

August 12, 2024

Via E-File

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105

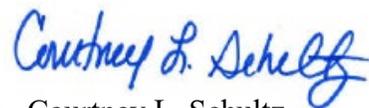
RE: Newtown Artesian Water Company
Supplement No. 158 To Water-PA P.U.C. No. 9
Docket No. R-2024-3050208

Dear Secretary Chiavetta:

On behalf of the Newtown Artesian Water Company. (“NAWCO”), please accept this filing made in connection with the above-referenced proceeding, filed with the Commission on July 19, 2024 (the “Tariff Supplement Filing”). The Bureau of Technical Utility Services is reviewing the Tariff Supplement Filing and has asked that we address certain requests for additional information numbered R-1 through R-16. Those requests are addressed herein.

Confidential information submitted with the responses to the below requests will be submitted via SharePoint. We ask that the Commission not allow any public disclosure of the Confidential and Proprietary Information and that the Commission take appropriate steps to exclude the Confidential and Proprietary Information from any and all public folders. Please do not hesitate to contact me if you have any questions.

Sincerely,



Courtney L. Schultz

Encls.

Cc: Paul Zander, TUS (pzander@pa.gov)
All Parties Per Certificate of Service

Information Request R-1:

NAWC's Supplement No. 158 To Water-PA P.U.C. No. 9 (Supplement No. 158) and supporting data filed with the Commission (collectively, the Tariff Supplement Filing) did not include a signed verification statement that confirmed NAWC gave notice to the public of Supplement No. 158 as required by 52 Pa. Code § 53.45(b). Please confirm that NAWC gave notice to the public of Supplement No. 158 as required by 52 Pa. Code § 53.45(b).

RESPONSE:

Included with this letter is copy of the Verification to the Tariff Supplement Filing and this letter response from NAWCO's Chief Executive Officer and General Manager, Daniel J. Angove. (Dan Angove)

Information Request R- 2:

NAWC's Tariff Supplement Filing did not include a signed verification statement indicating that the information provided in the Tariff Supplement Filing is true and correct. Please provide a verification statement that references the Tariff Supplement Filing filed with the Commission and that complies with 52 Pa. Code § 1.36(b).

RESPONSE:

Please refer to the Verification referenced in response to Information Request R-1, which is included with this letter. (Dan Angove)

Information Request No. R-3:

NAWC's response for 52 Pa. Code § 53.52(a)(2) did not include data for the 12-month periods ending March 31, 2025 (the FTY) and ending March 31, 2026 (the FPFTY). Provide a breakdown of the total number of customers served by NAWC, by customer class, at the end of the FTY and the FPFTY, respectively.

RESPONSE:

Included below is a breakdown of the total number of customers estimated to be served by NAWC, by customer class, at the end of the FTY and the FPFTY, respectively. (Greg Herbert)

Class	As of 3/31/2025	As of 3/31/2026
Residential	9,766	9,808
Commercial	840	857
Industrial	48	48

Public	69	69
Private Fire	507	507
Public Fire	3	3

Information Request R-4:

NAWC’s responses for 52 Pa. Code § 53.52(a)(3) and (b)(3) did not include data for the FTY and the FPFTY. Please provide a breakdown of the number of customers, by customer class, whose bills will be affected or increased, at the end of the FTY and the FPFTY, respectively. Also, for the public and private fire protection customer classes, please specify billing determinants (e.g., fire service lines, sprinkler heads, private hydrants, public hydrants, etc.) and quantities.

RESPONSE:

Please see the response to TUS R-3 for the total estimated number of customers in the FTY and FPFTY by customer class. All NAWCO’s customers’ bills shown in TUS R-3 will be increased under proposed rates in the FTY and FPFTY. For public and private fire service billing determinants, please reference Exhibit GRH-1, page 37. The number of public and private fire connections are listed on page 37, column 3. To calculate the annual private and public fire revenues in column 5, the number of connections in column 3 is multiplied by the quarterly rates in column 4, and then multiplied by 4 (quarters). (Greg Herbert)

Information Request R-5:

NAWC’s response for 52 Pa. Code § 53.52(c)(2) did not include data for the FTY and the FPFTY. Please provide detailed balance sheets for NAWC at the end of the FTY and the FPFTY, respectively.

