

Regulatory Analysis Form		This space for use by IRRC
(1) Agency Pennsylvania Public Utility Commission		RECEIVED 2009 FEB 19 AM 10:39 REVIEW COMMISSION
(2) I.D. Number (Governor*s Office Use) L-00940096/57-223		IRRC Number: 2328
(3) Short Title Proposed Rulemaking Re Updating and Revising Existing Filing Requirements Relating to Water and Wastewater Public Utilities Requesting a Rate Increase in Excess of \$1 million.		
(4) PA Code Cite 52 Pa. Code §53.53	(5) Agency Contacts & Telephone Numbers Primary Contact: Wayne Scott - Law Bureau (Legal) 717-783-6150 Secondary Contact: Judith Koch Carlson - Bureau of Fixed Utility Services (Technical) 717-783-5392	
(6) Type of Rulemaking (check one) <input checked="" type="checkbox"/> Proposed Rulemaking <input type="checkbox"/> Final Order Adopting Regulation <input type="checkbox"/> Final Order, Proposed Rulemaking Omitted	(7) Is a 120-Day Emergency Certification Attached? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor	
(8) Briefly explain the regulation in clear and nontechnical language. The proposed rulemaking is to revise the regulations governing the filing requirements for water and wastewater public utilities for general rate increase requests in excess of \$1 million.		
(9) State the statutory authority for the regulation and any relevant state or federal court decisions. 66 Pa. C.S. §§501 and 1501		

Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

No

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

This proposed rulemaking is submitted to comply with Commission Order L-00930088, entered 8/9/94, to generally update, revise, and streamline the existing filing requirements at 52 Pa. Code Section 53.53 for water and wastewater utilities.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

None

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Water and Wastewater utilities will benefit by the revisions, requiring more concise and comprehensive supporting data, therefore saving rate case expense which will benefit the ratepayers through lower rates.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No person or entity will be adversely affected by this regulation.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

All jurisdictional water and wastewater utilities requesting a general rate increase in excess of \$1 million.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Numerous technical conferences were held as well as a number of meetings among active participants: National Association of Water Companies - Pa. Chapter, Office of Consumer Advocate (OCA), PUC-Office of Trial Staff (OTS) and PUC Bureau of Fixed Utility Services (FUS).

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

There should be cost savings associated with the filing of such general rate increase requests by water and wastewater utilities.

Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

Not applicable.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

Time savings related to reviewing requests for such general rate increases should be achieved by PUC and OCA staff.

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

Not measurable at this time.

Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

Not measurable at this time.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

Not applicable.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Not applicable.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

Federal jurisdiction in this area does not exist.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

Comparison with other states was not directly made.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

Revisions to Title 52 §53.53.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No.

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

Supporting data required to file a general rate increase request in excess of \$1 million for water and wastewater jurisdictional utilities will be significantly streamlined.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

Not applicable.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulation will become effective upon publication in the Pennsylvania Bulletin following review by the standing committees and the Independent Regulatory Review Commission.

(31) Provide the schedule for continual review of the regulation.

The regulation will be reviewed on an ongoing basis after it becomes effective.

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

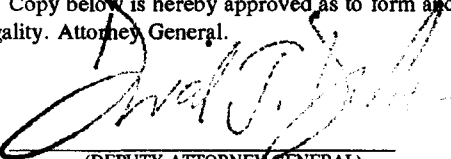
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REVIEW COMMISSION

2328

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General.

BY 
(DEPUTY ATTORNEY GENERAL)

MAY 10 2002

DATE OF APPROVAL

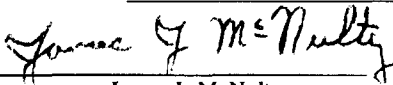
Check if applicable
Copy not approved. Objections attached

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Pennsylvania Public Utility Commission
(AGENCY)


DOCUMENT/FISCAL NOTE NO. L-00940096/57-223

DATE OF ADOPTION October 25, 2001

BY 
James J. McNulty

TITLE (SECRETARY)

Copy below is hereby approved as to form and legality. Executive or independent Agencies.

BY 
Bohdan R. Pankiw
Chief Counsel

10-29-01
DATE OF APPROVAL

Check if applicable. No Attorney General approval or objection within 30 days after submission.

L-00940096/57-223
Proposed Rulemaking
Updating and Revising Existing Filing Requirements
Relating to Water and Wastewater Public Utilities
52 Pa. Code, Chapter 53

The Pennsylvania Public Utility Commission on October 25, 2001, adopted a proposed rulemaking order to amend the regulations governing filing requirements for water and wastewater public utilities for general rate increase requests in excess of \$1 million. The contact persons are Judith K. Carlson, Bureau of Fixed Utility Services (717) 783-5392 and Wayne T. Scott, Law Bureau (717) 783-6150.

Executive Summary

L-00940096/57-223

**Proposed Rulemaking
Re: Updating and Revising Existing
Filing Requirements Relating to
Water and Wastewater Public Utilities
52 Pa. Code, Chapter 53.**

Section 53.53 of Title 52 of the Pennsylvania Code requires a utility that is requesting a general rate increase in excess of one million dollars (\$1,000,000.00) to provide extensive information through the use of data requests in relation to the company's income, revenues, expenses, taxes, rate base, depreciation and rate of return. On October 24, 1994, the Commission issued an Advance Notice of Proposed Rulemaking to solicit comments from water and wastewater utility companies that will be the primary active participants in future rate cases of this nature for the purpose of providing input as to how these filing requirements may be modified to lessen the amount of information needed.

The proposed regulations significantly streamline filing requirements. The proposed regulations also lessen the regulatory burden on all jurisdictional water and wastewater public utilities that request a rate increase in excess of \$1,000,000.00.

The contact persons are Wayne Scott, Law Bureau (legal) 717-783-6150 and Judith Koch Carlson, Fixed Utilities Services (technical) 717-783-5392.

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg PA 17105-3265**

Public Meeting held October 25, 2001

Commissioners Present:

Glen R. Thomas, Chairman
Robert K. Bloom, Vice-Chairman
Aaron Wilson, Jr.
Terrance J. Fitzpatrick

Proposed Rulemaking Re Updating And
Revising Existing Filing Requirements
Relating To Water And Wastewater
Public Utilities

Docket No. L-00940096

PROPOSED RULEMAKING ORDER

BY THE COMMISSION:

On August 9, 1994, an order was entered at Docket No. L-00930088, *Policy Statement Re Settlement Guidelines and Procedures for Major Rate Cases*. In this order, the Commission adopted a final policy statement regarding the encouragement of negotiated settlements in major rate cases. The guidelines and procedures outlined in the policy statement are applicable to general rate increases in excess of \$1 million. The policy statement can be found at 52 Pa Code, Sections 69.401-69.406.

