

**Application of Pennsylvania-American Water Company for Acquisition of  
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7. State the total fees paid to the utility valuation experts for providing the completed appraisals for the acquisition and provide documentation, i.e., the valuation service agreement and all associated invoices, supporting the subject fee amounts.

**AMENDED RESPONSE:**

The valuation services agreements and fees paid to Jerome C. Weinert, P.E., Principal and Director for AUS on behalf of PAWC and by Harold Walker III, Manager – Financial Studies for Gannett Fleming on behalf of Valley are reflected in **Appendix A-7.1 (AUS) and Amended Appendix A-7.2 (Gannett Fleming)**.

**Amended Appendix A-7**

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12. Provide a proposed tariff containing a rate equal to the existing rates of the seller at the time of the acquisition and a rate stabilization plan, if applicable to the acquisition.

**AMENDED RESPONSE:**

See enclosed *pro forma* Tariff Supplement No. XX to Tariff Water PA P.U.C. No. 5 of PAWC, Water Division, containing an initial base rate equal to the existing rates of Valley at the time of the acquisition.

The APA does not contain any rate commitments, other than the adoption of Valley's existing rates as set forth in Section 7.03 and on Schedule 7.03(a) of the APA, attached at **CONFIDENTIAL Amended Appendix A-24-a** and therefore does not technically fall within the definition of a "rate stabilization plan" as defined by 66 Pa. C.S. § 1329. See Direct Testimony of Rod P. Nevirauskas, PAWC St. No. 3W, p. 14 enclosed at **Amended Appendix A-14-a**.

**Amended Appendix A-12**

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14. Buyer Testimony:
- a. Provide buyer direct testimony supporting the application.
  - b. Provide buyer UVE direct testimony.

**AMENDED RESPONSE:**

- a. See enclosed the direct testimonies of PAWC witnesses as follows:
  - i. Direct Testimony of Keith E. Gabage, Senior Manager of Business Development, PAWC, **Amended PAWC Statement No. 1 W.**
  - ii. Direct Testimony of Michael J. Guntrum, Senior Project Engineer, PAWC, **PAWC Statement No. 2 W.**
  - iii. Direct Testimony of Rod P. Nevirauskas, Senior Director of Rates and Regulations for the Mid-Atlantic Division, American Water Works Service Company, on behalf of PAWC, **PAWC Statement No. 3 W.**
- b. See enclosed direct testimony of Jerome C. Weinert, Principal and Director for AUS on behalf of PAWC, **PAWC Statement No. 4 W.**

**Amended Appendix A-14**

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15. Plant in Service.
- d. State the elevations of major facilities and service areas.

**AMENDED RESPONSE:**

- d. See map attached at **Amended Appendix A-16-f (CONFIDENTIAL)**. *See also*, Direct Testimony of Michael J. Guntrum, PAWC Statement No. 2W at p. 3 attached as **Appendix A-14-a**.

**Amended Appendix A-15-d**

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16. Map of Service Area. Provide a scalable map or plan of suitable scale highlighting the boundaries of the proposed service area that includes:
- a. The extent of the proposed service area with any existing adjoining service areas identified.
  - b. A north arrow depicting map orientation.
  - c. A written description of the boundaries for the service territory utilizing bearing angles and distances.
  - d. Size of the service territory area in terms of acres or square miles.
  - e. Identification and depiction of all municipal boundaries relative to the service area.
  - f. Depiction of the location or route of the waterworks or wastewater collection, treatment or disposal facilities.

**AMENDED RESPONSE:**

For subparts a. through e., see enclosed maps and written descriptions attached as **Amended Appendix A-16-a through Appendix A-16-e**. For subpart f., see enclosed map at **Amended Appendix A-16-f (CONFIDENTIAL)**.

**Amended Appendix A-16-a through 16-f**

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17. Customers.

- b. Buyer shall demonstrate its ability to provide adequate water supply, treatment, storage and distribution or adequate wastewater collection, treatment or disposal capacity to meet present and future customer demands.

**AMENDED RESPONSE:**

- b. The Valley Springs (PWSID #: 1150185) water system has three permanent ground water wells and can supplement production with purchased surface water from PAWC's Coatesville water system. The system has approximately 820 customers and in 2018 had an average daily demand of approximately 92,500 gpd. The three wells have an average day permitted capacity of approximately 150,000 gpd. Any additional water demand can be supplied by the interconnection with PAWC's Coatesville system. PAWC is not aware of any projections of additional customers that would add significant demand to the system. Therefore, PAWC has the ability to provide adequate water supply, treatment, storage and distribution capacity to meet present and future customer demands in the Valley Springs system.

The Valley Crossing (PWSID #: 1150197) water system purchases all its water from PAWC Coatesville. The Villages of Hillview (PWSID #: 1150225) water system purchases all its water from PAWC Coatesville. PAWC's Coatesville water treatment plant has an average day permitted capacity of approximately 5 mgd. In 2019 the maximum day water production from PAWC's Coatesville water treatment plant was approximately 4.1 mgd. This maximum daily production included demand from the Valley customers. PAWC is not aware of any projections of additional customers that would add significant demand to the systems. Therefore, PAWC has the ability to provide adequate water supply, treatment, storage and distribution capacity to meet present and future customer demands for these systems.

**Amended Appendix A-17-b**

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18. Rates.
- a. State the current rates of the seller.

