

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania Wastewater, : Docket No. A-2019-3009052  
Inc. (hereinafter referred to as "Aqua" or :  
"Applicant") pursuant to Sections 1102 and :  
1329 of the Public Utility Code for: :

(1) approval of the acquisition by Aqua of :  
the wastewater system assets of the Township :  
of East Norriton ("East Norriton Township" or :  
"Township") situated within the Township of :  
East Norriton, Montgomery County, :  
Pennsylvania; :

(2) approval of the right of Aqua to begin to :  
offer, render, furnish and supply wastewater :  
service to the public in the Township of East :  
Norriton, Montgomery County, Pennsylvania, :  
excluding the Burnside Reserve subdivision; :  
and :

(3) an order approving the acquisition that :  
includes the ratemaking rate base of the :  
Township of East Norriton wastewater system :  
assets pursuant to Section 1329(c)(2) of the :  
Public Utility Code. :

Request for Approval of Contracts, :  
including Assignments of Contracts, between :  
Aqua and East Norriton Township, Pursuant :  
to Section 507 of the Public Utility Code :

**APPLICATION**

To the Pennsylvania Public Utility Commission ("Commission"):

**I. BACKGROUND**

1. The name and address of Applicant are:

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

2. The name, address and contact information for Applicant's counsel are:

Thomas T. Niesen, Esq.  
Thomas, Niesen & Thomas, LLC  
212 Locust Street, Suite 302  
Harrisburg, PA 17101  
tniesen@tntlawfirm.com  
Tel. No. (717) 255-7600  
Fax No. (717) 236-8278

3. Pursuant to Sections 1102 and 1329 of the Public Utility Code, 66 Pa. C.S. §§ 1102 and 1329, Applicant hereby requests that the Commission: (1) approve Aqua's acquisition of the wastewater system assets ("Assets") of East Norriton Township; (2) approve the right of Aqua to begin providing wastewater service in the requested territory, as shown as the area outlined in red on the map attached hereto as **Exhibit A** (the "**Requested Territory**");<sup>1</sup> and (3) include, in its Order approving the acquisition, the ratemaking rate base of the Assets as determined under Section 1329(c)(2) of the Public Utility Code.

4. The map of the Requested Territory includes a north arrow depicting map orientation, a graphic scale, the municipal boundaries of East Norriton Township and identification and depiction of all private and public roads relative to the Requested Territory. A bearing and angle description of the Requested Territory is included on Exhibit A. The Requested Territory is 6.065 square miles (3,881.4 acres).

5. Aqua and East Norriton Township have reached an agreement regarding the acquisition of the Township Assets, as evidenced by the *Asset Purchase Agreement*, dated as of October 29, 2018 and attached hereto as **Exhibit B** (the "**Agreement**"). Applicant respectfully requests that the Commission issue an *Order* and *Certificates of Public Convenience* approving and addressing the items requested in this Application.

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<sup>1</sup> A CONFIDENTIAL facilities map is included with the Asset Inventory as addressed *infra*.

6. An **Application Filing Checklist** identifying topics addressed and the section, paragraph and page number where they can be found is included with this Application.

## **II. AFFECTED ENTITIES**

7. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua is engaged in the wastewater service business and furnishes wastewater service to approximately 28,000 customer accounts, as reflected in documents already on file with the Commission. Aqua's existing service territories cover various Counties throughout Pennsylvania including parts of Montgomery County.

8. East Norriton Township is a duly organized and validly existing Township of the Second Class. Township owns and operates a sanitary wastewater collection system that provides sanitary wastewater service to 4,966 customers in East Norriton Township.

9. Applicant incorporates into this Application other information on file with the Commission that establishes the fact that Aqua is qualified to provide adequate public wastewater service. Aqua will supplement this Application with all additional information the Commission may require. Financial Statements of Aqua for 2018 are attached hereto as **Exhibit C**.

## **III. PLANT-IN-SERVICE**

10. Aqua will acquire East Norriton Township's wastewater collection system assets as defined in the Agreement. All assets are located in the Township.

11. A Sewage Facilities Assessment with Original Cost Estimate of the East Norriton Township Sanitary Sewer System, prepared by Carroll Engineering Corporation, Consulting Engineers ("Asset Inventory"), is attached hereto as **Exhibit D**. The facilities map included with the Asset Inventory is considered CONFIDENTIAL.

