

**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-2018-3004933**

18. Rates.

- d. Provide a copy of the notification sent to affected customers describing the filing and the proposed rates.

**RESPONSE:**

- d. Attached is a letter that will be sent by PAWC to its customers. Also attached are alternative versions of a letter that will be sent by Exeter to its customers. Section 7.1 of the APA requires Exeter to increase its current wastewater rates at least 60 days in advance of closing of the Transaction. The first version will be used if Exeter raises its rates for wastewater service on January 1, 2019. The second version will be used if Exeter raises its rates for wastewater service after January 1, 2019.

Please note that all versions of the letter to customers include a blank for the due date for protests and notices of intervention. PAWC asks that the Secretarial Letter conditionally accepting the Amended Application indicate the due date for protests and notices of intervention.

## NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION

Dear Customer:

On December [redacted], 2018, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Pennsylvania American Water (PAW) for approval to acquire the Exeter Township (Exeter) wastewater system assets. Exeter serves approximately 9,000 customers in Berks County, Pa. PAW's application also requests that the PUC authorize an addition of up to \$96.0 million to PAW's rate base pursuant to 66 Pa. C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of several components used to establish a utility's customer rates. This acquisition will not immediately, but may in the future, affect your water or wastewater bill. The PUC will issue a decision on the application on or around [6 months after final acceptance].

PAW is not requesting a rate increase as part of the acquisition. Your rates will not change until the conclusion of PAW's next rate case where PAW requests and receives PUC approval to increase its rates. At this time, it is unclear when PAW will file its next rate case and what the impact of the Exeter acquisition may be on your rates.

### ACTIONS YOU CAN TAKE

The PUC is the state agency that reviews proposed acquisitions and proposed rates. You can support or challenge PAW's request by:

- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to PAW's acquisition of Exeter's wastewater system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2) Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before [Date]. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on PAW's counsel at Cozen O'Connor, Attn: David P. Zambito, 17 North Second Street, Suite 1410, Harrisburg, PA 17101.

The documents filed in support of the application are available for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov) and at PAW's offices at 800 Hersheypark Drive, Hershey, PA 17033. The PUC docket number is A-2018-3004933.

## NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION

Dear Customer:

On December [redacted], 2018, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Pennsylvania American Water (PAW) for approval to acquire the Exeter Township (Exeter) wastewater system assets. PAW serves 65,139 wastewater customers across Pennsylvania. Additionally, PAW furnishes water service to 659,687 customers across Pennsylvania. PAW's application also requests that the PUC authorize an addition of up to \$96.0 million to PAW's rate base pursuant to 66 Pa. C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of several components used to establish a utility's customer rates. This acquisition will not immediately, but may in the future, affect your wastewater bill. The PUC will issue a decision on the application on or around [6 months after final acceptance].

PAW is not requesting a rate increase as part of the acquisition. Your wastewater rates will not increase until the conclusion of PAW's next rate case where PAW requests and receives PUC approval to increase its rates. At this time, it is unclear when PAW will file its next rate case and what the impact of the acquisition may be on your rates.

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Additionally, Exeter intends to utilize proceeds of the sale of its wastewater system assets to implement a Homestead Tax Exemption for all eligible residents, providing a tax savings to those eligible residents. Please reach out to the Township at 610-779-5660, or attend a Exeter Township Board of Supervisors Meeting (the meeting schedule is listed on the Exeter Township website at <http://www.exetertownship.com>) to learn more about this program and ask any questions about the Homestead Tax Exemption or your eligibility for it.



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Prior to PAW ownership of the Exeter wastewater system, Exeter will increase its rates by 29% for all customers. After PAW ownership and subject to PUC approval, your wastewater rates will not increase until the conclusion of PAW's next rate case. At this time, it is unclear when PAW will file its next rate case and what the impact of the Exeter acquisition may be on your rates.

### ACTIONS YOU CAN TAKE

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- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to PAW's acquisition of Exeter's wastewater system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
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