



August 27, 2021

**VIA E-FILE**

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Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
Harrisburg, PA 17120

**Re: 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 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 Nos. A-2020-3019859 *et al.***

**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 assets, properties and rights related to its wastewater collection and conveyance system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in Valley Township, and limited portions of East Fallowfield Township, Sadsbury Township, and West Caln Township, Chester County, Pennsylvania; Docket No. A-2020-3020178 *et al.***

**Replacement Pages for the Statement in Support of Pennsylvania-American Water Company**

Dear Secretary Chiavetta:

On August 3, 2021, all of the active parties to this proceeding filed a Joint Petition for Approval of Settlement of All Issues ("Settlement"). Attachment A to the Settlement was the Statement in Support of Pennsylvania-American Water Company ("PAWC's Statement in Support"). PAWC's Statement in Support included citations to the transcript, but PAWC was unable to cite to specific pages in the transcript because the transcripts

had not yet been received. The cover letter to the Settlement indicated that references to specific pages would be provided upon receipt of the transcripts.

At 4:02 p.m. on August 25, 2021, PAWC was electronically served with the Interim Order Admitting into the Record the Parties' Joint Petition for Approval of Unanimous Settlement of All Issues and Their Statements in Support of the Joint Petition and Closing the Record. At 5:52 p.m. on August 25, 2021, PAWC received a copy of the transcripts in this case from the court reporter.

Enclosed for filing with the Commission are replacement pages for PAWC's Statement in Support (pp. 17-19). The only changes that have been made in these pages replace blanks with specific page references to the transcript.

PAWC has consulted with counsel for all parties to this case, and is authorized to represent that no party objects to PAWC's request that Administrative Law Judges Johnson and DeVoe reopen the record for the purpose of admitting the enclosed replacement pages into the record.

A copy of the enclosed filing is being served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. Please contact me if you have any questions.

Sincerely,

COZEN O'CONNOR



By: David P. Zambito  
Counsel for *Pennsylvania-American Water  
Company*

DPZ:kmg  
Enclosure

cc: Administrative Law Judge Conrad A. Johnson  
Administrative Law Judge Emily I. DeVoe  
Nick Miskanic, Legal Assistant to ALJs  
Paul Zander, Bureau of Technical Utility Services  
Clinton McKinley, Bureau of Technical Utility Services  
Per Certificate of Service  
Susan Simms Marsh, Esq.

**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 assets, :  
properties and rights related to its water treatment : Docket No. A-2020-3019859, *et*  
and distribution system to Pennsylvania-American : *al.*  
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 :

and

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 assets, :  
properties and rights related to its wastewater : Docket No. A-2020-3020178, *et*  
collection and conveyance system to : *al.*  
Pennsylvania-American Water Company, and (2) :  
the rights of Pennsylvania-American Water :  
Company to begin to offer or furnish wastewater :  
service to the public in Valley Township, and limited :  
portions of East Fallowfield Township, Sadsbury :  
Township and West Caln Township, Chester :  
County, Pennsylvania :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 27th day of August, 2021 served a true copy of the foregoing ***Replacement Pages for the Statement in Support of Pennsylvania-American Water Company*** upon the parties, listed below in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

**Due to the COVID-19 Pandemic, Service is Being Made by E-Mail Only**

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Respectfully submitted,



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modifies the Settlement in a way they find unacceptable. These provisions make parties to a Commission proceeding more willing to settle than they otherwise might be. These provisions are therefore in the public interest and should be approved.

### **III. COMMISSIONER YANORA'S DIRECTED QUESTIONS HAVE BEEN ANSWERED**

On July 1, 2021, Commissioner Ralph V. Yanora directed the parties to address certain issues, including questions pertaining to lead service lines, cross-connections and backflow prevention devices. PAWC and Valley introduced supplemental direct testimony addressing each of these questions. PAWC St. No. 2W-S and No. 2WW-S; Valley St. No. 1W-S and No. 1WW-S. At the evidentiary hearing, the ALJs questioned PAWC's and Valley's witnesses to obtain additional information responding to these questions.