12. The Asset Inventory explains that the East Norriton collection system has approximately 59 miles of gravity sewer collection mains and intercepts in sizes ranging from 8 inches to 24 inches in diameter with 9 dedicated pump stations and approximately 4 miles of force mains sized 4 to 16 inches. A surge tank is located at the Einstein Road Pump Station to assist with maintaining flows during wet weather.<sup>2</sup>

13. A list of non-depreciable property is presented in Section 4 of the Asset Inventory. The East Norriton System has no plant held for future use and none is included in the Asset Inventory.

14. All component facilities are installed. The approximate time of installation of component facilities is addressed in Section 2 of the Asset Inventory and in Mr. Bubel's testimony.

15. Wastewater treatment is provided by the East Norriton-Plymouth-Whitpain Joint Sewer Authority ("JSA") at its Wastewater Treatment Plant in Plymouth Township ("JSA WWTP"). A copy of the JSA's 2018 Chapter 94 Report to the Department of Environmental Protection ("DEP") for the JSA WWTP is attached hereto as **Exhibit E**. The JSA WWTP Plant has a permitted capacity of 8.67 MGD with EL between EL 62 and EL 71.

16. Elevation of the East Norriton collection system and the service area varies:

EL 335 to EL 428 along the western boundary.

EL 335 to EL 207 along the southern boundary.

EL 428 to EL 280 along the northern boundary.

EL 280 to EL 207 along the eastern boundary.

17. Water service in the Requested Territory is provided by Pennsylvania American Water Company and private wells.

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<sup>2</sup> Certain customers located in East Norriton Township are connected to Whitpain Township and Plymouth Township mains due to availability of sewer mains located near these properties. These arrangements are set forth in the assigned contracts below.

18. The original cost, by year and major plant category, of East Norriton Township's used and useful plant in service is \$16,212,760 with a related calculation depreciation reserve of \$7,664,762.

19. Tentative journal entries to record the transaction are presented in Section IV.

#### **IV. ASSET PURCHASE AGREEMENT**

20. The Asset Purchase Agreement is dated October 29, 2018. The purchase price is Twenty-One Million Dollars (\$21,000,000.00).

21. The purchase price is based on arm's length negotiations. Aqua and Township are not affiliated with each other.

22. Aqua will use short term debt initially for the purchase of the assets with the expectation that the short term debt will be converted to long term debt and equity capital at a later date.

23. The wastewater system assets to be transferred are the "Acquired Assets" and have the meaning specified in Section 2.01 of the Agreement. The Assets include the assets, properties and rights of the Township used in the system and all pipes, pumping stations, hoists, generators, manholes and pipelines and billing and collections related assets necessary to run the system.

24. Acquired Assets also include the seven contracts identified on Schedule 4.15 of the Agreement to which Township is a party (the "Assigned Contracts"). The Assigned Contracts are attached hereto as **Exhibit F1**, **Exhibit F2**, **Exhibit F3**, **Exhibit F4**, **Exhibit F5**, **Exhibit F6**, and **Exhibit F7**, respectively:<sup>3</sup>

Agreement with Joint Sewer Authority, dated November 12, 2003, by and among the East Norriton-Plymouth-Whitpain Joint Sewer Authority, East Norriton Township, Whitpain Township and Plymouth Township addressing service to the Burnside Reserve development

Agreement, dated July 18, 1994, by and among East Norriton Township, Whitpain Township and John DiSanto

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<sup>3</sup> Exhibits F5, F6 and F7 are the "Authority Agreements" as defined in Schedule 4.15 of the APA. The assignment of the Authority Agreements will not include the Retained Liabilities and Obligations as defined in the APA.

