



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

THOMAS T. NIESEN
Direct Dial: 717.255.7641
tniesen@tntlawfirm.com

June 7, 2019

Via Hand Delivery

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Harrisburg, PA 17105-3265

In re: Dockets Nos. A-2018-2642837 and A-2018-2642839
Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville

Docket No. A-2019-3008980
Application of Pennsylvania American Water Company

Docket No. U-2019-3009763
Request of Pennsylvania American Water Company for Approval of PUMC Agreement

Dear Secretary Chiavetta:

We are counsel for Aqua Pennsylvania, Inc. and are submitting, with this letter for filing, the Joint Petition of Aqua, the Borough of Phoenixville and Pennsylvania American-Water Company for Approval of Settlement of Consolidated Proceedings.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Thomas T. Niesen

cc: Certificate of Service (w/encl.)
Alexander R. Stahl, Esquire (via email, w/encl.)

RECEIVED
PA PUC
SECRETARY'S BUREAU
FRONT DESK

2019 JUN -7 AM 10:27

RECEIVED

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville for approval of 1) the acquisition by Aqua of the water system assets of Phoenixville used in connection with the water service provided by Phoenixville in East Pikeland and Schuylkill Townships, Chester County, and in Upper Providence Township, Montgomery County, PA; 2) the right of Aqua to begin to supply water service to the public in portions of East Pikeland Township, Chester County, and Upper Providence Township, Montgomery County, PA and 3) the abandonment by Phoenixville of public water service in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County, PA :

**Docket No. A-2018-2642837
Docket No. A-2018-2642839**

Request for approval of Section 507 PUMC contracts between Aqua and the Borough of Phoenixville :

Application of Pennsylvania-American Water Company for approval of the right to offer, render, furnish or supply water service to the public in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania, and request to abandon service territory in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania :

Docket No. A-2019-3008980

Request for approval of Section 507 PUMC contract between PAWC and the Borough of Phoenixville :

Docket No. U-2019-3009763

RECEIVED
2019 JUN - 7 AM 10: 28
PA PUC
SECRETARY'S BUREAU
FRONT DESK

**JOINT PETITION FOR APPROVAL OF SETTLEMENT
OF CONSOLIDATED PROCEEDING**

AND NOW come Aqua Pennsylvania, Inc. (“Aqua” or “Company”), the Borough of Phoenixville (“Borough”) and Pennsylvania-American Water Company (“PAWC”)¹ by their attorneys, and submit this Joint Petition for Approval of Settlement (“Joint Petition”) of the above captioned consolidated proceeding. By this Joint Petition, Joint Petitioners propose a resolution of all issues as set forth below. In support thereof, Joint Petitioners submit as follows:

I. BACKGROUND

1. This consolidated proceeding concerns the Joint Application of Aqua and the Borough, filed with the Pennsylvania Public Utility Commission (“Commission”) on January 12, 2018, pursuant to Sections 1102 and 507 of the Public Utility Code (“Code”) (the “Joint Application”), the Application of PAWC filed with the Commission on April 3, 2019, pursuant to Section 1102 of the Code (the “PAWC Application”) and the request of PAWC filed with the Commission on May 8, 2019, pursuant to Section 507 of the Code (the “PAWC Section 507 Filing”).

A. The Joint Application of Aqua and the Borough

2. The Joint Application asks the Commission to issue certificates of public convenience approving Aqua’s acquisition of certain water system assets of the Borough and allowing Aqua to begin to provide public water service in portions of East Pikeland Township, Chester County, and in portions of Upper Providence Township, Montgomery County.

3. The Joint Application also asks the Commission to issue a certificate of public

¹ Aqua, the Borough and PAWC are, hereinafter, sometimes referred to, collectively, as “Joint Petitioners.” The other party to this consolidated proceeding, Office of Consumer Advocate (“OCA”), does not oppose the Settlement.

convenience approving the Borough's abandonment of public water service in East Pikeland Township, Chester County, in Upper Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County.²

4. The Joint Application also includes a request for approval of contracts including assignment of contracts between Aqua and Phoenixville, pursuant to Section 507 of the Code. As proposed in the Joint Application, the assignments included a partial assignment of a water supply agreement between the Borough and PAWC, referred to in the Joint Application as the "1986 Water Supply Agreement."³

5. The Commission published notice of the filing of the Joint Application in the *Pennsylvania Bulletin* on January 27, 2018. Aqua published notice of the filing of the Joint Application in the *Daily Local News* and *The Times Herald* on January 25, 2018 and February 1, 2018.

6. On February 12, 2018, PAWC filed a Protest challenging, *inter alia*, the partial assignment of the 1986 Water Supply Agreement and averring that Aqua's proposed service territory would overlap with existing territory of PAWC.

7. On February 16, 2018, the OCA filed a Protest to ensure that the Joint Application is approved only if it is in accord with the Code and Commission regulations. The OCA raised specific concerns regarding the impact on customers of the expiration of the Water Supply

² The Borough is providing water service to four customers (three locations) in Schuylkill Township: 305 Kimberton Road, 120 Schuylkill Road and 130 Schuylkill Road. The customers will transfer to Aqua service at closing. Although Aqua will be acquiring Borough facilities in Schuylkill Township and initiating service to the four customers (three locations), Aqua is not seeking new service territory in the Township. As explained in Paragraphs 5 and 6 of the Joint Application, Aqua already has service authority in the Township. The Schuylkill Township area outlined in blue on Exhibit A to the Joint Application is Area 3 from the Borough Application proceeding at A97204, Order entered May 3, 1974. Aqua acquired the Area 3 territory from the Borough in the Joint Application proceeding at A-212370F0017, Corrected Order entered April 25, 1995. *Joint Application of Philadelphia Suburban Water Company and the Borough of Phoenixville*, Docket No. A-212370F0017, Corrected Order entered April 25, 1995. The Borough, subsequently, initiated service to four customers (the three locations) within that Area.

³ The 1986 Water Supply Agreement is included as Exhibit G2 to the Joint Application.

Agreement between Aqua and Phoenixville and cited the matters raised in PAWC's Protest.

8. Administrative Law Judge Dennis J. Buckley was assigned to preside over the matter. Formal litigation was stayed, while the Joint Petitioners attempted to resolve the matter through voluntary mediation.

9. Mediation sessions were held on June 12, 2018, and, again, on July 13, 2018. Aqua, the Borough, PAWC and the OCA participated in both sessions. Mediator Cynthia Lehman presided at each session.

10. Although a resolution of the proceeding was not achieved by the conclusion of the second mediation session, Joint Petitioners continued their efforts to negotiate a settlement.

11. By email correspondence on October 31, 2018, Joint Petitioners advised Judge Buckley that they had negotiated settlement terms resolving matters in dispute.

12. Telephone conferences were held with Judge Buckley on November 1, 2018, and, again, on November 6, 2018, to discuss the presentation of the settlement terms for Commission review and consideration.

B. The Application of PAWC

13. The PAWC Application asks the Commission to issue a certificate of public convenience allowing PAWC to begin to provide public water service to 21 customers along Egypt Road in Upper Providence Township, Montgomery County (the "21 Egypt Road Customers"). The 21 Egypt Road Customers are customers of the Borough but are served from a main owned by PAWC.

14. At the time of the filing of the Joint Application in January 2018, the Borough was believed to own the main along Egypt Road and the Borough and Aqua proposed, in the Joint Application, to include the 21 Egypt Road Customers in their transaction.

15. Having now determined that the Egypt Road main from which the 21 Egypt Road Customers are served is owned by PAWC and that the 21 Egypt Road Customers are currently served on Borough accounts, the transaction is modified to effect the parties' agreement to transfer the 21 Egypt Road Customers to PAWC.

16. The PAWC Application also addresses the issue of potential overlapping service territory and existing service of PAWC to eight (8) customers in Upper Providence Township, Montgomery County, and to six (6) customers in East Pikeland Township, Chester County.

17. Notice of the filing of the PAWC Application was published in the *Pennsylvania Bulletin* on April 20, 2019. PAWC published notice of the filing of the PAWC Application in the Daily Local News on April 12, 2019 and April 19, 2019. PAWC also provided notice of the filing of the Application to the 21 Egypt Road Customers.

18. Aqua filed a petition to intervene on April 11, 2019. The OCA filed a notice of intervention on April 12, 2019. The Borough filed a petition to intervene on April 15, 2019. No other protests or petitions to intervene were filed.

19. Administrative Law Judge Buckley was assigned to preside over the PAWC Application.

C. PAWC's Section 507 Filing

20. The PAWC Section 507 Filing asks the Commission to issue a certificate of filing for an Amendment to the 1986 Water Supply Agreement between Phoenixville and PAWC (as successor to the interests of Citizens Utilities Home Water Company) (the "Amendment to the 1986 Water Supply Agreement").

21. The Borough and Aqua proposed, in the Joint Application, to partially assign the 1986 Water Supply Agreement to Aqua with Aqua assuming the sale function by purchasing

water from the Borough and reselling it to PAWC.

22. The Amendment to the 1986 Water Supply Agreement provides, however, for the continued sale of water by the Borough to PAWC. To accommodate the continued sale of water from the Borough to PAWC, Aqua and the Borough will enter into a Water Wheeling Agreement to transport Borough water to PAWC through the pipeline facilities owned by Aqua.

23. Administrative Law Judge Buckley was assigned to preside over the matter.

D. Consolidation of the Joint Application, PAWC Application and PAWC Section 507 Filing

24. On May 8, 2019, Aqua, the Borough and PAWC filed a Joint Motion to Consolidate the Joint Application at A-2018-2642837 and A-2018-2642839, the PAWC Application at A-2019-3008980 and the PAWC Section 507 Filing at U-2019-3009763.

25. By Order Granting Joint Motion to Consolidate Proceedings, dated May 16, 2019, Judge Buckley granted the Joint Motion.

II. SETTLEMENT TERMS

26. Joint Petitioners agree that this consolidated proceeding can be settled without the need for further litigation. The terms and conditions comprising this Joint Petition, to which Joint Petitioners agree, are as follows:

The Joint Application of Aqua and the Borough

- a. Joint Petitioners agree that Aqua's acquisition of the water system assets of the Borough as proposed in the Joint Application and modified by the following settlement terms will further the public interest and is supported by affirmative public benefits.
- b. The purchase price of \$3,600,000 that Aqua would have paid for the Borough water assets is reduced by \$135,971.22 to account for the removal of the 21 Egypt Road Customers from the transaction. An Amendment to the Assets Purchase Agreement between Aqua and the Borough reflecting the reduced purchase price is attached hereto as Appendix 1.

- c. The Joint Application included a request for approval of Section 507 contracts between Aqua and the Borough. Joint Petitioners agree that the Assets Purchase Agreement and the Amendment to the Assets Purchase Agreement are reasonable, legal and valid and that it would be appropriate for the Commission to issue certificates of filing for the APA and the Amendment to the APA in accordance with Section 507 of the Code.
- d. Addressing the issue of potential overlapping service territory, Aqua has modified its proposed service territory boundaries as presented on the maps attached hereto as Appendix 2 (Schuylkill Township and East Pikeland Township)⁴ and Appendix 3 (Upper Providence Township). The maps preserve existing service territory boundaries, to the extent possible, without territory overlap between Aqua and PAWC. The Aqua service territory in Upper Providence Township presented in Appendix 3 does not include the 21 Egypt Road Customers. It, additionally, recognizes site specific authority for a single, existing PAWC hydrant at 2nd and Norwood Streets that is served from the existing PAWC main. Aqua and PAWC agree to confer, within one year after closing of the proposed transaction between Aqua and the Borough, on whether this hydrant and the site specific service territory are still necessary.

The Amendment to the 1986 Water Supply Agreement

- e. In lieu of the partial assignment of the 1986 Water Supply Agreement to Aqua, the Borough and PAWC have entered into the Amendment to the 1986 Water Supply Agreement attached hereto as Appendix 4 pursuant to which the Borough will continue to sell water to PAWC.
- f. Under the terms of the Amendment to the 1986 Water Supply Agreement, the Borough will supply PAWC with up to 1.15 million peak gallons per day of water and no less than 150,000 gallons per day of water through January 1, 2026. PAWC shall purchase the water supplied by the Borough at a rate of \$4.50 per 1,000 gallons, which shall increase by \$1.00 per 1,000 gallons on the effective date of any rate increase approved by the Commission for PAWC.
- g. PAWC's request for a Section 507 certificate of filing for the Amendment to the 1986 Water Supply Agreement is pending before the Commission at Docket No. U-2019-3009763. Joint Petitioners agree that the Amendment to the 1986 Water Supply Agreement is reasonable, legal and valid and that it would be appropriate for the Commission to issue a certificate of filing in accordance with Section 507 of the Code.
- h. Joint Petitioners further agree that, in continuing to sell water to PAWC, the Borough will not be offering to serve the public and that the Borough's

⁴ Appendix 2 includes the area in the Northeast corner of East Pikeland Township presented on Exhibit B to the Joint Application.

continuing sale of water to PAWC is a nonregulated service. The Joint Application asks for a certificate of public convenience authorizing the Borough to abandon its Commission regulated utility service and territory.

The Water Wheeling Agreement

- i. To accommodate the continuing sale of water by the Borough to PAWC following Aqua's acquisition of Borough facilities, Aqua and the Borough have entered into the Water Wheeling Agreement, attached hereto as Appendix 5, whereby Aqua will wheel water from the Borough to PAWC through the mains that Aqua is acquiring.
- j. The Water Wheeling Agreement has an end date of January 1, 2026, but may be renewed for a term equal to any new or extended agreement for supply of water between the Borough and PAWC.
- k. Aqua will charge the Borough a wheeling rate of \$0.28 per 1,000 gallons through December 31, 2025. If the Borough and PAWC enter into a new or extended water supply agreement, Aqua's wheeling rate will increase \$0.01 per 1,000 gallons on January 1 of each subsequent year for the term of any new or extended agreement.
- l. The Joint Application included a request for approval of Section 507 contracts between Aqua and the Borough. Joint Petitioners agree that the Water Wheeling Agreement is reasonable, legal and valid and that it would be appropriate for the Commission to issue a certificate of filing in accordance with Section 507 of the Code.

The Amendment to the Water Supply Agreement

- m. In furtherance of the settlement and consistent with the initial termination dates for the Amendment to the 1986 Water Supply Agreement and the Water Wheeling Agreement, Aqua and the Borough have entered into an Amendment to their Water Supply Agreement, dated January 10, 2018, and included as Exhibit G1 to the Joint Application. The Amendment reduces the term of the Agreement from ten (10) years to a term ending on January 1, 2026. The Amendment is attached hereto as Appendix 6.
- n. The Joint Application included a request for approval of Section 507 contracts between Aqua and the Borough. Joint Petitioners agree that the Water Supply Agreement and the Amendment to the Water Supply Agreement are reasonable, legal and valid and that it would be appropriate for the Commission to issue certificates of filing for the Agreement and the Amendment in accordance with Section 507 of the Code.

The PAWC Application

- o. In furtherance of the settlement, PAWC has filed an Application to provide water service to the 21 Egypt Road Customers. The Customers, which, presently, are Borough customers, are served from a main owned by PAWC.
- p. As part of its Application, PAWC has presented maps attached hereto as Appendix 7 (Schuylkill Township and East Pikeland Township) and Appendix 8 (Upper Providence Township).
- q. The Appendix 7 and Appendix 8 maps preserve existing service territory boundaries, to the extent possible, without territory overlap between Aqua and PAWC.
- r. The Appendix 8 map includes the 21 Egypt Road Customers. It, additionally, recognizes site specific authority for a single, existing PAWC hydrant at 2nd and Norwood Streets that is served from the existing PAWC main, which Aqua and PAWC agree will be revisited as set forth in Paragraph 26.d.
- s. Aqua and the Borough support the PAWC Application to the extent that it addresses and resolves issues raised in the Joint Application proceeding.

III. JUSTIFICATION AND SUPPORT FOR SETTLEMENT

27. It is the stated policy of the Commission to encourage parties to resolve contested proceedings through settlement.⁵ Settlements lessen the time and expense of litigating a case and, thus, directly benefit all parties concerned. Where the active parties in a proceeding have reached a settlement, the principal issue for Commission consideration is whether the agreement reached is in the public interest.⁶ Joint Petitioners submit that the resolution of this proceeding through settlement will further the public interest.

⁵ 52 Pa. Code § 5.231(a). The Commission, moreover, has stated that the results achieved from a negotiated settlement or stipulation in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

⁶ *Pa. P.U.C. v. City of Lancaster – Bureau of Water*, Docket No. R-2010-2179103, Opinion and Order entered July 14, 2011, citing *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996 and *Pa. P.U.C. v. C S Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991). See also *Pa.P.U.C. v. Philadelphia Electric Co.*, 60 Pa. P.U.C. 1 (1985).

28. Jointly Proposed and Stipulated Findings of Fact are attached hereto as Appendix 9. Joint Petitioners ask that the Jointly Proposed and Stipulated Findings of Fact be admitted into the evidentiary record in support of the settlement proposed herein.

29. Proposed Conclusions of Law and Proposed Ordering Paragraphs are attached hereto as Appendices 10 and 11, respectively.

30. Statements of Aqua, the Borough and PAWC in support of the settlement are attached hereto as Appendices 12, 13 and 14.

IV. CONDITIONS OF SETTLEMENT

31. This Joint Petition is proposed to settle the instant matter and is made without any admission against or prejudice to any position which any Joint Petitioner might adopt during subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. Except as set forth above, Joint Petitioners agree that no part of this Joint Petition shall be cited for any purpose in this or any other proceeding in this or any other jurisdiction.

32. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint Petition may be withdrawn upon written notice to the Commission and all parties within three (3) business days by any one of the Joint Petitioners and, in such event, shall be of no force and effect. Regardless of whether this Settlement is approved or not, no adverse inference shall be drawn to any party in this or any other proceeding as a consequence of this Settlement.

33. Joint Petitioners waive the right to file Exceptions if Administrative Law Judge Buckley recommends approval of this Joint Petition without modification.

WHEREFORE Aqua Pennsylvania, Inc., the Borough of Phoenixville and Pennsylvania American Water Company respectfully request:

(a) That Administrative Law Judge Dennis J. Buckley recommend approval of, and that the Public Utility Commission approve, without modification, this Joint Petition for Approval of Settlement of Consolidated Proceeding.

(b) That Administrative Law Judge Dennis J. Buckley recommend approval of, and that the Public Utility Commission approve the following:

The Joint Application of Aqua and the Borough

Aqua's acquisition of the water system assets of the Borough of Phoenixville as proposed in the Joint Application and modified by this Joint Petition for Settlement of Consolidated Proceeding.

Pursuant to Section 507 of the Public Utility Code, as reasonable, legal and valid, the Assets Purchase Agreement and the Amendment to the Assets Purchase Agreement between Aqua and the Borough.

The Amendment to the 1986 Water Supply Agreement

Pursuant to Section 507 of the Public Utility Code, as reasonable, legal and valid, the Amendment to the 1986 Water Supply Agreement between Pennsylvania-American Water Company and the Borough.

The Water Wheeling Agreement

Pursuant to Section 507 of the Public Utility Code, as reasonable, legal and valid, the Water Wheeling Agreement between Aqua and the Borough.

The Amendment to the Water Supply Agreement

Pursuant to Section 507 of the Public Utility Code, as reasonable, legal and valid, the Water Supply Agreement between Aqua and the Borough, dated January 10, 2018, and the Amendment to the Water Supply Agreement between Aqua and the Borough.

The PAWC Application

The Application of Pennsylvania American Water Company addressing the territory boundaries of PAWC in East Pikeland Township and Upper Providence

Township and PAWC service to the 21 Egypt Road Customers.

(c) That the Commission's Office of the Secretary issue certificates of public convenience evidencing Aqua Pennsylvania, Inc's right under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102, to: (a) acquire the water system assets of the Borough of Phoenixville used in connection with water service provided by the Borough in East Pikeland Township and Schuylkill Township, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania and (b) to begin to offer, render, furnish and supply water service to the public in portions of East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania, as presented in Appendix 2 (Schuylkill Township and East Pikeland Township) and Appendix 3 (Upper Providence Township) to this Joint Petition.

(d) That the Commission's Office of the Secretary issue certificates of public convenience evidencing Pennsylvania-American Water Company's right under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102, to offer, render, furnish and supply water service to the public in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania, and to abandon service territory in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania as presented in Appendix 7 (Schuylkill Township and East Pikeland Township) and Appendix 8 (Upper Providence Township).

(e) That the Commission's Secretary issue a certificate of public convenience evidencing the Borough's right under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102, to abandon its regulated water service in the Commonwealth of Pennsylvania

including portions of East Pikeland Township, Chester County, and Upper Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County, Pennsylvania.

(f) That within 10 days after closing of the acquisition, Aqua Pennsylvania, Inc. shall file a tariff supplement in the form attached hereto as Appendix 15 implementing rates for Phoenixville customers post-closing.

(g) That the Secretary's Bureau issue certificates of filing pursuant to Section 507 for the following agreements:

- i. Assets Purchase Agreement, dated April 26, 2017, submitted by Aqua and the Borough as Exhibit D to the Joint Application and the Amendment to Assets Purchase Agreement, between the Borough and Aqua included as Appendix 1 to this Joint Petition.
- ii. Amendment to 1986 Water Supply Agreement, by and between the Borough and PAWC included as Appendix 4 to this Joint Petition.
- iii. Water Wheeling Agreement by and between the Borough and Aqua included as Appendix 5 to this Joint Petition.
- iv. Water Supply Agreement, dated January 10, 2018, submitted by Aqua and the Borough as Exhibit G1 to the Joint Application and Amendment to Water Supply Agreement between the Borough and Aqua included as Appendix 6 to this Joint Petition.

