

66 Pa. C.S. Section 1329 Application Completeness Review
Pennsylvania-American Water Company – Wastewater Division Acquisition of
Valley Township Wastewater System Assets at Docket No. A-2020-3020178

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 state 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 wastewater appraisal are \$30,400. .Please see **Amended Appendix A-7.2.**

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2. Checklist Item No. 12 – The Application’s Appendix A-4.1 contains a response to Standard Data Request (SDR) Item No. 6, which lists three buildings receiving free service from Valley Township. However, the pro forma tariff supplement included in the Application’s Appendix A-12-a does not contain a copy of a proposed tariff containing a rate equal to the existing rates of the seller at the time of acquisition or other supporting documentation evidencing that Valley Township will change the rates charged to customers identified in SDR Item No. 6 to match proposed tariff rates prior to closing. Please amend the Application’s Appendix A-12 to include a proposed tariff containing a rate equal to the existing rates of seller at the time of acquisition for all customers.

Response Valley Township will adopt an ordinance prior to PAWC ownership that will establish that the Westwood Fire Company will no longer receive free wastewater service. This customer will be billed based on Valley Township’s current wastewater rates. If, however, Valley Township does not enact this ordinance prior to closing of the record, PAWC will modify its pro forma tariff. Valley Township had elected not to bill itself for the wastewater service which is a common practice for municipally-owned utilities. No amendment is required to the Application’s **Appendix A-12-a** at this time since all customers will be charged for wastewater service prior to PAWC’s ownership.

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3. Checklist Item No. 12 – The *pro forma* tariff supplement included in the Application’s Appendix A-12 specifies on Original Page 11.XX that all metered customers are subject to a service charge per “Customer Unit” (Customer Unit) and that this service charge includes the first 3,400 gallons of water usage per month per Customer Unit. However, Valley Township’s 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 volume 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.

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

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4. Checklist Item No. 12 – The pro forma tariff supplement included in the Application’s Appendix A-12 specifies on Original Page 11.XX that all customers not metered for water consumption are subject to a service charge per Equivalent Dwelling Unit (EDU). Also, Appendix D of Valley Township’s 2019 Chapter 94 Report, included as the Application’s Appendix A-20-c, encompasses Chapter 18 of Valley Township’s Code of Ordinances. This Code of Ordinances includes a schedule indicating how Valley Township calculates EDUs on Page 18-9. This schedule does not conform with the definition for EDU indicated in Page 21 of PAWC’s effective wastewater tariff, which defines EDU as “a measure based upon the estimated average daily wastewater flow for the type of business, as calculated by the [Pennsylvania Department of Environmental Protection] Regulation at 25 Pa Code: 73.17 divided by the typical estimated average daily wastewater flow from a current single-family. unit.” 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.

Response: Please see **Amended Appendix A-12** and **Amended Appendix A-18-b**.

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

Response: Please see **Amended Appendix A-14-a**, PAWC Statement No. 1WW which includes PAWC Exhibit KEG-1.

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6. Checklist Item No. 15.a. – The Application’s Appendix A-15-a, Engineering Assessment and Original Cost (Engineer’s Assessment) does not separately identify utility plant held for future use. The facility information sheets included in Section 4 of the Engineering Assessment identify two odor control systems as “inactive” or “not in use” and a portable winch as “not installed”. However, it is not clear if these, or any other, assets are held for future use. Please amend the Application’s Appendix A-15-a to separately identify any utility plant that is held for future use.

Response: The Engineer’s Assessment correctly reflects that there are no assets held for future use. The two (2) odor control systems at Round Hill #1 and #2 pump stations are connected and ready for operation when needed. The portable winch is stored at the Rock Run pump station and can be used throughout the system when needed. No amendment is required to the Application’s **Appendix A-15-a**.

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7. Checklist Item No. 15.a – The List of Assets and Costs provided in Section 9 of the Engineer’s Assessment appears to include assets that are no longer used and useful with other assets that still are used and useful. For example, a line item under the list of Rock Run assets that states “6” CIP Force Main – Original Installation (partially abandoned)”. Please amend the Application’s Appendix A-15-a to revise the inventory of used and useful assets to exclude or separately identify assets that are not used and useful plant assets to be transferred or utility plant held for future use.

