



Elizabeth Rose Triscari

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August 20, 2020

VIA ELECTRONIC FILING

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

**In Re: Application and Related filings of Pennsylvania-American Water Company under Sections 507, 1102(a), and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§507, 1102(a), 1329, for approval of its acquisition of the wastewater system assets of Royersford Borough, related to wastewater service rights, fair market valuation, ratemaking treatment, collection of distribution system improvement charge, deferral of the post-acquisition improvement costs and claim for transaction and closing costs
Docket No. A-2020-3019634, et al.**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the Responses of Pennsylvania-American Water Company to the 66 Pa. C.S. Section 1329 Application Completeness Review of Pennsylvania-American Water Company – Wastewater Division Acquisition of Royersford Borough Wastewater System at Docket No. A-2019-3019634 Missing Application Information, dated August 6, 2020. Please note some responses are **CONFIDENTIAL** and should be treated as such.

Copies are being served upon the advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193.

Rosemary Chiavetta, Secretary
August 20, 2020
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Please do not hesitate to contact me if you have any questions.

Sincerely,



Elizabeth Rose Triscari

enclosures

cc: Attached Certificate of Service (*via overnight mail – zip drives*)
Sean Donnelly, Bureau of Technical Utility Service (*via electronic – SharePoint site*)



**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company :
under Section 1102(a) of the Pennsylvania Public Utility Code, 66 :
Pa C.S. § 1102(a), for approval of (1) the transfer, by sale, of :
substantially all of the Royersford Borough assets, properties and :
rights related to its wastewater collection and treatment system to : Docket No. A-2020-3019634
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 Royersford :
Borough, and portions of Upper Providence Township, :
Montgomery County, Pennsylvania. :

In re: Application of Pennsylvania-American Water Company :
under Section 1329 of the Pennsylvania Public Utility Code, 66 : Docket No. A-2020-_____
Pa. C.S. § 1329, for approval of the use for ratemaking purposes :
of the lesser of the fair market value or the negotiated purchase :
price of the Royersford Borough assets related to its wastewater :
collection and treatment system. :

Petition of Pennsylvania-American Water Company, related to its :
acquisition of the Royersford Borough wastewater collection and :
treatment system, for approval under Section 1329 of the :
Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect : Docket No. P-2020-_____
a distribution system improvement charge, (ii) for book and :
ratemaking purposes, accrue Allowance for Funds Used During :
Construction for post-acquisition improvements not recovered :
through the distribution system improvement charge, (iii) for book :
and ratemaking purposes, defer depreciation related to post- :
acquisition improvements not recovered through the distribution :
system improvement charge, and (iv) include, in its next base rate :
case, a claim for transaction and closing costs. :

In re: Filing by Pennsylvania-American Water Company under : Docket No U-2020-_____
Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. :
§ 507, of the Asset Purchase Agreement Between Pennsylvania- :
American Water Company and the Royersford Borough :
:

CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of August served a true copy of the foregoing filing upon the parties, listed below in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

VIA OVERNIGHT MAIL (ZIP DRIVE)

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Respectfully submitted,



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Pennsylvania-American Water Company

**66 Pa. C.S. Section 1329 Application Completeness Review
Pennsylvania-American Water Company – Wastewater Division
Royersford Borough Wastewater System - Docket No. A-2020-3019634**

Missing Application Information

1. Checklist Item No. 4 – The Application’s Appendix A-4.3 contains an Excel workbook titled “EX 1 and 2”. “EX 1” contains cell reference issues in cells C145:F146 and M145:P146. Please provide a revised Excel worksheet that corrects the cell reference issues, and copies of any other Excel documents or worksheets required to correct the cell reference issues

Response:

The Excel file is correct as the information referenced in the workpaper (C145:F146 and M145:P146) does not exist in the Audited Financial Statements (2015-2018) source document. Please see **CONFIDENTIAL Amended Appendix A-4.3** which cleans up the errant cells.

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2. Checklist Item No. 7 - The Application's Appendix A-7.1 includes the agreement between AUS Consultants, Inc. (AUS) and Pennsylvania-American Water Company (PAWC) and one invoice. Similarly, the Application's Appendix A-7.2 includes the agreement between Gannett Fleming Valuation and Rate Consultants, LLC, and Royersford Borough and several invoices. However, these appendices do not clearly state the total fees paid to the utility valuation experts for providing appraisals for the acquisition. Please state the total fees to be paid to each utility valuation expert and separately state the total fees paid to each to date. PAWC to provide amended response.

Response:

Please see **Amended Appendix A-7, Amended Appendix A-7.1 and Amended Appendix A-7.2.**

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3. Checklist Item No. 7 – The Application’s Appendix A-7.1 contains a copy of only one invoice dated 5/29/2020. Please provide a copy of all invoices supporting the total amount paid to AUS.

Response:

Please see copies of all invoices received to date from AUS Consultants at **Amended Appendix A-7.1**.