The August 9, 1994, order required a revision of the existing filing requirement regulations found at 52 Pa. Code §53.53. The Commission expressed its dissatisfaction with the filing requirements in their present form and ordered a general update to be commenced. The instant proposed rulemaking is a direct result of that Commission mandate.

Section 69.402(c)(1) (relating to the pre-filing notice guidelines) necessitates that a utility that is requesting a general rate increase in excess of \$1 million provide

responses to a standard set of industry specific data requests. The data requests in question were approved in an order on April 20, 1995, also at Docket No. L-00930088. Also, as part of the August 9, 1994 order, the Commission, on page 8, expressed the sentiment that the updated filing requirements would also incorporate the standard data requests, to the extent appropriate.

On October 24, 1994, the Commission issued an Advanced Notice of Proposed Rulemaking at the instant docket, published at 24 Pa.B. 5425, seeking comments from the public on this matter. Comments were received from the Office of Consumer Advocate (OCA), Office of Trial Staff (OTS), and the National Association of Water Companies (NAWC). Numerous technical conferences were held as well as a number of meetings among active participants. As mentioned above, the Commission expressed the desire to have the standard data requests integrated into the revised filing requirements. A considerable amount of time was devoted to achieving this end, and the instant rule-making order proposes extensive amendments to Section 53.53 of Title 52 of the Pennsylvania Code. The filing requirements proposed herein are the result of a consensus reached among representatives of the parties who will be the primary active participants in future water/wastewater utility general rate cases in excess of \$1 million.

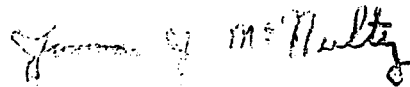
Accordingly, under Sections 501 and 1501 of the Public Utility Code, 66 Pa. C.S. Sections 501 and 1501; the Commonwealth Documents Law (45 P.S. §§1201, *et. seq.*) and regulations promulgated thereunder at 1 Pa. Code, Sections 7.1, 7.2 and 7.5; and Section 745.5 of the Regulatory Review Act (71 P.S. §745.5), we propose to amend our regulations as set forth in Annex A; **THEREFORE,**

IT IS ORDERED:

1. That a proposed rulemaking is hereby instituted to amend the regulations governing the filing requirements for water and wastewater public utilities for general rate increase request in excess of \$1 million, as set forth in Annex A of this order.
2. That the Secretary shall submit this order and Annex A to the Office of Attorney General for review as to form and legality.

3. That the Secretary shall submit a copy of this order and Annex A to the Governor's Budget Office for review of fiscal impact.
4. That the Secretary shall submit a copy of this order and Annex A for review and comment by the designated standing committees of both houses of the General Assembly, and for review and comments by IRRC.
5. That the Secretary shall duly certify this order and Annex A and deposit them with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.
6. That within thirty days of this order's publication in the *Pennsylvania Bulletin* an original and fifteen copies of any comments concerning this order shall be submitted to the Commission, Attention: Secretary, P. O. Box 3265, Harrisburg, Pennsylvania 17105-3265.
7. That the contact persons are: Judith K. Carlson, Bureau of Fixed Utility Services (717) 783-5392 (technical) and Wayne T. Scott, Assistant Counsel, Law Bureau (717) 783-6150 (legal). Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator (717) 772-4597.

BY THE COMMISSION



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: October 25, 2001

ORDER ENTERED: **OCT 29 2001**

ANNEX A

TITLE 52. PUBLIC UTILITIES
PART I. PENNSYLVANIA PUBLIC UTILITY COMMISSION
Subpart C. FIXED SERVICE UTILITIES
Chapter 53. TARIFFS FOR NONCOMMON CARRIERS

* * * * *

§ 53.53. Information to be furnished with proposed general rate increase filings in excess of \$1 million.

(a) When a public utility, other than a canal, turnpike, tunnel, bridge or wharf company, files a tariff or tariff supplement seeking a general rate increase within the meaning of 66 Pa.C.S. § 1308(d) (relating to voluntary changes in rates), and the general rate increase exceeds \$1 million in gross annual revenues, in addition to the data required by other provisions of this chapter, the tariff or tariff supplement shall be accompanied by responses to the data requests contained in the following exhibits which apply to the utility types indicated.

(1) Exhibit A—Utilities except communications, [and] electric, [utilities] water and wastewater utilities.

(2) Exhibit B—Communications utilities.

(3) Exhibit C—Electric utilities.

(4) Exhibit D—Water and wastewater utilities.

(b) In providing responses to these data requests, if the requested data have been previously filed with the Commission, they may be incorporated by reference. Also, the term “test year” as used in these exhibits refers to the test year chosen by the utility to support its filing, that is, presumably future test year data would be supplied in most cases.

(c) Initial utility direct testimony of a witness who shall testify in support of the utility’s position shall be provided as part of the filing materials. The testimony of the filing utility shall include a complete explanation and justification of claims which depart from the unadjusted test year results of operations, including the methodology and rationale. The testimony shall be accompanied by supporting worksheets, if necessary, and shall refer to supporting exhibits to which the testimony relates. The explanation and documentation of the proposed adjustments shall enable a reasonably informed party to determine how the amount was calculated and to understand why the amount is being claimed.

Exhibit A

**I. VALUATION
A. ALL UTILITIES**

* * * * *

**E. [WATER UTILITIES ONLY, IN
ADDITION TO PROVIDING THE
INFORMATION REQUESTED IN "A."
HEREINABOVE:]**

[1. Provide, with respect to the scope of operations of the utility, a description of all property, including an explanation of the system's operation, and all plans for any major future expansion, modification, or other alteration of facilities.

2. Provide an overall system map, including and labeling all pumping stations, purification and/or filter plants, reservoirs, wells, springs, booster stations, standpipes, distribution mains, and transmission mains, by size.

3. Provide a tabulation showing the original cost dollars and applicable trended original cost dollars, by sizes, of pipe in excess of 4" installed. This tabulation should be by vintage (show totals) for each size pipe detailed. Also, show for each year, and in total, the footage of pipe installed and remaining in service at the end of the test year, and the resultant unit cost installed for each size pipe detailed.

a. Provide from the continuing property records a tabulation which will show the footage of pipe, the original cost dollars, installed, and the unit costs by size for all sizes of pipe in excess of 4" installed during the past five years. [The information requested above should be subdivided by type of material.]

* * * * *

**III. BALANCE SHEET AND OPERATING STATEMENT
A. ALL UTILITIES**

* * * * *

**C. [WATER UTILITIES ONLY, IN
ADDITION TO PROVIDING THE
INFORMATION REQUESTED IN "A."
HEREINABOVE:]**

[Revenues

1. Furnish detailed computations of the determination of Accrued Utility Revenues at test year and for the 12-month period immediately preceding test year, together with a

detailed explanation of the procedures and methods used in developing the Accrued Utility Revenues account.

