

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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, *et al.*
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 :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **Joint Stipulation for Admission of Evidence**, upon the parties, listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

DUE TO THE COVID-19 EMERGENCY, THIS DOCUMENT IS BEING SERVED BY E-MAIL ONLY

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Date: April 17, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Deputy Chief Administrative Law Judge
Joel H. Cheskis**

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, *et al.*
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 :

JOINT STIPULATION FOR ADMISSION OF EVIDENCE

Pennsylvania-American Water Company (“PAWC”), the Office of Consumer Advocate (“OCA”), the Pennsylvania Public Utility Commission’s Bureau of Investigation & Enforcement (“I&E”), the Office of Small Business Advocate (“OSBA”) and the Borough of Kane Authority (“Authority”), all active parties to the above-captioned proceeding (hereinafter, collectively referred to as the “Stipulating Parties”), file this Joint Stipulation for Admission of Evidence (“Stipulation”) in the above-captioned proceeding.¹ In support of the Stipulation, the Stipulating Parties represent as follows:

¹ PAWC, OCA and the Authority are also signatories to the “Joint Petition for Approval of Settlement of All Issues,” filed contemporaneously with the Stipulation in the above-captioned proceeding. Although I&E and the OSBA do not join in that Settlement, they do not oppose it.

I. Background

1. The Stipulation pertains to the application filed by PAWC on December 2, 2019, pursuant to Section 1102(a) of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 1102(a), and Section 1329 of the Code, 66 Pa. C.S. §1329, requesting (among other things) that the Commission issue Certificates of Public Convenience to PAWC for the transfer to PAWC, by sale, of substantially all of the assets, properties and rights of the Authority (the “Transaction”), related to the Authority’s wastewater collection and treatment system (the “System”), and to set the fair market value of the acquisition for rate-base ratemaking purposes.

2. On December 4, 2019, staff from the Commission’s Bureau of Technical Utility Services (“TUS”) notified PAWC that they had performed a completeness review of the Application and determined that certain information was missing. TUS staff requested that the information be provided by December 11, 2019.

3. On December 6, 2019, PAWC filed an Amendment to the Application (the application, as amended, is referred to herein as the “Application”). Additionally, on December 10, 2019, PAWC filed the information requested by TUS following its completeness review.

4. On December 11, 2019, the Commission notified PAWC that the Application had been conditionally accepted for filing. According to that Secretarial Letter, the Commission would not finally accept the Section 1329 Application until PAWC complied with certain service and notice requirements.

5. On December 20, 2019, PAWC filed proof of service of the Application on required municipal entities, public utilities, and other offices.

6. On December 27, 2019, the OSBA filed a Notice of Intervention, together with the Notice of Appearance of Sharon E. Webb, Esq. On January 31, 2020, Daniel Asmus, Esq. also entered an appearance on behalf of OSBA.

7. On January 22, 2020, PAWC filed proof of publication in local newspapers. Also on January 22, 2020, PAWC notified the Commission that it had completed providing individualized notice of the Application to customers of PAWC (both water and wastewater) and Kane, and PAWC filed a verification stating that it had complied with all requirements of the Secretarial Letter of December 11, 2019.

8. By Secretarial Letter dated February 6, 2020, the Commission notified PAWC that it had finally accepted the Application for filing.

9. Notice of the Application was published in the *Pennsylvania Bulletin* on February 22, 2020. 50 *Pa. B.* 1229. The Notice established March 9, 2020 as the deadline for filing Protests and Notices to Intervene.

10. On February 6, 2020, the OCA filed a Protest and Public Statement, together with the Notices of Appearance of Christine Maloni Hoover, Esq., Erin L. Gannon, Esq., Santo G. Spataro, Esq., and Harrison W. Breitman, Esq.

11. On February 10, 2020, Carrie B. Wright, Esq. and Erika L. McLain, Esq. entered their appearance on behalf of I&E.

12. On February 7, 2020, the Commission notified the parties that a prehearing conference would be held on March 11, 2020, and the ALJ issued his Prehearing Conference Order.

13. On February 18, 2020, the Authority filed a Petition to Intervene in this proceeding.

14. On March 2, 2020, the Parties filed a Stipulation Regarding Discovery Rule Modifications.

15. On March 11, 2020, a Prehearing Conference was held, during which the ALJ adopted a schedule and granted the OCA's request to hold a telephonic public input hearing. By e-mail of March 19, 2020, the ALJ sent the Scheduling Order to the Parties; that Order has not yet been served by the Commission due to the COVID-19 pandemic and state of emergency.

16. On March 27, 2020, PAWC and I&E filed a Joint Stipulation.

17. Also on March 27, 2020, PAWC and OSBA filed a Joint Stipulation.

18. Also on March 27, 2020, in accordance with the litigation schedule, the OCA served Direct Testimony.

19. Evidentiary hearings were scheduled for April 20 and 21, 2020. On April 6, 2020, the Parties advised the ALJ that they had reached an agreement in principle to resolve this proceeding. Consequently, the ALJ cancelled the hearings scheduled for April 20 and 21, 2020. The ALJ directed the Parties to file a Petition for Settlement and Statements in Support on or before May 8, 2020.

II. Stipulation

20. The Stipulating Parties hereby jointly stipulate to the authenticity of and admission into the evidentiary record in this matter of the filings, statements, and exhibits listed below. All such filings, statements, and exhibits are authenticated by the enclosed verifications from each supporting witness.

A. Pennsylvania-American Water Company Statements and Exhibits

1. PAWC Statement No. 1 – Direct Testimony of Daniel P. Bickerton, and PAWC Exhibit DPB-1 (this Exhibit is the Application, which was previously filed with the Secretary of the Pennsylvania Public Utility Commission);

2. PAWC Statement No. 2 – Direct Testimony of Michael J. Guntrum, P.E. and PAWC Exhibits MJG-1 through MJG-2;

3. PAWC Statement No. 3 – Direct Testimony of Rod P. Nevirauskas and PAWC Exhibit RPN-1; and

4. PAWC Statement No. 4 – Direct Testimony of Jerome C. Weinert, PE, ASA, CDP, and Appendix A.

B. Authority Statements and Exhibits

1. Authority Statement No. 1 – Direct Testimony of Donald E. Payne; and

2. Authority Statement No. 2 – Direct Testimony of Harold Walker III.

C. Office of Consumer Advocate Statements and Exhibits

1. OCA Statement No. 1 – Direct Testimony of Ralph C. Smith and Exhibits RCS-1 through RCS-7.

21. As stated above, on March 11, 2020, ALJ Cheskis directed that a telephonic public input hearing be held in this proceeding. Subsequently, due to the COVID-19 pandemic and resulting statewide closures, the ALJ advised the Parties that it would not be possible to schedule public input hearings for an indeterminable period. In consideration of these extraordinary circumstances, the Parties stipulate that, in lieu of a telephonic public input hearing, the customer comments filed in the public folder for this case be admitted into the evidentiary record. The Stipulating Parties hereby jointly stipulate to the authenticity of, and admission into the evidentiary

record in this matter of, Joint Exhibit 1, attached hereto, which consists of all the public comments submitted in response to the published notices of the Application and individualized customer notices to customers of PAWC (both water and wastewater) and Kane.²

22. This Stipulation is presented by the Stipulating Parties in conjunction with the Settlement, which is intended to settle all issues in the above-captioned proceeding. If the Commission rejects or otherwise modifies the Settlement, the Stipulating Parties reserve their respective procedural rights to object to the admission of the above-referenced statements and exhibits, submit additional testimony and exhibits, and cross-examine witnesses at on-the-record evidentiary hearings.

23. This Stipulation is being presented, in conjunction with the Settlement, only to resolve issues in the above-captioned proceeding. Regardless of whether this Stipulation is approved, no adverse inference shall be drawn, nor shall prejudice result to any Stipulating Party in this or any future proceeding as a consequence of this Stipulation, or any of its terms or conditions.

24. The Statements and Exhibits of PAWC and the Authority have been filed previously with the Commission's Secretary's Bureau. Verifications for these witnesses are attached. "Confidential" materials being filed with the Secretary's Bureau of the Commission are so marked and should be placed in non-public folders by the Secretary's Bureau.³ In view of the need to file documents with the Commission electronically, due to the COVID-19 pandemic, one copy of the Statements and Exhibits of the OCA, together with a verification from the OCA's

² Customer account numbers, telephone numbers and email addresses have been redacted from Joint Exhibit 1.

³ Such materials are subject to Stipulated Protective Agreements between PAWC and I&E, PAWC and the OCA, and PAWC and the OSBA, respectively.

witness, and Joint Exhibit 1 are being filed with the Commission's Secretary's Bureau for inclusion in the official case record upon approval of this Stipulation.

24. Attached hereto as **Appendix A** is a proposed "Order Granting Joint Stipulation for Admission of Evidence" for consideration by the Honorable Deputy Chief Administrative Law Judge Joel H. Cheskis.

III. Request for Relief

WHEREFORE, the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Deputy Chief Administrative Law Judge Joel H. Cheskis admit the foregoing statements and exhibits into the record in this proceeding on the terms and conditions set forth in the Stipulation.

Respectfully submitted,



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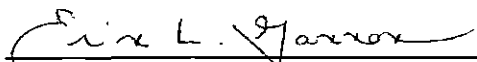


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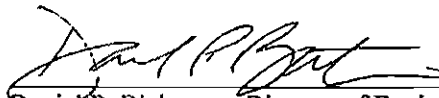
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Counsel for *Bureau of Investigation and Enforcement*

VERIFICATION

I, Daniel P. Bickerton hereby state that the facts set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.

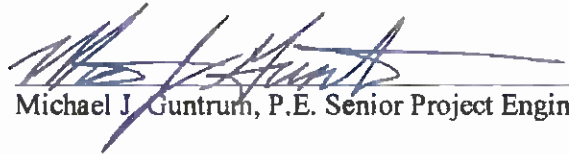


Daniel P. Bickerton, Director of Business Development
American Water – Mid-Atlantic Division

Dated: April 17, 2020

VERIFICATION

I, MICHAEL J. GUNTRUM hereby state that the facts above set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.


Michael J. Guntrum, P.E. Senior Project Engineer

Dated: April 17, 2020

VERIFICATION

I, Rod P. Neviraskas hereby state that the facts above set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Rod P. Neviraskas, Senior Director of Rates and Regulations

Dated: April 17, 2020

VERIFICATION

I, Jerome C. Weinert, P.E., hereby state that the facts above set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.


A handwritten signature in blue ink that reads "Jerome C. Weinert". The signature is written in a cursive style with a large initial "J".

Jerome C. Weinert, P.E. Principal and Director
AUS Consultants, Inc.

Dated: April 17, 2020

VERIFICATION

I, Donald E. Payne hereby state that the facts above set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Donald E. Payne, Borough of Kane Authority

Dated: Apr. 17, 2020

VERIFICATION

I, Harold Walker, III hereby state that the facts above set forth above are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Harold Walker III, Manager, Financial Services
Gannett Fleming

Dated: April 17, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water Company Pursuant to : Docket No. A-2019-3014248
Sections 1102, 1329, and 507 of the Public Utility Code for Approval :
of its Acquisition of Wastewater System Assets of Kane Borough :

DIRECT TESTIMONY

OF

RALPH C. SMITH

REGARDING ACQUISITION POLICY AND BENEFITS

**ON BEHALF OF THE
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE**

March 27, 2020

**DIRECT TESTIMONY OF RALPH C. SMITH
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ATTACHMENTS:

Appendix A, Background and Qualifications

EXHIBITS:

RCS-1, Summary of OCA Adjusted Fair Value

RCS-2, OCA Adjustments to AUS Market Approach

RCS-3, OCA Adjustments to AUS Income Approach

RCS-4, OCA Adjustments to Gannett Fleming Income Approach

RCS-5, OCA Adjustments to AUS Cost Approach

RCS-6, OCA Adjustments to Gannett Fleming Cost Approach

RCS-7, Impact of Change of Ownership of Wastewater System without PAWC's Assumed
Act 11 Allocation to Water

1 **I. INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. Ralph C. Smith. I am a Senior Regulatory Consultant at Larkin & Associates,
4 PLLC, 15728 Farmington Road, Livonia, Michigan 48154.

5

6 **Q. Please describe Larkin & Associates.**

7 A. Larkin & Associates is a Certified Public Accounting and Regulatory Consulting
8 firm. The firm performs independent regulatory consulting primarily for public
9 service/utility commission staffs and consumer interest groups (public counsels,
10 public advocates, consumer counsels, attorneys general, etc.). Larkin & Associates
11 has extensive experience in the utility regulatory field as expert witnesses in over
12 400 regulatory proceedings including numerous telephone, water and sewer, gas, and
13 electric matters.

14

15 **Background and Qualifications**

16 **Q. Please summarize your educational background.**

17 A. I received a Bachelor of Science degree in Business Administration (Accounting
18 Major) with distinction from the University of Michigan - Dearborn, in April 1979.
19 I passed all parts of the C.P.A. examination in my first sitting in 1979, received my
20 CPA license in 1981, and received a certified financial planning certificate in 1983.
21 I also have a Master of Science in Taxation from Walsh College, 1981, and a law
22 degree (J.D.) cum laude from Wayne State University, 1986. In addition, I have
23 attended a variety of continuing education courses in conjunction with maintaining

1 my accountancy license. I am a licensed Certified Public Accountant and attorney in
2 the State of Michigan. I am also a Certified Financial Planner™ professional and a
3 Certified Rate of Return Analyst (“CRRA”). Since 1981, I have been a member of
4 the Michigan Association of Certified Public Accountants. I am also a member of
5 the Michigan Bar Association. I have been a member of the Society of Utility and
6 Regulatory Financial Analysts (“SURFA”). I have also been a member of the
7 American Bar Association (“ABA”), and the ABA sections on Public Utility Law
8 and Taxation.

9
10 **Q. Please summarize your professional experience.**

11 **A.** Subsequent to graduation from the University of Michigan, and after a short period
12 of installing a computerized accounting system for a Southfield, Michigan realty
13 management firm, I accepted a position as an auditor with the predecessor CPA firm
14 to Larkin & Associates in July 1979. Before becoming involved in utility regulation,
15 where the majority of my time for the past 40 years has been spent, I performed
16 audit, accounting, and tax work for a wide variety of businesses that were clients of
17 the firm.

18 During my service in the regulatory section of our firm, I have been involved
19 in rate cases and other regulatory matters concerning numerous electric, gas,
20 telephone, water, and sewer utility companies. My present work consists primarily
21 of analyzing rate case and regulatory filings of public utility companies before
22 various regulatory commissions and where appropriate, preparing testimony and
23 schedules relating to the issues for presentation before these regulatory agencies.

1 I have performed work in the field of utility regulation on behalf of industry,
2 state attorneys general, consumer groups, municipalities, and public service
3 commission staffs concerning regulatory matters before regulatory agencies in
4 Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida,
5 Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland,
6 Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico,
7 New York, Nevada, North Carolina, North Dakota, Ohio, Pennsylvania, Puerto Rico,
8 Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont,
9 Virginia, Washington, Washington D.C., West Virginia, and Canada as well as the
10 Federal Energy Regulatory Commission and various state and federal courts of law.

11
12 **Q. Have you previously testified before the Pennsylvania Public Utility
13 Commission?**

14 A. Yes. I have testified before the Pennsylvania Public Utility Commission (“PA PUC”
15 or “Commission”) previously on a number of occasions.

16
17 **Q. Have you previously submitted testimony before the Commission in utility
18 merger and acquisition cases?**

19 A. Yes. I presented testimony on behalf of the Pennsylvania Office of Consumer
20 Advocate (“OCA”) in Docket No. A-122250F5000 involving a proposal for
21 Approval of the Transfer of All Stock and Rights of The Peoples Natural Gas
22 Company d/b/a Dominion Peoples to Equitable Resources. I filed testimony on
23 behalf of the Pennsylvania OCA in Docket No. A-2008-2063737, involving a

1 proposal to transfer all of the issued and outstanding shares of capital stock of The
2 Peoples Natural Gas Company to SteelRiver Infrastructure Fund North America LP
3 (“SRIFNA”). I filed testimony on behalf of the Pennsylvania OCA in Docket No. A-
4 2010-2210326, involving a proposal to transfer all of the issued and outstanding
5 shares of capital stock of T.W. Phillips Gas and Oil Co., currently owned by TWP
6 Inc., to LDC Holdings II LLC, an indirect subsidiary of SRIFNA, and to Approve
7 the Resulting Change in Control of T.W. Phillips Gas and Oil Co.

8 As additional illustrative examples, I filed testimony and participated in the
9 following Pennsylvania acquisition/merger proceedings on behalf of the OCA:

- 10 • LDC Holdings Inc. proposed purchase of T.W. Phillips Gas and Oil
11 Co., Pennsylvania PUC Docket No. A-2010-2210326;
- 12 • Babcock & Brown Infrastructure Fund North America LP proposed
13 acquisition of Peoples Natural Gas Company, Pennsylvania PUC
14 Docket No. A-2008-2063737; and
- 15 • Equitable Resources, Inc. proposed acquisition of Dominion Peoples,
16 Pennsylvania PUC Docket No. A-122250F5000.

17
18 Most recently, I filed testimony on behalf of the OCA in the Aqua-Peoples
19 acquisition/merger case, Docket Nos. A-2018-3006061, A-2018-3006062 and A-
20 2018-3006063.

21
22 **Q. Have you filed testimony in other jurisdictions concerning utility acquisition**
23 **and merger cases?**

24 A. Yes, as illustrative examples my prior testimony has included evaluations of
25 proposed mergers, such as Docket No. T-01051B-99-0497 before the Arizona
26 Corporation Commission on behalf of the Utilities Division Staff concerning the

1 merger of the parent corporations of Qwest Communications Corporation, LCI
2 International Telecom Corp., USLD Communications, Inc., Phoenix Network, Inc.
3 and US WEST Communications, Inc. As other illustrative examples, I filed
4 testimony on behalf of the West Virginia Consumer Advocate Division (“CAD”) in
5 Case No. 08-1761-G-PC, concerning a proposal to transfer all of the issued and
6 outstanding shares of capital stock of Hope Gas, Inc. d/b/a Dominion Hope to
7 SRIFNA and in Case No. 10-0713-E-PC, concerning a proposal for a merger
8 between a subsidiary of FirstEnergy and Allegheny Energy, Inc. and the “change of
9 control” of Monongahela Power Company, Potomac Edison Company and Trans-
10 Allegheny Interstate Line Company.

11 I filed testimony on behalf of the Connecticut Office of Consumer Counsel in
12 Docket No. 15-03-45 before the Connecticut Public Utilities Regulatory Authority
13 (“PURA”) in the Joint Application Of Iberdrola, S.A., et al, and UIL Holdings
14 Corporation for Approval of a Change of Control.

15 I filed testimony on behalf of the District of Columbia District Government
16 in Formal Case No. 1119 before the District of Columbia Public Service
17 Commission concerning the Matter of the Merger of Exelon Corporation, Pepco
18 Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery
19 Company, LLC and New Special Purpose Entity, LLC.

20 I filed testimony on behalf of the Steering Committee of Cities Served by
21 Oncor, the Texas Office of Public Counsel, and the Texas Industrial Energy
22 Consumers before the Public Utility Commission of Texas in Docket 46238

1 concerning a proposed acquisition by NextEra Energy, Inc. of Oncor Electric
2 Delivery Company LLC.

