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PUBLIC UTILITY COMMISSION

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 Municipal Authority of the Township :
 of Robinson vs. Pennsylvania-American :
 Water Company. For the Commission to :Docket No.
 enter an order prohibiting Pennsylvania- :C-20030092
 American Water Company from commencing :
 service to Western Allegheny County :
 Municipal Authority pursuant to the :
 Pennsylvania -American Water Company :
 Agreement or constructing any facilities :
 with respect to such service. :
 :
 Telephonic Hearing on Petition for :
 Interim Emergency Order. :
 -----x

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Pages 137 through 179

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MAR 08 2004

Hearing Room 2
 State Office Building
 Pittsburgh, Pennsylvania

Tuesday, February 17, 2004

Met, pursuant to notice, at 10:00 a.m.

BEFORE:

LARRY GESOFF, Administrative Law Judge

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P R O C E E D I N G

1
2 ADMINISTRATIVE LAW JUDGE LARRY GESOFF: Let's
3 go on the Record. This is the time and place set by
4 the Pennsylvania Public Utility Commission for a
5 hearing on request for an emergency order which was
6 filed by the Municipal Authority of the Township of
7 Robinson and the matter is captioned as Municipal
8 Authority of Robinson against Pennsylvania-American
9 Water Company at Docket No. C-20030092. I'm Larry
10 Gesoff, the Administrative Law Judge assigned to this
11 proceeding and I note the appearance of Albert J.
12 Zangrilli, Jr., on behalf of MATR, of Thomas Gadsden on
13 behalf of Pennsylvania-American Water Company, also
14 with him is John A. Pillar and John A. Vuono.

15 MR. PILLAR: This is Mr. Pillar.

16 JUDGE GESOFF: Yes.

17 MR. PILLAR: I'm representing the Robinson
18 Township Authority with Mr. Zangrilli.

19 JUDGE GESOFF: Sorry. And Mr. Vuono is for
20 the intervenor Western Allegheny County Municipal
21 Authority, otherwise known as WACMA. Okay.

22 Also present in the hearing room -- this is a
23 telephonic hearing -- along with the Court Reporter is
24 a news reporter from KQV radio. Okay.

25 I think we can start, before we get to arguments,

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1 with what we're going to put into the Record today.
2 There's one stipulation that MATR is ready to make and
3 that is that Pennsylvania-American Water Company has
4 replaced MATR as WACMA's primary water supplier
5 providing WACMA's water needs pursuant to the March 28,
6 2003, order at the contract rate of \$1.90 per one
7 thousand gallons of water, and that was suggested by
8 Mr. Zangrilli.

9 Mr. Gadsden, any objections to that?

10 MR. GADSDEN: I don't think I have any
11 objection to it. By way of clarification, I guess I'm
12 only troubled by the use of the word primary because
13 that obviously can mean different things to different
14 people, but my understanding is that certainly for the
15 last week or so we have been providing in excess of 50
16 percent and more recently closer to 65 percent of
17 WACMA's water needs.

18 JUDGE GESOFF: Okay.

19 MR. VUONO: This is Vuono, and I reiterate
20 that we're in the process of a transition and I don't
21 disagree with the stipulation, but it's not a fait
22 accompli at this point.

23 JUDGE GESOFF: You're saying that the
24 percentage might increase as the contract extends, if
25 indeed, it does?

1 MR. VUONO: That's right.

2 JUDGE GESOFF: All right. Well, we're going
3 to stipulate to that then. Now, the other stipulation
4 was -- let's see. I'm just juggling some papers here.
5 Bear with me.

6 Okay. Mr. Gadsden wants to stipulate that WACMA
7 provided MATR with written notice on or about February
8 4, 2004, of the receipt of DEP permits. Mr. Zangrilli
9 in his E mail responded that it would not stipulate to
10 that but would stipulate that it received a letter from
11 WACMA dated February 4, 2004, if the letter itself is
12 admitted into evidence and he states the letter speaks
13 for itself. Mr. Gadsden.

14 MR. GADSDEN: I'm fine as long as -- with
15 what Mr. Zangrilli has stated as long as the letter
16 itself is moved into evidence.

17 JUDGE GESOFF: But I don't have a copy of it
18 here.

19 MR. GADSDEN: Right. I have a -- I was
20 searching around over the weekend for a FAX copy. I
21 think Mr. Vuono has a copy and can get it over to you.

22 MR. VUONO: I have before me a copy of the
23 February 4 letter.

24 JUDGE GESOFF: All right. Here's my FAX
25 number. I want it FAXed right away. (412) 565-5692.

1 MR. VUONO: We will FAX it immediately.

2 JUDGE GESOFF: Okay. Now, how should we
3 identify this document?

4 MR. ZANGRILLI: How about MATR Emergency
5 Exhibit 1?

6 JUDGE GESOFF: No, we're not going to do it
7 that way, I don't think. Let's just continue with your
8 last Exhibit No., if we can. Let me see, this is MATR.
9 I think it would be 15. Does that sound right?

10 MR. ZANGRILLI: 15 would be correct.

11 JUDGE GESOFF: Hold on while I alert the
12 secretary to bring it in as soon as we have it.

13 (Pause).

14 JUDGE GESOFF: The reporter from KQV left.
15 I guess he expected a room full of people and was
16 disappointed when he just saw the Court Reporter and
17 myself, although I think we're both good looking.

18 All right. So we will identify that as MATR
19 Exhibit 15 and when I get copies I'll give it to the
20 Court Reporter and that is admitted into the Record.

21 MR. VUONO: I assume --

22 JUDGE GESOFF: Who is speaking?

23 MR. VUONO: Vuono. I assume I should sent
24 copies to all the parties?

25 JUDGE GESOFF: Yes, Mr. Vuono. Please

1 everyone say your name before you talk -- I should have
2 mentioned that ahead of time -- so the Court Reporter
3 knows who to ascribe your remarks to.

4 Okay. Now, Mr. Gadsden is requesting that the
5 five water allocation permits issued to WACMA on
6 February 3 by DEP be made part of the Record. Mr.
7 Zangrilli sent me four of them. What I have is -- and
8 I'm just going by the order they're stapled together
9 here -- WA2-1006B and that looks like it's Moon
10 Township Municipal Authority, and then there's
11 WA2-1006C, which is Findlay Township Water Authority,
12 WA2-10006D, which is Borough of Oakdale, and WA2-1006,
13 which is Pennsylvania-American Water Company. So I
14 only have four.

15 MR. ZANGRILLI: Al Zangrilli speaking.
16 Permit number WA2-1006A is the water allocation permit
17 issued to MATR and I think that's all I FAXed were the
18 four. One, two, three --

19 JUDGE GESOFF: Yes, I have four. What I was
20 referring to, Mr. Zangrilli, was that Mr. Gadsden asked
21 that five of them be in the record. Was there another
22 one, Mr. Gadsden, that I did not identify?

23 MR. ZANGRILLI: You didn't identify
24 WA2-1006A.

25 JUDGE GESOFF: Yes, I know. I don't have

1 that one.

2 MR. ZANGRILLI: Oh, that was FAXed, but I
3 will reFAX it.

4 JUDGE GESOFF: Mr. Gadsden, you want that
5 one also?

6 MR. GADSDEN: Yes. Yes, all five.

7 MR. ZANGRILLI: Judge, we'll FAX A right
8 now. Just so all are aware, Kevin O'Hare from my firm
9 is with me here today and Mr. Lenze is listening in as
10 well.

11 JUDGE GESOFF: Okay.

12 MR. VUONO: This is Vuono. I have the four
13 that the Judge has. I would like a copy of the MATR,
14 if you could FAX it, also.

15 MR. ZANGRILLI: Okay. Mr. Vuono, your FAX
16 number, please?

17 MR. VUONO: (412) 471-4477.

18 MR. ZANGRILLI: Thank you very much. We'll
19 FAX them immediately. Judge Gesoff's number, Mr.
20 O'Hare is (412) 565-5692. Just those two; correct?

21 (No response).

22 MR. ZANGRILLI: Okay. They should be on
23 their way.

24 JUDGE GESOFF: All right. I'll write all of
25 this down and we'll identify them. Okay. What we'll

1 identify -- let's see, these are coming in as PAWC
2 Exhibits. What number are we up to on yours, Mr.
3 Gadsden?

4 MR. GADSDEN: Well, I think we skipped over
5 1 and 2. I think the only Exhibit we have is 3A, so
6 you can make it 4A or 3B, whatever you would like.

7 JUDGE GESOFF: Just a second. Yes. You
8 ended up with 3A; right?

9 MR. GADSDEN: Right.

10 JUDGE GESOFF: Okay. So let's make this --
11 well, how about this, if we make Exhibit 4 permit 1006
12 and then 4A would be 1006A, 4B and so on; how is that?

13 MR. GADSDEN: Fine.

14 JUDGE GESOFF: Okay. So, PAWC Exhibit 4
15 will be the DEP permit issued to PAWC and then 4A will
16 be the permit issued to MATR, 4B the permit issued to
17 Moon Township Municipal Authority, 4C, the permit
18 issued to Findlay Township Water Authority and 4D the
19 permit issued to the Borough of Oakdale. They are
20 admitted into the Record.

21 Okay. Let's go on to the next item and that is
22 the annual consulting engineer's report for the
23 operating year June 30, '02, to June 30, '03, and
24 budget for fiscal year ending June 30, '04, and that
25 apparently is provided -- prepared by Mr. Antonelli of

1 MATR and provided to PAWC in response to PAWC
2 Interrogatory Set 1 No. 3. I don't have that.

3 Is that in -- that's not in the record; right?

4 MR. GADSDEN: It is not.

5 JUDGE GESOFF: So how am I going to get
6 that?

7 MR. GADSDEN: Well, it is -- I can FAX the
8 entire thing to you. It is about a 20 -- with the
9 cover page and introduction, it is about a 25-page
10 document. For our purposes, the relevant paragraph is
11 actually on page 22 and it is the information contained
12 in that paragraph that we have cited in Footnote 2 of
13 our Answer to the petition for interim emergency order
14 for which Mr. Antonelli notes that debt service for
15 Robinson Township is expected to decline by over a
16 million dollars beginning with their next fiscal year,
17 July 1, 2004. I can FAX page 22, I can FAX the entire
18 thing, whatever you would like.

19 JUDGE GESOFF: Well, for my purpose, 22 is
20 okay, if its okay with everyone else.

21 MR. GADSDEN: All right. Let me --

22 JUDGE GESOFF: Well, I haven't heard from
23 everyone else.

24 MR. GADSDEN: If you can give me one minute
25 I'll go out and have my secretary FAX to you the cover

1 head and page 22.

2 JUDGE GESOFF: All right. Is that okay with
3 you, Mr. Zangrilli?

4 MR. ZANGRILLI: That he FAX it?

5 JUDGE GESOFF: That it only is that one
6 page.

7 MR. ZANGRILLI: Well, I want to hear what
8 it's relevance is. I have no problem with FAXing the
9 one page and stipulating that if its otherwise
10 admissible, that the one page would come in.