2. Explain whether the amount in Accrued Utility Revenues is:
 - a. An amount carried permanently on the Balance Sheet as a substitute for Accrued Revenues.
 - b. An accumulation of accrued revenues applicable to prior years transactions.
 - c. An amount of earned revenues for services furnished at the end of the 12-month period or test year and billed in the next immediate period.
3. Supply an explanation of the development of the amount appearing in this account. State whether it is the net amount recorded or total amount developed through calculations at the end of the 12-month period or for test year rate case purposes.

OPERATING STATEMENT

Operating Revenues

4. Prepare an operating revenue summary, for the test year and the year preceding the test year, providing the following for each year:
 - a. For each major classification of customers:
 - (i) Number of customers
 - (ii) Gallons sold
 - (iii) Dollar revenues
 - (iv) Forfeited discounts (if separated by categories)
 - (v) Other and miscellaneous revenues that are to be taken into the utility operating account along with their related costs and expenses.
 - b. Detailed explanation of annualizing and normalizing adjustments showing method followed, amounts, and rates used in calculation to arrive at adjustment to ratemaking basis.
 - c. Segregate and eliminate from recorded revenues by rate classification for the test year, the amount of revenues that are contained therein for:
 - (i) State Tax Adjustment Surcharge
 - (ii) Any other surcharge being used to collect revenues.
5. Provide detailed analysis of miscellaneous water revenues for the test year and three prior calendar years.
6. For test year only, provide a schedule, by customer service classification, showing present revenues (excluding surcharge revenue), pro forma adjustments, proposed increase and percent of increase.
7. Provide detailed calculations substantiating the adjustment for additional revenues from annualization of changes in customers and growth in use per customer for the test year.
8. Provide a detailed billing analysis, supporting present and proposed rates by customer classification and/or tariff rate schedule.
9. Provide a detailed schedule of sales for resale revenues for test year and three

preceding calendar years showing revenues and units sold by customer.

10. Provide a schedule of present and proposed tariff rates showing dollar change and percent by block. Provide also an explanation of any change in block structure and the reason therefor.

11. Explain manner in which revenues are being presented for ratemaking purposes.

- a. Accrued Revenues
- b. Billed Revenues
- c. Cash Revenues

12. State whether revenue accruing entries are made on books at end of each fiscal period. If so, give entries made accordingly at the end of the test year and at the beginning of the year, and state whether they are reversed for ratemaking purposes.

13. Provide growth patterns of usage and customer numbers per rate class for three preceding years and two subsequent years, using historical projected data.

Operating Expenses

14. Prepare a three-column schedule of expenses, as described below, for the periods indicated below. Supply subaccounts, if significant, to clarify basic accounts.

- a. Columns 1 and 2—list two prior years relative to the test year period.
- b. Column 3—Test Year.

SOURCE OF SUPPLY EXPENSES

OPERATION

701	Operation Supervision and Engineering
702	Operation Labor
703	Operation Supplies and Expenses
	Total

MAINTENANCE

704	Maintenance Supervision and Engineering
705	Maintenance of Source of Supply Plant
705.1	Maintenance of Reservoirs
705.2	Maintenance of Lake, River, and Other Intakes
705.3	Maintenance of Wells and Springs
705.4	Maintenance of Galleries and Tunnels
705.5	Maintenance of Other Source Structures
	Total

MISCELLANEOUS

706	Water Purchased for Resale
707	Other Water Source Expenses
708	Rent
709	Joint Expenses—Debit
710	Joint Expenses—Credit
	Total
	Total Sources of Supply Expenses

POWER AND PUMPING EXPENSES

OPERATION

721	Operation Supervision and Engineering
722	Operation Labor
722.1	Power Production Labor
722.2	Pumping Labor
723	Fuel for Power and Pumping
724	Supplies and Expenses
724.1	Power Supplies and Expenses
724.2	Pumping Supplies and Expenses
	Total

MAINTENANCE

725	Maintenance Supervision and Engineering
726	Maintenance of Structures & Improvements
727	Maintenance of Power & Pumping Equipment
727.1	Maintenance of Power Production Equipment
727.2	Maintenance of Pumping Equipment
	Total

MISCELLANEOUS

728	Rents
729	Power Purchased or Transferred—Debit
730	Power Transferred—Credit
731	Joint Expenses—Debit
732	Joint Expenses—Credit
	Total
	Total Power and Pumping Expenses

PURIFICATION AND LABORATORY EXPENSES

OPERATION

741	Operation Supervision and Engineering
742	Purification and Laboratory Labor
743	Purification and Laboratory Supplies and Expenses
	Total

MAINTENANCE

744	Maintenance Supervision and Engineering
745	Maintenance of Structures & Improvements
746	Maintenance of Purification and Laboratory Equipment
	Total

MISCELLANEOUS

747	Rents
748	Joint Expenses—Debit
749	Joint Expenses—Credit
	Total
	Total Purification Expenses

TRANSMISSION AND DISTRIBUTION EXPENSES

OPERATION

751	Operation Supervision and Engineering
752	Departmental Office Expenses
752.1	Maps and Records
752.2	Other Departmental Office Expenses
753	Operation of Lines, Hydrants and Storage Facilities
754	Operation of Meters
754.1	Removing and Resetting Meters
754.2	Miscellaneous Meter Expenses
755	Services on Customers' Premises
	Total

MAINTENANCE

756	Maintenance and Supervision and Engineering
757	Maintenance of Structures & Improvements
758	Maintenance of Mains
759	Maintenance of Other Distribution Plant
759.1	Maintenance of Services
759.2	Maintenance of Meters
759.3	Maintenance of Hydrants
759.4	Maintenance of Other Fire Protection Plant
759.5	Maintenance of Fountains and Basins
	Total

MISCELLANEOUS

760	Rents
761	Joint Expenses—Debit
762	Joint Expenses—Credit
	Total
	Total Transmission and Distribution Expenses

CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

780	Supervision
781	Customers' Contracts, Orders, Meter Reading and Collecting
781.1	Customers' Contracts and Orders
781.2	Credit Investigation and Records

781.3	Meter Reading
781.4	Collecting
782	Customers' Billing and Accounting
783	Miscellaneous Expenses
784	Uncollectible Accounts
785	Rents
	Total Customers' Accounting and Collecting Expenses

SALES PROMOTION EXPENSES

786	Sales Salaries and Expenses
	Total Sales Promotion Expenses

ADMINISTRATIVE AND GENERAL EXPENSES

790	Sales of General Officers and Executives
791	Other General Office Salaries
792	Expenses of General Officers and General Office Employes
792.1	Expenses of General Officers
792.2	Expenses of General Office Employes
793	General Office Supplies and Expenses
794	Management and Supervision Fees and Expenses
795	Special Services
797	Regulatory Commission Expenses
798	Insurance
799	Injuries and Damages
800	Employes' Welfare Expenses and Pensions
800.1	Employes' Welfare Expenses
800.2	Pensions
801	Miscellaneous General Expenses
802	Maintenance of General Property
802.1	Maintenance of Structures and Improvements
802.2	Maintenance of Office Furniture and Equipment
802.3	Maintenance of Communication Equipment
802.4	Maintenance of Miscellaneous Property
803	Rents
804	Commissions Paid Under Agency Sales Contracts
805	Franchise Requirements
806	Duplicate Miscellaneous Charges—Cr.