3 I also participated/testified in the following acquisition/merger proceedings:

- 4 • Iberdrola, S.A., et al proposed purchase of UIL Holdings Corporation,
5 Massachusetts Department of Utilities, Docket No. 15-26;
- 6 • Proposed merger of Fortis, Inc. and UNS Energy Corporation,
7 Arizona Corporation Commission Docket Nos. E-04230A-14-0011,
8 E-01933A-14-0011;

9
10 **Q. Have you also participated in Pennsylvania water and wastewater utility rate
11 cases in which acquired utility systems were addressed?**

12 A. Yes. On behalf of the OCA I also filed testimony and participated in a number of
13 Pennsylvania water and/or wastewater utility rate cases in which acquired systems
14 were addressed. Those Pennsylvania rate cases involving water and wastewater
15 systems that were acquired by PAWC predated Section 1329.

16
17 **Q. Have you filed testimony and/or participated in utility rate cases in which the
18 fair value of utility assets was analyzed?**

19 A. Yes, in several Arizona utility rate cases, where fair value was being used to
20 established the utility's required operating income and revenue requirement, I
21 reviewed and addressed the utility's fair value and reconstruction cost new
22 depreciated (RCND) analyses for public utility assets. The Arizona state
23 constitution includes a requirement that the Arizona Corporation Commission
24 consider fair value in establishing utility rates. I have worked on many Arizona rate
25 cases in which original cost, reconstruction cost new depreciated (RCND) and fair

1 value rate base presented by utilities were reviewed and adjusted. The RCND
2 studies used by Arizona utilities in their rate cases have some similarities to the
3 replacement cost analysis used in the Section 1329 appraisal studies, in that Handy
4 Whitman and other cost indices are applied to historical plant costs to derive
5 reconstruction/replacement values. The fair value rate base used in Arizona rate
6 cases is different than the fair market value concept used in Pennsylvania Section
7 1329 cases where the average of two independent appraisals is compared with the
8 purchase price of utility assets to determine the amount to be used for rate base for
9 the acquired system.

10

11 **Q. Have you participated on project teams that were involved with the valuation of**
12 **water or sewer utility assets for potential purchase or acquisition?**

13 A. Yes. As an illustrative example, in 1997-1998, on a project for the Village of
14 University Park, IL, a Larkin & Associates team I led worked with the engineering
15 firm, Crawford, Murphy & Tilly, Inc., to perform a water and sewer valuation study
16 for University Park. Various reports were jointly produced for University Park for
17 that project.

18

19 **Q. Have you prepared an attachment summarizing your educational background**
20 **and regulatory experience?**

21 A. Yes. Attachment A provides details concerning my experience and qualifications.

22

1 **Purpose of Testimony**

2 **Q. On whose behalf are you appearing?**

3 A. Larkin & Associates, PLLC, was retained by the Pennsylvania Office of Consumer
4 Advocate (“OCA”) to review the proposed acquisition by Pennsylvania American
5 Water Company (“PAWC” or “Company” or “Applicant”) of the wastewater utility
6 assets of the Borough of Kane Authority (“Kane,” “Authority” or “Borough”).
7 Accordingly, I am appearing on behalf of the OCA.

8
9 **Q. What is the purpose of the testimony you are presenting?**

10 A. My testimony presents the analysis, results and conclusions of Larkin & Associates’
11 review of this proposed acquisition by PAWC of the Borough wastewater system
12 and the harms it presents to ratepayers in the Commonwealth. The application was
13 filed by PAWC and the Borough pursuant to Sections 507, 1102 and 1329 of the
14 Public Utility Code. My testimony also presents a number of conditions that are
15 necessary to address concerns that I have identified with the acquisition. I also
16 address the valuation studies conducted on behalf of the Borough (seller) and PAWC
17 (buyer) pursuant to Section 1329 of the Public Utility Code. My investigation of the
18 seller’s and buyer’s valuations has focused on the income, cost and market
19 approaches utilized within these valuation studies.

20
21 **Q. What information did you review in conducting your analysis?**

22 A. In conducting my analysis, I reviewed the Applicant’s filed testimony and exhibits
23 and their responses to discovery propounded by the OCA and others. I also
24 reviewed the details underlying the seller’s and buyer’s proposed valuations.

1

2 **Exhibits Filed with Testimony**

3 **Q. Have you prepared any attachments to be filed with your testimony?**

4 A. Yes. Exhibits RCS-1 through RCS-6 were prepared by me or under my supervision
5 and are attached to my testimony.

6

7 **Q. Please briefly explain what is included in each of those exhibits.**

8 A. Exhibit RCS-1 contains a summary of the buyer's and seller's appraisals and the
9 OCA adjusted results.

10 Exhibit RCS-1 presents a Summary of the OCA's Adjusted Fair Value.

11 Exhibit RCS-2 presents the OCA adjustments to the AUS Market Approach.

12 Exhibit RCS-3 presents OCA adjustments to the AUS Income Approach.

13 Exhibit RCS-4 presents OCA adjustments to Gannett Fleming Income
14 Approach.

15 Exhibit RCS-5 presents OCA adjustments to AUS Cost Approach. The
16 adjustment to the AUS Cost Approach shown on Exhibit RCS-5 is based on applying
17 a 50-year useful life-based depreciation rate to the AUS calculated replacement cost
18 for account 361, Collection Sewers - Gravity.

19 Exhibit RCS-6 presents OCA adjustments to Gannett Fleming Cost
20 Approach. This adjustment is based on the estimated accumulated depreciation
21 associated with using a 50-year useful life-based depreciation rate to the Gannett
22 Fleming calculated replacement cost for account 361, Collection Sewers - Gravity.

1 Exhibit RCS-7 shows the potential rate impact on existing Kane wastewater
2 utility customers of the Change of Ownership of the wastewater utility system
3 without PAWC's assumed 46% "Act 11 Allocation" of the increase to PAWC water
4 utility customers.

5

6 **Summary of Testimony and Conclusions**

7 **Q. Please summarize your testimony and conclusions.**

8 A. The estimated impact of the proposed transaction would be an approximately 46.5%
9 average rate increase in the rates for current Kane wastewater customers due to the
10 change in ownership of this utility, which PAWC has indicated could occur in its
11 next wastewater utility rate case. As I discuss below, the increase to Kane customers
12 may be as high as 86% if the full costs of the acquisition, including the proposed
13 ratemaking rate base¹, are borne by the Kane customers.² I recommend approval of
14 the Applicant's proposed transaction subject to certain conditions which are
15 necessary to assure that it is in the public interest.

16

17 **Q. What are the conditions under which this acquisition could be approved?**

18 A. In order for the Commission to approve this acquisition, the acquisition must
19 affirmatively promote the service, accommodation, convenience, or safety of the
20 public in some substantial way. The conditions must reflect benefits to the

¹ This does not include the revenue requirement associated with the \$11,213,400 construction expenditures for the Kane service area committed to by PAWC (PAWC Exh. MJG-1).

² Recent developments, including the global Covid-19 pandemic and other events (such as the U.S. stock market collapse and probable economic recession of as yet unknown severity) have occurred after the Applicant submitted the proposed transaction.

1 ratepayers of Pennsylvania that are substantial, and the various risks and harms that
2 could result from the acquisition as proposed by the Applicant must be mitigated.

3 The following conditions and mitigation measures are recommended to protect
4 Pennsylvania ratepayers from the risks associated with the acquisition, and to bring
5 affirmative benefits:

- 6 • The 46.5% average rate increase for Kane ratepayers that PAWC has
7 estimated could occur in the next PAWC wastewater rate case should
8 be mitigated to avoid rate shock associated with the change in
9 ownership.
- 10 • At the time of filing its next base rate case, PAWC shall submit a cost
11 of service study that removes all costs and revenues associated with
12 the operations of the Kane wastewater system. PAWC shall also
13 provide a separate cost of service study for the Kane system at the
14 time of the filing of PAWC's next base rate case.
- 15 • Any claims for AFUDC and deferred depreciation should be
16 addressed in PAWC's next base rate case rather than a "future" case
17 as proposed by PAWC.
- 18 • When PAWC modifies its LTIP to include the Kane wastewater
19 utility, any Kane-related projects reflected in the revised LTIP
20 should be in addition to, and not reprioritize, any capital
21 improvements that PAWC was already committed to undertake for
22 existing customers.
- 23 • Kane and PAWC shall report on the status of missing easements for
24 the Kane wastewater utility one year following the Closing Date.

25
26 By requiring these recommended conditions for approval, the Commission
27 can ensure that Pennsylvania ratepayers and the interests of the Commonwealth are
28 protected from the risks and harm presented by the acquisition, and that affirmative
29 benefits are provided as a result of the acquisition.

30
31 **II. STANDARD OF REVIEW**

1 **Q. Please state your understanding of the standard of review that must be met in**
2 **order for the proposed transaction to be approved by the Commission.**

3 A. The proposed transaction must be reviewed under both Section 1102(a) and Section
4 1329 of the Public Utility Code.

5

6 **Section 1102(a) Requirements**

7 **Q. Please explain your understanding of the Section 1102(a) requirements.**

8 A. It is my understanding that Section 1102(a) of the Public Utility Code requires the
9 Commission to issue a Certificate of Public Convenience as a legal prerequisite to
10 certain property transfers by public utilities or their affiliated interests. This same
11 statute also requires that a certificate be granted only if “necessary or proper for the
12 service, accommodation, convenience or safety of the public”. I have been advised
13 by counsel that the Pennsylvania Courts and the Commission have construed this as
14 requiring that a proposed acquisition of, or merger with, a public utility “... will
15 affirmatively promote the service accommodation, convenience, or safety of the
16 public in some substantial way.” City of York v. Pennsylvania Public Utility
17 Commission, 449 Pa. 136, 141, 209 A.2d 825, 828 (1973); Popowsky v. Pa. PUC,
18 594 Pa. 583, 937 A.2d 1040 (2007) (the Verizon decision).

19 Moreover, the provision of substantial benefits, as required by the City of
20 York case, cannot be limited to the mitigation of risks created or enhanced by the
21 acquisition. That would be equivalent to a no-adverse-effect standard, rather than an
22 affirmative benefit requirement.

23

1 **Section 1329 Requirements**

2 **Q. What changes did 66 Pa. C.S. § 1329 make to the Public Utility Code?**

3 A. Section 1329, among other things, provides that when a water or wastewater
4 municipal utility is acquired by a regulated water or wastewater public utility, the
5 utility may value the acquired utility's assets using fair market value. Section 1329
6 details the procedure utilities must follow in order to use Section 1329 for utility
7 valuation.

8

9 **Q. Please explain your understanding of the Section 1329 requirements.**

10 A. 66 Pa. C.S. §1329(a)(2) requires that two utility valuation experts shall perform two
11 separate appraisals of the selling utility for the purpose of establishing its fair market
12 value. The average of the appraisals determines the "fair market value." The lower
13 of the purchase price and the fair market value becomes the amount to be used as the
14 ratemaking rate base in the acquiring utility's next rate case.

15 Section 1329(a)(3) requires that each utility valuation expert shall determine
16 fair market value in compliance with the Uniform Standards of Professional
17 Appraisal Practice, employing the cost, market, and income approaches. Section
18 1329(a)(2) requires that two appraisals should be averaged to determine the fair
19 market value.

20

21 **III. APPLICANT'S PROPOSED TRANSACTION**

22 **Q. How has the Applicant attempted to present the proposed transaction?**

1 A. The Applicant presented the proposed transaction as having public benefits and a
2 contracted purchase price for the utility assets being acquired that is below the fair
3 value of such assets.

4

5 **Q. Please describe the general nature of PAWC's application.**

6 A. PAWC's Application, filed on December 2, 2019, proposes that the ratemaking
7 rate base for the acquired system, pursuant to Section 1329(c)(2) of the Public Utility
8 Code, is \$17,560,000.

9

10 **Q. In addition to the \$17.56 million of rate base, what additional expenses will the
11 Company record for ratemaking purposes with respect to its Section 1329
12 application?**

13 A. PAWC witness Mr. Nevirauskas stated in his testimony (PAWC Statement No. 3,
14 page 13) that the "transaction and closing costs include the UVE's appraisal fee and
15 the buyer's closing costs, including reasonable attorney fees." Mr. Nevirauskas notes
16 that the Company will justify these costs in "a future base rate proceeding." Mr.
17 Nevirauskas also notes that the exact costs will not be known until after closing, but
18 that the anticipated transaction and closing costs are \$787,000 to \$997,000 (PAWC
19 Statement No. 3, page 14).

20 **Q. What other proposals does PAWC make pursuant to Section 1329 of the Public
21 Utility Code?**

22 A. Pursuant to Section 1329, Mr. Nevirauskas states that PAWC intends to utilize the
23 following provisions of the statute (PAWC Statement No. 3, pages 16-17):

- 1 1. The collection of a DSIC prior to inclusion of the acquired assets in a base
- 2 rate case;
- 3 2. The accrual of Allowance for Funds Used During Construction (AFUDC)
- 4 on non-DSIC eligible post-acquisition improvements; and
- 5 3. The deferral of depreciation for book and ratemaking purposes on non-
- 6 DSIC eligible post-acquisition improvements.

7

8 **Q. Please briefly summarize the Acquisition Transaction that the Joint Applicants**

9 **are proposing.**

10 A. Under the terms of the Proposed Transaction, PAWC would acquire the wastewater

11 utility assets of Kane for \$17.56 million.

12

13 **Q. Please describe the Kane wastewater utility.**

14 A. Kane owns and operates a sanitary wastewater collection system that provides

15 sanitary wastewater service to approximately 2,019 customers in Kane Borough and

16 a portion of Westmore Township in McKean County. The breakout of Kane’s

17 customer count is: 1,847 residential, 162 commercial, 3 industrial, and 7 municipal.

18 The \$17.56 million purchase price for a wastewater utility assets serving 2,019

19 customers equates to a cost of approximately \$8,700 per customer.

20

21 **Q. Does the Application provide the terms of the Proposed Transaction?**

22 A. Yes, the Asset Purchase Agreement ("APA") dated November 4, 2019 was included

23 with the Application. The APA states that the purchase price is Seventeen Million,

24 Five Hundred Sixty Thousand Dollars (\$17,560,000). The Application indicates that

25 the purchase price is based on arm’s length negotiations. PAWC and Kane Borough

26 are not affiliated with each other.

1

2 **Q. Does the APA address any missing easements?**

3 A. Yes, Articles 2.4, 6(m), and 8(p) discuss missing easements. In response to OCA-II-
4 22, the Borough of Kane Authority indicated that \$1,000,000 of the proceeds from
5 the proposed transaction is being retained for up to one year following the closing
6 date. However, the response also indicated that there are no easements missing to
7 the best of the Authority's knowledge. I recommend that the Authority provide a
8 report to all parties notifying the parties no later than one year following the closing
9 date of the number of missing easements discovered and the dollar value of each
10 discovered easement.

11

12 **Q. Has Kane described how it would apply the proceeds from selling its
13 wastewater utility assets to PAWC?**

14 A. Kane indicates that it will distribute 80% of the proceeds to the Borough and 20% to
15 the Township, but will retain \$1,000,000 to secure missing easements for up to one
16 year following the Closing Date.

17

18 **Q. Should PAWC also be required to report on the status of any missing
19 easements?**

20 A. Yes. As a condition of approving the proposed transaction, within one year of the
21 Closing Date, PAWC should be required to report to the Commission and parties to
22 this proceeding, concerning the status of missing easements for the Kane wastewater
23 utility.

1

2 **Q. What public benefits are claimed by Kane Borough?**

3 A. Kane Borough witness Payne at page 7 of his Direct Testimony claims the following
4 benefits of the proposed transaction:

- 5 • Because the System would be owned by a public utility rather than a
6 municipal authority, the System's assets would become taxable.
- 7 • Because PAWC has greater financial resources than does the
8 Authority, PAWC is in a better position to replace aging
9 infrastructure and make upgrades in the System to address
10 increasingly stringent environmental regulations.
- 11 • Because the System would be owned by a public utility regulated by
12 the Commission, customers of the System would be protected by the
13 Commission's rate-making process and its complaint process. They
14 would also be able to seek assistance from the Office of Consumer
15 Advocate, the Office of Small Business Advocate, and the Bureau of
16 Investigation and Enforcement.
- 17 • Customers of the System will have access to PAWC's customer
18 assistance programs.
- 19 • Because PAWC is a large and experienced public utility, it has
20 greater expertise in the operation of a wastewater system than does
21 the Authority or the Borough, ensuring that customers of the System
22 will receive adequate and efficient wastewater service in the future.
- 23 • In the APA, PAWC has committed to offer employment to each of
24 the current treatment plant operator employees, subject to certain
25 conditions. This provision of the agreement was important to the
26 Borough.
- 27 • PAWC currently provides water service in the Borough. Having the
28 same provider of water and wastewater service would make things
29 simpler for Borough residents.

30

31 Kane Borough witness Bickerton at pages 12 through 14 of his Direct
32 Testimony claims that the proposed Transaction would benefit Kane wastewater
33 customers in various respects, including benefitting from the following: PAWC's
34 experience in managing water and wastewater systems in compliance with the Public

1 Utility Code, PAWC's capacity to finance capital additions and improvements,
2 enhanced customer service, an immediate increase to the tax base, the lack of an
3 immediate rate impact, and furthering the legislative intent of Section 1329.

4
5 **Q. What public benefits are claimed by PAWC?**

6 A. PAWC witness Daniel Bickerton's Direct Testimony (PAWC Statement 1) at pages
7 12 through 14 claims that the proposed Transaction would benefit Kane wastewater
8 customers in various respects, including benefitting from PAWC's experience in
9 managing and operating water and wastewater systems, which PAWC claims will
10 result in improvements to service to the customer to be transferred, in addition to
11 furthering the Commission's goal of regionalization by becoming part of a larger
12 organization that PAWC claims is more viable from a costs and rates standpoint,
13 providing funds to Kane that can be used for public purposes, and relieving Kane of
14 the burden of operating a wastewater utility.

15
16 **Q. Is the Applicant proposing a rate stabilization plan?**

17 A. No. Mr. Nevirauskas, who is one of the witnesses for the buyer, PAWC, states on
18 page 15 of his direct testimony that Section 1329(g) defines a "rate stabilization
19 plan" as "[a] plan that will hold rates constant or phase rates in over a period of time
20 after the next base rate case" (PAWC Statement No. 3, page 15). Mr. Nevirauskas
21 states that PAWC does not propose a rate stabilization plan for the transaction. He
22 claims that none is required by Section 1329(g). Moreover, he asserts that PAWC is
23 not required under the Final Implementation Order at Docket No. M-2016-2543193

1 to provide testimony, schedules, and work papers in support of a rate stabilization
2 plan, and accordingly, he states that PAWC has not provided such information. He
3 states that, as detailed in Article 6.7 of the APA, PAWC will be charging the
4 Borough's current rates (but not other charges) as the Company's base rates within
5 the service territory. Mr. Nevirauskas states that base rates for the Authority's
6 customers would be addressed and adjusted, as appropriate and without any form of
7 contractual restriction, in PAWC's first base rate case following the transaction
8 (PAWC Statement No. 3, pages 15 through 16).

9
10 **Q. What has PAWC stated concerning its intention to start charging Borough**
11 **wastewater customers a DSIC?**

12 A. Mr. Nevirauskas indicates at page 16 of his direct testimony that PAWC is
13 requesting authority from the Commission to approve collection of a distribution
14 system improvement charge ("DSIC") related to the System in the future, prior to the
15 first base rate case in which the System plant-in-service is incorporated into rate
16 base. PAWC would not begin charging a DSIC until the eligible System plant is
17 approved by the Commission in PAWC's Long Term Infrastructure Improvement
18 Plan ("LTIIIP") for wastewater.

19
20 **Q. What amount has the Applicant identified for the amount of anticipated**
21 **Transaction Costs?**

22 A. Appendix A-10 of the Applicant's Application estimates the anticipated range of
23 transaction and Closing costs to be approximately \$787,000 to \$997,000.

