

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

IN THE MATTER OF THE APPLICATION OF :
THE YORK WATER COMPANY, Under :
Sections 507, 1102(a)(1) and 1102(a)(3) of the :
Public Utility Code, for approval of the right of :
THE YORK WATER COMPANY to (1) enter :
into a municipal contract to acquire certain public :
wastewater facilities from Jacobus Borough :
Sewer Authority; (2) assume a municipal contract : Docket No. A-2019-_____
currently in effect between Jacobus Borough :
Sewer Authority and Springfield Township, York :
County, Sewer Authority; and (3) begin to offer :
or furnish wastewater service to the public in the :
Borough of Jacobus, York County, Pennsylvania. :

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Name and Address of Applicant:

THE YORK WATER COMPANY
130 East Market Street
York, PA 17401

2. Name and Address of Applicant's Attorneys:

Michael W. Hassell, Esq.
Devin T. Ryan, Esq.
Post & Schell, P.C.
17 North Second Street – 12th Floor
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3(a). Brief Corporate History and Purpose:

Under Special Act of the Assembly of February 8, 1816, The York Water Company (“York Water” or the “Company”) was incorporated under the laws of the Commonwealth of Pennsylvania on February 23, 1816, for the purpose of supplying water in the Borough, now City of York, York County, Pennsylvania, and subsequent thereto duly extended

its franchised territory from time to time so as to include the 48 municipalities in which water service and three municipalities in which wastewater service is now being rendered as more fully set forth in Paragraph 4 hereof.

York Water has amended its Corporate Charter by filing its Articles of Amendment with the Pennsylvania Department of State on June 29, 1990 (#9033866 to 9033870) with Certificate of Amendment issued thereon on June 29, 1990, so as to consolidate into one description its chartered territory. A subsequent amendment was issued February 28, 1994, to include additional portions of Jackson, North Codorus, Lower Windsor and Hellam Townships, and East Prospect, Wrightsville and Abbottstown Boroughs, York County, Pennsylvania (Microfilm Numbers 09415.0349-0352). On May 20, 1996, York Water's Articles of Incorporation were restated and amended. The amended area added Jefferson Borough and portions of Codorus Township. On March 3, 1997, the Applicant filed Articles of Amendment to include the area encompassing the Boroughs of Glen Rock, Shrewsbury, New Freedom and Railroad, Shrewsbury Township and portions of North Hopewell and Hopewell Townships (Microfilm Numbers 09719.1725-1727).

On May 1, 2000, the Applicant's Articles of Incorporation were amended and restated (Microfilm Numbers 200035.389-392). The amended and restated Articles authorize the Company to provide wastewater service in the area that is the subject of this application.

3(b). Description of Service Furnished to the Public:

York Water now furnishes a supply of water to the public in the major portion of its franchised territory as hereinafter specified in Paragraph 4 hereof and wastewater service to portions of its franchised wastewater territory as hereinafter specified in Paragraph 4 hereof.

3(c). Amount of Stock and Bonds:

York Water has authorized, issued and outstanding as of September 30, 2018, 12,928,085 shares of Common Stock, with no stated par value. York Water has in force and effect an Optional Dividend Reinvestment and Direct Stock Purchase and Sale Plan and an Employee Stock Purchase Plan.

There are also outstanding as of September 30, 2018, the following Senior Notes, Industrial Development Authority Revenue Refunding Bonds, Pennvest Loan and Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds as follows:

10.17% Senior Notes, Series A, due 2019 (Securities Certificate No. S-880898 of 1988)	6,000,000
9.60% Senior Notes, Series B, due 2019 (Securities Certificate No. S-880898 of 1988)	5,000,000
10.05% Senior Notes, Series C, due 2019 (Securities Certificate No. S-900076 of 1990)	6,500,000
8.43% Senior Notes, Series D, due 2022 (Securities Certificate No. S-920287 of 1992)	7,500,000
4.50% Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds, Series 2014, due 2038 (Securities Certificate No. S-2014-2405684 of 2014)	14,870,000
5.00% Monthly Senior Notes, Series 2010A, due 2040 (Securities Certificate No. S-2009-2122058 of 2009)	15,000,000
1.00% Pennvest Loan due 2019 (Securities Certificate No. S-00980703 of 1998)	41,032
Variable Rate Exempt Facilities Revenue Bonds, Series 2008A, due 2029 (Securities Certificate No. S-00041015 of 2004)	12,000,000
4.75% Exempt Facilities Revenue Bonds Series A	

of 2006, due 2036 (Securities Certificate No. S-00061150)	10,500,000
4.00% - 4.50% York County Industrial Development Authority Exempt Facilities Revenue Bonds, Series 2015, due 2029 – 2045 (Securities Certificate No. S-2014-2405684 of 2014)	10,000,000