Agreement, dated August 13, 1991 by and between the Plymouth Township Municipal Authority and Plymouth Township and the East Norriton Sewer Authority and East Norriton Township Board of Supervisors

Agreement, dated September 9, 2007, by and among East Norriton Township, Whitpain Township and the Automobile Dealers Association of Greater Philadelphia

Joint Treatment Agreement, dated October 5, 1959, among the East Norriton-Plymouth Joint Sewer Authority, the Township of East Norriton, the Township of Plymouth, the East Norriton Township Municipal Authority and the Plymouth Township Municipal Authority

Intermunicipal Sewage Treatment Service Agreement, dated August 14, 1991 by and among the East Norriton-Plymouth Joint Sewer Authority and East Norriton Township, Plymouth Township and Whitpain Township, East Norriton Township Municipal Authority and Plymouth Township Municipal Authority

Supplement No. 1 to Intermunicipal Sewage Treatment Service Agreement, dated on or about October 25, 2005, among the East Norriton-Plymouth-Whitpain Joint Sewer Authority and East Norriton Township, Plymouth Township and Whitpain Township

25. Acquired Assets also include all Authorizations and Permits of or held by East Norriton Township (to the extent transferrable to Aqua under applicable Law), including all Authorizations and Permits which are environmental permits, East Norriton's NPDES Permits other than NPDES Permits that relate to Stormwater System Assets, other operating permits and those items listed or described on Schedule 4.14 of the Agreement.

26. "Excluded Assets," which are those assets not being transferred to Aqua, has the meaning specified in Section 2.02 of the Agreement. Excluded Assets include Stormwater System Assets, contracts that are not Assigned Contracts, cash and cash equivalents and the assets, properties and rights set forth in Schedule 2.02(h) of the Agreement.

27. "Assumed Liabilities" has the meaning specified in Section 2.04(a) of the Agreement and include all liabilities and obligations arising out of or relating to Aqua's ownership or operation of the wastewater system and the Acquired Assets on or after Closing.

28. The tentative journal entries to record the transfer in Aqua's accounts are:

	Debit	Credit
Utility Plant Purchased	\$21,000,000	
Cash/Short Term Debt		\$21,000,000

**V. CUSTOMERS**

29. East Norriton Township provides wastewater service to 4,966 customers. The Township does not distinguish between residential, commercial or industrial customers.

30. Wastewater flow for East Norriton customers was approximately 988,750,000 gallons for 2018. A breakdown of gallons treated by customer class is not available as the Township does not distinguish between residential, commercial or industrial customers.

31. Township projects growth of 528 Equivalent Dwelling Units over the next five years.

**VI. RATES**

32. After Closing, Aqua will implement the Township of East Norriton's sanitary wastewater rates in effect at closing as reflected on Schedule 7.03(a) of the Agreement and inclusive of any Commission permitted or required surcharges or pass-through costs as its effective sanitary wastewater rates, provided such rates shall not be lower than the rates in effect on the Effective Date of the APA. Aqua and East Norriton Township have agreed that rates shall not be increased until after the second anniversary of the Closing Date.<sup>4</sup> The Township presently bills on a quarterly basis. Aqua will convert to monthly billing after closing. A schedule of rates tariff page implementing monthly rates for Township customers post-closing is attached hereto as **Exhibit G**.

33. As presented in Schedule 7.03(a) of the Agreement, East Norriton Township has metered sewer customers, flat rate sewer customers and metered well customers. Metered customers are charged

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<sup>4</sup> As explained in the testimony of Aqua witness Packer, the two year rate freeze is not a rate stabilization plan.

a minimum bill of \$63.25 per quarter which includes 4,000 gallons usage with a rate of \$6.54 per 1,000 gallons for usage above the minimum. Flat rate customers are charged \$115.60 per quarter. Certain customers within East Norriton Township that are connected to Whitpain Township sewers are charged \$95 per quarter, which East Norriton bills to those customers. A copy of East Norriton Township's currently effective Sewer Ordinance is attached hereto as **Exhibit H**.

34. Upon Commission approval of this Application and completion of the proposed transaction, Aqua will begin to provide wastewater service in its name to the customers in the Requested Territory. It will implement its *Rules and Regulations* to govern the provision of wastewater service in the Requested Territory, as those *Rules and Regulations* are in effect from time to time for Aqua.

35. Copies of the notices that will be sent to customers of Aqua and to customers of East Norriton Township describing the filing and the anticipated effect on rates are attached hereto as **Exhibit I1** and **Exhibit I2**.

