

March 4, 2022

Via Electronic Filing

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

In re: Docket No. A-2021-3026132

Application of Aqua Pennsylvania Wastewater, Inc. pursuant to Sections 1102, 1329, 507
and 2102 of the Public Utility Code for Approval of its Acquisition of the Wastewater
System Assets of East Whiteland Township

Dear Secretary Chiavetta:

We are counsel to Aqua Pennsylvania Wastewater, Inc. in the above matter and are submitting, via electronic filing with this letter, the Company's Prehearing Conference Memorandum in connection with the Call-In Telephonic Prehearing Conference to be held on March 8, 2022. Copies of the Prehearing Conference Memorandum are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By 

Thomas T. Niesen

cc: Certificate of Service (w/encl.)
The Honorable Marta Guhl, Administrative Law Judge (via email, w/encl.)
Alexander R. Stahl, Esq. (via email, w/encl.)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

The Honorable Marta Guhl, Presiding

Application of Aqua Pennsylvania Wastewater, Inc., : Docket No. A-2021-3026132
**for Approval of its Acquisition of the Wastewater :
System Assets of East Whiteland Township :
Pursuant to Sections 1102, 1329, 507 and 2102 of the :
Public Utility Code :**

**PREHEARING MEMORANDUM OF
AQUA PENNSYLVANIA WASTEWATER, INC.**

AND NOW, comes Aqua Pennsylvania Wastewater, Inc. (“Aqua”) and submits this Prehearing Memorandum in connection with the Call – In Telephonic Prehearing Conference scheduled to be held in the above captioned matter on March 8, 2022.

I. BACKGROUND

This proceeding concerns the Application of Aqua, filed with the Public Utility Commission (“Commission”) on July 23, 2021, for approval of its acquisition of the wastewater system assets of East Whiteland Township pursuant to Sections 1102 and 1329 of the Public Utility Code (“Code”). The Application also includes a request for approval of contracts, including assignment of contracts, pursuant to Section 507 of the Code, and a request for approval of a contract between affiliated interests, pursuant to Section 2102 of the Code.

By Secretarial Letter dated December 20, 2021, the Commission, *inter alia*, conditionally accepted the Application for filing and directed Aqua to serve copies of the Application upon designated entities, to provide individualized notice to affected customers and to publish notice of the filing of the Application in a newspaper of general circulation.

Aqua complied with the requirement of the conditional acceptance letter. The Commission, thereafter, by Secretarial Letter dated February 4, 2022, informed Aqua that it accepted the Application for filing and that the matter would be assigned to the Office Administrative Law Judge for disposition.

Administrative Law Judge Marta Guhl was assigned to preside over the proceeding. A Call – In Telephone Prehearing Conference was noticed for March 8, 2022.

Judge Guhl issued a Prehearing Conference Order on February 23, 2022. Paragraph 2 of the Prehearing Conference Order directs parties to file and serve a prehearing memorandum on or before Noon on March 4, 2022.

II. LIST OF ISSUES AND AQUA’S POSITION IN REGARD TO THEM

There are four central issues in this Application proceeding:

Issue:

Is Aqua’s acquisition of the wastewater system assets of East Whiteland Township necessary or proper for the service, accommodation, convenience or safety of the public?

Aqua’s Position:

Aqua’s acquisition of the wastewater system assets of East Whiteland Township is necessary or proper for the service, accommodation, convenience or safety of the public. The Commission should issue certificate(s) of public convenience approving the acquisition.

