

3655 Route 202
Suite 105
Doylestown, PA 18902

Thomas J. Walsh III & Associates, P.C.

Phone: 267.247.5024
Fax: 267.247.5668
Email: twalsh@twalshlaw.com



June 16, 2025

Via eFiling Only

Matthew L. Homsher, Esq., Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

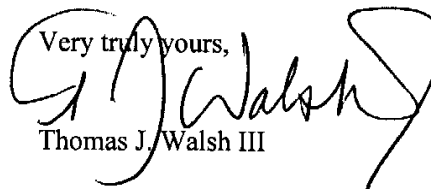
**RE: Newtown Artesian Water Company, Inc.
Securities Certificate Registration
Docket No. S-2025-3055570**

Dear Secretary Homsher:

Please be advised the I am general counsel to Newtown Artesian Water Company, Inc. ("NAWC"), in the above-referenced matter.

By electronic filing, I am submitting NAWC's Responses to the Bureau of Technical Utility Services Data Request Set 1, Nos. T-1 through T-15, together with all attachments referenced therein. Copies of the filing have been forwarded directly to all parties set forth in the Certificate of Service attached to the Responses.

Thank you for your assistance in this matter. If you have any questions or require any information relating to this filing, please feel free to contact me.

Very truly yours,

Thomas J. Walsh III

TJW/

cc: Parties on Certificate of Service (via email, w/enc.)
Daniel Angove (via email, w/enc.)

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

WITNESSES: Daniel J. Angove, CEO
Jennifer Leahy, Controller
Gregg Lalli, Finance Director

- T-1. Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

RESPONSE:

The Company's only existing registration is a First Business Installment Note and Mortgage with The First National Bank & Trust Company of Newtown (FNB). It was issued under Securities Certificate at docket number S-2022-3031725, approved by Commission Order entered May 12, 2022. Original principal amount was \$6,750,000.00, fifteen (15) year term, straight-line monthly amortization, fixed interest rate of 4.5%. Current balance is approximately \$5,666,249.38 (estimated as of June 9, 2025). The Company is up to date with FNB on this existing registration.

The proposed current registration will be used to (a) pay off the balance of approximately \$1,012,943.85 (as of June 3, 2025) of the Company's existing short-term line of credit (maturity less than one year) with FNB; (b) to fund the Company's required lead service line replacements (estimated cost of \$51,069.00); and to fund construction of the Company's PFAS and PFOS treatment plant (estimated remaining cost of \$4,621,933.00) capital projects in 2025 and 2026. The Company can borrow up to \$3,000,000.00 under the short-term line of credit.

The outstanding principal balance under the First Business Installment Note and Mortgage is not addressed in the current registration. The existing registration will continue to be paid per its approved terms (principal and interest of \$51,683.73 per month, with a maturity date of July 1, 2037).

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-2. What effect will this issuance have upon the capital structure of the utility. Show calculations.

RESPONSE:

The proposed Business Installment Note will not have a material impact on the Company's total borrowing or capital structure. After issuance of the Business Installment Note, the Company's total long term debt will be approximately \$11,666,249.38. As of April 30, 2025, the Company's total equity is \$8,117,127.56. This produces a conventional debt to equity ratio of approximately 59% to 41%. The Commission's approval of the Company's recent base rate filing at docket no. R-2024-3050208 provides sufficient additional revenue to support the combined monthly debt service of the existing and proposed registrations.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-3. Current and three-year projects for: (Provide details of calculation)

Sources and Uses of Funds

Capital Expenditures

Ratio of Capital Expenditures to Depreciation and Amortization

Capitalization Ratios

Dividend payout ratio

Interest coverage ratios – both SEC and Indenture basis

RESPONSE:

In response to this data request, please see the Schedule of Information attached hereto as Exhibit “A.” The Schedule presents information for the years 2022 through 2024. The Company believes that the information demonstrates that it is capable of issuing the Business Installment Note for the reasonable purposes presented in the response to data request T-13. Historically, the Company has not prepared projections of sources and uses of funds, or projections of ratio of (i) capital expenditures to depreciation and amortization; (ii) capitalization; (iii) dividend payout; or (iv) interest coverage on an SEC or indenture basis that it can provide in further response to this data request.

In anticipation of the issuance of the current Business Installment Note, the Company has already commenced more detailed projections and analyses of its (i) sources and uses of funds; (ii) dividend payout ratio; and (iii) debt service coverage ratio.

Concerning capital expenditures, the Company expects that it will spend the following: (a) \$268,735 in 2025 and \$243,101 (estimated) in 2026 pursuant to its approved Long-Term Infrastructure Improvement Plan at docket no. P-2021-3028377; (b) \$51,069.00 in 2025 to remove and replace lead service lines; and (c) \$4,621,933.00 in 2025 and 2026 to construct its PFOS and PFAS treatment plant. These projections are estimates. Actual expenditures may vary.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-4. Three-year history of credit ratings – By credit rating agency and class.