11 JUDGE GESOFF: All right. We're going to
12 identify it as PAWC Exhibit 5.

13 MR. GADSDEN: Can you give me just one
14 second, Judge?

15 JUDGE GESOFF: Yes. All right. Let me --

16 MR. GADSDEN: Mr. Zangrilli, do you have it
17 or do you want me to FAX it to you as well?

18 MR. ZANGRILLI: I have it, Mr. Gadsden.
19 Thank you.

20 MR. GADSDEN: All right, let me FAX it to
21 you, Judge.

22 JUDGE GESOFF: Okay.

23 MR. GADSDEN: Thank you.

24 (Pause).

25 MR. GADSDEN: Okay, Judge. Sorry about

1 that.

2 JUDGE GESOFF: That's okay. I'm just
3 marking the first Exhibit here, MATR Exhibit 15, that's
4 the letter, which we have got copies of. Let me look
5 at it for a second. All right. Okay.

6 Is there anything else we need to do as far as
7 stipulations or Exhibits before we start argument?

8 (Whereupon, the document was marked
9 as MATR Exhibit No. 15 for
10 identification and was received in
11 evidence.)

12 MR. ZANGRILLI: This is Al Zangrilli
13 speaking. With respect to PAWC Exhibit 5, I would like
14 to ask for an offer of proof.

15 JUDGE GESOFF: Okay. Go ahead, Mr. Gadsden.

16 MR. GADSDEN: Yes, Your Honor. I think I
17 outlined in general why we think it is important to get
18 that in, but in any event, in paragraph 18(c) of
19 Robinson Township's motion it states that MATR will be
20 required to increase its rates by approximately 30
21 percent chiefly because of the loss of WACMA as a
22 customer.

23 As we indicate in our Answer, we don't believe
24 that there's any credible evidentiary support to that
25 assertion. We note that we Cross-Examined Mr.

1 Antonelli, who presumably -- not presumably, who
2 indicated he had prepared the analysis on which Mr.
3 Lenze had relied and it pointed out a number of
4 discrepancies and flaws in his analysis.

5 The relevance of the page from WACMA's -- not
6 WACMA's but Robinson Township's most recent annual
7 consulting report is that at the conclusion of that
8 report it indicates that Robinson Township anticipates
9 that it's annual debt service, which is the cost of
10 financing plant additions, is anticipated to decline by
11 well over a million -- over a million dollars during
12 the next fiscal year, which begins July 1, and in light
13 of that, we think that it is probable that Robinson
14 Township would require, for that matter even
15 contemplate a rate increase either at the conclusion of
16 this case or more germane to the motion before you,
17 that they would consider a three-month or four-month
18 interim rate increase, so that's why we think it is
19 important.

20 MR. ZANGRILLI: Your Honor, Al Zangrilli.
21 In response to that, the debt service under long-term
22 financing, or better put a single year of a repayment
23 schedule under long-term financing is irrelevant to
24 prove that point. These repayments are frequently not
25 level and, in fact, that particular year happens to be

1 a downward spike and an unusual downward spike because
2 in July of 2004, our debt service is 2.7 million and in
3 July, 2005, the following year, it's 2.7 million. So
4 that aberration in the repayment is not relevant to our
5 losses, financial losses as a result of losing WACMA as
6 a customer.

7 MR. GADSDEN: This is Tom Gadsden.

8 Obviously we disagree. No. 1, there is no evidence of
9 Record that the debt service payment will increase back
10 to the \$2.7 million level in 2005, but more
11 importantly, what Mr. Zangrilli is arguing in his
12 motion before you is that if the motion for interim
13 emergency relief is not granted, they will be forced to
14 increase their rates 30 percent, presumably
15 immediately, and we just think that that allegation has
16 no credibility in light of the fact that their
17 anticipated cost of service within a matter of months
18 is expected to decline by over a million dollars.

19 MR. ZANGRILLI: Judge Gesoff, Al Zangrilli.
20 I'm prepared to do this, our objection remains as to
21 the admissibility of page 22. However, if Your Honor
22 is inclined to admit it, then we would want to be able
23 to submit to Your Honor the debt repayment schedule to
24 show to Your Honor the theory that I'm -- not the
25 theory, the fact that I'm advancing that this year or

1 2005 is a highly irregular year. It's a downward spike
2 -- and don't ask me to explain why the financial people
3 set it up this way, but that's the way it is.

4 JUDGE GESOFF: All right. I'm going to
5 allow PAWC Exhibit 5 in and identify as MATR Exhibit 16
6 the debt financing schedule that Mr. Zangrilli just
7 referred to. When can you get that in?

8 MR. ZANGRILLI: Are we still connected?

9 JUDGE GESOFF: Yes. Pardon?

10 MR. GADSDEN: I'm here, Al.

11 JUDGE GESOFF: I'm sorry, folks. I had the
12 mute button on because I was rattling papers and I
13 started talking and, of course, you can't hear me. Our
14 secretary is getting tired of running between the
15 machine and here. I beg your pardon.

16 I'm going to allow PAWC Exhibit 5 to be admitted
17 into the Record and identify as MATR Exhibit 16 the
18 debt financing schedule to which Mr. Zangrilli just
19 alluded and when can you get that to me, Mr. Zangrilli?

20 MR. ZANGRILLI: Today, Your Honor.

21 JUDGE GESOFF: We have a one day turnaround
22 on the transcript. Can you get it to me while we're
23 still on the air?

24 MR. ZANGRILLI: Let me -- give me a second.
25 Let me ask Mr. Lenze.

1 JUDGE GESOFF: All right.

2 MR. ZANGRILLI: Yes, Judge, I think we can
3 get that to you. Just give me a second to pull that
4 document and then Mr. Lenze can be locating it. Can I
5 just have a minute to go to another office?

6 JUDGE GESOFF: Yes.

7 (Pause).

8 MR. ZANGRILLI: Thank you. All right. Your
9 Honor, I have given Mr. Lenze a closing binder from the
10 refinancing and he's going to look for that schedule
11 and I'll let you know when he finds it.

12 JUDGE GESOFF: All right. I owe you the
13 rest of Exhibit 4 -- I'm talking to the Court Reporter
14 now. So before I go, I have to make copies of this.
15 Okay.

16 So MATR Exhibit 16 is admitted into the Record.
17 Well, do you need to see that first, Mr. Gadsden,
18 before I go ahead and admit it?

19 MR. GADSDEN: No, you can go ahead and admit
20 it.

21 JUDGE GESOFF: All right. So I have
22 admitted everything, MATR Exhibit 15, 16 and PAWC
23 Exhibit 4, 4A, B, C and D and PAWC Exhibit 5. All
24 right. Anything else?

25 MR. VUONO: This is Vuono, Your Honor. One

1 preliminary matter I would like some clarification on.

2 The hearing notice that established this hearing
3 today carries a date of January 28th and references a
4 letter dated January 28th. The first notice I had of
5 any proceeding of this nature was when I received a
6 copy of the MATR petition on, I believe, Thursday of
7 last week, which I believe was February the 12th. I
8 just wonder how we have a hearing order that predated
9 the filing of the petition?

10 JUDGE GESOFF: The hearing notice --
11 probably the scheduler just used one of the old ones
12 and made a mistake.

13 MR. VUONO: Well, it references a letter
14 dated January 28th.

15 JUDGE GESOFF: You mean it says see letter
16 dated January 28th at the top?

17 MR. VUONO: Yes.

18 JUDGE GESOFF: They do that so they don't
19 have to repeat all the parties' names. That's what
20 that refers to. I don't even have a copy of the notice
21 here. I think I sent it out to everyone. Didn't I E
22 mail it to everyone?

23 MR. ZANGRILLI: Yes. Zangrilli speaking.
24 Yes, Your Honor.

25 MR. VUONO: I guess my question is was

1 anything filed with the Commission concerning this
2 matter in terms of correspondence or otherwise before
3 the petition was filed?

4 JUDGE GESOFF: No. No. This is just a
5 mistake the scheduler made. The notice is faulty and
6 it's -- it notifies you of the date of the hearing and
7 that was the important thing. Okay. So there is
8 nothing underhanded going on, no documents were filed
9 that you didn't receive.

10 MR. VUONO: But I didn't get anything and I
11 wondered what was happening, that's all.

12 JUDGE GESOFF: You got the notice for
13 today's hearing.

14 MR. VUONO: Yes.

15 JUDGE GESOFF: I have no idea how that
16 happened except the scheduler made a mistake. They did
17 it as soon as I called them and set up the hearing,
18 they probably pulled the wrong document onto their
19 screen and didn't notice it.

20 MR. VUONO: All right.

21 JUDGE GESOFF: All right. Anything else?
22 Okay.

23 MR. ZANGRILLI: Subject to -- this is
24 Zangrilli speaking -- nothing else for the Record
25 unless there may be something for rebuttal.

1 JUDGE GESOFF: Okay. Mr. Zangrilli, you
2 filed the petition for an interim emergency order and I
3 want you to address your petition with respect to the
4 findings that I must find in order to issue the interim
5 emergency order which you're seeking.

6 MR. ZANGRILLI: Your Honor, it's our
7 contention that we have made out a prima facie case
8 that the sale of water by PAWC to WACMA pursuant to
9 rider DLS is illegal. We're asking for interim relief
10 to preserve the status as it existed prior to the
11 unilateral decision of PAWC to start providing water
12 even while this matter is before Your Honor for
13 adjudication.

14 The irreparable harm that will arise to MATR is
15 that if we are successful -- and we believe that the
16 Record indicates that we have a high probability of
17 success on the merits, although we understand it's
18 before Your Honor for that very determination -- that
19 we will lose the revenue that would -- that we would be
20 able to achieve by continuing to sell water and we
21 would not be able to recover that under any cause of
22 action, either from WACMA or from PAWC, and that's the
23 clear holding of the West Penn Power case, that
24 economic injury that cannot be recovered satisfies the
25 irreparable injury requirement and likewise in the

1 Israel case, that the illegal use of a tariff
2 constitutes irreparable injury of the most serious
3 nature and is a fit subject for preliminary injunction,
4 just as it is in civil law, where you can stop --
5 courts will enjoin illegal conduct if the other
6 elements giving rise to injunctive relief are present.

7 We also feel and assert that the relief requested
8 is not injurious to the public interest and, in fact,
9 the public interest will be harmed if an unlawful rate
10 is permitted to be charged for several reasons. No. 1,
11 we will be required to increase our rates by
12 approximately 30 percent because of the loss of WACMA
13 as a customer. The sole reason we're losing WACMA as a
14 customer is because of the illegal use of rider DLS.
15 It's that simple.

16 Let me make something perfectly clear, we cannot
17 restrain, we won't even think of asking the Commission
18 or Your Honor to restrain the sale of water to WACMA at
19 the tariff rate of \$3.92 per thousand gallons. It's
20 the -- what we contend is the illegal use of the
21 heavily discounted rate that gives rise to the
22 illegality and thus creates the economic harm to MATR,
23 where or from whence WACMA would be purchasing water,
24 whether it be pursuant to a contract or by virtue of a
25 verbal understanding or by virtue of spot purchases.

1 Let me belabor the obvious. Some people say,
2 well, you have to have a contract to sell water or the
3 extension agreement that you have entered into with
4 WACMA has expired by its terms and, therefore, you're
5 going to turn the spigot off.

6 This kind of paranoia has to stop. We're in the
7 business of selling water. We'll sell it to WACMA or
8 to anybody else who wants to buy from us. We have
9 never had the intent of turning that water off, whether
10 there's a written agreement or otherwise. We don't
11 need written agreements to sell water. That's our
12 business.