As summarized in Section X of the Application:

- a. Aqua has the technical, regulatory, financial and legal fitness to operate the Assets of EWT, and to maintain the operations and make improvements to meet continuing and future customer needs.¹ The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua;

¹ As a certificated provider of utility service, Aqua’s fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

- b. East Whiteland Township has agreed to sell its Assets. The public interest and need will be served by allowing Aqua, in lieu of East Whiteland Township, to provide wastewater service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The East Whiteland Township system will benefit from the support of wastewater professionals throughout Aqua's organization;
- c. The acquisition is consistent with the Commission's long-standing policy supporting the consolidation/regionalization of water/wastewater systems. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale, and the resulting greater environmental/economic benefits. The Commission has previously stated that "acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry."² The benefits of consolidation/regionalization, ultimately, inure to customers both existing and acquired;
- d. Aqua provides utility service to approximately 45,000 wastewater customers and has years of experience operating wastewater treatment and collection systems in a safe, reliable and efficient manner. Aqua has the managerial, technical, and financial resources to improve the operations of East Whiteland Township;
- e. In *McCloskey v. Pa. P.U.C.*, 195 A.3d 1055 (Pa. Cmwlth. 2018), *petition for allowance of appeal denied* No. 703 MAL 2018 (April 23, 2019), the Commonwealth Court held that Commission findings: (i) that Aqua, as the owner of numerous water and wastewater systems has sufficient operational expertise and ability to raise capital to support system operations; and (ii) that the Commission has a policy of consolidation/regionalization of wastewater system assets that allows for increased maintenance, upgrade and expansion of public sewer and water facilities, are substantial evidence, consistent with *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (Pa. 2007) to support a conclusion that there is a public benefit to a transaction;
- f. The acquisition of the East Whiteland Township Sewer system will increase Aqua's customer base by approximately 9%. With a larger customer base, future infrastructure investments, Statewide, will be shared at a lower incremental cost per customer for all Aqua customers; and
- g. The acquisition will not have any immediate impact on the rates of either existing customers of Aqua or Township customers. As discussed in the testimony of Mr. Packer and presented in the Notice to customers, the increase in rate base may ultimately require an increase in revenue. The hypothetical impact on rates is outweighed by the recognized benefits of

² Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

Aqua's ownership including its expertise and ability to raise capital; the furtherance of consolidation/regionalization of wastewater services; and the spreading of costs over a larger customer base. Perhaps more significantly, the acquisition furthers the objective of the General Assembly with the enactment of Section 1329. While *McCloskey* concludes that rate impact should be addressed, it recognizes that it is not dispositive in the Commission's determination of substantial affirmative benefits.

Issue:

Pursuant to Section 1329 of the Public Utility Code, what is the ratemaking rate base of the wastewater system assets of East Whiteland Township?

Aqua's Position:

The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$54,930,000, being the lesser of the purchase price of \$54,930,000 negotiated by Aqua and East Whiteland Township and the average of the fair market value appraisals (\$56,724,729) of Gannett Fleming and AUS.

Issue:

Pursuant to Section 507 of the Public Utility Code, are the contracts, including assignment of contracts, between Aqua and East Whiteland Township valid?

Aqua's Position:

The contracts, including assignment of contracts between Aqua and East Whiteland Township are valid under Section 507 of the Public Utility Code.

Issue:

Pursuant to Section 2102 of the Public Utility Code, should the Commission approve East Whiteland Township's assignment of the Wastewater Conveyance Agreement with Aqua Resources, Inc.?

Aqua's Position:

The Commission should approve the assignment of East Whiteland Township's assignment of the Wastewater Conveyance Agreement with Aqua Resources, Inc.

III. WITNESSES

The following statements of written direct testimony were attached as Exhibit U, Exhibit V, Exhibit W, Exhibit X and Exhibit Y to the Application when it was submitted to the Commission on July 23, 2021.³

<u>Application</u>	<u>Aqua Statement</u>	<u>Witness</u>	<u>Subject Matter</u>
Exhibit U	Statement No. 1 ⁴	William C. Packer	A General Overview of the Transaction; Financial and Legal Fitness of Aqua; APA Provisions; Public Benefits of the Transaction; Section 1329; and Section 2102
Exhibit V	Statement No. 2	Mark J. Bubel, Sr.	Description of the System; Environmental Compliance; Integration into Current Operations; Technical Fitness; and Public Benefits of the Transaction
Exhibit W	Statement No. 3	John Nagel	A General Overview of the Transaction; East Whiteland's Collection and Treatment System and Operations; Benefits of the Proposed Transaction; and East Whiteland's Rates
Exhibit X	Statement No. 4	Harold Walker, III	Gannett Fleming Fair Market Value Appraisal
Exhibit Y	Statement No. 5	Jerome C. Weinert	AUS Fair Market Value Appraisal

Aqua requests that any contact with witnesses be arranged through Counsel.

