

**Section 1329 Application Standard Data Requests  
2024 Final Supplemental Implementation Order**

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**INSTRUCTIONS FOR STANDARD DATA REQUESTS**

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Pursuant to the Commission directives in the February 28, 2019, Final Supplemental Implementation Order at Docket No. M-2016-2543193, and in accordance with 66 Pa. C.S. §§ 503 - 505, the Commission directs that an Applicant(s) requesting fair market valuation of acquired utility assets pursuant to 66 Pa. C.S. § 1329 shall answer the Section 1329 Application Standard Data Requests in writing and shall verify the same on behalf of the Applicant(s).

- 1) These Standard Data Requests shall be construed as a continuing request. The Applicant(s) is obliged to change, supplement and correct all answers to data requests to conform to available information; including such information as first becomes available to the Applicant(s) after the answers hereto are filed.
- 2) Restate the data request immediately preceding each response.
- 3) Identify the name, title, and business address of each person(s) providing each response.
- 4) Provide the date on which the response was created.
- 5) Divulge all information that is within the knowledge, possession, control, or custody of Applicant(s) or may be reasonably ascertained thereby. The term "Applicant," "Applicants," "Company," whether used generically or by name, or "you," as used herein includes the Applicant(s) its agents, employees, contractors, or other representatives who will provide data in support of the Application.
- 6) As used herein the word "document" or "workpaper" includes, but is not limited to, the original and all copies in whatever form, stored or contained

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in or on whatever media or medium including computerized memory, magnetic, electronic, or optical media, regardless of origin and whether or not including additional writing thereon or attached thereto, and may consist of:

- a) notations of any sort concerning conversations, telephone calls, meetings or other communications;
  - b) bulletins, transcripts, diaries, analyses, summaries, correspondence and enclosures, circulars, opinions, studies, investigations, questionnaires and surveys;
  - c) worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing.
- 7) Documents may be submitted under proprietary or confidential seal, but a claim of confidentiality does not excuse Applicant(s) from providing timely responses.
  - 8) Responses must be provided along with the Application.
  - 9) Pursuant to 52 Pa. Code § 1.36, if persons other than those submitting a verification in support of the Application sponsor responses to these Standard Data Requests each must sign and date a copy of a verification.

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**Rates/Ratemaking**

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer's most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer's previously approved single-tariff pricing model.
  - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
  - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.
2. If the Buyer has a present intention to increase the acquired system's rates to a certain level, please state the basis for the targeted rate.
3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.
4. Provide an estimate of the annual gross revenue requirement of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.
5. Provide an estimate of the annual revenues of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenues, including both operating revenues and non-operating revenues.
6. Provide an estimate of the overall dollar and percentage rate impacts implicated from stand-alone rates that recover the Buyer's estimated annual gross revenue requirement for the acquired system from the Seller's customers.
7. Provide an estimate of the overall dollar and percentage rate impacts implicated from the following rates:

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- a. For water applications, rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water customers.
  - b. For wastewater applications, both water and wastewater rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water and wastewater customers, respectively.
8. Other than the STAS, does Buyer’s current water/wastewater tariff include any provisions that would fall under “pass-through costs or charges imposed by the Commonwealth of Pennsylvania”?
  9. Provide a listing of any entities that currently receive free service from the Seller.
  10. In the next rate case, does buyer anticipate including the acquired system in a combined revenue requirement?
  11. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.
  12. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

**Costs/Benefits**

13. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.
14. Please describe known and anticipated general expense savings and efficiencies under Buyer’s ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

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15. Please provide a copy of the Seller's request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.
16. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller's system.
17. Provide a copy of the Buyer's offer to purchase the Seller's system and the Seller's response to that offer.

**Appraisals**

18. For each UVE in this case, please provide the following, if not already provided:
  - a. A list of valuations of utility property performed by the UVE;
  - b. A list of appraisals of utility property performed by the UVE;
  - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
  - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.
19. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.
20. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.
21. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.
22. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
  - a. Identify the nature and date(s) of correspondence;

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- b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
- c. Provide copies of any written correspondence exchanged between the UVEs

**Miscellaneous**

- 20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
  - a. Identify the compliance issue(s);
  - b. Provide an estimated date of compliance;
  - c. Explain Buyer's anticipated or actual plan for remediation;
  - d. Provide Buyer's estimated costs for remediation; and,
  - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.
- 21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:
  - a. Identify the compliance issue(s);
  - b. Provide an estimated date of compliance;
  - c. Explain Buyer's anticipated or actual plan for remediation;
  - d. Provide Buyer's estimated costs for remediation; and
  - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.