## **VII. COST OF SERVICE**

36. Copies of East Norriton Township's Annual Financial Report for 2016 and 2017 are attached hereto as **Exhibit J1** and **Exhibit J2**. For the year ended December 31, 2017, the Township had approximately \$500,000 of long-term debt attributable to the wastewater system.

37. Copies of East Norriton Township's Adopted Annual Budgets for 2018 and 2019 are attached hereto as **Exhibit J3** and **Exhibit J4**.

38. A copy of East Norriton Township's most recent annual report filed with the Department of Community and Economic Development is attached hereto as **Exhibit K**.

39. Aqua projects annual revenue of \$3,315,000 from the East Norriton Township customers based on East Norriton Township's current rate schedule, calculated as follows:



	<u>Customers</u>	<u>Minimum Quarterly Bill</u>	<u>Minimum Annual Charges</u>			
Metered Customer	4,719	\$63.25	\$1,193,907			
Flat Rate Customer	228	\$115.60	\$105,427			
Metered Well Customer	10	\$63.25	\$2,530			
Flat Rate Customer (Whitpain)	9	\$95.00	\$3,420			
	<u>4,966</u>		<u>\$1,305,284</u>			
	<u>Total Gallons</u>	<u>Allowance per Quarter per Customer (gallons)</u>	<u>Total Gallons included in Minimum Charge</u>	<u>Billable Gallons</u>	<u>Rate per 1,000 gallons over Allowance</u>	<u>Consumption Annual Charges</u>
2018 Gallons Billed	382,959,999	4,000	75,664,000	307,295,999	\$6.54	\$2,009,716
			<u>6,748</u>	<u>Total Annual Revenue</u>		<u>\$3,315,000</u>

40. Aqua estimates annual operating and maintenance expenses of \$1,800,000 based on East Norriton Township's operating expenses presented in the 2017 financial statements, adjusted by the Company.

**VIII. PROOF OF COMPLIANCE**

41. Aqua will operate and manage the East Norriton Township wastewater system as a standalone collection system, but within Aqua's footprint, from its Southeastern Division Office in Bryn Mawr, Pennsylvania. The system is approximately 9 miles from the Division Office. Mr. Thomas A. Cicala will be the assigned Certified Wastewater Operator for the system. Mr. Cicala's currently effective Wastewater Operator's License is attached hereto as Exhibit L.

42. WQM Permits for the JSA WWTP issued in 2005, 2008 and 2014 are attached as **Exhibit M1**, **Exhibit M2** and **Exhibit M3**, respectively, although the JSA WWTP is not part of the acquisition transaction. The National Pollution Discharge Elimination System Permit for the JSA WWTP is attached hereto as **Exhibit N1**. Copies of Discharge Monitoring Reports (“DMR”) for the JSA WWTP, from January 2014 through December 2018, are attached hereto as **Exhibit N2**.

43. Notices of Violation/narrative reports issued by DEP to East Norriton Township over the past five years are attached hereto as **Exhibit O1** (Manholes), **Exhibit O2** (Eisenhower Road), **Exhibit O3** (Wellington Road) and **Exhibit O4** (Norris City Pump Station). The explanations for the NOV’s and corrective actions are included in the narrative reports of the DEP. The Township performed Flow and Capacity Studies in May 2015 and September 2015 to address the issues associated with the NOV from April 30, 2014. The Studies are attached hereto as **Exhibit O5** and **Exhibit O6**.

44. Aqua is a Class A utility. It is in good standing with DEP and in general compliance with DEP with regard to the provision of wastewater service.

45. The service area comprising the Requested Territory is consistent with East Norriton Township’s service area mapped by the Township and in compliance with DEP approved Act 537 Plans. A copy of East Norriton Township’s Act 537 Plan documents is attached hereto as **Exhibit P1** (Plan Update 2006) and **Exhibit P2** (Special Study 2009). A copy of the JSA Act 537 Plan is attached hereto as **Exhibit P3**. Aqua is not proposing to expand service beyond the existing plant footprint.

46. The web address for the East Norriton Township Comprehensive Plan is: <http://www.eastnorritontwp.org/index.asp?SEC=7285225D-5E18-4EB5-8DAC-CEF5C0286BC8>. The web address for the Montgomery County Comprehensive Plan is: <http://www.montcopa.org/DocumentCenter/View/7719>.