Aqua also will submit its Application, filed with the Commission on July 23, 2021, as an Exhibit in support of Commission approval of the proposed acquisition and the proposed ratemaking rate base.

³ The testimony of Mr. Nagel and Mr. Weinert will be presented by East Whiteland Township.

⁴ As submitted with the Application on July 23, 2021, there was a public version and a confidential version of Appendix A to Mr. Packer's testimony. The only confidential information, however, was the dollar value of Aqua's rate filing, which was not public when the Application was filed in July. With the dollar value of the rate filing now public, the confidential version of Appendix A can be made public and the now-public version will be what is included with Mr. Packer's testimony. The now-public version of Appendix A is attached hereto as Attachment 1.

The Application, as filed, has 78 separately numbered documents publicly available on the Commission's web docket and includes the items required by Section 1329(d) of the Public Utility Code. The fair market value appraisals of Gannett Fleming, Utility Valuation Expert, and AUS, Utility Valuation Expert are Application Exhibits Q and R, respectively.

The List of Exhibits A through AA-2, provided with the Application, is attached hereto as Attachment 2.

Aqua will also submit its supplemental information letters filed with the Commission, dated August 25, 2021, October 29, 2021, and December 17, 2021, which are publicly available on the Commission's web docket. The Amended Confidential Facilities Map filed with the supplemental information letter of October 29, 2021, will be submitted on a Confidential basis.

Aqua reserves the right to call additional witnesses, as necessary, and agrees to notify Administrative Law Judge Guhl and the parties promptly should Aqua determine that additional witnesses will be called.

IV. LITIGATION SCHEDULE

Aqua supports the proposed litigation schedule presented by the Office of Consumer Advocate in email correspondence of March 3, 2022, and will work with Judge Guhl and the Parties to finalize the schedule.

V. SETTLEMENT

Aqua is willing to address settlement of all or part of the proceeding with the other parties.

VI. PROTECTIVE ORDER

Information marked CONFIDENTIAL was provided with the Application. Aqua is filing a Petition for Protective Order addressing CONFIDENTIAL information.

Respectfully submitted,

AQUA PENNSYLVANIA WASTEWATER, INC.

By  _____

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Counsel for Aqua Pennsylvania Wastewater, Inc.

Date: March 4, 2022

ATTACHMENT 1
APPENDIX A TO PACKER TESTIMONY

Aqua Pennsylvania Wastewater, Inc.
EAST WHITELAND sanitary sewer system

1.) **EAST WHITELAND sanitary sewer system**

	Year 1	Notes
Revenue	\$ 3,769,536	
O&M	1,965,601	
Depreciation	1,505,867	***2.72% Composite Depreciation Rate
Taxes Other	90,539	
Income Taxes	\$ (265,129)	*****21% Federal & 9.99% State
Operating Income	\$ 472,658	
Rate Base at Fair Market Value	\$ 54,930,000	
Capital Investments (Year 1)	\$ 432,764	
Rate Base (Including Capital Investments less depreciation year 1)	\$ 53,856,897	
Interest Expense ^	1,124,933	
<small>^ Includes Interest Expense synchronized with rate base</small>		
Required Operating Income (Rate Base x Rate of Return)	\$ 3,971,270	
Operating Income Deficiency	\$ 3,498,613	
Gross Revenue Conversion Factor	1.432171	
Revenue Deficiency (Excess) \$	\$ 5,011,000	
Revenue Deficiency (Excess) %	132.93%	
Increase applied to Acquired (Authority) customers 100%	\$ 5,011,000	
Increase %	132.93%	
Increase applied to Acquired (Authority) customers 50%	\$ 2,505,500	
Increase %	66.47%	
Increase applied to Existing (Company Wastewater) customers 50%	\$ 2,505,500	
Increase %	4.67%	
Increase applied to Existing (Company Water) customers (Act 11)	\$ 2,195,134	
Increase %	0.41%	