1

2 **IV. ANALYSIS OF THE PROPOSED TRANSACTION**

3 **Q. Please describe your approach to evaluating the proposed transaction.**

4 A. It is my understanding that in order to gain Commission approval the proposed
5 transaction must provide substantial affirmative benefits to Pennsylvania ratepayers
6 and the public. To determine whether the acquisition, as proposed, is likely to
7 provide the required substantial benefits, I have considered both: (1) the potential
8 costs and risks that will result from the transaction and (2) the amount of benefits
9 proposed and the likelihood of Pennsylvania ratepayers enjoying those benefits. I
10 am providing an analysis of whether the acquisition, if approved, would provide
11 substantial affirmative public benefits. I also testify and present recommended
12 adjustments to certain parts of the appraisals performed by the utility valuation
13 experts (UVEs): Jerome Weinert of AUS Consultants ("AUS") on behalf of PAWC
14 and Harold Walker of Gannett Fleming Valuation and Rate Consultants, LLC
15 ("Gannett Fleming") on behalf of Kane Borough. My testimony contains an analysis
16 of the Cost Approach, Market Approach and Income Approach of each appraisal. I
17 am also recommending adjustments to the valuations of the Kane Borough
18 wastewater utility system that PAWC is proposing to acquire. I have attached OCA
19 Exhibits RCS-1 through RCS-6 to my testimony to support various calculations in
20 this testimony.

21 **Q. Please summarize the rate base valuation claim the Company is making in this**
22 **case.**

1 A. The engineering assessment in this case (Appendix A-16 to the Application) was
2 performed by Gannett Fleming. The licensed engineer responsible for the report is
3 John F. Rae, of Gannett Fleming. Mr. Walker, who is Kane Borough's UVE, also
4 participated in the development of the engineering analysis.

5 Using the engineering analysis developed by Gannett Fleming, AUS
6 Consultants show the original cost of Kane's wastewater collection and treatment
7 system and land to be \$21,023,527.³ With calculated accumulated depreciation of
8 \$12,070,455,⁴ the net book value of the Kane wastewater utility assets is \$8,953,071.

9 PAWC agreed to pay \$17.56 million for the Kane Borough collection and
10 treatment system, or \$8.607 million (96%) over the net book value that was
11 computed by Gannett Fleming.⁵ The appraisers, AUS Consultants and Gannett
12 Fleming, found appraised values of \$24.491 and \$22.885 million respectively, for an
13 averaged appraised value of \$23.688 million. According to PAWC witness Mr.
14 Nevirauskas, the ratemaking rate base is \$17.560 million, pursuant to Section 1329
15 of the Public Utility Code (PAWC Statement No. 3, page 6). As I will explain below,
16 considering the adjustments described in my testimony, the OCA recommends a
17 ratemaking rate base of \$17.560 million based on the purchase price if the
18 Commission approves the application for acquisition (OCA Exhibit RCS-1).

19 **Impact of the Proposed Transaction**

20 **Q. What has PAWC represented would be the impact of the proposed transaction?**

³ See Application Appendix A-5.1, Fair Market Value Appraisal Report As of September 30, 2019 for Pennsylvania American Water Company prepared by AUS Consultants ("AUS Report") at page 14.

⁴ AUS Report at page 14.

⁵ Purchase price of \$17.56 million / \$8.607 million = 1.96, which indicates a 96% increase over the \$8.607 million net book value for the Kane wastewater utility assets that are being acquired by PAWC that was computed by Gannett Fleming.

1 A. PAWC witness Mr. Nevirauskas states at page 6 of his direct testimony that:

2 "The negotiated purchase price for the acquired assets is \$17,560,000
3 and the average of the appraisals of the buyer's Utility Valuation
4 Expert ("UVE") and the seller's UVE is \$23,688,203. Accordingly,
5 the negotiated purchase price of \$17,560,000 is the fair market value
6 for ratemaking purposes under Section 1329 (i.e. the lower of the
7 negotiated purchase price and the average of the UVEs' appraisals).
8 The fair market value as determined by the Section 1329 process, in
9 addition to the transaction and closing costs described below,
10 becomes part of PAWC's rate base for ratemaking purposes."
11

12 **Q. What rate increases does the Applicant project for the Kane Borough**
13 **wastewater utility customers?**

14 A. Page 10 of PAWC witness Nevirauskas' direct testimony indicates that, although
15 there would be no immediate rate impacts, potential rate increases of 46.5% for Kane
16 Borough customers could ultimately result:

Kane Borough Authority Wastewater Customers				
Rate Class	Average Usage	Average Monthly Bill at the Authority's Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,630 gal/month	\$51.87	\$75.99	46.5%
Commercial	22,000 gal/month	\$222.98	\$326.67	46.5%
Industrial	476,000 gal/month	\$3,849.62	\$5,639.69	46.5%

17
18
19

20 Additionally, Mr. Nevirauskas indicates on page 11 of his direct testimony
21 that there could also be a 2.5% increase to PAWC's other (existing) wastewater
22 utility customers and a 0.1% increase to PAWC's water utility customers.

22 These estimated increases are based on the customer notices provided to Kane and
23 existing PAWC customers, which were calculated based on only 54% of the revenue
24 requirement increase associated with the ratemaking rate base and change in
25 ownership being borne by existing Kane wastewater utility customers. The potential

1 increase to Kane customers could be closer to 86.1% if the total revenue requirement
 2 for the Kane system, including the proposed ratemaking rate base, is borne by the
 3 Kane wastewater utility customers, as shown in the following table and on Exhibit
 4 RCS-7:

Borough of Kane Authority Wastewater Customers Impact of Change of Ownership of Wastewater System without PAWC's Assumed Act 11 Allocation to Water Wastewater								
Rate Class	Average Usage	Average Monthly Bill at Borough of Kane Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase (\$) With 46% of Increase Allocated to PAWC Water Customers per Act 11	Potential Increase (%) with Act 11 Allocation to PAWC Water Customers	Increase to Kane WW Customers without Act 11 Allocation to Water	Potential Average Monthly Bill for Kane WW Customers without Act 11 Allocation to Water	Potential Increase (%) without Act 11 Allocation to PAWC Water Customers
(A)	(B)	(C)	(D)	(E)	(F)=(E/C)-1	(G)	(H)=C+G	(I)=(H/C)-1
Residential	3,630 gal/month	\$ 51.87	\$ 75.99	\$ 24.12	46.5%	\$ 44.67	\$ 96.54	86.1%
Commercial	22,000 gal/month	\$ 222.98	\$ 326.67	\$ 103.69	46.5%	\$ 192.02	\$ 415.00	86.1%
Industrial	476,000 gal/month	\$ 3,849.62	\$ 5,639.69	\$ 1,790.07	46.5%	\$ 3,314.94	\$ 7,164.56	86.1%

Source for columns A through F: PAWC Statement 3 (Nevirauskas Direct Testimony), pages 10-11
 Per footnote 4 on PAWC Statement 3, page 11, PAWC reflected an "Act 11 Allocation" of 46%.
 Source for column G: see calculations below:

Rate Class	Increase calculated by PAWC	Increase by	Increase at 100% Impact	46% allocated to Water per Act 11 per PAWC's Calculation	Allocated to Kane WW Customers in PAWC's Calculation
	Col E	(J)	(K)	(L)	(M)
		=I/(1-0.46)		46%	54%
Residential	\$ 24.12	1.851851852	\$ 44.67	\$ 20.55	\$ 24.12
Commercial	\$ 103.69	1.851851852	\$ 192.02	\$ 88.33	\$ 103.69
Industrial	\$ 1,790.07	1.851851852	\$ 3,314.94	\$ 1,524.87	\$ 1,790.07

5
 6 In addition, the proposed capital expenditures for Kane of \$11,213,400 million⁶
 7 shown on page 23 of PAWC Statement 2 (Direct Testimony of Michael Guntrum,
 8 P.E.), are not included in the potential rate impact shown in the notice or in the
 9 potential rate impact that I calculated above.

10 **V. REVIEW OF PAWC'S (BUYER'S) VALUATION (AUS**
 11 **CONSULTANTS)**

12 **Q. What valuation has been submitted on behalf of the buyer, PAWC?**

⁶ Borough of Kane Authority Capital Plan.

1 A. The buyer, PAWC, has presented the Direct Testimony of Jerome C. Weinert, P.E.,
2 Principal and Director for AUS Consultants, Inc. for its claimed valuation of the
3 wastewater assets. PAWC's valuation is summarized on Mr. Weinert's testimony
4 (PAWC Statement 4) at page 3 as follows:

Appraisal Approach	Value Indicator	Weight	Wtd Value Indicator
Cost	29,015,055	50%	14,507,528
Income	17,980,846	40%	7,192,338
Market	27,915,385	10%	2,791,539
Appraisal Conclusion			24,491,405

5
6

7 **Review and Adjustments to Cost Approach**

8 **Q. What is the Cost Approach?**

9 A. The Cost Approach is defined by The American Society of Appraisers as follows:⁷

10 A procedure to estimate the current costs to reproduce or create a
11 property with another of comparable use and marketability.

12

13 **Q. Please discuss the engineer's assessment of tangible assets that was provided in
14 this case.**

15 A. The engineer's assessment in this case was performed by Gannett Fleming. As
16 shown in Appendix A-15, Gannett Fleming determined the original cost of the assets
17 by NARUC account to be \$21,023,527. The original cost includes:

⁷ "Approaches to Value." American Society of Appraisers accessed March 5, 2020,
<http://www.appraisers.org/Disciplines/Personal-Property/pp-appraiser-resources/approaches-to-value>.

ACCOUNT	DESCRIPTION	ORIGINAL COST
353.00	LAND AND LAND RIGHTS	\$ 34,237
354.30	STRUCTURES AND IMPROVEMENTS - PUMPING	\$ 475,825
354.40	STRUCTURES AND IMPROVEMENTS - TREATMENT	\$ 9,273,392
355.00	POWER GENERATION EQUIPMENT	\$ 110,000
360.21	COLLECTION SEWERS - FORCE - MAINS	\$ 425,111
360.22	COLLECTION SEWERS - FORCE - MANHOLES	\$ 9,000
361.21	COLLECTION SEWERS - GRAVITY - MAINS	\$ 4,812,387
361.22	COLLECTION SEWERS - GRAVITY - MANHOLES	\$ 775,039
363.20	SERVICES TO CUSTOMERS	\$ 218,610
364.20	FLOW MEASURING DEVICES	\$ 25,322
371.30	PUMPING EQUIPMENT	\$ 566,613
380.40	TREATMENT AND DISPOSAL EQUIPMENT	\$ 3,004,169
381.40	PLANT SEWERS	\$ 1,093,510
390.70	OFFICE FURNITURE AND EQUIPMENT	\$ 34,642
391.70	TRANSPORTATION EQUIPMENT	\$ 52,227
392.70	STORES EQUIPMENT	\$ 10,000
393.70	TOOLS, SHOP AND GARAGE EQUIPMENT	\$ 81,974
394.70	LABORATORY EQUIPMENT	\$ 7,030
395.70	POWER OPERATED EQUIPMENT	\$ 4,065
396.70	COMMUNICATION EQUIPMENT	\$ 10,376
	TOTAL COMPANY	\$ 21,023,527

1

2 **Q. What original cost and accrued depreciation was used in the AUS valuation?**

3 A. Mr. Weinert used the original cost of the assets by NARUC account of \$21,023,527
4 from the engineer's assessment and calculated accrued depreciation related to those
5 assets through September 30, 2019 of \$8,953,072 for net original cost book value of
6 \$12,070,455.⁸

7

8 **Q. How does that compare with the cost of plant and accumulated depreciation for**
9 **the Kane wastewater utility treatment and collection system that was reported**
10 **on Kane's audited financial statements as of March 31, 2019?**

⁸ The Original Cost (\$OC) \$21,023,527 and Depreciated Original Cost (\$OCLD) \$12,070,455 amounts are listed in the Cost Approach summary in the AUS Appraisal Report detail. See the AUS Appraisal Report at page 14.

1 A. The cost of plant and accumulated depreciation for the Kane wastewater utility
 2 system that was reported on Kane's audited financial statements as of March 31,
 3 2019 is \$20.266 million and \$11.368 million for a net plant amount of \$8.898
 4 million (Application Appendix A-19-a, Borough of Kane Authority and Borough of
 5 Kane Sewer Fund Combined Financial Statements for the year ended March 31,
 6 2019, page 12). Mr. Weinert's calculated net book value on original cost of \$12.070
 7 million is \$3.173 million or 36% higher than the \$8.898 million net plant amount
 8 reported on Kane's audited financial statements as of March 31, 2019.

9
 10 **Q. Has the Kane amount of net plant been declining?**

11 A. Yes, as summarized in the following table, the Kane net wastewater utility plant has
 12 been declining as summarized in the following table which uses audited financial
 13 statement information:

Borough of Kane Authority and Borough of Kane Sewer Fund Selected Audited Financial Information				
Line No.	Plant and Accumulated Depreciation	12-Months Ended:		
		3/31/2017 (A)	3/31/2018 (B)	3/31/2019 (C)
1	Gross property, plant & equipment	\$ 20,222,072	\$ 20,275,057	\$ 20,265,926
2	Accumulated depreciation	\$ 10,384,646	\$ 10,897,470	\$ 11,368,153
3	Net property, plant & equipment	\$ 9,837,426	\$ 9,377,587	\$ 8,897,773
4	Change from prior year		\$ (459,839)	\$ (479,814)

Notes and Source

Borough of Kane Authority and Borough of Kane Sewer Fund
 Audited Financial Statement information

14 Also see Exhibit 1 from Gannett Fleming Fair Market Appraisal Report

15

1 **Q. What value for the Cost Approach was determined in the AUS valuation?**

2 A. A value of \$29,015,055 was determined in the AUS valuation for the Cost approach
3 based on Replacement Cost New Depreciated (RCND) (AUS Appraisal, page 6).
4 Mr. Weinert shows \$55,539,558 for the replacement cost, calculates \$26,524,503 of
5 accumulated depreciation on that for an RCND amount of \$29,015,055, which he
6 uses as the proposed fair value amount under his Cost Approach (AUS Appraisal,
7 page 26).

8

9 **Q. Are you recommending any adjustments to the AUS Cost Approach amount?**

10 A. Yes. As shown on Exhibit RCS-5, AUS used a 75-year life for Collection Sewers-
11 Gravity, account 361. The 75-year life is too long and is significantly different than
12 the 50 year life that PAWC used for wastewater utility assets (excluding Scranton) in
13 its last rate case.⁹ Using the 75 year life for Collection Sewers-Gravity, applied
14 using an R3 Iowa curve to the \$17,472,483 AUS Replacement Cost amount for that
15 account resulted in an RCND amount of \$9,544,842. Applying a 50 year life (50-R3
16 depreciation rate) to the \$17,472,483 AUS Replacement Cost amount for account
17 361 results in an RCND amount of \$6,465,478 as shown on Exhibit RCS-5.
18 PAWC's last rate case used a depreciation rate for account 361 based on a 50 year
19 life and a 50-S1.5 Iowa curve.¹⁰ Applying that depreciation to the \$17,472,483 AUS
20 Replacement Cost amount for account 361 results in an RCND amount of
21 \$6,984,665 as also shown on Exhibit RCS-5. I recommend using the \$6,984,665

⁹ Pennsylvania-American Water Company, 2017 General Base Rate Case, Docket No. R-2017-2595853, Volume 12 from PAWC's Application. Exhibit No. 11-F, Depreciation Study, Wastewater Operations (Excluding Scranton Wastewater) As Of December 31, 2018.

¹⁰ Id.

1 amount as the RCND value for account 361. This results in an adjustment to reduce
2 the AUS Cost Approach by \$2,560,177, as shown on Exhibit 5, which I carried
3 forward onto Exhibit RCS-1.

4
5 **Review and Adjustments to Market Approach**

6 **Q. What is the Market Approach?**

7 A. The Market Approach (called the Sales Comparison Approach by The American
8 Society of Appraisers) is defined by The American Society of Appraisers as
9 follows:¹¹

10 A procedure to conclude an opinion of value for a property by
11 comparing it with similar properties that have been sold or are for sale
12 in the relevant marketplace by making adjustments to prices based on
13 marketplace conditions and the properties' characteristics of value.

14
15 **Q. What transactions were used by Mr. Weinert for his Market Approach?**

16 A. Page 10 of Mr. Weinert's Direct Testimony summarizes the ten comparable sales
17 transactions that he "examined" which include the following transactions:

- 18 1) Aqua/New Garden
- 19 2) PAWC/McKeesport
- 20 3) Aqua/Limerick
- 21 4) SUEZ/Mahoning Water
- 22 5) SUEZ/Mahoning Wastewater
- 23 6) Aqua/East Bradford
- 24 7) PAWC/Sadsbury
- 25 8) PAWC/Exeter
- 26 9) PAWC/Steelton

¹¹ "Approaches to Value." American Society of Appraisers accessed March 5, 2020,
<http://www.appraisers.org/Disciplines/Personal-Property/pp-appraiser-resources/approaches-to-value>.

1 10) Aqua/Cheltenham

2 At page 9 of his Direct Testimony, Mr. Weinert states that he "used
3 comparable sales of water and wastewater properties in the Commonwealth of
4 Pennsylvania subsequent to the passage of Section 1329 because these are valid
5 comparisons to the instant transaction." However, Mr. Weinert did not use all ten
6 transactions in his analysis. Instead, he excluded the following three transactions
7 from his calculations of value under the Market Approach:

- 8 • SUEZ/Mahoning Water
 - 9 • SUEZ/Mahoning Wastewater
 - 10 • Aqua/East Bradford
- 11

12 **Q. Does Mr. Weinert's testimony state any reason for excluding those transactions**
13 **from his calculations of value under the Market Approach?**

14 A. No. I note that in the PAWC/Exeter case (Docket No. A-2018-3004933), Mr.
15 Weinert included data for the acquisition of East Bradford Township's wastewater
16 assets by Aqua but stated that he did not use it in his calculation because he
17 considered it to be an "outlier." Additionally, in the PAWC/Exeter case (Docket No.
18 A-2018-3004933), Mr. Weinert was aware of SUEZ's acquisition of the Mahoning
19 Township water and wastewater systems but he did not include those in his
20 calculation either.

21
22 **Q. Please discuss Mr. Weinert's exclusion of the East Bradford and**
23 **SUEZ/Mahoning results from his analysis.**

24 A. In PAWC/Exeter (Docket No. A-2018-3004933) Mr. Weinert claimed that the East
25 Bradford acquisition is an "outlier," which he explained in his response to OCA-III-

1 13 in that docket (attached). During a conference call with OCA in the current case,
2 Mr. Weinert indicated that he considers the East Bradford and SUEZ/Mahoning
3 transactions to be outliers.

4

5 **Q. Is it appropriate to exclude those transactions?**

6 A. No. The East Bradford and SUEZ/Mahoning acquisitions are three of only ten fair
7 market value acquisitions that have been approved by the Commission. Of the ten
8 available transactions that Mr. Weinert listed, he used only seven, and excluded
9 three. A sample size of only 7 to 10 acquisitions is far too small to say that an
10 acquisition is an outlier. I would further note that these acquisitions are the three
11 least expensive acquisitions that have been filed under Section 1329. Removing the
12 East Bradford and SUEZ/Mahoning acquisitions from the analysis while using the
13 other, more expensive acquisitions serves only to increase the final result. All ten of
14 the listed Section 1329 acquisitions should be utilized in the calculations.

15

16 **Q. How did Mr. Weinert calculate his result using the transactions that he
17 selected?**

18 A. As replicated on OCA Exhibit RCS-2, Mr. Weinert divided the sum of the purchase
19 prices for the seven transactions he used by the sum of the RCNLD amounts from
20 the same acquisitions.