807	Administrative and General Expenses Transferred—Cr.
808	Joint Expenses—Debit
809	Joint Expenses—Credit
	Total Administrative and General Expenses

Operating Expenses

15. Furnish the name of each supplier, gallonage and expense for water purchased as recorded in Water Purchased for Resale—Account 706 for test year and three preceding calendar years.

16. Provide a schedule showing sources of water including water purchased, line loss, total system demand, average daily demand, peak day demand, peak hourly demand for total system and each individual plant.]

* * * * *

IV. RATE STRUCTURE

A. [WATER UTILITIES]

[Each water utility shall submit the following simultaneously with any rate increase filing:

1. A fully distributed cost of service study which will provide the necessary data to determine a water rate structure which will be fair and equitable to all classifications of water users (including public and private fire protection customers) and which will reflect, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements, and shall be substantiated as follows:

a. Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study.

b. A statement of testimony describing the complete methodology used therein shall accompany submission of studies. (Include full explanation of all demand and water usage criteria).

c. If not included in the fully distributed cost of service study, supply the average day, the maximum day, hour deliveries, to the system for the test year and four prior years. Also provide the same information by customer classes, if available.

d. To monitor future adequacy of rate structures in order to allocate revenue burdens between classes of customers commensurate with the costs of providing the service, you will be required to submit a complete cost of service study if an interval of approximately three years between a previous cost of service study and the test year date of the current filing has passed.

e. If an interval of less than approximately three years has passed between a

previous detailed cost of service study and the current filing test year date, a cost of service study of the production costs only (including transmission mains) shall be submitted to determine a unit production cost rate. This study will be used to monitor the adequacy of the lowest unit rate for which water is sold by the utility.

f. If a restructuring of tariff rate schedules is claimed based on indications from the fully distributed or production cost of service studies, testimony and exhibits shall be submitted to explain the extent of shifting of revenue burdens between customer classes.

(1) Supply a cost analysis supporting the minimum charges by meter sizes.

The bill analysis used for this determination shall be substantiated by the submission of detailed consumer use data (for each customer class and each meter size), in tabular form, showing, for each 1,000 gallon intervals of use, (a) the number of bills, (b) the total use in 1,000 gallons at each interval, (c) cumulative number of bills, (d) cumulative number of use in 1,000 gallons at each interval, and (e) a consolidated factor at each interval which will provide the means to determine water usage between desired blockings for a metered schedule of rates.

g. Submit complete consumer consumption data and bill analysis for test year period at rates currently in effect and at restructured rates, which will prove that the billings total the proposed revenue requirement.

h. Submit printouts, showing increases to customers at various monthly and/or quarterly uses. Indicate thereon the average use customer in the residential and commercial category of service. Show billings at existing and proposed rates and per cent increases at each level of usage. (Printouts shall include uses through the largest level of use in each customer category.)

2. Other Statistical Data Required:

a. The test year consumption and billings at current rates by month (or quarterly if applicable) for the ten (10) largest customers on the system. Also provide same for the two prior calendar years, and show billings for test year usage at proposed rates.

b. Provide same information as in 2a. above for all "Sales to Resale" customers if such sales are not included in sales to ten (10) largest customers requested in 2a. above.

c. Provide a listing of all Public Fire Protection customers, indicating the number of hydrants at test year end and the pro forma billing at current rates, for each customer.

d. Supply copies of complete present and proposed tariffs. Also provide a tabulation showing the comparison between present and proposed tariffs for all proposed rates or rules changes.

e. If a significant number of customers on the system are served at flat rate charges, submit a comprehensive statement and/or a feasibility study to show why such customers should not be metered.

f. Supply a map of system, identifying the mains which are considered transmission mains as distinguished from the distribution system mains.

g. Provide a statement which will indicate the systems' unaccounted for water, including quantities of leakage, as of the test year, and for four prior years.

h. Submit a statement showing the number of customers and water consumption by customer classification for the test year and for four prior years.

3. General:

a. Summaries of conclusions shall be referenced to back-up working papers, and such working papers shall be appropriately referenced for ease of review. The name of the person(s) who prepared the data and date prepared must be clearly indicated.

b. Source data used for working papers must either be attached or clearly identified. Unattached source data must be available for inspection by the parties to the proceedings, upon request.

c. When assumptions or estimates are made in work paper calculations, narrative or other support should be included so that the reasonableness of the assumptions can be reviewed.]

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Exhibit D

I. STATEMENT OF INCOME

A. WATER AND WASTEWATER UTILITIES

1. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

2. Prepare a Statement of Income for the various time frames of the rate proceeding including:

Col. 1 - Book recorded statement for the test year.

2 - Adjustments to book recorded statement to annualize and normalize under present rates.

3 - Income statement under present rates after adjustment in Col. 2.

4 - Adjustment to Col. 3 for revenue increase requested.

5 - Income statement under requested rates.

3. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for the company as a whole.

4. Provide operating income claims under:

a. Present rates.

b. Pro forma present rates (annualized & normalized).

c. Proposed rates (annualized & normalized).

5. Provide rate of return on original cost under:

- a. Present rates.
- b. Pro forma present rates.
- c. Proposed rates.

II. OPERATING REVENUES

1. Prepare a summary of operating revenues for the test year and the year preceding the test year, providing the following information:

- a. For each classification of customers:
 - (i) Number of customers as of year-end.
 - (ii) Gallons sold.
 - (iii) Revenues.
- b. Customers forfeited discounts and penalties and miscellaneous water revenues.

2. Prepare a summary of operating revenues for the test year, providing the following information:

- a. For each classification of customers and for customers forfeited discounts and penalties and miscellaneous water/wastewater revenues:
 - (i) Revenues.
 - (ii) Annualizing and normalizing adjustments to arrive at adjusted operating revenues for ratemaking.
 - (iii) Proposed increase in operating revenues.
 - (iv) Percent increase in operating revenues.
 - (v) Operating revenues under proposed rates.

3. Provide a schedule of present and proposed tariff rates showing dollar change and percent of change by block. Provide increases to customers at various monthly uses showing billings at existing and proposed rates. Provide also an explanation of any change in block structure and the reason therefor. Provide a copy of the proposed tariff or tariff supplement.

4. Provide for the test year a detailed customer consumption analysis and the application of rates to support present and proposed rates by customer classification and/or tariff rate schedule.

5. Provide detailed computations of the determination of accrued revenues as of test year-end and year-end immediately preceding the test year, together with a detailed explanation of the procedures and methods used in developing accrued revenues.