	Avg. Usage/Kgal	Estimated Monthly Increase	Estimated Percentage Increase
Sewer District A & B - Residential & Commercial 100%	Fixed	\$ 44.31	132.93%
Sewer District C - Residential 100%	Fixed	\$ 60.04	132.93%
Sewer District D - Residential 100%	Fixed	\$ 66.47	132.93%
Sewer District E - Residential & Commercial 100%	Fixed	\$ 53.17	132.93%
High Volume Users 100%	372.21	\$ 3,067.71	132.93%
Sewer District A & B - Residential & Commercial 100%	Fixed	\$ 22.16	66.47%
Sewer District C - Residential 100%	Fixed	\$ 30.02	66.47%
Sewer District D - Residential 100%	Fixed	\$ 33.23	66.47%
Sewer District E - Residential & Commercial 100%	Fixed	\$ 26.59	66.47%
High Volume Users 100%	372.21	\$ 1,533.86	66.47%
Impact Existing Customers (Company Wastewater) - Residential - 50%	3.02	\$ 4.62	4.67%
Impact Existing Customers (Company Wastewater) - Commercial - 50%	21.94	\$ 14.53	4.67%
Impact Existing Customers (Company Wastewater) - Industrial - 50%	3.20	\$ 3.74	4.67%
Impact Existing Customers (Company Water) - Residential	4.08	\$ 0.33	0.41%
Impact Existing Customers (Company Water) - Commercial	37.05	\$ 2.06	0.41%
Impact Existing Customers (Company Water) - Industrial	211.51	\$ 9.72	0.41%

2.) **Rate of Return**

	Ratio	Cost Rate	WACC
Debt	47.15%	4.43%	2.09%
Equity	52.85%	10.00%	5.29%
	100.00%		7.37%

3.) **Gross Revenue Conversion Factor**

Dollar of Revenue	1.0000
Less: Gross Receipts (Revenue) Tax	0.0000
Less: Reg Assessments	0.0062
Less: Bad Debts	1.17%
State Taxable Income	0.982053
State Income Tax	9.99999%
Federal Taxable Income	0.883848772
Federal Tax Rate	21.00%
Federal Income Tax	0.185608
Net Revenue Dollar	0.69624052992
Gross Revenue Conversion Factor	1.43217123
EFT	28.89999%

Aqua Pennsylvania Wastewater, Inc.
Calculation of EAST WHITELAND sanitary sewer system - Present Revenues

	<i>Current Rates</i>	<i>Customers 2020</i>	<i>Method</i>	<i>Gallons 2020</i>	<i>EDU's 2020</i>	<i>Revenue 2020</i>
Service Charges:						
SEWER DISTRICT A & B	\$400.00	3,053	per EDU annually		6,566	\$2,626,400
SEWER DISTRICT C	\$542.00	28	per EDU annually		28	\$15,176
SEWER DISTRICT D	\$600.00	279	per EDU annually		279	\$167,400
SEWER DISTRICT E	\$480.00	522	per EDU annually		772	\$370,560
HIGH VOLUME CUSTOMERS	\$6.20 per 1,000 gallons	13	per 1,000 Gallons	58,064,516	13	\$360,000
Other Charges:						\$230,000
Total Revenue at Present Rates		3,895		58,064,516	7,658	\$3,769,536

Aqua Pennsylvania Wastewater, Inc.**Calculation of EAST WHITELAND sanitary sewer system - Operating and Maintenance Expenses**OPERATING AND MAINTENANCE EXPENSES:

	<u>Year 1</u>
O&M Labor Exp Reg	\$ 161,782
O&M Labor Exp OT	16,178
O&M Employee Benefits	97,069
O&M Purchased WW Treatment	1,313,690
O&M Purchased Power	84,000
O&M Chemicals	1,000
O&M Mgmt Fees	195,381
O&M OS Engineering	6,000
O&M OS Operations	10,000
O&M OS Maintenance	16,000
O&M Transportation	36,000
O&M Supplies	8,500
O&M Other	20,000
Total O&M Expenses =>	<u><u>\$ 1,965,601</u></u>

Aqua Pennsylvania Wastewater, Inc.

