



Elizabeth Rose Triscari

Director, Corporate Counsel

Pennsylvania-American Water Company

852 Wesley Drive, Mechanicsburg, PA 17055

P: 717.550.1574 F: 717.531.3399 C: 717.585.1934

elizabeth.triscari@amwater.com

December 10, 2019

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

In Re: Application and Related filings of Pennsylvania-American Water Company under Sections 507, 1102(a), and 1329 of the Pennsylvania Public Utility Code 66 Pa C.S. §§507, 1102(a), 1329, for approval of its acquisition of wastewater system assets of Borough of Kane Authority, related to wastewater service rights, fair market valuation, ratemaking treatment, collection of distribution system improvement charge, deferral of the post-acquisition improvement costs and claim for transaction and closing costs - Docket No. A-2019-3014248, et al.

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the Responses of Pennsylvania-American Water Company to the 66 Pa. C.S. Section 1329 Application Completeness Review of Pennsylvania-American Water Company – Wastewater Division Acquisition of Kane Borough Authority Wastewater System at Docket No. A-2019-3014248 Missing Application Information, dated December 10, 2019. Copies are being served upon the advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Elizabeth Rose Triscari

Rosemary Chiavetta, Secretary
December 10, 2019
Page 2

enclosures

cc: Attached Certificate of Service (*via electronic and first-class mail*)
Sean Donnelly, Bureau of Technical Utility Service (*via electronic and first-class mail*)



66 Pa. C.S. Section 1329 Application Completeness Review
Pennsylvania-American Water Company – Wastewater Division
Kane Borough Authority Wastewater System at Docket No. A-2019-3014248

Missing Application Information

6. Checklist Item No. 7 – The Application’s Appendix A-7 contains invoices for valuation services provided by AUS Consultants, Inc. (AUS) and GFVRC which indicate services were provided at hourly rates. These invoices do not contain enough supporting documentation as the invoices appear to be lump sum costs that are not justified by work hours and hourly rates. Please amend Appendix A-7 to include supporting documentation quantifying work hours and hourly rates.

Amended Response:

AUS: Please see attached Amended Appendix A-7.1.

GFVRC: Please see Amended Appendix A-7.2 previously provided.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of the Borough of Kane Authority**

66 Pa. C.S. § 1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2019-3014248

7. State the total fees paid to the utility valuation experts for providing the completed appraisals for the acquisition and provide documentation, i.e., the valuation service agreement and all associated invoices, supporting the subject fee amounts.

SECOND AMENDED RESPONSE:

The valuation services assessments and fees paid to Jerome C. Weinert, P.E., Principal and Director for AUS Consultants on behalf of PAWC and by Harold Walker III, Manager – Financial Studies for Gannett Fleming Valuation and Rate Consultants, LLC. on behalf of the Authority are reflected in **Amended Appendix A-7.1 (AUS Consultants) and Amended Appendix A-7.2 (Gannett Fleming)**.

**Agreement to Provide Valuation Consulting Services
Between**

AUS Consultants

And

**Pennsylvania America Water Company
For the Appraisal of**

Kane, Pennsylvania's Wastewater Utility

As of the most recent period (3rd Quarter 2017)

Agreement for Valuation Consulting Services

This Agreement for Valuation Consulting Services ("Agreement") is by and between AUS Consultants, a New Jersey corporation ("Supplier") and Pennsylvania-American Water Company, a Pennsylvania corporation ("PA-American") and is entered into as of November 9, 2017. In consideration of the covenants hereinafter contained, and intending to be legally bound, the Parties hereto agree to as follows:

Section 1. Description of Services:

Supplier is being engaged to act as a Utility Valuation Expert, as such term is defined in Pennsylvania Act 12 of 2016, amending Chapter 13 of the Pennsylvania Public Utility Code and the Final Implementation Order entered by the Public Utility Commission at Docket No. M-2016-2543193 (collectively, "Act 12"). Supplier is being engaged with respect to the proposed acquisition by PA-American of the wastewater system assets currently owned by Kane, Pennsylvania, McKean County, Pa. (the "Project"). Upon the issuance of a notice to proceed by PA-American, Supplier shall prepare and produce the following appraisals and/or studies suitable for the Project, including if requested (collectively, the "Services"):