(h) That all other approvals, certificates, registrations and relief are hereby issued with respect to Aqua's acquisition of the water system assets of the Borough of Phoenixville.

(i) That the Protests of Pennsylvania-American Water Company and the Office of Consumer Advocate are resolved consistent with the foregoing.

(j) That the Joint Application proceeding at Dockets Nos. A-2018-2642837 and A-2018-2642839, the PAWC Application proceeding at Docket No. A-2019-

3008980 and the PAWC Section 507 Filing at Docket No. U-2019-3009763 are marked closed.

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By:  _____

Thomas T. Niesen, Esq.
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
tniesen@tntlawfirm.com

Counsel for Aqua Pennsylvania, Inc.

THE BOROUGH OF PHOENIXVILLE

By: _____

Adeolu A. Bakare, Esq.
McNees, Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
ABakare@mcneeslaw.com

Counsel for The Borough of Phoenixville

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

By: _____

David P. Zambito, Esq.
Cozen O'Connor
17 North Second Street
Suite 1410
Harrisburg, PA 17101
dzambito@cozen.com

*Counsel for Pennsylvania-American Water
Company*

Dated: June 7, 2019

3008980 and the PAWC Section 507 Filing at Docket No. U-2019-3009763 are marked closed.

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By: _____

Thomas T. Niesen, Esq.
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
tniesen@tntlawfirm.com

Counsel for Aqua Pennsylvania, Inc.

THE BOROUGH OF PHOENIXVILLE

By:  _____

Adeolu A. Bakare, Esq.
McNees, Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
ABakare@mcneeslaw.com

Counsel for The Borough of Phoenixville

PENNSYLVANIA-AMERICAN WATER COMPANY

By: _____

David P. Zambito, Esq.
Cozen O'Connor
17 North Second Street
Suite 1410
Harrisburg, PA 17101
dzambito@cozen.com

Counsel for Pennsylvania-American Water Company

Dated: June 7, 2019

3008980 and the PAWC Section 507 Filing at Docket No. U-2019-3009763 are marked closed.

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

THE BOROUGH OF PHOENIXVILLE

By: _____

Thomas T. Niesen, Esq.
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
tniesen@tntlawfirm.com

Counsel for Aqua Pennsylvania, Inc.

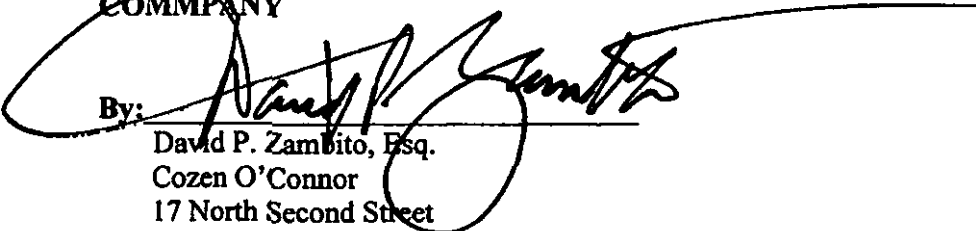
By: _____

Adeolu A. Bakare, Esq.
McNees, Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17101
ABakare@mcneeslaw.com

Counsel for The Borough of Phoenixville

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

By: _____



David P. Zambito, Esq.
Cozen O'Connor
17 North Second Street
Suite 1410
Harrisburg, PA 17101
dzambito@cozen.com

*Counsel for Pennsylvania-American Water
Company*

Dated: June 7, 2019

LIST OF APPENDICES

<u>DESCRIPTION</u>	<u>APPENDICES</u>
Amendment to Assets Purchase Agreement	1
Modified Service Territory Map – Schuylkill Township and East Pikeland Township.....	2
Modified Service Territory Map – Upper Providence Township	3
Amendment to 1986 Water Supply Agreement	4
Water Wheeling Agreement	5
Amendment to 2018 Water Supply Agreement	6
PAWC Map of Schuylkill Township and East Pikeland Township Service Territory	7
PAWC Map of Upper Providence Township Service Territory	8
Jointly Proposed and Stipulated Proposed Findings of Fact	9
Proposed Conclusions of Law	10
Proposed Ordering Paragraphs	11
Statement of Aqua Pennsylvania, Inc. in Support of Joint Petition for Settlement of Consolidated Proceedings	12
Statement of the Borough of Phoenixville in Support of Joint Petition for Settlement of Consolidated Proceedings	13
Statement of Pennsylvania American Water Company in Support of Joint Petition for Settlement of Consolidated Proceedings	14
Aqua Pennsylvania Form of Tariff Supplement	15

APPENDIX 1

AMENDMENT TO
ASSETS PURCHASE AGREEMENT

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FIRST AMENDMENT TO ASSETS PURCHASE AGREEMENT

This **First Amendment to Assets Purchase Agreement** ("Amendment"), is made and entered into as of **May 30, 2019**, by and between The Borough of Phoenixville, a Pennsylvania municipality having a mailing address of 351 Bridge Street, Phoenixville, PA 19460 ("**Seller**" or "**Borough**"), and Aqua Pennsylvania, Inc., a Pennsylvania corporation, with a business address located at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 ("**Buyer**" or "**Aqua**") (collectively the "**Parties**").

BACKGROUND

A. Seller and Buyer entered into a certain Assets Purchase Agreement dated April 26, 2017 (the "Assets Purchase Agreement"), pursuant to which Seller agreed to sell, and Buyer agreed to purchase, the Seller's Assets used in connection with the water services provide by Seller to those customers located outside the Borough in East Pikeland and Schuylkill Townships Chester County, and Upper Providence Township, Montgomery County, all upon the terms and conditions set forth in the Assets Purchase Agreement.

B. Seller and Buyer wish to amend the Assets Purchase Agreement on the terms and conditions hereinafter set forth to reflect settlement terms being presented to the Pennsylvania Public Utility Commission to resolve the protested Joint Application proceeding at PUC Dockets A-2018-2642837 and A-2018-2642839.

C. The Amendment presented hereinafter removes, from the transaction, 21 Borough customers on Egypt Road in Upper Providence Township, Chester County.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound thereby, the Parties agree as follows:

1. Unless otherwise redefined in this Amendment, all terms defined in the Assets Purchase Agreement shall have the same meanings when used in this Amendment. The Background of this Amendment, above, is hereby incorporated within and forms a part of the agreements contained in this Amendment.

2. Section 1.4 of the Assets Purchase Agreement is deleted in its entirety and the following is inserted in lieu thereof for the purpose of reducing the purchase price of the water system assets by \$135,971.22, reflecting the removal, from the transaction, of 21 Borough customers along Egypt Road, Upper Providence Township, Chester County:

1.4 Consideration

The purchase price for the Assets will consist of a lump sum payment of Three Million Four Hundred Sixty-Four Thousand, Twenty-Eight dollars and Seventy-

Eight cents (\$3,464,028.78) (the "**Purchase Price**") to be paid by Aqua to Seller as follows:

- a. Prior to the date hereof, Aqua paid a deposit in the amount of Five Hundred Thousand dollars (\$500,000.00) (the "**Cash Deposit**") pursuant to the terms of that certain Cash Deposit Escrow Agreement dated November 17th, 2016 between Aqua and Seller which, subject to the conditions set forth in the Cash Deposit Escrow Agreement, shall be released to Seller at Closing on account of the Purchase Price;
- b. The balance of the Purchase Price shall be paid by Aqua to Seller at Closing in immediately available funds; and
- c. In addition to the Purchase Price, Aqua shall reimburse Seller for the reasonable charges, substantiated to Aqua's reasonable satisfaction, incurred by Seller from Seller's consultants retained in connection with the transaction contemplated by this Agreement, subject to a maximum reimbursement of Fifty Thousand dollars (\$50,000).

3. Schedule 4.g of the APA is a list of all of Seller's customers receiving water service from Seller within East Pikeland, Schuylkill and Upper Providence Townships as of April 26, 2017. Amendment Schedule 4.g, attached hereto, is a current list of Seller's customers within the Townships with the Egypt Road customers removed.

4. The provisions of this Amendment modify and form a part of the Assets Purchase Agreement. In the event of any conflict or inconsistency between the terms of this Amendment and the remaining terms of the Assets Purchase Agreement the terms of this Amendment shall govern and control.

5. This Amendment may be executed by facsimile, electronically or by exchange of documents in PDF format, and in several counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single agreement. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

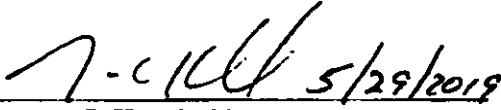
Balance of page intentionally left blank – signatures appear on following page

Signature page –First Amendment to Assets Purchase Agreement

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this **First Amendment** on the date first above written.

SELLER:

BOROUGH OF PHOENIXVILLE

By:  5/29/2019
James C. Kovaleski
Borough Council President

BUYER:

AQUA PENNSYLVANIA, INC.

By: _____
Marc A. Lucca, President

Signature page –First Amendment to Assets Purchase Agreement

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this **First Amendment** on the date first above written.

SELLER:

BOROUGH OF PHOENIXVILLE

By: _____

James C. Kovaleski
Borough Council President

BUYER:

AQUA PENNSYLVANIA, INC.

By: _____


Marc A. Lucca, President

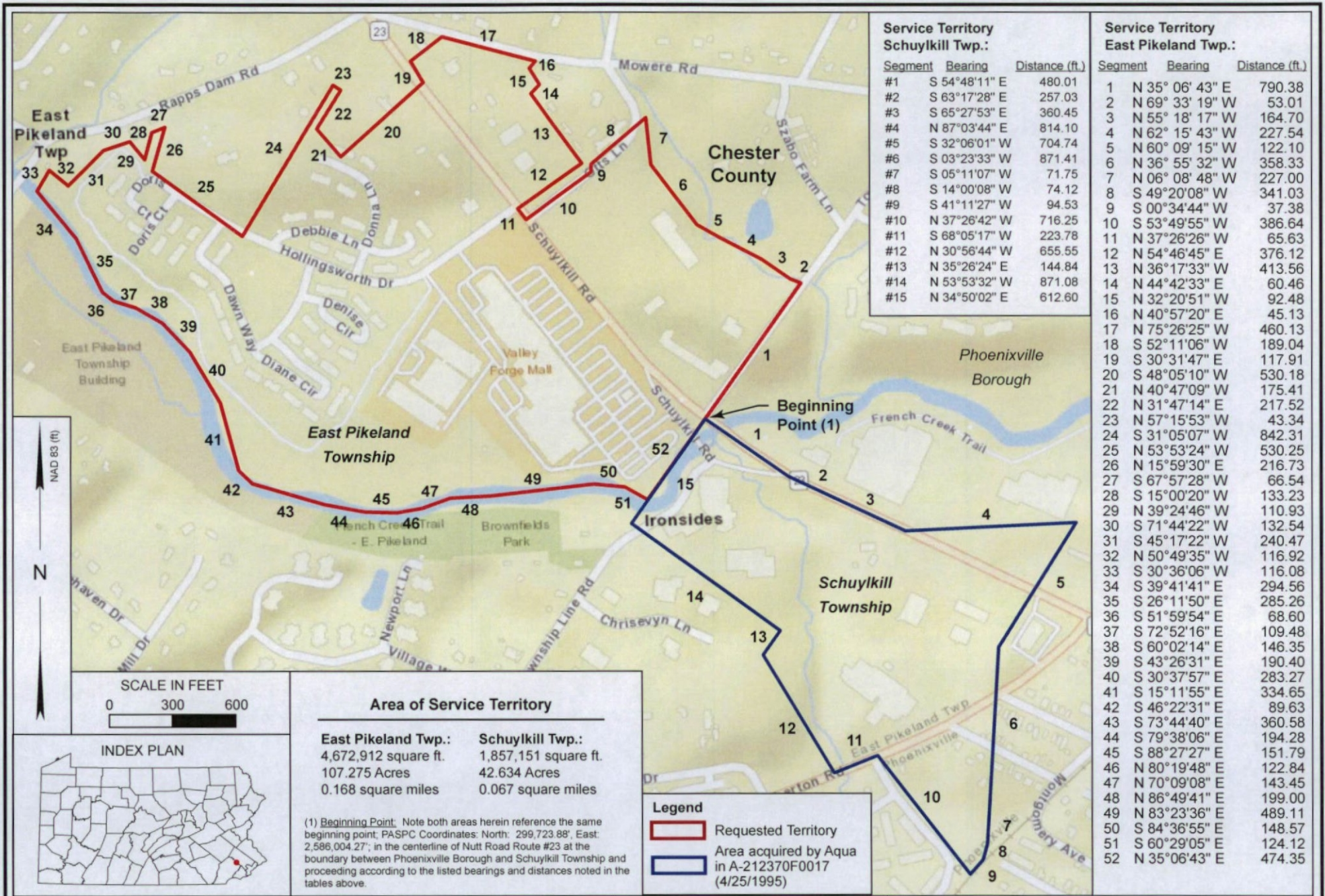
APPENDIX 2

MODIFIED SERVICE TERRITORY MAP -
SCHUYLKILL TOWNSHIP AND EAST PIKELAND TOWNSHIP

RECEIVED

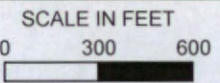
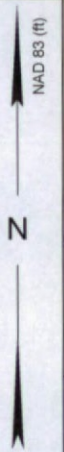
JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Segment	Bearing	Distance (ft.)
#1	S 54°48'11" E	480.01
#2	S 63°17'28" E	257.03
#3	S 65°27'53" E	360.45
#4	N 87°03'44" E	814.10
#5	S 32°06'01" W	704.74
#6	S 03°23'33" W	871.41
#7	S 05°11'07" W	71.75
#8	S 14°00'08" W	74.12
#9	S 41°11'27" W	94.53
#10	N 37°26'42" W	716.25
#11	S 68°05'17" W	223.78
#12	N 30°56'44" W	655.55
#13	N 35°26'24" E	144.84
#14	N 53°53'32" W	871.08
#15	N 34°50'02" E	612.60

Segment	Bearing	Distance (ft.)
1	N 35° 06' 43" E	790.38
2	N 69° 33' 19" W	53.01
3	N 55° 18' 17" W	164.70
4	N 62° 15' 43" W	227.54
5	N 60° 09' 15" W	122.10
6	N 36° 55' 32" W	358.33
7	N 06° 08' 48" W	227.00
8	S 49°20'08" W	341.03
9	S 00°34'44" W	37.38
10	S 53°49'55" W	386.64
11	N 37°26'26" W	65.63
12	N 54°46'45" E	376.12
13	N 36°17'33" W	413.56
14	N 44°42'33" E	60.46
15	N 32°20'51" W	92.48
16	N 40°57'20" E	45.13
17	N 75°26'25" W	460.13
18	S 52°11'06" W	189.04
19	S 30°31'47" E	117.91
20	S 48°05'10" W	530.18
21	N 40°47'09" W	175.41
22	N 31°47'14" E	217.52
23	N 57°15'53" W	43.34
24	S 31°05'07" W	842.31
25	N 53°53'24" W	530.25
26	N 15°59'30" E	216.73
27	S 67°57'28" W	66.54
28	S 15°00'20" W	133.23
29	N 39°24'46" W	110.93
30	S 71°44'22" W	132.54
31	S 45°17'22" W	240.47
32	N 50°49'35" W	116.92
33	S 30°36'06" W	116.08
34	S 39°41'41" E	294.56
35	S 26°11'50" E	285.26
36	S 51°59'54" E	68.60
37	S 72°52'16" E	109.48
38	S 60°02'14" E	146.35
39	S 43°26'31" E	190.40
40	S 30°37'57" E	283.27
41	S 15°11'55" E	334.65
42	S 46°22'31" E	89.63
43	S 73°44'40" E	360.58
44	S 79°38'06" E	194.28
45	S 88°27'27" E	151.79
46	N 80°19'48" E	122.84
47	N 70°09'08" E	143.45
48	N 86°49'41" E	199.00
49	N 83°23'36" E	489.11
50	S 84°36'55" E	148.57
51	S 60°29'05" E	124.12
52	N 35°06'43" E	474.35



Area of Service Territory

East Pikeland Twp.:	Schuylkill Twp.:
4,672,912 square ft.	1,857,151 square ft.
107.275 Acres	42.634 Acres
0.168 square miles	0.067 square miles



(1) **Beginning Point:** Note both areas herein reference the same beginning point; PASC Coordinates: North: 299,723.88', East: 2,586,004.27'; in the centerline of Nutt Road Route #23 at the boundary between Phoenixville Borough and Schuylkill Township and proceeding according to the listed bearings and distances noted in the tables above.

Legend

- Requested Territory
- Area acquired by Aqua in A-212370F0017 (4/25/1995)

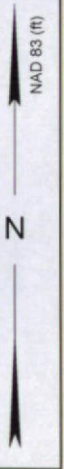
REV.	DATE	DESCRIPTION
5.	4/8/19	Adjusted To Conform with PAWC 2/27/19 Bndy.
4.	2/4/19	Adjusted To Match Settlement Agreement Bndy.
3.	7/25/18	Adjusted To Match PAWC Territory
2.	9/26/17	Expanded E. Pikeland Area (add'l. hydrants)
1.	8/23/17	Expanded E. Pikeland Area (Vail Property)

Proposed Service Territory
Schuylkill and E. Pikeland Twps., Chester County, Pennsylvania

DATE: 7/14/17 SCALE: 1" = 600 FT EXHIBIT: **A**



Note
Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.



Chester County
East Pikeland Township

Spring City Rd
Schuylkill River Trail



Cromby

Beginning Point (1)

Cromby Rd

Schuylkill River Trl

Water St

Phoenixville Borough


Service Territory
East Pikeland Twp.:

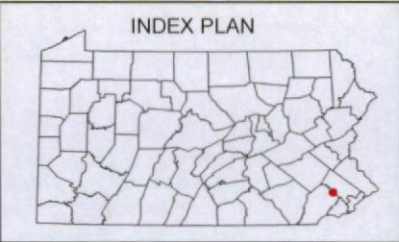
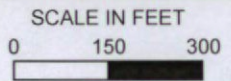
Segment	Bearing	Distance (ft)
#1	N 57°35'14" W	443.06
#2	S 24° 43' 17" W	407.70
#3	S 53° 34' 50" E	365.14
#4	N 35°38'38" E	430.23

Area of Service Territory

East Pikeland Twp.:
168,044 square ft.
3.86 Acres
0.006 square miles

(1) Beginning Point: PASPC Coordinates: North: 304,454.81', East: 2,589,371.60'; said point being approximately 100 ft southwest of the intersection of Township Line Road and Schuylkill River Trail in East Pikeland Township, Chester County, Pennsylvania and proceeding according to the listed bearings and distances noted in the table above.

