

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Jewel Mullen, M.D., M.P.H., M.P.A.
Commissioner



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

PUBLIC HEALTH HEARING OFFICE

October 7, 2015

VIA CERTIFIED MAIL

Mr. Bruce Latky, President
Cedarhurst Association, Inc.
PO Box 388
Sandy Hook, Connecticut 06482

Re: Joint Investigation by DPH and PURA of Cedarhurst Association, Inc.'s Request to Cease Operations as a Water Company, Docket Number DPH15-06-01/PURA 15-08-24.

ORDER RE INTERROGATORIES

The Department of Public Health ("the DPH") and the Department of Energy and Environmental Protection's Public Utilities Regulatory Authority ("the PURA") (jointly, "the Departments") hereby **ORDER** Cedarhurst Association, Inc. ("Cedarhurst") to provide responses to interrogatories numbered DPH-1 through DPH-20, FI-1 through FI-15, RA-1 through RA-7, and EN-1 through EN-17 on or before **October 26, 2015**.

- DPH-1 Provide a copy of the notice Cedarhurst sent to its water system customers regarding Cedarhurst's plan to cease operations as a water company.
- DPH-2 Provide a description of all of Cedarhurst's water company property, whether real or personal, including, but not limited to land, equipment, buildings, active, inactive and emergency sources of supply, treatment systems, storage facilities, pumping facilities, and distribution systems ("Cedarhurst Water System"). Include in such description the date on which the property was placed in service, its location, hydraulic capabilities, including, but not limited to flow, pressure, capacity, size, length, and safe yield.
- DPH-3 Provide maps of Cedarhurst's property, including maps containing Cedarhurst's Class 1, 2 and 3 water company land, land held for future potential sources of supply, and active, inactive and emergency sources of supply, if any.
- DPH-4 Provide information regarding Cedarhurst's real property (Class 1, 2 or 3 water company land) that Cedarhurst is not proposing to transfer, if any.
- DPH-5 Indicate whether there are any liens against any of Cedarhurst's property associated with the Cedarhurst Water System, whether real or personal, and the amount of said liens.



Phone: (860) 509-8000 • Fax: (860) 509-7184 • VP: (860) 899-1611
410 Capitol Avenue, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

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- DPH-6 Does Cedarhurst have access to Cedarhurst's wells, transmission and distribution mains, reservoirs, tanks and standpipes, pumps and pump stations, hydrants, meters, curb stops, service connections, and personal property owned by Cedarhurst? If such access is authorized by an easement, right-of-way or lease, please provide the document authorizing such access.
- DPH-7 Provide water system maps or "as-built" plans of the Cedarhurst Water System's water distribution system.
- DPH-8 Provide a copy of the DPH approval of abandonment of any source of supply not currently being utilized by Cedarhurst, if any.
- DPH-9 Provide copies of diversion permits issued by the Department of Energy and Environmental Protection ("DEEP"), formerly the Department of Environmental Protection, if any, for the Cedarhurst Water System.
- DPH-10 Provide a summary of all formal and informal enforcement actions, e.g., orders, consent orders, civil penalties, and violation letters, issued to Cedarhurst by the DPH and the DEEP in the past fifteen years. Provide a summary of the status of Cedarhurst's compliance with such actions, including an explanation regarding how Cedarhurst will resolve any outstanding items.
- DPH-11 Provide a copy of the DPH's last three sanitary survey reports for the Cedarhurst Water System and Cedarhurst's responses thereto, including the actions Cedarhurst took to correct significant deficiencies or violations of the Regulations of Connecticut State Agencies, if any, identified in the sanitary survey reports.
- DPH-12 Provide what type of minor and major repairs to the Cedarhurst Water System that Cedarhurst anticipates will have to be performed within the next five years. Identify the repairs and estimate the cost of the repairs.
- DPH-13 Provide data regarding the Cedarhurst Water System's water production, if any, and consumption for the past two years.
- DPH-14 Provide a copy of all of the Cedarhurst Water System's water quality tests and results for the past three years.
- DPH-15 Provide the Cedarhurst Water System's current number of customers and the number of those customers that are metered.
- DPH-16 Provide information regarding the operation of the Cedarhurst Water System, including the name or names of the certified operator or operators that have operated the system for the past five years, the name of the employer or employers of such certified operator or operators, a copy of the operator agreement or agreements, and the amount or amounts paid to such certified operator or operators for operating the system for the past five years.
- DPH-17 Provide information regarding how the Cedarhurst Water System is managed, including information regarding the specific duties and responsibilities of the manager of the Cedarhurst Water System and any employees of such manager.

