



October 9, 2020

VIA E-FILING (COVER LETTER AND CERTIFICATE OF SERVICE ONLY)

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

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 water treatment and distribution system of Valley Township, related water service rights, fair market valuation ratemaking treatment, deferral of the post-acquisition improvement costs, and certain contracts with municipal corporations; Docket No. A-2020-3019859 et al.

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the above-referenced application and related filings of Pennsylvania-American Water Company ("PAWC") for its acquisition of Valley Township's water treatment and distribution system. This filing is made pursuant to Sections 507 (related to filing of contracts with municipal corporations), 1102 (related to certificates of public convenience), and 1329 (determination of fair market value for ratemaking purposes) of the Pennsylvania Public Utility Code ("Code"), Pa. C.S. §§ 507, 1102, 1329.

Copies of the Application have been served upon the public 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. Due to the current closure of the Commission's offices as a result of the COVID-19 pandemic, the Application and related filings will be uploaded to the Commission's SharePoint site instead of a hard copy being hand-delivered for filing, as instructed by the Secretary's office.

Enclosed on behalf of PAWC as part of the Section 1329 filing requirements are the direct testimonies and accompanying exhibits of the following:

1. Direct Testimony of Keith E. Gabage, Senior Manager of Business Development, PAWC (PAWC St. No. 1 W);
2. Direct Testimony of Michael J. Guntrum, Senior Project Engineer, PAWC (PAWC St. No. 2 W);

3. Direct Testimony of Rod P. Nevirauskus, Senior Director of Rates and Regulations for the Mid-Atlantic Division, American Water Works Service Company, on behalf of PAWC (PAWC St. No. 3 W); and,

4. Direct Testimony of Jerome C. Weinert, Principal and Director, AUS Consultants, Inc., PAWC's Utility Valuation Expert (PAWC St. No. 4 W).

In addition, as a courtesy to the parties, PAWC is submitting the following direct testimony and accompanying exhibits on behalf of Valley Township. PAWC's submission of this testimony should not be considered support for or sponsoring of such testimony. PAWC anticipates that Valley Township will intervene in this matter and will submit its direct testimony and exhibits.

1. Direct Testimony of Patrice Proctor, Chairwoman of the Board of Supervisors of Valley Township (Valley Township St. No. 1 W); and,

2. Harold Walker III, Manager – Financial Studies for Gannett Fleming Valuation and Rate Consultants, LLC, Valley Township's Utility Valuation Expert (Valley Township St. No. 2 W).

Copies of this prepared direct testimony and accompanying exhibits can be found at **Appendix A-13-a** and **A-13-b** (Valley Township) and **Appendix A-14-a** and **A-14-b** (PAWC) of the Application.

In compliance with Code Section 507, 66 Pa. C.S. § 507, PAWC has also included a copy of the Asset Purchase Agreement for this transaction. This agreement can be found at **Appendix A-24-a** (**CONFIDENTIAL**) of the Application. Disclosure of such information could cause competitive harm to PAWC.

Additionally, the map of the System, **Appendix A-16-f** is being filed as **CONFIDENTIAL** due to the location of facilities.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito

DPZ
Enclosure

cc: Per Certificate of Service
Sean Donnelly (Bureau of Technical Utility Services)

**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 Valley Township’s assets, properties and rights :
related to its water treatment and distribution system to : Docket No. A-2020-3019859
Pennsylvania-American Water Company, and (2) the rights of :
Pennsylvania-American Water Company to begin to offer or :
furnish water service to the public in Valley Township, a portion :
of West Caln and East Fallowfield Townships, Chester 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 Valley Township’s assets related to its water treatment :
and distribution system. :

Petition of Pennsylvania-American Water Company, related to its :
acquisition of Valley Township’s water treatment and distribution :
system, for approval under Section 1329 of the Pennsylvania :
Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution : Docket No. P-2020-_____
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, and (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 (a) the Asset Purchase Agreement Between :
Pennsylvania-American Water Company and Valley Township :
and (b) the Sewer and Water Service Agreement Between West :
Caln Township, Valley Township, Valley Township Authority :
and Highlands Corporate Center. :

CERTIFICATE OF SERVICE

I hereby certify that I have this 9th day of October served a true copy of the foregoing Application (*via zip drive*) of Pennsylvania-American Water Company regarding the acquisition of Valley Township's water treatment and distribution system 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

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Respectfully submitted,



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