13 Furthermore, we think that the ratepayers of
14 WACMA could be subject to a surcharge in the event that
15 at the end of the day Your Honor declares rider DLS
16 illegal and they have been purchasing the water at what
17 is then clearly a discriminatory rate. It's arguable
18 that they would then have to make up that difference.

19 So that is fundamentally our case. We're asking
20 for short-term relief until Your Honor has a chance to
21 adjudicate this case, which as we know from the
22 briefing schedule and the schedule that Your Honor has
23 indicated is not very far distant.

24 MR. PILLAR: Your Honor, this is Pillar, if
25 I may just add one more thing to what Mr. Zangrilli

1 said, I just want to say, by way of clarification, it's
2 the application of DLS in this particular case that Mr.
3 Zangrilli is referring to as illegal and not DLS
4 itself.

5 MR. ZANGRILLI: Correct. Thank you, John.
6 Your Honor, that's our position.

7 JUDGE GESOFF: Okay. Thank you. Mr.
8 Gadsden.

9 MR. GADSDEN: Thank you, Your Honor. I
10 think most of the points that Mr. Zangrilli made are
11 addressed in full in the answer which we distributed by
12 electronic mail shortly before the hearing, but
13 recognizing that you and the parties may not have had
14 an opportunity to review or reflect on that answer, let
15 me take a minute to sort of summarize where we're
16 coming from.

17 First of all, let's talk about the status quo.
18 The status quo is that we're selling about 65 percent
19 of WACMA's needs, and as Mr. Vuono pointed out, are
20 transitioning upward in compliance with the contract
21 that we have in place with WACMA.

22 As we point out, and as Mr. Zangrilli apparently
23 acknowledges, Robinson Township doesn't have a contract
24 to sell water to WACMA any more. They negotiated an
25 extension agreement. The extension agreement expired

1 by its own terms upon written -- upon receipt and
2 written notice that the DEP permits had been issued, so
3 in effect what Robinson Township is asking the
4 Commission to do is to direct WACMA to in effect
5 execute a new agreement with Robinson for the duration
6 of this proceeding and I don't know of any authority
7 which would entitle the Commission to do that.

8 In addition, when you have an opportunity to
9 review the DEP permits, you will see that in the event
10 that our agreement with WACMA is terminated, that WACMA
11 no longer has any right to buy water from Robinson in
12 the first place.

13 Having said all of that, we strongly believe that
14 Robinson has failed to satisfy any of the four criteria
15 set forth in 52 PA Code Section 3.7. We don't believe
16 that there -- that they have shown or can show that
17 their right to relief is clear. I think if you go
18 through the evidence that was submitted at the January
19 21st hearing, it becomes abundantly clear that all of
20 the parties to the 1995, '96 proceeding fully
21 anticipated that rider DLS would be used not only to
22 retain load, which is the situation here, but also to
23 attract load, which arguably is also the situation
24 here. There is no evidence to suggest otherwise.

25 Secondly, we don't think that Robinson Township

1 has shown that its need for relief is immediate and,
2 indeed, if it had been immediate, we suspect that they
3 would have taken steps to pursue their initial request
4 for injunctive relief which was laid out in a pleading
5 they filed ten months ago and we cite a case in our
6 answer in which the Commission denied interim relief
7 for amongst other reasons the fact that the petitioner
8 had in effect sat on its hands for over four months in
9 that particular case.

10 With respect to irreparable injury, we cite the
11 Brinks case. I think that is a more parallel situation
12 than the West Penn Power case and speaks directly to
13 the question of whether competitive disadvantage can
14 constitute irreparable injury. That was certainly not
15 the situation in the West Penn Power case.

16 Finally, as far as whether relief would be
17 injurious to the public interest, Robinson Township,
18 not surprisingly, focuses on the economic consequences
19 of its petition or our sale of water to Robinson
20 Township, but clearly ignores the economic implications
21 of its petition to Pennsylvania-American and to WACMA
22 and WACMA is currently receiving safe, reliable service
23 from Pennsylvania-American at a rate below what it had
24 been paying Robinson Township and obviously if it has
25 to go back to what Mr. Zangrilli described as the

1 pre-February 4th status quo, it ends up paying more.
2 Pennsylvania-American loses those revenues that WACMA
3 gained -- that Robinson Township gains and so it
4 clearly is injurious to our interests and we believe to
5 WACMA's interests and for all of those reasons we
6 believe that they have failed to satisfy the
7 requirements of Section 3.7, and finally, as we point
8 out in our answer, the whole issue of whether these
9 types of contracts could become effective upon filing
10 or whether they needed prior Commission review and
11 approval was addressed in the 1995-'96 proceeding and
12 the Commission concluded at that time that they did not
13 have to be pre-approved and so there's nothing illegal
14 about our putting this contract into effect and
15 charging WACMA the rate that we are.

16 JUDGE GESOFF: Okay. Hold on a second. I
17 know you're going to go next Mr. Zangrilli, but I
18 wanted --

19 MR. GADSDEN: Mr. Vuono may have something
20 to add, I don't know.

21 JUDGE GESOFF: I'm sorry. Mr. Vuono, I
22 apologize. Let me just interject here and ask a couple
23 of questions.

24 When I got your answer, Mr. Gadsden, I tried to
25 run the cites through Lexis and I couldn't get there.

1 Let me get the answer here. That doesn't mean that you
2 were citing incorrectly at all, because Lexis and I
3 aren't that well acquainted.

4 MR. GADSDEN: I think we cited three cases
5 and I would be happy to package those up and FAX them
6 out to you at the conclusion.

7 JUDGE GESOFF: Okay. Giving me a non-Lexis
8 cite, maybe.

9 MR. GADSDEN: I don't know -- I'm quite
10 certain the opinion and order on remand was not
11 published in any written nature, so I'll probably have
12 to give you the original on that one.

13 JUDGE GESOFF: Okay.

14 MR. GADSDEN: The Brinks case we gave you a
15 Lexis cite, but I suspect -- I'm sure there is an
16 Atlantic Second cite which we can provide and then the
17 Mill Associates Dauphin Consolidated Water case we
18 pulled off Lexis. I apologize if I gave you the wrong
19 cite, but we'll send you a hard copy of that as well.

20 JUDGE GESOFF: Okay. Thank you. Mr. Vuono,
21 anything?

22 MR. VUONO: Your Honor, on behalf of WACMA,
23 we would join in the position stated by Mr. Gadsden for
24 PAWC and I was about this morning to send a letter to
25 you joining in his answer and I will do that formally

1 on the Record. That concludes my statement.

2 JUDGE GESOFF: All right. I have a question
3 for you, Mr. Zangrilli. Hold on, I'm shuffling papers
4 here. Okay. I don't have a question for you. Sorry.

5 Mr. Zangrilli, any remarks?

6 MR. ZANGRILLI: Yes, Judge, I do have some
7 remarks. I disagree with PAWC's assertion that we are
8 requesting Your Honor to enter an order compelling
9 WACMA to buy water from us. That is not the case and
10 if you will examine, Your Honor, the wherefore clause
11 of our petition wherein we stated the relief that we
12 seek, it simply requests that you bar the sale of water
13 pursuant to the water sales agreement of March 28,
14 2003, until a final order is entered. In other words,
15 that you bar PAWC from selling water at its
16 discriminatory rider DLS rate.

17 No. 2, I'm not sure that I agree with PAWC that
18 if Your Honor enters an order or grants our request
19 that the water allocation permits therefore fall. I
20 might want to think about that a little bit more and
21 send Your Honor a letter, but I don't think that's the
22 case. I don't think -- what will fall will be arguably
23 PAWC's water allocation permit, but not the water
24 allocation permits of Moon Township Authority, of the
25 Findlay Authority and of MATR. Under those water

1 allocation permits, there's plenty of supply available
2 for the consumers of the WACMA territory.

3 The next position that I want to disagree with is
4 the assertion that in the proceedings pursuant to which
5 rider DLS was approved as a tentative experimental
6 rider to be closely scrutinized henceforth by the PUC,
7 the concept of attract is used only in a very limited
8 sense -- and I'm going to get a brief over to Your
9 Honor within a day pointing this out, if the Court
10 would like to see it -- but the word attract, whenever
11 it is used -- and it's used very infrequently -- refers
12 to the concept of attracting new business such as
13 enticing a new heavy load consumer to come into a
14 service territory.

15 The thrust of the prior litigation was to reduce
16 the rider DLS to retain a customer who was about to
17 bolt to a rival suitor who was attempting to entice
18 that customer away from PAWC by the technique of using
19 a lower rate.

20 Your Honor, I want to address the point that was
21 made that --

22 JUDGE GESOFF: Let me stop you right there a
23 second. I will not be taking briefs on this.

24 MR. ZANGRILLI: Okay. Then our argument
25 will remain verbal and our contention is that the word

1 attract is used only in a very limited sense in the
2 proceedings approving the rider and certainly not in
3 the sense that was utilized by PAWC to steal WACMA from
4 us.

5 Now, let me address, Your Honor, very briefly,
6 the argument that we did not seek an injunction ten
7 months ago. We didn't seek an injunction -- the
8 injunction that we originally requested when we filed
9 our complaint back in the early summer was an
10 injunction barring PAWC from constructing the
11 facilities. In their response papers PAWC cited
12 numerous authorities to the extent that the PUC cannot
13 bar them from constructing whatever facilities they
14 want to construct. We did not contest that point at
15 that time.

16 Furthermore, we could not have requested the
17 equitable relief that we're seeking today because at
18 that time the contract between MATR and WACMA dated
19 1983 was still in effect and that contract did not
20 expire until October of 2003. Therefore, we had
21 nothing to complain about. It would have been a
22 nullity to say -- to request an injunction.

23 Furthermore, when our contract did expire,
24 because there was no water allocation permit, WACMA
25 continued to buy water from us. We did not sustain any

1 harm until the spigot was turned off, in other words,
2 until our water supply was turned off, which occurred
3 on not February 4, because it was late in the day of
4 February 4 that I received the FAX letter from Mr.
5 Brown that is now in evidence and then, of course, the
6 water then over the next five days was -- we were
7 phased out gradually and they were phased in.

8 So, we think that we did not sit on our rights,
9 we moved immediately and promptly. We moved within a
10 matter of days.

11 With respect finally to the concept that PAWC
12 asserts that the use of rider DLS in this particular
13 context or the contract between WACMA and PAWC did not
14 have to be pre-approved, we think that the agreement in
15 and of itself -- and that agreement, Your Honor, is in
16 the record from the prior hearing -- does require that.
17 I'm going to read from paragraph 24.1, quote -- well,
18 PAWC "represents and warrants that disagreements shall
19 be filed with the Pennsylvania Public Utility
20 Commission and is subject to review by the PUC."

21 Paragraph 4.6 in addition states, "the parties
22 recognize and expressly agree that the consummation of
23 this transaction is conditioned upon receiving approval
24 from the PA PUC to the extent such approval is
25 required."

1 Paragraph 24.1 talks about a representation and a
2 warranty on the part of PAWC that it is subject to
3 review by the PUC and, therefore, it's our position
4 that even though a pre-approval may not be technically
5 required, this particular contract and the use of rider
6 DLS must be approved by the Commission as is evidenced
7 by the fact that it's currently pending before Your
8 Honor. That concludes my rebuttal.