Legend
 Requested Territory



Note
Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION

Proposed Service Territory
East Pikeland Twp., Chester County, Pennsylvania

DATE: 9/26/17	SCALE: 1" = 300 FT	EXHIBIT: C
---------------	--------------------	-------------------

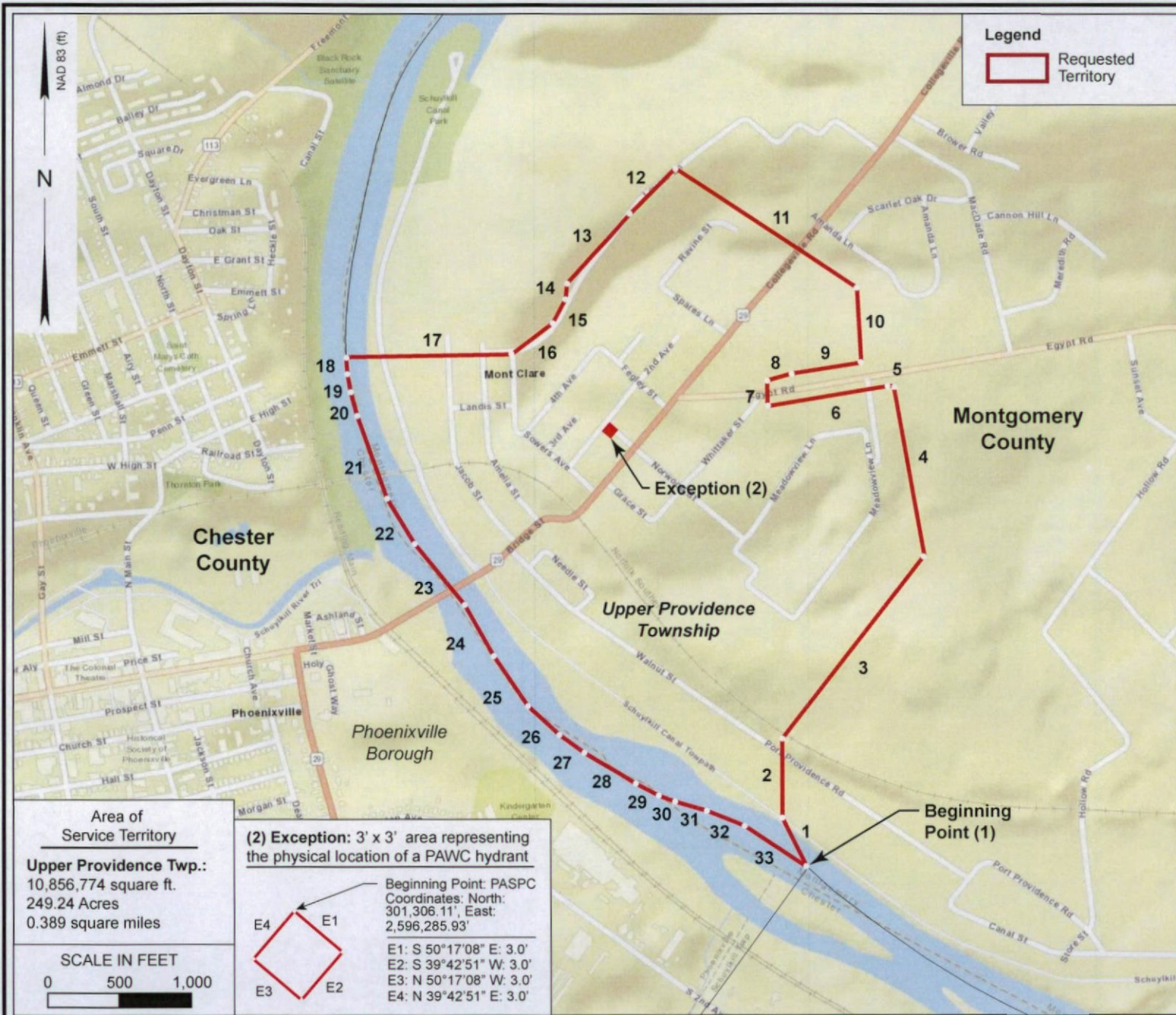
APPENDIX 3

MODIFIED SERVICE TERRITORY MAP -
UPPER PROVIDENCE TOWNSHIP

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

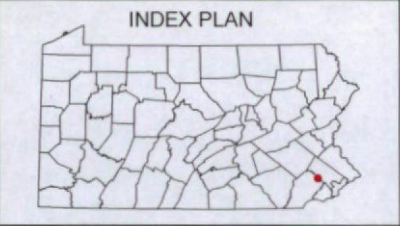


Legend

Requested Territory

Service Territory		
Segment	Bearing	Distance (ft)
1	N 26° 29' 20" W	386.13
2	N 00° 01' 43" W	555.68
3	N 37° 51' 22" E	1629.97
4	N 10° 08' 40" W	1206.48
5	N 87° 31' 33" W	37.53
6	S 80° 26' 32" W	857.39
7	N 00° 33' 03" W	180.56
8	N 74° 03' 17" E	176.95
9	N 81° 06' 02" E	493.79
10	N 03° 13' 19" W	525.14
11	N 56° 24' 01" W	1516.98
12	S 44° 39' 30" W	460.71
13	S 42° 31' 57" W	653.62
14	S 05° 21' 58" W	111.11
15	S 28° 38' 52" W	190.89
16	S 52° 57' 18" W	361.25
17	S 89° 02' 02" W	1156.53
18	S 03° 41' 39" E	118.76
19	S 10° 57' 45" E	127.59
20	S 14° 50' 29" E	175.96
21	S 19° 34' 44" E	611.77
22	S 31° 07' 18" E	373.14
23	S 39° 11' 38" E	552.89
24	S 29° 28' 24" E	410.4
25	S 34° 10' 37" E	428.83
26	S 47° 22' 19" E	299.86
27	S 54° 25' 45" E	217.83
28	S 59° 18' 09" E	420.88
29	S 62° 18' 33" E	182.57
30	S 69° 41' 35" E	116.36
31	S 73° 47' 18" E	231.49
32	S 68° 12' 28" E	282.89
33	S 56° 15' 43" E	522.22

(1) **Beginning Point:** At a point near the intersection between the counties of Chester and Montgomery in the Schuylkill River and between Phoenixville Borough and Schuylkill Township (PASPC Coordinates: North: 298,222.32', East: 2,597,676.84') and proceeding according to the listed bearings and distances noted in the table above.



Area of Service Territory

Upper Providence Twp.:
 10,856,774 square ft.
 249.24 Acres
 0.389 square miles

SCALE IN FEET

0 500 1,000

(2) Exception: 3' x 3' area representing the physical location of a PAWC hydrant

Beginning Point: PASPC Coordinates: North: 301,306.11', East: 2,596,285.93'

E1: S 50° 17' 08" E: 3.0'
 E2: S 39° 42' 51" W: 3.0'
 E3: N 50° 17' 08" W: 3.0'
 E4: N 39° 42' 51" E: 3.0'

Note
 Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION
3.	4/8/19	Adjusted to Conform with PAWC 2/27/19 Mapped Boundaries
2.	1/30/19	Adjusted As Per Settlement, added Exception (2) area
1.	7/30/18	Adjusted To Match PAWC Territory

Proposed Service Territory
 Upper Providence Township, Montgomery County, Pennsylvania

DATE: 7/14/17 SCALE: 1" = 1,000 FT EXHIBIT: **B**



APPENDIX 4

AMENDMENT TO

1986 WATER SUPPLY AGREEMENT

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**SECOND AMENDMENT TO WATER SUPPLY AGREEMENT BETWEEN THE
BOROUGH OF PHOENIXVILLE, MONTGOMERY COUNTY, PENNSYLVANIA
AND CITIZENS UTILITIES HOME WATER COMPANY**

THIS SECOND AMENDMENT, made and entered into as of this 7th day of May, 2019, by and between: BOROUGH OF PHOENIXVILLE, a municipal corporation of the Commonwealth of Pennsylvania (hereinafter referred to as "Phoenixville") and PENNSYLVANIA-AMERICAN WATER COMPANY (hereinafter referred to as "PAWC") as successor in interest to CITIZENS UTILITIES HOME WATER COMPANY (hereinafter referred to as "Citizens").

WITNESSETH:

WHEREAS, Phoenixville and Citizens entered into a Water Supply Agreement on March 10, 1986 and amended on February 27, 1990 (the "Agreement"), under which Phoenixville currently provides continuous wholesale supply of water to PAWC as successor in interest to Citizens; and

WHEREAS, the Agreement sets forth in Article I, Section 1 that to the extent required by Citizens, Phoenixville shall furnish and deliver water in an amount not to exceed a 1.15 mgd peak day water demand to the proposed service areas shown on Exhibits "A" and "B" of the Agreement; and

WHEREAS, the Agreement sets forth in Article III, Section 1, that (i) the purchased water rate shall be as established by the Pennsylvania Public Utility Commission and may not be changed except by Pennsylvania Public Utility Commission Order and (ii) Phoenixville and Citizens each reserve the right (but do not have the obligation) to file with the Pennsylvania Public Utility Commission for a change in the purchased water rate at "anytime"; and

WHEREAS, the Agreement sets forth in Article V, Section 4, specific contact information for providing notices and/or communications to Phoenixville and Citizens; and

WHEREAS, the Agreement sets forth in Article V, Section 5, that the Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns; and

WHEREAS, the parties desire to amend the aforementioned provisions in the manner hereinafter set forth.

NOW, THEREFORE, and in consideration of the foregoing and of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Article I, Section 1 of the Agreement is deleted in its entirety (including Exhibits "A" and "B") and is replaced with the following:

"Phoenixville shall furnish and deliver water to PAWC and PAWC shall accept and purchase water in an aggregate amount not to exceed a 1.15 mgd peak day water demand to be delivered to the metering points described in Article I, Section 4 of the Agreement. PAWC must purchase an average aggregate amount of at least 150,000 gallons of water per day from Phoenixville, as measured on a rolling 30-day basis at the metering points described in Article I, Section 4 of the Agreement.

2. Article III, Section 1 of the Agreement is deleted in its entirety and replaced with the following:

"Phoenixville hereby agrees that the purchased water rate shall be \$4.50 per 1,000 gallons of water delivered to the metering points described in Article I, Section 4 of the Agreement. This rate will increase by \$1.00 on the effective date of any general base rate increase approved by the Pennsylvania Public Utility Commission for PAWC following the date of this Second Amendment."

3. Article V, Section 4 of the Agreement is deleted in its entirety and replaced with the following:

"All notices or communications hereunder shall be sent to Phoenixville, addressed as follows:

Borough of Phoenixville
Attn: E. Jean Krack
351 Bridge Street, 2nd Floor
Phoenixville, PA 19460

with copies to:

McNees Wallace & Nurick LLC
Attn: James P. Dougherty, Esq. and Adeolu A. Bakare, Esq.
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108

or to such other addresses as Phoenixville may advise PAWC in writing.

All notices or communications hereunder shall be sent to PAWC as follows:


Pennsylvania-American Water Company
Attn: General Counsel
852 Wesley Drive
Mechanicsburg, PA 17055

or to such other addresses as PAWC may advise Phoenixville in writing."

4. Pursuant to Article V, Section 5, this Agreement has inured to the benefit of and is binding upon PAWC as a successor in interest to Citizens. Therefore, the Agreement is amended as follows:
- a. All references to "Citizens Utilities Home Water Company" in the Agreement are replaced with "Pennsylvania-American Water Company."
 - b. All references to "Citizens" are replaced with "PAWC."
5. The foregoing amendments shall be effective upon the satisfaction or waiver in writing of the last of the following conditions that occurs: (i) approval of this Second Amendment by the Pennsylvania Public Utility Commission ("PUC") in a form that is reasonably acceptable to both Phoenixville and PAWC; (ii) approval by the PUC of the Application for Service Territory filed by PAWC to effectuate the settlement between Aqua Pennsylvania, Inc. ("Aqua"), Phoenixville and PAWC with respect to Aqua's pending application in the PUC to acquire certain water system assets from Phoenixville; and (iii) the closing of the proposed transaction whereby Aqua acquires certain water system assets from Phoenixville as described in the application filed with the PUC.
6. In all other respects, the Agreement, remains unchanged by this Second Amendment, and is herein ratified and confirmed by the parties.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first above written.

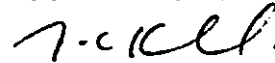
ATTEST:



B. JOHN KARCIC
Borough Manager




BOROUGH OF PHOENIXVILLE

BY: 

James E. Kounios
TITLE: Council President

PENNSYLVANIA AMERICAN
WATER COMPANY

BY: 

TITLE: President

APPENDIX 5

WATER WHEELING AGREEMENT

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

WATER WHEELING AGREEMENT

THIS WATER WHEELING AGREEMENT, is made this 30th day of May 2019, by and between the **BOROUGH OF PHOENIXVILLE**, a municipal corporation located in Chester County, Pennsylvania (hereinafter called the "Borough") and **AQUA PENNSYLVANIA, INC.**, a Pennsylvania corporation with an office location at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 (hereinafter called "Aqua"). The Borough and Aqua hereinafter may be referred to individually as a "Party" or collectively as the "Parties".

RECITALS

The Borough, as of the date of this Agreement, owns and maintains a water system that provides water service to its residents and customers located within the Borough and to customers outside the Borough in portions of East Pikeland and Schuylkill Townships in Chester County, Pennsylvania, and Upper Providence Township in Montgomery County, Pennsylvania;

Aqua is a public utility that furnishes water service to the public in various counties throughout Pennsylvania, including Chester, Schuylkill, and Montgomery Counties;

Aqua and the Borough have entered into that certain Asset Purchase Agreement dated April 26, 2017 (the "APA") pursuant to which Aqua is acquiring certain assets owned by the Borough and used in connection with the services provided by the Borough (the "Assets") to those customers located outside the Borough in East Pikeland, Schuylkill and Upper Providence Townships (the "Territory");

The Borough and Pennsylvania American Water Company (“PAWC”) are parties to that certain “Water Supply Agreement between the Borough of Phoenixville, Montgomery County¹, Pennsylvania and Citizens Utilities Home Water Company”² dated March 10, 1986 and amended on February 27, 1990 (“1986 Agreement”), pursuant to which the Borough currently supplies water to PAWC for service to its own customers in PAWC’s service territory, and to a Second Amendment to the 1986 Agreement, dated May 7, 2019 (“Second Amendment to 1986 Agreement”), pursuant to which the Borough will continue to supply water to PAWC for service to its own customers in PAWC’s service territory through January 1, 2026;

The Borough and Aqua enter into this Water Wheeling Agreement (the “Agreement”) to provide for the delivery of Borough water to PAWC under the Second Amendment to 1986 Agreement; and

Capitalized terms used in this Agreement but not defined shall have the meanings ascribed to them in the APA.

NOW, THEREFORE, subject to the terms and conditions hereof, the parties hereto, for good and valuable consideration, and intending to be legally bound hereby, consent and agree with each other as follows:

1. Wheeling of Water as of Closing. Effective upon Closing and throughout the Term of this Agreement, the Borough shall supply treated water for wheeling to PAWC and Aqua agrees to wheel such treated water to accommodate the Borough’s sale of water to PAWC, all under the terms and conditions set forth in this Agreement.

¹ *Sic.* Portions of the Territory are in Montgomery County (Upper Providence Township) but the Borough of Phoenixville is located in Chester County.

² PAWC has succeeded to Citizens’ rights and obligations under the PAWC Agreement.

2. Water Service Delivery.

a. The Borough shall use reasonable diligence to furnish and deliver to Aqua a continuous and uninterrupted supply of water at the Aqua Receipt Points set forth on Exhibit "A" attached hereto (the "Aqua Receipt Points") for wheeling to PAWC at the PAWC Delivery Points set forth on Exhibit "B" attached hereto (the "PAWC Delivery Points").

b. Water delivered by the Borough to Aqua at the Aqua Receipt Points for wheeling to PAWC at the PAWC Delivery Points shall be clear, potable water, safe for human consumption, meeting drinking water standards and compliant with all applicable standards of quality and safety imposed by the Pennsylvania Public Utility Commission, the Pennsylvania Department of Environmental Protection, the United States Environmental Protection Agency, and any other agencies or successor agencies having jurisdiction over the treatment and distribution of water. No change will be made by Aqua to the wheeled water relating to water quality and/or pressure.

3. Installation of Meter Points. Aqua shall install meter points and meter both the Aqua Receipt Points and PAWC Delivery Points, or in Aqua's sole discretion may rely on existing meters. The meters will measure and record the volume of water delivered to Aqua by the Borough, and the water wheeled to PAWC. Aqua will not take title to the water wheeled to PAWC. Title to the wheeled water, rather, will remain with the Borough.

4. Wheeling Rate. Aqua will charge the Borough a wheeling rate of \$0.28 for each 1,000 gallons or portion thereof of water wheeled to the PAWC Delivery Points. If the Borough and PAWC enter into a new or extended water supply agreement, the charge for wheeling will

increase \$0.01 for each 1,000 gallons on January 1 of each subsequent year for the term of any new or extended agreement.

5. Term. The initial term of this Agreement will end on January 1, 2026. This Agreement will renew for a term equal to any new or extended term for the supply of water between the Borough and PAWC following a notice letter from the Borough to Aqua sent in accordance with Section 18 of this Agreement sixty (60) days from the execution of any new or extended term for the supply of water between the Borough and PAWC, and Aqua's countersigning such notice letter within twenty (20) days after receipt of such notice. If no response to the notice is sent by Aqua, the term of this Agreement will be deemed to have been automatically extended for a term equal to any new or extended term for the supply of water between the Borough and PAWC. This Agreement shall be subject to renegotiation upon ninety (90) days' notice, sent in accordance with Section 18 of this Agreement, from Aqua to the Borough, if the Borough sells, divests, or transfers its water system to any person, corporation, entity, municipality, or municipal authority. This Agreement will terminate upon ninety (90) days' notice, sent in accordance with Section 18 of this Agreement, from Aqua to the Borough, if the Borough and PAWC agree to bypass the existing water wheeling facilities of Aqua.

6. Meter Reading and Billing. Aqua agrees to read the meter at the PAWC Delivery Points for billing purposes on a quarterly basis. Aqua shall maintain the accuracy of the meter in accordance with the regulations of the Pennsylvania Public Utility Commission codified at 52 Pa. Code §§ 65.8 and 65.9 shall constitute minimum standards for all meter testing and any appropriate adjustments to meter readings. The Borough may request, at any time and at its cost, additional or special accuracy tests to be performed by Aqua to verify the accuracy of the meter.

7. Billing and Payment. Aqua agrees to send an invoice to the Borough for water wheeled during each quarterly billing period pursuant to the meter reading required by Section 6 above and the Borough agrees to pay such invoice within 60 days of receipt of the same, subject to the terms of this Agreement. The Parties may agree to institute net billing of the wheeling charges under this Agreement and the purchased water charges under the Water Supply Agreement between the Borough and Aqua entered into on January 10, 2018 and the First Amendment to the Water Supply Agreement entered May 30, 2019.

8. Billing Disputes. Should the Borough dispute any portion of the quarterly billing from Aqua, the following procedure shall be utilized, if not contrary to Pennsylvania Public Utility Commission Rules and Regulations:

a. The Borough shall provide written notice to Aqua within 60 days of the receipt of the quarterly invoice setting forth the basis for the dispute and indicating the contested dollar amount.

b. The disputed matter, if not otherwise resolved, shall be submitted to arbitration within 30 days of notice provided under 8.a. above. Arbitration shall be conducted in accordance with the Pennsylvania Uniform Rules of Procedure for Arbitration.

9. Regulatory Approval. As a condition to the provision of service under the terms stated herein, Aqua shall first obtain the approval (or deemed approval) of this Agreement under Section 507 of the Pennsylvania Public Utility Code. To the extent that approval of this Agreement is needed from any other regulatory agency, Aqua shall be responsible for determining the applicable requirements and for making the necessary filing and the Borough shall cooperate fully in those efforts.

10. Maintenance of Facilities. Aqua agrees to provide and maintain, in good working order, all water wheeling facilities owned by Aqua necessary in order to comply with its obligations under this Agreement, up to and including the PAWC Delivery Point.

11. Access to Facilities. To confirm compliance with Paragraph 2.b, Aqua shall have access to the Borough's water treatment plant, and the wells and spring referenced in the Borough's Water Supply Permit Number #PA1150077, provided that Aqua gives 24 hours' notice to the Borough's Public Works Director and during normal business hours or, in case of emergency, upon less than 24 hours prior notice to the Borough's Public Works Director and in such manner as not to unreasonably interfere with the business or operations of the Borough.

12. Risk; Liability; Insurance; Penalties.

a. The Borough shall indemnify and shall hold harmless Aqua, its officers, directors, employees and agents from and against all damage, deficiency, claim or expense of any kind, specifically, including any claims brought by PAWC under the 1986 Agreement and/or the Second Amendment to 1986 Agreement, resulting from: (1) a misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by the Borough in this Agreement; and/or (2) the active or passive negligence of the Borough, its agents, servants, employees or subcontractors.

b. Aqua will indemnify and hold harmless the Borough, its officers, employees and agents from and against all damage, deficiency, claim or expense of any kind, specifically, including any claims brought by PAWC under the 1986 Agreement and/or the Second Amendment to 1986 Agreement, resulting from: (1) a misrepresentation, breach of warranty or

nonfulfillment of any agreement or covenant made by Aqua in this Agreement; and/or (2) the active or passive negligence of Aqua, its agents, servants, employees or subcontractors.

c. The Borough agrees to procure and maintain insurance on its water treatment facilities, the operation thereof, and comprehensive general liability, in order to insure against its obligations under this Agreement. All policies shall name Aqua as an additional insured party therein. The Borough's Certificate of Insurance shall be provided to Aqua annually throughout the term of this Agreement, or any extensions thereof. Such coverages shall be in content and amounts adequate to cover the risk commensurate with the operation and any construction to be performed under this Agreement.

d. Aqua agrees to procure and maintain worker's compensation insurance in amounts adequate to cover the risk commensurate with the operation to be performed under this Agreement, including any inspection of Borough facilities.

e. Any penalties, fines, assessments, legal expenses, or civil damages assessed against Aqua for any omission or commission associated with the Borough's construction, operation (including but not limited to NPDES discharge penalties) or maintenance of the water treatment and transportation facilities not in accordance with any federal, state or local statute, rule, regulation or procedure, shall be borne solely by the Borough, unless it is established that such fine or penalty was the result of some negligent or wrongful action or inaction of Aqua.

13. Legal Authority. Each party represents and warrants to the other that it has full legal authority to enter this Agreement; that the officers and representatives signing this Agreement have been duly authorized to sign by their respective party; that entering this Agreement will not

conflict with or violate the terms of any other agreement or obligation to which each respective party hereto is obligated or bound.

14. Successors and Assigns. This Agreement shall be binding upon the respective successors and assigns of the parties hereto and the benefits herein shall inure to the same; however, the Agreement may not be assigned by either party without the written consent of the other.

15. Entire Agreement. This Agreement, along with any provisions of the APA and the documents executed in connection therewith which are intended to survive Closing, embody the entire Agreement between the parties hereto with reference to the subject matter and there are no agreements, understandings, conditions, warranties, or representations, oral or written, expressed or implied with reference to the subject matter hereof that are not merged into this Agreement and superseded hereby. This Agreement may only be amended by a writing signed by all parties hereto.

16. Governing Law. This Agreement shall be interpreted pursuant to the laws of the Commonwealth of Pennsylvania.

17. Cooperation. The parties agree to cooperate with each other and to use commercially reasonable efforts in the implementation of this Agreement, and to sign or cause to be signed, in a timely fashion, any and all necessary instruments, documents and petitions, and to take such other actions as may be reasonably necessary in order to effectuate the purposes of this Agreement.

