

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

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

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



June 1, 2018

VIA HAND DELIVERY

David P. Zambito

Direct Phone 717-703-5892  
Direct Fax 215-989-4216  
dzambito@cozen.com

**CONTAINS CONFIDENTIAL INFORMATION**

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

**Re:**

In re: Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of the Township of Sadsbury's assets, properties and rights related to its wastewater collection system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in a portion of the Township of Sadsbury, Chester County, Pennsylvania.

Docket No. A-2018-\_\_\_\_\_

In re: Application of Pennsylvania-American Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the Township of Sadsbury's assets related to its wastewater collection system.

Docket No. A-2018-\_\_\_\_\_

Petition of Pennsylvania-American Water Company, related to its acquisition of the Township of Sadsbury wastewater collection system, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, and (iii) for book and ratemaking purposes, defer depreciation related to post-acquisition improvements not recovered through the distribution system improvement charge.

Docket No. P-2018-\_\_\_\_\_

In re: Filing by Pennsylvania-American Water Company : Docket No U-2018-\_\_\_\_\_  
under Section 507 of the Pennsylvania Public Utility Code, : U-2018-\_\_\_\_\_; U-2018-\_\_\_\_\_  
66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement : U-2018-\_\_\_\_\_; U-2018-\_\_\_\_\_  
Between Pennsylvania-American Water Company and the :  
Township of Sadsbury; and (ii) 5 agreements with municipal :  
corporations to be assumed by Pennsylvania-American :  
Water Company upon closing of its acquisition of :  
substantially all of The Township of Sadsbury's assets :  
related to its wastewater collection system. :

Dear Secretary Chiavetta:

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

Copies of the Application have been served upon the public advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Implementation Order* entered October 27, 2016 at Docket No. M-2016-2543193. Due to the size of the filing, I have also enclosed the following four CD-Roms for your convenience: (1) the PUC Application filing (without Confidential Documents); (2) Live Excel Spreadsheets of the Seller Utility Valuation Expert's workpapers in appraising the System; (3) Live Excel Spreadsheets of the Buyer Utility Valuation Expert's workpapers in appraising the system; and, (4) **Confidential Document**. I have also enclosed the required \$350 application filing fee (Check No. 246672).

***PAWC has placed a confidential appendix to the Application in a separate sealed envelope. This Confidential appendix includes Appendix A-24-a. Such attachment should be placed in a non-public folder by the Secretary's Bureau in accordance with the Commission's standard practice for proprietary information.***

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

1. Direct Testimony of Keith E. Gabage, Senior, Manager, Business Development, on behalf of Pennsylvania-American Water Company (**PAWC St. No. 1**);
2. Direct Testimony of Michael Guntrum, Senior Project Engineer, Engineering, on behalf of Pennsylvania-American Water Company (**PAWC St. No. 2**);
3. Direct Testimony of John Cox, Director of Rates and Regulations, Rates and Regulations for the Mid Atlantic Division of the American Water Works Company, on behalf of Pennsylvania-American Water Company (**PAWC St. No. 3**); and,
4. Direct Testimony of Jerome C. Weinert, P.E., Principal and Director for AUS Consultants, Inc. on behalf of Pennsylvania-American Water Company (**PAWC St. No. 4**).

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

In compliance with Code Section 507, 66 Pa. C.S. § 507, PAWC has also included copies the Asset Purchase Agreement for this transaction at **Appendix A-24-a (CONFIDENTIAL)** and the five agreements with municipal corporations that will be assumed by PAWC. These agreements with municipal corporations can be found at **Appendix A-24-f, Tab 1** of the Application.

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

Sincerely,

COZEN O'CONNOR



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

DPZ/wll  
Enclosures

cc: Per Certificate of Service  
Sean Donnelly, Bureau of Technical Utility Services