9 JUDGE GESOFF: Mr. Gadsden.

10 MR. GADSDEN: Thank you, Your Honor. Let me
11 address Mr. Zangrilli's points in the order in which he
12 presented them.

13 I think the first one, first Mr. Zangrilli argued
14 that they were -- they being Robinson Township -- were
15 not seeking an order directing WACMA to purchase water
16 from Robinson Township, but rather to preclude us from
17 selling water to WACMA pursuant to the contract. In
18 other words, what he seems to be saying is that all
19 they want you to do is say we have to charge WACMA the
20 higher tariff rate. I don't find that argument
21 terribly credible in light of the petition for
22 emergency relief that they have filed. Obviously that
23 remedy would not address any of the concerns that Mr.
24 Zangrilli has raised in his petition or raised this
25 morning in terms of irreparable harm to Robinson

1 Township in terms of public interest considerations,
2 what have you.

3 I mean, I just don't understand the point, other
4 than to suggest that Robinson Township is probably
5 assuming that if Pennsylvania-American were forced to
6 charge the higher rate, that that would somehow force
7 WACMA back into Robinson's arms, which I suspect is
8 what this is all about.

9 Secondly, the question of what the permits do or
10 do not say, I believe Mr. Zangrilli indicated that in
11 his -- he wanted to take another look at it, but he
12 thought that the argument I had presented or concern I
13 had raised related only to the permit that covered
14 sales from Pennsylvania-American. In fact, if you look
15 at any of these permits, whether its Findlay or
16 Robinson Township, Moon or Oakdale, each of them
17 contains the same language, which indicates -- and its
18 set forth under term of permit -- that the permit will
19 become null and void if WACMA terminates or fails to
20 renew its purchase agreement with Pennsylvania-American
21 Water Company. So it's just not a question of our
22 permit, it's a question of all five.

23 I won't relitigate the -- reargue the issue of
24 what the -- what rider DLS was and was not intended to
25 cover. That, of course, is the ultimate issue in this

1 proceeding. We certainly disagree with Mr. Zangrilli's
2 interpretation and would simply further point out, as
3 Mr. Stout did in his Direct testimony, that the tariff
4 language itself makes it clear that one of the costs
5 that is to be covered by the so-called floor or minimum
6 rate is the cost of new facilities and, obviously, if
7 the tariff were simply designed to enable Pennsylvania-
8 American to retain the existing load, it wouldn't need
9 to install new facilities.

10 The fourth point that Mr. Zangrilli made related
11 to their initial request for injunctive relief and he
12 represents that in their petition or complaint all they
13 had asked for was that the Commission enjoin the
14 construction of facilities. They have backed off that
15 after having reviewed some of the authority that we
16 cited in our answer. That's not the case.

17 The wherefore clause in their original complaint
18 reads as follows, wherefore, MATR requests this
19 Commission to enter an order prohibiting PAWC from
20 commencing service to WACMA pursuant to the PAWC
21 agreement or constructing any facilities with respect
22 to such service.

23 Finally, he cited certain language in the
24 agreement between WACMA and Pennsylvania-American. We
25 don't think that language which parenthetically was

1 also cited in its petition for interim emergency relief
2 lends any support for the notion that the contract
3 between Pennsylvania-American and WACMA had to be
4 reviewed and approved in advance of it becoming
5 effective.

6 We have never suggested that the agreement is not
7 subject to Commission review. What we're saying in
8 response to an assertion in the Robinson Township
9 petition for interim emergency order is that that
10 agreement did not need prior Commission approval in
11 order for it to become effective.

12 That concludes my response.

13 MR. ZANGRILLI: Your Honor, Al Zangrilli,
14 may I make one brief surrebuttal point?

15 JUDGE GESOFF: Yes.

16 MR. VUONG: John Vuono. I would like to
17 make this one point.

18 MR. ZANGRILLI: Absolutely, John, go ahead.

19 MR. VUONO: On the issue of Commission
20 approval of the agreement between WACMA and PAWC, the
21 same paragraph that Mr. Zangrilli cited, the
22 representations and warranty, paragraph 24, there is a
23 subparagraph 24.2 in which Western Allegheny represents
24 and warrants that this agreement will not require the
25 consent or approval of or registration with any

1 governing body or agency and it has been our continuing
2 position that approval by the PUC of this agreement per
3 se is not required as part of this transaction.

4 JUDGE GESOFF: Okay. Thank you. Mr.
5 Zangrilli.

6 MR. ZANGRILLI: Your Honor, the only thing I
7 want to point out to the Court pertains to this issue
8 of the water allocation permits and I just wanted to
9 direct Your Honor's attention to the -- to what I'm
10 trying to say about interplay between these water
11 allocation permits and the DEP. Only in the permit
12 that was issued to PAWC does clause 2 appear, which is
13 called adjudication by PUC or Court, and I'm just going
14 to call that to Your Honor's attention. I'm not going
15 to read it.

16 It's not the most carefully drafted provision I
17 have ever read, but I think that seems to say that if
18 the PUC rules contrary to PAWC either with respect to
19 this immediate petition or ultimately, then this permit
20 shall become automatically suspended.

21 That language does not appear in any other water
22 allocation permit. The section that PAWC references,
23 namely the permit which appears as paragraph 2 in all
24 the other water allocation permits, has plenty of lead
25 time and I just ask Your Honor to read that when you're

1 considering this case. I'm not going to read it, but
2 the gist of it is that, yes, these permits will become
3 null and void if, for example, the permittee doesn't
4 take the water within a period of four years or seven
5 years. So there's plenty of time there for this permit
6 to exist or to be effective before it is subject to
7 revocation. That's our point there and that's all I
8 have.

9 JUDGE GESOFF: Okay. Let me go over my
10 notes. One of the things I want to ask is the rate
11 under DLS is \$1.90 per thousand gallons, is that
12 correct, Mr. Gadsden?

13 MR. GADSDEN: Yes, sir.

14 JUDGE GESOFF: What is the rate under the
15 expired contract between Robinson Township and WACMA?

16 MR. ZANGRILLI: Your Honor, that rate would
17 be \$2.51 per thousand gallons and that was a rate that
18 became effective December 15 of 2003. Prior to that
19 time it had been \$2.18 per thousand gallons.

20 JUDGE GESOFF: That was under the old
21 contract?

22 MR. ZANGRILLI: Yes. That's correct, Your
23 Honor.

24 JUDGE GESOFF: Okay. Is that anywhere in
25 the record? I'm not sure --

1 MR. ZANGRILLI: This is Zangrilli speaking.
2 The \$1.90 certainly is and our -- the rate of \$2.18 per
3 thousand gallons certainly is and it's attached as an
4 Exhibit to Mr. Lenze's Direct testimony. I forget
5 which Exhibit it is, but the rate schedules are in
6 there.

7 Now, with respect to the current MATR charge, in
8 other words, the rate of \$2.51 that commenced in
9 December 15 of 2003, I'm not sure that that is in the
10 record. I can't say, Your Honor, one way or the other.

11 JUDGE GESOFF: All right.

12 MR. GADSDEN: This is Gadsden. I'm pretty
13 sure it is not.

14 JUDGE GESOFF: Can this be stipulated --

15 MR. VUONO: This is Vuono. I would not
16 object to the statement made for whatever purpose its
17 being made, subject to my right to review this with the
18 WACMA people and advising all parties as to the actual
19 rate as of 12/15/03.

20 JUDGE GESOFF: Can we stipulate to it
21 subject to your check?

22 MR. VUONO: Yes.

23 JUDGE GESOFF: Who said that?

24 MR. GADSDEN: Vuono. I said it.

25 JUDGE GESOFF: All right. Mr. Vuono and Mr.

1 Zangrilli?

2 MR. ZANGRILLI: That's fine, Your Honor.

3 JUDGE GESOFF: Mr. Gadsden?

4 MR. GADSDEN: Yes. I'm fine with that.

5 JUDGE GESOFF: All right. So stipulated.

6 All right. Let me see if I have anything else.

7 What was the \$3.92 per thousand gallons?

8 MR. ZANGRILLI: Judge Gesoff, this is Al
9 Zangrilli. The \$3.92 per thousand is the rate that
10 PAWC must charge WACMA pursuant to its tariff if it is
11 not utilizing the discounted rate of rider DLS, which
12 is \$1.90.

13 JUDGE GESOFF: Okay. Thank you.

14 MR. GADSDEN: Well, let me just -- this is
15 Gadsden. Let me clarify that.

16 What we would stipulate to is that the \$3.92 rate
17 was the prevailing sale for resale rate in
18 Pennsylvania-American's tariff at the time this case
19 was brought. Pennsylvania-American, as you are
20 probably aware, just completed a base rate proceeding,
21 received an order at the end of January. Off the top
22 of my head, I can't recall whether as part of the
23 stipulation that resolved cost of service and rate
24 design issues. In that case we included an increase to
25 the sale for resale rate, but if acceptable to Mr.

1 Zangrilli, Mr. Vuono and Mr. Pillar and Your Honor, I
2 can try to get a copy of the currently effective sale
3 for resale rate and distribute that this afternoon.

4 JUDGE GESOFF: Well, you can, but I'm not
5 going to consider it.

6 MR. GADSDEN: All right.

7 JUDGE GESOFF: I don't want to burden the
8 record. All we know is that the \$3.92 was in effect
9 when this case was brought and it may have changed as a
10 result of the '04 rate or not, but whether its changed
11 or not doesn't matter.

12 MR. GADSDEN: Okay. That's fine.

13 JUDGE GESOFF: Let me go over my notes
14 again. Okay. I don't think I have any other
15 questions. There's a one day turnaround on the
16 transcript. I should have my copy tomorrow and I'm
17 going to start writing this up from my notes and from
18 the petition and the answer and I hope to get it out
19 before the end of the week. It's going to be an order
20 and I have to certify it up to the Commission and I'll
21 be able to, I think, E mail you a copy of my order and
22 I guess whatever mechanism I use to send it up to the
23 Commission as well.

24 I think that's about it. You have the briefing
25 schedule and as I might have told you, I won't be

1 available from the 27th of this month until -- I'll be
2 back in the office around April 9th, at which time I
3 will have your reply briefs. There's one case ahead of
4 yours and I don't know which one I'm going to try to
5 get out first. I have a very busy schedule in April
6 and May because of all the rescheduling that had to be
7 done of my hearings, but I'll get this out as soon as I
8 possibly can. As you know, I don't like to sit on
9 decisions very long. Sometimes I get them out too
10 fast. Is there anything else?

11 MR. ZANGRILLI: Yes, Judge Gesoff. Al
12 Zangrilli. I would like to tell the Court Reporter
13 that I would like to purchase a copy of the transcript,
14 so when its available can I come over or will it be
15 delivered?

16 JUDGE GESOFF: She says it will be
17 delivered.

18 MR. ZANGRILLI: The second point I just
19 wanted to make it clear that the only thing I'm
20 obligated to produce to Your Honor forthwith and
21 immediately is that debt repayment schedule and we'll
22 FAX that to Your Honor as well as to all counsel.

23 JUDGE GESOFF: And maybe also to the Court
24 Reporter since she's the one that has to get out the
25 transcript. She'll give you the FAX number, her FAX

1 number. I think that's it, folks.