**AMENDED RESPONSE:**

- a. See attached as **Amended Appendix A-18-a** Valley's current rates. In addition, see Schedule 7.03(a) of the APA, attached as **CONFIDENTIAL Amended Appendix A-24-a**.

**Amended Appendix A-18-a**

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18. Rates.
- b. Provide a copy of the seller’s current rules and regulations for service.

**AMENDED RESPONSE:**

- b. See attached Valley’s current rules and regulations governing the provision of water service titled Valley Township Water System – Rules and Regulations, attached as **Amended Appendix A-18-b** and Chapter 25 – Water Ordinances which are attached **Amended Appendix A-18-a**.

**Amended Appendix A-18-b**



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19. Cost of Service.
- a. Provide a copy of the seller's two most recent audited financial statements.

**AMENDED RESPONSE:**

- a. See attached the 2018 and 2019 Department of Community & Economic Development Municipal Annual Audit and Financial Reports. Both financial statements are attached as **Amended Appendix A-19-a**.

**Amended Appendix A-19-a**

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20. Proof of Compliance. Provide proof of compliance with applicable design, construction and operation standards of DEP or of the county health department, or both, including:
- a. For **water** system acquisitions, provide copies of the public water supply/water quality management permits for the utility plant.

**AMENDED RESPONSE:**

- a. Copies of the public water supply/water quality management permits provided by Valley are attached as **Amended Appendix A-20-a**. Additional water permits may be identified going forward. Copies of any additional water permits located will be provided.

**Amended Appendix A-20-a**

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22. Other requirements. Demonstrate compliance with the following:
- e. Provide evidence the filing is consistent with the affected municipality and county comprehensive plans if the filing proposes to expand service beyond the existing plant footprint.

**AMENDED RESPONSE:**

- e. See enclosed **Amended Appendix A-22-e** for requests for evidence that PAWC’s filing is consistent with the municipal and county comprehensive plans and zoning for Valley, East Fallowfield Township, West Caln Township, and Chester County Planning Commission. Responses will be provided upon receipt. Additionally, the current comprehensive plans can be located at the following website links:

Valley Township:

[http://www.valleytownship.org/mwg-internal/de5fs23hu73ds/progress?id=1Z8-vymo2byfhWblhL0cdOn\\_QK7Z2cAjCEZihIqrzk](http://www.valleytownship.org/mwg-internal/de5fs23hu73ds/progress?id=1Z8-vymo2byfhWblhL0cdOn_QK7Z2cAjCEZihIqrzk)

West Caln Township:

<http://www.westcaln.org/files/55739990.pdf>

Chester County:

<https://chescoplanning.org/landscapes3/pdf/Landscapes3.pdf>

**AmendedAppendix A-23-d**

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24. Asset Purchase Agreement (APA).
- a. Provide a copy of the APA that is signed by all parties.

**AMENDED RESPONSE:**

- a. See enclosed Asset Purchase Agreement between Valley Township, as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of December 17, 2019. The APA is **CONFIDENTIAL**.

**Amended Appendix A-24-a**

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25. Provide a copy of all municipal and affiliate contracts to be assumed by buyer as part of the acquisition and a list and annual dollar value of other contracts.

**AMENDED RESPONSE:**

See attached at **Amended Appendix A-25-a** the municipal, affiliate contracts to be assumed by PAWC as part of the acquisition. The other contracts to be assumed by PAWC are listed with their dollar value and attached as **Amended Appendix A-25-b**.

**Municipal and Affiliate Contracts<sup>1</sup>**

<b>Name of Contract</b>	<b>Parties to Contract</b>	<b>Date of Contract</b>	<b>Subject</b>
Water Service Agreement	City of Coatesville Authority and Valley Township	March 6, 1990	Establishes Interconnection
Addendum No. 1 to Water Service Agreement	City of Coatesville Authority and Valley Township	May 23, 1991	Changed Payment Dates
Sewer and Water Service Agreement between West Caln Township, Valley Township and Valley Township Authority	West Caln Township, Valley Township and Highlands Corporate Center	November 16, 1988	Water Service to Highlands Corporate Center
Amendment to Water Service Agreement	City of Coatesville Authority and Valley Township		Conveyance of Water
PAWC Agreement	Pennsylvania-American Water Company and Valley Township		Old Lincoln Highway Connection
PAWC Agreement	Pennsylvania-American Water Company and Valley Township		Hillview Bulk Connection

<sup>1</sup> Please note, Municipal and Affiliate contracts that are between City of Coatesville Authority (“CCA”), Pennsylvania-American Water Company (“PAWC”) and Valley Township will be deemed moot after the closing of this acquisition. This is due to PAWC acquiring CCA in 2001 and soon to be acquiring Valley Township.

**Amended Appendix A-25**

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<b>List of Other Contracts &amp; Annual Dollar Value</b>						
<b>Name of Contract</b>	<b>Parties to Contract</b>	<b>Date of Contract</b>	<b>Subject</b>	<b>Annual Dollar Value</b>		
First Amendment to Tower Lease with Option	T-Mobile Northeast, LLC and Valley Township	April 17, 2018	Cell Tower Lease	\$26,472		
Tower Lease with Option	T-Mobile Northeast, LLC and Valley Township	September 28, 2009	Cell Tower Lease	\$0		

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