4. Location of Existing Service Area:

York Water is now furnishing water service to the public in the major portion of its franchised territory which contains therein all or portions of 48 municipalities for water service as follows: The City of York, the Boroughs of East Prospect, Glen Rock, Hallam, Jacobus, Jefferson, Loganville, Manchester, Mount Wolf, New Freedom, New Salem, North York, Railroad, Seven Valleys, Shrewsbury, Spring Grove, Jacobus, York Haven and Yorkana, and the Townships of East Manchester, Manchester, Spring Garden, Springettsbury and West Manchester, and parts of the Townships of Codorus, Conewago, Hellam, Hopewell, Jackson, Lower Windsor, Newberry, North Codorus, North Hopewell, Paradise, Shrewsbury, Springfield, West Manheim, Windsor and York, all in the County of York and the Boroughs of Abbottstown and Carroll Valley, and parts of Berwick, Cumberland, Hamilton, Mount Pleasant, Oxford, Reading and Union Townships, County of Adams, Commonwealth of Pennsylvania. In addition, York Water is now furnishing wastewater service to the public in portions of East Manchester Township, portions of Lower Windsor Township, and the Boroughs of East Prospect and West York, all of which are located in York County.

The water community served has an estimated population of approximately 198,000 as of December 31, 2017, with water furnished to 67,858 customers as of September 30, 2018. Of these there were 4,851 metered commercial (including apartment complexes) and

industrial customers, 61,722 metered residential customers and 1,285 public and private fire protection customers. The wastewater community served has an estimated population of approximately 13,000 as of December 31, 2018, with wastewater service furnished to 2,291 customers as of September 30, 2018.

All such water and wastewater service rendered to the public has been approved by virtue of the authority granted initially in York Water's Charter by Special Act of Assembly of February 8, 1816, and at various times subsequently by Certificates of Public Convenience duly granted by the Pennsylvania Public Service Commission and by the Pennsylvania Public Utility Commission ("Commission") under The Public Service Company Law, Public Utility Law or Public Utility Code of Pennsylvania.

5. Proposed Acquisition and Expansion of Service Territory:

York Water proposes to acquire the wastewater collection system owned by Jacobus Borough Sewer Authority ("Jacobus Authority"), York County, Pennsylvania and to expand its service territory to begin to offer or furnish wastewater service to the public in Jacobus Borough. York Water currently serves 678 active water customers in Jacobus Borough. All of Jacobus Borough is within York Water's certificated water territory. The mailing address and street address for Jacobus Authority is 126 N. Cherry Lane, Jacobus, PA 17407.

The purpose of this proposed acquisition of Jacobus Authority's wastewater assets and expansion of York Water's service territory is to enable York Water to serve wastewater customers throughout all of Jacobus Borough. Jacobus Authority currently provides wastewater collection service to approximately 686 public wastewater customers, all within the municipal limits of Jacobus Borough. Any discrepancy between York Water's 678 active water customers and Jacobus Authority's wastewater customers is attributed to the timing of customer counts, as

customers move in and/or out of properties. According to Jacobus Authority’s records, all properties that receive wastewater service from Jacobus Authority also receive water service from York Water. Jacobus Authority currently does not serve any customers outside its municipal limits. As a municipal authority serving customers entirely within Jacobus Borough, Jacobus Authority is not certificated by the Commission.