2 MR. ZANGRILLI: Thank you, Judge.

3 MR. GADSDEN: Thank you.

4 (Whereupon, the documents were
5 marked as MATR Exhibit No. 16 and
6 PAWC 4, 4A, 4B, 4C, 4D and 5 for
7 identification and were received in
8 evidence.)

9 (Thereupon, at 11:15 o'clock a.m., the
10 Hearing was adjourned).

11 C E R T I F I C A T E

12 I hereby certify, as the
13 stenographic reporter, that the foregoing proceedings
14 were taken stenographically by me, and thereafter
15 reduced to typewriting by me or under my direction; and
16 that this transcript is a true and accurate record to
17 the best of my ability.

18 COMMONWEALTH REPORTING COMPANY, INC.

19
20 By: *Cathy R. Mull*
21 Cathy R. Mull

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February 4, 2004

Ronald J. Brown
Phone: (412) 553-6343
Fax: (412) 553-6701
E-mail: rbrown@groganraffam.com

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VIA FAX: (412) 261-6789

DOCKETED
MAR 08 2004

Albert J. Zangrilli, Jr., Esquire
Yukevich, Marchetti, Liekar & Zangrilli, P.C.
11 Stanwix Street
Suite 1024
Pittsburgh, PA 15222

RE: Anticipated Issuance by Pennsylvania Department of Environmental Protection
Of Water Allocation Permit and Public Water Supply Permit regarding
Pennsylvania-American Water Company
File No. 81575.00001

Dear Al:

On behalf of Western Allegheny County Municipal Authority, this letter is to advise you as Solicitor to the Municipal Authority of the Township of Robinson that WACMA is in receipt of information that the issuance of the water allocation permit authorizing WACMA to purchase water from Pennsylvania American Water Company and the public water supply permit authorizing the operation of Pennsylvania American connecting facilities to the WACMA system are imminent. Accordingly, the staff of WACMA, together with representatives of Pennsylvania-American Water Company are beginning the process of transferring receipt of water from the Robinson facilities to the Pennsylvania-American facilities commencing today, February 4, 2004.

In accordance with the provisions of the extension agreement between WACMA and the Robinson Authority, upon receipt of the water allocation permit referenced above, Robinson Authority will be given written notice of such receipt and the relevant termination provisions of the extension agreement will then be given effect.

GROGAN GRAFFAM, P.C.
FOUR GATEWAY CENTER, 12TH FLOOR, PITTSBURGH, PA 15222
412-553-6300 FAX: 412-642-2601 www.groganraffam.com
ATTORNEYS

MATR Ex. 15
CMAA Reg PA 2/17/04

C. 20030092

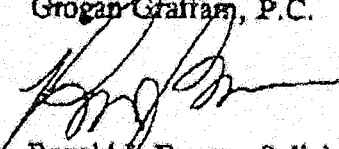
Albert J. Zangrilli, Jr., Esquire
February 4, 2004
PAGE 2

In the interest of assuring an uninterrupted supply of water to WACMA customers, and recognizing that that the extension agreement between WACMA and the Robinson Authority should expire in the next several days, WACMA requests the Robinson Authority's continued cooperation in making any water supplies available from the Robinson Authority to WACMA as needed during this transition, notwithstanding the anticipated termination of the extension agreement between the parties.

Thank you for your cooperation. If you have any questions, please feel free to call at (412) 553-6343.

Very truly yours,

Grogan Graffam, P.C.



Ronald S. Brown, Solicitor
Western Allegheny County Municipal Authority

RJB/gms

Enclosures

cc: Philip Morris, Chairman - WACMA (via fax: (412) 788-0788)
David Nichols, P.E. - WACMA Consulting Engineer (via fax: (412) 269-0533)
Bernie Grundusky, Jr. - PAWC (via fax: (717) 531-3314)

THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF ROBINSON
 Allegheny County, Pennsylvania

11:24:48 AM
 02/17/04
 RWEF

Summary of Payments - All Existing Debt

Date	1995A CIBs Debt Service	1995A CABs Debt Service	1995B CABs Debt Service	Total Semiannual Debt Service	Total Annual Debt Service
11/15/2002	251,430.00			251,430.00	
06/15/2003	701,430.00		1,315,000.00	2,018,430.00	2,267,860.00
11/15/2003	240,855.00			240,855.00	
06/15/2004	710,855.00		1,915,000.00	2,525,855.00	2,766,710.00
11/15/2004	229,575.00			229,575.00	
06/15/2005	1,474,575.00			1,474,575.00	1,704,150.00
11/15/2005	198,450.00			198,450.00	
06/15/2006	1,998,450.00			1,998,450.00	2,196,900.00
11/15/2006	153,450.00			153,450.00	
06/15/2007	2,053,450.00			2,053,450.00	2,206,900.00
11/15/2007	106,000.00			106,000.00	
06/15/2008	2,106,000.00			2,106,000.00	2,210,000.00
11/15/2008	63,000.00			63,000.00	
06/15/2009	2,053,000.00			2,053,000.00	2,128,000.00
11/15/2009				0.00	
06/15/2010		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2010				0.00	
06/15/2011		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2011				0.00	
06/15/2012		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2012				0.00	
06/15/2013		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2013				0.00	
06/15/2014		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2014				0.00	
06/15/2015		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2015				0.00	
06/15/2016		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2016				0.00	
06/15/2017		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2017				0.00	
06/15/2018		2,130,000.00		2,130,000.00	2,130,000.00
11/15/2018				0.00	
06/15/2019		2,200,000.00		2,200,000.00	2,200,000.00
11/15/2019				0.00	
06/15/2020		1,870,000.00		1,870,000.00	1,870,000.00
11/15/2020				0.00	
06/15/2021		2,700,000.00		2,700,000.00	2,700,000.00
				0.00	
				2,700,000.00	2,700,000.00
				41,398,520.00	41,398,520.00
	12,326,520.00	26,940,000.00	3,130,000.00		

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 MAR 08 2004

aldato@rep1

MTATR Ex No. 16
 cum Pgh BA 2/17/04
 C-20030092



Pennsylvania Department of Environmental Protection

400 Waterfront Drive
Pittsburgh, PA 15222-4745

Southwest Regional Office

**DOCUMENT
FOLDER**

412-442-4217
Fax: 412-442-4300

Western Allegheny County Municipal
Authority
Allegheny County, Pennsylvania

Water Allocation Permit No. WA2-1006
Public Water Supply ID No. 5020034

DOCKETED

MAR 08 2004

WATER ALLOCATION PERMIT

REGISTRATION BUREAU

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The Pennsylvania Department of Environmental Protection (the Department), renamed by the Act of June 28, 1995, No. 18, P.L. 89, 71 P.S. Section 1340.101 *et seq.*, known as The Conservation and Natural Resources Act, and continuing to exercise the powers and duties established by the Act of December 3, 1970, No. 275, P.L. 834, 71 P.S. Section 510-1 *et seq.*, as amended, known as The Administrative Code, as successor to the Water and Power Resources Board, under and by virtue of the authority vested in and imposed upon it by the Act of June 24, 1939, No. 365, P.L. 842, 32 P.S. Section 631 *et seq.*, known as the Water Rights Act, hereby grants leave to the Western Allegheny County Municipal Authority (Permittee), with its principal offices located at Oakdale, Allegheny County, PA 15071, to acquire and use for public water supply purposes, subject to such existing rights and uses as may now be lawful, water rights in the following designated waters of the Commonwealth:

THE RIGHT TO PURCHASE UP TO 1.6 MILLION GALLONS PER DAY (MGD) AS A 30-DAY AVERAGE FROM THE PENNSYLVANIA-AMERICAN WATER COMPANY (PENNSYLVANIA AMERICAN). PURCHASES FROM ALL SOURCES ARE LIMITED TO 2.5 MGD, AS A DAILY MAXIMUM.

This permit is issued in response to an application filed with the Department on June 10, 2003 and amendments through December 17, 2003. This permit is issued with the understanding that the proposed source(s) of water supply shall be developed as set forth in the application and in accompanying and supplemental data filed with and thereafter and made a part thereof, subject, however, to the provisions of the Act of June 24, 1939, P.L. 842 (No. 365), and the following conditions, regulations and restrictions:

PAWL Ex. 4
Cwm Pop PA 2/17/04
C-20030092



WA Permit No. WA2-1006
Western Allegheny County Municipal Authority

1. What Permit Does Not Do. This permit does not give any property rights, either in real estate or material, nor any exclusive privileges, nor shall it be construed to grant or confer any right, title, easement or interest in, to or over any land belonging to the Commonwealth of Pennsylvania; neither does it authorize any injury to private property nor invasion of private rights, nor any infringement of federal, state or local laws or regulations; nor does it obviate the necessity of obtaining federal assent when necessary.
2. Adjudication by PUC or Court. This permit shall automatically become suspended upon an order of the Pennsylvania Public Utility Commission, or any court having jurisdiction, which prohibits the sale of water by the Pennsylvania American Water Company to the Western Allegheny County Municipal Authority. This permit shall automatically become null and void upon the expiration of all appeals to any adjudications, and the Permit shall be returned to the Pennsylvania Department of Environmental Protection, 400 Waterfront Drive, Pittsburgh, PA 15222.
3. Term of Permit. The duration of this permit shall be for a period of 25 years (until February 3, 2029), provided, however, that should the Permittee for any reason whatsoever:
 - a. fail to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company within a period of four (4) years, or
 - b. cease to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company for any period of seven (7) consecutive years, or
 - c. terminate or fail to renew its purchase agreement with the Pennsylvania-American Water Company,then this permit shall cease and be null and void; unless, upon application of the Permittee, an extension of such period is granted by the Department.
4. Devices Regarding Quantity of Water Purchased. The Permittee shall maintain accurate measuring and recording devices to determine the amount of water acquired from the Pennsylvania-American Water Company.
5. Purchase Records. The Permittee shall prepare and maintain accurate records of the amount of water purchased each day, at each interconnect with the Pennsylvania-American Water Company. The Permittee shall make these records available, during normal business hours, for inspection and copying by the Department. The Permittee shall submit to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION

WA Permit No. WA2-1006
Western Allegheny County Municipal Authority

OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555, by the 8th day of each month, on forms approved by the Department, records showing the daily usage by Permittee during the previous month.

6. Operations and Drought Contingency Plan. The Permittee shall develop an Operations and Drought Contingency Plan outlining the measures that will be taken to conserve the available supply and reduce water use during an emergency (e.g., drought, industrial waste spill, etc.). The plan shall include staged voluntary and mandatory water use restrictions and a description of parameters to trigger these actions at various stages, and the identification of available emergency sources or interconnections and when these sources would be utilized. The plan shall also indicate how water use restrictions will be enforced. The contingency plan shall be adopted by the Permittee and submitted to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555 within one year of the date of this permit and updated and submitted to the Department every three years thereafter.