18. Notice. Notice to be given pursuant to the terms of this Agreement shall be in writing and delivered in person or transmitted by overnight courier or certified mail, return receipt requested, postage prepaid. Notices required to be given shall be addressed as follows:

If to Aqua:

Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Marc A. Lucca, President

With Required Copy to:

Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Frances Orth, Esq., Vice President, Senior Managing Counsel

If to the Borough:

Borough of Phoenixville,
351 Bridge Street, 2nd Floor
Phoenixville, PA 19460
Attention: Borough Manager

With Required Copy to:

McNees Wallace & Nurick, LLC
100 Pine Street
Harrisburg, PA 17101
Attention: James P. Dougherty, Esq.
Adeolu A. Bakare, Esq.

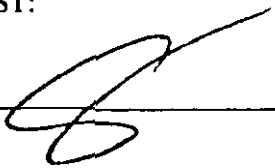
or to such other address(es) and to such individuals as may be specified by either party by prior written notice.

Signature page follows.

IN WITNESS WHEREOF, the parties have caused this Water Wheeling Agreement to be executed and delivered, and their respective corporate seals to be hereunto affixed by their respective duly authorized officers, the day and year first above written.

BOROUGH OF PHOENIXVILLE

ATTEST:



E. Jean Krack, Borough Manager

By:



James C. Kovaleski,
Borough Council President

AQUA PENNSYLVANIA, INC.

ATTEST:

By:

Marc A. Lucca, President

IN WITNESS WHEREOF, the parties have caused this Water Wheeling Agreement to be executed and delivered, and their respective corporate seals to be hereunto affixed by their respective duly authorized officers, the day and year first above written.

BOROUGH OF PHOENIXVILLE

ATTEST:

By:


James C. Kovaleski,
Borough Council President

AQUA PENNSYLVANIA, INC.

ATTEST:

By:

Hendi A. M'Antyge



Marc A. Lucca, President

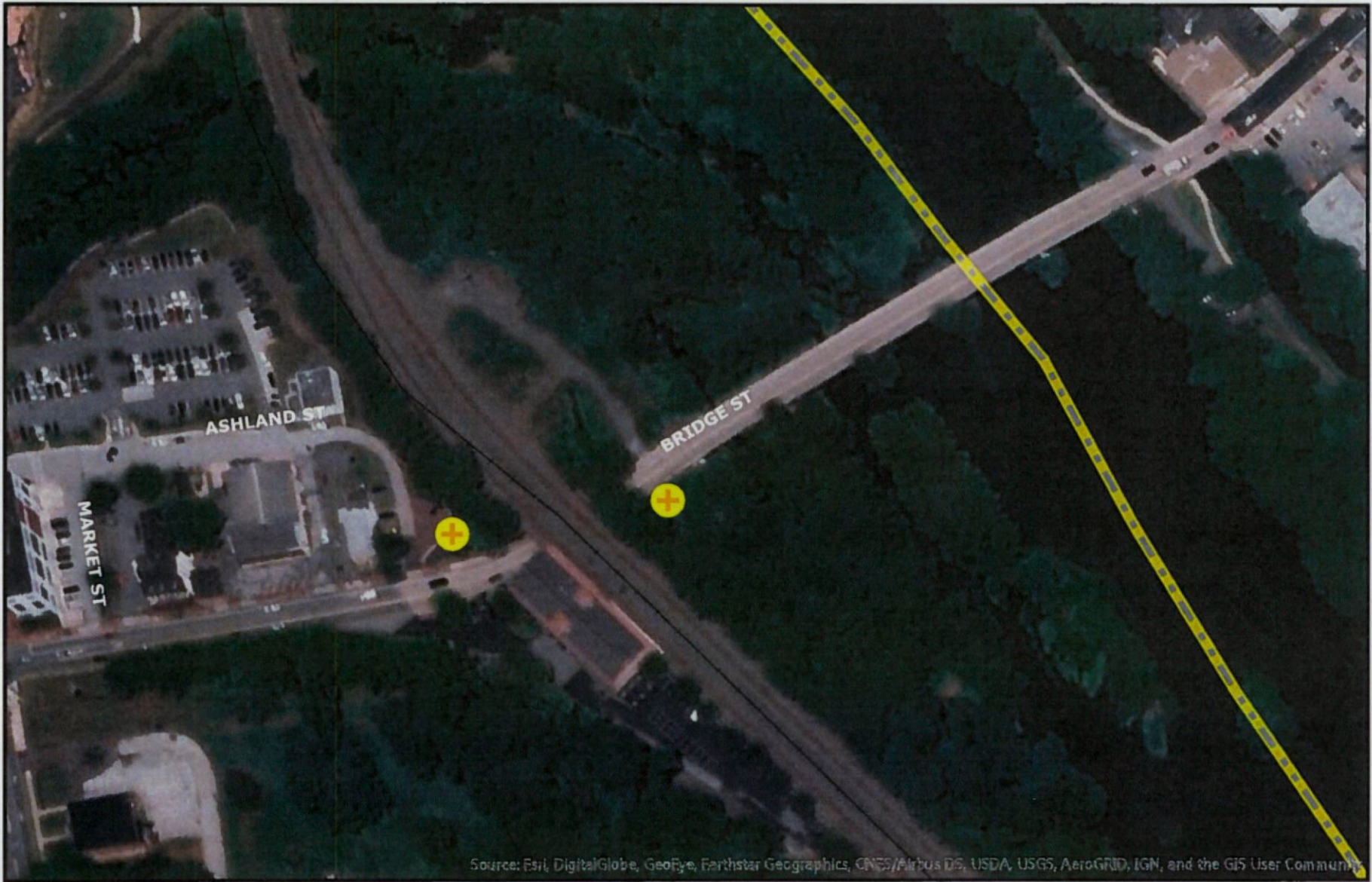
EXHIBIT "A"

Aqua Receipt Points

RECEIVED

JUN - 7 2019

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community


 Interconnections

Exhibit A - Aqua Receipt Point - Upper Providence

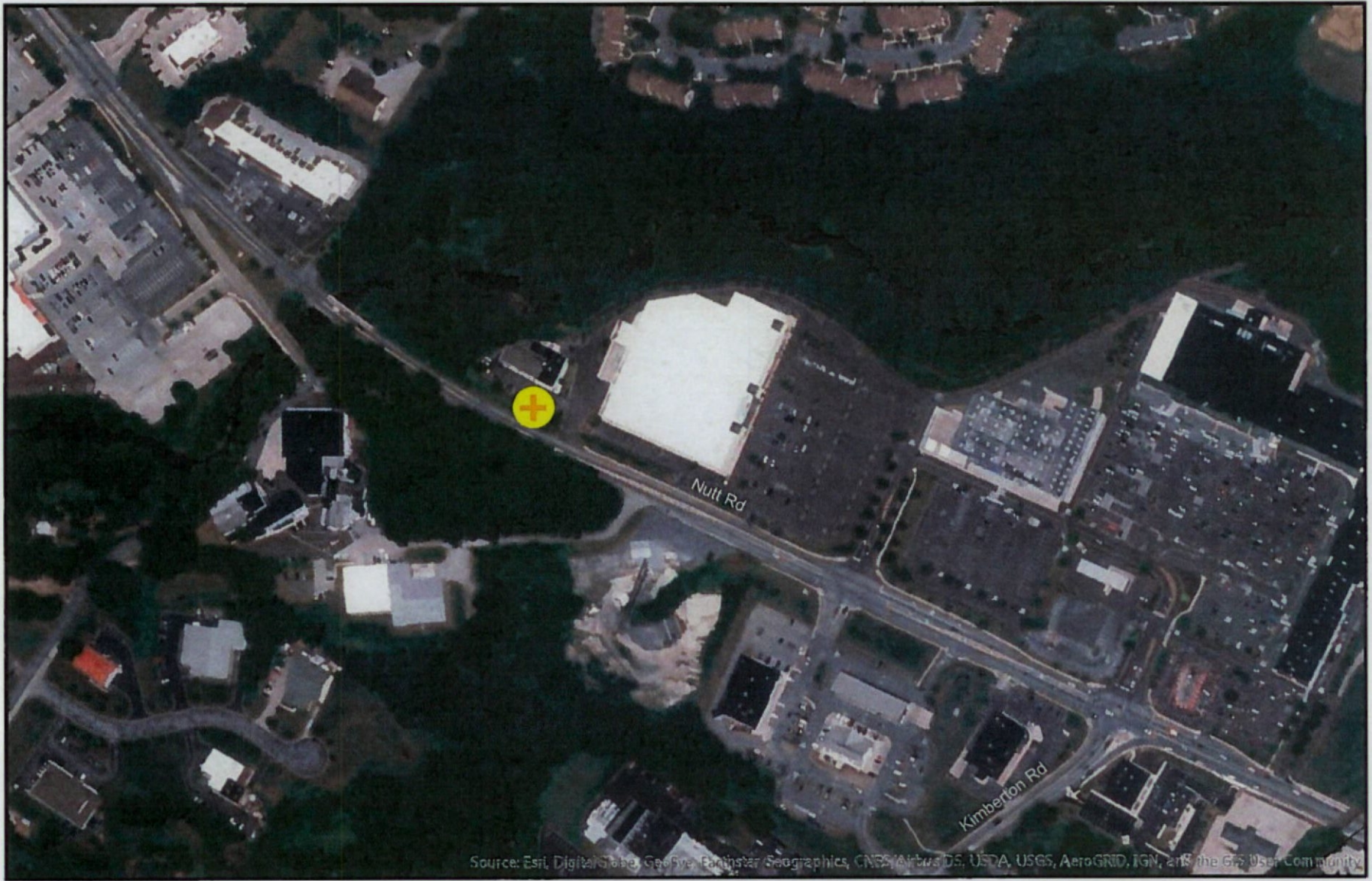


Exhibit A - Aqua Receipt Point - East Pikeland



Interconnections
(Purchasing from
Phoenixville)

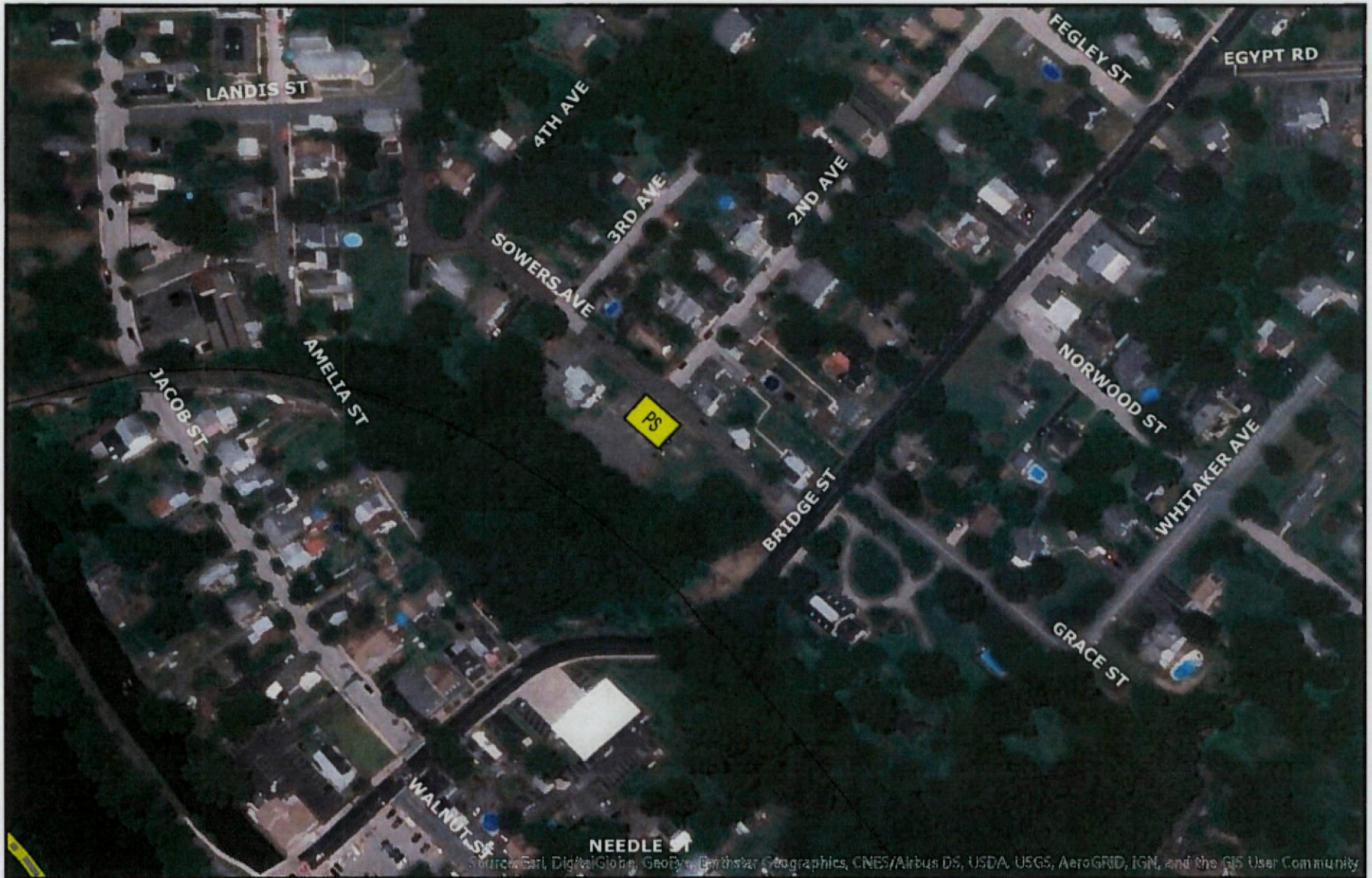
EXHIBIT "B"

PAWC Delivery Points

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Wheeling to PA American at Pump Station

PS Pump Station

Exhibit B - PAWC Delivery Point - Upper Providence

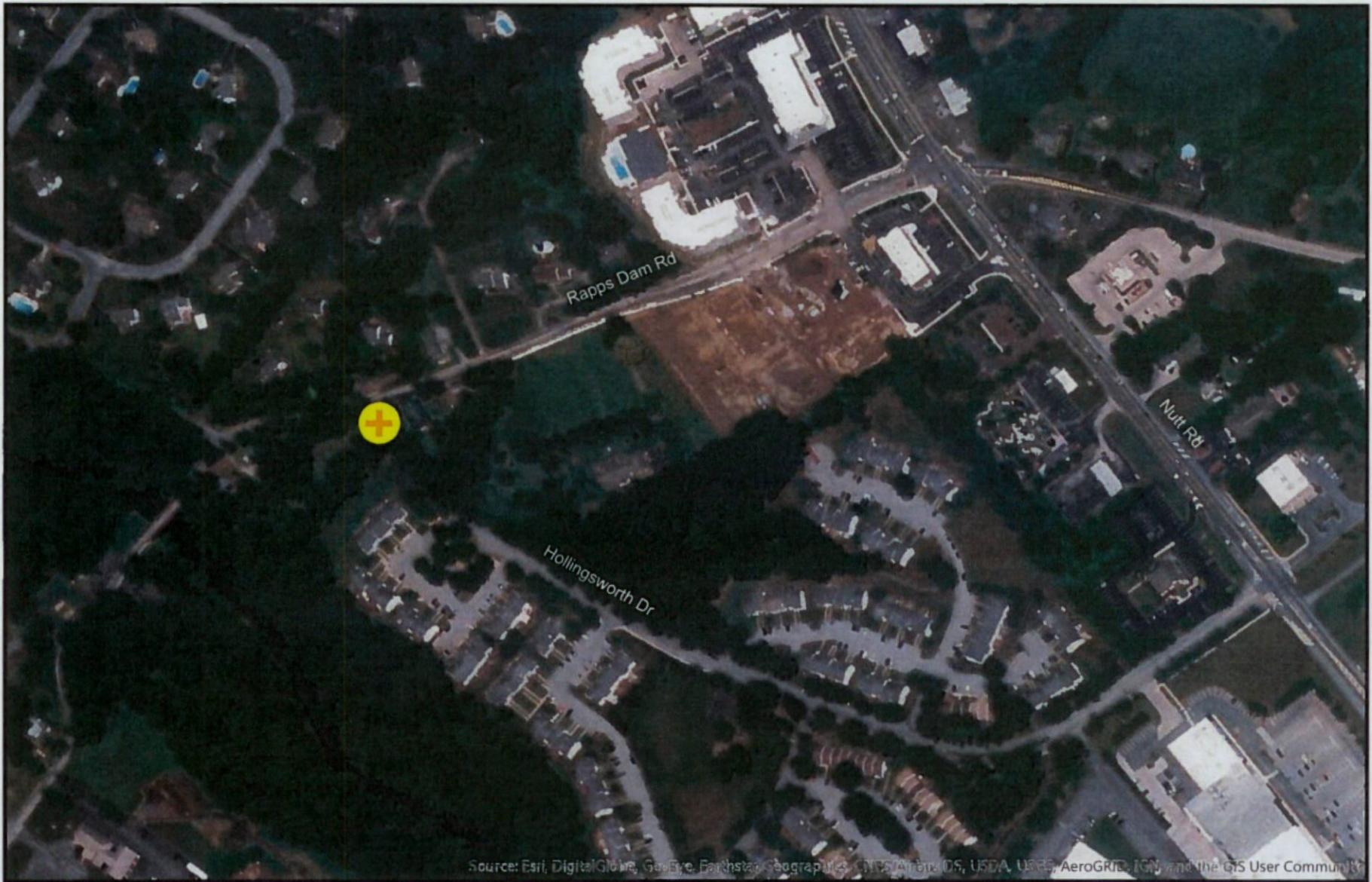


Exhibit B - PAWC Delivery Point - East Pikeland



Interconnection
(Wheeling to
PA American)

APPENDIX 6

AMENDMENT TO

2018 WATER SUPPLY AGREEMENT

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FIRST AMENDMENT TO WATER SUPPLY AGREEMENT

THIS FIRST AMENDMENT TO WATER SUPPLY AGREEMENT, is made this 30th day of May 2019, by and between the **BOROUGH OF PHOENIXVILLE**, a municipal corporation located in Chester County, Pennsylvania (hereinafter called the "Borough") and **AQUA PENNSYLVANIA, INC.**, a Pennsylvania corporation with an office location at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 (hereinafter called "Aqua").

RECITALS

The Borough and Aqua entered into a Water Supply Agreement, dated January 10, 2018, pursuant to which the Borough committed to supply water to Aqua for sale to Aqua customers for a period of ten (10) years; and

Aqua and the Borough desire to shorten the term of said Water Supply Agreement and to eliminate references to the 1986 Water Supply Agreement between the Borough and Pennsylvania American Water Company (as successor in interest to Citizens Utilities Home Water Company).

NOW, THEREFORE, subject to the terms and conditions hereof, the parties hereto, for good and valuable consideration, and intending to be legally bound hereby, consent and agree with each other as follows:

1. Recitals Paragraphs 4 -6 of the Water Supply Agreement are hereby deleted in their entirety and the following is inserted in lieu of thereof:

Notwithstanding the sale of the Assets by the Borough to Aqua, the Borough will commit to supplying water to Aqua for sale to its customers within the Territory for the term defined herein.

2. Paragraph 6 of the Water Supply Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

6. Term. This Agreement shall remain in effect until January 1, 2026 but may be extended beyond such date, or otherwise modified, upon new terms that are mutually satisfactory to the parties based on good faith negotiations.

IN WITNESS WHEREOF, the parties have caused this First Amendment to Water Supply Agreement to be executed and delivered, and their respective corporate seals to be hereunto affixed by their respective duly authorized officers, the day and year first above written.

BOROUGH OF PHOENIXVILLE

ATTEST:



E. Jean Kragg, Borough Manager

By:

 5/29/2019

James C. Kovaleski
Borough Council President

AQUA PENNSYLVANIA, INC.

ATTEST:

By:

Marc A. Lucca
President

2. Paragraph 6 of the Water Supply Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

6. Term. This Agreement shall remain in effect until January 1, 2026 but may be extended beyond such date, or otherwise modified, upon new terms that are mutually satisfactory to the parties based on good faith negotiations.

IN WITNESS WHEREOF, the parties have caused this First Amendment to Water Supply Agreement to be executed and delivered, and their respective corporate seals to be hereunto affixed by their respective duly authorized officers, the day and year first above written.

BOROUGH OF PHOENIXVILLE

ATTEST:

By:

James C. Kovaleski
Borough Council President

AQUA PENNSYLVANIA, INC.