6. Provide a detailed analysis of miscellaneous water revenues for the test year and the two years immediately preceding the test year. For the test year, provide a monthly breakdown and an explanation of significant monthly variances.

7. Provide a monthly summary of customers added and lost by customer classification for the test year and the current year-to-date.

8. Provide for the test year and the current year-to-date, the number of customers and monthly consumption for each classification of customers.

9. Provide by customer classification for the test year and for the two prior years the number of customers and consumption, and projected number of customers and

consumption for two subsequent years.

10. Provide a breakdown of the number and size of private fire services according to the general water service class of customers.

a. Provide a listing of all public fire protection customers at test year-end and the pro forma billing of current rates for each customer.

11. Provide a detailed schedule of sales for resale revenues for the test year and two preceding years showing revenues and units sold by customer.

12. Provide for the test year and the two prior years consumption and billings for the ten (10) largest customers. Provide for the test year consumption priced at proposed rates.

13. Provide for the test year and the two prior years consumption and billings for the ten (10) largest sales for resale customers if such sales are not included in sales to the ten (10) largest customers requested in 53.53 II.12 of Annex A.

III. OPERATING EXPENSE

1. Prepare a summary of operating expenses by operating expense account for the test year and the two years preceding the test year.

2. Prepare a summary of operating expenses for the test year providing annualizing and normalizing adjustments to arrive at adjusted operating expenses for ratemaking, including supporting data.

3. List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

4. Supply detailed calculations of normalization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense) and the items comprising the actual expenses of prior rate cases.

5. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:

a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.

b. Date, percentage increase and annual amount of each general payroll increase during the test year.

c. Dates and annual amounts of merit increases or management salary adjustments.

d. Total annual payroll increases in the test year.

e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).

f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.

g. Support the annualized pension cost figures.

(i) State whether these figures include any unfunded pension costs.

Explain.

(ii) Provide latest actuarial study used for determining pension

accrual rates.

h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

6. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (service corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:

a. Supply a copy of contracts, if applicable.

b. Explain the nature of the services provided.

c. Explain basis on which charges are made.

d. If charges are allocated, identify allocation factors used.

e. Supply the components and amounts comprising the expense in this account.

f. Provide details of initial source of charge and reason thereof.

7. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

8. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

9. Submit details of expenditures for advertising (national and institutional and local media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:

a. Public health and safety.

b. Conservation of energy.

c. Explanation of billing practices, rates, etc.

d. Provision of factual and objective data programs in educational institutions.

e. Other advertising programs.

f. Total advertising expense.

10. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the company and the cost thereof.

11. Submit a schedule showing, by major components, the expenditures associated with outside services employed, regulatory commission expenses and miscellaneous general expenses, for the test year and prior two comparable years.

12. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

13. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

14. Provide the two most recent actuarial studies for both pension expense and postretirement benefits other than pensions (OPEBs).

15. Identify the total pension expense under SFAS 87 for the test year and the

portion charged to O&M. Include an analysis showing the contribution to the pension plan and the amount deferred or expensed for each of the past two years and the test year.

16. Provide an analysis of OPEBs showing the accrual amount under SFAS 106 and the pay-as-you-go expense.

17. Reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actuarial report.

18. Identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

19. Explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of costs which are eligible for tax preferred funding.

20. Is the company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, provide such study and/or explain the anticipated change.

21. State whether the test year expenses reflect any accruals for postemployment benefits under SFAS 112. If yes, provide complete details including supporting documentation, assumptions, and funding mechanisms.

22. Provide a copy of all incentive compensation and/or bonus plans and provide the level of related bonus payments included in the cost of service. Provide information for the preceding two years and any changes since the last rate case.

23. Provide the most recent insurance premiums for each type of insurance coverage (both employee benefit and those purchased for the company) reflected in the company's filing. If available, provide estimated premiums for the subsequent calendar year.

24. Provide the level of payments made to industry organizations included in the cost of service along with a description of each payee organization.

25. If the company has included any costs associated with cancelled construction projects or obsolete inventory in requested rates, separately identify the items, provide the related amounts and explain the reason for the cancellation or obsolescence.

26. Explain how the company accounts for vacation pay for book and ratemaking purposes.

27. Indicate whether any employee positions have been eliminated since the commencement of the historic test year or are expected to be eliminated during the future test year.

28. Furnish the name of each supplier, gallonage and expense for water purchased as recorded in Water Purchased for Resale-Account 706 for test year and two preceding years.

IV. TAXES

1. Provide a copy of the latest PA corporate tax report and the latest PA corporate tax settlement.

2. Submit details of calculations for taxes, other than income, where a company is assessed taxes for doing business in another state, or on its property located in another state.

3. Submit a schedule showing for the last three years the income tax refunds, plus

interest (net of taxes) received from the federal government due to prior years' claims.

4. Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property that increases productive capacity, and ADR rates on property (separate between state and federal; also, rate used).

a. State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.

b. Reconcile any difference between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

5. Submit a schedule showing a breakdown of accumulated investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), together with details of methods used to write-off the unamortized balances.

6. Submit a schedule showing the adjustments for taxable net income per books (including below-the-line items) and pro-forma under existing rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for ratemaking purposes.

7. Submit detailed calculations supporting taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

8. Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits and reserves by accounting areas.

9. Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.

10. State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain.)

11. Show any income tax loss/gain carryovers from previous years that may affect test year income taxes or future year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the test year.

12. Provide a detailed analysis of taxes accrued per books as of the test year date. Also supply the basis for the accrual and the amount of taxes accrued monthly.

13. Under Section 1552 of the Internal Revenue Code and Regulations at 1.1552-1 thereunder, if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the federal government. (If this interrogatory is not applicable, so state).

a. State what option has been chosen by the group.

b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return.

c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis

of separate returns of members.

d. Provide annual income tax return for group, and if income tax return shows net operating loss, provide details of amount of net operating loss allocated to the income tax returns of each of the members of the consolidated group.

14. Provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation workpapers for the company's consolidated tax savings adjustment.

15. Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. Social security.
- b. Unemployment.
- c. Capital stock.
- d. Public utility realty.
- e. PUC assessment.
- f. Other property.
- g. Any other appropriate categories.

16. Submit a schedule showing a breakdown of the deferred income taxes by state and federal per books, pro-forma, existing rates, and under proposed rates.

17. With respect to determination of income taxes, federal and state:

- a. Show income tax results of the annualizing and normalizing adjustments to the test year record before any rate increase.
- b. Show income taxes for the annualized and normalized test year.
- c. Show income tax effect of the rate increase requested.
- d. Show income taxes for the normalized and annualized test year after application of the full rate increase.

18. State amount of debt interest utilized for income tax calculations, and details of debt interest computations, under each of the following rate case bases:

- a. Actual test year.
- b. Annualized test year-end.
- c. Proposed test year-end.