From Jacobus Authority’s 2017 submission to Springfield Township, York County, Sewer Authority’s (“STYCSA”) 2017 Chapter 94 Report (Exhibit “H-3”), Jacobus Authority’s wastewater customers are broken down into the following classes:

Class	Customer Count	EDU Count
Industrial	3	4
Public	9	9
Commercial	20	20
Residential	654	654
Total	686	687

Jacobus Authority provides wastewater service to these approximately 686 customers pursuant to its wastewater rules and regulations. Attached hereto as Exhibits “F-1” and “F-2” are copies of Jacobus Authority’s wastewater rules and regulations. Exhibit “F-1” is Chapter 215, the Jacobus Borough Subdivision and Land Development Ordinance, and Exhibit “F-2” is Chapter 180, the Jacobus Borough Sewage and Sewage Disposal Ordinance. Both of these ordinances set forth certain rules and requirements related to sewer service and sewage disposal in Jacobus Borough. In particular, Section 180-28 in Exhibit “F-2” prescribes the mandatory connection requirement for occupied buildings located no more than 250 feet

perpendicular from the sanitary sewer system. According to Jacobus Authority, all premises in the Jacobus Borough are compliant with Section 180-28 of Exhibit “F-2”.

Jacobus Authority determined that it was in the best interest of its current customers to sell its wastewater collection system to a company that has sufficient wastewater operations and maintenance experience to meet the wastewater demands of the public and has more experience in dealing with utility service and the regulatory requirements associated with providing such service. Indeed, Jacobus Authority has concluded that its investment in maintaining the collection system in future years will be insufficient to provide reliable wastewater collection and transportation services. Further, the contractor responsible for maintaining the Jacobus Authority’s sanitary lift stations is retiring. Jacobus Authority does not want to continue incurring fees related to inspections of the sanitary lift stations, nor does it want to undertake the time and expense to advertise, interview, and select a successor. Moreover, Jacobus Authority has concluded that its volunteer, part-time board has insufficient experience to continue meeting the regulatory requirements associated with its wastewater obligations.

York Water has entered into an Agreement with Jacobus Authority dated October 25, 2018, to purchase the Jacobus Authority wastewater collection system. A copy of this Agreement is attached hereto as Exhibit “I” and describes the assets that will be acquired. York Water notes that there is no affiliation between York Water and Jacobus and that all negotiations were conducted at arm’s length. Attached hereto as Exhibit “M” is Jacobus Authority’s Resolution 2018-2 authorizing the sale of the wastewater collection system to York Water, which was passed at a regularly scheduled public meeting of Jacobus Authority on October 24, 2018.

The proposed additional certificated service area (i.e., the municipal boundaries of Jacobus Borough) also has been discussed with York County officials, who concluded that the

proposed expansion is consistent with York County’s comprehensive plan. A planning consistency letter request to and response from the York County Planning Commission is attached as Exhibit “J.”

Following acquisition of the Jacobus Authority collection system, York Water will operate the existing wastewater collection system as part of its wastewater operations, and Jacobus Authority will cease to provide public wastewater service. Specifically, York Water will begin providing wastewater service to the public in Jacobus Borough five days after the date of closing. Closing is contingent upon York Water obtaining Commission approval of this acquisition.

York Water has met with representatives of the Pennsylvania Department of Environmental Protection (“DEP”) to discuss this process and anticipates no issues. Jacobus Authority does not hold a National Pollutant Discharge Elimination System (“NPDES”) permit from DEP, so there is no NPDES permit transfer prior to closing.

6. Proposed Assumption of Municipal Agreement:

Jacobus Authority does not own or operate its own wastewater treatment works. Sanitary waste generated in and conveyed through the Jacobus Authority collection system is connected to the sanitary sewer system of STYCSA and treated by STYCSA under an agreement dated August 16, 1995 (amended July 19, 2006) (“Jacobus-STYCSA Agreement”). A copy of the Jacobus-STYCSA Agreement is attached hereto as Exhibit “L”.¹ This agreement describes operations and maintenance obligations and establishes allocated treatment capacity in the STYCSA wastewater treatment plant.

¹ York Water has requested copies of Exhibits “A” and “B” of the Jacobus-STYCSA agreement (Exhibit “L”). However, neither Jacobus Authority nor STYCSA has been able to produce a copy of either exhibit.

