



Susan Simms Marsh
Deputy General Counsel
Pennsylvania-American Water Company
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April 5, 2021

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of Valley Township’s assets, properties and rights related to its water treatment and distribution system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in Valley Township, a portion of West Caln and East Fallowfield Townships, Chester County, Pennsylvania Docket No. A-2020-3019859

Pennsylvania-American Water Company to Begin Providing Individualized Customer Notice

Dear Secretary Chiavetta:

In compliance with the Secretarial Letter issued in the above-referenced proceeding on February 23, 2021 and the *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193, this correspondence is to inform the Pennsylvania Public Utility Commission (“Commission”) that Pennsylvania-American Water Company (“PAWC”) will soon begin providing individualized customer notice of the proposed acquisition to all potentially affected customers.

Enclosed please find a copy of the customer notice that PAWC intends to be distributed to all PAWC water and wastewater customers as well as the customer notice to be distributed to all Valley Township water customers. The notice to PAWC customers will be provided with their water and wastewater bills during a billing cycle beginning April 5, 2021. The billing envelope and/or email, for PAWC customers who receive their bills electronically, will disclose the following: “Contains Notice of Proposed Rate Base Addition.” The notice to Valley



Township water customers will be provided via direct mailing. The notices indicate a deadline to file protests or petitions to intervene of June 21, 2021, consistent with the Secretarial Letter dated March 25, 2021.

Consistent with the directive of the March 19, 2021 Secretarial Letter, PAWC will also publish notice of the application once a week for two consecutive weeks in a newspaper having general circulation in the area of the Valley Township Water System. Upon completion, PAWC will file a proof of publication with the Commission.

PAWC will file a verification at this docket when the required individualized customer notice process has been completed. At which time, PAWC respectfully asks that the Commission promptly accept the application for official filing purposes via Secretarial Letter and publish notice of the application in the *Pennsylvania Bulletin*.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Susan Simms Marsh". The signature is written in a cursive style.

Susan Simms Marsh

cc: Sean Donnelly (*via electronic mail*)
All Parties on the Attached Certificate of Service (*via electronic mail*)

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



Dear Valley Township Customer:

On March 19, 2021, 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 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:

WATER				
Rate Class	Average Usage	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	\$184.36	\$373.70	\$189.34 or 103%
Industrial	476,000 gal/month	\$3,997.96	\$8,103.86	\$4,105.90 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

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 June 21, 2021. 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.

NOTICE OF PROPOSED WATER ACQUISITION AND RATE BASE ADDITION

(Docket No. A-2020-3019859)



Dear Customer:

On March 19, 2021, 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

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ACTIONS YOU CAN TAKE

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

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water :
Company under Section 1102(a) of the Pennsylvania Public :
Utility Code, 66 Pa C.S. § 1102(a), for approval of (1) the :
transfer, by sale, of substantially all of Valley Township’s : Docket No. A-2020-3019859, *et al.*
assets, properties and rights related to its water treatment :
and distribution system to Pennsylvania-American Water :
Company, and (2) the rights of Pennsylvania-American :
Water Company to begin to offer or furnish water service :
to the public in Valley Township and in a portion of West :
Caln Township, Chester County, Pennsylvania :

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the above-referenced filing upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

Service in the matter denoted below as follows on April 5, 2021

Christine Maloni Hoover, Sr. Consumer Advocate
Erin Gannon, Sr. Consumer Advocate
Santo G. Spataro, Asst. Consumer Advocate
Harrison W. Breitman, Asst. Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
(via electronic mail)

Erika L. McLain, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor, F West
Harrisburg, PA 17120
(via electronic mail)

Erin K. Fure, Asst. Small Business Advocate
Office of Small Business Advocate
555 Walnut Street
Forum Place, 1st Floor
Harrisburg, PA 17101
(via electronic mail)

Thomas Wyatt, Esquire
Michael A. Thom, Esquire
Obermayer, Rebmann, Maxwell & Hippel
LLP
1500 Market Square Suite 3400
Philadelphia, PA 19102
(via electronic mail)

Respectfully Submitted,



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Attorneys for
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