Calculation of EAST WHITELAND sanitary sewer system - Taxes Other Than Income

TAXES OTHER THAN INCOME (PRE-RATE CASE)

	<u>Rate</u>	<u>Year 1</u>
Payroll Taxes (FICA, FUTA, SUTA)	8.000%	\$ 14,237
Property Taxes / (Purta)	1.400%	\$ 52,774
Regulatory Assessments	0.624%	\$ 23,529
Total		<u>\$ 90,539</u>

Docket No. R-2018-3003558

Schedule A-2
Witness: William C. Packer

AQUA PENNSYLVANIA, INC.
NUMBER OF CUSTOMERS SERVED
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS (1)	SERVED AT 3/31/2017 (2)	SERVED AT 3/31/2018 (3)	TO BE SERVED AT 3/31/2019 (4)	TO BE SERVED AT 3/31/2020 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Metered:							
2	Residential	391,514	394,192	395,423	396,654	396,654	-	-
3	Commercial	22,364	22,460	22,598	22,737	22,733	4	-
4	Industrial	781	779	776	773	773	-	-
5	Public	1,254	1,256	1,256	1,256	1,256	-	-
6	Bulk Water	-	-	-	-	-	-	-
7	Private Fire Protection	5,197	5,301	5,403	5,504	5,504	-	-
8	Sales to Water Utilities	17	16	16	16	16	-	-
9	Total Metered Customers	421,027	424,004	425,472	426,940	426,936	4	-
10	Other:							
11	Unmetered	903	943	943	943	943	-	-
12	Availability Charge	2,801	2,769	-	-	-	2,769	-
13	Public Fire Protection	263	263	263	263	263	-	-
14	Private Fire Protection	756	779	779	779	779	-	-
15	Total Customers	425,760	428,758	427,457	428,925	428,921	2,773	-

Docket No. R-2018-3003561

Schedule A-2
Witness: William C. Packer

AQUA PENNSYLVANIA WASTEWATER, INC.
NUMBER OF CUSTOMERS SERVED
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS (1)	SERVED AT 3/31/2017 (2)	SERVED AT 3/31/2018 (3)	TO BE SERVED AT 3/31/2019 (4)	TO BE SERVED AT 3/31/2020 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Residential	16,062	17,051	17,051	17,051	16,981	-	70
2	Commercial	1,324	1,469	1,469	1,469	1,427	42	-
3	Industrial	1	1	1	1	1	-	-
4	Public	38	40	40	40	40	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	469	446	-	-	-	446	-
7	Total Customers	17,894	19,007	18,561	18,561	18,449	498	70
	ADD Limerick Res Com					4,892		
						316		
						-		
	ADD East Bradford Res Com					1,213		
						33		
						2		
	ADD Cheltenham Res Com					9648		
						534		
						14		
						23		
	ADD New Garden Res Com					1916		
						190		
	ADD East Norriton Res/Com					4966		
	Total Existing WW Customers					42,297		

Wastewater Settlement Revenues => Exhibit 1(b) from 2018/2019 APWW Rate Case =>	\$ 17,820,976
Add East Bradford WW	\$ 1,082,402
Add Limerick WW	\$ 4,771,000
Add Cheltenham WW	\$ 7,521,878
Add New Garden	\$ 2,620,039
Add East Norriton	\$ 3,315,000
Add Proposed 2021 Rate Case/DSIC	\$ 16,654,063
Total Existing WW Revenues	\$ 53,895,378