York Water has discussed the proposed acquisition of Jacobus Authority's wastewater collection system with STYCSA and the related need to assume Jacobus Authority's obligations under the Jacobus-STYCSA Agreement. Attached hereto as Exhibit "O" is a letter to and response from the STYCSA acknowledging that York Water will succeed Jacobus as the party to the agreement (see Exhibit "L") upon closing of the proposed acquisition.

York Water respectfully requests that the Commission approve this municipal agreement as part of the approval of this proposed acquisition and expansion of service territory.

7. Additional Capital Requirements:

York Water's capital requirements for the acquisition consist of the purchase price of Two Million One-Hundred Thousand dollars (\$2,100,000²) (as agreed upon in the agreement of purchase entered into with Jacobus Authority dated October 25, 2018, a copy of which is attached hereto, made a part hereof and marked Exhibit "I"); Forty Thousand (\$40,000) dollars for the installation of Supervisory Control and Data Acquisition ("SCADA") equipment; and approximately Thirty Thousand dollars (\$30,000) for legal fees. The estimated total cost of Two Million One Hundred and Seventy Thousand dollars ($\$2,170,000 = \$2,100,000 + \$40,000 + \$30,000$) will be financed by internally generated funds, proceeds from the issuance of common stock under York Water's dividend reinvestment and direct stock purchase and employee stock purchase plans, and, if necessary, borrowings against York Water's lines of credit. All system improvements described in this paragraph will be completed and in service within twelve months of closing. Future system improvement plans will be based upon York Water's assessment of

² Under Paragraph 3 of the Agreement of Sale (Exhibit "I"), York Water notes that the purchase price of \$2.1 million is "less an amount equal to the total amount of prepaid tapping fees paid to the Authority for all reserved capacity as evidenced by any reservation of capacity agreements, a list of which is set forth on Appendix A.1."

the condition of the wastewater collection system, the Company's effort to reduce inflow and infiltration into the collection system, and improved system hydraulics.

Furthermore, according to Jacobus Authority's records, there have been no contributions toward the construction of the Jacobus Authority wastewater system, and the Jacobus Authority wastewater system has no outstanding PENNVEST loans.

Exhibit "G" is the independent appraisal report which the Authority had prepared in anticipation of selling their sanitary sewer collection system. As presented in the Executive Summary, a detailed original cost asset record was not available. This report is provided for informational purposes only. York Water and Jacobus Authority are not seeking to establish fair market value or a determination of ratemaking rate base under the provisions of Section 1329 of the Public Utility Code.

The final purchase price was established as a result of arm's length negotiations between Jacobus and York Water. In assessing its negotiating position, York Water considered, among other things, the age, material, and condition of the wastewater collection system assets as identified by Jacobus Authority, and compared them to similar assets in York Water's existing inventory of assets. York Water also considered the proximity of the Jacobus Authority system to York Water's existing water and sewer systems and the fact that York Water already provides water service within the Borough.

8. Plant in Service and Plant to be Acquired:

Attached as Exhibit "A" is a summary, by major plant category, of used and useful plant in service of York Water as of June 30, 2018.

Exhibit "B" is a balance sheet of York Water as of June 30, 2018, which provides the capitalization of the Company.

York Water will acquire the wastewater collection system owned and operated by Jacobus Authority. The system includes all of the physical plant, property, and equipment used for the collection and transportation of sanitary waste in Jacobus Borough, including the Company Laterals as defined in York Water’s Wastewater Tariff. Additionally, York Water will acquire the utility easements and rights-of-way of Jacobus Authority. York Water will not acquire the Customer Laterals as defined in York Water’s Wastewater Tariff, and these will remain owned by customers. The wastewater collection system will be operated, maintained and managed by York Water’s Operations Department.

An identification of the assets that York Water will acquire is included in Exhibit “I”. Jacobus Authority had not maintained an inventory of assets but provided paper drawings showing the as-built condition of the collection system. Based upon the as-built drawings, York Water representatives physically inventoried and GPS-recorded the location of all manholes in the system, added this data to York Water’s GIS database, and created the graphic representation of the Jacobus Authority system in Exhibit “D”. By comparing the plotted collection system in York Water’s GIS database to the as-built drawings, York Water was able to quantify the Jacobus Authority’s assets. Based upon Jacobus Authority’s as-built drawings and York Water’s analysis and incorporation of this inventory into York Water’s geospatial database, York Water estimates that the wastewater collection system consists of the following components.