V. RATE BASE

1. Provide a schedule showing the measures of value and the rates of return at the original cost in the current case. All claims made on this exhibit should be cross-referenced to appropriate exhibits.

2. If a claim is made for construction work in progress, include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project. (This exhibit should be updated at the conclusion of these proceedings).

3. If a claim is made for non-revenue producing construction work in progress,

include, in the form of an exhibit, the summary page from all work orders, amount expended at the end of the test year and anticipated in-service dates. Indicate if any of the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion data and estimated total amounts to be spent on each project. (These exhibits should be updated at the conclusion of these proceedings.)

4. If a claim is made for plant held for future use, supply the following:
a. A brief description of the plant or land site and its original cost.
b. Expected date of use for each item claimed.
c. Explanation as to why it is necessary to acquire each item in advance of its date of use.

d. Date when each item was acquired.
e. Date when each item was placed in the plant held for future use account.

5. If fuel stocks comprise part of the cash working capital claim, provide an exhibit showing the actual book balances (quantity and price) for the fuel inventories by type of fuel for the thirteen months prior to the end of the test year by location, station, etc. (Explain the method of determining claim if other than that described above.)

6. Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not previously mentioned, in the measures of value.

7. Provide schedules and data in support of the following working capital items:

a. Prepayments—list and identify all items.
b. Federal income tax accrued or prepaid.
c. Pa. state income tax accrued or prepaid.
d. Pa. capital stock tax accrued or prepaid.
e. Pa. public utility realty tax accrued or prepaid.
f. Payroll taxes accrued or prepaid.
g. Any adjustments related to the above items for ratemaking purposes.

8. Supply an exhibit supporting the claim for cash working capital requirement based on the lead-lag method.

a. Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days.

9. Indicate if amortized expenses have been removed from the lead-lag study. If so, please provide documentation showing such removal. If not, provide a list of such amortization expenses included.

10. Identify the funds availability arrangements or terms which the company has with its banks with respect to deposits of customer checks. For example, does the company have same day or next day access to funds deposited?

11. In reference to materials and supplies:

a. What method of inventory valuation was used to develop the claim for materials and supplies?

b. Does the utility use a material and supply model to calculate needed material and supply levels?

c. If so, provide the model. Supply an illustrative example of how the monthly balances are derived.

d. Provide the actual monthly value for the inventory of materials and supplies for the past 12 months. Supply as of the end of the test year, a 13-month average, by month, for the material and supply account.

e. Provide the monthly level of materials and supplies for three years prior to the conclusion of the historic test year.

12. For each non-blanket or projected plant addition to cost the lesser of \$100,000 or 0.5% of current rate base, included in the future test year, please provide:

a. Description of the project.

b. Original budgeted cost (broken down by AFUDC and non-AFUDC components).

c. Current budgeted cost (broken down by AFUDC and non-AFUDC components).

d. Reason for change in budgeted cost.

e. Original estimated date of completion and in service.

f. Current estimated date of completion and in service.

g. Reason for change in completion date.

h. Anticipated retirement related to the plant addition.

i. Starting date of project.

j. Amount expended to date.

k. Percent of project currently complete.

l. The depreciation rate applicable.

m. Identify which projects are due to a PA-DEP or EPA requirement.

13. Explain how the future test year plant balances were projected and provide supporting workpapers and documentation.

14. Are all of the assets used in the plant-in-service claim used exclusively by the utility? If not, provide the estimated percentage that each shared asset is used by other entities.

15. Is all plant included in rate base currently being used in providing water service? If not, provide a schedule which presents those plant items which are not, and indicate the corresponding amounts and account numbers. Further, provide a detailed narrative explaining the reason why such plant is not being used and the anticipated future disposition of the plant.

16. Provide all workpapers and supporting documentation showing the derivation of the projected balances of contributions in aid of construction, customer advances for construction and company service line and customer deposits for the future test year.

VI. DEPRECIATION

1. Provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of the significant factors which were considered in arriving at estimates of service life and dispersion by account. Supply a comprehensive statement of any changes made in method of depreciation. Provide dates of all field inspections and facilities visited.

2. Set forth, in exhibit form, charts depicting the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each

account where the retirement rate method of analysis is utilized.

3. Provide the surviving original cost at test year end by vintage by account and include applicable depreciation reserves and accruals. These calculations should be provided for plant in service as well as other categories of plant, including, but not limited to, contributions in aid of construction and customers' advances for construction.

4. Provide a comparison of respondent's calculated depreciation reserve v. book reserve by account at the end of the test year.

5. Supply a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate:

a. For the purposes of this filing.

b. For the purposes of the most recent rate increase filing prior to the current proceedings.

6. Provide an exhibit showing gross salvage, cost of removal, and net salvage for the five most recent calendar or fiscal years by account.

VII. RATE OF RETURN

1. Provide capitalization and capitalization ratios for the last 5-year period and projected through the next two years (with short-term debt and without short-term debt for the company, parent and system (consolidated)).

a. Provide year-end interest coverages before and after taxes for the last three years and at the latest date (indenture and SEC bases) for the company, parent and system (consolidated).

b. Provide year-end preferred stock dividend coverages for last three years and at latest date (charter and SEC bases).

2. Provide latest prospectus (company and parent).

3. Supply projected capital requirements and sources of company, parent and system (consolidated) for the test year and each of three comparable future years.

4. Provide a schedule of debt and preferred stock of company, parent and system (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):

a. Date of issue.

b. Date of maturity.

c. Amount issued.

d. Amount outstanding.

e. Amount retired.

f. Amount required.

g. Gain on reacquisition.

h. Coupon rate.

i. Discount or premium at issuance.

j. Issuance expenses.

k. Net proceeds.

l. Sinking fund requirements.

m. Effective interest rate.

n. Dividend rate.

o. Effective cost rate.

- p. Total average weighted effective cost rate.
- 5. Supply financial data of company and/or parent for last five years:
 - a. Earnings-price ratio (average).
 - b. Earnings-book value ratio (per share basis) (avg. book value).
 - c. Dividend yield (average).
 - d. Earnings per share (dollar).
 - e. Dividends per share (dollars).
 - f. Average book value per share yearly.
 - g. Average yearly market price per share (monthly high-low basis).
 - h. Pre-tax funded debt interest coverage.
 - i. Post-tax funded debt interest coverage.
 - j. Market price-book value ratio.
- 6. Provide AFUDC charged by company at test year-end and latest date, explain method by which rate was calculated and provide workpaper showing derivation of the company's current AFUDC rate.
- 7. Set forth provisions of company's and parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.
- 8. Attach copies of the summaries of the company's projected budgets for the next two years (revenues, expenses and capital).
- 9. Describe long-term debt reacquisitions by company and parent as follows:
 - a. Reacquisitions by issue by year.
 - b. Total gain on reacquisitions by issue by year.
 - c. Accounting of gain for income tax and book purposes.
- 10. Provide the following information concerning compensating bank balance requirements for actual test year:
 - a. Name of each bank.
 - b. Address of each bank.
 - c. Type of accounts with each bank (checking, savings, escrow, other services, etc.).
 - d. Average daily balance in each account.
 - e. Amount and percentage requirements for compensating bank balances at each bank.
 - f. Average daily compensating bank balance at each bank.
 - g. Documents from each bank explaining compensating bank balance requirements.
 - h. Interest earned on each type of account.
- 11. Provide the following information concerning bank notes payable for actual test year:
 - a. Line of credit at each bank.
 - b. Average daily balances of notes payable to each bank, by name of bank.
 - c. Interest rate charged on each bank note (prime rate, formula).
 - d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement).
 - e. Prospective future need for this type of financing.

