

**Application of Pennsylvania-American Water Company for Acquisition of
the Water Assets of Valley Township
66 Pa. C.S. § 1329
Application Filing Checklist – Water/Wastewater
Docket No. A-2020-3019859**

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

RESPONSE:

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

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

NOTICE OF PROPOSED WATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2020-3019859)



Appendix A-18-d

Dear Customer:

On _____, the Pennsylvania Public Utility Commission (“PUC”) conditionally accepted for filing the application of Pennsylvania-American Water Co. (“Pennsylvania-American”) for approval to acquire the Valley Township (“Valley”) water system assets. Valley serves approximately 1,670 customers in Chester County. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$7.325 million 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 Valley water customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current rates will not change as a result of this acquisition until the conclusion of Pennsylvania-American’s first base rate case, filed after closing on the acquisition, where Pennsylvania-American requests and receives PUC approval to increase its rates. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential rate impact could be as follows:

PENNSYLVANIA-AMERICAN 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’s transaction and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

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

David P. Zambito, Esq., Cozen O’Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC’s website at www.puc.pa.gov, and 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. Inspection times may vary based on the COVID-19 state of emergency. The PUC docket number is A-2020-3019859. For more information, you may contact the PUC’s Bureau of Consumer Services at 1-800-692-7380.

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Appendix A-18-d

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This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Valley water customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current water rates will not change until the conclusion of Pennsylvania-American’s first base rate case, filed after closing on the acquisition, where Pennsylvania-American requests and receives PUC approval to increase its rates. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential water rate impact could be as follows:

Rate Class	Average Usage	WATER		
		Average Monthly Bill at Valley Township Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,630 gal/month	\$30.05	\$60.91	\$30.86 or 103%
Commercial	22,000 gal/month	\$156.24	\$316.70	\$160.46 or 103%
Industrial	476,000 gal/month	\$3,969.84	\$8,046.87	\$4,077.03 or 103%

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

PUC ROLE

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