

**66 Pa. C.S. Section 1329 Application Completeness Review
Pennsylvania-American Water Company Acquisition of Valley Township Water System
Assets at Docket No. A-2020-3019859**

Missing Application Information:

1. Checklist Item No. 7 - The Application's Appendix A-7.2 includes a copy of the agreement between Gannett Fleming Valuation and Rate Consultants, LLC (GFVRC) and Valley Township and several invoices. However, Appendix A-7.2 does not quantify the total fees paid to GFVRC for providing the completed appraisals for the acquisition. Please amend the Application's Appendix A-7.2 to include a statement quantifying the total fees paid to GFVRC for providing the completed appraisals for the acquisition.

Response:

The total fees paid to date to GFVRC for the Valley Township water appraisal are \$28,520. Please see current invoices and fees at **Amended Appendix A-7.2**.

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2. Checklist Item No. 12 – The pro forma tariff supplement included in the Application’s Appendix A-12 specifies on Original Page 16.X that all metered customers are subject to a service charge per “Customer Unit” (Customer Unit) and this service charge includes the first 3,400 gallons of water usage per month per Customer Unit. However, Valley Township rates, rules and regulations provided in the Application’s Appendices A-18-a and A-18-b do not indicate that a customer’s service charge, or the allocation of water included in a customer’s service charge, is based on Customer Units. Please amend the Application’s Appendix A-12 to include a proposed tariff containing a rate equal to the existing rates of the seller at the time of acquisition for all customers.

Response: Please see attached **Amended Appendix A-12**.

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3. Checklist Item No. 14.a – “PAWC Exhibit KEG-1W” is identified on Page 3, Line 3 of the Application’s Appendix A-14-a, PAWC Statement No. 1 W. However, PAWC Exhibit KEG-1W was not provided in the Application. Please amend the Application’s Appendix A14-a to include a copy of PAWC Exhibit KEG-1W.

Response: Please find **Amended Appendix A-14-a** PAWC Statement No. 1W which includes PAWC Exhibit KEG-1W.

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4. Checklist Item No. 15.d – The Application’s Appendix A-15-d contains a response that refers to the Application’s Appendix A-16-f, Valley Township Water System Overview, to provide the elevations of major facilities and service areas. Appendix A-16-f does not indicate the elevations of major facilities or service areas and instead only depicts what appears to be illegible contour lines. Please amend the Application’s Appendix A-15-d to identify the elevations of major facilities.

Response:

Please see **Amended Appendix A-16-f (CONFIDENTIAL)**.

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5. Checklist Item No. 16 – Page 2 of the Application indicates that PAWC is requesting the right to begin to offer, render, furnish and supply water service in the areas served by Valley Township. However, Exhibit C in the Application’s Appendix A-16-a-e depicts a service territory that includes an area in the west central portion of Valley Township that does not appear to be currently served by Valley Township. Please revise Appendix A-16 –a-e to reflect the current water service territory of Valley Township that aligns with the existing water system infrastructure.

Response: The area in question is one parcel associated with the Chester County Airport. This parcel receives water service from Valley Township.

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6. Checklist Item No. 16.a – The Application’s Appendix A-16-a-e depicts the extent of the requested service area and existing adjoining service areas, including areas PAWC is requesting Commission approval to provide water service, nunc pro tunc, through a concurrent filing at Docket No. A-2020-3019519. PAWC’s response to Data Request Set 1, Item A-7 indicated that Valley Township is the water service purveyor for the property at 638 Old Lincoln Highway. This property is depicted in the nunc pro tunc application’s Exhibit E as Area 8 and in this Application’s Appendix 16-a-e, Exhibit D as being bordered by line segments 29 through 32. Please amend Appendix A-16-a-e of this Application to include the property at 638 Old Lincoln Highway as part of the service area requested by this Application.

Response: Please see **Amended Appendix A-16-f (CONFIDENTIAL)**.