47. Aqua has an existing operational presence and wastewater professionals in the area. Aqua provides wastewater service in Montgomery County. Its Southeastern Division Office is, moreover, approximately 9 miles from the East Norriton Township system. The acquisition will easily fold into Aqua's existing wastewater operations. A listing of Aqua's nearby territory and facilities is as follows:

<b>Aqua Facilities</b>	<b>Location</b>	<b>Distance from Township</b>
Stony Creek WWTP	Worcester Township, PA	1.1
Media WWTP	Media, PA	16.4
Southeastern Division Office	Bryn Mawr, PA	8.8

48. Aqua is not anticipating any physical, operational or managerial changes at its Southeastern Division Office as a result of the acquisition.

49. Planned capital improvements are addressed in Mr. Bubel's testimony.

**IX. AFFECTED PERSONS**

50. No corporation or entity, except East Norriton Township, is now furnishing or has corporate or franchise rights to furnish wastewater service in the Requested Territory, and no competitive condition will be created by approval of this Application. Water and wastewater service providers abutting or within one mile of the Requested Territory are as follows:

- a. Within neighboring Worcester Township, water service is provided by the North Penn Water Authority and Pennsylvania American Water Company. Wastewater service is provided by Worcester Township.
- b. Within neighboring Whitpain Township, water service is provided by the North Wales Water Authority and Pennsylvania American Water Company. Wastewater service is provided by Whitpain Township.
- c. Within neighboring Plymouth Township, water service is provided by Aqua Pennsylvania, Inc. Wastewater service is provided by Plymouth Township.
- d. Within neighboring Norristown Borough, water service is provided by Pennsylvania American Water Company. Wastewater service is provided by Norristown Municipal Waste Authority.

- e. Within neighboring West Norriton Township, water service is provided by Pennsylvania American Water Company. Wastewater service is provided by West Norriton Township.
- f. Within neighboring Lower Providence Township, water service is provided by Pennsylvania American Water Company. Wastewater service is provided by Lower Providence Sewer Authority.

**X. REASONS SUPPORTING THIS APPLICATION**

51. Approval of this Application is necessary or proper for the service, accommodation, convenience or safety of the public. As summarized below and discussed further in the testimonies of Mr. Packer and Mr. Bubel, which as identified in Section XI below, are attached hereto as **Exhibit U** and **Exhibit V**:

a. Aqua has the technical, regulatory, financial and legal fitness to operate the Assets of East Norriton Township, and to maintain the operations and make improvements to meet continuing and future customer needs.<sup>5</sup> The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua;

b. East Norriton Township has agreed to sell its Assets. The public interest and need will be served by allowing Aqua, in lieu of East Norriton Township, to provide wastewater service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The East Norriton Township system will benefit from the support of wastewater professionals throughout Aqua's organization;

c. The acquisition is consistent with the Commission's long-standing policy supporting the consolidation/regionalization of water/wastewater systems. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of

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<sup>5</sup> As a certificated provider of utility service, Aqua's fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

better management practices, economies of scale, and the resulting greater environmental/economic benefits. The Commission has previously stated that “acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry.”<sup>6</sup> The benefits of consolidation/regionalization, ultimately, inure to customers both existing and acquired;

d. Aqua provides utility service to approximately 28,000 wastewater customers and has years of experience operating wastewater treatment and collection systems in a safe, reliable and efficient manner. Aqua has the managerial, technical, and financial resources to improve the operations of the Township;

e. In *McCloskey v. Pa. P.U.C.*, No. 1624 C.D. 2017 (2018), the Commonwealth Court held that Commission findings: (i) that Aqua, as the owner of numerous water and wastewater systems has sufficient operational expertise and ability to raise capital to support system operations; and (ii) that the Commission has a policy of consolidation/regionalization of wastewater system assets that allows for increased maintenance, upgrade and expansion of public sewer and water facilities, are substantial evidence, consistent with *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (Pa. 2007) to support a conclusion that there is a public benefit to a transaction;

f. The acquisition of the East Norriton Sewer system will increase Aqua’s customer base by approximately 21%. With a larger customer base, future infrastructure investments, Statewide, will be shared at a lower incremental cost per customer for all Aqua customers; and