21

22 **Q. Please discuss the impact of using a weighted average for that calculation.**

1 A. The weighted average, as used by Mr. Weinert, overstates the impact of a single
2 large acquisition in the average result. Using a weighted average of the comparable
3 sales rather than a simple average of the results of each sale causes larger
4 acquisitions to have a greater impact on the conclusion than smaller acquisitions.
5 This is improper because each sale represents a Section 1329 fair market value
6 transaction, and therefore the results of each should be considered. A simple average
7 is needed so that the result is not distorted by a large acquisition.

8

9 **Q. In Mr. Weinert's market analysis, did he use the fair market value ratemaking**
10 **rate base amounts approved by the Commission?**

11 A. No. Mr. Weinert instead used the purchase prices, which are in many instances
12 higher than the ratemaking rate base amounts approved by the Commission, as
13 shown in comparison presented in OCA Exhibit RCS-2.

14

15 **Q. Please summarize Mr. Weinert's Market Approach methodology.**

16 A. Mr. Weinert's Market Approach calculation is calculated on the Market Approach
17 tab of the AUS Spreadsheet. Mr. Weinert's analysis produces a result of
18 \$27,915,382 and is reproduced on OCA Exhibit RCS-2. This Market Approach
19 conclusion is calculated as the sum of the purchase prices for the listed acquisitions,
20 divided by the Reproduction Cost New Less Depreciation (RCNLD) amounts from
21 the same acquisitions. The result, 0.9621, is multiplied by Kane Borough's RCNLD
22 of \$29,015,055 to derive the Market Approach value of \$27,915,385.

23

1 **Q. Do you have any comments on the proxy group used by Mr. Weinert?**

2 A. Yes. Mr. Weinert's proxy group consists of only seven of the ten Pennsylvania
3 acquisitions filed under Section 1329. Mr. Weinert's proxy group does not include
4 three of the other Pennsylvania Section 1329 acquisitions or out-of-state
5 acquisitions.

6

7 **Q. Has the Commission provided guidance on the selection of the proxy group?**

8 A Yes. The Commission's Final Supplemental Implementation Order, page 87, states
9 that "The proxy group used for calculating market value should not be limited to
10 only companies which engage in Pennsylvania fair market value acquisitions." Mr.
11 Weinert's use of only seven Section 1329 Pennsylvania fair market value
12 acquisitions appears to vary from this Commission Order.

13 Additionally, even among the Pennsylvania fair market value acquisitions,
14 Mr. Weinert used only seven of the Pennsylvania Section 1329 acquisitions to date,
15 excluding three other recent acquisitions, as I discuss below.

16

17 **Q. Please discuss the comparable acquisitions excluded from Mr. Weinert's**
18 **analysis.**

19 A. As noted above, Mr. Weinert included data for the acquisition of East Bradford
20 Township's wastewater assets by Aqua and the SUEZ acquisitions of Mahoning
21 Water and Wastewater, but did not use those in his calculation because he considers
22 those to be "outliers."

23

1 **Q. Should those be included in the Market Approach calculations?**

2 A. Yes.

3

4 **Q. In Mr. Weinert's market analysis, did he use the fair market value ratemaking**
5 **rate base amounts approved by the Commission?**

6 A. No. For a number of the transactions, Mr. Weinert instead used the purchase prices,
7 which are higher than the ratemaking rate base amounts approved by the
8 Commission, as shown on OCA Exhibit RCS-2.

9

10 **Q. Please discuss Mr. Weinert's use of a method of calculating his result by**
11 **dividing the sum of purchase prices by the sum of the RCNLD amounts from**
12 **the same acquisitions.**

13 A. The weighted average, as used by Mr. Weinert, overstates the impact of a single
14 large acquisition in the average result. As discussed above with regard to the Cost
15 Approach analysis, using a weighted average of the comparable sales rather than a
16 simple average of the results of each sale causes larger acquisitions to have a greater
17 impact on the conclusion than smaller acquisitions. This is improper because each
18 sale represents a Section 1329 fair market value transaction, and therefore the results
19 of each should be considered. A simple average is needed so that the result is not
20 distorted by a large acquisition.

21

22 **Q. After incorporating the modifications outlined above, what is your**
23 **recommendation regarding the AUS Market Approach result?**

1 A. Using AUS Consultants' methodology, the weighted average ratio of purchase prices
2 to RCNLD amounts is multiplied by the acquired system's RCNLD. As shown on
3 OCA Exhibit RCS-2, the modified AUS Market Approach result is \$23,252,665,
4 which is \$4,662,719 lower than the amount proposed by Mr. Weinert. This
5 adjustment reflects my recommendation that the East Bradford and Mahoning water
6 and sewer acquisitions be included, as well as a simple average rather than a
7 weighted average be used. My calculations are shown in OCA Exhibit RCS-2.

8 **Review and Adjustments to Income Approach**

9 **Q. What is the Income Approach?**

10 A. The income approach involves capitalizing and discounting a future income stream
11 to a present value. The theory behind the income approach is that the value of the
12 business is the future economic benefit that ownership will provided.

13

14 **Q. In applying the Income Approach is it necessary to recognize how the income of**
15 **a cost-based rate-regulated public utility is determined, and how that is**
16 **different from companies operating in competitive markets?**

17 A. Yes. Unlike unregulated businesses, public utilities' revenues, income streams, and
18 cash flows are a direct function of the capital investments required to operate the
19 utility. This is commonly referred to as the rate base/rate of return method of
20 ratemaking. A utility's allowable revenue requirement is equal to its cash operating
21 expenses plus depreciation plus a return on its net investment (rate base) plus income
22 taxes on the return. Therefore, the resulting annual net cash flow is equal to
23 depreciation plus the after-tax return on the net investment. As such, the higher the

1 assumed level of investment, the higher the periodic cash flows and the higher the
2 ultimate valuation.

3 **Q. Please discuss the concept of terminal value when applying the Income**
4 **Approach to a rate-regulated public utility.**

5 A. The income approach models utilized by both the buyer and seller employ a
6 discounted cash flow model wherein annual cash flows are projected based upon
7 forecasted levels of revenues, cash O&M expenses, income taxes, capital
8 expenditures and changes in working capital. These annual cash flows are modeled
9 for a set number of years into the future and then a terminal value is added to the
10 previous discounted annual cash flows as a measure of the expected cash flows in
11 perpetuity. The fundamental flaw in both of these analysts' models is their
12 calculation of the terminal values for Kane's wastewater operations.

13 In calculating the terminal value, both of these analysts utilized what is
14 known as a "capitalization rate" to project future cash flows in perpetuity. In simple
15 terms, each of these analysts calculated a terminal value (in nominal terms) by
16 applying the projected cash flow in the last year of the model to a capitalization rate.
17 Specifically, the last model year's annual cash flow is multiplied by 1 divided by the
18 calculated capitalization rate. Mathematically, this approach escalates annual cash
19 flows at a constant annual growth rate (percent) in perpetuity. It essentially assumes
20 that net cash flows would grow at a constant annual growth rate to infinity. A
21 capitalization rate is defined as a firm's total cost of capital (k) minus its expected
22 future annual constant rate of growth (g).

23

1 **Q. Why is it inappropriate to apply a capitalization rate concept to estimate the**
2 **terminal value of a regulated public utility?**

3 A. While the use of capitalization rates may be appropriate for an unregulated/non-
4 utility business enterprise, this approach is not realistic or appropriate for
5 determining the terminal value of public utilities. The theory underlying the use of
6 capitalization rates is that a firm's net cash flow will grow at a constant rate in
7 perpetuity without significant reinvestment greater than historical depreciation.
8 However, such is not the case for regulated utilities. A regulated utility's net cash
9 flow is a direct function of its plant in service. A utility's net cash flow can, and
10 will, only grow with increases to its plant investment and rate base. In recent years,
11 the Kane wastewater net plant has been declining; however, over a sufficiently long
12 period of time, it is expected that the Kane wastewater utility plant investment will
13 grow as aging plant is replaced. For a rate regulated utility, it is important to
14 understand that for discounted cash flow valuation purposes, capital expenditures
15 (that give rise to plant additions) are treated as a negative cash outflow during the
16 year in which the expenditure is made. The utility recoups these additional
17 investments over time through future depreciation rates. Spending on plant additions
18 is a use of cash and depreciation expense is a source of cash.

19 **Q. How does the failure to consider the source and use of cash in the valuation**
20 **estimates that have been submitted on behalf of the buyer and seller result in a**
21 **significant overstatement of the "terminal" value component?**

22 A. The fatal flaw in both the buyer and seller analysts' estimation of a "terminal" value
23 is that the capital expenditures in the last year of the model are much less than the

1 depreciation expense on existing plant during that year. Therefore, under these
2 analysts' assumptions and modeling techniques, the Kane wastewater utility is
3 depreciating and using up its existing plant faster, and to a higher degree, than it is
4 making investments to replace that plant. Clearly, this practice cannot be sustained.

5
6 **Q. What amounts for cash flow from operations and depreciation for the "year 20
7 and beyond" period did Mr. Weinert use?**

8 A. Mr. Weinert's "year 20 and beyond" calculations reflect an amount for "Cash Flow
9 from Operations" of \$2,436,979 annually in perpetuity but "Capital Expenditures"
10 of only \$153,347 annually (AUS Appraisal, page 8), a situation which would not be
11 sustainable. After subtracting estimated annual income taxes for year 20 and beyond
12 in the amount of \$475,124 from that pre-tax cash flow amount of \$2,436,979, he
13 determined an annual net cash flow amount in perpetuity (for year 20 and beyond) of
14 \$1,808,508, which he then multiplied by the factor of 3.582 to derive his "terminal"
15 value amount of \$6,478,076 (AUS Appraisal, page 8). This analysis of the
16 "terminal" value, however, is fatally flawed for a cost-based rate-regulated public
17 utility because an annual "Capital Expenditures" amount of only \$153,347 could not
18 sustain an annual pre-tax cash flow level of \$2,436,979 in perpetuity.

19
20 **Q. Please explain how you have adjusted for the terminal value in the Income
21 Approach using the AUS calculation.**

22 A. As reproduced on OCA Exhibit RCS-3, Mr. Weinert's Income Approach valuation
23 of \$17,980,846 included a terminal valuation amount of \$6,478,076 for year 20 and

1 beyond which was added to his discounted cash flow (DCF) analysis amount of
 2 \$11,502,770 for years 1 through 19. I have adjusted that "terminal" valuation
 3 amount downward by \$4.602 million as shown on OCA Exhibit RCS-3. The
 4 different approach to calculating the "terminal" value is what results in the \$4.602
 5 million adjustment.

6 **VI. REVIEW OF (KANE) SELLER'S VALUATION (GANNETT**
 7 **FLEMING)**

8 **Q. What valuation has been submitted on behalf of the seller, Borough of Kane**
 9 **Authority?**

10 A. The seller, Kane, has presented testimony and a valuation study sponsored by Harold
 11 Walker, Manager-Financial Studies at Gannett Fleming that claims a fair market
 12 value of \$22.885 million based on the following:

Approach	Indicated Value	Weight	Weighted Value
Cost Approach	\$33,693,500	33.00%	\$11,118,855
Market Approach	19,926,962	34.00%	6,775,167
Income Approach	15,125,204	33.00%	4,991,317
		100%	\$22,885,339
Conclusion			\$22,885,000

14
 15

16 **Review and Adjustments to Cost Approach**

17 **Q. How did Mr. Walker determine his Cost Approach amount?**

18 A. As described in his report on page 26, Mr. Walker calculated a replacement cost of
 19 the Kane wastewater assets of \$57,678,743 using various escalation factors, and
 20 calculated accrued depreciation on the replacement cost through June 30, 2019 of
 21 \$23,985,243, for a net replacement cost of \$33,693,500.

1

2 **Q. Are you recommending any adjustments to the Kane (Gannett Fleming) Cost**
3 **Approach amount?**

4 A. Yes. As shown on Exhibit RCS-6, I recommend an adjustment to the Gannett
5 Fleming Cost Approach, based on the estimated accumulated depreciation associated
6 with using a 50-year useful life-based depreciation rate to the Gannett Fleming
7 calculated replacement cost for account 361, Collection Sewers - Gravity. Based on
8 the use of a 50-year life versus the 65 and 60 year lives used in the Gannett Fleming
9 study, the accumulated depreciation reserve for Gravity Collection Sewers in
10 account 361 is 60% rather than 48%. This adjustment reduces the Gannett Fleming
11 Cost Approach amount by \$2,525,978 as shown on Exhibit RCS-6.

12 **Review and Adjustments to Market Approach**

13 **Q. What valuation did Mr. Walker calculate for his Market Approach?**

14 A. As summarized in his report at page 42, Mr. Walker calculated a value of the Kane
15 wastewater utility assets of \$19,926,962.

16

17 **Q. How did Mr. Walker derive that amount?**

18 A. He used a combination of the results presented on his Exhibits 15 (Market Multiple
19 Method) and 16 (Selected Transactions Method). To derive his calculated a value of
20 the Kane wastewater utility assets of \$19,926,962, Mr. Walker averaged his
21 conclusion amount of \$17,333,513 for the Market Multiple Method that is shown on
22 his Exhibit 13, page 1 of 3, with a median value amount of \$22,520,411 for his

1 Selected Transactions Method, which is not shown on but can be calculated from
2 information presented on his original Exhibit 16.

3 Referring to his Exhibit 15, page 1 of 3, he calculated a median value of
4 \$17,333,513 by averaging his Market Multiple Method Valuation results of
5 \$21,889,140 for capital items and \$12,777,886 for demographic items.

6 Referring to his original Exhibit 16, page 1 of 4, Mr. Walker averaged the
7 \$31,568,322 indicated value shown on line 7 for all of his selected comparable
8 transaction companies and the \$23,472,500 shown on line 14 for his selected
9 transactions involving "integrated" companies, for a median value amount of
10 \$22,520,411.

11 He distinguished transactions involving water and wastewater utilities with
12 "integrated" systems, i.e., having both treatment plants and collection/distribution
13 and those not having treatment plants ("collection/ distribution" or "C/D"). Because
14 the Kane wastewater system includes a treatment plant and a collection system, Mr.
15 Walker weighted his calculation to emphasize his comparable results for "integrated"
16 systems. By averaging his results for all of his selected comparable transactions and
17 the results of his comparable transactions involving "integrated" systems, he
18 effectively counts the "integrated" systems results twice and the results of the "C/D"
19 systems once, in his derivation of the median result of \$22,520,411. The
20 \$22,520,411 median result that Mr. Walker used is not shown on his original Exhibit
21 16, page 1 of 4, but was explained to OCA by Mr. Walker during an informal
22 informational call on March 17, 2020.

23

1 **Q. What transactions were used by Mr. Walker for his Market Approach?**

2 A. Page 22 of Mr. Walker's testimony indicates that he reviewed the following
3 transactions for his Market Approach:

- 4 • Sale of the Municipal Authority of the City of McKeesport wastewater
5 system to Pennsylvania-American Water Company in 2017.
- 6 • Sale of New Garden Township Sewer Authority to Aqua Pennsylvania in
7 2017.
- 8 • Sale of Limerick Township Wastewater to Aqua Pennsylvania in 2017.
- 9 • Sale of Steelton Borough Authority Water system to Pennsylvania-American
10 Water Company in 2019.
- 11 • Sale of Exeter Township Wastewater system to Pennsylvania-American
12 Water Company in 2019.
- 13 • Sale of Sadsbury Township Wastewater system to Pennsylvania-American
14 Water Company in 2018.
- 15 • Sale of East Bradford Township Wastewater to Aqua Pennsylvania in 2018.
- 16 • Sale of Mahoning Township Water system to Suez Water Pennsylvania Inc.
17 in 2018.
- 18 • Sale of Mahoning Township Wastewater system to Suez Water Pennsylvania
19 Inc. in 2018.
- 20 • Sale of Cheltenham Township Wastewater to Aqua Pennsylvania in 2019.
21

22 Furthermore, as indicated on page 23 of his direct testimony, Mr. Walker reviewed
23 the purchase of Connecticut Water Service Inc. by SJW group.

24
25 **Q. Are you recommending any adjustments to Mr. Walker's Market Approach?**

26 A. Not at this time.

27

28 **Review and Adjustments to Income Approach**

29 **Q. What value has Mr. Walker used for his Income Approach?**

30 A. As summarized on his Exhibit 17, he used a value of \$15,125,204 for his income
31 approach.

32

1 **Q. How did Mr. Walker derive that amount?**

2 A. He averaged median indicated value amount results that are shown on his Exhibit 13,
3 page 1 of 3 (DCF with Capitalization of Terminal Value Model with Muni
4 Ownership) and median indicated value amounts that are shown on his Exhibit 14,
5 page 4 of 5 (DCF with Capitalization of Terminal Value Model with investor owned
6 utility ownership).

7
8 **Q. Which amounts from his Exhibit 13, page 4 of 5, did Mr. Walker use?**

9 A. He averaged the \$19,650,962 and \$15,145,514 indicated value amounts shown on
10 Exhibit 13, page 4 of 5 for the DCF with Capitalization of Terminal Value Model at
11 3.32% and the DCF with EBIT and EBITDA Terminal Value Model - Discount Rate
12 of 3.32%, respectively. The average of those two amounts is \$17,398,238 as
13 summarized below:

<u>Income Approach DCF with Capitalization of Terminal Value</u>	<u>Indicated Value</u>
DCF with capitalization of terminal value - Muni ownership	\$ 19,650,962
DCF with EBIT and EBITA terminal value - Muni ownership	\$ 15,145,514
Median Indicated Value - Muni Ownership	\$ 17,398,238

14 Source: Walker Exhibit 13, page 4 of 5

15

16 **Q. What amounts on Exhibit 14 did Mr. Walker use?**

17 A. He averaged the four amounts from his Exhibit 14, page 4, as summarized below
18 (and shown on Exhibit RCS-4, page 1), to derive a median indicated value of
19 \$12,852,169 for his DCF approach with investor owned utility ownership:

<u>IOU Ownership</u>	
DCF With Capitalization of Terminal Value Model @ 6.11%	\$ 12,123,193
DCF With Capitalization of Terminal Value Model @ 7.40%	\$ 9,914,907
DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 6.41%	\$ 15,326,911
DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 7.70%	\$ 13,581,144
Median	\$ 12,852,169

2 **Q. Have you adjusted those results?**

3 A. Yes. As discussed above with regard to Mr. Weinert's Income Approach, the
4 approach to quantifying the terminal value should recognize that the wastewater
5 assets are for a regulated utility, not an unregulated business. As shown on Exhibit
6 RCS-4, pages 2 and 3, I have recalculated the valuation of the terminal value using
7 the amount of Net Plant less Accumulated Deferred Income Taxes (ADIT)
8 remaining at the end of Year 13. Exhibit RCS-4, page 2, shows the calculations
9 under municipal ownership, with an indicated value result of \$15,158,678. Page 3
10 shows the calculations under IOU ownership with an indicated value result of
11 \$10,528,629. The two indicated value results are averaged, as shown on Exhibit
12 RCS-4, page 1, for an adjusted Income Approach value of \$12,843,653. The
13 difference in the indicated value of \$2,281,550 results from the different approach to
14 calculating the "terminal" value for a regulated public utility, which is different than
15 the "terminal" value calculation for a non-regulated business.

16 The adjusted Income Approach value of \$12,843,653 is \$2,281,550 lower
17 than Mr. Walker's proposed amount of \$15,125,204.

