

Nantmeal Warwick Sewer Company, Inc.

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Elverson, PA 19520
610-286-5116

September 28, 2025

Secretary of the Commission
Commonwealth of Pennsylvania
Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

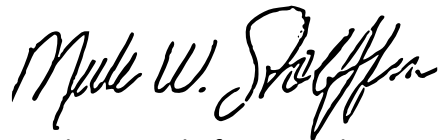
via: electronic filing

Re: Responses to TUS Data Request Set 1
Docket No. G-2025-3053110
Utility Code 230086

Dear Secretary Chiavetta:

In response to Secretarial Letter dated 09/15/2025, attached are our answers to TUS Data Request Set 1 with accompanying Exhibits. Confidential Exhibits 1 through 7 are being submitted to the Secretary's Share Point File System.

Respectfully submitted,



Merle W. Stoltzfus, President
Nantmeal Warwick Sewer Company, Inc.

Cc: Paul Zander, Bureau of Technical Utility Services, pzander@pa.gov

Responses to TUS Data Request Set 1

Affiliated Interest Agreements between Nantmeal Warwick Sewer Company, Inc. and Multiple Affiliated Interests at Docket No. G-2025-3053110

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.

- **Unless otherwise noted, responses provided by Daniel Iya, Operations Associate.**
- **In some responses, Nantmeal Warwick Sewer Company is abbreviated to NWSC.**

G-1. Nantmeal's cover letter included several averments, but Nantmeal did not provide a signed verification statement from an authorized officer or employee indicating that the information provided in Nantmeal's cover letter is true and correct. Please provide a verification statement that references the cover letter filed with the Commission and that complies with 52 Pa. Code § 1.36(b).

- **Please see Exhibit A.**

G-2. Nantmeal's cover letter, Section 1, indicated that the interest free notes were acquired to provide needed cash flow. Please identify the service and/or property costs incurred by Nantmeal that were funded by these notes and explain why it was reasonable, necessary, and proper for Nantmeal to incur these costs.

- **These Notes were used to cover operating costs and rising expenses. NWSC has been operating at a loss (see Rate Increase Filing dated October 4, 2023).**

G-3. Nantmeal's cover letter, Section 3, indicated that a copy of the previous Mid Penn Bank mortgage and note was submitted with the filing. However, the filing did not include a copy of this mortgage and note. Please provide a copy of the referenced Mid Penn Bank mortgage and note.

- **Please see Confidential Exhibits 1-4.**

G-4. Nantmeal's cover letter, Section 3, specified that in February of 2024, Nantmeal became debt free from secured lenders by paying off a mortgage and note, and that Nantmeal sought and secured private unsecured financing through individuals. Please identify the service and/or property costs incurred by Nantmeal that were funded by the mortgage and note and explain why it was reasonable, necessary, and proper for Nantmeal to incur these costs.

- **The mortgage and note were used to cover the initial cost of building the Sewer Treatment Plant in 2001.**

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- G-5. Nantmeal's filing included copies of 19 Notes Payable and one Note Receivable (collectively, the Notes) with numerous note holders (Note Holders). However, it is unclear whether all the Notes are agreements with affiliated interests that require Commission approval under 66 Pa.C.S. §§ 2101, et seq. Please specify the Notes that are agreements with affiliated interests that require Commission approval under 66 Pa.C.S. §§ 2101, et seq.
- **The Notes that are agreements with affiliated interests that require Commission approval are (1) the Note Payable with Merle Stoltzfus and (2) the Note Payable with David Stoltzfus.**
- G-6. For each Note Holder, provide a description of the affiliation between Nantmeal and the Note Holders or state that there is no affiliation between Nantmeal and the Note Holder (e.g., Merle Stoltzfus and David Stoltzfus are persons that own 5% or more of Nantmeal's voting securities and are Nantmeal's affiliated interests under 66 Pa.C.S. § 2101(a)(1); Stoltzfus Enterprises, Ltd. is a corporation 5% or more of whose voting securities are owned by any person owning 5% or more of Nantmeal's voting securities and is Nantmeal's affiliated interest under 66 Pa.C.S. § 2101(a)(3), etc.).
- **Merle Stoltzfus is a person that owns 5% or more of NWSC'S voting securities and is NWSC's affiliated interest under 66 Pa.C.S. § 2101(a)(1).**
 - **David Stoltzfus is a person that owns 5% or more of NWSC'S voting securities and is NWSC's affiliated interest under 66 Pa.C.S. § 2101(a)(1).**
- G-7. By the Commission Order entered July 11, 2024, at Docket No. R-2024-3043497 (July 2024 Order), the Commission directed Nantmeal to file, within 180 days of the entry date of the July 2024 Order, notice of registration for all issued and assumed securities that it is required to file with Commission pursuant to 66 Pa. C.S. § 1901(a). The July 2024 Order also directed that if any transactions had already occurred, Nantmeal must request Commission approval, nunc pro tunc, of said securities. However, Nantmeal's filing did not include any notice of registration for any issued or assumed securities. Please state whether Nantmeal issued or assumed securities and, if so, provide evidence that Nantmeal filed notice of registration for these securities.
- **NWSC did not issue or assume securities.**
- G-8. Nantmeal's filing included two Notes Payable with Merle W. Stoltzfus, dated December 31, 2018 (2018 Merle Stoltzfus Note) and December 31, 2024 (2024 Merle Stoltzfus Note), respectively. The 2018 Merle Stoltzfus Note was for \$337,500 at a variable interest rate initially set at 0%, and the 2024 Merle Stoltzfus Note was for \$354,100 at a fixed rate of 0%. Please confirm that the 2024 Merle Stoltzfus Note amends and replaces the 2018 Merle Stoltzfus Note and that Nantmeal does not have any balance remaining for the 2018 Merle Stoltzfus Note.