1. An Appraisal (Valuation study) consistent with the 2016-2017 & 2017-2018 Uniform Standards of Appraisal Practices (USPAP) as of the date requested by PA-American and consistent with the requirements of Act 12.
2. If applicable, provide expert witness testimony and documentation for the Valuation studies as required by Act 12.
3. If requested by PA-American, updates to the Valuation studies as of the date requested by PA-American.
4. Provide the documentation required by Act 12 with respect to the Services and the fees charged by Supplier pursuant to this Agreement.
5. If requested by PA-American, perform such other services as are consistent with Supplier's engagement as a Utility Valuation Expert.

Section 2. Duration:

Unless amended, the Project subject to this Agreement is anticipated to be approximately two years in duration and will be performed for the period beginning upon the issuance of a notice to proceed by PA-American and continuing through November 9, 2019. Supplier acknowledges and agrees that it shall not and shall have no obligation to provide the Services until such time as PA-American has issued a notice to proceed. To the extent Act 12 imposes any requirements with respect to the timing for the completion of the Services, the commencement date for such Services shall not be deemed to be any earlier than the date PA-American issues the notice to proceed.

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of PA-AMERICAN, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties or as may be required by applicable law or regulation.

Section 3. Effective & Expiration Dates:

This Agreement shall be effective as of the date set forth in the first paragraph hereof ("Effective Date") and shall continue until the earlier to completion on the Project or November 9, 2019 ("Expiration Date") unless earlier terminated as set forth in this Agreement.

Section 4. Personnel to Perform the Services:

Jerome C. Weinert, Principal and Director, shall be in charge of the Services on behalf of Supplier. Supplier shall call upon additional experienced professional staff as required. In the event that this Project or Agreement should not continue for any reason, or should PA-American replace the need for Supplier, PA-American shall give notice as soon as feasibly possible for Supplier to re-deploy their resources elsewhere without any penalty to PA-American.

Both parties recognize the importance of maintaining a continuity of Supplier's personnel on this Project. Supplier agrees that any of its employees, staff, professionals, experts, partners, and/or other personnel: (a) identified as the "Project Team" identified in Section 6 of this Agreement, and/or (b) assigned to this Project subsequent to the execution of this Agreement, shall continue to be staffed on this Project throughout the entire length of time Project Services are provided under this Agreement. Further, said personnel shall be used in the same capacities in which they are initially intended as of the execution date of this Agreement, or as of the date they are assigned to the Project subsequent to execution date of this Agreement, so long as they continue to be employed by Supplier, or so long as PA-American continues to desire their services.

Should Supplier terminate its relationship and/or employment with said personnel, or if said personnel terminates the relationship with Supplier and/or resigns from employment with Supplier, to the extent that Supplier, for any reason, enters into non-compete or similar agreement(s) and/or arrangement (s) with any of its employees, staff, professionals, experts, partners, and/or other personnel, Supplier agrees to immediately release said personnel from non-compete or similar agreement(s) and/or arrangement(s) with respect to being able to work for PA-American in any capacity PA-American sees fit.

Should any or all of Suppliers employees, staff, professionals, experts, partners, and/or other personnel staffed on this Project leave the employ of Supplier during the terms of this Agreement, Supplier agrees to immediately notify PA-American and suggest alternative personnel to be staffed on the Project. In no event shall any Supplier employee, staff, professional, expert, partner, and/or other personnel be assigned to this Project (whether identified in this Section 4, or identified elsewhere subsequent to the execution of this Agreement) without the express written permission and approval by PA-American. Further, PA-American reserves the right to terminate the Services of any of Supplier employee, staff, professional, expert, partner, and/or other personnel working on this Project at any time, and for any reason, without penalty.

Section 5. Location:

Supplier's (AUS Consultants') offices in Harrisburg, Pennsylvania, Mt. Laurel, New Jersey, Greenfield, Wisconsin and various PA-American Company's sites as may be required.