18

19 **VII. CONCLUSIONS AND RECOMMENDATIONS**

20 **Q. Please summarize your conclusions regarding the claimed benefits of the**
21 **acquisition.**

1 A. PAWC's claims that the acquisition will benefit existing customers are vague,
2 unsupported and unquantified. The costs of adding the \$17.56 million increase in
3 rate base due to the ownership change have been projected by PAWC to result in rate
4 increases of approximately 46.5% to the Kane wastewater customers using PAWC's
5 "Act 11 Allocation" assumption of 46 percent of the increase being allocated to
6 PAWC water customers, or an increase of 86.1% to the if Kane wastewater
7 customers if the impact of the change in ownership were fully borne by Kane
8 wastewater customers, as shown on Exhibit RCS-7. Additionally, capital additions
9 by PAWC in the amount of \$11,213,400 (PAWC Exh. MJG-1) for the Kane
10 Borough system could result in wastewater rates for the Kane wastewater continuing
11 to increase.

12
13 **Q. Please summarize your conclusions and recommendations.**

14 A. The transaction proposed by the Applicant would create significant additional costs
15 and presents significant risks to Pennsylvania ratepayers. I recommend that the
16 Commission should approve the proposed acquisition only if sufficient conditions
17 are met to clearly establish substantial affirmative benefits of the acquisition, to limit
18 ratepayer exposure to the risks of the acquisition, and to ensure that ratepayers
19 receive a fair allocation of the benefits of the acquisition. The Commission should
20 put in place sufficient conditions to bring substantial affirmative benefits to
21 customers and to the Commonwealth.

22 If the Commission approves the acquisition, the Commission should adopt
23 the OCA's proposed adjustments to the appraisals. If the Commission approves the

1 acquisition, the OCA recommends a ratemaking rate base of \$17.56 million based on
2 the lower amount of the purchase price versus the adjusted appraised value.

3 Additionally, the Commission should only approve the acquisition if the
4 following conditions are required:

- 5 1) The 46.5% average rate increase for Kane ratepayers that PAWC has
6 estimated could occur in the next PAWC wastewater rate case should
7 be mitigated to avoid rate shock associated with the change in
8 ownership.
- 9 2) At the time of filing its next base rate case, PAWC shall submit a cost
10 of service study that removes all costs and revenues associated with
11 the operations of the Kane wastewater system. PAWC shall also
12 provide a separate cost of service study for the Kane system at the
13 time of the filing of PAWC's next base rate case.
- 14 3) Any claims for AFUDC and deferred depreciation should be
15 addressed in PAWC's next base rate case rather than a "future" case
16 as proposed by PAWC.
- 17 4) When PAWC modifies its LTIP to include the Kane wastewater
18 utility, any Kane-related projects reflected in the revised LTIP
19 should be in addition to, and not reprioritize, any capital
20 improvements that PAWC was already committed to undertake for
21 existing customers.
- 22 5) Kane and PAWC shall report on the status of missing easements for
23 the Kane wastewater utility one year following the Closing Date.

24
25 **Q. Does this conclude your direct testimony?**

26 **A. Yes, it does.**

Appendix A

QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC)
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
T E-1032-88-102	Illinois Bell Telephone Company (Illinois CC)
89-0033	Puget Sound Power & Light Company (Washington UTC))
U-89-2688-T	Philadelphia Electric Company (Pennsylvania PUC)
R-891364	Potomac Electric Power Company (District of Columbia PSC)
F.C. 889	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
Case No. 88/546	
87-11628	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
& U-1551-89-103	
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and	Intrastate Access Charge Methodology, Pool and Rates
TC-91-040B	Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS &	General Development Utilities - Port Malabar and
911-67-WS	West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314	
& M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 &	
U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC)
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 &	Citizens Utilities Company - Gas Division
U-1032-93-193	(Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/	Sale of Assets CC&N from Contel of the West, Inc. to
E-1032-93-169	Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation E-1032-95-473 E-1032-95-433	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission) Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC) Citizens Utility Co. - Arizona Electric Division (Arizona CC) Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285 94-10-45 A.96-08-001 et al.	Missouri Gas Energy (Missouri PSC) Southern New England Telephone Company (Connecticut PUC) California Utilities' Applications to Identify Sunk Costs of Non- Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324 96-08-070, et al.	Bell Atlantic - Delaware, Inc. (Delaware PSC) Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12 R-00973953	Connecticut Light & Power (Connecticut PUC) Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705 E-1072-97-067 Non-Docketed Staff Investigation PU-314-97-12 97-0351 97-8001	Energy Gulf States, Inc. (Cities Steering Committee) Southwestern Telephone Co. (Arizona Corporation Commission) Delaware - Estimate Impact of Universal Services Issues (Delaware PSC) US West Communications, Inc. Cost Studies (North Dakota PSC) Consumer Illinois Water Company (Illinois CC) Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I 9355-U 97-12-020 - Phase I U-98-56, U-98-60, U-98-65, U-98-67 (U-99-66, U-99-65, U-99-56, U-99-52) Phase II of 97-SCCC-149-GIT PU-314-97-465 Non-docketed Assistance Contract Dispute	San Diego Gas & Electric Co., Section 386 costs (California PUC) Georgia Power Company Rate Case (Georgia PUC) Pacific Gas & Electric Company (California PUC) Investigation of 1998 Intrastate Access charge filings (Alaska PUC) Investigation of 1999 Intrastate Access Charge filing (Alaska PUC) Southwestern Bell Telephone Company Cost Studies (Kansas CC) US West Universal Service Cost Model (North Dakota PSC) Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC) City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL) Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation " Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation " \ 2 } (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No. 98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company - FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No. 99-01-016, Phase I	Post-Transition Ratemaking Mechanisms for the Electric Industry Restructuring (US Department of Navy)
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020	Pacific Gas & Electric Company Rate Case (California PUC)
Phase II	United Illuminating Company (Connecticut OCC)
01-10-10	Georgia Power FCR (Georgia PSC)
13711-U	Verizon Delaware § 271(Delaware DPA)
02-001	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-BLVT-377-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No.	
E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No.	
05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No.	
03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363,	
Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM,	
Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT-1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT-607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT-060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA,	
06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No.UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208,	
R-2010-2166210,	
R-2010-2166212, &	
R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 1 (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
E-04230A-14-0011 & E-01933A-14-0011	Reorganization of UNS Energy Corporation with Fortis, Inc. (Arizona CC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)

2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)
PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26^^	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015-0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 16-00001	Kingsport Power Company d/b/a AEP Appalachian Power (Tennessee Regulatory Authority)
PUE-2015-00097	Virginia-American Water Company (Commonwealth of Virginia SCC)
15-1854-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
P-15-014	PTE Pipeline LLC (Regulatory Commission of Alaska)
P-15-020	Swanson River Oil Pipeline, LLC (Regulatory Commission of Alaska)
Docket No. 40161	Georgia Power Company – Integrated Resource Plan (Georgia PSC)
Formal Case No. 1137	Washington Gas Light Company (District of Columbia PSC)
160021-EI, et al.	Florida Power Company (Florida PSC)
R-2016-2537349	Metropolitan Edison Company (Pennsylvania PUC)
R-2016-2537352	Pennsylvania Electric Company (Pennsylvania PUC)
R-2016-2537355	Pennsylvania Power Company (Pennsylvania PUC)
R-2016-2537359	West Penn Power Company (Pennsylvania PUC)
16-0717-G-390P	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
15-1256-G-390P	
(Reopening)/16-0922-G-390P	Mountaineer Gas Company (West Virginia PSC)
16-0550-W-P	West Virginia-American Water Company (West Virginia PSC)
CEPR-AP-2015-0001	Puerto Rico Electric Power Authority (Puerto Rico Energy Commission)
E-01345A-16-0036	Arizona Public Service Company (Arizona CC)
Docket No. 4618	Providence Water Supply Board (Rhode Island PUC)
Docket No. 46238	Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy Inc. (Texas State Office of Administrative Hearings; Texas PUC)
U-16-066	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Case No. 2016-00370	Kentucky Utilities Company (Kentucky PSC)
Case No. 2016-00371	Louisville Gas and Electric Company (Kentucky PSC)
P-2015-2508942	Metropolitan Edison Company (Pennsylvania PUC)
P-2015-2508936	Pennsylvania Electric Company (Pennsylvania PUC)
P-2015-2508931	Pennsylvania Power Company (Pennsylvania PUC)
P-2015-2508948	West Penn Power Company (Pennsylvania PUC)
E-04204A-15-0142*	UNS Electric, Inc. (Arizona CC)
E-01933A-15-0322*	Tucson Electric Power Company (Arizona CC)
UE-170033 & UG-170034*	Puget Sound Energy, Inc. (Washington UTC)
Case No. U-18239	Consumers Energy Company (Michigan PSC)
Case No. U-18248	DTE Electric Company (Michigan PSC)

Case No. 9449	Merger of AltaGas Ltd. and WGL Holdings (Maryland PSC)
Formal Case No. 1142	Merger of AltaGas Ltd. and WGL Holdings (District of Columbia PSC)
Case No. 2017-00179	Kentucky Power Company (Kentucky PSC)
Docket No. 29849	Georgia Power Plant Vogtle Units 3 and 4, VCM 17 (Georgia PSC)
Docket No. 2017-AD-112	Mississippi Power Company (Mississippi PSC)
Docket No. D2017.9.79	Montana-Dakota Utilities Co. (Montana PSC)
SW-01428A-17-0058 et al	Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Arizona CC)
U-18-021 & U-18-033	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 4800	Suez Water Rhode Island Inc. (Rhode Island PUC)
General Order No. 236.1	In the Matter of the Effects on Utilities of the 2017 Tax Cuts and Jobs Act (West Virginia PSC)
20180047-EI	Duke Energy Florida, LLC. (Florida PSC)
20180046-EI	Florida Power & Light Company (Florida PSC)
20180048-EI	Florida Public Utilities Company – Electric (Florida PSC)
20180052-GU	Florida Public Utilities Company – Indiantown (Florida PSC)
20180054-GU	Florida Division of Chesapeake Utilities Corporation (Florida PSC)
20180051-GU	Florida Public Utilities Company – Gas Division (Florida PSC)
20180053-GU	Florida Public Utilities Company - Fort Meade (Florida PSC)
Cause No. 45032 S4	Indiana American Water Company, Inc. Phase 2 (Indiana Utility Regulatory Commission)
Docket No. D2018.1.6	Montana-Dakota Utilities Co. (Montana PSC)
Docket No. D2018.4.24	NorthWestern Energy (Montana PSC)
Docket No. D2018.4.22	Montana-Dakota Utilities Co. (Montana PSC)
18-0573-W-42T & 18-0576-S-42T	West Virginia-American Water Company (West Virginia PSC)
18-0646-E-42T & 18-0645 E-D	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
18-0049-GA-ALT, 18-0298-GA-AIR, & 18-0299-GA-ALT	Vectren Energy Delivery of Ohio, Inc. (Ohio PUC)
R-2018-3003558, R-2018-3003561	Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (Pennsylvania PUC)
Cause No. 45142	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
U-18-043	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
T-03214-17-0305	Citizens Telecommunications Company of The White Mountains, Inc. d/b/a Frontier Communications of The White Mountains (Arizona CC)
Docket No. D2018.9.60	Montana-Dakota Utilities Co. (Montana PSC)
PUR-2018-00131	Columbia Gas of Virginia (Virginia SCC)

* Testimony filed, examination not completed

** Issues stipulated

*** Company withdrew case

^ Testimony filed, case withdrawn after proposed decision issued

^^ Issues stipulated before testimony was filed

Line No.	Valuation Method	Appraisers' Results			Results with OCA Adjustments				Exhibit Reference
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	
		AUS Consultants Individual Results			OCA Adjustment	AUS Consultants Individual Results			
			Weight	Weighted Result			Weight	Weighted Result	
1	Cost Approach	\$ 29,015,055	50.0000%	\$ 14,507,528	(2,560,177)	\$ 26,454,878	50.0000%	\$ 13,227,439	RCS-5
2	Income Approach	\$ 17,980,846	40.0000%	\$ 7,192,338	(4,601,872)	\$ 13,378,974	40.0000%	\$ 5,351,590	RCS-3
3	Market Approach	\$ 27,915,385	10.0000%	\$ 2,791,539	(4,662,719)	\$ 23,252,666	10.0000%	\$ 2,325,267	RCS-2
4	Total			\$ 24,491,404				\$ 20,904,295	
5	Conclusion			\$ 24,491,000				\$ 20,904,000	
		Gannett Fleming Individual Results			OCA Adjustment	Gannett Fleming Individual Results			
			Weight	Weighted Result			Weight	Weighted Result	
6	Cost Approach	\$ 33,693,500	33.0000%	\$ 11,118,855	(2,525,978)	\$ 31,167,522	33.0000%	\$ 10,285,282	RCS-6
7	Income Approach	\$ 15,125,204	33.0000%	\$ 4,991,317	(2,281,550)	\$ 12,843,654	33.0000%	\$ 4,238,406	RCS-4
8	Market Approach	\$ 19,926,962	34.0000%	\$ 6,775,167		\$ 19,926,962	34.0000%	\$ 6,775,167	
9	Total			\$ 22,885,339				\$ 21,298,855	
10	Conclusion			\$ 22,885,000				\$ 21,299,000	
		<u>Summary of Results</u>							
				Appraiser Results				OCA Adjusted Results	
11	AUS Consultants			\$ 24,491,000				\$ 20,904,000	
12	Gannett Fleming			\$ 22,885,000				\$ 21,299,000	
13	Average			\$ 23,688,000				\$ 21,101,500	
14	Purchase Price			\$ 17,560,000				\$ 17,560,000	
15	Lesser of Purchase Price and Fair Market Value			\$ 17,560,000				\$ 17,560,000	

Notes and Source

Lines 1-5, cols. A through C: Appendix A-4.2 AUS Consultants Fair Market Value Appraisal Summary at September 30, 2019, Borough of Kane Authority Wastewater Collection and Treatment System
Lines 6-10, cols. A through C: Gannett Fleming Fair Market Value Appraisal at June 30, 2019, Exhibit 17

Line No.	Acquisitions	AUS Results			OCA Adjustment of Purchase Prices to Fair Market Values			Difference (G) = (F) - (C)
		Purchase Price (A)	RCNLD (B)	Ratio (C)	Fair Market Value (D)	RCNLD (E)	Ratio (F) = (D) / (E)	
1	Aqua/New Garden	\$ 29,500,000	\$ 30,615,410		\$ 29,500,000	\$ 30,615,410	0.9636	
2	PAWC/McKeesport	\$ 159,000,000	\$ 160,301,491		\$ 158,000,000	\$ 160,301,491	0.9856	
3	Aqua/Limerick	\$ 75,100,000	\$ 86,086,756		\$ 64,373,378	\$ 86,086,756	0.7478	
4	SUEZ/Mahoning Water	excluded	excluded		\$ 4,734,800	\$ 8,899,336	0.5320	
5	SUEZ/Mahoning Wastewater	excluded	excluded		\$ 4,765,200	\$ 7,991,234	0.5963	
6	Aqua/East Bradford	excluded	excluded		\$ 5,000,000	\$ 9,236,581	0.5413	
7	PAWC/Sadsbury	\$ 9,250,000	\$ 8,517,587		\$ 8,300,000	\$ 8,517,587	0.9745	
8	PAWC/Exeter	\$ 96,000,000	\$ 99,589,819		\$ 92,000,000	\$ 99,589,819	0.9238	
9	PAWC/Steelton	\$ 22,500,000	\$ 23,921,473		\$ 20,500,000	\$ 23,921,473	0.8570	
10	Aqua/Cheltenham	\$ 50,250,000	\$ 49,940,486		\$ 44,558,258	\$ 49,940,486	0.8922	
11	Total	\$ 441,600,000	\$ 458,973,022		\$ 431,731,636	\$ 485,100,173		

	AUS Market Approach Results		OCA Adjusted Market Approach Results	
12	Ratio (Total P.P. / Total RCNLD)	0.9621	Ratio (average of Col. F, lines 1-10)	0.8014
13	Kane RCNLD (per AUS)	\$ 29,015,055	Kane RCNLD (per AUS)	\$ 29,015,055
14	Market Approach Result	\$ 27,915,385	Market Approach Result	\$ 23,252,665
				\$ (4,662,719)

Notes and Source:

- Cols. A-C, E: AUS Appendix A-4.2
 Col. D, Line 1: Commission Order from Aqua/New Garden 1329 Case (Docket No. A-2016-2580061)
 Col. D, Line 2: Commission Order from PAWC/McKeesport 1329 Case (Docket No. A-2017-2606103)
 Col. D, Line 3: Commission Order from Aqua/Limerick 1329 Case (Docket No. A-2017-2605434)
 Col. D, Lines 4 and 5: Commission Order from SUEZ/Mahoning 1329 Case (Docket Nos. A-2018-3003517 and A-2018-3003519)
 Col. D, Line 6: Commission Order from Aqua/East Bradford 1329 Case (Docket No. A-2018-3001582)
 Col. D, Line 7: Commission Order from PAWC/Sadsbury 1329 Case (Docket No. A-2018-3002437)
 Col. D, Line 8: Commission Order from PAWC/Exeter 1329 Case (Docket No. A-2018-3004933)
 Col. D, Line 9: Commission Order from PAWC/Steelton 1329 Case (Docket No. A-2019-3006880)
 Col. D, Line 10: Commission Order from Aqua/Cheltenham 1329 Case (Docket No. A-2019-3008491)

Pennsylvania-American Water Company
 Acquisition of Borough of Kane Authority Wastewater Assets
 OCA Adjustments to AUS Income Approach

Discount Rate: 7.92%
 Capitalization Rate: 6.31%

Line No.	Period (A)	Age (B)	Revenues (C)	O&M Expenses (D)	Tax Depreciation (E)	Cash Flow from Operations (F) = (C) - (D)	Taxable Income	State and Federal	Capital Expenditures (I)	Change in Working Capital (J)	Net Cash Flows (K) = (C) - (D) - (H) - (I) - (J)	Period Present Worth	PW of Cashflow (M) = (K) x (L)	Accumulated PW of Cashflows (N) = Sum (M)	
							before State & Federal Taxes (G) = (F) - (E)	Taxes @ 28.89% (H) = (G) x 28.89%				Factor (PW) (L) = 1 / (1 + 7.92%) ^ (B)			
1	1	0.5	1,448,318	767,855	705,514	680,463	(25,051)	(7,237)	134,475	71	553,154	0.963	532,687	532,687	
2	2	1.5	1,824,881	786,682	709,470	1,038,199	328,729	94,970	135,398	1,884	805,947	0.892	718,905	1,251,592	
3	3	2.5	1,843,130	805,989	713,494	1,037,141	323,647	93,502	136,329	91	807,219	0.827	667,570	1,919,162	
4	4	3.5	1,861,561	825,790	717,586	1,035,771	318,185	91,924	137,267	92	806,488	0.766	617,770	2,536,932	
5	5	4.5	2,252,489	846,099	721,747	1,406,390	684,643	197,793	138,214	1,955	1,068,428	0.710	758,584	3,295,516	
6	6	5.5	2,275,014	866,928	725,980	1,408,086	682,106	197,060	139,171	112	1,071,743	0.658	705,207	4,000,723	
7	7	6.5	2,297,764	888,291	730,199	1,409,473	679,274	196,242	139,790	114	1,073,327	0.609	653,656	4,654,379	
8	8	7.5	2,320,742	910,203	734,624	1,410,539	675,915	195,272	140,780	115	1,074,372	0.565	607,020	5,261,399	
9	9	8.5	2,692,061	932,678	739,125	1,759,383	1,020,258	294,753	141,778	1,856	1,320,996	0.523	690,881	5,952,280	
10	10	9.5	2,718,982	955,732	743,701	1,763,250	1,019,549	294,548	142,784	135	1,325,783	0.485	643,005	6,595,285	
11	11	10.5	2,746,172	979,378	748,355	1,766,794	1,018,439	294,227	143,800	135	1,328,632	0.449	596,556	7,191,841	
12	12	11.5	3,048,251	1,003,636	753,087	2,044,615	1,291,528	373,123	144,824	1,511	1,523,157	0.416	634,465	7,826,306	
13	13	12.5	3,078,734	1,028,518	756,642	2,050,216	1,293,574	373,713	145,858	153	1,530,492	0.386	590,770	8,417,076	
14	14	13.5	3,109,521	1,054,043	761,517	2,055,478	1,293,961	373,825	146,899	153	1,534,601	0.357	547,853	8,964,929	
15	15	14.5	3,451,568	1,080,227	766,472	2,371,341	1,604,869	463,647	147,952	1,710	1,758,032	0.331	581,909	9,546,838	
16	16	15.5	3,451,568	1,107,089	771,392	2,344,479	1,573,087	454,465	149,011	-	1,741,003	0.307	534,488	10,081,326	
17	17	16.5	3,451,568	1,134,646	776,512	2,316,922	1,540,410	445,024	150,082	-	1,721,816	0.284	488,996	10,570,322	
18	18	17.5	3,658,662	1,162,919	781,717	2,495,743	1,714,026	495,182	151,161	1,036	1,848,364	0.263	486,120	11,056,442	
19	19	18.5	3,658,662	1,191,925	787,006	2,466,737	1,679,731	485,274	152,249	-	1,829,214	0.244	446,328	11,502,770	
20	Terminal Value of Net Investment (Net Plant less ADIT)											£ 301,787	0.226	1,876,204	
21	Total Valuation														13,378,974
22	Total Valuation per AUS														17,980,846
23	Difference														(4,601,872)