12. Submit details on company or parent common stock offerings (past five years to present) as follows:

- a. Date of prospectus.
- b. Date of offering.
- c. Record date.
- d. Offering period--dates and number of days.
- e. Amount and number of shares of offering.
- f. Offering ratio (if rights offering).
- g. Percent subscribed.
- h. Offering price.
- i. Gross proceeds per share.
- j. Expenses per share.
- k. Net proceeds per share (i-j).
- l. Market price per share.
 - (1) At record date.
 - (2) At offering date.
 - (3) One month after close of offering.
- m. Average market price during offering.
 - (1) Price per share.
 - (2) Rights per share--average value of rights.
- n. Latest reported earnings per share at time of offering.
- o. Latest reported dividends at time of offering.

13. Attach chart explaining company's corporate relationship to its affiliates (system structure).

14. If the utility plans to make a formal claim for a specified allowable rate of return, provide the following data in statement or exhibit form:

- a. Claimed capitalization and capitalization ratios with supporting data.
- b. Claimed cost of long-term debt with supporting data.
- c. Claimed cost of short-term debt with supporting data.
- d. Claimed cost of total debt with supporting data.
- e. Claimed cost of preferred stock with supporting data.
- f. Claimed cost of common equity with supporting data.

15. Supply copies of the following documents for the company and, if applicable, its parent:

- a. Most recent annual report to shareholders including any statistical supplements.
- b. Most recent SEC form 10K.
- c. All SEC form 10Q reports issued within last year.

16. Supply copies of the company's balance sheets for each month/quarter for the last two years.

17. Provide the bond rating history for the company and, if applicable, its parent from the major credit rating agencies for the last five years.

18. Provide copies of all bond rating reports relating to the company and, if applicable, its parent for the past two years.

19. Supply copies of all presentations by the company's and, if applicable, its

parent's management to securities analysts during the past two years. This would include presentations of financial projections.

20. Provide a listing of all securities issuances for the company and, if applicable, its parent projected for the next two years. The response should identify for each projected issuance the date, dollar amount, type of security, and effective cost rate.

21. Identify any plan by the company to refinance high cost long-term debt or preferred stock.

22. Provide copies of all securities analysts reports relating to the company and/or its parent issued within the past two years.

23. If applicable, supply a listing of all common equity infusions from the parent to the company over the past five years. In each case, identify date and dollar amount.

24. If applicable, identify the company's common dividend payments to its parent for each of the last five years.

25. Provide the latest year-by-year financial projections for the company for the next five years. Also, please indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies. The information will be treated in a confidential manner, if requested.

26. Provide the company's 5-year construction budget.

27. Identify the company's and, if applicable, its parent's capital structure targets (percentages of capital types). Provide the complete basis for the capital structure targets.

28. For each month, of the most recent 24 months, supply the company's

a. Short-term debt balance.

b. Short-term debt interest rate.

c. Balance of construction work in progress.

d. Balance of construction work in progress which is eligible for AFUDC

accrual:

29. Fully identify all debt (other than instruments traded in public markets) owed to all shareholders, corporate officers, or members of the board of directors, its affiliates, parent company, or subsidiaries.

30. Provide a summary statement of all stock dividends, splits, or par value changes during the 2- year calendar period preceding the rate case filing.

31. If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system (consolidated), the reasons for this claim must be fully stated and supported.

32. To the extent not provided elsewhere, supply financial data of company and/or parent for the last five years.

a. Times interest earned ratio--pre and post tax basis.

b. Preferred stock dividend coverage ratio--post tax basis.

c. Times fixed charges earned ratio--pre tax basis.

d. Dividend payout ratio.

e. AFUDC as a percent of earnings available for common equity.

f. Construction work in progress as a percent of net utility plant.

g. Effective income tax rate.

h. Internal cash generations as a percent of total capital requirements.

VIII. RATE STRUCTURE AND COST OF SERVICE

1. Provide a complete (fully allocated) cost of service study if an interval of approximately three years has passed between a previous cost of service study and the historic test year date of the current filing. The cost of service study shall provide the necessary data to determine if the water rate structure is fair and equitable to all classifications of water users (including public and private fire protection customers) and reflects, as nearly as possible, the cost of providing the service. The study shall correspond to the test year proposed revenue requirements (future test year only, if used). Summaries of conclusions and all back-up calculations shall be made part of the submission of the cost of service study, and shall include the following:
 - a. A description of the allocation methods used. A comparison of the allocated cost of service by class with the present and proposed revenues. A cost of service schedule showing the rate of return produced by present and proposed rates by class of service.
 - b. Indicate if the method used for establishing the allocation factors in the cost of service study deviates from the previous study submitted in the last rate case. If yes, indicate which allocation factors were changed and discuss the reason for the changes.
 - c. Supply the average day, the maximum day and the maximum hour deliveries to the system adjusted for storage for the test year and two prior years. Also provide workpapers, analyses, comparative data or other documentation supporting the estimated maximum day and peak hour demands by customer class reflected in the company's cost of service study.
 - d. Explain thoroughly the methodology employed if the company distinguishes between transmission and distribution mains in its allocation of costs.
 - e. Provide a detailed explanation of how storage is utilized to meet base, maximum day and maximum hour demands.
 - f. Provide workpapers, calculations and supporting documentation which develop the equivalent meters and equivalent service line weights reflected in the company's cost of service study.
 - g. Provide all workpapers and supporting documentation for the fire flow requirement and duration utilized in the cost of service study.
 - h. Provide a breakdown of the number and size of private fire services according to the general water service class of customer.
 - i. Provide a calculation of the company's base cost of water per unit of consumption.
 - j. Provide a detailed cost analysis that supports the company's customer charges, by meter size, showing all direct and indirect costs included.
2. Provide a listing of negotiated special rate contracts which includes a comparison of revenues under special rate contracts and under tariff rates. Provide the cost of service treatment of any deficiency in revenues resulting from the negotiated special rate contracts.