Response: The Engineer’s Assessment correctly reflects that there are no plant assets that are “not used or useful” or “held for future use.” The assets that are listed as 6” CIP Force Main - Original Installation (partially abandoned) are accurately reflected in the inventory as used & useful assets. The portion that was abandoned was retired and is not included in the asset inventory. The linear footage and cost that is included in the Engineer’s Assessment is related to the portion that remains in service. No amendment is required to the Application’s **Appendix A-15-a**.

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8. 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 Sewer System Overview, to provide the elevations of major facilities and service areas. Appendix A-16-f does not clearly state the elevations of major facilities or service areas and instead relies on the interpolation of illegible contour lines. Please amend the Application’s Appendix A-15-d to state the approximate elevations of major facilities.

Response: Please see revised map attached as **Amended Appendix A-16-f (CONFIDENTIAL)**.

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9. Checklist Item No. 16.a – The Application’s Page 12, Section 38 indicates the service area comprising the requested territory is consistent with Valley Township’s “Service Area” and “the Act 537 Service Area within [Valley Township]”. However, the requested service territory map provided as the Application’s Appendix A-16-a appears to include areas that are described as not requiring public utilities in Chapter IV, Page IV-3, Table IV-1 and Appendix M of the Valley Township Act 537 Plan Official Sewage Facilities Plan (Valley Act 537 Plan), provided as the Application’s Appendix A-22-b, including certain areas designated as “conservation”. Please amend the Application’s Appendix A-16-a to include a revised requested service territory map that is consistent with the approved Act 537 Official Sewage Facilities Plan (Act 537 Plan) for each affected municipality.

Response: Please see attached service area map which is attached to **Amended Appendix A-22-b** for PAWC’s Coatesville existing service area map. This map was part of an update to Valley’s Act 537 plan that was municipally adopted and approved by DEP. This map is attached in the beginning of **Amended Appendix A-22-b**.

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10. Checklist Item No. 18.b. – The Application’s Appendix A-18-a includes Valley Township Ordinance No. 2012-11, which amends Sections 205.1 and 205.2 in Chapter 18 – Sewers and Sewage Disposal of the Valley Township Code of Ordinances. The Application’s Appendix A-18-b does not include Chapter 18 – Sewers and Sewage Disposal, of the Valley Township Code of Ordinances. Please amend the Application’s Appendix A-18-b to include a current copy of all Valley Township’s rules and regulations for service.

Response: Please find attached **Amended Appendix A-18-b** which includes Chapter 18 – Sewers and Sewage Disposal. Sections 205.1 and 205.2 of this Chapter are the outdated versions, which were modified by Ordinance No. 2012-11.

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11. Checklist Item No. 19.a – The Valley Township Annual Audit and Financial Report as of 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** that includes missing Page 17 of the Valley Township Annual Audit and Financial Report as of December 31, 2019 (2019 Financial Report).

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12. Checklist Item No. 20.b. – The Engineer’s Assessment identified six Valley Township- owned pump stations and one undedicated pump station permitted to Valley Township (Hill View Pump Station) and included copies of several water quality management (WQM) permits, issued by the Department of Environmental Protection (DEP), applicable to the pump stations identified. However, the Application’s Appendix A-20-b does not include copies of or a reference to the copies of the DEP WQM permits provided in the Engineer’s Assessment and appears to be missing copies of DEP permits applicable to the Country Ridge pump station. Please amend Appendix A-20-b to include copies of the following documentation:
- a. Any DEP WQM permits and permit amendments applicable to the Country Ridge pump station;
 - b. The original WQM permit for the Rock Run pump station and subsequent amendments to that permit; and
 - c. Any DEP WQM permits and permit amendments related to the Hill View pump station.

Response:

Please find attached as marked as **Amended Appendix A-20-b**.

a. **Country Ridge Pump Station**

Valley Township has been unable to locate the first amendment to the Country Ridge Pump Station. When it is located it will be submitted to the Commission.

b. **Rock Run Pump Station**

Original Township-Wide Sewer System Rock Run PS Permitting (1969-1970): Original permit for Rock Run PS (permit #1569495) with a design capacity of 153,000 gpd.

Rock Run PS Reconstruction WQM Permit (1998): WQM permit #1597414 for the modifications to Rock Run PS. This was for the reconstruction of the PS, although the modifications are not outlined in the permit. This is believed to be Amendment #1 to the Rock Run PS permit, even though it was not referenced as such and has a different permit number.

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Rock Run PS Re-Rate #1 WQM Permit (2006): Amendment #2 to permit #1502419 that increased the annual average flow from 230,400 gpd to 300,000 gpd. Note that the permit number changed again between the 1998 and 2006 amendments.

