

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

February 25, 2015

VIA CERTIFIED MAIL

Mr. John Wittenzellner, Jr., President
REJA Acquisition Corp.
P.O. Box 322, 2 Stafford Street
Stafford Springs, Connecticut 06076

Re: Joint Investigation by DPH and PURA of REJA's (Rainbow Springs) Request to Cease Operations as a Water Company, Docket Number 14-12-21

ORDER

REJA Acquisition Corp. ("REJA") is hereby **ORDERED** to provide to the Department of Public Health ("the DPH") and the Public Utilities Regulatory Authority ("the PURA") (jointly, "the Departments") responses to interrogatories numbered DPH-1 through DPH-19, EN-1 through EN-17, RA-1 through RA-7, and AC-1 through AC-10 on or before **March 17, 2015**.

- DPH-1 Provide a copy of the notice REJA sent to its Rainbow Springs water system customers regarding REJA's plan to cease operations as a water company.
- DPH-2 Provide a description of all of REJA'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 ("Rainbow Springs 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, and length, and safe yield.
- DPH-3 Provide maps of REJA's property associated with the Rainbow Springs Water System, including maps containing REJA'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 REJA's real property (Class 1, 2 or 3 water company land) that REJA is not proposing to transfer, if any.



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- DPH-5 Indicate whether there are any liens against any of REJA's property associated with the Rainbow Springs Water System, whether real or personal, and the amount of said liens.
- DPH-6 Does REJA have access to REJA'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 REJA? 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 Rainbow Springs 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 REJA, 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 any water system currently owned by REJA.
- DPH-10 Provide a summary of all formal and informal enforcement actions, e.g., orders, consent orders, civil penalties, and violation letters, issued by the DPH and the DEEP in the past ten years. Provide a summary of the status of REJA's compliance with such actions, including an explanation regarding how REJA will resolve any outstanding items.
- DPH-11 Provide a copy of the DPH's most recent sanitary survey report for the Rainbow Springs Water System and REJA's response thereto.
- DPH-12 Provide what type of minor and major repairs to the Rainbow Springs Water System that REJA 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 Rainbow Springs Water System's water production, if any, and consumption for the past two years.
- DPH-14 Provide a copy of all of the Rainbow Springs Water System's water quality tests and results for the past three years.
- DPH-15 Provide the Rainbow Springs 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 Rainbow Springs 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 Rainbow Springs Water System is managed, including information regarding the specific duties and responsibilities of the manager of the Rainbow Springs Water System and any employees of such manager.
- DPH-18 Please describe REJA'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 REJA and the document that provides such authority.
- DPH-19 Please provide a copy of REJA's operation and maintenance plan, asset management plan, emergency plan, and any other water supply plan REJA may have to assure the proper operation and maintenance of the Rainbow Springs Water System.
- EN-1 (CONTRACT) Does REJA have an operational contract with any entities to manage, maintain and operate the Rainbow Springs 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 Rainbow Springs 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 REJA have a standby generator for emergencies? If yes, provide a detailed description of that generator. If no, explain what REJA 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 Rainbow Springs Water System within the next five years? Identify the anticipated capital improvements, date of each improvement and estimated cost of the improvements.
- EN-5 (IMPROVEMENTS PAST) Provide a list of major repairs to Rainbow Springs Water System within the last five years. Identify the repairs, date of completion, and the total cost of those repairs.
- EN-6 (NON-REVENUE WATER) For years 2011, 2012, 2013 and 2014, submit an exhibit which provides by year, the following: a) actual yearly water production (gallons); b) actual yearly water purchases (gallons); c) actual yearly water sales (gallons); and d) the percentage of Non-Revenue water for the Rainbow Springs Water System.
- EN-7 (PROPERTIES) Provide any existing appraisals or valuations of the Rainbow Springs Water System properties, whether real or personal, that includes, but is not limited to, land, equipment and buildings. Identify and explain any liens against any of the properties and the amount of said liens.
- EN-8 (REGULATORY) Provide copies of the most recent DPH inspection reports and an updated status report of REJA's compliance with requirements and recommendations

listed in those reports. Include all related correspondence. If REJA has not complied with an order, provide the status and expected date of compliance.