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4. Checklist Item No. 12 - The *pro forma* tariff supplement included in the Application's Appendix A-12, Page 11.X indicates that all metered customers are subject to a minimum charge per equivalent dwelling unit (EDU). The Borough of Royersford rates, rules and regulations provided in the Application's Appendix A-18-b do not indicate that minimum charges for metered customers are based on the number of EDUs assigned to the customer. Please amend the Application's Appendix A-12 to include a minimum charge for metered customers that is not based on the number of EDUs assigned to the customer.

Response:

Please see **Amended Appendix A-12**.

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5. Checklist Item No. 12 - The Borough of Royersford rates, rules and regulations provided in the Application's Appendix A-18-b, Section 104.3 indicates public laundromats are charged based on 75% of the volume of water usage. The *pro forma* tariff included in the Application's Appendix A-12 does not include this provision. Please amend the Application's Appendix A-12 to include a volumetric charge for customers that are public laundromats that is based on 75% of the volume of water usage.

Response:

Please see **Amended Appendix A-12**.

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6. Checklist Item No. 12 - The Application's Appendix A-24-a, Section 7.03.(a) contains a proposal to hold base rates, surcharges, and pass-through costs, applicable in the requested service territory following the close of this transaction constant for a specific time period. However, a rate stabilization plan is not provided. Please amend the Application's Appendix A-12 to provide copies of testimony, schedules and work papers that:
- a. Establish the basis for this proposal;
 - b. Identify the impact this proposal would have on existing customers who would need to cover the revenue requirement that would be shifted to them; and
 - c. Identify an approximate timeline by which rates would be increased in the proposed service territory to cover the estimated revenue requirement of the system.

Response:

Please see **Amended Appendix A-12**.

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7. Checklist Item No. 12 – PAWC testimony provided in the Application’s Appendix A-14-A, PAWC Statement No. 2 indicates on Page 3 that service to customers in Limerick Township is provided via one bulk service interconnection pursuant to an Agreement for Sewer Service (Bulk Agreement) between Royersford and Aqua Pennsylvania Wastewater, Inc. (APW) that will be assigned to PAWC at closing. This Bulk Agreement, provided in Utility Valuation Expert work papers as “Limerick 1967.pdf”, indicates on Page 4 that “[APW] shall pay Royersford for “each user” sewer rent at the same rates that are applicable within the Borough of Royersford.”. Please amend the Application’s Appendix A-12 to include rates for APW that is based on applying Royersford’s metered rates for each metered customer served by APW and Royersford’s unmetered rates for each unmetered customer served by APW.

Response:

Please see **Amended Appendix A-12**.

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8. Checklist Item No. 16.c. – The Application’s Appendix A-16-c includes a written description of the boundaries of the proposed service territory which describes one segment as “[...] From Point 1, follow the Municipal boundary and County boundary in a northwestern direction within the centerline of the Schuylkill River approximately 5,700 ft. to the intersection of Limerick municipal boundary and Chester County boundary, said intersection being Point 2. [...]” which does not utilize bearing angles and distances. Please amend the Application’s Appendix A-16-c to include a written description by bearing angles and distances for all boundary segments of the proposed service territory.

Response:

The Montgomery County Municipal Boundary GIS Data Source was used to prepare **Appendix A-16-c**. This is the most accurate data source to identify the municipal boundary. Developing bearings and distances would be challenging, if even possible, and the level of detail approximate. Therefore, **Appendix A-16-c**, as originally filed, should be deemed sufficient to satisfy Checklist Item No. 16.c.

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9. Checklist Item No. 16.f. – The Application’s Appendix A indicates that Appendix A-16-f is a map that has been marked CONFIDENTIAL as it contains physical public utility security information and at the direction of the Secretary’s office, will be provided once the Commission’s offices re-open. However, a general depiction of the location or route of the wastewater collection, treatment or disposal facilities was provided as public information in the Application’s Appendix A-15-a, Drawing SK-1. The Application is administratively incomplete without a response to for Checklist Item No. 16.f. Please file the required information needed to satisfy Checklist Item No. 16.f.

Response:

Please see Amended Appendix A-16-f attaching the **CONFIDENTIAL** map.

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10. Checklist Item No. 18.a. - The Application's Appendix A-12, Page 8 indicates rates apply to wastewater customers in portions of Upper Providence Township. However, the Application's Appendix A-18-b does not provide copies of Royersford's current rates for wastewater service for customers in Upper Providence Township. Please amend the Application's Appendix A-18-a to include copies of Royersford ordinances, resolutions, tariffs and/or contracts establishing rates for wastewater customers in Upper Providence Township.

Response:

Please see **Amended Appendix A-18-a**.

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11. Checklist Item No. 20.b – The Application’s Appendix A-20-b only included a copy of the National Pollutant Discharge Elimination System (NPDES) permit for Royersford’s wastewater treatment plant. However, the Engineer’s Assessment, provided as the Application’s Appendix A-15-a, identified several previous and ongoing plant upgrades which appear to require Water Quality Management (WQM) permits issued by the Pennsylvania Department of Environmental Protection (DEP). Please provide copies of all WQM permits for the Royersford wastewater system.