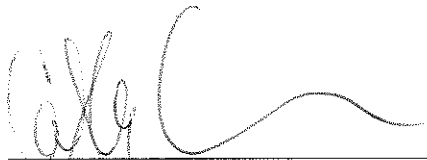
- DPH-18 Please describe Cedarhurst's organizational structure. Please also provide the name and title of the person(s) who has the authority to enter into binding agreements on behalf of Cedarhurst and the document that provides such authority.
- DPH-19 Please provide a copy of Cedarhurst's operation and maintenance plan, asset management plan, emergency plan, and any other water supply plan Cedarhurst may have to assure the proper operation and maintenance of the Cedarhurst Water System.
- DPH-20 Describe any discussions Cedarhurst has had with a water company regarding a potential acquisition, including the substance of such discussions. Please also provide any documents relating to such discussions, including any correspondence or meeting minutes at which the board of Cedarhurst discussed such acquisition or acquisitions.
- FI - 1 (CAPITAL SPENDING) Provide Cedarhurst's annual capital spending for the last 5 years, including a description of additions/improvements made.
- FI - 2 (FINANCIAL) Discuss any Company promissory notes or other documents for outstanding short-and long-term debts and/or non-equity obligations.
- FI - 3 (FINANCIAL) Does Cedarhurst have a line of credit available for water system improvements? If so, provide the amount of this line of credit and its financial covenants.
- FI - 4 (FINANCIAL) Provide Cedarhurst's financial statements for the current year and preceding five years, including the income statement, balance sheet, statement of cash flow, and bank statements. In addition, provide such financials by water and non-water activities.
- FI - 5 (FINANCIAL) Provide detail on Cedarhurst's operation and maintenance ("O&M") expenses and any financial support for these expenses.
- FI - 6 (LAND) Indicate if there is any Company land held that is not held for water company use. If so, provide the land's dimensions and location and any appraisals that may have been done on this land.
- FI - 7 (LEGAL) Report on any Company outstanding litigations, including contract disputes.
- FI - 8 (RECEIVABLES) Provide an aging of Cedarhurst's accounts receivable as well as customer receivables written off in last five years.
- FI - 9 (SALARIES) Provide amounts paid by Cedarhurst in salaries/services other than to the certified operator. Explain the associated duties provided.
- FI - 10 (SALARIES) Provide current compensation agreements with key officers or directors of Cedarhurst.
- FI - 11 (SALARIES) Provide Cedarhurst's wage reports or withholding tax returns filed for the past five years.
- FI - 12 (TAXES) Provide Cedarhurst's federal income tax returns filed for the past five years.
- FI - 13 (WATER SYSTEM) Decision dated February 26, 2015 in Docket No. 14-11-05, PURA and DPH Joint Review of Cedarhurst Association, Inc. Request to Review Economic Viability,

- PFT Harlow, Letter dated September 31, 2014, p. 1. Explain why the season ending mid-November 2014 is the last season that Cedarhurst will be able to properly maintain its water system with volunteer help. Cite specific reasons and financial and other barriers experienced by Cedarhurst. Indicate who the volunteer help was and how they were able to maintain the system.
- FI-14 (WATER SYSTEM) Decision dated February 26, 2015 in Docket No. 14-11-05, PURA and DPH Joint Review of Cedarhurst Association, Inc. Request to Review Economic Viability, PFT Harlow, Letter dated September 31, 2014, p. 1. When did Cedarhurst meet with the Aquarion Water Company (“Aquarion”)? Provide the specific reasons, if any, stated by Aquarion as to why it has no interest in voluntarily taking over the Cedarhurst system.
- FI-15 (WATER SYSTEM) Does Cedarhurst have any water system assets located on private property? If so, indicate the nature of the assets and the location of the property.
- RA-1 (RATES) Provide copies of Cedarhurst’s tariffs, miscellaneous fees and its rules and regulations for the last five years.
- RA-2 (RATES) Separately provide the total number of Company residential and commercial/industrial customers. Separately provide the total number of metered and unmetered customers. If there are no metered customers, explain why not.
- RA-3 (RATES) Have the rates that have been assessed to Cedarhurst’s customers been sufficient to cover the day-to-day operations and maintenance of the water system, such as water treatment and testing, chemicals and electricity? Explain.
- RA-4 (RATES) Has Cedarhurst had to assess any surcharges to its water customers for any reason in the past? If yes, state the reason and how that surcharge was allocated or assessed. If not, explain why not.
- RA-5 (RATES) Explain the process by which the Cedarhurst customers are billed for water service and who is responsible for billing and processing payments.
- RA-6 (RATES) Does Cedarhurst have a monetary reserve for any unanticipated repairs or upgrades to the water system? If so, state the amount. If not, explain why not. Explain how the costs for an unanticipated repair would be assessed to Cedarhurst’s customers.
- RA-7 (RATES) If water service is provided through an association fee, provide both the association fee and the association annual budget for the last 10 years.
- EN-1 (CONTRACT) Does Cedarhurst have an operational contract with any entities to manage, maintain and operate the Cedarhurst water system? Identify the associated cost of managing, maintaining, and operating the water system and any other pertinent cost(s). Provide a copy of the operational contract.
- EN-2 (DESCRIPTION OF SYSTEM) Provide a detailed description of the Cedarhurst water system, including, but not limited to, land, equipment, buildings, wells, water treatment systems, storage facilities, pumping facilities, distribution systems, hydrants, actual date in-service and actual cost of the water equipment. The description of the water equipment should also include the hydraulic capabilities, flow, pressure, size, length, and safe yield of the equipment.