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<sup>6</sup> Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

g. The acquisition will not have any immediate impact on the rates of either existing customers of Aqua or Township customers. As discussed in the testimony of Mr. Packer and presented in the Notice to customers, the increase in rate base may ultimately require an increase in revenue. The hypothetical impact on rates is outweighed by the recognized benefits of Aqua's ownership including its expertise and ability to raise capital; the furtherance of consolidation/regionalization of wastewater services; and the spreading of costs over a larger customer base. Perhaps more significantly, the acquisition furthers the objective of the General Assembly with the enactment of Section 1329. While *McCloskey* concludes that rate impact should be addressed, it recognizes that it is not dispositive in the Commission's determination of substantial affirmative benefits.

**XI. ADDITIONAL INFORMATION REQUIRED BY SECTION 1329 OF THE PUBLIC UTILITY CODE AND THE PUBLIC UTILITY COMMISSION'S 1329 CHECKLIST**

52. Aqua and East Norriton Township have agreed to use the process presented in Section 1329 of the Public Utility Code, 66 Pa. C.S. § 1329, to determine the fair market value of the Assets and the ratemaking rate base. Aqua's verified statement that it selected Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") as its Utility Valuation Expert is attached hereto as **Exhibit AA1**. East Norriton Township's verified statement that it selected AUS Consultants, Inc. ("AUS") as its Utility Valuation Expert is attached hereto as **Exhibit AA2**.

53. As required by Section 1329(d)(1)(i), copies of the Fair Market Value Appraisal Reports of Gannett Fleming, Utility Valuation Expert, and AUS, Utility Valuation Expert, are attached hereto as **Exhibit Q** and **Exhibit R**, respectively. Confidential and Proprietary Work Paper Files, in Excel Format, of Gannett Fleming and AUS are provided on Confidential CDs included with the Application.

54. Applicant states that the purchase price of the Assets of the selling utility as agreed to by Aqua and East Norriton Township is \$21,000,000.

55. The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$21,000,000, being the lesser of the purchase price of \$21,000,000 negotiated by Aqua and East Norriton Township and the average of the fair market value appraisals which is \$24,674,297 – determined by \$24,284,000 presented in the appraisal of Gannett Fleming and \$25,064,594 presented in the appraisal of AUS.

56. Aqua will incur transaction and closing costs of approximately \$220,000, which it will include in its rate base.

57. A schedule of rates tariff page implementing rates equal to the rates of East Norriton Township at the time of closing is attached hereto as Exhibit G, as previously stated.

58. Applicant verifies that Gannett Fleming was selected by Aqua, the acquiring public utility, and that AUS was selected by East Norriton Township, the selling municipality.

59. The Utility Valuation Experts were paid \$76,871.09 for the completed Fair Market Value Appraisal Reports. Documentation of the fees paid to Gannett Fleming and AUS, including the valuation service agreements and all associated invoices, are attached hereto as **Exhibit S1** and **Exhibit S2**, respectively. Fees paid to the Experts did not exceed 5% of the fair market value of the selling utility.

60. Statements of Gannett Fleming and of AUS verifying that they have no affiliation with Aqua or East Norriton Township as specified in Section 1329; that their Appraisals determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice as of the date of their report, employing the cost, market and income approaches; and

that they applied applicable jurisdictional exceptions to their submitted Appraisal are attached hereto as **Exhibit T1** and **Exhibit T2**, respectively.

61. The testimony of William C. Packer, in support of this Application is attached hereto as **Exhibit U**. Mr. Packer's testimony explains that Aqua is not presenting a rate stabilization plan. Aqua is proposing to implement East Norriton Township's existing rates after Closing and to maintain those rates until the next Aqua rate proceeding.

62. The testimony of Mark J. Bubel, Sr., in support of this Application is attached hereto as **Exhibit V**.

63. The testimony of Robert R. Hart, Township Manager, East Norriton Township, in support of the Application is attached hereto as **Exhibit W**.

64. The Engineer's Asset Inventory of tangible assets of East Norriton Township is attached hereto as Exhibit D as aforesaid.