Docket No. R-2018-3003558

Water Settlement Revenues => Exhibit 1(b) from 2018/2019 APWW Rate Case =>	\$ 473,763,919
Residential	\$ 307,623,471
Commercial	\$ 111,880,600
Industrial Revenues	\$ 16,482,317
Add Proposed Rates 2021 Rate Case/DSIC	\$ 88,086,337
Total Existing Water Revenues (Res, Com, & Ind classes)	\$ 534,083,325

AQUA PENNSYLVANIA, INC.
1-A(a) WATER AND 1-B(b) WASTEWATER REVENUE REQUIREMENT - SUMMARY

	Total Company	Water Operations	Wastewater Operations
Present Rate Revenue	\$ 444,858,981	\$ 431,415,676	\$ 13,443,305
Additional Revenue Requirement	47,002,319	35,263,332	11,738,987
Act 11 Allocation (1)	-	7,261,316	(7,261,316)
Proposed Revenues	\$ 491,861,300	\$ 473,940,324	\$ 17,920,976
Rate Increase/(Decrease) - \$	\$ 47,002,319	\$ 42,524,648	\$ 4,477,671
Rate Increase/(Decrease) - %	10.57%	9.86%	33.31%

Notes:
(1) The allocation between wastewater operations and water operations is achieved by the proposed consolidation of water and wastewater revenue requirements to derive the water and wastewater rates proposed by the Company in this case.

Aqua Pennsylvania, Inc
Residential Average Monthly Bill Comparison - Wastewater
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Metered Number of Bills</u>	<u>Metered & Unmetered Number of Bills</u>
1	Bridlewood Division	1	4,100	43.04	67.48	24.44	56.79%	3,908	3,908
2	CS Sewer Division (Masthope)	6	1,300	28.99	40.94	11.95	41.22%	15,517	15,578
3	Deerfield Knoll Division	3	3,000	57.87	71.50	13.63	23.55%	1,426	1,426
4	Eagle Rock Division	1	1,900	39.67	45.44	5.77	14.54%	11,704	11,716
5	East Bradford Division	5	5,400	106.43	125.84	19.41	18.24%	972	972
6	Laurel Lakes Division	3	4,200	51.49	81.70	30.21	58.67%	2,348	2,372
7	Links at Gettysburg Division	3	2,700	63.58	68.95	5.37	8.45%	2,046	2,046
8	Little Washington Division	5	3,400	98.05	106.64	8.59	8.76%	4,152	4,164
9	Media Division	1	4,200	42.19	62.92	20.73	49.13%	20,733	20,773
10	Newlin Green Division	5*	6,500	158.75	158.75	0.00	0.00%	588	588
11	Peddlers View Division	4	4,100	78.44	100.95	22.51	28.70%	2,564	2,564
12	Penn Township Division	1B	3,400	40.70	55.00	14.30	35.14%	3,148	3,148
13	Plumsock Division	5	5,300	107.12	124.88	17.76	16.58%	456	456
14	Rivercrest Division	2	3,200	45.22	61.92	16.70	36.93%	5,785	5,869
15	Stony Creek Division	3	2,500	54.86	67.25	12.39	22.58%	2,558	2,558
16	The Greens at Penn Oaks Division	5	3,500	106.38	107.60	1.22	1.15%	838	850
17	Thornhurst Division	3	2,600	52.36	68.10	15.74	30.06%	3,538	3,538
18	Treasure Lake Division	1A	3,000	40.52	49.90	9.38	23.15%	25,259	25,590
19	Twin Hills Division	4	4,200	70.15	101.90	31.75	45.26%	3,947	3,947
20	White Haven Division	2	2,900	47.07	59.49	12.42	26.39%	5,568	5,736
21	Willistown Woods Division	3	3,100	54.92	72.35	17.43	31.74%	8,888	8,888
22	Woodloch Springs Division	3	2,000	51.87	63.00	11.13	21.46%	4,907	4,987
23	Beech Mountain Lakes Division	3	Unmetered	56.04	80.00	23.96	42.76%		11,234
24	Bunker Hill Subdivision	1A	Unmetered	31.92	56.20	24.28	76.07%		790
25	Emlenton Borough Division	2	Unmetered	45.00	68.40	23.40	52.00%		4,416
26	Honeycroft Village Division	4	Unmetered	66.67	100.00	33.33	49.99%		1,250
27	Lake Harmony Division	4	Unmetered	65.63	100.00	34.37	52.37%		12,033
28	New Daleville Division	4	Unmetered	74.17	100.00	25.83	34.83%		1,272
29	Pinecrest Division	2	Unmetered	\$44.28	\$68.40	\$24.12	54.48%		4,002
30	Tobyhanna Township Division	4	Unmetered	66.67	100.00	33.33	49.99%		6,453
31	Sage Hill	5*	Unmetered	180.00	180.00	0.00	0.00%		251
	WEIGHTED AVERAGE Metered		3,018		62.09				
	WEIGHTED AVERAGE ALL				68.27				
	WEIGHTED AVERAGE @ Proposed Rates 2021 RC				98.99				