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Section 6. Prices:

Supplier fees for the Services are as follows:

Appraisal Activity	Fees (not to exceed)	Expenses (not to exceed)
Appraisal		
Initial Appraisal	\$28,120	\$3,200
Appraisal updates	\$2,500	\$800
Pre-filed Direct testimony related to the above described Valuation studies	\$3,000	\$500

Valuation Activity performed by AUS Consultants staff following completion of pre-filed testimony	Hourly Rates plus expenses
Jerome C. Weinert	\$250
David Sheffer	175
David Weiler	175
Michael Diedrich	225
Elizabeth A. Weinert	150
Earl Robinson	200
Susan Macchia	50

The expenses in the above tables are for travel and living, report production and shipping.

Supplier recognizes that its fees for the Project are subject to disclosure pursuant to Act 12 and so that Pa-American can include such fees as part of the transaction and closing costs associated with the proposed acquisition of the Project. Supplier further recognizes that its fees shall not exceed five percent (5%) of the fair market value of the assets to be acquired as part of the Project unless such fees are approved by the Pennsylvania Public Utility Commission ("PUC"). Supplier agrees that its fees shall comply with the requirements of Act 12 and the PUC Implementation Order regarding Act 12.

Section 7. Payment:

Payment all undisputed amounts shall be made within 60 days upon PA-American being invoiced each month for all work completed during the prior month, or partial payment upon being invoiced should this appraisal engagement be suspended.

All payment terms are Net 60.

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Section 8. Non-Disclosure:

A. The Parties agree as follows:

1. In connection with the Project, PA-American may find it beneficial to disclose to Supplier certain confidential or proprietary information in written, oral or other tangible or intangible forms, which may include, but is not limited to, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, tracings, diagrams, models, samples, flow charts, data, computer programs, disks, diskettes, tapes, marketing plans, customer names and other technical, financial or business information (individually and collectively, "Information"). All Information which is disclosed by PA-American to Supplier, whether provided in tangible or intangible form, including, but not limited to, electronic mail or other electronic communications, shall be deemed to be confidential or proprietary. Further, if Information is provided orally, including Information conveyed to an answering machine, voice mail box or similar medium, it shall too be deemed to be confidential or proprietary.
2. Supplier shall:
 - a. Hold such Information in confidence with the same degree of care with which Supplier protects its own confidential or proprietary Information, but no less than reasonably prudent care;
 - b. Restrict disclosure of the Information solely to its employees, contractors and agents with a need to know such Information, advise those persons of their obligations hereunder with respect to such Information, and assure that such persons are bound by obligations of confidentiality no less stringent than those imposed in this Agreement;
 - c. Use the Information only as needed for the purposes of the Project;
 - d. Except for the purposes of the Project, not copy, distribute, or otherwise use such Information or knowingly allow anyone else to copy, distribute, or otherwise use such Information; any and all copies shall bear the same notices or legends, if any, as the originals; and,
 - e. Upon request, promptly return to PA-American all Information that is in tangible form; as to Information that was disclosed or is stored in intangible form, including, but not limited to electronic mail or other electronic communications, upon request by the PA-American, Supplier shall certify in writing within five (5) business days to PA-American that all such Information has been destroyed or, if the Information was recorded on an erasable storage medium, that Supplier has used reasonable efforts to erase all such Intangible Information.
3. Except for customer Information, Supplier shall have no obligation to preserve the confidential or proprietary nature of any Information which:
 - a. Was already known to the Supplier free of any obligation to keep it confidential at the time of its disclosure by PA-American as evidenced by Supplier's written records prepared prior to such disclosure; or
 - b. is or becomes publicly known through no wrongful act of Supplier; or

