



Susan Simms Marsh
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Pennsylvania-American Water Company
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October 22, 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: 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, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned by the York City Sewer Authority and operated by the City of York, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of York, Pennsylvania, and to three bulk service interconnection points located in North York Borough, Manchester Township and York Township, York County, Pennsylvania, and (3) the rights of Pennsylvania-American Water Company to begin to offer and furnish Industrial Pretreatment Program to qualifying industrial customers in Manchester Township, Spring Garden Township and West Manchester Township, York County, Pennsylvania

Docket No. A-2021-3024681, et al.

Dear Secretary Chiavetta:

In compliance with the Secretarial Letter issued in the above-referenced proceeding on August 12, 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”) began providing individualized customer notice of the proposed acquisition to all potentially affected customers.



Enclosed please find a copy of the customer notice that PAWC distributed to all PAWC water and wastewater customers as well as the customer notice that was distributed to all York Sewer Authority wastewater customers. The notice to PAWC customers was provided with their water and wastewater bills during a billing cycle starting September 21, 2021. The billing envelope and/or email, for PAWC customers who receive their bills electronically, disclosed the following: "Notice of Proposed Rate Base Addition." The notice to York Sewer Authority wastewater customers was provided via direct mailing. The notices indicated a deadline to file protests or petitions to intervene of December 13, 2021, consistent with the Secretarial Letter dated August 30, 2021.

Consistent with the directive of the August 12, 2021 Secretarial Letter, PAWC published notice of the application once a week for two consecutive weeks in a newspaper having general circulation in the area of the York Sewer Authority Wastewater System. PAWC will file 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".

Susan Simms Marsh

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

NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION

(Docket No. A-2021-3024681)



Dear York City Sewer Authority Customer:

On August 12, 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 York City Sewer Authority (“York”) wastewater system assets. York serves approximately 13,740 customers in York County. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$235 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 York wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current wastewater 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 wastewater rate impact could be as follows:

WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at York Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,458 gal/month	\$31.66	\$46.70	\$15.04 or 47.5%
Commercial	23,692 gal/month	\$221.25	\$326.35	\$105.10 or 47.5%
Industrial	404,500 gal/month	\$3,790.17	\$5,590.50	\$1,800.33 or 47.5%

Please note: Bulk water customer rates may be impacted by the acquisition. To learn more about the potential impact, please contact Pennsylvania American Water at 1-800-565-7292.

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 December 13, 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-2021-3024681. For more information, you may contact the PUC’s Bureau of Consumer Services at 1-800-692-7380.

NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION

(Docket No. A-2021-3024681)



Dear Customer:

On August 12, 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 York City Sewer Authority (“York”) wastewater system assets. York serves approximately 13,740 customers in York County. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$235 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 York wastewater 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:

PAWC WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 2022 Rates	Average Monthly Bill at PAWC Zone 1 2022 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,458 gal/month	\$78.41	\$84.68	\$6.27 or 8.0%
Commercial	23,692 gal/month	\$368.05	\$397.49	\$29.44 or 8.0%
Industrial	404,500 gal/month	\$5,841.78	\$6,309.12	\$467.34 or 8.0%

PAWC WATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 2022 Rates	Average Monthly Bill at PAWC Zone 1 2022 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,458 gal/month	\$62.80	\$63.62	\$0.82 or 1.3%
Commercial	23,692 gal/month	\$327.87	\$332.13	\$4.26 or 1.3%
Industrial	404,500 gal/month	\$4,028.81	\$4,081.18	\$52.37 or 1.3%

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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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 December 13, 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.
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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-2021-3024681. For more information, you may contact the PUC’s Bureau of Consumer Services at 1-800-692-7380.

**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, to Pennsylvania-American Water :
Company, of substantially all of the assets, properties and :
rights related to the wastewater collection and treatment :
system owned by the York City Sewer Authority and : Docket No. A-2021-3024681
operated by the City of York, (2) the rights of :
Pennsylvania-American Water Company to begin to offer :
or furnish wastewater service to the public in the City of :
York, Pennsylvania, and to three bulk service :
interconnection points located in North York Borough, :
Manchester Township and York Township, York :
County, Pennsylvania, and (3) the rights of Pennsylvania- :
American Water Company to begin to offer and furnish :
Industrial Pretreatment Program to qualifying industrial :
customers in Manchester Township, Spring Garden :
Township and West Manchester Township, York County, :
Pennsylvania. :

In re: Application of Pennsylvania-American Water :
Company under Section 1329 of the Pennsylvania Public :
Utility Code, 66 Pa C.S. § 1329, for approval of the use :
for ratemaking purposes of the lesser of the fair market : Docket No. A-2021-_____
value or the negotiated purchase price of the assets related :
to the wastewater collection and treatment system owned :
by the York City Sewer Authority and operated by the :
City of York. :

In re: Petition of Pennsylvania-American Water :
Company, related to is acquisition of the wastewater :
collection and treatment system owned by the York City :
Sewer Authority and operated by the City of York, for : Docket No. P-2021-_____
approval under Section 1329 of the Pennsylvania Public :
Utility Code, 66 Pa. C.S. § 1329, to (i) for book and :
ratemaking purposes, accrue Allowance for Funds Used :
During Construction for post-acquisition improvements :
not recovered through the distribution system :
improvement charge, (ii) for book and ratemaking :
purposes, defer depreciation related to post-acquisition :
improvements not recovered through the distribution :
system improvement charge, and (iii) include, in its next :
base rate case, a claim for transaction and closing costs. :

In re: Filing by Pennsylvania-American Water Company :
under Section 507 of the Pennsylvania Public Utility :
Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase :
Agreement By and Among York City Sewer Authority, : Docket Nos. U-2021-_____, *et al.*
the City of York, and Pennsylvania-American Water :
Company, and (ii) Six agreements with municipal :
corporations to be assumed by Pennsylvania-American :
Water Company upon closing of its acquisition of :
substantially all of the assets related to the wastewater :
collection and treatment system owned by the York City :
Sewer Authority and operated by the City of York. :

In re: Petition of Pennsylvania-American Water :
Company under Section 508 of the Pennsylvania Public :
Utility Code, 66 Pa C.S. § 508, to modify seven :
agreements with a corporation and municipal : Docket No. P-2021-_____
corporations to be assumed by Pennsylvania-American :
Water Company upon closing of its acquisition of :
substantially all of the assets related to the wastewater :
collection and treatment system owned by the York City :
Sewer Authority and operated by the City of York. :

CERTIFICATE OF SERVICE

I hereby certify that I have this 22nd day of October served a true copy of the
foregoing letter upon the parties, listed below in accordance with the requirements of
52 Pa. Code §1.54 (relating to service by a party).

VIA ELECTRONIC MAIL

Erin K. Fure, Esquire
Office of Small Business Advocate
555 Walnut Street
Forum Place, First Floor
Harrisburg, PA 17101-1923

Chris Hoover, Interim Acting Consumer
Advocate
Erin Gannon, Senior Consumer Advocate
Harrison W. Breitman, Assistant Consumer
Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, Fifth Floor
Harrisburg, PA 17101-1923

Carrie B. Wright, Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, F West
Harrisburg, PA 17120

Adeolu Bakare, Esquire
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17101

Thomas T. Neisen, Esquire
Thomas, Neisen and Thomas
212 Locust Street, Suite 302
Harrisburg, PA 17101

Stacey R. MacNeal, Esquire
Barley Snyder
100 East Market Street
York, PA 17401

Respectfully Submitted,



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Pennsylvania-American Water Company