



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 NORTH STREET, HARRISBURG, PA 17120
May 31, 2024

IN REPLY PLEASE
REFER TO OUR FILE

Docket No. R-2024-3049248
Utility Code 221925

SARAH C STONER ESQUIRE
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RE: City of Lock Haven Water Department Supplement No. 19 to Water-PA P.U.C. No. 1 at
Docket No. R-2024-3049248

Dear Attorney Stoner:

On May 24, 2024, the City of Lock Haven Water Department (Lock Haven) filed the above-captioned document 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

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 Paul Zander, in the Water/Wastewater Section of the Bureau of Technical Utility Services via e-mail at pzander@pa.gov. Please also direct any questions to Paul Zander at telephone number (717) 783-1372. 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
Allison Kaster, Bureau of Investigation & Enforcement (w/enclosure), akaster@pa.gov

TUS Data Request Set 1

City of Lock Haven Water Department Supplement No. 19 to Water-PA P.U.C. No. 1 at Docket No. R-2024-3049248

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. The City of Lock Haven Water Department's (Lock Haven's) Supplement No. 19 to Water-PA P.U.C. No. 1 (Supplement No. 19) and supporting data (collectively, the Tariff Supplement Filing) contain averments that have not been personally verified by a Lock Haven authorized officer or another authorized employee. Instead, Lock Haven's Tariff Supplement Filing was verified by Lock Haven's contractor, Raftelis Financial Consultants, Inc. Please provide a signed verification statement that: (1) references the Tariff Supplement Filing and the date that the Tariff Supplement Filing was filed with the Commission; (2) is signed by Lock Haven's authorized officer or other authorized employee that is personally verifying Tariff Supplement Filing data; and (3) complies with 52 Pa. Code § 1.36(b).
- R-2. 66 Pa.C.S. §§ 1701 and 1706 and 52 Pa. Code § 65.16 require the City of Lock Haven Water Department (Lock Haven) to maintain its accounts in conformance with National Association of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA) accounting standards required by the Commission. However, Lock Haven's responses for filing requirements under 52 Pa. Code § 53.52 do not provide required information in conformance with NARUC USOA requirements. Please provide copies of each of the following Lock Haven accounting documents in conformance with NARUC USOA requirements:
- a. Lock Haven's operating income statement for the historic test year ended December 31, 2023 (HTY), by detailed operating revenue and operating expense accounts, pursuant to 52 Pa. Code §§ 53.52(b)(2) and (c)(5);
 - b. Lock Haven's balance sheet at the end of the HTY, pursuant to 52 Pa. Code § 53.52(c)(2);
 - c. A summary, by detailed plant accounts, of the book value of Lock Haven's property at the end of the HTY, pursuant to 52 Pa. Code § 53.52(c)(3). This summary must separately identify property funded by contributions and unrefunded advances in aid of construction (collectively, CIAC); and
 - d. A summary, by detailed plant accounts, of the depreciation reserve applicable to Lock Haven's property at the end of the HTY, pursuant to 52 Pa. Code § 53.52(c)(4). This summary must separately identify property funded by CIAC.
- R-3. 52 Pa. Code § 53.52(c)(1) requires a statement showing Lock Haven's calculation of the rate of return or operating ratio earned in the HTY. Lock Haven's Tariff Supplement Filing does not provide this information. Please provide a statement showing Lock Haven's calculation of the rate of return or operating ratio earned in the HTY.

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- R-4. 52 Pa. Code § 53.52(c)(1) requires a statement showing Lock Haven’s calculation of the rate of return or operating ratio earned when the tariff supplement becomes effective. Lock Haven’s Tariff Supplement Filing does not provide this information for the fully projected future test year ending December 31, 2025 (the FPFTY). Please provide a statement showing Lock Haven’s calculation of the rate of return or operating ratio earned in the FPFTY.
- R-5. For each Lock Haven utility-plant-in-service (UPIS) asset, provide the asset’s account number, installation or acquisition date, asset description, original cost, service life, HTY annual depreciation, HTY accumulated depreciation, annual depreciation for the future test year ending December 31, 2024 (FTY), FTY accumulated depreciation, FPFTY annual depreciation, and FPFTY accumulated depreciation.
- R-6. Lock Haven’s effective tariff, Pages 20, 20A, 21, 21A, and 22 include certain rates for public and private fire protection services that became effective June 1, 1996, at Docket No. R-00953538. Also, Appendix A of Lock Haven’s Joint Petition for Settlement of Rate Investigation filed at Docket R-2010-2174543 (2010 Settlement) specified \$5,700 in annual revenues for the Fire Protection customer class, and Schedule F of Lock Haven’s supporting data filed at that docket identified that Lock Haven served 10 private fire hydrants, 39 private fire service lines, and 237 public fire hydrants. However, Lock Haven’s Tariff Supplement Filing does not include data for the Fire Protection customer class, and the \$5,700 in annual Fire Protection revenues from the 2010 Settlement appears to be below Lock Haven’s Fire Protection tariff rates, assuming that Lock Haven services are provided at tariff rates for all customers (i.e., 247 fire hydrants * \$65/fire hydrant/year = \$16,055/year, excluding private fire service line revenues). Please provide the following data for Fire Protection services at the end of the FPFTY:
- a. Quantify the number of Fire Protection customers served by Lock Haven, broken down by public fire protection customers and private fire protection customers, and further broken down by Commission-jurisdictional (Outside) customers and non-Commission-jurisdictional (Inside) customers;
 - b. Quantify the number of public fire hydrants served by Lock Haven and related annual revenues;
 - c. Quantify the number of private fire hydrants and private fire service lines and related annual revenues. Also, provide a breakdown of fire service line sizes; and
 - d. Provide justification for, and quantify the value of, any differences between Lock Haven’s rates for Outside and Inside public fire hydrants, private fire hydrants, and private fire service lines.
- R-7. The Tariff Supplement Filing, Water Rate Study, Page 11 indicated that Lock Haven’s General Fund provided the water system with a loan of \$496,946 to address near-term solvency concerns, and that this loan will be repaid by the water system over five years,