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7. Checklist Item No. 17.b – The Application’s Appendix A-17-b refers to Page 3 of PAWC Statement No. 2W, included in the Application’s Appendix A-14-a, which provides the following response to the question regarding whether the system can provide an adequate supply of water: “Based on the population projections and demand projections the system capacity is adequate to meet present and future customer demands.” This statement does not identify the population, demand or system capacity projections upon which the conclusion of adequacy is based and does not address treatment, storage and distribution capacities. Please amend the Application’s Appendix A-14-a to qualify the buyer’s ability to provide adequate water supply, treatment, storage and distribution capacity to meet present and future customer demands.

Response: Please see response to **Amended Response to Appendix A-17-b.**

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8. Checklist Item No. 18.a – The pro forma tariff supplement included in the Application’s Appendix A-12 includes proposed \$0 rates for unmetered private fire protection and private fire hydrant customers on Page 29 and public fire hydrant customers on Page 32. However, the Valley Township rates provided in the Application’s Appendix A-18-a do not include copies of Valley Township ordinances, resolutions, tariffs, contracts and/or other supporting documentation evidencing that the proposed \$0 rate for unmetered private fire protection, private fire hydrant and public fire hydrant customers matches Valley Township’s existing rates. Please amend the Application’s Appendix A-18-a to include copies of Valley Township ordinances, resolutions, tariffs, contracts and/or other supporting documentation evidencing that the \$0 rates contained in the pro forma tariff supplement included in the Application’s Appendix A-12 equals Valley Township’s existing rates for unmetered private fire protection, private fire hydrant and public fire hydrant customers.

Response: Please see revised **Amended Appendix A-18-a** and **Amended Appendix A-12**. Valley Township’s counsel confirmed that the Township Ordinance implies there is no rate charged for private fire hydrant services. Valley Township’s counsel further confirmed that the Township Ordinance implies there is a rate charged for private fire protection lines, if water is utilized when fire suppression devices are activated. The Township’s billing practices are consistent with the Township Ordinance.

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9. Checklist Item No. 18.a - The pro forma tariff supplement included in the Application's Appendix A-12 specifies on Page 11 that Rate Zone XX rates apply to customers in portions of East Fallowfield and West Caln Townships. However, the Valley Township rates provided in the Application's Appendix A-18-a do not include copies of Valley Township ordinances, resolutions, tariffs and/or contracts establishing rates for water service for customers in East Fallowfield and West Caln Townships. Please amend the Application's Appendix A-18-a to include copies of Valley Township ordinances, resolutions, tariffs, agreements and/or contracts establishing rates for water service for customers in East Fallowfield and West Caln Townships.

Response: Please see **Amended Appendix A-18-a** that include copies of the adopted Rate Resolution #2020-09 for the customers located in East Fallowfield and West Caln and the adopted Rate Resolution # 2020-21 for Highland Corporate Center located in West Caln.

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10. Checklist Item No. 19.a – The Valley Township Annual Audit and Financial Report for the year ended December 31, 2019 (2019 Financial Report), included in the Application’s Appendix A-19-a, is missing Page 17. Please amend the Application’s Appendix A-19-a to include a copy of Page 17.

Response: Please see **Amended Appendix A-19-a** which is a full and complete copy of Valley Township’s Annual Audit and Financial Report.

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11. Checklist Item No. 20.a – The Application’s Appendix A-20-a included a copy of a letter dated April 3, 1992 approving and enclosing Water Allocation Permit No. WA 15-917, which granted Valley Township the right to purchase water from the City of Coatesville Authority (now PAWC). Condition No. 2 of this permit indicates that the duration of the permit shall not exceed 25 years (i.e., April 3, 2007). The Safe Drinking Water permits issued by DEP for the operation of Valley’s connection with PAWC and included in the Application’s Appendices A-15-a and A-20-a, indicate the Water Rights Act requires a public water supply agency to hold a valid subsidiary water allocation permit for purchase of surface waters from another public water supply agency. Please amend Appendix A-20-a to include a copy of Valley Township’s current Subsidiary Water Allocation Permit or provide an explanation of the status of permit renewal.