RESPONSE:

The Company is not rated by any credit agency.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-5. Projected refinancing savings or costs, if applicable.

RESPONSE:

The Company is pursuing the current registration in part because (a) it projects it will exhaust its short-term line of credit by the end of 2025 without the Note; and (b) it must incur the large capital expenditure to construct the PFAS and PFOS treatment and removal plant to comply with recent federal and state regulations. The Company is not pursuing the current registration for refinancing savings.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-6. Affiliated interest agreement applicable to instant registration if financing involves an affiliate.

RESPONSE:

The financing under the instant registration does not involve an affiliate of the Company.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-7. List of all unregulated affiliates of the applicant.

RESPONSE:

The Company has no unregulated affiliates.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-8. List of all debt for which the applicant is a guarantor of affiliated company debt instruments.

RESPONSE:

None.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-9. For any corporate money pool from which the applicant may potentially borrow, lend or deposit excess cash to, provide:

Commission ordered reporting requirements
Current balances of borrowed and lent funds
Eligible borrowing and lending entities
Accounting for money pool transactions
3 year history of borrowing and lending to the pool

RESPONSE:

None.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-10. Describe historical reliance by type of both corporate internal and external sources of financing.

RESPONSE:

The Company relies on both internal and external sources of financing. Internal sources of funds include retained earnings, sale of minor assets, reducing working capital needs, and cost cutting initiatives. The Company has historically not sought equity capital from new investors or existing shareholders.

The Company's external sources of financing are shown by the registration docket referenced in Response to Data Request T-1 as well as the Company's short-term line of credit.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-11. Where current dividend ratio exceeds 75% provide three-year history and plan for future dividend payouts.

RESPONSE:

For fiscal year 2024, the Company's dividend ratio was 68%. The Company's historical dividend payout ratio measured over the last 5 fiscal years quarters does not exceed 75%. It is only 62%. The Company has not historically measured its dividend payout ratio on a quarter-by-quarter basis. The Company intends to commence a more detailed analysis of its dividend payout ratio upon issuance of the current registration.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-12. Where the debt to total capital exceeds 55%, provide plan for managing future debt to total capital levels.

RESPONSE:

As of April 30, 2025, the Company's long-term debt to equity ratio is 41.2% debt to 58.8% equity. If the current registration is approved, the Company's capital structure and management efforts are set forth in its Response to Data Request T-2.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

- T-13. With respect to the purpose for which you propose to issue or assume securities;
- A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;
1. Estimated final cost.
 2. A brief description of the new facilities or betterments.
 3. The date when it is expected that the purchase or construction or betterment will be completed.
 4. Estimated amount of AFUDC included in the project costs.

RESPONSE:

The primary purpose of the new securities issuance is to finance the construction of its new PFAS and PFOS treatment and removal plant to comply with recent federal and state regulations. Estimated remaining cost is \$4,621,933.00, to be disbursed in 2025 and 2026. The Company expects to have the new plant in service by the second quarter of 2026. The Company does have a current estimate of the amount of AFUDC included in the project's overall costs.

- B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;
1. The approximate cost of average materials and supplies inventory which the public utility expects to carry.
 2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
 3. The minimum bank balance requirements.

RESPONSE:

Not Applicable.

- C. If the purpose is to refund obligations, describe obligations in detail.
1. Explain the purpose for which obligations were issued or refer to the docket number of the securities certificate in which the purpose appears.
 2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be realized as a result of refunding.

RESPONSE:

Not Applicable.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

- D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

RESPONSE:

Not Applicable.

- E. If the purpose is to fund pension obligations;
1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
 2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
 3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

RESPONSE:

Not Applicable.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-14 Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

RESPONSE:

None of the funds to be issued is for a non-utility purpose.

Chapter 19 Securities Certificate Registrations – Data Request

Responses to Data Request TUS 1

T-15 Three-year history and three-year projections for ratio of capital expenditures to depreciation expense. Show calculations.

RESPONSE:

Please see the response to data request T-3 and the information sheet attached thereto.