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- c. is rightfully received from a third person having no direct or indirect secrecy or confidentiality obligation to PA-American with respect to such Information; or
 - d. is independently developed by an employee, contractor or agent of Supplier or a third party not associated with the Project and who did not have any direct or indirect access to the Information, as evidenced by the Supplier's written records; or
 - e. is approved for release by written authorization by PA-American; or,
 - f. it is required to disclose pursuant to a written request or demand of a duly empowered government agency or a court of competent jurisdiction, provided due notice and an adequate opportunity to intervene is given to PA-American, unless such notice is prohibited by such written request or demand, in which case, the Supplier shall disclose only such Information as is required and shall use reasonable efforts to obtain confidential treatment for any Information that is so disclosed.
4. Any Information relating to the Project that is disclosed by PA-American to Supplier shall remain confidential for five (5) years from the date of termination of the Agreement. Notwithstanding anything to the contrary herein, Customer Information shall remain confidential indefinitely and shall never be disclosed or used without the prior written approval of an authorized representative of PA-American. "Customer Information" includes, but is not limited to, customer name, address, phone number, information concerning a customer's calling patterns, unlisted customer numbers, any other information associated with a customer or with persons in the household of a customer, and any information available to PA-American and/or its suppliers by virtue of PA-American's relationship with its customers as a provider of telecommunications, Internet, information or other services, including, but not limited to, the quantity, technical configuration, location, type, destination, amount of use of telecommunications or other services subscribed to, and information contained on the telephone bills of PA-American's customers pertaining to telephone exchange service, telephone toll service or other services received by a customer of PA-American.
5. Any disclosed Information by PA-American shall be deemed the property of PA-American, who shall retain exclusively rights to such Information. Nothing contained in this Agreement shall be construed as granting or conferring any patent, copyright, trademark or other proprietary rights by license or otherwise in any such Information to Supplier, except for the right to use such Information in accordance with this Agreement.
6. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, PA-AMERICAN MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY NATURE WHATSOEVER WITH RESPECT TO ANY INFORMATION FURNISHED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WARRANTIES AGAINST INFRINGEMENT.
7. In the event Supplier discloses, disseminates, or releases any confidential or proprietary Information received from PA-American, except as expressly permitted herein, such

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disclosure, dissemination, or release shall be deemed a material breach of this Agreement. In the event of such breach, PA-American may demand prompt return of all confidential and proprietary Information previously provided to Supplier and terminate this Agreement. The provisions of this Section are in addition to any other legal rights or remedies PA-American may have in law or in equity.

8. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, irrespective of its choice of law principles. Both Parties agree to comply with all laws, including, but not limited to, laws and regulations regarding the export of information outside the United States. Supplier shall not knowingly transmit, directly or indirectly, in whole or in part, any Information of PA-American or export, directly or indirectly, any product or Information in contravention of the laws of the United States or the laws of any other country governing the aforesaid activities. Supplier shall not transfer any Information received hereunder or any product made using such Information to any country prohibited from receiving such data or product by the U.S. Department of Commerce Export Administration Regulations without first obtaining a valid export license. In the event Supplier violates the foregoing, Supplier shall defend, indemnify, and hold harmless PA-American from and against any claim, loss, liability, expense or damage including fines or legal fees, incurred PA-American with respect to the export or re-export activities contrary to the foregoing. Notwithstanding any other provision of this Agreement, this Section shall survive any termination or expiration of this Agreement.

Section 9. Ownership of Paid-For Development, Use and Reservation of Rights:

PA-American shall be the exclusive owner of all right, title, and interest in and to all Paid-For Development (defined below), including, without limitation, all Intellectual Property Rights therein and thereto. Supplier shall assign or have assigned to PA-American and hereby assigns to PA-American all Intellectual Property Rights in and to the Paid-For Development. "Paid-For Development" shall mean any and all Items to the extent produced or developed by or on behalf of Supplier or its employees, agents, or direct or indirect contractors or suppliers (and whether completed or in-progress), or forming part of any deliverable, pursuant to this Agreement (including, without limitation under any statement of work, exhibit, order or other document under, subordinate to, or referencing this Agreement or the Project) (collectively "Agreements") for the development of which PA-American has been charged monies in one or more of the Agreements ("Development Fees"). Paid-For Development shall always exclude all Excluded Materials, but shall include (without limitation) any modifications, alterations or updates of any Excluded Materials ("Enhancements") that otherwise fall within the definition of Paid-For Development ("Paid-For Enhancements"). PA-American's ownership of Paid-For Enhancements shall be subject to Supplier's underlying rights and ownership in Supplier's Excluded Materials.