RESPONSE:

52 Pa. Code § 53.52(c)(2) states: “A detailed balance sheet of the utility as of the close of the period referred to in subsection (b)(2).” Subsection (b)(2) refers to the historic test period (see below), which for this proceeding, is the twelve months ended March 31, 2024. Therefore, providing balance sheets as of the FTY and FPFTY are not required, nor has the Company prepared these pro forma FTY and FPFTY balance sheets. Please reference Exhibit GRH-1, page 10, Subsection 53.52 of Tariff Regulations for the response to 52 Pa. Code § 53.52(c)(2), which shows the balance sheet as of March 31, 2024.

52 Pa. Code § 53.52(b)(2) “The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities

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with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.”

(Greg Herbert)

Information Request R-6:

NAWC’s filing did not address 52 Pa. Code § 53.52(c)(6). Please provide a response for 52 Pa. Code § 53.52(c)(6).

RESPONSE:

The Company did not experience a major change in the operating or financial condition of the utility occurring between the date of the balance sheet of 52 Pa. Code § 53.52(c)(2) and the date of the transmittal of the tariff, revision or supplement. Please reference Exhibit GRH-1, page 10, Subsection 53.52 of Tariff Regulations for the response to 52 Pa. Code § 53.52(c)(2). (Greg Herbert)

Information Request R-7:

The Tariff Supplement Filing’s Exhibit GRH-1, Page 28, Adjustment Reference E-3 adjusts chemical expense by \$9,709 to reflect the projected annual usage of chemicals and current unit prices, a 21% increase over NAWC’s \$46,033 HTY expense ($\$9,709 / \$46,033 = 21\%$). Please explain in detail the reasons for this proposed adjustment.

RESPONSE:

Included with this letter, as TUS R-7, is a chart which shows the chemicals used in the year 2023 and the prices. Phosphate rates did not change from the 2023 rates and the chlorine rates were increased by 3%. The second usage column of estimated BUCKS chlorine totaling 2,281 gallons for 2023 on page 1 of 2 in TUS R-7 is part of the chlorine usage total of 9,217 gallons in the first usage column. Therefore, the total projected quantity of chlorine in Adjustment E-3, Page 28 of Exhibit GRH-1 included 2,281 gallons of Bucks chlorine usage twice and should be corrected to reflect 9,217 gallons. See page 2 of 2 in TUS R-7 for the corrected Adjustment E-3, which will also be corrected in rebuttal testimony. (Greg Herbert)

Information Request R-8:

The Tariff Supplement Filing’s Exhibit GRH-1, Page 33, Adjustment Reference E-16 adjusts 2024 internet services costs by \$18,000, a 15% increase over NAWC’s \$120,761 HTY expense ($\$18,000 / \$120,761 = 15\%$). Please explain in detail the reasons for this proposed adjustment.

RESPONSE:

Included with this letter, as TUS R-2, is a copy of the current 36-month contract the Company signed with Comcast, which adds additional services for increased reliability, cyber security, and performance that adds \$18,179 in annual costs per year which will be in effect for at least the next 36 months. Please note this is being submitted separately via Sharefile to the Commission, given that it has been marked as CONFIDENTIAL. (Greg Herbert)

Information Request R-9:

The Tariff Supplement Filing's Exhibit GRH-1, Appendix C, Page 41 identified present and proposed rates for public and private fire protection customers (collectively, Fire Protection Customers). Additionally, Supplement No. 158, Page 2 specified that Supplement No. 158 increases flat rates and wholesale rates on Page 6. However, Supplement No. 158 did not include a revised Page 6. Also, Exhibit GRH-1, Appendix C – Pro Forma Revenues Under Proposed Rates does not appear to reflect any wholesale revenues at present or proposed rates. Considering these discrepancies, please provide responses for each of the following:

- a. Specify NAWC's proposed rates for Fire Protection Customers and customers that receive wholesale service.
- b. If NAWC is proposing rates for Fire Protection Customers and customers that receive wholesale service that differ from NAWC's present rates, clarify how NAWC intends to file this rate change with the Commission.
- c. Specify billing determinants (e.g., demand charge, electric pumping, and purchased water quantities), quantities, and revenues for customers that receive wholesale service at present rates for the HTY, the FTY, and the FPPTY.
- d. Specify billing determinants, quantities, and revenues for customers that receive wholesale service at proposed rates for the FPPTY.
- e. Confirm whether the Tariff Supplement Filing's Exhibit GRH-1, Page 12 includes revenues for customers that receive wholesale service.