ATTEST:

By:

Deirdre H. Montyke

Marc A. Lucca
President

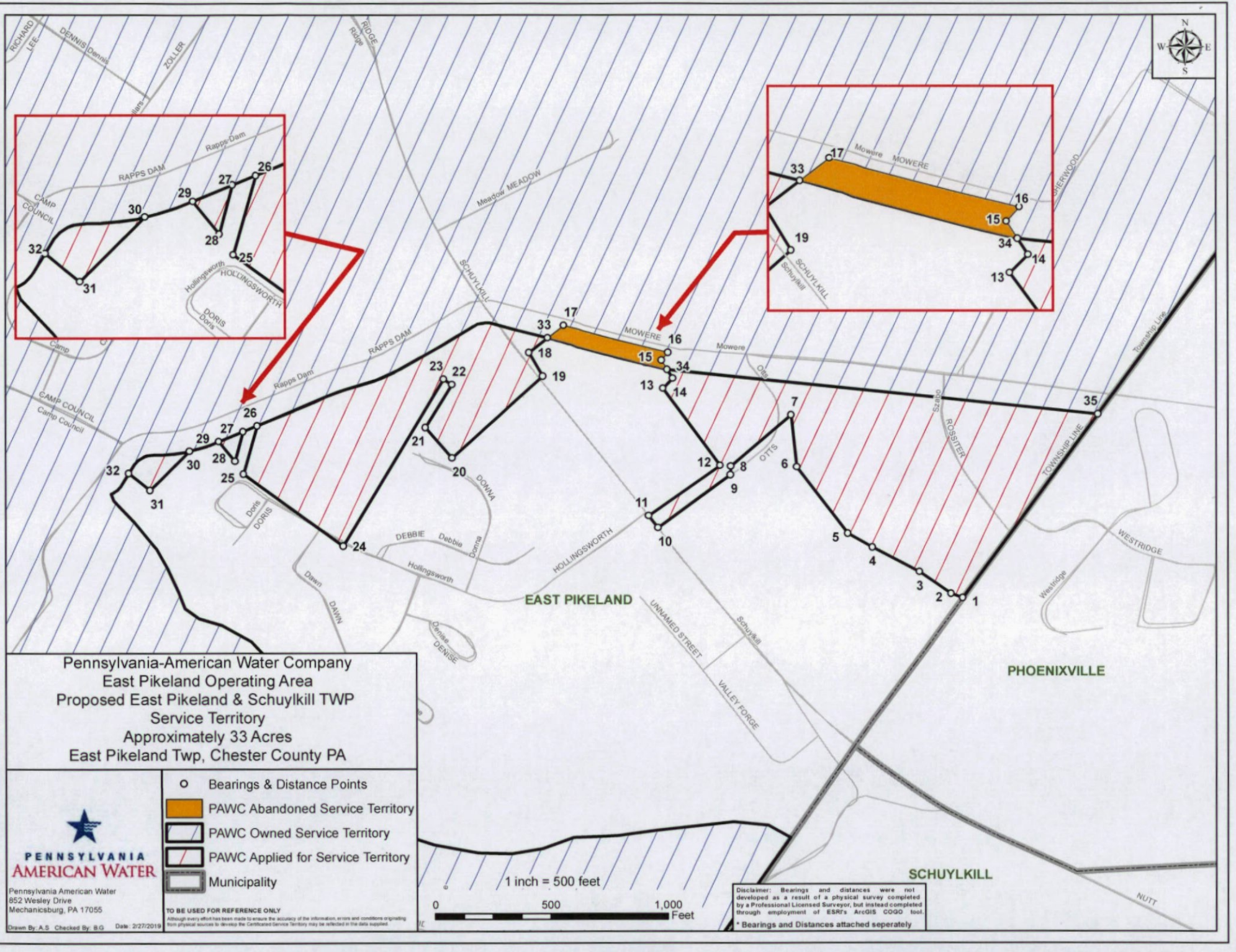
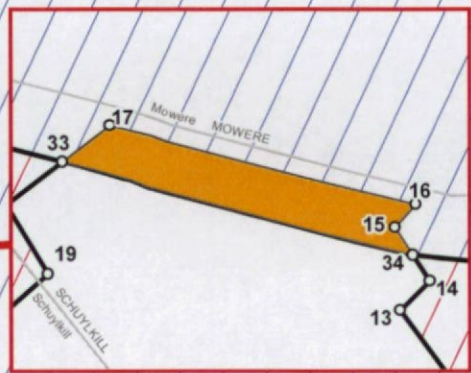
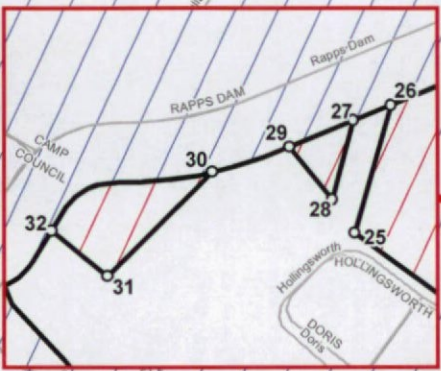
APPENDIX 7

PAWC MAP OF SCHUYLKILL TOWNSHIP AND
EAST PIKELAND TOWNSHIP SERVICE TERRITORY

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Pennsylvania-American Water Company
 East Pikeland Operating Area
 Proposed East Pikeland & Schuylkill TWP
 Service Territory
 Approximately 33 Acres
 East Pikeland Twp, Chester County PA



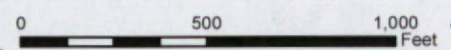
Pennsylvania American Water
 852 Wesley Drive
 Mechanicsburg, PA 17055

Drawn By A.S. Checked By B.G. Date: 2/27/2019

- Bearings & Distance Points
- PAWC Abandoned Service Territory
- ▨ PAWC Owned Service Territory
- ▨ PAWC Applied for Service Territory
- ▭ Municipality

TO BE USED FOR REFERENCE ONLY
 Although every effort has been made to ensure the accuracy of the information, errors and omissions arising from physical sources in developing the Certified Service Territory may be reflected in the data supplied.

1 inch = 500 feet



Disclaimer: Bearings and distances were not developed as a result of a physical survey completed by a Professional Licensed Surveyor, but instead completed through employment of ESRI's ArcGIS COGO tool.

* Bearings and Distances attached separately

Starting Point: A point approximately 1,090ft south of the intersection of Mowere Rd & Township Line Rd at the centerline of Township Line Rd where the municipal boundaries of Phoenixville & East Pikeland meet, also being point "1."

From	To	Bearing	Distance (ft)
1	2	N69°33'19"W	53.010895
2	3	N55°18'17"W	164.701961
3	4	N62°15'43"W	227.536553
4	5	N60°09'15"W	122.096882
5	6	N36°55'32"W	358.333502
6	7	N6°08'48"W	226.999432
7	8	S49°20'08"W	341.025433
8	9	S0°34'44"W	37.381911
9	10	S53°49'55"W	386.641876
10	11	N37°26'26"W	65.631076
11	12	N54°46'45"E	376.124648
12	13	N36°17'33"W	413.562657
13	14	N44°42'33"E	60.460864
14	15	N32°20'51"W	92.475421
15	16	N40°57'20"E	45.133784
16	17	N75°26'25"W	460.126142
17	18	S52°11'06"W	189.037236
18	19	S30°31'47"E	117.908661
19	20	S48°05'10"W	530.178211
20	21	N40°47'09"W	175.409522
21	22	N31°47'14"E	217.521975
22	23	N57°15'53"W	43.341971
23	24	S31°05'07"W	842.31005
24	25	N53°53'24"W	530.254953
25	26	N15°59'30"E	216.732524
26	27	S67°57'28"W	66.535463
27	28	S15°00'20"W	133.230907
28	29	N39°24'46"W	110.930667
29	30	S71°44'22"W	132.539624
30	31	S45°17'22"W	240.466583
31	32	N50°49'35"W	116.920231

From point 32, follow the existing PAWC certificated service territory that is approximately 100ft southerly and parallel to the centerline of Rapps Dam Rd & Mowere Rd, to point "33." Then, following the previously delineated boundary line that is the same as the parcel boundary from point "17" to "16" to "15" to point "34."

34	35	S84°01'07"E	1852.506836
----	----	-------------	-------------

From point "35," follow the centerline of Township Line road approximately 980 ft to the beginning point, said point being point "1."

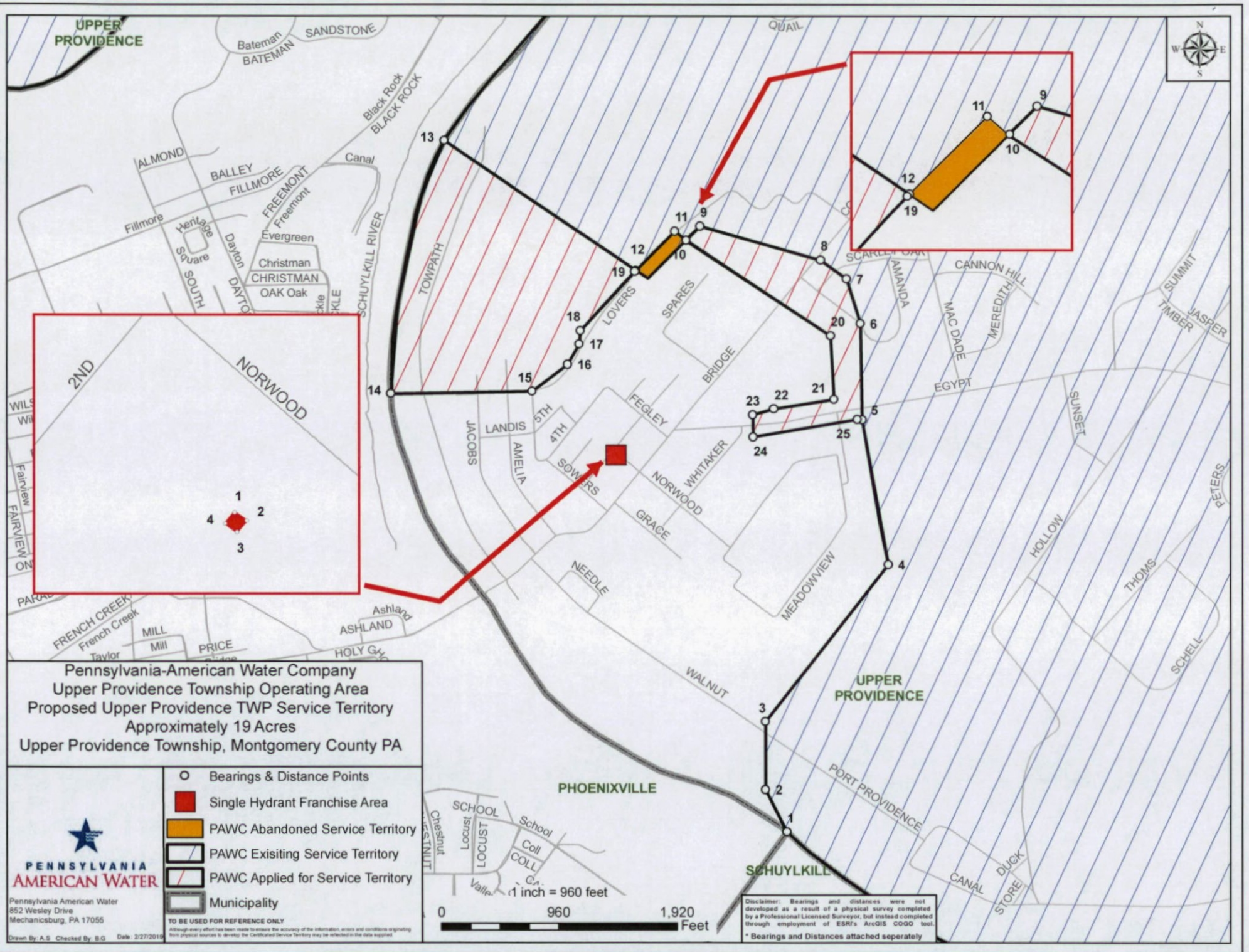
APPENDIX 8

PAWC MAP OF
UPPER PROVIDENCE TOWNSHIP SERVICE TERRITORY







RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Pennsylvania-American Water Company
 Upper Providence Township Operating Area
 Proposed Upper Providence TWP Service Territory
 Approximately 19 Acres
 Upper Providence Township, Montgomery County PA

-  Bearings & Distance Points
-  Single Hydrant Franchise Area
-  PAWC Abandoned Service Territory
-  PAWC Existing Service Territory
-  PAWC Applied for Service Territory
-  Municipality



Pennsylvania American Water
 852 Wesley Drive
 Mechanicsburg, PA 17055

TO BE USED FOR REFERENCE ONLY
 Although every effort has been made to ensure the accuracy of the information, errors and omissions originating from physical sources to which the Certified Service Territory may be attached in the data required.

1 inch = 960 feet
 0 960 1,920 Feet

Disclaimer: Bearings and distances were not developed as a result of a physical survey completed by a Professional Licensed Surveyor, but instead completed through employment of ESR's ArcGIS COGO tool.
 * Bearings and Distances attached separately

Starting Point: At the intersection of the municipal boundaries of Phoenixville, Upper Providence, Schuylkill & the existing PAWC certificated service territory, also being point "1."

From	To	Bearing	Distance (ft)
1	2	N26°29'20"W	386.130719
2	3	N0°01'43"W	555.684258
3	4	N37°51'22"E	1629.971011
4	5	N10°08'40"W	1206.477453
5	6	N0°53'54"W	786.215504
6	7	N17°13'38"W	381.735699
7	8	N53°09'32"W	260.475939
8	9	N74°13'53"W	1019.637551
9	10	S44°09'26"W	160.797064
10	11	N50°42'38"W	117.646104
11	12	S44°57'22"W	451.977272
12	13	N55°49'21"W	1887.242308

From point "13," in a southerly direction, follow the municipal boundary of Phoenixville & Upper Providence approximately 2,132 ft to a point along the same boundary and centerline of the river approximately 715 ft from the centerline of Jacob St, said point being point "14."

14	15	N89°03'32"E	1161.316769
15	16	N52°26'23"E	364.384173
16	17	N29°21'28"E	191.224581
17	18	N5°26'25"E	109.869912
18	19	N42°19'53"E	653.579697

From Point "19", follow the same previously delineated boundary line from point "12" to point "11" approximately 451.9 ft. Then, follow the same boundary line previously delineated from point "11" to point "10" approximately 1,412 ft to point "20."

20	21	S3°13'19"E	525.135587
21	22	S81°06'02"W	493.791631
22	23	S74°03'17"W	176.947115
23	24	S0°33'03"E	180.563902
24	25	N80°26'32"E	857.387573
25	5	S87°31'33"E	37.534951

Starting Point: at hydrant located at intersection of 2nd st & Norwood St, Upper Providence Township PA.

From	To	Bearing	Distance (ft)
1	2	S55°14'39"E	3
2	3	S41°00'33"W	3
3	4	N53°07'48"W	3
4	1	N41°33'09"E	3

APPENDIX 9

JOINTLY PROPOSED AND STIPULATED
PROPOSED FINDINGS OF FACT

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

JOINTLY STIPULATED PROPOSED FINDINGS OF FACT

AQUA AND PHOENIXVILLE

1. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Joint Application ¶ 11.

2. Aqua furnishes water service to over 430,000 customer accounts, representing a population of approximately 1.4 million people, in various Counties throughout Pennsylvania including parts of Chester and Montgomery Counties. Joint Application ¶ 11.

3. The Borough of Phoenixville is an incorporated borough organized and existing under the laws of the Commonwealth of Pennsylvania. Joint Application ¶ 12.

4. The Borough furnishes water service to customers in the Borough of Phoenixville and to 455 residential, 75 commercial, 18 multi-residential, 4 industrial and 4 institutional customers in East Pikeland and Schuylkill Townships, Chester County, and Upper Providence Township, Montgomery County. Joint Application ¶ 17.

ASSET PURCHASE AGREEMENT

5. Aqua and Phoenixville are parties to an *Assets Purchase Agreement* dated April 26, 2017 (“APA”) and an *Amendment to Assets Purchase Agreement* dated May 30, 2019. Joint Application ¶ 21 and Joint Petition Appendix 1.

6. The negotiated purchase price, which is based on arms’ length negotiation, was initially Three Million Six Hundred Thousand Dollars (\$3,600,000.00) but was reduced by \$135,971.22 to Three Million Four Hundred Sixty-Four Thousand, Twenty-Eight dollars and Seventy-Eight cents (\$3,464,028.78) to account for the removal of the 21 Egypt Road Customers from the transaction. Joint Application ¶ 21 and Joint Petition for Approval, Appendix 1.

7. Aqua and the Borough are not affiliated with each other. Joint Application ¶ 21.

8. Aqua will use cash on hand or established lines of credit arrangements to pay the purchase price for the assets. Joint Application ¶ 21.

ASSETS BEING TRANSFERRED

8. Aqua will acquire all of the assets, properties and rights of the Borough’s water distribution system which the Borough holds and uses for water service in East Pikeland, Schuylkill and Upper Providence Townships. The assets to be acquired include all transmission and distribution mains, services, curb stops, meters and hydrants (except for hydrants in Schuylkill Township that Aqua already owns and except for mains identified and excluded in the Schuylkill Township area as depicted in Schedule 1.3 of the APA). Joint Application ¶ 14.

9. Aqua will acquire the assets free and clear of all mortgages, bonds, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever. All liabilities and obligations of the Borough shall remain its sole responsibility. Joint Application ¶ 14.

10. Excluded assets include customer service lines, piping internal to individual customer residences, cash and accounts receivables up to the date of Closing, certain distribution mains located within Schuylkill Township as depicted on Schedule 1.3 of the APA and the Borough treatment plant, supply and transmission assets feeding the treatment plant and all distribution assets serving customers within the Borough. Joint Application ¶ 24.

11. The tentative journal entries to record the transfer in Aqua’s accounts consist of the following:

	Debit	Credit
Utility Plant Purchased	\$3,464,028.78	
Cash		\$3,464,028.78

Joint Application ¶ 29.

WATER SUPPLY

Water Supply for former Borough Customers

12. Aqua and the Borough have entered into the Water Supply Agreement (the “Water Supply Agreement”) attached as Exhibit G1 to the Joint Application for Approval of Consolidated Proceeding and an Amendment to the Water Supply Agreement whereby the Borough will supply water to Aqua for customers other than PAWC. Joint Application ¶ 25 and Joint Petition for Approval, Appendix 6.

13. The Water Supply Agreement, as amended, has a term ending on January 1, 2026, which may be extended, or otherwise modified, upon new terms that are mutually satisfactory to the parties based on good faith negotiations. Joint Application ¶ 25 and Joint Petition for Approval, Appendix 6.

Water Supply for Pennsylvania American Water Company

14. The Borough and PAWC (as successor to the rights and obligations of Citizens Utilities Home Water Company) are parties to a Water Supply Agreement, dated March 10, 1986, (“1986 Water Supply Agreement”). Joint Application ¶ 26.

15. Aqua and the Borough proposed, initially, in their Joint Application, to partially assign the 1986 Water Supply Agreement to Aqua with Aqua becoming water supplier to PAWC. Joint Application ¶ 26, ¶ 27 and ¶ 28.

16. In lieu of the partial assignment, the Borough and PAWC have entered into an Amendment to the 1986 Water Supply Agreement pursuant to which the Borough will continue to sell water to PAWC. Joint Petition for Approval, Appendix 4.

17. Under the terms of the Amendment to the 1986 Water Supply Agreement, the Borough will supply PAWC with up to 1.15 million peak gallons per day of water and no less than 150,000 gallons per day of water through January 1, 2026. PAWC shall purchase the water

supplied by the Borough at a rate of \$4.50 per 1,000 gallons, which shall increase by \$1.00 per 1,000 gallons on the effective date of any rate increase approved by the Commission for PAWC. Joint Petition for Approval, Appendix 4.

The Borough's Continued Service

18. Although selling water to Aqua and continuing to sell water to PAWC, the Borough will not be offering to serve the public and the Borough's sale of water to Aqua and to PAWC is a nonregulated service.

Water Wheeling Agreement

19. To accommodate the continuing sale of water by the Borough to PAWC following Aqua's acquisition of Borough facilities, Aqua and the Borough have entered into the Water Wheeling Agreement, whereby Aqua will wheel water from the Borough to PAWC through the mains that Aqua is acquiring. Joint Petition for Approval, Appendix 5.

20. The Water Wheeling Agreement has an end date of January 1, 2026, but may be renewed for a term equal to any new or extended agreement for supply of water between the Borough and PAWC. Joint Petition for Approval, Appendix 5.

21. Aqua will charge the Borough a wheeling rate of \$0.28 per 1,000 gallons through December 31, 2025. If the Borough and PAWC enter into a new or extended water supply agreement, Aqua's wheeling rate will increase \$0.01 per 1,000 gallons on January 1 of each subsequent year for the term of any new or extended agreement. Joint Petition for Approval, Appendix 5.

RATES

22. After Closing, Aqua will begin charging the Borough's current rates, to be billed on a quarterly basis. A draft tariff supplement implementing rates for customers in East Pikeland and Upper Providence Townships and for the four Schuylkill Township customers (three

locations), post-closing is attached to the Joint Petition for Approval of Consolidated Proceeding as Appendix 15. Joint Application ¶ 30 and Joint Petition for Approval, Appendix 15.

23. Based on the current rate schedule, Aqua projects annual revenue of \$171,000 from Borough customers with annual operating and maintenance expenses of \$146,000. See Joint Application ¶ 33 and ¶ 34, revised to reflect removal of PAWC as an Aqua customer.

24. Aqua will implement its Tariff Rules and Regulations to govern the provision of water service. Joint Application ¶ 31.

INTEGRATION WITH CURRENT OPERATIONS

25. Aqua will operate and manage the water system as part of its Main Division. It has existing facilities within approximately 3,371 feet of the facilities being acquired and an existing emergency interconnection with Phoenixville. Mr. Curt Steffy will be the assigned Certified Water Operator for the system. Joint Application ¶ 36.

26. Aqua has an existing operational presence and water professionals in the area. Aqua provides water service to approximately 69,104 customers in Chester County and approximately 102,386 customers in Montgomery County. The acquisition will easily fold into Aqua's existing water operations. Joint Application ¶ 37.

27. Aqua and the Borough submitted acknowledgements that the transaction is consistent with the Comprehensive Plans of Montgomery County, the Borough of Phoenixville and East Pikeland, Schuylkill and Upper Providence Townships. They also included with the Joint Application correspondence from Chester County advising that it declines to review the transaction for consistency with *Landscapes2*. Joint Application ¶ 38.