"Items" shall mean any or all inventions, discoveries, ideas, (whether patentable or not), and all works and materials, including but not limited to products, devices, computer programs, source codes, designs, files, specifications, texts, drawings, processes, data or other

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information or documentation in preliminary or final form, and all Intellectual Property rights in or to any of the foregoing.

“Excluded Materials” shall mean: i) Supplier’s Pre-Existing Materials; ii) Supplier’s Independently Developed Materials; and iii) Supplier’s Mere Reconfigurations.

“Supplier’s Pre-Existing Materials” shall mean those Items owned by Supplier to the extent and in the form that they both existed prior to the date Supplier began any work under this Agreement and were created without any use of any PA-American Items. Supplier’s Pre-Existing Materials shall not, however, include Paid-For Enhancements thereto.

“Supplier’s Independently Developed Materials” shall mean those Items that have been developed by Supplier, or on Supplier’s behalf, both i) without use of any PA-American Items; and ii) independently of any work performed under any Agreements.

“Supplier’s Mere Reconfigurations” means those specific reconfigurations of Supplier’s pre-existing software performed by Supplier, or on Supplier’s behalf, but only to the extent that such reconfiguration is an alteration to such software which is strictly required to permit Supplier’s software to function on PA-American’s network or service platform. In no event shall Supplier’s Mere Reconfigurations include enhancements, modifications, or updates that are not contained in Supplier’s Pre-Existing Materials and that add any features, functionality, or capabilities.

“Intellectual Property Rights” means all patents (including all reissues, divisions, continuations, and extensions thereof) and patent applications, trade names, trademarks, service marks, logos, trade dress, copyrights, trade secrets, mask works, rights in technology, know-how, rights in content (including but not limited to performance and synchronization rights), or other intellectual property rights, protected under the laws of any governmental authority having jurisdiction.

Section 10. Right to Terminate:

PA-American has the right to terminate this Agreement, in its entirety or any portion thereof, at any time without penalty. Should PA-American terminate this Agreement at any time, Supplier shall be entitled to keep and collect all fees billed to PA-American prior to the termination date which are not the subject of a dispute between the parties. Further, Supplier shall be entitled to charge, and PA-American agrees to pay for all properly performed Services as of the termination date in accordance with the rates set forth in Section 6 or, in the case of a fixed fee, a prorata share of the monthly billing during the month in which the Agreement was terminated. Said prorata share shall be calculated by dividing the total number of days worked by Supplier during the month in which the Agreement is terminated, by the total number of calendar days in the month in which the Agreement was terminated.

Section 11. Invoices/Billing Information:

The Supplier agrees to submit invoices in paper and or electronic form with appropriate references to the PA-American Point of Contact identified in Section 12.

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Section 12. Project Manager/Point of Contact/Legal Counsel:

The project manager and/or point of contact of Supplier shall be:

Jerome C. Weinert
Principal and Director
AUS Consultants
Suite 201
8555 West Forest Home Avenue
Greenfield, Wisconsin 53228
E-Mail: weinertj@auswest.net
414-529-5755 (office)
414-529-5750 (fax)
414-698-8371 (cell)

The point of contact for PA-American shall be:

Scott D. Fogelsanger, Senior Business Development Manager
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055-4475
717-790-3044 (office)
717-875-2282 (cell)
717-790-3058 (fax)
Email: Scott.Fogelsanger@amwater.com

The Legal Counsel contact for PA-American shall be:

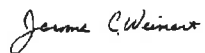
Andrew L. Swope, Vice President, General Counsel
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
717-531-3210 (office)
717-574-2691 (cell)
717-531-3399 (fax)
Email: Andrew.Swope@amwater.com

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Section 13. Signatures:

AUS Consultants (Supplier)