Response:

Please see **Amended Appendix A-20-b** which includes all WQM permits within the possession of Royersford.

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12. Checklist Item No. 20.c – The 2019 Municipal Wasteload Management Annual Chapter 94 Report (2019 Chapter 94 Report), provided as part of the Application’s Appendix A-20-c, is missing Pages ii, 1, 3 and 5. Please provide Pages ii, 1, 3 and 5 of the document.

Response:

Please see **Amended Appendix A-20-c** which includes a complete copy of the 2019 Municipal Wasteload Management Annual Chapter 94 Report.

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13. Checklist Item No. 20.c – The 2019 Municipal Wasteload Management Annual Chapter 94 Report, provided as part of the Application’s Appendix A-20-c, is missing Pages 2 and 4 of Attachment A, Attachment B and Page 1 of Attachment C. Please provide complete copies of these attachments.

Response:

Please see **Amended Appendix A-20-c** which includes a complete copy of the 2019 Municipal Wasteload Management Annual Chapter 94 Report.

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14. Checklist Item No. 20.e – Please provide a copy of the DEP-approved Corrective Action Plan referred to on Page 4 of the 2019 Chapter 94 report filed as part of the Application’s Appendix A-20-c.

Response:

Please see **Amended Appendix A-20-e**, which includes a copy of the DEP Approved Correction Action Plan.

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15. Checklist Item No. 22.b – The Application’s Appendix A-22-b included a copy of a document titled Borough of Royersford, Montgomery County, Pennsylvania Wastewater Treatment Plant Rerating and 537 Plan Revision Report, but did not include a copy of the attachments identified on Page ii.” Please provide copies of the attachments identified on Page ii of the document.

Response:

Please see **Amended Appendix A-22-b** which includes a complete copy of the “Borough of Royersford, Montgomery County, Pennsylvania Wastewater Treatment Plant Rerating and 537 Plan Revision Report” and attachments with the exception of the 1985 Chapter 94 Municipal Wasteload Management Report. The Borough has diligently searched for the 1985 Chapter 94 Report in its records but has not been able to locate it. The attachments identified on Page ii are located beginning at p. 44 of the pdf attachment.

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16. Checklist Item No. 22.b – Please provide copies of the DEP-approved Act 537 Official Sewage Facilities Plan for Limerick Township and Upper Providence Township or provide a detailed reference as to where this information may be found on file at a Commission docketed proceeding.

Response:

Please see **Amended Appendix A-22-b.**

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17. Checklist Item No. 22.e – The Application’s Appendix A-22-e included a letter addressed to the Montgomery County Planning Commission and a link to Montgomery County’s Comprehensive Plan, but did not provide evidence the filing is consistent with said plan. Please state whether the filing is consistent with the Montgomery County Comprehensive Plan.

Response:

Please see **Amended Appendix A-22-e** which includes a letter from Montgomery County stating that the filing is consistent with the Montgomery County Comprehensive Plan.

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18. Checklist Item No. 24.a. - The Application's Appendix A-24-a, is missing Schedule 3.03. Please amend Appendix A-24-a to include a copy of Schedule 3.03.

Response:

Schedule 3.03 was inadvertently referenced in **CONFIDENTIAL Appendix A-24-a**. Schedule 3.03 does not exist and any reference should have been deleted prior to execution.

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19. Checklist Item No. 24.a. - The Application's Appendix A-24-a is missing an attached schedule referenced in Schedule 4.09. Please amend Appendix A-24-a to include a copy of the attached schedule referenced in Schedule 4.09.

Response:

Please see **CONFIDENTIAL Amended Appendix A-24-a** including Schedule 4.09.

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20. Checklist Item No. 24.a. - The Application's Appendix A-24-a is missing its copy of Exhibit A - Bill of Sale. Please amend Appendix A-24-a to include a copy of Exhibit A - Bill of Sale.

Response:

Please see **CONFIDENTIAL Amended Appendix A-24-a** including a draft of Exhibit A – Bill of Sale. Exhibit A will be finalized and executed prior to Closing.

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21. Checklist Item No. 24.a. - The Application's Appendix A-24-a is missing its copy of Exhibit B - Assignment and Assumption Agreement. Please amend Appendix A-24-a to include a copy of Exhibit B - Assignment and Assumption Agreement

Response:

Please see **CONFIDENTIAL Amended Appendix A-24-a** including a draft of Exhibit B – Assignment and Assumption Agreement. Exhibit B will be finalized and executed prior to Closing.

**66 Pa. C.S. Section 1329 Application Completeness Review
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22. Checklist Item No. 24.a. – The electronic version of the Application’s Appendix A-24-a is missing its copy of Addendum #1 provided in the paper version of Appendix A-24-a. Please amend the electronic copy of Appendix A-24-a to include a copy of Addendum #1

Response:

Please note that the electronic version of the filing did include the Addendum to the APA at pp. 85-86 of the pdf attachment. For ease of reference please see the final two pages of the **CONFIDENTIAL Amended Appendix A-24-a.**