Notes and Source:

Lines 1-19: Appendix A-4 2 - AUS Excel Files, "Deferred Tax" tab

Col. K, Line 20: Per Appendix A-4 2 - AUS Excel Files, "Deferred Tax" tab:	
Net Plant in 20th Year (Per AUS)	9,442,814
ADIT in 20th Year (Per AUS)	(1,141,027)
Nominal Value of Kane's Net Investment	<u>8,301,787</u>

Col. L, Line 20: $1/(1+7.92\%)^{19.5}$
 Line 21: Col. N, Line 19 + Col. M, Line 20

<u>Line No.</u>	<u>Description</u>	<u>Indicated Value</u>
<u>Part I: Gannett Flemming Income Approach</u>		
<u>Municipal Ownership</u>		
1	DCF With Capitalization of Terminal Value Model @ 3.32%	\$ 19,650,962
2	DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 3.32%	\$ 15,145,514
3	Median	<u>\$ 17,398,238</u>
<u>IOU Ownership</u>		
4	DCF With Capitalization of Terminal Value Model @ 6.11%	\$ 12,123,193
5	DCF With Capitalization of Terminal Value Model @ 7.40%	\$ 9,914,907
6	DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 6.41%	\$ 15,326,911
7	DCF With EBIT & EBITDA Terminal Value Model - Discount Rate of 7.70%	\$ 13,581,144
8	Median	<u>\$ 12,852,169</u>
9	Total Income Approach Valuation (Median of Lines 3 and 8)	<u>\$ 15,125,204</u>
<u>Part II: OCA Adjusted Income Approach</u>		
10	Recalculated Municipal Ownership (Page 2)	\$ 15,158,678
11	Recalculated IOU Ownership (Page 3)	\$ 10,528,629
12	OCA Adjusted Income Approach Valuation (Median of Lines 10 and 11)	<u>\$ 12,843,653</u>
<u>Part III: Difference</u>		
13	Difference (Line 12 - Line 9)	<u>\$ (2,281,550)</u>

Notes and Source:

Line 1-2: Gannett Fleming Exhibit 13
 Lines 4-7: Gannett Fleming Exhibit 14
 Line 9: Gannett Fleming Exhibit 17
 Line 10: Exhibit RCS-4, page 2
 Line 11: Exhibit RCS-4, page 3

Line No	Description	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
OPERATING REVENUES														
1	Charges for services	1,428,656	1,430,928	1,435,473	1,800,021	1,803,132	1,836,139	1,836,690	1,883,172	1,883,737	1,935,178	1,935,759	1,990,557	1,991,154
2	Other operating revenue	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598
3	Tap Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Other (Rate Increase)	0	0	358,868	0	32,456	0	45,917	0	50,861	0	54,201	0	59,735
5	Total Operating Revenues	1,436,254	1,438,526	1,801,939	1,807,619	1,843,186	1,843,737	1,890,205	1,890,770	1,942,196	1,942,776	1,997,558	1,998,155	2,058,487
OPERATING EXPENSES														
6	Operating & Maintenance Expenses	767,877	787,074	806,750	826,919	847,592	868,782	890,502	912,764	935,583	958,973	982,947	1,007,521	1,032,709
7	Remove Economies of Scale													
8	LESS: EOS - Wages & Benefits	(57,076)	(58,503)	(59,965)	(61,465)	(63,001)	(64,576)	(66,191)	(67,845)	(69,542)	(71,280)	(73,062)	(74,889)	(76,761)
9	LESS: EOS - Professional Services	(7,638)	(7,829)	(8,025)	(8,226)	(8,431)	(8,642)	(8,858)	(9,080)	(9,307)	(9,539)	(9,778)	(10,022)	(10,273)
10	LESS: EOS - Eliminated Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
11	ADD PURTA & Reg Assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Operating Expenses Before Depreciation	703,162	720,741	738,760	757,229	776,160	795,564	815,453	835,839	856,735	878,153	900,107	922,610	945,675
13	Depreciation	364,423	369,698	375,048	380,477	385,984	391,570	397,238	402,968	408,820	414,737	420,740	426,830	433,008
14	Total Operating Expenses	1,067,585	1,090,439	1,113,808	1,137,706	1,162,144	1,187,134	1,212,691	1,238,827	1,265,555	1,292,891	1,320,848	1,349,440	1,378,683
15	Operating Income	368,669	348,087	688,131	669,913	681,042	656,603	677,514	651,943	676,641	649,885	676,710	648,715	679,804
16	Revenues	1,436,254	1,438,526	1,801,939	1,807,619	1,843,186	1,843,737	1,890,205	1,890,770	1,942,196	1,942,776	1,997,558	1,998,155	2,058,487
17	EBITDA	733,092	717,785	1,063,179	1,050,390	1,067,026	1,048,173	1,074,752	1,054,931	1,085,461	1,064,623	1,097,451	1,075,545	1,112,812
18	EBIT	368,669	348,087	688,131	669,913	681,042	656,603	677,514	651,943	676,641	649,885	676,710	648,715	679,804
19	EBIT	368,669	348,087	688,131	669,913	681,042	656,603	677,514	651,943	676,641	649,885	676,710	648,715	679,804
20	(-) Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Debt Free Net Income	368,669	348,087	688,131	669,913	681,042	656,603	677,514	651,943	676,641	649,885	676,710	648,715	679,804
22	(+) Depreciation & Amortization	364,423	369,698	375,048	380,477	385,984	391,570	397,238	402,968	408,820	414,737	420,740	426,830	433,008
23	(-) Capital Expenditures	358,641	363,832	369,098	374,441	379,860	385,358	390,936	396,594	402,334	408,158	414,065	420,058	426,138
24	(-) Changes in Working Capital	1,005	1,007	1,261	1,263	1,290	1,291	1,323	1,324	1,360	1,360	1,398	1,399	1,441
25	Debt Free Net Cash Flow	\$373,445	\$352,946	\$692,920	\$674,684	\$685,876	\$661,525	\$682,493	\$657,013	\$681,767	\$655,105	\$681,987	\$654,088	\$685,233
26	Present Value Factor 3.32%	0.9838	0.9522	0.9216	0.8920	0.8633	0.8356	0.8087	0.7827	0.7576	0.7332	0.7097	0.6869	0.6648
27	Present Value Debt Free Net Cash Flow	\$367,395	\$336,075	\$638,303	\$601,818	\$592,117	\$552,770	\$551,932	\$514,244	\$516,307	\$480,323	\$484,006	\$449,293	\$455,543
28	Present Value Cash Flows first 13 Years													\$6,540,526
29	Present Value of Net Plant at 3.32%													\$8,618,152
30	Total Valuation													\$15,158,678

Notes and Source:

Lines 1-28 Gannett Fleming Exhibit 13

Line 29-

Net Plant in 13th Year per Gannett Fleming	\$12,963,526
Present Value Factor at 3.32%	0.6648
Present Value of Net Plant at 3.32%	<u>\$8,618,152</u>

Line 30, Line 28 + Line 29

Line No	Description	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
OPERATING REVENUES														
1	Charges for services	1,428,656	1,430,928	1,435,473	2,268,027	2,271,946	2,308,990	2,309,683	2,356,583	2,357,290	2,409,873	2,410,596	2,466,780	2,467,520
2	Other operating revenue	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598	7,598
3	Tap Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Other (Rate Increase)	0	0	825,397	0	36,351	0	46,194	0	51,860	0	55,444	0	64,156
5	Total Operating Revenues	1,436,254	1,438,526	2,268,468	2,275,625	2,315,895	2,316,588	2,363,475	2,364,181	2,416,748	2,417,471	2,473,638	2,474,378	2,539,274
OPERATING EXPENSES														
6	Operating & Maintenance Expenses	767,877	787,074	806,750	826,919	847,592	868,782	890,502	912,764	935,583	958,973	982,947	1,007,521	1,032,709
7	Remove Economies of Scale													
8	LESS EOS - Wages & Benefits	(57,076)	(58,503)	(59,965)	(61,465)	(63,001)	(64,576)	(66,191)	(67,845)	(69,542)	(71,280)	(73,062)	(74,889)	(76,761)
9	LESS EOS - Professional Services	(7,638)	(7,829)	(8,025)	(8,226)	(8,431)	(8,642)	(8,858)	(9,080)	(9,307)	(9,539)	(9,778)	(10,022)	(10,273)
10	LESS EOS - Eliminated Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
11	ADD: PURTA & Reg Assessment	26,840	26,845	26,850	31,564	31,595	31,816	31,811	32,069	32,064	32,353	32,348	32,658	32,653
12	Operating Expenses Before Depreciation	730,002	747,586	765,610	788,793	807,755	827,380	847,264	867,908	888,799	910,506	932,455	955,268	978,328
13	Depreciation	364,423	369,698	375,048	380,477	385,984	391,570	397,238	402,988	408,820	414,737	420,740	426,830	433,008
14	Total Operating Expenses	1,094,425	1,117,284	1,140,658	1,169,270	1,193,739	1,218,950	1,244,502	1,270,896	1,297,619	1,325,244	1,353,196	1,382,098	1,411,336
15	Operating Income	341,829	321,242	1,127,810	1,106,355	1,122,156	1,097,638	1,118,973	1,093,285	1,119,129	1,092,227	1,120,442	1,092,280	1,127,938
16	Revenues	1,436,254	1,438,526	2,268,468	2,275,625	2,315,895	2,316,588	2,363,475	2,364,181	2,416,748	2,417,471	2,473,638	2,474,378	2,539,274
17	EBITDA	706,252	690,940	1,502,858	1,486,832	1,508,140	1,489,208	1,516,211	1,496,273	1,527,949	1,506,965	1,541,183	1,519,110	1,560,946
18	EBIT	341,829	321,242	1,127,810	1,106,355	1,122,156	1,097,638	1,118,973	1,093,285	1,119,129	1,092,227	1,120,442	1,092,280	1,127,938
19	EBIT	341,829	321,242	1,127,810	1,106,355	1,122,156	1,097,638	1,118,973	1,093,285	1,119,129	1,092,227	1,120,442	1,092,280	1,127,938
20	(-) Income Taxes	98,754	92,807	325,824	319,626	324,191	317,108	323,271	315,850	323,316	315,544	323,696	315,560	325,861
21	Debt Free Net Income	243,075	228,435	801,986	786,729	797,965	780,530	795,702	777,435	795,813	776,683	796,746	776,720	802,077
22	(+) Depreciation & Amortization	364,423	369,698	375,048	380,477	385,984	391,570	397,238	402,988	408,820	414,737	420,740	426,830	433,008
23	(-) Capital Expenditures	358,641	363,832	369,098	374,441	379,860	385,358	390,936	396,594	402,334	408,158	414,065	420,058	426,138
24	(-) Changes in Working Capital	1,005	1,007	1,588	1,593	1,621	1,622	1,634	1,655	1,692	1,692	1,732	1,732	1,777
25	Debt Free Net Cash Flow	\$247,851	\$233,294	\$806,348	\$791,172	\$802,468	\$785,121	\$800,350	\$782,174	\$800,607	\$781,570	\$801,690	\$781,760	\$807,169
26	Present Value Factor: 7.92%	0.9626	0.8920	0.8265	0.7658	0.7096	0.6576	0.6093	0.5646	0.5232	0.4848	0.4492	0.4162	0.3857
27	Present Value Debt Free Net Cash Flow	\$238,582	\$208,098	\$666,447	\$605,880	\$569,431	\$516,295	\$487,653	\$441,615	\$418,878	\$378,905	\$360,119	\$325,368	\$311,325
28	Present Value Cash Flows first 13 Years													\$5,528,597
29	Present Value of Net Plant at 7.92%													\$5,000,032
30	Total Valuation													\$10,528,629

Notes and Source

Lines 1-25 Gannett Fleming Exhibit 14
 Lines 26 and 29: Per Appendix A-4 2 AUS Excel Files, "Cost of Capital 9-30-2019" tab:

	Percent of Capital	Cost Rate	Tax Rate	After-Tax Cost	Weighted Cost
Debt	30.00%	4.45%	28.89%	71.11%	0.95%
Equity	70.00%	9.95%	0.00%	100.00%	6.97%
Total	100.00%				7.92%

Line 27: Line 25 x Line 26

Line 29

Net Plant in the 13th Year per Gannett Fleming	12,963,526
Present Value Factor at 7.92%	0.3857
Present Value of Net Plant at 7.92%	<u>5,000,032</u>

Line 30 Line 28 + Line 29

Line No.	Plant	Account	Depreciation Rate (A)	Plant Replacement Cost (B)	Calculated Accumulated Depreciation Reserve (C)	Percent Reserve (D)=C / B	RCND Cost Approach (E)	AUS Value (F)	OCA Adjustment (G)
I. Cost Approach - AUS Results									
1	Collection Sewers - Gravity	361	75-R3	\$ 17,472,483	\$ 7,927,641	45%	\$ 9,544,842	\$ 9,544,842	
2	Other Plant Accounts	various	various	\$ 38,067,075	\$ 18,596,862		\$ 19,470,213		
3	Totals			\$ 55,539,558	\$ 55,539,558		\$ 29,015,055		
II. Results using Collection Sewers 50 Year Life for Acct 361, Same R3 Iowa Curve Proposed by AUS									
4	Collection Sewers - Gravity	361	50-R3	\$ 17,472,483	\$ 11,007,005	63%	\$ 6,465,478	\$ 9,544,842	\$ (3,079,364)
5	Other Plant Accounts	various	various	\$ 38,067,075	\$ 18,596,862		\$ 19,470,213		
6	Totals			\$ 55,539,558	\$ 55,539,558		\$ 25,935,691		
III. Results using Collection Sewers Depreciation Rate for Acct 361 from PAWC's Last Rate case									
7	Collection Sewers - Gravity	361	50-S1.5	\$ 17,472,483	\$ 10,487,818	60%	\$ 6,984,665	\$ 9,544,842	\$ (2,560,177)
8	Other Plant Accounts	various	various	\$ 38,067,075	\$ 18,596,862		\$ 19,470,213		To Ex. RCS-1
9	Totals			\$ 55,539,558	\$ 55,539,558		\$ 26,454,878		

Notes and Source:

Lines 1-3, columns A, B, C and D: AUS Appendix A-4.2
 Line 4: RCND value recalculated for account 361 using AUS model and 50-R3 depreciation rate
 Line 7: RCND value recalculated for account 361 using AUS model and 50-S1.5 depreciation rate
 PAWC's last Wastewater Utility Depreciation Rate Study in Docket No. R-2017-2595853 shows a depreciation rate for 50-S.15 for account 316

Line No.	Plant	Account	Depreciation Rate (A)	Plant Replacement Cost (B)	Percent Reserve (C)	Calculated Accumulated Depreciation Reserve (D)	RCND Cost Approach (E)	Gannett Fleming Values Acct. 361 (F)	OCA Adjustment (G)
I. Cost Approach - Gannett Fleming Results									
1	Collection Sewers - Gravity - Mains	361.21	65-R2.5	\$ 19,414,998	49%	\$ 9,509,027	\$ 9,905,971		
2	Collection Sewers - Gravity - Manholes	361.22	60-R3	\$ 2,129,528	42%	\$ 897,048	\$ 1,232,480		
3	Subtotal Collection Sewers - Gravity	361		\$ 21,544,526	48%	\$ 10,406,075	\$ 11,138,451	\$ 11,138,451	
4	Other Plant Accounts	various	various	\$ 36,134,217		\$ 13,579,168	\$ 22,555,049		
5	Totals			\$ 57,678,743		\$ 23,985,243	\$ 33,693,500		
II. Results using Collection Sewers Depreciation Rate 50-R3 for Acct 361									
6	Collection Sewers - Gravity - Mains	361.21	50-S1.5	\$ 19,414,998					
7	Collection Sewers - Gravity - Manholes	361.22	50-S1.5	\$ 2,129,528					
8	Subtotal Collection Sewers - Gravity	361	50-S1.5	\$ 21,544,526	63%	\$ 13,572,238	\$ 7,972,288	\$ 11,138,451	\$ (3,166,163)
9	Other Plant Accounts	various	various	\$ 36,134,217		\$ 13,579,168	\$ 22,555,049		
10	Totals			\$ 57,678,743		\$ 27,151,406	\$ 30,527,337		
III. Results using Collection Sewers Depreciation Rate for Acct 361 from PAWC's Last Rate case									
6	Collection Sewers - Gravity - Mains	361.21	50-S1.5	\$ 19,414,998					
7	Collection Sewers - Gravity - Manholes	361.22	50-S1.5	\$ 2,129,528					
8	Subtotal Collection Sewers - Gravity	361	50-S1.5	\$ 21,544,526	60%	\$ 12,932,053	\$ 8,612,473	\$ 11,138,451	\$ (2,525,978)
9	Other Plant Accounts	various	various	\$ 36,134,217		\$ 13,579,168	\$ 22,555,049		To Ex. RCS-1
10	Totals			\$ 57,678,743		\$ 26,511,221	\$ 31,167,522		

Notes and Source

Lines 1-3, columns A, B, C and D: Gannett Fleming Exhibit 9 and supporting documentation
 PAWC's last Wastewater Utility Depreciation Rate Study in Docket No. R-2017-2595853 shows a depreciation rate for 50-S.15 for account 316
 Lines 5-7: RCND value recalculated for account 361 using AUS model and 50-S1.5 depreciation rate, results applied to Gannett Fleming Reproduction Cost:

Borough of Kane Authority Wastewater Customers								
Impact of Change of Ownership of Wastewater System without PAWC's Assumed Act 11 Allocation to Water								
Wastewater								
Rate Class	Average Usage	Average Monthly Bill at Borough of Kane Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase (\$) With 46% of Increase Allocated to PAWC Water Customers per Act 11	Potential Increase (%) with Act 11 Allocation to PAWC Water Customers	Increase to Kane WW Customers without Act 11 Allocation to Water	Potential Average Monthly Bill for Kane WW Customers without Act 11 Allocation to Water	Potential Increase (%) without Act 11 Allocation to PAWC Water Customers
(A)	(B)	(C)	(D)	(E)	(F)=(E/C)-1	(G)	(H)=C+G	(I)=(H/C)-1
Residential	3,630 gal/month	\$ 51.87	\$ 75.99	\$ 24.12	46.5%	\$ 44.67	\$ 96.54	86.1%
Commerical	22,000 gal/month	\$ 222.98	\$ 326.67	\$ 103.69	46.5%	\$ 192.02	\$ 415.00	86.1%
Industrial	476,000 gal/month	\$ 3,849.62	\$ 5,639.69	\$ 1,790.07	46.5%	\$ 3,314.94	\$ 7,164.56	86.1%

Source for columns A through F: PAWC Statement 3 (Nevirauskas Direct Testimony), pages 10-11
 Per footnote 4 on PAWC Statement 3, page 11, PAWC reflected an "Act 11 Allocation" of 46%.
 Source for column G: see calculations below:

Rate Class	Increase calculated by PAWC	Increase by	Increase at 100% Impact	46% allocated to Water per Act 11 per PAWC's Calculation	Allocated to Kane WW Customers in PAWC's Calculation
	Col.E	(J)	(K)	(L)	(M)
		=1/(1-0.46)		46%	54%
Residential	\$ 24.12	1.851851852	\$ 44.67	\$ 20.55	\$ 24.12
Commerical	\$ 103.69	1.851851852	\$ 192.02	\$ 88.33	\$ 103.69
Industrial	\$ 1,790.07	1.851851852	\$ 3,314.94	\$ 1,524.87	\$ 1,790.07

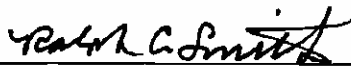
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American Water :
Company Pursuant to Sections 507, 1102 and :
1329 of the Public Utility Code for Approval : Docket No. A-2019-3014248
of its Acquisition of the Wastewater System :
Assets of Kane Borough Authority :

VERIFICATION

I, Ralph C. Smith, hereby state that the facts set forth in my Direct Testimony, OCA Statement 1, are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: March 27, 2020
*285660

Signature: 
Ralph C. Smith
Larkin & Associates, PLLC
15728 Farmington Road
Livonia, MI 48154

Joint Exhibit 1

Public Comments

JBS
2
Public
Comment
File

Ira Hiberman
5842 Shady Lane
Nazareth, PA 18064

A-2019-3014248

December 23, 2019

Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

ORIGINAL

To Whom It May Concern:

I have taken note of PA American Water buying wastewater treatment plants in Valley Township and now a proposed purchase from the Borough of Kane. While I appreciate the fact that municipalities seek to shed themselves of expensive water and sewage plants, with increasing costs to be compliant with environmental regulations, I am opposed to paying the bill for such acquisitions outside of my geographic region.