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- **The 2024 Merle Stoltzfus Note amends and replaces the 2018 Merle Stoltzfus Note and NWSC does not have any balance remaining for the 2018 Merle Stoltzfus Note.**
- G-9. The principal amount of the 2024 Merle Stoltzfus Note is \$16,600 more than the 2018 Merle Stoltzfus Note. Please identify the service and/or property costs incurred by Nantmeal that were funded by this additional principal amount and explain why it was reasonable, necessary, and proper for Nantmeal to incur these costs.
- **This additional principal amount was used to cover operating costs and rising expenses. Merle Stoltzfus provides funds when needed for operating costs.**
- G-10. Nantmeal's filing included two Notes Payable with David J. Stoltzfus, dated December 31, 2018 (2018 David Stoltzfus Note), and December 31, 2024 (2024 David Stoltzfus Note), respectively. The 2018 David Stoltzfus Note was for \$337,500 at a variable interest rate initially set at 0%, and the 2024 David Stoltzfus Note was for \$337,500 at a fixed rate of 0%. Please confirm that the 2024 David Stoltzfus Note amends and replaces the 2018 David Stoltzfus Note and that Nantmeal does not have any balance remaining for the 2018 David Stoltzfus Note.
- **The 2024 David Stoltzfus Note amends and replaces the 2018 David Stoltzfus Note and NWSC does not have any balance remaining for the 2018 David Stoltzfus Note.**
- G-11. The filing's Notes Payable stated that Nantmeal promises to pay the principal amount plus accumulated interest. Please provide the amount of accumulated interest for each Note Payable as of December 31, 2024.
- **Please see Confidential Exhibit 5.**
- G-12. The filing's Note Receivable stated that Stoltzfus Enterprises, Ltd. (Service Company) promises to pay the principal amount plus accumulated interest. Please provide the amount of accumulated interest for the Note Receivable as of December 31, 2024.
- **Please see Confidential Exhibit 6.**
- G-13. Multiple Notes Payable stated that the interest rate shall be variable and may be changed by Nantmeal at any time upon notice from Nantmeal to the Investor. Please explain the methods that would be used to calculate new interest rates, how it would be determined when it is necessary to change them and provide the calculations that would be used to determine new interest rates.

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- **NWSC monitors the federally regulated lending interest rates, bank saving account rates, and CD (Certificate of Deposit) rates and adjusts the rate of return to the note holders accordingly to be mutually beneficial. For example, borrowing funds from a lending institution in 2024 would have resulted in NWSC paying an interest rate of 7.75% versus paying individual note holders at a rate of 5.00% and 5.50%**

G-14. The Note Receivable stated that the interest rate shall be variable and may be changed by the Service Company at any time upon notice from the Service Company to Nantmeal. Please explain the methods that would be used to calculate a new interest rate, how it would be determined when it is necessary to change them and provide the calculations that would be used to determine the new interest rate.