DEP COMPLIANCE

28. The Borough is not operating under any DEP consent order and is in full compliance with its water supply permits and reporting. There are no water supply or water quality

management permits for the facilities being transferred. Joint Application ¶ 39.

AFFECTED PERSONS

29. No corporation or entity, except Phoenixville, is now furnishing or has corporate or franchise rights to furnish water service in the Requested Territory, and no competitive condition will be created by approval of the settlement.

PUBLIC INTEREST AND AFFIRMATIVE PUBLIC BENEFITS

30. The Commission has long supported the consolidation/regionalization of water/wastewater systems throughout Pennsylvania. In 2006, the Commission explained that “acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry. Additionally, these types of acquisitions will also enhance the quality of ratepayers’ daily lives, promote community economic development, and provide environmental enhancements.” *Final Policy Statement on Acquisitions of Water and Wastewater Systems*, Docket No. M-00051926, Final Order entered August 17, 2006 (“*Policy Statement*”), slip op. at 18. Aqua’s acquisition of Borough water system assets is consistent with this long-standing policy.

31. Aqua has the technical, regulatory, financial and legal fitness to operate the Assets of the Borough used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships and to maintain the operations and make improvements to meet continuing and future customer needs. The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua. Joint Application ¶ 43.a.

32. The Borough has agreed to sell its Assets used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships. The public interest and need will be served by allowing Aqua, in lieu of the Borough, to provide water service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The

Borough system will benefit from the support of water professionals throughout Aqua's organization. Joint Application ¶ 43.a.

33. Expansion of Aqua's service territory, upon completion of the proposed transaction, will further the benefits of regionalization and economies of scale. Joint Application ¶ 43.c.

PAWC'S APPLICATION

34. PAWC's Application seeks authority to provide water service to 21 Egypt Road Customers, in Upper Providence Township, Montgomery County. The Customers, which, presently, are Borough customers, are served from a main owned by PAWC.

35. When the Joint Application was filed in January 2018, the Borough was believed to own the main along Egypt Road and the Borough and Aqua proposed, in the Joint Application, to include the 21 Egypt Road Customers in their transaction.

36. Having now determined that the Egypt Road main from which the 21 Egypt Road Customers are served is owned by PAWC and that the 21 Egypt Road Customers are currently served on Borough accounts, the Borough and Aqua have modified their transaction to effect the transfer of the 21 Egypt Road Customers to PAWC.

37. The PAWC Application also addresses the issue of potential overlapping service territory through limited service territory expansions and abandonments.

SECTION 507 CERTIFICATES OF FILING

38. Section 507 of the Code states that, except for contracts between a public utility and a municipal corporation to furnish service at tariff rates, no contract or agreement between a public utility and a municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date.

39. Joint Petitioners asks that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507 for the following:

- i. Assets Purchase Agreement, dated April 26, 2017, submitted by Aqua and the Borough as Exhibit D to the Joint Application and the Amendment to Assets Purchase Agreement, between the Borough and Aqua included as Appendix 1 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- ii. Amendment to 1986 Water Supply Agreement, by and between the Borough and PAWC included as Appendix 4 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iii. Water Wheeling Agreement by and between the Borough and Aqua included as Appendix 5 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iv. Water Supply Agreement, dated January 10, 2018, submitted by Aqua and the Borough as Exhibit G1 to the Joint Application and Amendment to Water Supply Agreement between the Borough and Aqua included as Appendix 6 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.

OTHER APPROVALS

40. Joint Petitioners also ask the Commission to issue such other approvals, certificates, registrations and relief, if any, that may be required with respect to approval of the Joint Petition for Approval of Consolidated Proceeding.

APPENDIX 10

PROPOSED CONCLUSIONS OF LAW

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PROPOSED CONCLUSIONS OF LAW

Jurisdiction

1. The Commission has jurisdiction over the subject matter of, and the parties, to this consolidated proceeding.

Settlement

2. It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements. 52 Pa. Code § 5.231(a). Settlements lessen the time and expense of litigating a case and, at the same time, conserve administrative hearing resources. This directly benefits all parties concerned.

3. Where the active parties in a proceeding have reached a settlement, the principal issue for Commission consideration is whether the agreement reached is in the public interest. *Pa. P.U.C. v. C S Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) and *Pa.P.U.C. v. Philadelphia Electric Co.*, 60 Pa. P.U.C. 1 (1985).

4. The benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996 and *Pa.P.U.C. v. CS Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991).

5. The Joint Petition submitted by Aqua, the Borough and PAWC is in the public interest as it will lessen the time and expense of litigation and conserve administrative hearing resources. It is, moreover, supported by substantial evidence in the form of stipulated findings of fact.

Section 1102 Standards for Approval

6. The Public Utility Code requires Commission approval in the form of a certificate

of public convenience for a public utility to expand its service territory, to abandon or surrender any service and to acquire property used or useful in the public service. 66 Pa.C.S. §§ 1102(a)(1), 1102(a)(2) and 1102(a)(3).

7. A certificate of public convenience will be issued “only if the Commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a).

8. In *City of York v. Pa. P.U.C.*, 295 A.2d 825 (Pa. 1972), the Pennsylvania Supreme Court explained in the context of a utility merger that the issuance of a certificate of public convenience requires the Commission to find affirmatively that public benefit will result from the merger.

9. More recently, in *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (Pa. 2007), the Pennsylvania Supreme Court addressed *City of York* and explained that the Commission is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome or impossible; rather, the Commission properly applies a preponderance of the evidence standard to make factually-based determinations (including predictive ones informed by expert judgment) concerning certification matters.

10. Additionally, the party receiving the assets and service obligation must be technically, legally, and financially fit. *Joint Application of Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC*, Docket No. A-2013-2353647, 309 P.U.R.4th 213 (2013).

11. An existing provider of public utility service is presumed fit. See *Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

Public Interest and Affirmative Public Benefit

Aqua's Proposed Acquisition of Water System Assets

12. Aqua's proposed acquisition of the Borough of Phoenixville's water system assets will affirmatively promote the service, accommodation, convenience, or safety of the public in substantial ways.

13. Aqua's proposed acquisition of the Borough of Phoenixville's water system assets and initiation of wastewater service in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, will further the public interest.

The Borough's Abandonment of Service

14. The Borough's proposed sale of its water system assets and abandonment of regulated service will affirmatively promote the service, accommodation, convenience, or safety of the public in substantial ways.

15. The Commission in its Order entered May 19, 2015, in *Petition of the Borough of Phoenixville for a Declaratory Order that the Provision of Water and Wastewater Service to Isolated Customers in Adjoining Townships Does Not Constitute the Provision of Public Utility Service Under 66 Pa. C.S. § 102*, Docket No. P-2013-2389321, encouraged the Borough to pursue a sale of its water system assets.

PAWC's Application

16. In furtherance of the settlement, PAWC filed an Application to provide water service to 21 Egypt Road Customers in Upper Providence Township, Montgomery County, which are served from a main owned by PAWC.

17. The service territory proposed in the PAWC Application includes the 21 Egypt Road Customers and also addresses overlapping service territory concerns raised by PAWC in its

Protest to the Joint Application.

18. The transfer of the 21 Egypt Road Customers to PAWC and resolution of PAWC's overlapping service territory concerns through implementation of the settlement terms further the public interest.

Section 507

19. Section 507 of the Code states that, except for contracts between a public utility and a municipal corporation to furnish service at tariff rates, no contract or agreement between a public utility and a municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date.

20. Under Section 507, the Commission may approve a contract between a public utility and a municipal corporation by issuing a certificate of filing or instituting proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract.

21. The following contracts are accepted as valid pursuant to Section 507:

- i. Assets Purchase Agreement, dated April 26, 2017, submitted by Aqua and the Borough as Exhibit D to the Joint Application and the Amendment to Assets Purchase Agreement, between the Borough and Aqua included as Appendix 1 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- ii. Amendment to 1986 Water Supply Agreement, by and between the Borough and PAWC included as Appendix 4 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iii. Water Wheeling Agreement by and between the Borough and Aqua included as Appendix 5 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iv. Water Supply Agreement, dated January 10, 2018, submitted by Aqua and the Borough as Exhibit G1 to the Joint Application and Amendment to Water Supply Agreement between the Borough and Aqua included as

Appendix 6 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.

APPENDIX 11

PROPOSED ORDERING PARAGRAPHS

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PROPOSED ORDERING PARAGRAPHS

THEREFORE,

IT IS ORDERED:

1. That the Joint Petition for Approval of Settlement of Consolidated Proceeding submitted by Aqua Pennsylvania, Inc., the Borough of Phoenixville and Pennsylvania American Water Company is approved, without modification, including the following:

The Joint Application of Aqua and the Borough

Aqua's acquisition of the water system assets of the Borough of Phoenixville as proposed in the Joint Application and modified by the Joint Petition for Settlement of Consolidated Proceeding is approved.

Pursuant to Section 507 of the Public Utility Code, the Assets Purchase Agreement and the Amendment to the Assets Purchase Agreement between Aqua and the Borough is reasonable, legal and valid.

The Amendment to the 1986 Water Supply Agreement

Pursuant to Section 507 of the Public Utility Code, the Amendment to the 1986 Water Supply Agreement between Pennsylvania American Water Company and the Borough is reasonable, legal and valid.

The Water Wheeling Agreement

Pursuant to Section 507 of the Public Utility Code, the Water Wheeling Agreement between Aqua and the Borough is reasonable, legal and valid.

The Amendment to the Water Supply Agreement

Pursuant to Section 507 of the Public Utility Code, the Water Supply Agreement between Aqua and the Borough and the Amendment to the Water Supply Agreement between Aqua and the Borough are reasonable, legal and valid.

The PAWC Application

The Application of Pennsylvania American Water Company addressing the territory boundaries of PAWC in East Pikeland Township and Upper Providence Township and the 21 Egypt Road Customers is approved.

2. That the Commission's Office of the Secretary shall issue certificates of public convenience evidencing Aqua Pennsylvania, Inc's right under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102, to: (a) acquire the water system assets of the Borough of Phoenixville used in connection with water service provided by the Borough in East Pikeland Township and Schuylkill Township, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania and (b) to begin to offer, render, furnish and supply water service to the public in portions of East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania, as presented in Appendix 2 (Schuylkill Township and East Pikeland Township) and Appendix 3 (Upper Providence Township) to the Joint Petition for Settlement of Consolidated Proceeding.

3. That the Commission's Office of the Secretary shall issue certificates of public convenience evidencing Pennsylvania-American Water Company's right under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102, to offer, render, furnish and supply water service to the public in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania, and to abandon service territory in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania as presented in Appendix 7 (Schuylkill Township and East Pikeland Township) and Appendix 8 (Upper Providence Township) to the Joint Petition for Settlement of Consolidated Proceeding.

4. That the Commission's Office of the Secretary shall issue a certificate of public convenience evidencing the Borough of Phoenixville's right under Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102, to abandon its regulated water service in the Commonwealth of Pennsylvania including portions of East Pikeland Township, Chester County, and Upper

Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County, Pennsylvania.

5. That, within 10 days after closing of the acquisition, Aqua Pennsylvania, Inc. shall file a tariff supplement in the form attached as Appendix 15 to the Joint Petition for Settlement of Consolidated Proceeding implementing rates for Phoenixville customers post-closing.

6. That the Commission's Office of the Secretary's Bureau shall issue certificates of filing pursuant to Section 507 for the following agreements:

- i. Assets Purchase Agreement, dated April 26, 2017, submitted by Aqua and the Borough as Exhibit D to the Joint Application and the Amendment to Assets Purchase Agreement, between the Borough and Aqua included as Appendix 1 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- ii. Amendment to 1986 Water Supply Agreement, by and between the Borough and PAWC included as Appendix 4 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iii. Water Wheeling Agreement by and between the Borough and Aqua included as Appendix 5 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iv. Water Supply Agreement, dated January 10, 2018, submitted by Aqua and the Borough as Exhibit G1 to the Joint Application and Amendment to Water Supply Agreement between the Borough and Aqua included as Appendix 6 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.

7. That the Commission's Office of Secretary shall issue all other approvals, certificates, registrations and relief with respect to Aqua's acquisition of the water system assets of the Borough of Phoenixville.

8. That the Protests of Pennsylvania-American Water Company and the Office of Consumer Advocate are resolved consistent with the foregoing.

9. That the Joint Application proceeding at Dockets Nos. A-2018-2642837 and A-

2018-2642839, the PAWC Application proceeding at Docket No. A-2019-3008980 and the PAWC Section 507 Filing at Docket No. U-2019-3009763 are marked closed.

APPENDIX 12

**STATEMENT OF AQUA PENNSYLVANIA, INC.
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT
OF CONSOLIDATED PROCEEDINGS**

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville for approval of 1) the acquisition by Aqua of the water system assets of Phoenixville used in connection with the water service provided by Phoenixville in East Pikeland and Schuylkill Townships, Chester County, and in Upper Providence Township, Montgomery County, PA; 2) the right of Aqua to begin to supply water service to the public in portions of East Pikeland Township, Chester County, and Upper Providence Township, Montgomery County, PA and 3) the abandonment by Phoenixville of public water service in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County, PA : : **Docket No. A-2018-2642837**
: : **Docket No. A-2018-2642839**

Request for approval of Section 507 PUMC contracts between Aqua and the Borough of Phoenixville : :
:

Application of Pennsylvania-American Water Company for approval of the right to offer, render, furnish or supply water service to the public in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania, and request to abandon service territory in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania : : **Docket No. A-2019-3008980**

Request for approval of Section 507 PUMC contract between PAWC and the Borough of Phoenixville : : **Docket No. U-2019-3009763**
:

STATEMENT OF AQUA PENNSYLVANIA, INC.
IN SUPPORT OF SETTLEMENT OF
CONSOLIDATED PROCEEDINGS

TO ADMINISTRATIVE LAW JUDGE DENNIS J. BUCKLEY:

AND NOW, comes Aqua Pennsylvania, Inc. (“Aqua” or “Company”), by its attorneys, and submits this statement in support of the Joint Petition for Settlement of Consolidated Proceedings (“Joint Petition”) submitted to the Public Utility Commission (“Commission”) by Aqua, the Borough of Phoenixville (“Borough”) and Pennsylvania American Water Company (“PAWC”).¹

I. INTRODUCTION

This consolidated proceeding concerns the Joint Application of Aqua and the Borough at A-2018-2642837 and A-2018-2642839, the Application of PAWC at A-2019-3008980 and a Section 507 Filing of PAWC at U-2019-3009763. A history of these proceedings, which were consolidated by Order of Administrative Law Judge Buckley, dated May 16, 2019, is presented in the Joint Petition.

II. THE PROPOSED SETTLEMENT IS CONSISTENT WITH COMMISSION REGULATIONS AND IN THE PUBLIC INTEREST. IT MINIMIZES COST PROHIBITIVE LITIGATION AND ADMINISTRATIVE BURDEN.

It is the stated policy of the Commission to encourage parties in contested proceedings to enter into settlements.² Settlements lessen the time and expense of litigating a case³ and, at the same time, conserve administrative hearing resources. This directly benefits all parties concerned.⁴

¹ Aqua, the Borough and PAWC are, hereinafter, referred to, collectively, as “Joint Petitioners.”

² 52 Pa. Code § 5.231(a). The Commission, moreover, has stated that the results achieved from a negotiated settlement or stipulation in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

³ The substantial cost of litigation avoided through settlement includes the cost of preparing for and participating in lengthy adversarial hearings, the cost of preparing and serving briefs, reply briefs, exceptions and replies to exceptions, together with the cost of briefs and reply briefs necessitated by any appeal of the Commission’s decision to the Commonwealth Court.

⁴ *Pa. P.U.C. v. Imperial Point Water Service Company*, Docket No. R-2012-2315536, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated June 25, 2013, slip op. at 11; *Pa. P.U.C. v. The Newtown Artesian Water Company*, Docket No. R-2011-2230259, Recommended Decision of Administrative Law

The Joint Petition proposes the resolution of all issues in the Joint Application proceeding. The resolution is the result of the efforts of Joint Petitioners over an extended period of time. Joint Petitioners participated in Commission sanctioned mediation on two occasions in the Summer of 2018. With the assistance of Mediator Cynthia Lehman, Joint Petitioners began to negotiate settlement terms. Joint Petitioners continued their settlement efforts outside of mediation and, ultimately, were able to finalize the extensive list of settlement terms presented in the Joint Petition.

Where the active parties in a proceeding have reached a settlement, the principal issue for Commission consideration is whether the agreement reached is in the public interest.⁵ The benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest.⁶ Joint Petitioners, with differing points of view and perspectives, submit that the resolution of this proceeding through settlement will further the public interest. Although not a signatory to the Joint Petition, the Office of Consumer Advocate does not oppose the Joint Petition.

Aqua submits further that the approval of the Joint Petition will, in fact, minimize litigation and administrative burden by avoiding the submission of testimony and participation in adversarial and contentious evidentiary hearings, the preparation, filing and consideration of main and reply briefs, exceptions and replies to exceptions, and by avoiding the possibility of appellate court

Judge Elizabeth H. Barnes dated September 20, 2011 (“*Recommended Decision of ALJ Barnes*”), slip op. at 9; *Pa. P.U.C. v. Reynolds Disposal Company*, Docket No. R-2010-2171339, Recommended Decision of Administrative Law Judge Conrad A. Johnson dated January 11, 2011, slip op. at 12; *Pa. P.U.C. v. Lake Spangenberg Water Company*, Docket No. R-2009-2115743, Recommended Decision of Administrative Law Judge Ember S. Jandebour dated March 2, 2010, slip op. at 11; *Pa. P.U.C. v. Reynolds Water Company*, Docket No. R-2009-2102464, Recommended Decision of Administrative Law Judge Katrina L. Dunderdale dated February 16, 2010, slip op. at 5.

⁵ *Recommended Decision of ALJ Barnes*, slip op. at 9, citing *Pa. P.U.C. v. CS Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) and *Pa.P.U.C. v. Philadelphia Electric Co.*, 60 Pa. P.U.C. 1 (1985).

⁶ *Recommended Decision of ALJ Barnes*, slip op. at 9, citing *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996 and *Pa.P.U.C. v. CS Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991).

review of a Commission Opinion and Order. Approval of the Joint Petition will also further the public interest by promoting the consolidation and regionalization of water operations.

III. THE COMMISSION HAS ENCOURAGED THE BOROUGH TO DIVEST ITSELF OF ITS EXTRATERRITORIAL WATER SERVICE.

The Joint Petition is fully consistent with the Commission's guidance in a prior Order denying the Borough's request for a finding that its service to customers in the adjoining outside townships does not constitute public utility service subject to the Commission's jurisdiction.⁷ The Commission declined to exempt the Borough's outside service from regulation while noting that the Borough is proximately located to other regulated water systems, including Aqua in adjoining Schuylkill Township, which may be willing to serve the Borough's outside customers. The Commission stated as follows:

[T]he Commission would also be remiss if we did not acknowledge that unlike in the prior municipal corporation cases, there are viable options for the Borough, namely ... Aqua Pennsylvania's provision of public utility service in Schuylkill Township. In conclusion, Phoenixville clearly has options to ... perceived regulatory 'burdens' which may prove beneficial to explore.⁸

Aqua acquired its adjoining Schuylkill Township service area from the Borough in 1995 in a Commission approved transaction involving the transfer of more than 650 outside Borough customers to Aqua.⁹ Aqua and the Borough now propose to transfer the remaining outside Borough assets and remaining 556 outside Borough customers (exclusive of the Borough's 21 Egypt Road customers) to Aqua. The public interest supports the transfer of the remaining assets

⁷ *Petition of the Borough of Phoenixville for a Declaratory Order that the Provision of Water and Wastewater Service to Isolated Customers in Adjoining Townships Does Not Constitute the Provision of Public Utility Service Under 66 Pa. C.S. § 102*, Docket No. P-2013-2389321 (Order entered May 19, 2015).

⁸ *Id.* at 7-8.

⁹ *Joint Application of Philadelphia Suburban Water Company and the Borough of Phoenixville*, Docket No. A-212370F0017, Corrected Order entered April 25, 1995.

and remaining 556 customers in the same way that the public interest supported the transfer of the initial 650 customers in 1995.

IV. SECTION 1102 STANDARDS – FITNESS AND AFFIRMATIVE PUBLIC BENEFITS

A. Introduction

The Public Utility Code requires Commission approval in the form of a certificate of public convenience for a public utility to expand its service territory and to acquire property used or useful in the public service. A certificate of public convenience will issue “only if the Commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a)

As discussed below, Aqua and the Borough presented substantial evidence that Aqua’s acquisition of the Borough water system and expansion of service territory into Upper Providence and East Pikeland Townships are necessary or proper for the service, accommodation, convenience, or safety of the public.

B. Legal Principles

In *City of York v. Pa. P.U.C.*, 295 A.2d 825 (Pa. 1972) (“*City of York*”), the Pennsylvania Supreme Court explained in the context of a utility merger that the issuance of a certificate of public convenience requires the Commission to find affirmatively that public benefit will result from the merger.

More recently, in *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (Pa. 2007) (“*Popowsky*”), the Pennsylvania Supreme Court addressed *City of York* and explained that the Commission is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome or impossible; rather, the Commission properly applies a preponderance of the evidence standard to make factually-based determinations (including predictive ones

informed by expert judgment) concerning certification matters.