Jerome C. Weinert
November 9, 2017

Pennsylvania American Water Company



Bernard J. Grundusky
November 9, 2017

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Jerome C. Weinert, PE, ASA, CDP
Principal and Director, Depreciation and Valuation
e-mail: weinertj@auswest.net

AUS CONSULTANTS

3555 West Forest Home Avenue
Suite 201
Greenfield, WI 53228
414.529.5755 Tel
414.529.5750 Fax
www.ausconsultants.com

May 30, 2018

Mr. Scott D. Fogelsanger
Senior Business Development Manager
Pennsylvania American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055-4475

Dear Scott:

Enclosed is our progress invoice for AUS Consultants appraisal of the Kane Wastewater Utility System. This invoice is for appraisal activities through issuing our preliminary appraisal report on April 25, 2018. We have left approximately \$8,000 unbilled from our contract with PA American; the unbilled monies will be used for plant inspections, appraisal finalizations and prefiled direct testimony.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J Weinert".

eaw
Enclosure

INVOICE

Pennsylvania American Water Company

May 30, 2018

Enclosed is our progress invoice for AUS Consultants appraisal of the Kane Wastewater Utility System. This invoice is for appraisal activities through issuing our preliminary appraisal report on April 25, 2018. We have left approximately \$8,000 unbilled from our contract with PA American; the unbilled monies will be used for plant inspections, appraisal finalizations and prefiled direct testimony.

Professional Fee

PROFESSIONAL FEE THIS INVOICE.....\$25,000

Expenses

Report \$ 63.90

Fed Ex..... \$ 26.67

EXPENSES THIS INVOICE \$90.57

GRAND TOTAL THIS INVOICE..... \$25,090.57

Please remit with a duplicate copy of this invoice to:

**AUS Consultants, Inc.
155 Gaither Drive, Suite A
Mt. Laurel, NJ 08054**

CUSTOMER I.D. 70-PAA-01

INVOICE NO. 149198

Reference No. 10-0618-01

(G/L No. 441036)

Employer I.D. No.22-194-3906

INCORPORATED

Remit Wires to:

AUS, Inc. at Webster Bank, N.A.

Account 10974951, ABA# ACH211170101

International Swift# WENAUS31





Jerome C. Weinert, PE, ASA, CDP
Principal and Director, Depreciation and Valuation
e-mail: weinertj@auswest.net

AUS CONSULTANTS

8555 West Forest Home Avenue
Suite 201
Greenfield, WI 53228
414.529.5755 * Tel
414.529.5750 * Fax
www.ausconsultants.com

November 1, 2019

Mr. Scott D. Fogelsanger
Senior Business Development Manager
Pennsylvania American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055-4475

Dear Scott:

Enclosed is our invoice for AUS Consultants finalizing our appraisal of the Kane Wastewater Utility System. This invoice is for appraisal activities through finalizing the Kane appraisal and developing testimony.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J. Weinert".

eaw
Enclosure

INVOICE

Pennsylvania American Water Company

November 1, 2019

This invoice is for appraisal activities through finalizing the Kane appraisal and developing testimony.

Professional Fee

Finalize Appraisal	\$8,000.00
Update.....	\$2,500.00
Testimony.....	\$3,000.00
PROFESSIONAL FEE THIS INVOICE.....	\$13,500.00

Expenses

Inspections	\$ 248.99
Report	\$ 64.00
Fed Ex.....	\$ 27.00
EXPENSES THIS INVOICE	\$337.99

GRAND TOTAL THIS INVOICE..... \$13,839.99

Please remit with a duplicate copy of this invoice to:

**AUS Consultants, Inc.
155 Gaither Drive, Suite A
Mt. Laurel, NJ 08054**

CUSTOMER I.D. 70-PAA-01

INVOICE NO. 153376

Reference No. 10-0618-02
(G/L No. 441036)

Employer I.D. No.22-194-3906
INCORPORATED

Remit Wires to:
AUS, Inc. at Webster Bank, N.A.
Account 10974951, ABA# ACH211170101
International Swift# WENAU31