7. Water Conservation. The Permittee shall adopt and implement a continuous water conservation program for all types of use within the area served by this permit, and shall report to the Department on the actions pursuant to this program, and the impact of these actions, annually, on or before the anniversary date of this permit. This program shall include, but is not limited to the following:

- a. Installation of meters at all new customer connections;
- b. Regularly testing and repairing or replacing all meters;
- c. Leakage and loss control program;
- d. A water conservation education program, which includes a plan for the annual distribution of water conservation literature and other material to new customers, including information on Permittee, water conservation tips and water saving plumbing equipment.
- e. A program for reducing customer demand for water by requiring the installation of water-saving plumbing devices in all new accounts or promoting the adoption of a water conservation ordinances and regulations.

8. Supplying Water to Other Public Water Suppliers Prohibition. The permittee shall not supply any new or additional quantity of water to any public water supply agency until that agency shall have first obtained, from the Department of Environmental Protection's Southwest Regional Office, a subsidiary water allocation permit for the specific purchase quantity.

WA Permit No. WA2-1006
Western Allegheny County Municipal Authority

9. Reduce Unaccounted-for Usage. Within one year of the date of this permit, the Permittee shall initiate a study to develop a plan to reduce its unaccounted-for water loss and shall reduce such loss to a level of 20 percent or less within five years of the date of this permit. Such study shall be completed and the final results and recommendations reported to the Department of Environmental Protection's Division of Water Use Planning within two years of the date of this permit. The deadlines set forth in this condition may be extended with written approval by the Division of Water Use Planning, upon good cause shown, providing that the Permittee demonstrates satisfactory and good faith progress toward compliance with this condition.
10. Oakdale Borough Contract. In recognition of the contract between Oakdale Borough and the Western Allegheny County Municipal Authority dated September 18, 1990, and considering the dependence of the Oakdale Borough upon the supply of water from the Western Allegheny County Municipal Authority to meet essential uses, the permittee shall not interrupt or terminate service of water to Oakdale Borough; except pursuant to the terms of that contract, provided that emergency reductions in sale and delivery of water to Oakdale Borough may be implemented commensurate with emergency water use restrictions imposed throughout the Permittee's service area. This condition expires upon termination of the bulk sales agreement with Oakdale Borough.
11. Revocation of Permit. Water Allocation Permit WA747C, issued to the Western Allegheny County Municipal Authority on February 10, 1995 and granting the Western Allegheny County Municipal Authority, the following water rights:
- The right to purchase 75,000 GPD from Pennsylvania-American Water Company;
- Is/are hereby revoked and shall be returned within 60 days to the TECHNICAL SERVICES SECTION CHIEF, WATER SUPPLY MANAGEMENT, DEPARTMENT OF ENVIRONMENTAL PROTECTION, 400 WATERFRONT DRIVE, PITTSBURGH, PA 15222-4745.
12. Renewal Requirement. Within one year, but no less than 90 days, prior to the expiration date specified in Condition No. 3, the Permittee shall submit to the Department a complete and acceptable application for a new permit, if Permittee desires to continue to acquire the water rights granted by this permit beyond the expiration date. Upon the Department's acceptance of such application for review, the expiration date of this permit shall be extended during the review period until issuance or denial of said permit.

WA Permit No. WA2-1006
Western Allegheny County Municipal Authority

13. Permit Modification. This permit is subject to review and possible modification of said rights, conditions, or restrictions at a later date or dates, as provided in Section 7 of the Act of June 24, 1939, P.L. 842 (No. 365).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

BY: Mark A. Wayner
Mark A. Wayner
Acting Regional Program Manager
Water Supply Management

DATE: 2/3/04



Pennsylvania Department of Environmental Protection

400 Waterfront Drive
Pittsburgh, PA 15222-4745

Southwest Regional Office

412-442-4217
Fax: 412-442-4303

Western Allegheny County Municipal
Authority
Allegheny County, Pennsylvania

Water Allocation Permits No. WA2-1006A
Public Water Supply ID. No. 5020034

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WATER ALLOCATION PERMIT MAR 08 2004

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The Pennsylvania Department of Environmental Protection (the Department), renamed by the Act of June 28, 1995, No. 18, P.L. 89, 71 P.S. Section 1340.101 *et seq.*, known as The Conservation and Natural Resources Act, and continuing to exercise the powers and duties established by the Act of December 3, 1970, No. 275, P.L. 834, 71 P.S. Section 510-1 *et seq.*, as amended, known as The Administrative Code, as successor to the Water and Power Resources Board, under and by virtue of the authority vested in and imposed upon it by the Act of June 24, 1939, No. 365, P.L. 842, 32 P.S. Section 631 *et seq.*, known as the Water Rights Act, hereby grants leave to the Western Allegheny County Municipal Authority (Permittee), with its principal offices located at Oakdale, Allegheny County, PA 15071, to acquire and use for public water supply purposes, subject to such existing rights and uses as may now be lawful, water rights in the following designated waters of the Commonwealth:

THE RIGHT TO PURCHASE UP TO 1.0 MILLION GALLONS PER DAY (MGD) AS A 30-DAY AVERAGE FROM THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF ROBINSON. PURCHASES FROM ALL SOURCES ARE LIMITED TO 2.5 MGD, AS A DAILY MAXIMUM.

This permit is issued in response to an application filed with the Department on June 10, 2003 and amendments through December 17, 2003. This permit is issued with the understanding that the proposed source(s) of water supply shall be developed as set forth in the application and in accompanying and supplemental data filed with and thereafter and made a part thereof, subject, however, to the provisions of the Act of June 24, 1939, P.L. 842 (No. 365), and the following conditions, regulations and restrictions:



PAWC Ex. 4-A
C-20030092
2/17/04

WA Permit No. WA2-1006A
Western Allegheny County Municipal Authority

1. What Permit Does Not Do. This permit does not give any property rights, either in real estate or material, nor any exclusive privileges, nor shall it be construed to grant or confer any right, title, easement or interest in, to or over any land belonging to the Commonwealth of Pennsylvania; neither does it authorize any injury to private property nor invasion of private rights, nor any infringement of federal, state or local laws or regulations; nor does it obviate the necessity of obtaining federal assent when necessary.

2. Term of Permit. The duration of this permit shall be for a period of 25 years (until February 3, 2029), provided, however, that should the Permittee for any reason whatsoever:

- a. fail to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company within a period of four (4) years, or
- b. cease to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company for any period of seven (7) consecutive years, or
- c. terminate or fail to renew its purchase agreement with the Pennsylvania-American Water Company,

then this permit shall cease and be null and void; unless, upon application of the Permittee, an extension of such period is granted by the Department.

3. Devices Regarding Quantity of Water Purchased. The Permittee shall maintain accurate measuring and recording devices to determine the amount of water acquired from the Pennsylvania-American Water Company.

4. Purchase Records. The Permittee shall prepare and maintain accurate records of the amount of water purchased each day, at each interconnect with the Pennsylvania-American Water Company. The Permittee shall make these records available, during normal business hours, for inspection and copying by the Department. The Permittee shall submit to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555, by the 8th day of each month, on forms approved by the Department, records showing the daily usage by Permittee during the previous month.

5. Operations and Drought Contingency Plan. The Permittee shall develop an Operations and Drought Contingency Plan outlining the measures that will be taken to conserve the available supply and reduce water use during an emergency (e.g., drought, industrial waste spill, etc.). The plan shall include staged voluntary and mandatory water use restrictions and a description of parameters to trigger these actions at various stages, and the identification of available emergency sources or

WA Permit No. WA2-1006A
Western Allegheny County Municipal Authority

interconnections and when these sources would be utilized. The plan shall also indicate how water use restrictions will be enforced. The contingency plan shall be adopted by the Permittee and submitted to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555 within one year of the date of this permit and updated and submitted to the Department every three years thereafter.

6. Water Conservation. The Permittee shall adopt and implement a continuous water conservation program for all types of use within the area served by this permit, and shall report to the Department on the actions pursuant to this program, and the impact of these actions, annually, on or before the anniversary date of this permit. This program shall include, but is not limited to the following:
- a. Installation of meters at all new customer connections;
 - b. Regularly testing and repairing or replacing all meters;
 - c. Leakage and loss control program;
 - d. A water conservation education program, which includes a plan for the annual distribution of water conservation literature and other material to new customers, including information on Permittee, water conservation tips and water saving plumbing equipment.
 - e. A program for reducing customer demand for water by requiring the installation of water-saving plumbing devices in all new accounts or promoting the adoption of a water conservation ordinances and regulations.
7. Supplying Water to Other Public Water Suppliers Prohibition. The Permittee shall not supply any new or additional quantity of water to any public water supply agency until that agency shall have first obtained, from the Department of Environmental Protection's Southwest Regional Office, a subsidiary water allocation permit for the specific purchase quantity.
8. Reduce Unaccounted-for Usage. Within one year of the date of this permit, the Permittee shall initiate a study to develop a plan to reduce its unaccounted-for water loss and shall reduce such loss to a level of 20 percent or less within five years of the date of this permit. Such study shall be completed and the final results and recommendations reported to the Department of Environmental Protection's Division of Water Use Planning within two years of the date of this permit. The deadlines set forth in this condition may be extended with written approval by the Division of Water Use Planning, upon good cause shown, providing that the Permittee demonstrates satisfactory and good faith progress toward compliance with this condition.

WA Permit No. WA2-1006A
Western Allegheny County Municipal Authority

9. Oakdale Borough Contract. In recognition of the contract between Oakdale Borough and the Western Allegheny County Municipal Authority dated September 18, 1990, and considering the dependance of the Oakdale Borough upon the supply of water from the Western Allegheny County Municipal Authority to meet essential uses, the Permittee shall not interrupt or terminate service of water to Oakdale Borough; except pursuant to the terms of that contract, provided that emergency reductions in sale and delivery of water to Oakdale Borough may be implemented commensurate with emergency water use restrictions imposed throughout the Permittee's service area. This condition expires upon termination of the bulk sales agreement with Oakdale Borough.

10. Revocation of Permit. Water Allocation Permit WA-747B, issued to the Western Allegheny County Municipal Authority on February 10, 1995 and granting the Western Allegheny County Municipal Authority, the following water rights:

- The right to purchase 1 million gallons per day from the Municipal Authority of the Township of Robinson

is/are hereby revoked and shall be returned within 60 days to the TECHNICAL SERVICES SECTION CHIEF, WATER SUPPLY MANAGEMENT, DEPARTMENT OF ENVIRONMENTAL PROTECTION, 400 WATERFRONT DRIVE, PITTSBURGH, PA 15222-4745.

11. Renewal Requirement. Within one year, but no less than 90 days, prior to the expiration date specified in Condition No. 2, the Permittee shall submit to the Department a complete and acceptable application for a new permit, if Permittee desires to continue to acquire the water rights granted by this permit beyond the expiration date. Upon the Department's acceptance of such application for review, the expiration date of this permit shall be extended during the review period until issuance or denial of said permit.