- **The owners of both entities (Service Company and NWSC) are common and will do what is best for both. New interest rates are determined based on market rates.**

G-15. Paragraph 2 of each Note indicated that, “Interest on outstanding principal shall be accrued monthly using normal amortization [...]”. Please clarify if interest accrues on only the principal amount or on the principal amount plus accumulated interest.

- **Interest accrues monthly on the principal amount plus accumulated interest.**

G-16. Paragraph 2 of the Note Receivable indicated that the variable interest rate may be changed by the Service Company at any time upon notice from the Service Company to Nantmeal. Please explain how this term is in the best interest of the ratepayers if the interest rate is lowered below market rates.

- **The interest rates have never been below market rates and will never be lowered below market rates by the Service Company.**

G-17. Paragraph 3 of each Note indicated that, “Future deposits to or withdrawals from principal may be made by the [Creditor] at various times without the creation of an additional or amended Note, but shall be subject to the terms of this Note.” However, 66 Pa.C.S. § 2103 provides that the Commission shall have the same jurisdiction over the modifications or amendment of contracts or arrangements as it has over such original contracts or arrangements. Please confirm that, notwithstanding Paragraph 3 of each Note, Nantmeal will apply for and receive Commission approval before receiving or making any future deposits to any Note.

- **NWSC will apply for and receive Commission approval before receiving or making any future deposits to Affiliated Notes.**

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- G-18. Paragraph 4 of each Note Payable indicated that, “Upon demand by the [Creditor], the outstanding principal with accrued interest shall become due and payable within Fourteen (14) business days.” Please explain Nantmeal’s ability and plans to satisfy payment of Notes Payable if all or multiple Investors demand repayment.
- **The owners will and have the ability to provide funds if needed to satisfy payment of Notes Payable.**
- G-19. Please provide a breakdown of the estimated annual expense Nantmeal will incur for each Note Payable.
- **Please see Confidential Exhibit 5.**
- G-20. Please provide a breakdown of the estimated annual revenue Nantmeal will receive for the Note Receivable.
- **Please see Confidential Exhibit 6.**
- G-21. Please compare Nantmeal’s compensation to each Note Payable Note Holder with the interest that a non-affiliated loan provider would charge Nantmeal for each Note Payable.
- **Please see Confidential Exhibit 5 and compare with Confidential Exhibit 7.**
- G-22. Please compare Nantmeal’s compensation from the Note Receivable Note Holder with the interest that a non-affiliated investor (e.g., savings account, etc.) would provide to Nantmeal for the Note Receivable.
- **The Note Receivable holder interest rate is currently 5.00%. A local bank would pay a much lower interest rate of 0.01% on a savings account. That local bank would pay a higher rate of 3.50% on a three-month CD (Certificate of Deposit), however the funds would be subject to that specific time period to receive that guaranteed rate of return.**
- G-23. Please explain the ratemaking implications of the Notes Payable on Nantmeal’s ratepayers.
- **The Notes Payable help NWSC save on interest expenses, which helps with operating costs, which in turn reduces the need and frequency of rate increases.**
- G-24. Please explain the ratemaking implications of the Note Receivable on Nantmeal’s ratepayers.
- **The Note Receivable helps provide NWSC with interest income, which offsets operating costs, which in turn reduces the need and frequency of rate increases.**

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G-25. Please explain the implications of the Notes on Nantmeal's operations and services.

- **The Notes Payable help save money and the and Note Receivable helps generate income. Both help NWSC operate and provide services at a lower costs.**

G-26. Please explain why Commission approval of the Notes with affiliated interests is reasonable and consistent with the public interest.

- **Commission approval of the Notes with affiliated interests is reasonable and consistent with the public interest because it ultimately helps NWSC operate and provide services to the public at a lower cost.**

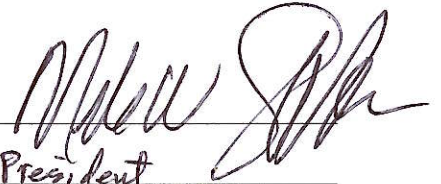
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Verification per 52 Pa. Code § 1.36

I, Merle W. Stoltzfus, 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:


President

Date:

9-27-2025

Verification per 52 Pa. Code § 1.36(b)

I, Merle W. Stoltzfus, hereby state that the facts set forth in Nantmeal Warwick Sewer Company's cover letter dated January 27, 2025 and filed with the Commission 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: President
Date: 9-27-2025