EXHIBIT "A"

SCHEDULE OF INFORMATION


	<u>2022</u>	<u>2023</u>	<u>2024</u>
+ Net Income	1,081,560	291,773	583,736
+ Interest Paid (Excluding AFUDC)	255,439	284,482	273,016
+ Depreciation	605,354	674,417	778,775
+ All-Non-cash Expense	44,307	707,300	189,786
- Dividends Paid	400,909	397,980	397,980
Cash Available for P&I	<u>1,585,751</u>	<u>1,559,992</u>	<u>1,427,333</u>
+ Principal Paid (1st & 2nd MB)	466,102	409,036	338,491
+ Interest Paid (Excluding AFUDC)	255,439	284,482	273,016
Annual P&I (1st & 2nd MB)	<u>721,541</u>	<u>693,518</u>	<u>611,507</u>
DCR (Indenture Basis)	<u>2.2x</u>	<u>2.2x</u>	<u>2.3x</u>
Net Income	1,081,560	291,773	583,736
Income Tax	155,132	436,838	123,387
Interest	274,377	294,213	274,828
Amort of debt expenses	86,588	6,860	0
Pre-Tax Income Available for Coverage	<u>1,597,657</u>	<u>1,029,684</u>	<u>981,951</u>
Int + Amort debt exp.	<u>360,965</u>	<u>301,073</u>	<u>274,828</u>
SEC Basis	<u>4.4x</u>	<u>3.4x</u>	<u>3.6x</u>
CIAC	279,395	(462,813)	2,150,744
Gross capital Expenditures	1,102,040	1,080,571	3,049,001
Depreciation	605,354	674,417	778,775
Amortization	<u>189,415</u>	<u>72,714</u>	<u>53,852</u>
Ratio of Net Capital Expenditures (excluding CIAC) to Depreciation and Amortization	<u>1.0x</u>	<u>2.1x</u>	<u>1.1x</u>
Capitalization Ratios			
Total debt	6,553,186	5,763,298	6,311,736
Equity	<u>8,099,873</u>	<u>7,996,572</u>	<u>8,173,033</u>
Total Capitalization	<u>14,653,059</u>	<u>13,759,870</u>	<u>14,484,769</u>
Total debt	45%	42%	44%
Equity	55%	58%	56%
Net Income	1,081,560	291,773	583,736
Dividend	400,909	397,980	397,980
Dividend payout ratio	<u>37%</u>	<u>136%</u>	<u>68%</u>

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Capital Expenditures (Including CIAC)	1,102,040	1,080,571	3,049,001
Contributions in Aid of Construction (CIAC)	279,395	(462,813)	2,150,744
Ratio of Net Capital Expenditures (excluding CIAC) to Depreciation and Amortization	1.0x	2.1x	1.1x
Capitalization Ratios			
Total debt	45%	42%	44%
Equity	55%	58%	56%
Dividend payout ratio	37%	136%	68%
Interest coverage ratios - both SEC and Indenture basis			
DCR (Indenture Basis)	2.2x	2.2x	2.3x
SEC Basis	4.4x	3.4x	3.6x

VERIFICATION

I, **Daniel J. Angove**, Chief Executive Officer and General Manager of Newtown Artesian Water Company, hereby state that the facts set forth above 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).

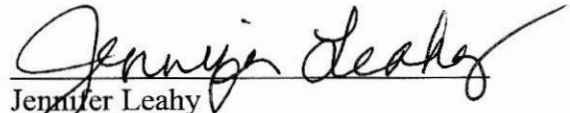
Date: 6.16.2025


Daniel J. Angove

VERIFICATION

I, **Jennifer Leahy**, Controller of Newtown Artesian Water Company, hereby state that the facts set forth above 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).

Date: 6/16/25


Jennifer Leahy

VERIFICATION

I, **Gregg Lalli**, Finance Director of Newtown Artesian Water Company, hereby state that the facts set forth above 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).

Date: 6.16.2025



Gregg Lalli

Thomas J. Walsh III, Esquire
Attorney I.D. #73528
3655 Route 202, Suite 105
Doylestown, PA 18902
Email: twalsh@twalshlaw.com

Attorney and Officer for
Newtown Artesian
Water Company

CERTIFICATE OF SERVICE

I, Thomas J. Walsh III, Esq., attorney for and officer of Newtown Artesian Water Company, hereby certify that I am this 16th day of June, 2025, serving copies of the **Responses of Newtown Artesian Water Company to the Bureau of Technical Utility Services Data Request Set 1** and this Certificate of Service, on the following persons in the manner indicated:

By Electronic Mail:

Allison Kaster, Esq., Director
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Email: akaster@pa.gov

By Electronic Mail:

Darryl A. Lawrence
Acting Consumer Advocate
Attn: Resource Account
Email: ra-oca@paoca.org

By Electronic Mail:

NazAarah Sabree
Office of Small Business Advocate
Attn: Resource Account
Email: ra-sba@pa.gov

By Electronic Mail:

Paul Diskin, Director
Bambi Reese, Analyst
Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
Email: pdiskin@pa.gov; bamreese@pa.gov

I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. §4904 (relating to unsworn falsification to authorities).

/S/ THOMAS J. WALSH III, Esq.

By: _____
Thomas J. Walsh III, Esquire
Newtown Artesian Water Company
Email: twalsh@twalshlaw.com