Additionally, the party receiving the assets and service obligation must be technically, legally, and financially fit. *Joint Application of Peoples Natural Gas Company LLC, Peoples TWP LLC, and Equitable Gas Company, LLC*, Docket No. A-2013-2353647, 309 P.U.R.4th 213 (2013).

C. Fitness

Aqua has the technical, regulatory, financial and legal fitness to acquire and operate the Borough's extraterritorial water system assets used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships and to maintain the operations and make improvements to meet continuing and future customer needs. The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua.¹⁰ As a certificated provider of utility service, Aqua's fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).¹¹

D. Public Interest and Affirmative Public Benefits

Proposed findings of fact addressing the public interest and affirmative public benefits are presented in the Jointly Stipulated Proposed Findings of Fact included with the Joint Petition. As presented in the Jointly Stipulated Proposed Findings of Fact, the public benefits, consistent with *City of York* and *Popowsky*, are as follows:

Consolidation/Regionalization

- The Commission has long supported the consolidation/regionalization of water/wastewater systems throughout Pennsylvania. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale and resulting greater environmental/economic benefits. Consolidation/regionalization also enhances the

¹⁰ Aqua Exhibit No. 1, Application ¶ 43.a and Proposed Finding of Fact No. 31.

¹¹ A continuing public need is also presumed where public utility service is already being provided in the service territory subject to the application. *See Re Glenn Yeager et al.*, 49 PA PUC 138 (1975); *Hostetter v. Pa. P.U.C.*, 49 A.2d 862 (Pa. Super. 1946); *Allegheny Airlines v. Pa. P.U.C.*, 465 F.2d 237 (3d Cir. 1972).

quality of ratepayers' daily lives, promotes community economic development and provides environmental enhancements. Ultimately, these benefits inure to customers both existing and acquired. Proposed Finding of Fact No. 30 and *Final Policy Statement on Acquisitions of Water and Wastewater Systems*, Docket No. M-00051926, Final Order entered August 17, 2006 ("*Policy Statement*"), slip op. at 18.

Fitness

- Aqua has the technical, regulatory, financial and legal fitness to operate the Assets of the Borough used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships and to maintain the operations and make improvements to meet continuing and future customer needs. Aqua Exhibit No. 1, Application ¶ 43.a and Proposed Finding of Fact No. 31.

No Adverse Effect

- The acquisition will not have an adverse effect on the service provided to existing customers of Aqua. Aqua Exhibit No. 1, Application ¶ 43.a and Proposed Finding of Fact No. 31.

The Borough Wants to Sell Its Water System

- The Borough has agreed to sell its Assets used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships. The public interest and need will be served by allowing Aqua, in lieu of the Borough, to provide water service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The Borough system will benefit from the support of water professionals throughout Aqua's organization. Aqua Exhibit No. 1, Application ¶ 43.a. As set forth in Section III above, the Commission has encouraged the Borough to divest itself of its extraterritorial water service.

E. Conclusion – Public Interest and Benefit

The facts presented demonstrate (1) that Aqua will acquire the remaining outside Borough water assets and expand its service territory to the remaining outside Borough customers in compliance with Commission regulations; (2) that the economies of scale of an expanded customer base has a beneficial effect on existing customers; and (3) that Aqua will be meeting the needs of new customers without any detriment to its existing customers. Aqua, accordingly, submits that the Commission should find that approval of the Joint Petition and proposed transfer of assets and customers and expansion of service territory are necessary or proper for the service,

accommodation, convenience, or safety of the public.¹²

V. Section 507 Approvals

Section 507 of the Code states that, except for contracts between a public utility and a municipal corporation to furnish service at tariff rates, no contract or agreement between a public utility and a municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date.

Joint Petitioners asks that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507 for the following contracts:

- i. Assets Purchase Agreement, dated April 26, 2017, submitted by Aqua and the Borough as Exhibit D to the Joint Application and the Amendment to Assets Purchase Agreement, between the Borough and Aqua included as Appendix 1 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- ii. Amendment to 1986 Water Supply Agreement, by and between the Borough and PAWC included as Appendix 4 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iii. Water Wheeling Agreement by and between the Borough and Aqua included as Appendix 5 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.
- iv. Water Supply Agreement, dated January 10, 2018, submitted by Aqua and the Borough as Exhibit G1 to the Joint Application and Amendment to Water Supply Agreement between the Borough and Aqua included as Appendix 6 to the Joint Petition for Approval of Settlement of Consolidated Proceeding.

The above are essential to the implementation of the settlement terms. Joint Petitioners submit that they are reasonable, legal and valid.

VI. Other Approvals, Certificates, Registrations and Relief, If Any, Under the Code

As a final matter, the Joint Application asked the Commission to issue such other

¹² See, for example, *Application of Aqua Pennsylvania, Inc. – East Cameron Township*, Docket No. A-2015-2511795, Order entered October 6, 2016; *Joint Application of Aqua Pennsylvania, Inc. and Robin Hood Lakes, Inc.*, Dockets Nos. A-2014-2440042 and A-2014-244043, Order entered July 30, 2015; and *Joint Application of Aqua Pennsylvania, Inc. and Factoryville Bunker Hill Water Company, Inc.*, Dockets Nos. A-2014-2439880 and A-2014-2439883, Order entered July 8, 2015.

approvals, certificates, registrations and relief, if any, that may be required with respect to Aqua's acquisition of the Borough water system assets. The request is unopposed and Aqua asks that the Commission incorporate the above in its Opinion and Order approving the Application.

VII. CONCLUSION

Aqua Pennsylvania, Inc. respectfully requests that Administrative Law Judge Dennis J. Buckley accept the foregoing in support of the Joint Petition for Approval of Settlement of Consolidated Proceedings and further that Administrative Law Judge Buckley recommend approval of and the Public Utility Commission approve the Joint Petition for Approval of Settlement of Consolidated Proceedings.

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By 

Thomas T. Niesen, Esq.
PA Attorney ID No. 31379
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 302
Harrisburg, PA 17101
tniesen@tntlawfirm.com

Counsel for Aqua Pennsylvania, Inc.

Date: June 7, 2019

APPENDIX 13

STATEMENT OF THE BOROUGH OF PHOENIXVILLE
IN SUPPORT OF JOINT PETITION FOR SETTLEMENT
OF CONSOLIDATED PROCEEDINGS

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**STATEMENT IN SUPPORT OF THE
BOROUGH OF PHOENIXVILLE**

The Borough of Phoenixville ("Borough"), by and through its counsel, submits that the terms of the Joint Petition for Approval of Settlement of Consolidated Proceeding ("Joint Petition" or "Settlement") concurrently filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceeding, reflects a full settlement of all issues as set forth below.

As a result of settlement discussions, Aqua Pennsylvania, Inc. ("Aqua"), the Borough, and Pennsylvania-American Water Company ("PAWC") (collectively, "Parties" or "Joint Petitioners") have agreed upon the terms embodied in the foregoing Joint Petition.¹ The Borough offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

BACKGROUND

As set forth below, the above-captioned consolidated proceeding concerns the Joint Application of Aqua and the Borough, filed with the PUC on January 12, 2018, pursuant to Sections 1102 and 507 of the Public Utility Code ("Code"), 66 Pa. C.S. §§ 1102 and 507 (the "Joint Application"); the Application of PAWC filed with the PUC on April 3, 2019, pursuant to Section 1102 of the Code, 66 Pa. C.S. § 1102 (the "PAWC Section 1102 Application"); and the request of PAWC filed with the PUC on May 8, 2019, pursuant to Section 507 of the Code, 66 Pa. C.S. § 507 (the "PAWC Section 507 Filing"). Joint Petition, Paragraph 1.

¹ As indicated in the Joint Petition, the Office of Consumer Advocate ("OCA") does not oppose the Settlement.

A. The Joint Application of Aqua and the Borough

1. On January 12, 2018, Aqua and the Borough jointly filed the Joint Application, which seeks certificates of public convenience approving Aqua's acquisition of certain water system assets of the Borough and allowing Aqua to begin to provide water service to the public in portions of East Pikeland Township, Chester County, and in portions of Upper Providence Township, Montgomery County. Joint Petition, Paragraph 2.

2. The Joint Application further requests that the PUC issue a certificate of public convenience approving the Borough's abandonment of public water service and assets outside of the Borough's municipal borders in East Pikeland Township, Chester County, in Upper Providence Township, Montgomery County, and in certain locations in Schuylkill Township, Chester County.² Joint Petition, Paragraph 3.

3. Moreover, the Joint Application also requests approval of contracts, including an assignment of contracts between Aqua and Phoenixville, pursuant to Section 507 of the Code. As presented in the Joint Application, the assignments included a partial assignment of a water supply agreement between the Borough and PAWC, referenced in the Joint Application as the "1986 Water Supply Agreement."³ Joint Petition, Paragraph 4.

² The Borough is providing water service to four customers (three locations) in Schuylkill Township: 305 Kimberton Road, 120 Schuylkill Road, and 130 Schuylkill Road. The customers will transfer to Aqua service at closing. Although Aqua will be acquiring Borough facilities in Schuylkill Township and initiating service to the four customers (three locations), Aqua is not seeking new service territory in the Township. As explained in Paragraphs 5 and 6 of the Joint Application, Aqua already has service authority in the Township. The Schuylkill Township area outlined in blue on Exhibit A to the Joint Application is Area 3 from the Borough Application proceeding at A97204, Order entered May 3, 1974. Aqua acquired the Area 3 territory from the Borough in the Joint Application proceeding at A-212370F0017, Corrected Order entered April 25, 1995. *Joint Application of Philadelphia Suburban Water Company and the Borough of Phoenixville*, Docket No. A-212370F0017, Corrected Order entered April 25, 1995. The Borough, subsequently, initiated service to four customers (the three locations) within that Area.

³ The 1986 Water Supply Agreement is included as Exhibit G2 to the Joint Application.

4. On February 12, 2018, PAWC filed a Protest with the Commission that challenged the partial assignment of the 1986 Water Supply Agreement and claimed that Aqua's proposed service territory would overlap with existing territory of PAWC. Joint Petition, Paragraph 6.

5. On February 16, 2018, the OCA filed a Protest with the Commission to: (1) note the concerns expressed by PAWC; and (2) ensure that the Joint Application is approved only if it is in accord with the Code and Commission regulations. Joint Petition, Paragraph 7.

6. Subsequently, this proceeding was assigned to Administrative Law Judge ("ALJ") Dennis J. Buckley, and formal litigation was stayed while the Joint Petitioners attempted to resolve this matter through voluntary mediation. Joint Petition, Paragraph 8.

7. Although mediation did not result in a full resolution of this case, the Joint Petitioners continued to engage in settlement discussions in accordance with the Commission's policy encouraging negotiated settlement of contested proceedings. Joint Petition, Paragraphs 9-10.

8. On October 31, 2018, the Joint Petitioners informed the ALJ that they had negotiated settlement terms resolving the matters in dispute. Subsequently, conferences were held between the Joint Petitioners and the ALJ wherein the Joint Petitioners provided further information regarding the settlement terms for the Commission's consideration. Joint Petition, Paragraphs 11-12.

B. The PAWC Section 1102 Application

9. The PAWC Section 1102 Application requests that the PUC issue a certificate of public convenience permitting PAWC to commence provision of public water service to 21 customers along Egypt Road in Upper Providence Township, Montgomery County (the "21 Egypt

Road Customers"). The 21 Egypt Road Customers are customers of the Borough but are served from a main owned by PAWC. Joint Petition, Paragraph 13.

10. At the time that the Joint Application was filed, it was thought that the Borough owned the main along Egypt Road and the Borough, and Aqua proposed in their Joint Application to include the 21 Egypt Road Customers in their transaction. Joint Petition, Paragraph 14.

11. Through discussions among the Joint Petitioners, they have now reached an understanding that the Egypt Road main from which the 21 Egypt Road Customers are served is owned by PAWC and that the 21 Egypt Road Customers are currently served on Borough accounts. Accordingly, the transaction contemplated in the Joint Application by Aqua and the Borough has been modified to effect the Joint Petitioners' agreement to transfer the 21 Egypt Road Customers to PAWC. Joint Petition, Paragraph 15. The PAWC Section 1102 Application also seeks a certificate of public convenience for certain modifications to PAWC's certificated service territory in Upper Providence Township, Montgomery County, and East Pikeland Township, Chester County. *Application of Pennsylvania American Water Company for approval of the right to offer, render, furnish or supply water service to the public in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania, and request to abandon service territory in certain portions of Upper Providence Township, Montgomery County, Pennsylvania, and East Pikeland Township, Chester County, Pennsylvania*, PUC Docket No. A-2019-3008980 (Apr. 3, 2019). These service territory modifications resolve issues of potentially overlapping service territory raised in PAWC's Protest to the Joint Application. *Protest of Pennsylvania-American Water Company, Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville for approval of 1) the acquisition by Aqua of the water system assets of Phoenixville used in connection with the water service provided*

by Phoenixville in East Pikeland and Schuylkill Townships, Chester County, and in Upper Providence Township, Montgomery County, PA; 2) the right of Aqua to begin to supply water service to the public in portions of East Pikeland Township, Chester County, and Upper Providence Township, Montgomery County, PA; and 3) the abandonment by Phoenixville of public water service in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County, PA, PUC Docket Nos. A-2018-2642837 and A-2018-2642839 (Feb. 12, 2018).

12. Aqua, the Borough and OCA each filed petitions to intervene in the PAWC Section 1102 Application proceeding. Joint Petition, Paragraph 18.

C. The PAWC Section 507 Filing

13. The PAWC Section 507 Filing requests that the Commission issue a certificate of filing for an Amendment to the 1986 Water Supply Agreement between Phoenixville and PAWC (as successor to the interests of Citizens Utilities Home Water Company) (the "Amendment to the 1986 Water Supply Agreement"). Joint Petition, Paragraph 20.

14. The Borough and Aqua proposed, in the Joint Application, to partially assign the 1986 Water Supply Agreement to Aqua with Aqua assuming the sale function by purchasing water from the Borough and selling it to PAWC. Joint Petition, Paragraph 21.

15. The Amendment to the 1986 Water Supply Agreement provides, however, for the continued sale of water by the Borough to PAWC. To facilitate the continued sale of water from the Borough to PAWC, Aqua and the Borough will enter into a Water Wheeling Agreement to transport Borough water to PAWC through Aqua's pipeline facilities. Joint Petition, Paragraph 22.

16. This proceeding was also assigned to ALJ Buckley. Joint Petition, Paragraph 23.

STATEMENT IN SUPPORT

17. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's Policy, the Joint Petitioners engaged in negotiations to settle the issues raised in this proceeding. These ongoing discussions produced the foregoing Joint Settlement.

18. The Joint Petitioners agree that approval of the proposed Joint Settlement is in the best interest of the Parties involved.

19. The Joint Petition is in the public interest and is supported by affirmative public benefits for the following reasons:

- a. The Joint Petition provides clarity regarding service territories and the customers served within, as well as confirms arrangements regarding provision of water to customers.
- b. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.
- c. Uncertainties regarding further expenses associated with possible appeals from the final order of the Commission are avoided as a result of the Joint Petition.
- d. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding.
- e. The Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

20. Further, the Joint Petition specifically satisfies the concerns of the Borough by:

- a. Confirming that Aqua may acquire the Borough's outside water system assets, as previously suggested by the Commission, proposed in the Joint Application, and modified by the Joint Petition;⁴

⁴ Joint Petition, Paragraph 26(a). The Commission in its Order entered May 19, 2015, in *Petition of the Borough of Phoenixville for a Declaratory Order that the Provision of Water and Wastewater Service to Isolated Customers in*

- b. Confirming that the Assets Purchase Agreement and the Amendment to the Assets Purchase Agreement referenced in the Joint Application are reasonable, legal, and valid and merit receipt of certificates of filing in accordance with Section 507 of the Code;⁵
- c. In lieu of the partial assignment of the 1986 Water Supply Agreement to Aqua, the Joint Petition provides for an alternative resolution, the Amendment to the 1986 Water Supply Agreement, pursuant to which the Borough will continue to sell water to PAWC at certain rates and quantities;⁶
- d. The Joint Petition also justifies that the Parties' agreement that the Amendment to the 1986 Water Supply Agreement is reasonable, legal, valid, and meriting an issue of certificate of filing in accordance with Section 507 of the Code;⁷
- e. The Joint Petition further affirms the Parties' agreement that, by continuing to offer wholesale water supply to PAWC, the Borough is not offering to serve the public and that the Borough's continuing sale of water is a non-regulated service;⁸
- f. The Joint Petition also further requests that the Borough be authorized to abandon its PUC-regulated utility service and territory;⁹
- g. In connection with the Borough's commitment to sell water to PAWC, the Joint Petition also clearly sets forth a water wheeling arrangement (the Water Wheeling Agreement) to facilitate those sales of water at established rates and quantities, and for a defined term;¹⁰
- h. The Joint Petition sets forth that the Joint Petitioners agree that the Water Wheeling Agreement is reasonable, legal, and valid and appropriate for PUC issuance of a certificate of filing in accordance with Code Section 507;¹¹ and

Adjoining Townships Does Not Constitute the Provision of Public Utility Service Under 66 Pa. C.S. § 102, Docket No. P-2013-2389321 (“PDO Order”), encouraged the Borough to pursue a sale of its outside water system assets as a means to address the Borough's concerns regarding the inefficiency of incurring costs for Commission rate cases and other proceedings when just 9.1% of the Borough's water service customers are subject to PUC jurisdiction. PDO Order, at 7-8. As a result, this Joint Petition furthers the Borough's desire to sell its outside water system assets and is consistent with the Commission's observations in 2015.

⁵ Joint Petition, Paragraph 26(c).

⁶ Joint Petition, Paragraph 26(e).

⁷ Joint Petition, Paragraph 26(g).

⁸ Joint Petition, Paragraph 26(h).

⁹ Joint Petition, Paragraph 26(h).

¹⁰ Joint Petition, Paragraphs 26(i)-(n).

¹¹ Joint Petition, Paragraph 26(l).

- i. *The Joint Petition establishes the provision of water service to the 21 Egypt Road Customers for the future.*¹²

21. The Borough supports the foregoing Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the ALJ or the Commission, the Borough will resume its litigation position, which may differ from the terms of the Joint Petition.

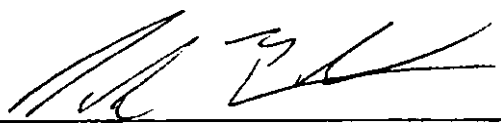
22. As set forth above, the Borough submits that the Joint Petition is in the public interest and adheres to Commission policies promoting negotiated settlements. The Joint Petition was achieved after numerous negotiations. Although the Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the Parties, as well as the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. The Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Joint Petition. Approval of the Joint Petition will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further current litigation in this proceeding. *See* 52 Pa. Code § 69.391.

¹² Joint Petition, Paragraphs 26(o)-(s)

WHEREFORE, the Borough of Phoenixville respectfully request that the Administrative Law Judge and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Approval of Settlement of Consolidated Proceeding without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 
James P. Dougherty (Pa. I.D. No. 59454)
Adeolu A. Bakare (Pa. I.D. No. 208541)
Alessandra L. Hylander (Pa. I.D. No. 320967)
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 232-8000
jdougherty@mcneeslaw.com
abakare@mcneeslaw.com
ahylander@mcneeslaw.com

Counsel to the Borough of Phoenixville

Dated: June 7, 2019

APPENDIX 14

STATEMENT OF PENNSYLVANIA AMERICAN
WATER COMPANY IN SUPPORT OF JOINT PETITION
FOR SETTLEMENT OF CONSOLIDATED PROCEEDINGS

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**ADMINISTRATIVE LAW JUDGE
DENNIS J. BUCKLEY**

Joint Application of Aqua Pennsylvania, Inc. : Docket No. A-2018-2642837
and the Borough of Phoenixville for approval : Docket No. A-2018-2642839
of 1) the acquisition by Aqua of the water :
system assets of Phoenixville used in :
connection with the water service provided by :
Phoenixville in East Pikeland and Schuylkill :
Townships, Chester County, and in Upper :
Providence Township, Montgomery County, :
PA; 2) the right of Aqua to begin to supply :
water service to the public in portions of East :
Pikeland Township, Chester County, and :
Upper Providence Township, Montgomery :
County, PA and 3) the abandonment by :
Phoenixville of public water service in East :
Pikeland Township, Chester County, and in :
Upper Providence Township, Montgomery :
County, and to certain locations in Schuylkill :
Township, Chester County, PA :

Request for approval of Section 507 PUMC :
contracts between Aqua and the Borough of :
Phoenixville :

Application of Pennsylvania-American :
Water Company for approval of the right to : Docket No. A-2019-3008980
offer, render, furnish or supply water service :
to the public in certain portions of :
Upper Providence Township, Montgomery :
County, Pennsylvania, and East Pikeland :
Township, Chester County, Pennsylvania, :
and request to abandon service territory in :
certain portions of Upper Providence :
Township, Montgomery County, :
Pennsylvania, and East Pikeland Township, :
Chester County, Pennsylvania :

Request for approval of Section 507 PUMC :
contract between PAWC and the Borough of :
Phoenixville :

Docket No. U-2019-3009763

**STATEMENT OF PENNSYLVANIA-AMERICAN
WATER COMPANY IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF SETTLEMENT
OF CONSOLIDATED PROCEEDING**

Pennsylvania-American Water Company (“PAWC”) files this Statement in Support of the Joint Petition for Approval of Settlement of Consolidated Proceeding (“Settlement”), entered into by PAWC, Aqua Pennsylvania, Inc. (“Aqua”) and the Borough of Phoenixville (“Borough”) in the above-captioned proceedings.¹ PAWC respectfully requests that the Honorable Administrative Law Judge Dennis J. Buckley (the “ALJ”) recommend approval of, and the Pennsylvania Public Utility Commission (“Commission”) approve, the Settlement, including all terms and conditions thereof, without modification.