RESPONSE:

- a. Included with this letter, as TUS R-9, is an updated tariff Page 6 which shows the fire protection and wholesale service rates. The page was inadvertently excluded from the filing packet. Exhibit GRH-1, page 42 reflects the proposed fire protection rates as well.
- b. Please see response to part a.
- c. The Company establishes a wholesale rate with one customer, PA American Water Co., and can provide it with wholesale service for only emergency purposes. The proposed wholesale rate of \$1.11 per 1,000 gallons is an increase of 14% from the present wholesale rate of \$0.97 per 1,000 gallons, which reflects the overall revenue percentage

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increase requested in this rate proceeding. The Company did not have any wholesale service sales in the HTY and \$0 sales are anticipated in the FTY and FPFTY.

- d. See response to part c.
- e. See response to part c.

(Greg Herbert)

Information Request R-10:

The Tariff Supplement Filing's NAWC Statement No. 3, Page 1 referenced an Exhibit HW-1, which is comprised of 19 Schedules. However, the Tariff Supplement Filing does not include copies of Exhibit HW-1 nor the referenced schedules. Please provide a copy of Exhibit HW-1 and the referenced schedules.

RESPONSE:

Included with this letter, as TUS R-10, is a copy of Exhibit HW-1, which was inadvertently omitted from the Tariff Supplement Filing, and which should have been immediately following the Direct Testimony of Harold W. Walker, III. (Harold Walker)

Information Request R-11:

Supplement No. 158, Page 31 does not appear to use the proposed baseline values of 446,135 and 671,941 for Baseline 1,000 Gallons of Purchased Water and Water Sales, respectively, in NAWC's Purchased Water Adjustment Charge (PWAC) formula. Please explain this discrepancy and state whether NAWC will revise the PWAC formula in Supplement No. 158, Page 31 to conform with any adjustments to these baseline values that result from this proceeding.

RESPONSE:

The formula at the bottom of Page 31 in Supplement No. 158 should be revised to reflect the 446,135 and 671,941 for Baseline 1,000 Gallons of Purchased Water and Water Sales, respectively. (Greg Herbert)

Information Request R-12:

Please provide copies of supporting data that demonstrate how NAWC calculated PWAC customer and consumption charges and purchased water quantities.

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RESPONSE:

Included with this letter, as TUS R-12, is the excel workpaper which provides the calculations to the Baseline 1,000 Gallons of Purchased Water and Water Sales. (Greg Herbert)

Information Request R-13:

The Tariff Supplement Filing's Exhibit Nos. JJS-2 and JJS-3 identified Account No. 320.31 Water Treatment Plant Equipment – PFAS. Considering this account, please responses for each of the following:

- a. Provide a detailed description of the assets to be placed into service, by year, for the FTY and FPFTY.
- b. Provide a detailed explanation as to how a 15-year service life was assigned to this account, including identifying any reliance on manufacturer recommendations or industry publications.
- c. Clarify if the 15-year service life identified for Account No. 320.31 is a composite service life for all components included in the account and provide justification as to how assigning a composite service life to the assets included in this account is appropriate.