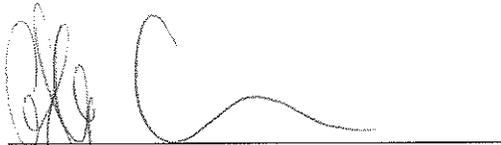
- EN-9 (REGULATORY) Provide a list and detailed status updates on DPH and the DEEP Consent Orders for the Rainbow Springs Water System, if any, and any other issued violations. Indicate the status of compliance with those Consent Order(s). Provide copies of the DPH and the DEEP related correspondence and evidence that those orders have been lifted.
- EN-10 (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-11 (TRANSFER) Has REJA contacted any companies that would take over the operation and management of Rainbow Springs Water System? If so, provide correspondence and any other information concerning the possible transfer of the Rainbow Springs Water System to a company with the technical, financial and managerial resources to run the existing water system.
- EN-12 (TRANSFER) Is there a Water Utility Coordinating Committee where the Rainbow Springs Water System is located? If so, please identify.
- EN-13 (TRANSFER) What are the names of the regulated or municipal water systems with a five-mile radius of the Rainbow Springs Water System?
- EN-14 (TRANSFER) Has REJA explored the possibility of a water main interconnection to an existing municipal or private water company to accommodate the Rainbow Springs' customers?
- EN-15 (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-16 (WATER PRESSURE) Indicate if any customers within the Rainbow Springs Water System experience water service pressure less than 25 pounds per square inch.
- EN-17 (WATER QUALITY) What was the status of the Rainbow Springs water quality for the last three years?
- RA-1 (RATES) Provide copies of Rainbow Springs system's tariffs, miscellaneous fees and its rules and regulations for the last five years.
- RA-2 (RATES) Provide Rainbow Springs system's income statements and receivables for the last five years.
- RA-3 (RATES) How many residential and commercial/industrial customers does Rainbow Springs have in its water system? Is the customer's service metered? If not, explain why not?

- RA-4 (RATES) Have the rates that have been assessed to the Rainbow Springs system'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-5 (RATES) Has Rainbow Springs had to assess any surcharges to its water customers for any reason in the past? If yes, how was the surcharge allocated or assessed? If not, explain why not.
- RA-6 (RATES) How are the Rainbow Springs Water System customers billed for water service and who is responsible for billing and processing payments?
- RA-7 (RATES) Does REJA have a monetary reserve for any unanticipated repairs or upgrades to the Rainbow Springs Water System? If so, state the amount. If not, why not. Explain how the costs for an unanticipated repair would be assessed to the customers.
- AC-1 Provide the last three years of financial statements, separated by water and non-water activities. Include bank statements.
- AC-2 Provide detailed support for the operating and maintenance (O&M) expenses.
- AC-3 Provide copies of REJA's Federal Income tax returns for years 2012 and 2013.
- AC-4 Provide a detailed listing of the amounts paid in salaries/services, other than those paid to a certified operator. Include an explanation of the duties performed by each position.
- AC-5 Provide copies of REJA's wage reports or withholding tax returns for years 2012 and 2013.
- AC-6 Provide copies of all current compensation agreements with key officers or directors.
- AC-7 Provide an aging of accounts receivables and details of customer receivables written off in the last five years.
- AC-8 Provide copies of promissory notes or other documents for outstanding short-and long-term debts, or non-equity obligations. Separately provide the payment history for each.
- AC-9 Provide detailed information on any line of credit available for water system improvements.
- AC-10 Provide a detailed listing of other assets held by REJA including description, location and fair market valuation.

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.

The DPH and the PURA require an original and two (2) copies of all submissions, including cover letters. All parties are required to serve each other with a copy of all documents submitted to the Departments.

A handwritten signature in black ink, appearing to read 'K. Keenan', is written over a horizontal line. The signature is cursive and somewhat stylized.

Kathryn Keenan, Esq.
Hearing Officer

cc: Service list