I. INTRODUCTION

The Settlement pertains to two applications. First is the Joint Application of Aqua and the Borough, filed with the Commission on January 12, 2018, pursuant to Sections 1102 and 507 of the Pennsylvania Public Utility Code (“Code”) (the “Joint Application”). The Joint Application asks the Commission, *inter alia*, to issue certificates of public convenience approving Aqua’s acquisition of certain water system assets of the Borough and allowing Aqua to begin to provide

¹ Aqua, the Borough and PAWC are sometimes referred to herein collectively as the “Joint Petitioners.” The other party to this consolidated proceeding, the Office of Consumer Advocate (“OCA”), does not oppose the Settlement.

public water service in portions of East Pikeland Township, Chester County, and in portions of Upper Providence Township, Montgomery County.

Second is the Application of PAWC filed with the Commission on April 3, 2019, pursuant to Section 1102 of the Code (the "PAWC Application"), together with the request of PAWC filed with the Commission on May 8, 2019, pursuant to Section 507 of the Code (the "PAWC Section 507 Filing"). The PAWC Application asks the Commission, *inter alia*, to issue a certificate of public convenience allowing PAWC to begin to provide public water service to 21 customers along Egypt Road in Upper Providence Township, Montgomery County (the "21 Egypt Road Customers"). The 21 Egypt Road Customers are currently customers of the Borough but are served from a main owned by PAWC. The PAWC Application also asks the Commission to issue certificates of public convenience to PAWC for two areas that are currently served by PAWC, but for which PAWC does not presently have a certificate of public convenience. Finally, the PAWC Application asks the Commission to approve the abandonment of service to an area in which the only customer is an existing customer of the Borough.

The Settlement, if approved, will resolve all of the issues raised in this proceeding. The Settlement is in the public interest and, accordingly, should be approved.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No.

R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners and satisfies the various requirements of the Code. For these reasons, and the reasons set forth below, the Settlement is in the public interest and should be approved without modification.

II. THE SETTLEMENT IS IN THE PUBLIC INTEREST

PAWC filed a protest in response to the Joint Application because PAWC's review of the Joint Application suggested that the service territory requested by Aqua encroached on PAWC's existing certificated territory. In addition, PAWC's review of the Asset Purchase Agreement suggested that Phoenixville was attempting to sell assets to Aqua that were actually owned by PAWC. Finally, PAWC protested the Joint Application because the Joint Application requested approval of a Water Supply Agreement between Phoenixville and Aqua ("2018 Water Supply Agreement") that included a partial assignment of rights and obligations in a 1986 Water Supply Agreement between Phoenixville and Citizen Utilities Home Water Company ("1986 Water Supply Agreement"). PAWC is the successor to the rights and obligations of Citizen Utilities Home Water Company under the 1986 Water Supply Agreement. PAWC's consent was a necessary precondition for the assignment, but PAWC did not consent to the assignment.

The Settlement resolves all of these issues. The Joint Petitioners have had an opportunity to review detailed maps and have been able to clarify the respective service territories of Aqua and PAWC. As a result, the Settlement would result in certificates of public convenience that avoid

overlapping service territory. The Settlement would also result in certificates of public convenience that more accurately reflect the actual provision of water service to the public.

As a result of this process, the Joint Petitioners have agreed that the Egypt Road main actually belongs to PAWC and should not have been included in the Borough's sale of assets to Aqua. They have also had an opportunity to review detailed property records and have been able to determine that the proposed transaction between the Borough and Aqua does not involve any other assets of PAWC.

Finally, the Joint Petitioners have had an opportunity to negotiate new contracts that eliminate the partial assignment of the 1986 Water Supply Agreement. Instead, the Joint Petitioners have executed several agreements which ensure that PAWC will receive an adequate supply of water from the Borough at stable rates. PAWC will use this water to continue to provide reasonable and adequate water service to its customers at just and reasonable rates.

Consequently, PAWC supports the Settlement. PAWC respectfully submits that the Settlement is in the public interest and should be approved without modification.

A. Joint Application and Related Filings

The Joint Petitioners have agreed to a settlement of all issues in this proceeding. This includes issues arising under Sections 1103 and 507 of the Code. 66 Pa. C.S. §§ 1103 and 507.

1. Section 1103 Approvals

a. Fitness

Aqua must demonstrate that it is technically, financially, and legally fit to own and operate the system being acquired from Phoenixville. *Seaboard Tank Lines, Inc. v. Pa. Pub. Util. Comm'n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. v. Pa. Pub. Util.*

Comm'n, 138 A.2d 240, 243 (Pa. Super. 1958). As a certificated public utility, Aqua enjoys a rebuttable presumption that it possesses the requisite fitness. *South Hills Movers, Inc. v. Pa. Pub. Util. Comm'n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992). PAWC does not challenge Aqua's fitness.

b. Public Benefit

Aqua must demonstrate that its ownership/operation of the Phoenixville system will "affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way." *City of York v. Pa. Pub. Util. Comm'n*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972). An acquisition provides an affirmative benefit if the benefits of the transaction outweigh the adverse impacts of the transaction. *Application of CMV Sewage Co., Inc.*, 2008 Pa. PUC LEXIS 950. When looking at the benefits and detriments of a transaction, the focus of the analysis must be on all affected parties, not merely a particular group or a particular geographic area. *Middletown Township v. Pa. Pub. Util. Comm'n*, 85 Pa. Cmwlth. 191, 482 A.2d 674 (1984). As a result of the settlement, PAWC does not oppose the bases asserted by Aqua as to why the Joint Application promotes the service, accommodation, convenience or safety of the public in a substantial way.

2. Section 507 Approvals

Section 507 of the Code requires that contracts between a public utility and a municipal corporation (except for contracts to furnish service at regular tariffed rates) be filed with the Commission at least 30 days before the effective date of the contract. The Commission approves the contract by issuing a certificate of filing, unless it decides to institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract.

Aqua and the Borough have submitted two agreements for the Commission's approval: a Water Wheeling Agreement and an amendment to the 2018 Water Supply Agreement. The Water Wheeling Agreement essentially permits PAWC to continue receiving water from Borough, even though the pipes that carry the water will be owned by Aqua after closing on the transaction. Aqua will charge the Borough (rather than PAWC) a fee for this service. The Water Wheeling Agreement is in the public interest because it permits PAWC to continue supplying water to its customers at just and reasonable rates. PAWC respectfully submits that the Commission should issue a certificate of filing approving the contracts between Aqua and the Borough.

B. The PAWC Application and Related Filings

1. Section 1103 Approvals

a. Additional service territories

As discussed above, PAWC must demonstrate that it is technically, financially, and legally fit to provide public water service to the additional service territories described in its Application. As a certificated public utility, PAWC enjoys a rebuttable presumption that it possesses the requisite fitness. No party to this proceeding has challenged PAWC's fitness. Nevertheless, the PAWC Application contains additional information concerning PAWC's fitness.

With regard to technical fitness, as of February 28, 2019, PAWC served 660,941 water customers and 65,094 wastewater customers in Pennsylvania. PAWC is already providing service to eight existing customers in the requested service territory in Upper Providence, Montgomery County, and six existing customers in the requested service territory in East Pikeland Township, Chester County. PAWC will continue to serve all of these customers through the Black Rock Road Tanks facilities. The Shady Lane Treatment Plant has a permitted capacity of 3.7 mgd and

the average system delivery in 2017 was 3.3 mgd. With regard to the 21 Borough customers along Egypt Road who will become PAWC customers pursuant to the Settlement, these customers are currently receiving water from a PAWC main. PAWC clearly has the technical capacity to continue to serve all of the customers in the requested service territories.

PAWC has the financial fitness to serve the customers in these requested territories. No additional capital or financing will be necessary as a result of the requested additional service territories.

PAWC has the legal capacity to serve these requested territories. PAWC has a good record of compliance with applicable statutory and regulatory standards.

As also discussed above, PAWC must demonstrate that the transfer of the customers described in its Application will “affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way.” *City of York*. PAWC’s acquisition of the requested service territories has several affirmative public benefits. It promotes regionalization and consolidation because PAWC has certificated service territories abutting the applied-for territories. It also promotes compliance with law, because PAWC discovered that it is inadvertently providing service in areas that are not currently certificated. Consequently, the Settlement is in the public interest to the extent that it includes a request for Commission approval of the additional service territories described in the PAWC Application.

b. Partial abandonment of service territory

The PAWC Application also includes a request to abandon a portion of PAWC’s existing service territory in Upper Providence Township, Montgomery County and East Pikeland Township, Chester County, in which PAWC has no existing customers. The only existing customer in the territory will continue to be served by the Borough.

The factors to be considered in determining whether a utility may abandon service are: (1) the extent of loss to the utility, (2) the prospects of the system being used again in the future; (3) the balancing of the utility's loss with the hardship on the public, and (4) the availability of alternative service. *See Commuters Commission v. Pa. Pub. Util. Comm'n*, 88 A.2d 420 (Pa. Super. Ct. 1952). In this case, there is no real loss to the utility, there is little prospect that PAWC will seek to serve the territory in the near future, and the only existing customer is being served by the Borough. Balancing the utility's loss with the hardship on the public clearly favors approval of the proposed abandonment.

2. Section 507 Approvals

The Settlement includes an Amendment to the 1986 Water Supply Agreement. This Amendment, which was executed by PAWC and the Borough, makes two significant modifications in the 1986 Water Supply Agreement. With respect to the amount of water purchased, the 1986 Water Agreement provided that PAWC would purchase the amount of water required to serve certain defined territories. This provision needs to be changed to reflect the changes that the Settlement will make in PAWC's certificated service territory. The 2019 Amendment states that PAWC must purchase an average amount of at least 150,000 gallons of water per day (on a rolling 30-day basis), but may purchase up to 1.15 mgd peak day.² This modification is in the public interest because it provides the signatories with greater certainty as to the amount of water they are required to purchase/sell.

² As noted in the Settlement, the Joint Petitioners agree that the Borough's continued sale of water to PAWC is a non-regulated service; Phoenixville is not offering to serve the public. Consequently, the Settlement includes a request by Phoenixville to abandon its certificate of service.

With respect to price, the 1986 Water Supply Agreement provided that the purchased water rate would be established by the Commission.³ Both Phoenixville and PAWC had the right to ask the Commission to change the purchased water rate at any time. The 2019 Amendment, in contrast, sets an initial purchased water rate of \$4.50 per 1,000 gallons. This rate will increase by \$1.00 on the effective date of any general base rate increase approved by the Commission. This modification is in the public interest because it provides for greater rate stability; the signatories will not be able to request that the Commission modify the rates at any time.

The 2019 Amendment, together with the two agreements between Aqua and the Borough, is vital for ensuring that PAWC continues to have an adequate supply of water for its customers at just and reasonable rates. Consequently, the agreement between PAWC and the Borough is in the public interest and should be approved.

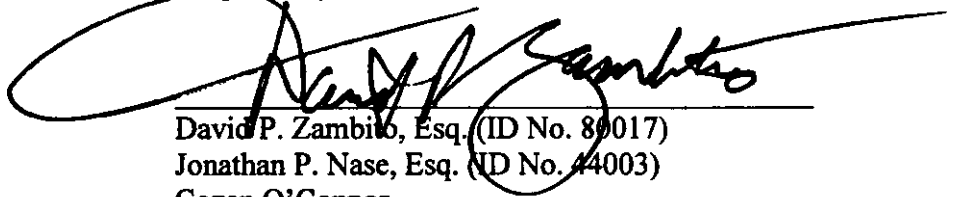
III. CONCLUSION

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all the issues in these proceedings in a fair and equitable manner. PAWC fully supports the Settlement.

³ PAWC currently pays the following rates: \$283.34 per month for an administrative fee, \$3.00 per 1,000 gallons for the first 333,333 gallons per month, \$2.45 per gallon for the next 1,333,333 gallons per month and \$2.00 per gallon for all amounts over 1,666,666 gallons per month.

WHEREFORE, Pennsylvania-American Water Company respectfully requests that the Honorable Administrative Law Judge Dennis J. Buckley recommend approval of, and that the Commission approve, the Settlement, including all terms and conditions thereof, without modification, and enter an order consistent with the Settlement.

Respectfully submitted,



David P. Zambito, Esq. (ID No. 89017)

Jonathan P. Nase, Esq. (ID No. 44003)

Cozen O'Connor

17 North Second Street, Suite 1410

Harrisburg, PA 17101

Telephone: (717) 703-5892

Facsimile: (215) 989-4216

E-mail: dzambito@cozen.com

E-mail: jnase@cozen.com

Susan Simms Marsh, Esq. (ID No. 44689)

Pennsylvania-American Water Company

852 Wesley Drive

Mechanicsburg, PA 17505

Telephone: (717) 550-1570

E-mail: Susan.marsh@amwater.com

*Counsel for Pennsylvania-American Water
Company*

Date: June 7, 2019

APPENDIX 15

AQUA PENNSYLVANIA FORM OF TARIFF SUPPLEMENT

RECEIVED

JUN - 7 2019

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

AQUA PENNSYLVANIA, INC.
(hereinafter referred to as the "Company")

RATES, RULES, AND REGULATIONS
GOVERNING THE DISTRIBUTION AND SALE OF
WATER SERVICE
IN PORTIONS OF

ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, CLARION, CLEARFIELD,
COLUMBIA, CRAWFORD, CUMBERLAND, DELAWARE, FOREST, JUNIATA,
LACKAWANNA, LAWRENCE, LEHIGH, LUZERNE, MERCER, MCKEAN, MONROE,
MONTGOMERY, NORTHAMPTON, NORTHUMBERLAND, PIKE, SCHUYLKILL,
SUSQUEHANNA, SNYDER, VENANGO, WARREN, WAYNE, AND WYOMING COUNTIES

IN THE COMMONWEALTH OF PENNSYLVANIA

ISSUED: ~~XX/XX/XXXX~~

EFFECTIVE: ~~XX/XX/XXXX~~

By:

Marc Lucca, President
Aqua Pennsylvania, Inc.
762 Lancaster Avenue
Bryn Mawr, Pennsylvania 19010

NOTICE

THIS TARIFF ESTABLISHES WATER RATES FOR THE CUSTOMERS OF A
PORTION OF UPPER PROVIDENCE TOWNSHIP, MONTGOMERY COUNTY, AND
PORTIONS OF EAST PIKELAND AND SCHUYLKILL TOWNSHIPS, CHESTER
COUNTY

AQUA PENNSYLVANIA, INC.

SUPPLEMENT NO. ~~XX~~
TARIFF WATER-PA P.U.C. NO. 2
~~XXXXX~~ PAGE 2
CANCELING ~~XXXXX~~ PAGE 2

LIST OF CHANGES MADE BY THIS TARIFF

Changes: This tariff makes changes to reflect the acquisition of the water assets of the Borough of Phoenixville, located in a portion of Upper Providence Township, Montgomery County, and portions of East Pikeland and Schuylkill Townships, Chester County, Pennsylvania. Closing on the acquisition took place on ~~XX/XX/XXXX~~, with the effective date of ownership occurring at 12:01AM on ~~XX/XX/XXXX~~. (See pages ~~XXX~~)

This tariff is made pursuant to the Commission's Order adopted ~~XX/XX/XXXX~~ at Docket No. A-2017-~~XXXXXXXX~~, which authorizes the issuance of the Certificate of Public Convenience.

ISSUED: ~~XX/XX/XXXX~~

EFFECTIVE: ~~XX/XX/XXXX~~

TABLE OF CONTENTS

	Page Number		
Rates, Rules, and Regulations	1	XXXX Revised Page	(C)
List of Changes Made by This Tariff	2	XXXX Revised Page	(C)
Table of Contents	3	XXXX Revised Page	(C)
Table of Contents (cont'd)	4	Original Page	
Table of Contents (cont'd)	5	Original Page	
Table of Contents (cont'd)	6	Original Page	
Description of Territory Served	7	Original Page	
Description of Territory Served (cont'd)	8	Original Page	
Description of Territory Served (cont'd)	9	Original Page	
Description of Territory Served (cont'd)	10	XXXX Revised Page	(C)
Description of Territory Served (cont'd)	11	Original Page	

SCHEDULE OF RATES:

Metered and Unmetered Service Charge	12.1	Original Page	
Consumption Charge	12.2	Original Page	
Consumption Charge (cont'd)	12.3	Original Page	
Consumption Charge (cont'd)	12.4	Original Page	
Metered and Unmetered Private Fire Service	12.5	Original Page	
Metered and Unmetered Private Fire Service (cont'd)	12.6	Original Page	
Public Fire Service	12.7	Original Page	
Phoenixville Division	12.XX	Original Page	(C)
Industrial Standby Rate	13	Original Page	
Industrial Standby Rate (cont'd)	14	Original Page	
Industrial Standby Rate (cont'd)	15	Original Page	
Resale and Electric Generation Standby Rate	16	Original Page	
Resale and Electric Generation Standby Rate (cont'd)	17	Original Page	
Resale and Electric Generation Standby Rate (cont'd)	18	Original Page	
Rider DIS - Demand Based Industrial Service	19	Original Page	
Rider DRS - Demand Based Resale Service	20	Original Page	
Rider EGS - Electric Generation Service	21	Original Page	
Rider OPI - Off Peak/Interruptible Rate Service	22	Original Page	
Rider OPI - Off Peak/Interruptible Rate Service (cont'd)	23	Original Page	
Distribution System Improvement Charge (DSIC)	24	Original Page	
DSIC (cont'd)	25	Original Page	
DSIC (cont'd)	26	Original Page	
DSIC (cont'd)	27	Original Page	

DESCRIPTION OF TERRITORIES SERVED

RATE ZONE 2 – All territories subject to Rate Zone 2 rates unless otherwise noted

Chalfont Division

The Township of New Britain in Bucks County

Concord Park Division

The Township of Bensalem in Bucks County

Superior Division

The Townships of Washington in Berks County, North Coventry in Chester County, and Douglass, New Hanover, Lower Pottsgrove, Upper Frederick, Upper Pottsgrove, and Worcester in Montgomery County

Treasure Lake Division

The Township of Sandy in Clearfield County

RATE ZONE 3 – All territories subject to Rate Zone 3 rates unless otherwise noted

Oakland Beach Division

The Townships of Sadsbury and Summit in Crawford County

CS Water (Masthope) Division

The Township of Lackawaxen in Pike County

Eagle Rock Division

The Townships of Black Creek and Hazle in Luzerne County, Tobyhanna in Monroe County, and East Union and North Union in Schuylkill County

BUNKER HILL DIVISION

The Township of Clinton in Wyoming County

SUN VALLEY DIVISION

The Township of Chestnuthill in Monroe County

PHOENIXVILLE DIVISION

A portion of Upper Providence in Montgomery County and portions of East Pikeland and Schuylkill Townships, Chester County

(C)

(C) Indicates Change

SCHEDULE OF RATES

METERED AND UNMETERED CHARGES

The rates under this schedule apply to all customer classes in the territories served subject to the Rate Zones as noted in the Description of Territories Served section under this tariff unless otherwise specifically identified below.

QUARTERLY SERVICE CHARGE

Customer Charge (\$) Phoenixville Division

Fixed (per Customer)

<u>Meter Size:</u>	
3/4 inch	\$ 10.00
1 inch	20.00
1-1/2 inch	35.00
2 inch	75.00
3 inch	125.00
4 inch	250.00
6 inch	400.00
8 inch	850.00

Temporary service pending installation of a meter shall be based upon multiplying by four the charge of the meter to be installed.

QUARTERLY CONSUMPTION CHARGE

All Classes

Up to 1,000,000 Gallons	\$ 3.00
Next 4,000,000 Gallons	2.45
Over 5,000,000 Gallons	2.00

ANNUAL UNMETERED FIRE SERVICE

Hydrant Fire Protection Service: Private, Municipal, and Public Fire Protection Service through a fire hydrant shall be \$270.00 per year.

Sprinkler Fire Protection Service: the minimum bill for Fire Protection Service provided for sprinkler systems shall be based on the size of the service line serving the customer as follows:

<u>Size of Service from Main</u>	<u>Annual Charge</u>
8 inches or less	\$270.00

CERTIFICATE OF SERVICE

I hereby certify that I have this 7th day of June 2019, served a true and correct copy of the foregoing Joint Petition for Approval of Settlement of Consolidated Proceeding, upon the persons and in the manner set forth below:

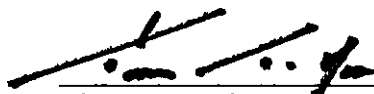
VIA ELECTRONIC MAIL AND HAND DELIVERY

The Honorable Dennis J. Buckley
Administrative Law Judge
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105
debuckley@pa.gov

Adeolu A. Bakare, Esq.
McNees, Wallace & Nurick, LLC
100 Pine Street
Harrisburg, PA 17101
ABakare@mcneeslaw.com

David P. Zambito, Esq.
Cozen O'Connor
17 North Second Street
Suite 1410
Harrisburg, PA 17101
dzambito@cozen.com

Erin L. Gannon
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
egannon@paoca.org



Thomas T. Niesen
PA Attorney ID No. 31379

RECEIVED
2019 JUN -7 AM 10:28
PA PUC
SECRETARY'S BUREAU
FRONT DESK