

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of the Township of Exeter
66 Pa. C.S. §1329
Application Filing Checklist – Water/Wastewater
Docket No. A-2018-_____**

1. Transmittal letter with caption and statement that the filing is pursuant to 66 Pa. C.S. § 1329.

RESPONSE: See enclosed transmittal letter from David P. Zambito, Esq. with caption and statement that the filing is pursuant to 66 Pa. C.S. § 1329.



September 25, 2018

VIA HAND DELIVERY

David P. Zambito

Direct Phone 717-703-5892

Direct Fax 215-989-4216

dzambito@cozen.com

CONTAINS CONFIDENTIAL APPENDICES

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: In re: Application and related filings of Pennsylvania-American Water Company under Sections 507, 1102(a), and 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 507, 1102(a), 1329, for approval of its acquisition of wastewater system assets of Exeter Township, related wastewater service rights, fair market valuation ratemaking treatment, deferral of the post-acquisition improvement costs, and certain contracts with municipal corporations; Docket No. A-2018-_____ et al.

PENNSYLVANIA-AMERICAN WATER COMPANY APPLICATION AND RELATED FILINGS

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the above-referenced application and related filings of Pennsylvania-American Water Company ("PAWC") for its acquisition of the Exeter Township wastewater collection and treatment system. This filing is made pursuant to Sections 507 (related to filing of contracts with municipal corporations), 1102 (related to certificates of public convenience), and 1329 (determination of fair market for ratemaking purposes) of the Pennsylvania Public Utility Code ("Code"), Pa. C.S. §§ 507, 1102, 1329.

Copies of the Application have been served upon the public advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Implementation Order* entered October 27, 2016, at Docket No. M-2016-2543193. Due to the size of the filing, I have also enclosed the following four CD-Roms for your convenience: (1) the PUC Application filing (without Confidential Documents); (2) Live Excel Spreadsheets of the Seller Utility Valuation Expert's workpapers in appraising the System; (3) Live Excel Spreadsheets of the Buyer Utility Valuation Expert's workpapers in appraising the system; and, (4) Confidential Documents. I have also enclosed the required \$350 application filing fee (Check No. 683616).

Enclosed on behalf of PAWC as part of the Section 1329 filing requirements are the direct testimonies and accompanying exhibits of the following:

1. Direct Testimony of Bernard Grundusky, Jr., Senior Director of Business Development, Pennsylvania-American Water Company (**PAWC St. No. 1**);

2. Direct Testimony of Robert R. Burton, Senior Director of Operations, Eastern Pennsylvania, Pennsylvania-American Water Company (**PAWC St. No. 2**);
3. Direct Testimony of David R. Kaufman, Vice President – Engineering, Pennsylvania-American Water Company (**PAWC St. No. 3**);
4. Direct Testimony of Rod P. Nevirauskas, Senior Director of Rates and Regulations for the Mid Atlantic Division, American Water Works Service Company, on behalf of Pennsylvania-American Water Company (**PAWC St. No. 4**); and,
5. Direct Testimony of Jerome C. Weinert, Principal and Director, AUS Consultants, Pennsylvania-American Water Company Utility Valuation Expert (**PAWC St. No. 5**).

In addition, as a courtesy to the parties, PAWC is submitting the following direct testimony and accompanying exhibits on behalf of Exeter Township. PAWC's submission of this testimony should not be considered support for or sponsoring of such testimony. PAWC anticipates that Exeter Township will intervene in this matter and will submit its direct testimony and exhibits.

1. Direct Testimony of John A. Granger, Manager, Exeter Township (**Exeter St. No. 1**); and,
2. Harold Walker, III, Manager, Financial Studies, Gannett Fleming Valuation and Rate Consultants, LLC (**Exeter St. No. 2**).

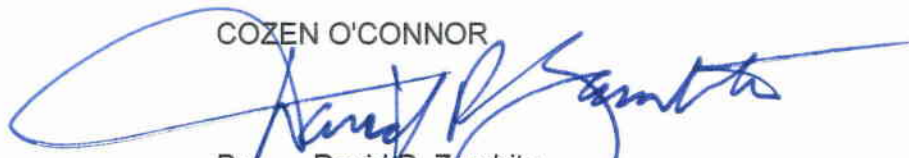
Copies of the prepared direct testimony and accompanying exhibits can be found at **Appendix A-14** of the Application.

In compliance with Code Section 507, 66 Pa. C.S. § 507, PAWC has also included copies of the Asset Purchase Agreement for this transaction and the five agreements with municipal corporations that will be assumed by PAWC. These agreements with municipal corporations can be found at **Appendices A-24-a (CONFIDENTIAL)** and **B-1** through **B-5** of the Application. Please note that the *pro forma* agreement found at **Appendix B-5** should also be afforded **CONFIDENTIAL** treatment. Confidential treatment is appropriate for **Appendices A-24-a** and **B-5** because they reflect proprietary information regarding PAWC's business activities and how PAWC structures certain transactions. Disclosure of such information could cause competitive harm to PAWC.

Thank you for your attention to this matter. Please date-stamp the extra copy of the filing and return it with our courier. Please do not hesitate to contact me if you have any questions.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito
Counsel for *Pennsylvania-American Water
Company*

DPZ:kmg
Enclosure

cc: Per Certificate of Service
Sean Donnelly, Bureau of Technical Utility Services
Susan Simms Marsh, Esquire