12. Permit Modification. This permit is subject to review and possible modification of said rights, conditions, or restrictions at a later date or dates, as provided in Section 7 of the Act of June 24, 1939, P.L. 842 (No. 365).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

BY: Mark A. Wayner
Mark A. Wayner
Acting Regional Program Manager
Water Supply Management

DATE: FEB 3 2004



Pennsylvania Department of Environmental Protection

400 Waterfront Drive
Pittsburgh, PA 15222-4745

DOCUMENT
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Southwest Regional Office

412-442-4217
Fax: 412-442-4303

Western Allegheny County Municipal
Authority
Allegheny County, Pennsylvania

Water Allocation Permits No. WAZ-1006B
Public Water Supply ID. No. 5020034

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CORNER'S BUREAU

WATER ALLOCATION PERMIT

The Pennsylvania Department of Environmental Protection (the Department), renamed by the Act of June 28, 1995, No. 18, P.L. 89, 71 P.S. Section 1340.101 et seq., known as The Conservation and Natural Resources Act, and continuing to exercise the powers and duties established by the Act of December 3, 1970, No. 275, P.L. 834, 71 P.S. Section 510-1 et seq., as amended, known as The Administrative Code, as successor to the Water and Power Resources Board, under and by virtue of the authority vested in and imposed upon it by the Act of June 24, 1939, No. 365, P.L. 842, 32 P.S. Section 631 et seq., known as the Water Rights Act, hereby grants leave to the Western Allegheny County Municipal Authority (Permittee), with its principal offices located at Oakdale, Allegheny County, PA 15071, to acquire and use for public water supply purposes, subject to such existing rights and uses as may now be lawful, water rights in the following designated waters of the Commonwealth:

THE RIGHT TO PURCHASE UP TO 500,000 GALLONS PER DAY (GPD) AS A 30-DAY AVERAGE FROM THE MOON TOWNSHIP MUNICIPAL AUTHORITY. THE ALLOWABLE PURCHASE SHALL INCREASE TO 1 MILLION GALLONS PER DAY DURING EMERGENCY CONDITIONS. PURCHASES FROM ALL SOURCES ARE LIMITED TO 2.5 MGD, AS A DAILY MAXIMUM.

This permit is issued in response to an application filed with the Department on June 10, 2003 and amendments through December 17, 2003. This permit is issued with the understanding that the proposed source(s) of water supply shall be developed as set forth in the application and in accompanying and supplemental data filed with and thereafter and made a part thereof, subject, however, to the provisions of the Act of June 24, 1939, P.L. 842 (No. 365), and the following conditions, regulations and restrictions:

MAR 08 2004

PAWC Ex 4-B
over Pgh PA 2/17/04
C-20030092

WA Permit No. WA2-1006B
Western Allegheny County Municipal Authority

1. What Permit Does Not Do. This permit does not give any property rights, either in real estate or material, nor any exclusive privileges, nor shall it be construed to grant or confer any right, title, easement or interest in, to or over any land belonging to the Commonwealth of Pennsylvania; neither does it authorize any injury to private property nor invasion of private rights, nor any infringement of federal, state or local laws or regulations; nor does it obviate the necessity of obtaining federal assent when necessary.
2. Term of Permit. The duration of this permit shall be for a period of 25 years (until February 3, 2029), provided, however, that should the Permittee for any reason whatsoever:
 - a. fail to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company within a period of four (4) years, or
 - b. cease to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company for any period of seven (7) consecutive years, or
 - c. terminate or fail to renew its purchase agreement with the Pennsylvania-American Water Company,

then this permit shall cease and be null and void; unless, upon application of the Permittee, an extension of such period is granted by the Department.

3. Devices Regarding Quantity of Water Purchased. The Permittee shall maintain accurate measuring and recording devices to determine the amount of water acquired from the Pennsylvania-American Water Company.
4. Purchase Records. The Permittee shall prepare and maintain accurate records of the amount of water purchased each day, at each interconnect with the Pennsylvania-American Water Company. The Permittee shall make these records available, during normal business hours, for inspection and copying by the Department. The Permittee shall submit to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555, by the 8th day of each month, on forms approved by the Department, records showing the daily usage by Permittee during the previous month.
5. Operations and Drought Contingency Plan. The Permittee shall develop an Operations and Drought Contingency Plan outlining the measures that will be taken to conserve the available supply and reduce water use during an emergency (e.g., drought, industrial waste spill, etc.). The plan shall include staged voluntary and mandatory water use restrictions and a description of parameters to trigger these actions at various stages, and the identification of available emergency sources or

WA Permit No. WA2-1006B
Western Allegheny County Municipal Authority

interconnections and when these sources would be utilized. The plan shall also indicate how water use restrictions will be enforced. The contingency plan shall be adopted by the Permittee and submitted to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555 within one year of the date of this permit and updated and submitted to the Department every three years thereafter.

6. Water Conservation. The Permittee shall adopt and implement a continuous water conservation program for all types of use within the area served by this permit, and shall report to the Department on the actions pursuant to this program, and the impact of these actions, annually, on or before the anniversary date of this permit. This program shall include, but is not limited to the following:
 - a. Installation of meters at all new customer connections;
 - b. Regularly testing and repairing or replacing all meters;
 - c. Leakage and loss control program;
 - d. A water conservation education program, which includes a plan for the annual distribution of water conservation literature and other material to new customers, including information on Permittee, water conservation tips and water saving plumbing equipment.
 - e. A program for reducing customer demand for water by requiring the installation of water-saving plumbing devices in all new accounts or promoting the adoption of a water conservation ordinances and regulations.
7. Supplying Water to Other Public Water Suppliers Prohibition. The Permittee shall not supply any new or additional quantity of water to any public water supply agency until that agency shall have first obtained, from the Department of Environmental Protection's Southwest Regional Office, a subsidiary water allocation permit for the specific purchase quantity.
8. Reduce Unaccounted-for Usage. Within one year of the date of this permit, the Permittee shall initiate a study to develop a plan to reduce its unaccounted-for water loss and shall reduce such loss to a level of 20 percent or less within five years of the date of this permit. Such study shall be completed and the final results and recommendations reported to the Department of Environmental Protection's Division of Water Use Planning within two years of the date of this permit. The deadlines set forth in this condition may be extended with written approval by the Division of Water Use Planning, upon good cause shown, providing that the Permittee demonstrates satisfactory and good faith progress toward compliance with this condition.

WA Permit No. WA2-1006B
Western Allegheny County Municipal Authority

9. Oakdale Borough Contract. In recognition of the contract between Oakdale Borough and the Western Allegheny County Municipal Authority dated September 18, 1990, and considering the dependence of the Oakdale Borough upon the supply of water from the Western Allegheny County Municipal Authority to meet essential uses, the Permittee shall not interrupt or terminate service of water to Oakdale Borough; except pursuant to the terms of that contract, provided that emergency reductions in sale and delivery of water to Oakdale Borough may be implemented commensurate with emergency water use restrictions imposed throughout the Permittee's service area. This condition expires upon termination of the bulk sales agreement with Oakdale Borough.

10. Revocation of Permit. Water Allocation Permit WA-747D, issued to the Western Allegheny County Municipal Authority on February 10, 1995 and granting the Western Allegheny County Municipal Authority, the following water rights:


- The right to purchase 1 million gallons per day from the Moon Township Municipal Authority;

is/are hereby revoked and shall be returned within 60 days to the TECHNICAL SERVICES SECTION CHIEF, WATER SUPPLY MANAGEMENT, DEPARTMENT OF ENVIRONMENTAL PROTECTION, 400 WATERFRONT DRIVE, PITTSBURGH, PA 15222-4745.

11. Renewal Requirement. Within one year, but no less than 90 days, prior to the expiration date specified in Condition No. 2, the Permittee shall submit to the Department a complete and acceptable application for a new permit, if Permittee desires to continue to acquire the water rights granted by this permit beyond the expiration date. Upon the Department's acceptance of such application for review, the expiration date of this permit shall be extended during the review period until issuance or denial of said permit.

12. Permit Modification. This permit is subject to review and possible modification of said rights, conditions, or restrictions at a later date or dates, as provided in Section 7 of the Act of June 24, 1939, P.L. 842 (No. 365).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

BY: 
Mark A. Wayner
Acting Regional Program Manager
Water Supply Management

FEB 3 2004

DATE: _____



Pennsylvania Department of Environmental Protection

400 Waterfront Drive
Pittsburgh, PA 15222-4745

Southwest Regional Office

DOCUMENT
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412-442-4217
Fax: 412-442-4303

Western Allegheny County Municipal
Authority
Allegheny County, Pennsylvania

Water Allocation Permits No. WAZ-1006C
Public Water Supply ID. No. 5020034

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S BUREAU

WATER ALLOCATION PERMIT

The Pennsylvania Department of Environmental Protection (the Department), renamed by the Act of June 28, 1995, No. 18, P.L. 89, 71 P.S. Section 1340.101 et seq., known as The Conservation and Natural Resources Act, and continuing to exercise the powers and duties established by the Act of December 3, 1970, No. 275, P.L. 834, 71 P.S. Section 510-1 et seq., as amended, known as The Administrative Code, as successor to the Water and Power Resources Board, under and by virtue of the authority vested in and imposed upon it by the Act of June 24, 1939, No. 365, P.L. 842, 32 P.S. Section 631 et seq., known as the Water Rights Act, hereby grants leave to the Western Allegheny County Municipal Authority (Permittee), with its principal offices located at Oakdale, Allegheny County, PA 15071, to acquire and use for public water supply purposes, subject to such existing rights and uses as may now be lawful, water rights in the following designated waters of the Commonwealth:

THE RIGHT TO PURCHASE UP TO 200,000 GALLONS PER DAY (GPD) AS A 30-DAY AVERAGE FROM THE FINDLAY TOWNSHIP WATER AUTHORITY. PURCHASES FROM ALL SOURCES ARE LIMITED TO 2.5 MGD, AS A DAILY MAXIMUM.

This permit is issued in response to an application filed with the Department on June 10, 2003 and amendments through December 17, 2003. This permit is issued with the understanding that the proposed source(s) of water supply shall be developed as set forth in the application and in accompanying and supplemental data filed with and thereafter and made a part thereof, subject, however, to the provisions of the Act of June 24, 1939, P.L. 842 (No. 365), and the following conditions, regulations and restrictions:

DOCKETED

MAR 08 2004

PAWL Ex. 4 - C
own PAWA 2/17/04
C-2003 0092

WA Permit No. WA2-1006C
Western Allegheny County Municipal Authority

1. What Permit Does Not Do. This permit does not give any property rights, either in real estate or material, nor any exclusive privileges, nor shall it be construed to grant or confer any right, title, easement or interest in, to or over any land belonging to the Commonwealth of Pennsylvania; neither does it authorize any injury to private property nor invasion of private rights, nor any infringement of federal, state or local laws or regulations; nor does it obviate the necessity of obtaining federal assent when necessary.
2. Term of Permit. The duration of this permit shall be for a period of 25 years (until February 3, 2029), provided, however, that should the Permittee for any reason whatsoever:
 - a. fail to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company within a period of four (4) years, or
 - b. cease to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company for any period of seven (7) consecutive years, or
 - c. terminate or fail to renew its purchase agreement with the Pennsylvania-American Water Company,

then this permit shall cease and be null and void; unless, upon application of the Permittee, an extension of such period is granted by the Department.