- EN-3 (GENERATOR) Does Cedarhurst have a standby generator for emergencies? If yes, provide a detailed description of that generator. If no, explain what Cedarhurst does in the case of commercial power losses.
- EN-4 (IMPROVEMENTS) What type of short-term and long-term capital improvements are needed for the Cedarhurst' water system within the next five years? Identify the anticipated capital improvements, date of each improvement and estimated cost of the improvements.
- EN-5 (NON-REVENUE WATER) For years 2011 through 2014, provide an exhibit which includes the following by year: a) actual water production (gallons); b) actual water purchases (gallons); c) actual water sales (gallons); and d) the percentage of Non-Revenue water for the Cedarhurst.
- EN-6 (PROPERTIES) Provide any existing appraisals or valuations of the Cedarhurst water system properties, whether real or personal, including, but not limited to, land, equipment and buildings. Identify and explain any liens against any of the properties and the amount of said liens.
- EN-7 (REGULATORY) Provide copies of the two most recent DPH inspection reports and an updated status report of Cedarhurst's compliance with requirements and recommendations listed in those reports. Include all related correspondence. If Cedarhurst has not complied with an order, provide the status and expected date of compliance.
- EN-8 (REGULATORY) Provide a list and detailed status updates on DPH and DEEP Consent Orders for the Cedarhurst water system, if any, and any other issued violations. Indicate the status of compliance with those Consent Order(s). Provide copies of the DPH-and DEEP-related correspondence and the evidence that these orders have been in compliance.
- EN-9 (SITE CONDITION) Describe the site condition of the area around the wells and storage tanks. Are they easily accessible? What are the conditions of the roads that lead to the wells and storage tanks?
- EN-10 (TRANSFER) Has Cedarhurst contacted any companies that would take over the operation and management of the Cedarhurst water system? If so, provide correspondence and any other information concerning the possible transfer of the Cedarhurst water system to a company with the technical, financial and managerial resources to run the existing water system.
- EN-11 (TRANSFER) Is there a Water Utility Coordinating Committee where the Cedarhurst water system is located? If so, please identify.
- EN-12 (TRANSFER) What are the names of the regulated or municipal water systems within a five miles radius of the Cedarhurst water system?
- EN-13 (TRANSFER) Has Cedarhurst explored the possibility of a water main interconnection to an existing municipal or private water company to accommodate the Cedarhurst' customers? If no, explain why not.

- EN-14 (WATER LEAKS) List all leaks discovered during the last five years. Identify the street(s) where the leaks were discovered, provide a description of the pipe, the date of original installation of the pipe, and the date of the repair of the leaks.
- EN-15 (WATER PRESSURE) Indicate if any customers within the Cedarhurst water system experience water service pressure less than 25 pounds per square inch.
- EN-16 (WATER SYSTEM) Provide the distance to the nearest interconnection point with the closest water utility. Provide the estimated cost associated with such interconnection.
- EN-17 (MAPPING) Does Cedarhurst have a distribution system map? If so, provide a copy of this map and the date of mapping.

In making your responses, please restate each question and answer, using a separate sheet for each interrogatory number, and identify the person responsible for the response. To the extent that the information requested above can be provided in a pre-existing form or format, please feel free to do so. However, please indicate to which question or questions such materials are submitted in response. Please note that persons responsible for responses must be available for cross-examination during the hearing and must attest to the truth and accuracy of their responses.



Kathryn Keenan, Esq.
Hearing Officer

cc: Via First Class Mail to Service List