361.21	Manholes	241	4’ Precast Concrete
361.20	Gravity Collection Mains	40,012 ft	8” SDR 35 PVC
		7,167 ft	10” SDR 35 PVC
360.20	Pressurized Force Mains	316 ft	1.5” SDR 35 PVC
		916 ft	2” SDR 35 PVC
		4,518 ft	4” SDR 35 PVC
		3,132 ft	8” SDR 35 PVC
363.20	Company Laterals	678	4” SDR 35 PVC
371.30	Sanitary Lift Station	5	

York Water will perform an original cost study for the purchase of the Jacobus Authority wastewater collection system. A more detailed listing and description of assets will be provided when the original cost study is completed and submitted.

The tentative journal entries for booking the purchase of Jacobus Authority's wastewater collection assets are shown in the tables below. The numbers in journal entry 2 are approximates and cannot be confirmed until the final original cost study has been completed.

1. Record Purchase of System

Account No.	Account Description	Debit	Credit
105	Construction Work in Process	\$2,130,000.00	
131	Cash		\$2,130,000.00

2. Close Project to Utility Plant

Account No.	Account Description	Debit	Credit
101	Utility Plant in Service	\$3,420,000	
108	Accumulated Depreciation		\$1,045,000.00
114	Utility Plant Acquisition Adj.		\$245,000.00
105	Construction Work in Process (Purchase price + other acquisition costs)		\$2,130,000.00

3. Record Other Project Costs

Account No.	Account Description	Debit	Credit
105	Construction Work in Process	\$40,000.00	
224	Line of Credit Borrowings (SCADA)		\$40,000.00

4. Close Projects to Utility Plant

Account No.	Account Description	Debit	Credit
101	Utility Plant in Service	\$40,000.00	
105	Construction Work in Process (SCADA)		\$40,000.00

9. Map of Service Area and Location of Facilities to Be Acquired:

Attached as Exhibit “D” is a map showing Jacobus Authority’s existing wastewater service area. A map of York Water’s proposed wastewater service territory is included in Exhibit “E”, along with the accompanying metes and bounds description. York Water’s proposed additional service territory is defined by the municipal boundaries of Jacobus Borough, York County, Pennsylvania. The Borough is bounded to the north, south, east and west by Springfield Township, York County. The applied-for territory contains approximately 598 acres.

York Water requests approval to adopt Jacobus Authority’s existing service territory and, accordingly, expand its certificated wastewater service territory to include the entirety of Jacobus Borough as described in Exhibit “E”.

In addition to the sanitary sewer collection network, Exhibit “D” is a map showing the general location of five sanitary pumping stations, which are the major facilities to be acquired from Jacobus Authority, as described in Sections 5 and 8 above. Points of connection to the STYCSA system are identified as “Interconnects” in Exhibit “D”. Manholes and assets identified in Exhibit “D” as STYCSA assets are owned and maintained by STYCSA and are not included in the inventory of assets to be acquired from Jacobus Authority.

10. Future Capacity:

In accordance with the Jacobus-STYCSA Agreement (Exhibit “L”), Jacobus Authority holds 767 Equivalent Dwelling Units (“EDUs”). With approximately 686 billed customers, Jacobus Authority bills its customers on a quarterly basis for 687 EDUs. Growth in Jacobus Borough is limited. As an older borough in York County, Jacobus Borough is ‘built out’ and has limited opportunities for residential or commercial expansion. Based upon current loadings and projected development growth, York Water does not anticipate wastewater

conveyance or treatment capacity restrictions. Exhibit “H-1” is a table showing current and projected connections through the year 2023 derived from the Chapter 94 report submitted by STYCSA to DEP. Jacobus Authority does not submit a separate Chapter 94 report to DEP. Instead, Jacobus Authority submits its annual data to STYCSA, who consolidates the data and submits the annual Chapter 94 Report to DEP. Exhibit “H-2” is Jacobus Authority’s 2017 submittal to STYCSA. Exhibit “H-3” is STYCSA’s 2017 Annual Municipal Wasteload Management (Chapter 94) Report. Based upon the Company’s succession to the existing Jacobus-STYCSA Agreement and the projections summarized in Exhibit “H-1”, the Company expects to be able to meet projected requirements through the year 2023. York Water’s long range plans consider various collection, sanitary waste transportation, and system maintenance alternatives to ensure the collection system is able to meet future requirements. Further, future requests for public wastewater service in Jacobus Borough will be considered in accordance with the Company’s tariff and line extension rules.