Rock Run PS Re-Rate #2 WQM Permit (2010): Amendment #3 to permit #1502419 that increased the annual average flow from 300,000 gpd to 384,000 gpd.

c. **Hill View Pump Station**

Please find the Hill View Pump Station Amendment attached as **Amended Appendix A-20-b.**

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13. Checklist Item No. 22.b – The Application’s Appendix A-22-b does not include evidence that the Valley Act 537 Plan Revised October 1, 2008 was approved by DEP. Please amend the Application’s Appendix A-22-b to provide evidence the Valley Act 537 Plan was approved by the DEP.

Response: Please see **Amended Appendix A-22-b** that includes the DEP Act 537 Approval letter dated May 3, 2010.

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14. Checklist Item No. 22.a – The Application’s Appendix A-22-a includes a copy of a letter from Valley Township indicating that Valley Township’s sanitary sewer system is compliant with the Valley Act 537 Plan. This letter does not demonstrate that the extent of the boundaries of the requested service territory depicted in the Application’s Exhibit A-16-a are compliant with the Act 537 Plans for Valley, Sadsbury, East Fallowfield and West Caln Townships. Please amend the Application’s Exhibit A-22-a to provide evidence that the extent of the boundaries of the requested service territory are compliant with the Act 537 Plan for each affected municipality.

Response:

See **Amended Appendix A-22-b**. In addition, please see response to TUS Deficiency 15.

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15. Checklist Item No. 22.b – The Application’s Appendix A-22-b does not include a copy of the DEP-approved Act 537 Plan for each affected municipality, including East Fallowfield, Sadsbury and West Caln Townships. Please amend the Application’s Appendix A-22-b to provide either a copy of the Act 537 Plan for each affected municipality or 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** which is a complete version of the Act 537 Plan. This plan is a regional plan which encompasses multiple townships and boroughs in this area, including the ones listed above. This plan was adopted by DEP and adopted by Valley Township. These adoption letters can be seen at the beginning at **Amended Appendix A-22-b** along with a map which denotes which municipalities are included.

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16. Checklist Item No. 22.b. – The Valley Act 537 Plan, included as the Application's Appendix A-22-b, is missing eleven exhibits identified on Page TOC-10. Please amend the Application's Appendix A-22-b to include copies of these eleven exhibits.

Response: Please see **Amended Appendix A-22-b** that includes the eleven exhibits as identified on Page TOC-10.

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17. Checklist Item No. 22.b. – The Connection Management Plan provided as Appendix I of the Valley Act 537 Plan is missing portions of the “Summary of Management Plan Goals for WWTP” Section due to an apparent scanning error. Please provide a complete copy of the Appendix I.

Response: Please see **Amended Appendix A-22-b** that includes a clean version of Appendix I of the Valley Act 537 Plan.

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18. Checklist Item No. 22.e – The Application’s Appendix A-22-e included copies of letters addressed to the Chester County Planning Commission, East Fallowfield Township, the Sadsbury Township Planning Commission, the Valley Township Planning Commission and the West Caln Township 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 provide evidence the filing is consistent with the affected municipality and county comprehensive plans.

Response: See attached 2 additional municipal letters that we have received as marked as **Amended Appendix A-22-e** since PAWC made its filing. They are from West Caln and Chester County. We have not received anything back from Sadsbury Township. After the municipal letters were sent out it was determined that Valley Township does not have wastewater service territory in East Fallowfield Township, as seen in **Appendix A-22-b** of the application, which contains the requested wastewater service territory map that does not include any wastewater service territory in East Fallowfield Township. Please see attached **Amended Appendix A-22-e**. The Sadsbury Township municipal letter will be provided upon receipt.

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19. Checklist Item No. 25 – The undated Sewage Conveyance Agreement between the City of Coatesville Authority and Valley Township (Sewage Conveyance Agreement), included in the Application’s Appendix A-25-a, is not executed. Please amend the Application’s Appendix A-25-a to include an executed copy of the Sewage Conveyance Agreement.

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

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20. Checklist Item No. 25 - The Application's Appendix A-24-a, Schedule 4.13 – Assigned Contracts identifies eleven agreements to be assigned to PAWC-WD, whereas the Application's Appendices A-25-a and A-25-b only include three agreements to be assumed by PAWC-WD. Please amend the Application's Appendix A-25-a to provide copies of all municipal and affiliate contracts to be assumed by PAWC-WD 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).