-10 Please provide a breakdown of the current and projected number of customers and associated wastewater flow demand within the requested service territory, by year, for the next five years and demonstrate PAWC-WD’s ability to provide adequate wastewater collection, treatment and disposal capacity, through the Wastewater System assets to be acquired, to meet present and future customer demands.
- A-11 In Section 30 of the Application, PAWC-WD indicated that a letter has been sent to the Farmington Township Planning Commission (FTPC) to verify that this Application complies with their comprehensive plans. However, the letter, provided as the Application’s Appendix N.2, does not appear to have been completed by FTPC. Please provide evidence the Application is consistent with any township comprehensive plans and zoning ordinances.
- A-12 Please provide a copy of the certificate(s) of the certified operator(s) PAWC-WD intends to assign to the facilities being acquired.
- A-13 Indicate whether Farmington Township has a mandatory sewer connection ordinance that applies to the Application’s requested territory.