

**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-\_\_\_\_\_**

11. State the ratemaking rate base as required in 66 Pa. C.S. § 1329 and specify whether it is based on either the fair market value determined by the valuation experts or the asset purchase price.

**RESPONSE:** The negotiated purchase price for the acquired assets is \$96,000,000 and the average of the appraisals of the buyer’s Utility Valuation Expert (“UVE) and the seller’s UVE is \$102,968,500. Accordingly, the negotiated purchase price of \$96,000,000 is the fair market value for rate making purposes under Section 1329 (i.e. the lower of the negotiated purchase price and the average of the UVE’s appraisals). The fair market value as determined by the Section 1329 process, which in addition to the transaction and closing costs described below, becomes the rate base for ratemaking purposes. Note, however, that PAWC reserves its right in future proceedings to make rate base claims related to the acquisition as may otherwise be permitted under the Pennsylvania Public Utility Code.