RESPONSE:

- a. There are multiple projects related to PFAS equipment that will be installed in both the FTY and FFTY. PFAS treatment will be required at Well Nos. 4, 5, and 6 based on recent regulatory actions by PADEP and USEPA. Gannett Fleming completed a PFAS Treatment Study in May 2023. Based on the study, NAWC plans to use Granular Activated Carbon (GAC) contactors at the Frost Lane Tank/High Service Pumping Station site to treat water from Wells 4, 5, and 6. The upgrades are assumed at this time to include the GAC contactors, well pump replacements to accommodate the increased head conditions through the new treatment units, a backwash waste tank, chemical feed system improvements, and a new masonry building to house the equipment including HVAC, plumbing, electrical and I&C components. In addition, various piping additions are required along with site improvements.
- b. For the assets in Account 320.31, Water Treatment Equipment – PFAS, the estimate is a 15-L3 survivor curve. The 15-L3 survivor curve is a 15 year average life and overall expected life of 30 years. This estimated life characteristic is based on an understanding of the nature of the assets, how they will function as part of the water treatment process, industry personnel knowledge of the causes of retirement and expected life and estimates of other water utility life characteristics.
- c. As is the case of all property accounts, group depreciation is appropriate and a survivor curve reflects the life characteristics and mortality curve of all assets in Account 320.31. Per the recovery of assets based on a survivor curve there will be some assets that are replaced prior to 15 years and some that stay in service longer than 15 years.

(John Spanos)

Information Request R-14:

Please provide a copy of a pro forma PWAC computation, in a form like NAWC's PWAC computation filed on March 14, 2024, at Docket No. M-2024-3047437, that reflects how NAWC will calculate its PWAC using proposed PWAC Baseline values. This PWAC computation must also address each of the following items:

- a. Confirm that NAWC revised Line Nos. 1, 2, 3, 15, and 16 to use three decimal places, consistent with the baseline values specified in NAWC's tariff that use three decimal places.
- b. Confirm that NAWC revised Line No. 8 to calculate baseline purchased water expense as Line No. 5 times Line No. 2 plus Line No. 6 times Line No. 3.
- c. Confirm that Line No. 9 is a pro forma rate rather than baseline data.

RESPONSE:

Please reference the workpaper provided in the response to TUS R-12, which was utilized to calculate the PWAC tariff page 31 in Supplement No. 158. The workpaper can be used to calculate the pro forma PWAC computation in the file format provided in Docket No. M-2024-3047437. However, Line Nos. 1 through 19 could only be updated in the schedule provided in Docket No. M-2024-3047437, as Line Nos. 20 through 45 are only completed once a year for the PWAC computation filings based on actual calendar year consumption. Therefore, the reconciliation for 2024 in Line Nos. 20 through 45 is unknown at this time and will be determined in March of 2025.

- a. Yes, line Nos. 1, 2, 3, and 15 use three decimal places consistent with NAWC's tariff, however they are formatted to two decimal places in the schedule filed in Docket No. M-2024-3047437. Line No. 16 is rounded to two decimal places per the tariff language that specifies the change in purchase water costs is rounded to the nearest one-hundredth cent.
- b. No, Line No. 8 takes Line No. 4 times Line No. 1, as Line No. 4 is the total 1,000 gallon units of purchased water and Line No. 1 is the composite baseline purchased water cost of the Company's two suppliers of purchased water costs.
- c. Line No. 9 shall be considered a pro forma rate, as the cost is determined by dividing the annual monthly customer charged revenues by the annual usage of purchased water from BCWSA, so the cost will fluctuate with the amounts of water purchased from year to year.

(Greg Herbert)

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Information Request R-15:

Please provide a recent copy of a water bill from each class of customer served by NAWC (i.e., residential, commercial, industrial, etc.).

RESPONSE:

Included with this letter, identified as TUS R-15, are copies of the requested customer bills for each class of customer served by NAWCO, redacted to protect personally identifying information of customers. (Dan Angove)

Information Request R-16:

Please provide a copy of NAWC's most recent federal income tax return.

RESPONSE:

Included with this letter, identified as TUS R-16, is a copy of the requested federal income tax return for the year ending December 31, 2023. Please note this is being submitted separately via Sharefile to the Commission, given that it has been marked as CONFIDENTIAL. (Dan Angove)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Newtown Artesian Water Company
Application for Increase in Water Base Rates
Docket No. R-2024-3050208**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Newtown Artesian Water Company's Responses to TUS Information Requests R-1 through R-16, upon the persons listed below *via E-filing and Electronic Mail*:

Via E-File Only

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DATED: August 12, 2024