The local populations should exclusively absorb the rate increases associated with these acquisitions. As I review the billing insert in my current statement, I believe that it is implied that customers outside the impacted rate zones might, in the future, find rate adjustments driven by these and other such acquisitions.

As a senior citizen, I believe that the PUC should be sensitive to the burden that this creates. Please carefully craft rate authorizations to buffer populations not directly served by these purchases by restricting rate increases to the local regions of the acquired plants.

Sincerely yours,



Ira Hiberman

2019 DEC 26 AM



4749 Longean Ave.
Pg. PA 15a07
A-2019-3014248

To PUC,
Anticipated
Re: Rate increase by Pennsylvania
American water.

Herein I strenuously object to
having my water bill increased
because of their acquisition of
the Borough of Kane's Authority's
wastewater system.

This increase makes absolutely
no sense. If this is allowed
what next - acquisition of
Philadelphia's system or maybe
even Cleveland, Ohio's?

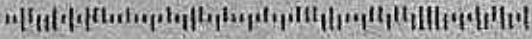
Please don't approve this
ridiculous proposition.

Sincerely,

Stephen M. Zupge

Enc.: Pa. American Water Notice

449409



17105-32655

Pennsylvania Public Utility Comm.
P.O. Box 3265
Harrisburg, PA 17105-3265



FOREVER
945391216152500



4749 Longean Ave.
Pgh. PA 15207

Included with 1/2020 statement



PENNSYLVANIA AMERICAN WATER

Dear Customer:

On December 11, 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:

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%

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.

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.

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.

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 March 9, 2020. 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

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

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.

Sent 1/21/2020



1/8/20

To whom it may concern

I know things keep changing and I
am glad to read of the wastewater regulation
proposal.

I am a senior and have ~~not~~ lived
at 537 Herbert St, Ken, PA 16735 since
2000, however;

Please don't increase the amount of water
from \$51.87 to \$75.99, I can't
afford a lawyer to argue my case nor
can I make it at a public hearing. On
my card I received \$15.00. That's not
gross pay \$24.10 or 46.5% which
is what you get as you haven't argued
the rights yet and already you telling
your newest customers there may be a
enormous rate increase. Water rates go up
as well when there's a sewer increase.

Stop it before it gets started. We
seniors only have \$8 or medicine to live
on each month. Please help and not give

no bills for \$75.99. I'll be very glad to see
some citizens to pay ^{will have to} by keep cutting into my
grocery money or pharmacy money to pay them
if it gets on state appeal.

Thank you for your letter.

Judith (Judie) E. Henderson
539 N. Archer St. Lane, PA 16735

JAS
2
Public
Comment
File

RECEIVED
2020 JAN 10 AM 10:12
PUBLIC
SECRETARY'S BUREAU

Jan 8, 2020
A-2019-3014248

Pennsylvania Public Utilities Commission
P.O. Box 3265
Harrisburg, Pa 17105-3265

ORIGINAL

Re: Pennsylvania American Water, Rate Base
Addition

Gentlemen:

Please do not raise the PAW rates!!!

Being on social security is difficult
enough. I pay my bills but there is
no money to waste. I will be 80 on
Feb 4th.

Please do the right thing and do not
raise rates,

I am counting on your help and so are
many people - I am sure.

Laura Hisko
15 Beech St.
Kane, Pa 16735

448538



ROCHESTER NY 144

08 JAN 2020 PM 2 1



Public Utility Commission
P.O. Box 3265
Harrisburg, Pa. 17105-3265

Jim Lenaway

111 Greeves Street
Kane, PA 16735

January 9, 2020

Pennsylvania Public Utility Commission
P O Box 3265
Harrisburg, PA 17105-3265

Re: Notice of Proposed Wastewater Acquisition and Rate Base Addition
Docket No. A-2019-3014248

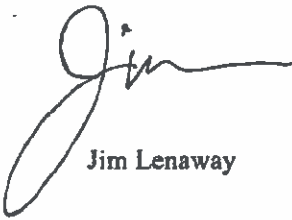
Hello,

I received the above referenced notice from Pennsylvania American Water Company informing me that PAWC is acquiring the Kane Borough Wastewater system. The notice says there is not an increase this year but, if approved by the PUC, there will be one next year.

The chart indicates that there is a Potential Increase of 46.5%

I firmly believe that this potential increase is completely out of line. A modest increase in line with cost of living is understandable, but double digit increase!! Wow. Please consider approving an increase more in the lines of 3 or 4%.

Sincerely,



Jim Lenaway

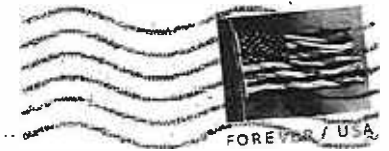
RECEIVED
2020 JAN 14 AM 10:18
PA P.U.C.
SECRETARY'S BUREAU

~~448671~~

 JIM LENAWAY
KANE
ARCHITECTURAL
INNOVATIONS
GUARDIANS OF SAFE ENVIRONMENTS

ROCHESTER NY 144

30 JAN 2020 PM 3 1



- PENNA. P.U.C.
P.O. Box 3265
HARRISBURG, PA 17105-3265

17105-326565



2
TT

Public
Comment
File

1/08/2020

.....mission

ORIGINAL

Post Office Box 3265
Harrisburg, Pa. 17105-3265

RE: Docket No. A-2019-3014248

Pennsylvania American Water Company's proposed wastewater acquisition and rate base addition of the Borough of Kane Authority's wastewater system assets.

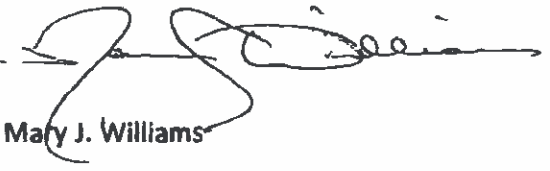
As a Kane Borough home owner I do not oppose Pennsylvania American Water Company's proposed acquisition of Kane Borough Authority's wastewater assets however I do object to that the proposed transaction provides for a "locked-in" current rate for only a one year period with potential rate increases as much as 46.5% starting January 2021.

As a senior citizen living on a fixed income, a rate increase of \$289.44 per year would be a hardship. Thankfully, at this time, Pennsylvania American Water Company has ascertained that I am eligible for their discounted rate program. I assume that a rate increase of the magnitude of 26.5% per year would also create a hardship to many others with low incomes as well as small businesses operating on a narrow margin that could face an annual increase of \$1,244.28.

In summary: While I do **NOT** oppose the acquisition as Pennsylvania American Water Company has been a most worthy steward of our system here in Kane, PA., I **DO** oppose that there is no apparent language in the proposed acquisition to assure current recipients of service to adjust to potential rate increases in a gradual manner over several years' time.

Thank you for your consideration of my concerns.

Sincerely,



Mary J. Williams
127 Walnut Street
Kane, PA. 16753



RECEIVED
2020 JAN 14 AM 10:20
PA P.U.C.
SECRETARY'S BUREAU

448669

W MARY WILLIAMS
127 Walnut St.
Kane, PA 16735

ROCHESTER NY 144
10 JAN 2020 PM 3:1



Pennsylvania Public Utility
Commission
Post Office Box 3265
Harrisburg, Pa

17105-3265

17105-326565



A-2019-3014248

1/16/2020

DEAR PA PUC;

PLEASE DO NOT ACCEPT OR ALLOW PAWE TO INCREASE WATER AND WASTEWATER RATES TO THEIR CUSTOMER BASE. PAWE NEEDS TO EVALUATE HOW THEY CAN BETTER MANAGE THEIR BUSINESS AND NOT CONTINUALLY JUST REQUEST RATE INCREASES. AND THE PUC NEEDS TO TAKE A FIRM STAND DENYING ANY FUTURE RATE INCREASES UNTIL THEY DEMONSTRATE COST CUTTING MEASURES. THE CUSTOMER DOES NOT HAVE DEEP POCKETS AND ANY RATE INCREASES SEVERELY IMPACTS THE SENIOR CITIZEN OR LOW INCOME CUSTOMER BASE.

WE ARE A RETIRED COUPLE LIVING IN SE PA AND CAN NOT WITHSTAND THE INCREASING COSTS OF LIVING HERE. IT HAS BECOME TOO MUCH TO BEAR AND WE REALLY DO NOT WANT TO MOVE. THE PUC NEEDS TO PROTECT US AND STOP THE RISING RATES / COSTS.

THANK YOU FOR CONSIDERING OUR OPINION REGARDING THE PAWE.

SINCERELY,

Phil & Chis Bonchomew

1488 BRICKFIELD RD

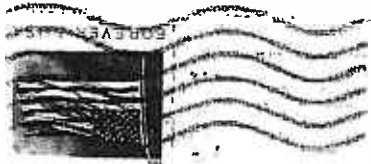
JARDLEY, PA 19067

ORIGINAL

449054

RECEIVED
2020 JAN 21 AM 9:59
PA PUC
SECRETARY'S BUREAU

Phillip Bartholomew
1488 Brookfield Rd.
Yardley, PA 19067-3930



PHILADELPHIA PA 190
26 34N 2020 PM 30 F

PA Public Utility Commission
PO Box 3265
Harrisburg, PA
17105-3265

17105-326555



1/15/20

A-2019-3014248

Dear Public Utility Commission:

I do not support the acquisition of the Borough of Kane by the Pennsylvania American Water Company. The reason I do not support this is because they have told their customers that after the acquisition they will increase the rates of the water. I am one of the Pennsylvania American Water customers. Thank you for considering this.

Sincerely,

Coleen Hufnagle

691 Old Danville Hwy.

Northumberland, PA

17857

JAN 21 AM 10:21

H Ms. Colen A. Hufnagle
691 Old Danville Hwy
Northumberland, PA 17857

HARRISBURG PA 171

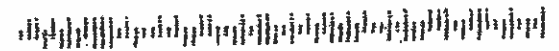
17 JAN 2020 PM 7:1



RECEIVED
2020 JAN 21 AM 10:21
SECRET

Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

17105-326565



A-2019-3014248

Jan. 18. 2020

Pennsylvania P.U.C.
Post Office Box 3265
Harrisburg Pa. 17105-3265

ORIGINAL

To Whom It may Concern:

On Jan. 17. 2020 I received my Pa. American Water Bill in the mail, And along with that was a Letter about taking action in regards to Pa. American Water to acquire the assets of The Borough of Kane Authority wastewater system And to increase my water bill.

For starters I do not agree with the increase on my Bill for this, I did not ask them to acquire the assets of The Kane Borough nor do I live in Kane Borough. I live in the Borough of Indiana, Indiana Pa.

As far as I am concerned this is the cost of doing business, I do not get a pay raise at my job because the price of something went up.

So to answer the question to the letter that I receive, no I do not support any increases to my water bill.

Thank you,
Dwayne L. [Signature]

2020 JAN 23 AM 9:51

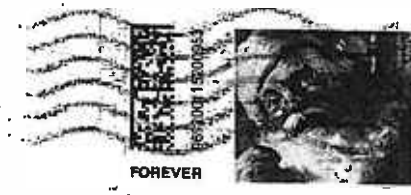
449007



Dwayne Aleta
 1383 Gompers Ave
 Indiana, PA 15701-2554

JOHNSTOWN PA 159

21 JAN 2020 PM 3 L



Pennsylvania Public Utility Commission
 Post Office Box 3265
 Harrisburg PA, 17105-3265

17105+3265



RECEIVED

1/22/2020

Attn: PUC,

JAN 27 2020

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ORIGINAL

once again and too often, we get the "letter" where all the greedy utilities companies ask you get another rate like 7-10 percent if we disagree to write you? what a joke are you receiving "kick back money" to Always say yes to the constant rate hikes?

Stop and realize, minimum wage has not gone up in over a decade, so utilities are needed essential to all of us, yet. If we don't get ahead, or get increases in our paychecks, how can these profitable companies have to squeeze customers so they can profit more? If repairs need done to their "systems" then since they are the "owners" they and they alone should use their profits to update. They just keep lining their pockets. So if a bill goes up \$5 - 25 on every utility 2x's a year - multiply that by thousands of customers = Company greed & self profit. For God sakes - say no

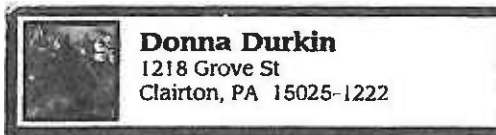
↓ 449572

Am cheated every month by Duquesne Light
Peoples gas and cost of living is thru the
roof. Am disabled, but work PT. I got
\$4.00 increase this year 4-Bucks. my Gas went up
20-25 a month, Electric - 25-30+ a month
water ↑, Sewer ↑ - Tax ↑, Food ↑, Insurance ↑
enough!

Say No!

Donna Durkin

It should Be a Law - No increases
until peoples income is raised!



PITTSBURGH P.

24 JAN 2020 F

ATTN: Object Rate Hike
Pennsylvania Public Utility Com
Post Office Box 3265
HARRISBURGH, PA. 17105-3265

17105-326565



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



Bullshit!

Dear Customer:

On December 11, 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 March 9, 2020. 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.

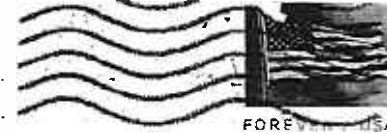
Water Letter to PUC



 **Donna Durkin**
1218 Grove St
Clairton, PA 15025-1222

PITTSBURGH PA 150

24 JAN 2020 PM 1 L



ATTN: Object Rate hike
Pennsylvania Public Utility Commission
Post Office Box 3265
HARRISBURGH, PA 17105-3265

RECEIVED
2020 JAN 27 AM 9:56
PA P.U.C.
SECRETARY'S BUREAU

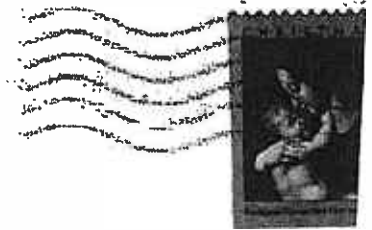
17105-326565



Mr. & Mrs. John Yesh
834 Briarwood Lane
Camp Hill
PA 17011-1510

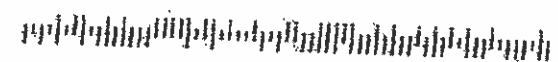
HARRISBURG PA 171

MAY 23 1985



PVC
PO BOX 3265
Harrisburg, Pa 17105-3265

05-326565



PENNSYLVANIA PUBLIC UTILITY COMMISSION

Comment on Proposed Rate Increase

A-2019-3014248

Filing this form allows you to offer your comment, but you will not be a party to the case. The form will be placed in the document folder for review by the presiding officer, the parties to the case and Commission staff.

If you wish to be a party to the case, you must file a Formal Complaint to Proposed Rate Increase.

To complete this form, please type or print legibly in ink.

1. Customer Information

Provide your name, mailing address, county, telephone number(s), e-mail address and utility account number.

Name Kathleen Warchol, POA for George Warchol
Street/P.O. Box 1185 University Dr. Apt #
City Yardley State PA Zip 19067
County Bucks

ORIGINAL

Telephone Number(s) Where We Can Contact You During the Day:

[Redacted] (home) [Redacted] (mobile)

E-mail Address (optional): [Redacted]

Utility Account Number (from your bill) [Redacted]

If your opinion involves utility service provided to a different address or in a different name than your mailing address, please list this information below.

Name Kathleen Warchol, POA, home address
Street/P.O. Box 35 Center Road (Problem is located at my father's house)
City Newville State PA Zip 17241 in Bucks Co.

2. Name of Utility

Provide the full name of the utility who filed the proposed rate increase that is the subject of your comment. The name of your utility or company is on your bill.

PA American Water

RECEIVED 2020 FEB -7 AM 10:30 PA PUC SECRETARY'S BUREAU FRONT DESK

449984

3. **PUC Case Docket Number**

Provide the Public Utility Commission case docket number (if known). It begins with the letter "R" and contains the year of filing and a 7-digit code, such as R-2012-1234567.

A-2019-3014248 (attached)

4. **Type of Utility Service**

Check the box listing the type of utility service that is the subject of your comment (check only one):

- | | |
|---|---|
| <input type="checkbox"/> ELECTRIC | <input type="checkbox"/> WASTEWATER/SEWER |
| <input type="checkbox"/> GAS | <input type="checkbox"/> TELEPHONE/TELECOMMUNICATIONS (local, long distance) |
| <input checked="" type="checkbox"/> WATER | <input type="checkbox"/> MOTOR CARRIER (e.g. taxi, moving company, limousine) |
| <input type="checkbox"/> STEAM HEAT | |

5. **Comment**

JAMIE RO

Describe your views about the proposed rate increase. Use additional paper if you need more space.

Please refer to the attached viewpoint.

6. **Public Input Hearings**

A public input hearing may be scheduled in your area to give consumers an opportunity to tell the Public Utility Commission in person what you think of the proposed rate increase.



I am not able to attend the hearing in Bucks Co. due to a three hour drive one way.
Notice of a public input hearing will be published in a newspaper of general circulation in your area, publicized through Commission press releases, and noted on the Commission's website: www.puc.pa.gov.

I would like to attend, however, in a different location, closer to me.