65. The testimony of Harold Walker, III, in support of the Gannett Appraisal is attached hereto as **Exhibit X**.

66. The testimony of Jerome C. Weinert in support of the AUS Appraisal is attached hereto as **Exhibit Y**.

67. Answers to the Section 1329 Application Standard Data Requests are attached hereto as **Exhibit Z**.

## **XII. SECTION 507 APPROVAL OF ASSIGNMENT OF CONTRACTS**

68. Section 507 of the Code provides 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.

69. Aqua requests that that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507, for the following.

- i. Asset Purchase Agreement, dated October 29, 2018, by and between East Norriton Township and Aqua Pennsylvania Wastewater, Inc.
- ii. Agreement with Joint Sewer Authority, dated November 12, 2003, by and among the East Norriton-Plymouth-Whitpain Joint Sewer Authority, East Norriton Township, Whitpain Township and Plymouth Township addressing service to the Burnside Reserve development
- iii. Agreement, dated July 18, 1994, by and among East Norriton Township, Whitpain Township and John DiSanto
- iv. Agreement, dated August 13, 1991 by and between the Plymouth Township Municipal Authority and Plymouth Township and the East Norriton Sewer Authority and East Norriton Township Board of Supervisors
- v. Agreement, dated September 9, 2007, by and among East Norriton Township, Whitpain Township and the Automobile Dealers Association of Greater Philadelphia
- vi. Joint Treatment Agreement, dated October 5, 1959, among the East Norriton-Plymouth Joint Sewer Authority, the Township of East Norriton, the Township of Plymouth, the East Norriton Township Municipal Authority and the Plymouth Township Municipal Authority
- vii. Intermunicipal Sewage Treatment Service Agreement, dated August 14, 1991 by and among the East Norriton-Plymouth Joint Sewer Authority and East Norriton Township, Plymouth Township and Whitpain Township, East Norriton Township Municipal Authority and Plymouth Township Municipal Authority
- viii. Supplement No. 1 to Intermunicipal Sewage Treatment Service Agreement, dated on or about October 25, 2005, among the East Norriton-Plymouth-Whitpain Joint Sewer Authority and East Norriton Township, Plymouth Township and Whitpain Township

**XIII. OTHER APPROVALS, CERTIFICATES, REGISTRATIONS AND RELIEF, IF ANY**

70. Aqua asks that the Commission issue such other approvals, certificates, registrations and relief, if any, that may be required with respect to Aqua's acquisition of the East Norriton Township wastewater system assets.

**XIV. CONCLUSION**

**WHEREFORE**, Aqua requests that the Public Utility Commission approve this Application, filed pursuant to Sections 1102, 1329 and 507 of the Public Utility Code, and:

a. Issue *Certificates of Public Convenience* under §1102 of the Pennsylvania Public Utility Code:

(1) Authorizing Aqua to acquire, by purchase, the wastewater system assets of East Norriton Township; and

(2) Authorizing Aqua to begin to offer, render, furnish and supply wastewater service to the public in the Requested Territory covered by this Application.

b. Authorize Aqua to file tariff revisions, effective upon one day's notice, to:

(1) Include within its territory all the Requested Territory covered by this Application;

(2) Adopt and apply East Norriton Township's rates as set forth in this Application as Aqua's Base Rates within the Requested Territory; and

(3) Apply Aqua's *Rules and Regulations* within the Requested Territory.

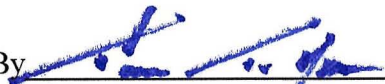
c. Enter an *Order* approving this Application and Aqua's acquisition of the Assets and, as part of that *Order* include the ratemaking rate base of East Norriton Township as \$21,000,000 pursuant to Section 1329(c)(2) of the Public Utility Code;

d. Approve Contracts, including Assignment of Contracts, between Aqua and the Township of East Norriton, pursuant to Section 507 of the Public Utility Code; and

d. Issue such other approvals, certificates, registrations and relief, if any, under the Public Utility Code that may be required with respect to Aqua's acquisition of the East Norriton Township wastewater system assets.

Respectfully submitted,

**AQUA PENNSYLVANIA WASTEWATER, INC.**

By  \_\_\_\_\_

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*Counsel for Aqua Pennsylvania Wastewater, Inc.*

Date: July 30, 2019