Proposed Fees and Expenses

	Fees	Expenses	Total
Appraisal			
Initial Appraisal	28,120	3,200	31,320
Appraisal Update	2,500	800	3,300
Prefiled Testimony	3,000	500	3,500
	33,620	4,500	38,120

Dates	Dates	JCW	EAW	DAS	SM	Total
4/9/2018	4/15/2018	22.5	15			
2/4/2019	2/10/2019	22.5	22.5			
2/18/2019	2/24/2019	7.5	7.5			
10/7/2019	10/13/2019	0	22.5	13	2.5	
10/14/2019	10/20/2019	22.5	22.5			
		75	90	13	2.5	
		250	150	175	50	
		18,750	13,500	2,275	125	34,650

AUS Invoices		Fee	Expenses	Total
149198	5/30/2018	25,000.00	90.57	25,090.57
153376	11/1/2019	13,500.00	337.99	13,837.99
		38,500.00	428.56	38,928.56

66 Pa. C.S. Section 1329 Application Completeness Review
Pennsylvania-American Water Company – Wastewater Division
Kane Borough Authority Wastewater System at Docket No. A-2019-3014248

11. Checklist Item No. 18.d. – The electronic copy of the Application’s Appendix A-18-d does not include a copy of the notification sent, or which will be sent, to affected KBA customers describing the filing and the anticipated effect on rates included with the paper copy of the Application’s Appendix A-18-d. Please amend Appendix A-18-d to include an electronic version of the notification sent, or which will be sent, to affected KBA customers describing the filing and the anticipated effect on rates.

Response:

Please refer to the amended electronic copy of Appendix A-18-d to be consistent with the printed copy.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of the Borough of Kane Authority
66 Pa. C.S. § 1329
Application Filing Checklist – Water/Wastewater
Docket No. A-2019-3014248**

18. Rates.

- d. Provide a copy of the notification sent, or which will be sent, to affected customers describing the filing and the anticipated effect on rates.

RESPONSE:

- d. Attached is a notice that will be sent by PAWC to its water and wastewater customers upon conditional acceptance of the Application. Also, attached is a notice that will be sent by Kane to its customers.

Please note that both notices include a blank for the due date for protests and notices of intervention. PAWC asks that the Secretarial Letter conditionally accepting the Application indicate the due date for protests and notices of intervention.

NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2019-3014248)



Dear Customer:

On December __, 2019, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Pennsylvania-American Water Co. for approval to acquire the Borough of Kane Authority's wastewater system assets. The Borough of Kane Authority serves approximately 2,019 customers in McKean County. Pennsylvania-American's application also requests that the PUC authorize an addition of \$17,560,000 to Pennsylvania-American's rate base pursuant to 66 Pa.C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of many components used to establish customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Borough of Kane Authority's wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current rates will not change until the conclusion of Pennsylvania-American's next rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Pennsylvania-American's next base rate case will conclude no earlier than January 1, 2021. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential rate impact could be as follows:

PAWC WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Current Rates	Average Monthly Bill at PAWC Zone 1 Current Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,630 gal/month	\$64.93	\$66.55	\$1.62 or 2.5%
Commercial	22,000 gal/month	\$280.22	\$287.23	\$7.01 or 2.5%
Industrial	476,000 gal/month	\$5,547.08	\$5,685.76	\$138.68 or 2.5%

PAWC WATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Current Rates	Average Monthly Bill at PAWC Zone 1 Current Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,630 gal/month	\$60.85	\$60.91	\$0.06 or 0.1%
Commercial	22,000 gal/month	\$291.80	\$292.09	\$0.29 or 0.1%
Industrial	476,000 gal/month	\$4,530.44	\$4,534.97	\$4.53 or 0.1%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers. For Pennsylvania-American customers in a rate zone other than Rate Zone 1, the potential rate impact could vary from the chart above.

PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American's request by:

- 1. Sending a letter to the PUC.** You can tell the PUC why you support or object to the application in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2. Attending or presenting testimony at a PUC public input hearing.** You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania American Water's transaction and if there is enough interest in the case. At these hearings, you can present

your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

- 3. Filing a protest or a petition to intervene.** If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before _____. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Pennsylvania-American's counsel at:

David P. Zambito, Esq., Cozen O'Connor
17 North Second Street, Suite 1140
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC's website at www.puc.pa.gov, for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2019-3014248. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

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This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Borough of Kane Authority's wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current wastewater rates will not change until the conclusion of Pennsylvania-American's next base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Pennsylvania-American's next base rate case will conclude no earlier than January 1, 2021. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential wastewater rate impact could be as follows:

WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at the Borough of Kane Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,630 gal/month	\$51.87	\$75.99	\$24.12 or 46.5%
Commercial	22,000 gal/month	\$222.98	\$326.67	\$103.69 or 46.5%
Industrial	476,000 gal/month	\$3,849.62	\$5,639.69	\$1,790.07 or 46.5%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers and the period of time over which such rate increases could occur.

PUC ROLE

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of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

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The documents filed in support of the application are available on the PUC's website at www.puc.pa.gov, for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2019-3014248. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company :
under Section 1102(a) of the Pennsylvania Public Utility Code, 66 :
Pa C.S. § 1102(a), for approval of (1) the transfer, by sale, of :
substantially all of the Borough of Kane Authority's assets, :
properties and rights related to its wastewater collection and : Docket No. A-2019-3014248
treatment system to Pennsylvania-American Water Company, and :
(2) the rights of Pennsylvania-American Water Company to begin :
to offer or furnish wastewater service to the public in the Borough :
of Kane, and in a portion of Wetmore Township, McKean County, :
Pennsylvania. :

In re: Application of Pennsylvania-American Water Company :
under Section 1329 of the Pennsylvania Public Utility Code, 66 : Docket No. A-2019-_____
Pa. C.S. § 1329, for approval of the use for ratemaking purposes :
of the lesser of the fair market value or the negotiated purchase :
price of the Borough of Kane Authority's assets related to its :
wastewater collection and treatment system. :

Petition of Pennsylvania-American Water Company, related to its :
acquisition of the Borough of Kane Authority wastewater :
collection and treatment system, for approval under Section 1329 :
of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) : Docket No. P-2019-_____
collect a distribution system improvement charge, (ii) for book :
and ratemaking purposes, accrue Allowance for Funds Used :
During Construction for post-acquisition improvements not :
recovered through the distribution system improvement charge, :
(iii) for book and ratemaking purposes, defer depreciation related :
to post-acquisition improvements not recovered through the :
distribution system improvement charge, and (iv) include, in its :
next base rate case, a claim for transaction and closing costs. :

In re: Filing by Pennsylvania-American Water Company under : Docket No U-2019-_____
Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. :
§ 507, of the Asset Purchase Agreement Between Pennsylvania- :
American Water Company and the Borough of Kane Authority :
together with Wetmore Township and the Borough of Kane. :

CERTIFICATE OF SERVICE

I hereby certify that I have this 10th day of December served a true copy of the foregoing Responses of Pennsylvania-American Water Company to the 66 Pa. C.S. Section 1329 Application Completeness Review of Pennsylvania-American Water Company – Wastewater Division of Kane Borough Authority Wastewater System upon parties, listed below in accordance with the requirement of 52 Pa. Code §1.54 (relating to service by a party).


VIA ELECTRONIC AND FIRST-CLASS MAIL

Sharon Webb, Esquire
Office of Small Business Advocate
555 Walnut Street
Forum Place, First Floor
Harrisburg, PA 17101-1923

Alison Kaster, Director
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, F West
Harrisburg, PA 17120

Christine Maloni Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, Fifth Floor
Harrisburg, PA 17101-1923

Respectfully submitted,


Elizabeth Rose Triscari, Esquire (PA ID 306921)
Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055
(717) 550-1574
elizabeth.triscari@amwater.com

David P. Zambito, Esquire (PA ID 80017)
Jonathan P. Nase, Esquire (PA ID 44003)
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101
(717) 703-5892
dzambito@cozen.com
jnase@cozen.com

**Attorneys for
Pennsylvania-American Water Company**