IX. QUALITY OF SERVICE

1. Indicate whether the company is in violation of any provision of the Pennsylvania Safe Drinking Water Act (SDWA) or any rule, regulation or order, or any condition of any permit, variance or exemption granted by the Department of Environmental Protection (DEP), or its predecessor.

a. Provide information indicating whether the company is in compliance with SDWA provisions at 25 Pa. Code, §109.401 regarding general public notification requirements:

(i) Provide a copy of each public notification given in accordance with this section, since the last rate proceeding.

(ii) Provide a detailed explanation of all actions taken to remedy an acute violation, and/or to comply with the requirements prescribed by a variance or exemption.

(iii) State whether any fines or penalties were assessed by DEP, and indicate the amounts paid by the company.

b. Provide the most recent copies of all annual consumer confidence reports issued pursuant to SDWA Amendments of 1996 since the last rate proceeding.

(i) Provide any annual consumer confidence reports which reflect violations of state and federal safe drinking water requirements.

(ii) Explain how these violations were resolved.

2. Indicate whether the company is in compliance with 52 Pa. Code, §65.5(a) regarding normal operating pressure standards, and with 52 Pa. Code, §65.6(d) regarding pressure surveys at regular intervals.

a. Provide details on any major water pressure problems which had occurred since the last rate proceeding in any part of the water distribution system.

b. Describe any action taken on a temporary basis, and the long term solutions developed to address any major water pressure problems.

3. Provide support to demonstrate that water service is being furnished on a continuous basis by supplying a summary of the company's records of each service interruption greater than 24 hours since the last rate proceeding.

4. Provide a discussion of the company's policy, or provide a copy of the policy if in written form, on tracking and responding to customer complaints.

a. Provide a summary report demonstrating the company's compliance with 52 Pa. Code, §65.3 regarding the full and prompt investigation of service or facility complaints and the record keeping requirements of such complaints.

5. Indicate whether the company is in compliance with 52 Pa. Code, §65.4(b) regarding complete and current mapping of the entire distribution system.

6. Provide a summary report demonstrating the company's efforts in water conservation, since the last rate proceeding, pursuant to 52 Pa. Code, §65.20.

7. Provide a discussion of the company's policy regarding meter requirements, replacements and testing. State if the company's procedures are in compliance with 52 Pa. Code, §65.8(b).

a. Provide meter test records as required in 52 Pa. Code, §65.8(c) for the 50 meters most recently removed from service.

b. Provide a discussion of the company's policy and history of compliance with 52 Pa. Code, §65.9 regarding adjustment of bills for meter error within the last year.

X. BALANCE SHEET

1. Provide a comparative balance sheet for the test year-end and the preceding year-end.
2. Provide a detail of other physical property, investments in affiliated companies and other investments.
3. Provide the amounts and purpose of special cash accounts as of the test-year end.
4. Describe the nature and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customers' accounts.
5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued and amounts written-off in each of the last three years.
6. Provide a list of prepayments and give an explanation of special prepayments.
7. Explain in detail any other significant (in amount) current assets listed on balance sheet.
8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date affect the operating account supplying:
 - a. Origin of these accounts.
 - b. Probable changes to this account in the near future.
 - c. Amortization of these accounts currently charged to operations or to be charged in the near future.
9. Explain the nature of accounts payable to associated companies, and note amounts of significant items.
10. Provide details of other deferred credits as to their origin and disposition policy (e.g., amortization).
11. Provide details of any significant reserves, other than depreciation and bad debt, appearing on balance sheet.
12. Provide an analysis of unappropriated retained earnings for the test year and two preceding years.
13. Describe the purpose of any advances made by the company to its parent corporation and describe all terms and conditions associated with such advances, including an estimate of future advances or repayments that are expected to occur.

XI. OTHER DATA

1. Provide the company's monthly balance sheets and income statements for each month of the historic and future test year.
2. Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.
3. Provide all monthly and/or quarterly budget variance reports to management and/or the board of directors submitted during the past year. Please provide the most recent detailed budget variance report which the company compiled, and update as additional reports are issued.
4. Provide a copy of the company's most recent operating and capital budgets.
5. Provide a schedule that shows the percentage of unaccounted for water for the

test year and two prior years. Describe how this amount was determined and explain any steps taken to reduce unaccounted for water.

6. Provide a corporate history (include the dates of original incorporation, subsequent mergers and/or acquisitions). Indicate all counties and cities and other governmental subdivisions to which service is provided (including service areas outside the state), and the total population in the area served.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA

GLEN R. THOMAS
CHAIRMAN

February 19, 2003

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
14th Floor, Harristown II
333 Market Street
Harrisburg, PA 17101

Re: L-00940096/57-223
Proposed Rulemaking
Updating and Revising Existing Filing Requirements
Relating to Water and Wastewater Public Utilities
52 Pa. Code, Chapter 53

Dear Chairman McGinley:

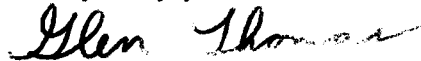
Enclosed please find one (1) copy of the proposed rulemaking and the Regulatory Analysis Form prepared in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." Pursuant to Section 5(a) of the Regulatory Review Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission is submitting today a copy of the proposed rulemaking and Regulatory Analysis Form to the Chairman of the House Committee on Consumer Affairs and to the Chairman of the Senate Committee on Consumer Protection and Professional Licensure.

The purpose of this proposal is to amend the regulations governing filing requirements for water and wastewater public utilities for general rate increase requests in excess of \$1 million. The contact persons

are Wayne Scott, Law Bureau, 783-6150 and Judith K. Carlson, Bureau of Fixed Utility Services, 783-5392.

The proposal has been deposited for publication with the Legislative Reference Bureau.

Very truly yours,

A handwritten signature in cursive script that reads "Glen Thomas".

Glen R. Thomas
Chairman

Enclosures

cc: The Honorable Robert M. Tomlinson
The Honorable Lisa Boscola
The Honorable Dennis M. O'Brien
The Honorable Joseph Preston, Jr.
Legislative Affairs Director Perry
Chief Counsel Pankiw
Assistant Counsel Scott
Ms. Carlson
Regulatory Coordinator DelBiondo
Donna Cooper, Governor's Policy Office

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

ID Number: L-00940096/57-223

Subject: Updating and Revising Existing Filing Requirements
Relating to Water and Wastewater Public Utilities

Pennsylvania Public Utility Commission

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted.
- Final Regulation
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor

FILING OF REPORT

Date	Signature	Designation
<u>2-19-03</u>	<u>Margaret Pelletier</u>	HOUSE COMMITTEE Consumer Affairs
<u>2/19/03</u>	<u>Mary M. Walmer</u>	SENATE COMMITTEE Consumer Protection and Professional Licensure
<u>2/19/03</u>	<u>Elena Pagan</u>	Independent Regulatory Review Commission
_____	_____	Attorney General
_____	_____	Legislative Reference Bureau