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beginning in the FPFTY, at an annual interest rate of 8.5%. Please provide responses for each of the following:

- a. Specify Lock Haven’s actual interest expense for this loan and explain why Lock Haven’s proposed interest rate is reasonable;
 - b. Provide a breakdown of how loan funds were, or will be, used; and
 - c. Quantify the portion of loan funds that were, or will be, used for costs that occurred prior to Supplement No. 19’s effective date and that are not necessary for the provision of water services on or after that date (i.e., costs that Lock Haven is proposing to recover retroactively through rates).
- R-8. The Tariff Supplement Filing, Water Rate Study, Page 18, indicated that Lock Haven is proposing to recover approximately \$270,782 in net unrecovered public and private fire protection costs from other customer classes, rather than from Fire Protection customers. Please explain why Lock Haven is not proposing to recover fire protection costs directly from Fire Protection customers.
- R-9. Supplement No. 19, Page 5A included proposed language that would require customers to be responsible for excavation and installation of water service lines to the point of connection at Lock Haven’s water main, and that would impose certain connection fees. Also, Supplement No. 19 removes existing tariff language that requires Lock Haven to install and maintain at its own cost and expense all service connections for general service. Please confirm that Lock Haven will continue to install, own, operate, maintain, and replace existing and future water service lines, couplings, and curb stops that connect with the inlet connection of a service line of a customer at the curb or property line.
- R-10. Supplement No. 19, Page 25E included the undefined terms “EDU” “REMS”, where it appears that Lock Haven intended to use the defined term Equivalent Residential Meter Size (ERMS). Please confirm that Lock Haven will replace the terms “EDU” and “REMS” with “ERMS”.
- R-11. Lock Haven’s PENNVEST Surcharge (PVS) Petition at Docket No. P-2024-3049249 (PVS Petition), Exhibit 1, Payment History and Amortization Schedule, appears to indicate that annual payments will be \$275,936.64 until April 1, 2029, when payments will increase to \$291,265.68. However, the PVS Petition’s Exhibit 2 appears to indicate that the PVS is expected to provide \$334,396 in annual revenues. Please explain why Lock Haven is proposing \$334,396 in annual revenues compared with \$275,936.64 in annual payments.
- R-12. Lock Haven’s PVS does not appear to include clearly defined baseline values for PI that demonstrate how Lock Haven will calculate PI for Outside customers. For example, it is unclear whether Lock Haven will calculate PI at a fixed rate of \$106,048, at a formula rate of \$334,396 divided by the ratio of Outside ERMS to Inside plus Outside ERMS

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determined as of the end of each billing period, or by some other value or method. Please provide Lock Haven's baseline values for PI, including any fixed rates or formula rates used to calculate those values.

- R-13. Lock Haven's PVS does not include clearly defined reconciliation procedures, including reconciliation periods that have defined start and end dates and Lock Haven's methods to calculate refunds or recoupments and related recovery periods. Please provide Lock Haven's reconciliation procedures, including reconciliation periods that have defined start and end dates and Lock Haven's methods to calculate refunds or recoupments and related recovery periods, and indicate where these procedures are described in Supplement No. 19.
- R-14. Please confirm Lock Haven will not recover payments made before Supplement No. 19's effective date through the PVS. Otherwise, provide Lock Haven's defined procedures to recover these payments and indicate where these procedures are described in Supplement No. 19.
- R-15. Please provide a copy of the PVS Petition's Exhibit 2 that includes a separate and distinct proof of revenue for Inside customers.
- R-16. It does not appear that Lock Haven is proposing to apply its PVS to Fire Protection customers, although Lock Haven's PVS included an exemption for public fire protection customers. Please explain whether it is reasonable to exclude Fire Protection customers from PVS rates, including whether facilities that will be funded by the PVS will exclusively serve base capacity demands that are not typically allocated to Fire Protection customers (e.g., source of supply facilities).
- R-17. Please state whether Lock Haven will modify its PVS to apply the PVS to Fire Protection customers if the PVS will fund facilities that serve extra capacity demands that are typically allocated to Fire Protection customers during base rate case filings (e.g., transmission and distribution facilities, etc.).