Response: Please see **Amended Appendix A-20-a.**

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12. Checklist Item No. 22.e – The Application’s Appendix A-22-e included copies of letters sent to the Valley Township Planning Commission, East Fallowfield Township, the West Caln Township Planning Commission, and the Chester County Planning Commission requesting evidence that PAWC’s filing is consistent with affected municipality and county comprehensive plans. However, the Valley Township Planning Commission is the only entity that provided a response to these letters. Please amend the Application’s Appendix A22-e to provide evidence the filing is consistent with the affected municipal and county comprehensive plans.

Response: The municipal letters for West Caln and Chester County have not been received to date. After the municipal letters were sent out it was determined that Valley Township does not have water service territory in East Fallowfield Township, as reflected in **Amended Appendix A-16-a** of the application containing the requested water service territory map. In addition, see **Amended Appendix A-22-e** that removes East Fallowfield from the list of affected municipalities. The outstanding municipal letters will be provided upon receipt.

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13. Checklist Item No. 24.a - The Application's Appendix A-24-a, Schedule A – Service Area indicates “Most Recent Service Area Map Attached”. This document is not included in Appendix A-24-a. Please amend Appendix A-24-a to include a copy of the service area map referenced in Schedule A – Service Area.

Response: Please see **Amended Appendix A-24-a (CONFIDENTIAL)**, which no longer references a Schedule A.

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14. Checklist Item No. 24.a - The Application's Appendix A-24-a is missing its copy of Schedule 2.02(g) – Excluded Assets. Please amend Appendix A-24-a to include a copy of Schedule 2.02(g) – Excluded Assets.

Response: The Schedule 2.02(h) - Excluded Assets as contained in the **Amended Appendix A-24-a (CONFIDENTIAL)** is incorrectly identified as Schedule 2.02 (g). This will be corrected prior to the financial close. As stated on this schedule, there are no excluded assets.

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15. Checklist Item No. 24.a - The Application's Appendix A-24-a is missing its copy of Schedule 4.09 – Real Property and Easements; Liens. Please amend Appendix A-24-a to include a copy of Schedule 4.09 – Real Property and Easements; Liens.

Response: Please see **Amended Appendix A-24-a (CONFIDENTIAL)**.

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

Response: Please see **Amended Appendix A-24-a (CONFIDENTIAL)**.

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17. 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 **Amended Appendix A-24-a (CONFIDENTIAL)**.

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18. Checklist Item No. 25 – The Application’s Appendix A-24-a, Schedule 4.13 – Assigned Contracts identifies six agreements to be assigned to PAWC. However, the Application’s Appendices A-25-a and A-25-b only include three agreements to be assumed by PAWC. Please amend the Application’s Appendix A-25-a to provide copies of all municipal and affiliate contracts to be assumed by PAWC as part of the acquisition and a list and annual dollar value of other contracts.

Response: Please see **Amended Appendix A-25**. Please note that after Closing, several contracts will cease to be effective due to unity of the parties (e.g., PAWC will have assumed the obligations of both the City of Coatesville Authority and Valley Township).

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19. Checklist Item No. 25 – The Sewer & Water Service Agreement Between West Caln Township, Valley Township and Valley Township Authority Regarding Service to Highlands Corporate Center dated November 16, 1988 (1988 Service Agreement), included in the Application’s Appendix A-25-a, indicates on Page 4, Section 8 that a copy of a West Caln Township Resolution (Resolution) is attached to the 1988 Service Agreement. However, Appendix A-25-a does not include a copy of the Resolution. Please amend Appendix A-25-a to include a copy of the Resolution.

Response: Valley Township has been unsuccessful locating the West Caln Township Resolution that was attached to the 1988 Service Agreement. If located, the Resolution will be provided. In addition, see **Amended Appendix A-18-a** that contains the adopted Rate Resolution for Highland Corporate Center.

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20. Checklist Item No. 25 – The 1988 Service Agreement includes an attached map that is illegible. Please amend Appendix A-25-a to include a complete copy of the map attached to the 1988 Service Agreement.

Response: Valley Township has been unsuccessful locating a clean copy of the map that was attached to the 1988 Service Agreement. If located, the map will be provided.