3. Devices Regarding Quantity of Water Purchased. The Permittee shall maintain accurate measuring and recording devices to determine the amount of water acquired from the Pennsylvania-American Water Company.
4. Purchase Records. The Permittee shall prepare and maintain accurate records of the amount of water purchased each day, at each interconnect with the Pennsylvania-American Water Company. The Permittee shall make these records available, during normal business hours, for inspection and copying by the Department. The Permittee shall submit to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555, by the 8th day of each month, on forms approved by the Department, records showing the daily usage by Permittee during the previous month.
5. Operations and Drought Contingency Plan. The Permittee shall develop an Operations and Drought Contingency Plan outlining the measures that will be taken to conserve the available supply and reduce water use during an emergency (e.g., drought, industrial waste spill, etc.). The plan shall include staged voluntary and mandatory water use restrictions and a description of parameters to trigger these actions at various stages, and the identification of available emergency sources or

WA Permit No. WA2-1006C
Western Allegheny County Municipal Authority

interconnections and when these sources would be utilized. The plan shall also indicate how water use restrictions will be enforced. The contingency plan shall be adopted by the Permittee and submitted to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555 within one year of the date of this permit and updated and submitted to the Department every three years thereafter.

6. Water Conservation. The Permittee shall adopt and implement a continuous water conservation program for all types of use within the area served by this permit, and shall report to the Department on the actions pursuant to this program, and the impact of these actions, annually, on or before the anniversary date of this permit. This program shall include, but is not limited to the following:
 - a. Installation of meters at all new customer connections;
 - b. Regularly testing and repairing or replacing all meters;
 - c. Leakage and loss control program;
 - d. A water conservation education program, which includes a plan for the annual distribution of water conservation literature and other material to new customers, including information on Permittee, water conservation tips and water saving plumbing equipment.
 - e. A program for reducing customer demand for water by requiring the installation of water-saving plumbing devices in all new accounts or promoting the adoption of a water conservation ordinances and regulations.
7. Supplying Water to Other Public Water Suppliers Prohibition. The Permittee shall not supply any new or additional quantity of water to any public water supply agency until that agency shall have first obtained, from the Department of Environmental Protection's Southwest Regional Office, a subsidiary water allocation permit for the specific purchase quantity.
8. Reduce Unaccounted-for Usage. Within one year of the date of this permit, the Permittee shall initiate a study to develop a plan to reduce its unaccounted-for water loss and shall reduce such loss to a level of 20 percent or less within five years of the date of this permit. Such study shall be completed and the final results and recommendations reported to the Department of Environmental Protection's Division of Water Use Planning within two years of the date of this permit. The deadlines set forth in this condition may be extended with written approval by the Division of Water Use Planning, upon good cause shown, providing that the Permittee demonstrates satisfactory and good faith progress toward compliance with this condition.

WA Permit No. WA2-1006C
Western Allegheny County Municipal Authority

9. Oakdale Borough Contract. In recognition of the contract between Oakdale Borough and the Western Allegheny County Municipal Authority dated September 18, 1990, and considering the dependence of the Oakdale Borough upon the supply of water from the Western Allegheny County Municipal Authority to meet essential uses, the Permittee shall not interrupt or terminate service of water to Oakdale Borough; except pursuant to the terms of that contract, provided that emergency reductions in sale and delivery of water to Oakdale Borough may be implemented commensurate with emergency water use restrictions imposed throughout the Permittee's service area. This condition expires upon termination of the bulk sales agreement with Oakdale Borough.

10. Revocation of Permit. Water Allocation Permit WA-747E, issued to the Western Allegheny County Municipal Authority on February 10, 1995 and granting the Western Allegheny County Municipal Authority, the following water rights:

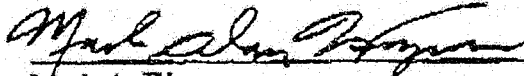
- The right to purchase 120,000 GPD from Findlay Township Water Authority

is/are hereby revoked and shall be returned within 60 days to the TECHNICAL SERVICES SECTION CHIEF, WATER SUPPLY MANAGEMENT, DEPARTMENT OF ENVIRONMENTAL PROTECTION, 400 WATERFRONT DRIVE, PITTSBURGH, PA 15222-4745.

11. Renewal Requirement. Within one year, but no less than 90 days, prior to the expiration date specified in Condition No. 2, the Permittee shall submit to the Department a complete and acceptable application for a new permit, if Permittee desires to continue to acquire the water rights granted by this permit beyond the expiration date. Upon the Department's acceptance of such application for review, the expiration date of this permit shall be extended during the review period until issuance or denial of said permit.

12. Permit Modification. This permit is subject to review and possible modification of said rights, conditions, or restrictions at a later date or dates, as provided in Section 7 of the Act of June 24, 1939, P.L. 842 (No. 365).

DEPARTMENT OF ENVIRONMENTAL PROTECTION

BY: 
Mark A. Wayner
Acting Regional Program Manager
Water Supply Management

FEB 3 2004

DATE: _____



Pennsylvania Department of Environmental Protection

400 Waterfront Drive
Pittsburgh, PA 15222-4745

Southwest Regional Office

DOCUMENT
FOLDER

412-442-4217

Fax: 412-442-4303

Western Allegheny County Municipal
Authority
Allegheny County, Pennsylvania

Water Allocation Permit No. WA2-1006D
Public Water Supply ID No. 5020034

WATER ALLOCATION PERMIT

The Pennsylvania Department of Environmental Protection (the Department), renamed by the Act of June 28, 1995, No. 18, P.L. 89, 71 P.S. Section 1340.101 et seq., known as The Conservation and Natural Resources Act, and continuing to exercise the powers and duties established by the Act of December 3, 1970, No. 275, P.L. 834, 71 P.S. Section 510-1 et seq., as amended, known as The Administrative Code, as successor to the Water and Power Resources Board, under and by virtue of the authority vested in and imposed upon it by the Act of June 24, 1939, No. 365, P.L. 842, 32 P.S. Section 631 et seq., known as the Water Rights Act, hereby grants leave to the Western Allegheny County Municipal Authority (Permittee), with its principal offices located at Oakdale, Allegheny County, PA 15071, to acquire and use for public water supply purposes, subject to such existing rights and uses as may now be lawful, water rights in the following designated waters of the Commonwealth:

THE RIGHT TO PURCHASE UP TO 1,500 GALLONS PER DAY (GPD) AS A 30-DAY AVERAGE FROM THE BOROUGH OF OAKDALE. PURCHASES FROM ALL SOURCES ARE LIMITED TO 2.5 MGD, AS A DAILY MAXIMUM.

This permit is issued in response to an application filed with the Department on June 10, 2003 and amendments through December 17, 2003. This permit is issued with the understanding that the proposed source(s) of water supply shall be developed as set forth in the application and in accompanying and supplemental data filed with and thereafter and made a part thereof, subject, however, to the provisions of the Act of June 24, 1939, P.L. 842 (No. 365), and the following conditions, regulations and restrictions:

SECRETARY'S BUREAU

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C-20030092

WA Permit No. WA2-1006D
Western Allegheny County Municipal Authority

1. What Permit Does Not Do. This permit does not give any property rights, either in real estate or material, nor any exclusive privileges, nor shall it be construed to grant or confer any right, title, easement or interest in, to or over any land belonging to the Commonwealth of Pennsylvania; neither does it authorize any injury to private property nor invasion of private rights, nor any infringement of federal, state or local laws or regulations; nor does it obviate the necessity of obtaining federal assent when necessary.
2. Term of Permit. The duration of this permit shall be for a period of 25 years (until February 3, 2029), provided, however, that should the Permittee for any reason whatsoever:
 - a. fail to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company within a period of four (4) years, or
 - b. cease to take and use the water hereby allocated for purchase from the Pennsylvania-American Water Company for any period of seven (7) consecutive years, or
 - c. terminate or fail to renew its purchase agreement with the Pennsylvania-American Water Company,then this permit shall cease and be null and void; unless, upon application of the Permittee, an extension of such period is granted by the Department.
3. Devices Regarding Quantity of Water Purchased. The Permittee shall maintain accurate measuring and recording devices to determine the amount of water acquired from the Pennsylvania-American Water Company.
4. Purchase Records. The Permittee shall prepare and maintain accurate records of the amount of water purchased each day, at each interconnect with the Pennsylvania-American Water Company. The Permittee shall make these records available, during normal business hours, for inspection and copying by the Department. The Permittee shall submit to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555, by the 8th day of each month, on forms approved by the Department, records showing the daily usage by Permittee during the previous month.
5. Operations and Drought Contingency Plan. The Permittee shall develop an Operations and Drought Contingency Plan outlining the measures that will be taken to conserve the available supply and reduce water use during an emergency (e.g., drought, industrial waste spill, etc.). The plan shall include staged voluntary and mandatory water use restrictions and a description of parameters to trigger these actions at various stages, and the identification of available emergency sources or

WA Permit No. WA2-1006D
Western Allegheny County Municipal Authority

interconnections and when these sources would be utilized. The plan shall also indicate how water use restrictions will be enforced. The contingency plan shall be adopted by the Permittee and submitted to the DEPARTMENT OF ENVIRONMENTAL PROTECTION, BUREAU OF WATERSHED MANAGEMENT, DIVISION OF WATER USE PLANNING, PO BOX 8555, HARRISBURG, PA 17105-8555 within one year of the date of this permit and updated and submitted to the Department every three years thereafter.

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WA Permit No. WA2-1006D
Western Allegheny County Municipal Authority

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

BY: Mark A. Wayner
Mark A. Wayner
Acting Regional Program Manager
Water Supply Management

DATE: FEB 3 2004

DOCUMENT FOLDER

THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF ROBINSON

ALLEGHENY COUNTY, PENNSYLVANIA

ANNUAL CONSULTING ENGINEER'S REPORT
FOR

OPERATING YEAR 6-30-02 TO 6-30-03

AND

BUDGET FOR FISCAL YEAR ENDING 6-30-04

SECRETARY'S BUREAU

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MAR 08 2004

BY:



NIRA Consulting Engineers, Inc.
950 Fifth Avenue
Coraopolis, Pennsylvania 15108
Telephone: (412) 262-3970
Facsimile: (412) 262-1938

PAWC Ex. 5
C-2003 0092

While the above noted water and sewer improvements continue to demonstrate the Authority's commitment to maintain and improve its water and sewer systems there are other Capital Improvement Projects which the Authority is tentatively committed to complete. These projects include the new water transmission line, Glass Road and other water distribution line replacements, additional repairs and rehabilitation of the Moon Run and Covi/Douglas Sewer Systems, improvements and repairs to the Campbells Run Sewage Treatment Plant.

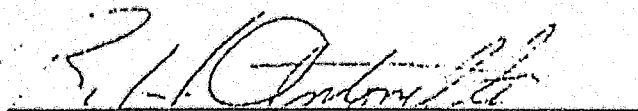
Due to the likely shift of development pressures from the Montour Run Drainage Basin to the Campbells Run and Moon Run Drainage Basins, due to the near completion of the Robinson Town Centre Project, we recommend that the Management Staff and our office be authorized to review the current Capital Improvement Projects and prepare a new Five (5) Year Capital Plan. We recommend that the Plan be undertaken as soon as possible and completed within the next 60 days.

In general the water and sewer systems have continued to be operated and maintained in a manor consistent with insuring the maximum useful life of the facilities.

It should be noted that the annual debt service payment due on May 15, 2004, which is covered by this fiscal year's budget, is \$2,766,710 while the debt service for the period ending May 15, 2003 was \$2,267,860. Representing an increase of \$498,850. The debt service for the period ending May 15, 2005 however is only \$1,704,150 or \$1,062,560 less than this budget year's payments.

Very truly yours,

NIRA Consulting Engineers, Inc.



Raymond H. Antonelli, Sr., P.E.
President