

**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**

11. State the ratemaking rate base as required in 66 Pa. C.S. § 1329 and specify whether it is based on either the fair market value determined by the valuation experts or the asset purchase price.

RESPONSE: As noted in **Appendix A-6**, the negotiated purchase price for the acquired assets is \$7,325,000 and the average of the appraisals of the buyer’s Utility Valuation Expert (“UVE”) and the seller’s UVE is \$11,051,185. The buyer’s UVE gave an appraisal of \$11,570,369. The seller’s UVE gave an appraisal of \$10,532,000. Accordingly, the negotiated purchase price of \$7,325,000 is the value for ratemaking purposes under Section 1329 (i.e. the lower of the negotiated purchase price and the average of the UVEs’ appraisals). The negotiated purchase price as determined by the Section 1329 process, which in addition to the transaction and Closing costs described in **Appendix A-10**, becomes part of the rate base for ratemaking purposes. Note, however, that PAWC reserves its right in future proceedings to make rate base claims related to the acquisition as may otherwise be permitted under the Pennsylvania Public Utility Code.