February 7, 2020

RE: Docket A-2019-3014248 PA American Water Rate Hike

This memo is in response to a notification my father received with his water bill from PA American Water, concerning a "proposed wastewater acquisition and rate base addition." As my father's POA, we strongly object to the proposed rate increase. My father is 88 years old and a veteran. He was already hit with an increase in 2020 by the sewer authority. Now the water company wants more money too. How much is enough? I know the increase is intended to buy new white company trucks (which aren't needed) and to give the water authority chiefs a raise, because they want one, and seem to legally steal from the public that this entity company supposedly "serves." The residents appear to work and/or support the company, not the other way around. How are seniors supposed to live and remain in their houses in this state, in Bucks County, when greedy utility companies, such as this water company, is currently plundering its residents? This incessant greed is too much for most of the residents to handle. Water is free. It comes from nature. It is necessary to survive. Who decided to give PA American Water the power to tax the heck out of it and render the citizens powerless? The residents are charged FOR the water coming IN their homes and charged yet AGAIN when the water LEAVES their houses through the sewer authority. Why?? With the many people who have moved into Bucks County in the past ten years or so, the charge for water should actually DROP, due to the number of additional people in PA American Water's "service" area/jurisdiction. That is common sense - basic accounting. What is the rationale for MORE money for PA American Water's coffers? I fail to understand the incessant need for more and more money for the water company (and other utilities in general - PECO is greedily collecting more too - it started in October 2019). Neither utilities nor people can take blood from stones. Seniors have fixed incomes. Does the water company take pride in forcing seniors out of their homes that they have lived in for 50 or more years? My father has lived in his house since approximately 1971. He is being forced out of his home due to the rising cost of everything, now including the cost to have water. How would the ruling body of PA American Water like it if they were on this receiving end? I doubt it would sit well with any of them; they would be kicking and screaming. And don't they think they know what they are doing to the elderly in this jurisdiction? Human existence and a lifetime of continuing to own a home and earn a living, for someone (especially the elderly), apparently don't have any bearings on utility greed mongers, especially PA American Water. They are emblematic of the pigs in Orwell's Animal Farm; for those who don't read, the pigs get so greedy, they wind up assuming human qualities, and eradicating the actual humans from the farm. It is my profound wish in this case that the PUC, an entity that is *supposed* to regulate utilities *for the benefit of the citizens of this state*, to prevent any rate hike that has been proposed to this water authority. The elderly homeowners of Pennsylvania, as well as most of the non-elderly homeowners of PA American Water's jurisdiction, have worked hard/continue to work hard to make a living here and support themselves in this state. Do not penalize those elderly, especially, who wish to remain in this state. Have the PA American Water company employ other measures to enable them to retain all their precious money - it can't be taken with anyone (and everyone should know what I mean). Some of the ideas I personally have for the water authority are: stop buying unnecessary new vehicles; stop buying expensive vehicles; stop giving raises (I'm not getting one every year, why should homeowners pay more in salaries for people who don't do anything or don't do anything worth a raise?) stop buying equipment no one ever uses; stop hiring unnecessary personnel; stop hiring unnecessary personnel to constantly drive around and gaze at (supposedly read) water meters, while idling in the vehicles; stop building new unnecessary bigger buildings; institute conservatism in business practices as the state is supposed to be doing (eliminate waste); stop giving hefty unnecessary pay raises to the "big boys and girls" who want more (but don't do anything productive all day - nothing, but give orders) just because they want more (I want more too, but no one is handing it out to me just because I want it, and it's a crime to rob a bank to get it - these PA American Water "leaders" are basically robbing from the citizens with these rate hikes - and THIS is a silent but blatant, crime in itself.

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



Dear Customer:

On December 11, 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 March 9, 2020. 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.



7. **Protection from Abuse**

Has a court granted a "Protection from Abuse" order that is currently in effect for your personal safety or welfare? The PUC needs this information to properly process your complaint so that your identity is not made public. *Abuse from what?*

Has a court granted a "Protection from Abuse" order for your personal safety or welfare?

YES

NO

Utility abuse, brought on by the utility?

If your answer to the above question is "yes," attach a copy of the current Protection from Abuse order to this Comment.

8. **Signature**

I understand that this Comment will be placed in a document folder for the review of the presiding officer, the parties to the proposed rate increase and Commission Staff. Further, I understand that by filing this Comment, I will not be a party to the case.

Kathleen Warchol
(Signature)

2/7/2020
(Date)

9. **Filing**

To file your Comment with the PUC, mail the completed form (along with any attachments) to one of the addresses listed below:

If using U.S. Postal Service:

If using overnight delivery service:

Secretary Pennsylvania Public Utility Commission P.O. Box 3265 Harrisburg, PA 17105-3265	Secretary Pennsylvania Public Utility Commission 400 North Street Commonwealth Keystone Building, 2 nd Floor Harrisburg, Pennsylvania 17120
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If you have any questions about filling out this form, please contact the Secretary's Bureau at 717-772-7777.

Keep a copy of your Comment for your records.

A-2019-3014248

mm
2

A-2019-3014248

1605 Sherwood Road
Wyomissing, PA 19610
February 5, 2020

Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, PA 17105-3265

Gentlemen:

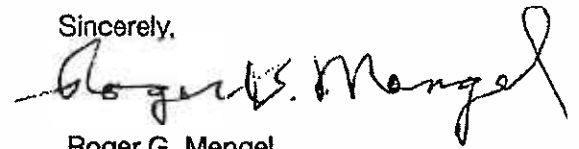
I am writing about the purchase of the Borough of Kane wastewater system assets by PA American Water (see attached).

I can understand rate increases as an ancient network of pipes need to be replaced. However, I do not think it is right that our rates should be increased because of an acquisition to enlarge the system.

I hope any costs resulting from any purchase of wastewater facilities can be separated from the true costs of water supply.

Thank you for your attention in this matter.

Sincerely,



Roger G. Mengel

ORIGINAL

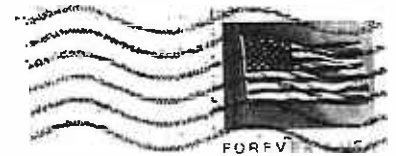
RECEIVED
2020 FEB 10 PM 1:41
PA P.U.C.
SECRETARY'S BUREAU

450044

R G Mengel
1605 Sherwood Road
Wyomissing, Pa. 19610

HARRISBURG PA 171

07 FEB 2020 PH21



PA PUBLIC UTILITY COMMISSION
POST OFFICE BOX 3265
HARRISBURG, PA 17105-3265

17105-326565



2
DJ

Check # A 2019-3014248.

Public
Comment

To whom it may concern

After a recent notice of a rate increase I would like to voice my opposition on this matter at this time.

I am a retired senior citizen living on a fixed income. I live in Kone P.A. McKeon County. Our town has in the last 10 years lost most of our industry. Economically speaking our town is of low income.

wage earners. If and when this plan goes through it will be a great hardship for us senior citizens so if something can be done to slow or remedy this problem it would help all of our senior citizens.

I oppose this drastic rise at this time.

Sincerely

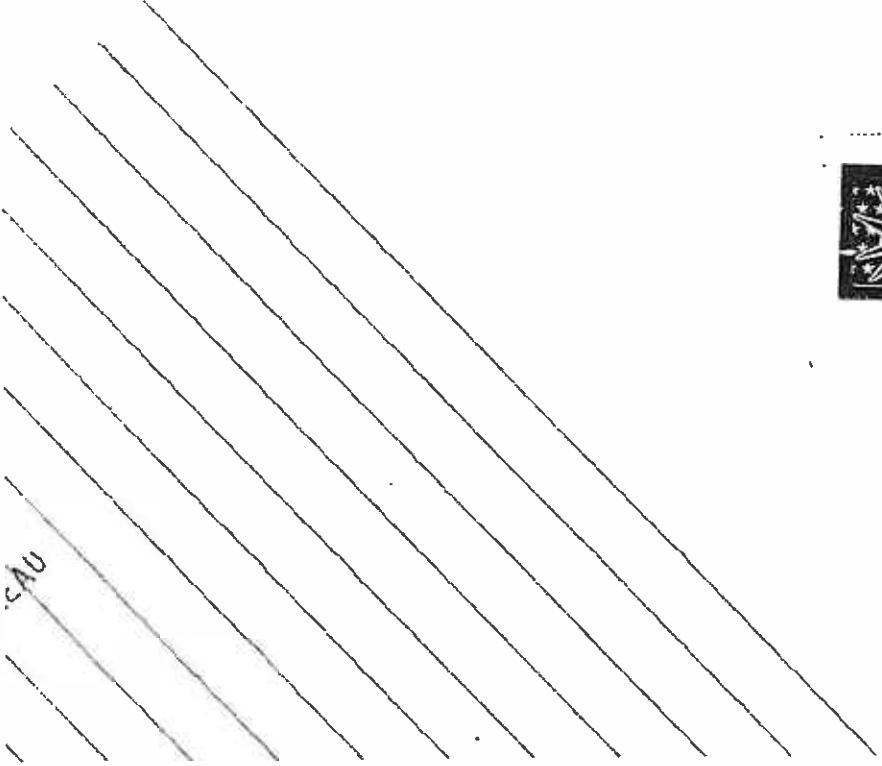
Roger McKeon

532 N. Tionesta Ave

Kone P.A. 16735

450355

ORIGINAL

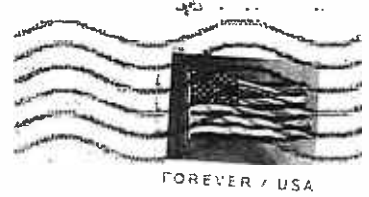


CAU

Roger McNary
532 N. Tionesta Ave.
Kane, PA 16735

CHESTER NY 143

FEB 2020 PM 2 L



RECEIVED

2020 FEB 18 AM 10:4

SECRETARY BUREAU

Pennsylvania Public Utility Commission
Po Box 3265
Harrisburg Pa.
17105-3265

995929-150



17 February 2020

A - 2019-3014248

Pennsylvania Public Utility Commission

Post Office Box 3265

Harrisburg, PA 17105-3265

Dear Sirs:

I am writing to express my concerns over the rate increase proposed by Pennsylvania American Water in the Borough of Kane, PA. Most of this town is Senior Citizens on fixed incomes and cannot afford a nearly 50% increase in their Water and/or Wastewater bills. It seems Pennsylvania American Water is asking the citizens of this Borough to pay their acquisition fees. This isn't right. A small increase of maybe 5% would be more acceptable to help offset some of the cost. It was their decision to purchase the Borough's Wastewater business.

Sincerely



Robert Garrigues

909 Welsh Street

Kane, PA 16735

ORIGINAL

RECEIVED
2020 FEB 20 AM 10:21
PA.PUC
BUREAU

450510

PUBLIC UTILITY COMMISSION
P.O. Box 3265
HARRISBURG, PA 17105-3265

Robert & Brenda Garrigue
909 Walsh Street
Kane, PA 16735



ROCHESTER NY 144
18 FEB 2020 PM 4:1

January 16, 2020

Secretary of the Pennsylvania Public Utility commission

PO Box 3265

Harrisburg, PA 17105-3265

Secretary,

Pennsylvania American Water Authority Company is one of the most profitable utility companies in the Commonwealth of Pennsylvania.

Any rate increase for water/ sewer utility should be vehemently defended and denied.

Thank you,

A handwritten signature in blue ink that reads "John & Lisa Hashem". The signature is written in a cursive style.

John & Lisa Hashem

RECEIVED FEB 21 2020

Hashem
1481 Birdell Road
Coatesville, Pa 19320

WILMINGTON DE 197
18 JAN 2020 PM 11



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

RECEIVED FEB 2 1 2020

17101&1636





DAVID P. ZAMBINO Esq

My Name is Jerry Dacko I live at 1145 W
Locust. st. Scranton, P.A. 18504.

The Water in Scranton, is Tingly, Dirty. Most of the
Time. If you or anyone calls them, they act
as if they no nothing about it. They laugh
& trilly tell the People that their flushing.
We call & ask when it will be repaired.
and they say they no nothing about it.
Even though I can see them down the street
working on a break again. If I ask to
talk to a Superses, they put you on hold
& then hang up aft 10 min & or laugh.
Please try to call & tell them you have
Dirty water & ask why. I once asked for
the C.C.O. name & they said, they have no
idea who that is. So in closing I would
like to file a complaint & receive copies of
all memos & copies. and say no to any price
hike.

Thank you
Jerry Dacko

RECEIVED FEB 23 2020

Jerome Donahue
1145 West Locust Street
Scranton, PA 18504

HENRIETTA VALLEY PA 150



RECEIVED FEB

DAVID P. ZAMBATO Esq Cozen O'Connor
17 NORTH Second ST Suite 1140
HARRISBURG, PA

17101

17101-163899



February 28, 2020

From: Residents of Lakeside Dr, Lewisberry PA 17339

To: Pennsylvania Public Utility Commission & David P. Zambito

The purpose of this letter is to reach out to you and get a better understanding as to why, after the huge increase only several years ago, we are at risk of yet another raise in our water bill. When we moved into our homes on lakeside Drive, Lewisberry, the waste water and trash were on a quarterly billing cycle. Then the bill was divided. The trash bills remained basically the same, and are only charging one fee for their services. The same is not true for PA American Water.

Our bill rose significantly! And to try to analyze the bill is not easy. We don't understand the fees that appear to be duplicates. For example:

Water service charge / Water usage charge

Waste water charge/Waste water usage charge

Can someone please explain how our water waste usage is measured and why we get charge more than water usage? Keep in mind, we drink water, water our plants and yards, pressure wash our homes and windows, swimming pools, wash our cars, drink water, etc. Our point is that not all the water waste usage goes into the sewer system. We feel there should be a standard fee across the board for all our residents. Not to double charge on services, usage and tax.

As a community we are coming together in order to get some serious answers on how and why it is possible for this water company to double charge us in different terms for our water. We have also compared our bills and usage with other communities, and feel our bill is entirely too high.

Respectfully,


Jose A. Pagan & Residents of Lakeside Drive, Lewisberry PA, 17339

135 Lakeside Dr. Lewisberry PA 17339





RECEIVED MAR - 5 2020

Signature

Address

Norm Anderson	136 Lakeside Dr. Lewisberry
Clay [unclear]	138 Lakeside Dr. Lewisberry
Will [unclear]	144 Lakeside Dr. Lewisberry
John d. Core	145 Lakeside Dr. Lewisberry
Athena Z Estelme [unclear]	149 Lakeside Dr. Lewisberry
Kristy Rosenberger	133 Lakeside Dr. Lewisberry?
Jim and Sarah Biggans	131 Lakeside Dr. Lewisberry
Shawn Vandell	129 Lakeside Dr. Lewisberry
Yvonne	126 Lakeside Dr. Lewisberry
[unclear]	120 Lakeside Dr. Lewisberry
[unclear]	116 Lakeside Dr. Lewisberry, PA
Byron Maygene	165 Lakeside Dr. Lewisberry, PA
[unclear]	106 Lakeside Dr. Lewisberry
Les [unclear]	128 Lakeside Dr. Lewisberry

RECEIVED MAR - 5 2020

Account Detail

Account No

Prior Billing 126.18

Payments -126.18

Balance Forward 0.00

Service Related Charges - 01/11/19 to 02/11/19

Water Service 60.93

Water Service Charge 16.50

Water Usage Charge (40 x \$1.2217) 48.87

Fed Tax Adjustment - Water Surcharge (\$65.37 x -6.79%) -4.44

THIS we understand ←

Wastewater Service 65.11

Wastewater Service Charge (1 x \$10.00) 10.00

Wastewater Use Charge (40 x \$1.513) 60.53

Fed Tax Adjustment - Wastewater Surcharge (\$70.53 x -7.68%) -5.42

?? →

Total Service Related Charges 126.04

Total Current Period Charges 126.04

Total Amount Due → \$126.04

EXAMPLE

WHERE IS THE METER THAT MEASURE WATER WASTE?



Understanding Your Bill

The information below defines some of the new terms you may find on your bill:

- **Service Related Charges:** This section includes charges for services related to water, wastewater and fire protection. If applicable, credits and debits for correction to previously billed charges are itemized in this section.
- **Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges.
- **Billing Units:** One billing unit equals 100 gallons of water used. If the meter serving your property measures your water use in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier to understand.
- **Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- **Protection programs for water, sewer and in-home plumbing** are offered by American Water Resources. Charges for these services are not regulated by the Pennsylvania Public Utility Commission. Regulated services will not be disconnected as a result of non-payment of protection program charges. Customers with protection program charges will not be assessed a late payment charge for late or unpaid protection plan charges. For inquiries about protection programs, please contact American Water Resources at 1-844-304-5627.
- **Still have questions?** We are here to help. Our customer service representatives are available M-F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

For more information about your charges and rates, please visit: <https://amwater.com/paaw/rates>

RECEIVED MAR - 5 2020

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



Dear Customer:

On December 11, 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.

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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.


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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.



RECEIVED MAR - 5 2020

 Jose A Pagan
135 Lakeside Dr
Lewisberry PA 17339-9235

CERTIFIED MAIL



7018 1830 0001 8367 8810



1000



17101

U.S. POSTAGE PAID
FCM LETTER
NEW CUMBERLAND, PA
17070
MAR 04, 20
AMOUNT
\$6.95
R2304N118515-24

TO: DAVID P. Zambito, Esq., COZEN O-Connor
17 NORTH Second ST Suite 1140
HARRISBURG, PA. 17101

**RETURN RECEIPT
REQUESTED**

RECEIVED MAR - 5 2020

1710181636 0005



APPENDIX A

**FORM OF ORDER GRANTING
JOINT STIPULATION FOR ADMISSION OF EVIDENCE**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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, *et al.*
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 :

**ORDER GRANTING JOINT STIPULATION
FOR ADMISSION OF EVIDENCE**

On April 17, 2020, Pennsylvania-American Water Company, the Office of Consumer Advocate, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, the Office of Small Business Advocate and the Borough of Kane Authority (collectively, the "Stipulating Parties") filed a Joint Stipulation for Admission of Evidence ("Stipulation") in the above-captioned proceeding. Each of the Stipulating Parties stipulated to the authenticity of the statements, exhibits, and public comments listed in the Stipulation and requested that they be admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation. Certain filings contain information marked as "Confidential." The Stipulating Parties requested that such materials be placed in non-public folders by the Secretary's Bureau. The Stipulation is attached to this Order.

As this request is reasonable, it will be granted.

April 17, 2020

VIA E-FILING

David P. Zambito

Direct Phone 717-703-5892

Direct Fax 215-989-4216

dzambito@cozen.com

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

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 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; Docket Nos. A-2019-3014248 et al.

Joint Stipulation for Admission of Evidence

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission") is the Joint Stipulation for Admission of Evidence ("Stipulation") between Pennsylvania-American Water Company ("PAWC"), the Office of Consumer Advocate ("OCA"), the Borough of Kane Authority (the "Authority"), the Commission's Bureau of Investigation and Enforcement ("I&E") and the Office of Small Business Advocate ("OSBA"). The Direct Testimony of PAWC and the Authority was filed with the Application in the above-referenced matter; enclosed are verifications from each of the witnesses who submitted testimony.

Copies of the Stipulation are being served on the Presiding Officer, Deputy Chief Administrative Law Judge Joel H. Cheskis, and on all parties, as indicated on the enclosed Certificate of Service.

Thank you for your attention to this matter. If you have any questions, please direct them to me.

Sincerely,

COZEN O'CONNOR



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

Enclosures

cc: Hon. Joel H. Cheskis
Per Certificate of Service

THEREFORE, IT IS ORDERED:

1. That the Stipulation, filed on April 17, 2020, is APPROVED;
2. The statements and exhibits listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation;
3. That one copy of each filing, statement, exhibit, and public comment listed in the Stipulation be filed with the Secretary's Bureau of the Commission, unless previously filed; and,
4. That all filings designated as "Confidential" be placed in non-public folders by the Secretary's Bureau of the Commission.

Date: _____

Joel H. Cheskis
Deputy Chief Administrative Law Judge