Valley is unaware of any lead service lines in the Water System. Valley St. No. 1W-S and No. 1WW-S p. 3. The Engineer's Assessment does not indicate that any lead service lines are present in the Water System. Instead, it indicates that many of the service lines are made of copper. PAWC Exhibit KEG-2W, Appendix A-15-a "Master Asset List."

PAWC has a Commission-approved plan for addressing lead service lines. *Petition of Pennsylvania-American Water Company for Approval of Tariff Changes and Accounting and Rate Treatment Related to Replacement of Lead Customer-owned Service Pipes*, Docket No. P-2017-2606100 (Final Order entered October 3, 2019). This plan is reflected in PAWC's tariff, *see, e.g.*, Tariff Pa. P.U.C. No. 5, Rule 4.9.1 ("Replacement of Lead Service Pipes"), which will apply to Valley's customers after closing on the Transaction. Tr. 104. Since no customer-owned lead service lines are known to exist in the Water System, the cost of implementing this plan in Valley after closing is expected to be minimal. Tr. 98-99.

During calendar year 2020, there were 33 commercial meters in the Water System, but none of them were tested. Valley does not have a routine valve exercising or maintenance program, but approximately five valves were exercised during calendar year 2020. Valley St. No. 1W-S and No. 1WW-S p. 3.

The number of commercial and industrial customers with testable backflow prevention devices is unknown to Valley, and no backflow prevention devices were tested during calendar year 2020. Valley St. No. 1W-S and 1WW-S p. 3. PAWC's Commission-approved tariff includes rules requiring that residential customers have a check valve and that commercial and industrial customers have an approved backflow prevention device. *See, e.g.*, Tariff Pa. P.U.C. No. 5, Rule 4.6 ("Check Valve, Backflow Prevention Device and Service Pipe Strainers"). These tariff rules will apply to Valley's customers after closing on the Transaction. Tr. 117. Of course, public utility tariffs have the force and effect of law and are binding on the customer as well as the utility. *Penn. Elec. Co. v. Pa. Pub. Util. Comm'n*, 663 A.2d 281, 284 (Pa. Cmwlth.1995).

PAWC's Commission-approved tariff also includes rules prohibiting cross-connections. *See, e.g.*, Tariff Pa. P.U.C. No. 5, Rule 22 ("Prohibition of Cross-Connection"). These rules will apply to Valley's customers after closing on the Transaction. Tr. 117. PAWC already has the personnel and systems in place to implement these provisions in Valley. Tr. 226, 117.

After closing on the Transaction, PAWC will update its Operation and Maintenance Plans (which are required by 25 Pa. Code § 109.702) to include the Water System. PAWC St. No. 2W-S and No. 2WW-S p. 6. In addition, PAWC will develop a calibrated hydraulic model for the Water System, including fire hydrants. PAWC regularly inspects and exercises valves and hydrants, and expects to integrate the Water System into PAWC's standard practices after closing.

PAWC St. No. 2W-S and 2WW-S, p.7; Tr. 112-113, 116-118. PAWC already has the personnel and systems in place to perform these tasks. Tr. 117-118.

PAWC is in a better position than Valley to address lead service lines, cross-connections, backflow prevention, and fire hydrant testing due to its greater size, financial resources, and number of professionals experienced in water system operation and management. Tr. 117; PAWC St. 2W pp. 6-7. The Transaction, as described in the Application and the Settlement, has affirmative benefits of a substantial nature, is in the public interest, and should be approved.

#### **IV. CONCLUSION**

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all of the issues in this proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of the Transaction, discovery responses, evidence that was entered into the record, and extensive settlement negotiations. A fair and reasonable compromise has been achieved in this case. PAWC fully supports the Settlement.

WHEREFORE, Pennsylvania-American Water Company respectfully requests that the ALJs recommend approval of, and that the Commission approve, the Settlement, including all terms and conditions thereof, without modification, and enter an order consistent with the Settlement and the specific paragraphs set forth in its “Request for Relief.”

[Signature appears on next page.]