11. Rates for Service:

York Water proposes to adopt Jacobus Authority’s existing rates. Jacobus Authority’s rates are charged monthly as follows: \$55.00/month per EDU for the first 4,000 gallons of water usage (the base rate) and \$5.00 per every 1,000 gallons of water usage over 4,000 gallons of water usage. Those rates are reflected in York Water’s pro forma tariff supplement, which is attached as Exhibit “P”. Because the current Jacobus Authority rates and the proposed York Water rates are the same, no comparison is provided.

12. Profit and Loss Statement:

Attached as Exhibit “C” is a Statement of Income of York Water for the 12 months ended June 30, 2018. A calculation of the estimated annual revenue and expense figures for the proposed, additional territory is attached as Exhibit “N”.

13. Compliance with DEP Requirements:

York Water has been in contact with DEP and conducted a five-year compliance review to determine if Jacobus Authority is in current violation or has had previous violations attributed to its sewer collection system. DEP is not aware of any such violations, Consent Orders, or Corrective Action Plans attributed to the Jacobus Authority sewer collection system in the past five years. York Water will apply to DEP to transfer Jacobus Authority’s Part II Permit No. 0026263 and Part II Permit No. 6703406 to York Water. Copies of the two permits are attached hereto as Exhibit “Q”. The Company is not required to comply with 25 Pa. Code § 109.503(a)(3), and no business plan is required.

14. No Competitive Condition:

No corporation, partnership or individual is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by York Water in the territory covered by this Application other than Jacobus Authority, and no competitive condition will be created. STYCSA provides wastewater collection service to the public in Springfield Township, which is adjacent to Jacobus Borough. STYCSA does not provide wastewater collection service in Jacobus Borough.

15. Facilities for Furnishing Service:

York Water will employ the facilities acquired from Jacobus Authority to furnish wastewater service to customers currently served by Jacobus Authority. The facilities have sufficient capacity to provide service to all existing dwellings within the proposed service area.

16. Approval's Necessity and Propriety:

Approval of the Application is necessary and proper for the service, accommodation, convenience and safety of the public for the following reasons:

(a) Jacobus Authority is no longer willing to provide wastewater service to its customers due to the regulatory requirements necessary to continue to provide service and the difficulties in maintaining a viable wastewater collection system;

(b) York Water will bring significant resources to the Jacobus Authority wastewater collection system and keep it in compliance with existing and proposed regulatory requirements;

(c) York Water currently provides water service to 678 active water customers in Jacobus Borough and, therefore, is familiar with the community; and


(d) The Commission encourages utilities, such as York Water, to acquire small wastewater systems such as the system owned and operated by Jacobus Authority. *See* 52 Pa. Code § 69.711.

17. Notification to Customers:

On October 30, 2018, York Water and Jacobus Authority jointly notified the residents of Jacobus Borough of the proposed acquisition and future filing of this Application, as well as York Water's proposed rates for wastewater service. A copy of the October 30, 2018 letter is attached hereto, made a part hereof, and marked as Exhibit "K."

WHEREFORE, The York Water Company requests that the Pennsylvania Public Utility Commission issue all necessary certificates of public convenience under Section 1102(a)(1) and (a)(3) of the Public Utility Code and grant approval under Section 507 of the Public Utility Code for The York Water Company to: (1) acquire the public wastewater facilities of Jacobus Authority; (2) expand its wastewater service territory to include the municipal boundaries of Jacobus Borough, York County, Pennsylvania; and (3) assume a municipal contract currently in effect between Jacobus Authority and the Springfield Township, York County, Sewer Authority. Further, The York Water Company requests that the Pennsylvania Public Utility Commission grant all additional approvals as may be required to acquire the specified wastewater facilities owned by Jacobus Authority.

ATTEST:


Secretary

THE YORK WATER COMPANY

By 
President and CEO

By 
Counsel for THE YORK WATER COMPANY