5* - Special Charges have been assigned to these divisions within Rate Zone 5.
All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 5/8" meter.

Pinecrest Division's Present Rate is based on the weighted average of the present rates of all customers both inside Pinecrest and outside Pinecrest.

Bridlewood Division's Average Consumption and Present Rate are based on the weighted average of both townhome and single family home customers.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

Aqua Pennsylvania, Inc
Commercial Average Monthly Bill Comparison - Wastewater
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	CS Sewer Division (Masthope)	6	24,800	41.33	64.44	23.11	56%	96
2	Eagle Rock Division	1	11,700	52.02	124.92	72.90	140%	323
3	Links at Gettysburg Division	3	20,000	216.93	216.00	-0.93	0%	24
4	Media Division	1	15,700	111.87	150.32	38.45	34%	3,388
5	Penn Township Division	1B	88,800	873.10	955.50	82.40	9%	507
6	Rivercrest Division	2	12,200	92.66	134.82	42.16	45%	108
7	The Greens at Penn Oaks Division	5	78,400	798.26	1,122.64	324.38	41%	12
8	Tobyhanna Township Division	4	9,600	86.00	153.20	67.20	78%	1,449
9	Treasure Lake Division	1A	31,700	153.53	230.71	77.18	50%	382
10	Village at Valley Forge Division	1A	144,500	1,054.42	1,220.35	165.93	16%	243
11	White Haven Division	2	5,700	50.60	82.17	31.57	62%	463
12	Willistown Woods Division	3	3,200	55.23	73.20	17.97	33%	1,428
13	Woodloch Springs Division	3	117,000	62.62	71.50	8.88	14%	98
14	Avon Grove School District	5*	Unmetered	6,625.00	8,281.25	1,656.25	25%	
15	Beech Mountain Lakes Division	3	Unmetered	69.74	80.00	10.26	15%	
16	Bridlewood Division	1	Unmetered	38.42	61.40	22.98	60%	
17	Emlenton Borough Division	2	Unmetered	45.00	68.40	23.40	52%	
18	Honeycroft Rillage Division	4	Unmetered	466.69	700.00	233.31	50%	
19	Lake Harmony Division	4	Unmetered	65.63	100.00	34.37	52%	
20	Pinecrest Division	2	Unmetered	\$52.32	\$68.40	16.08	31%	
	WEIGHTED AVERAGE - METERED ONLY		21,936		214.73			
	WEIGHTED AVERAGE @ Proposed Rates 2021 RC				311.36			

5* - Special Charges have been assigned to these Divisions within Rate Zone 5.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 5/8" meter.

Bridlewood Division's Present Rate and Settlement Rate are based on the weighted average of the EDU rate charged to the 2 commercial customers.

Woodloch Springs Division's Present Rate and Settlement Rate are based on the customer charge per EDU.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

Aqua Pennsylvania, Inc
Industrial Average Monthly Bill Comparison - Wastewater
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	
7	Media Division	1	5/8"	3,200	36.13	55.32	19.19	53%	
	WEIGHTED AVERAGE @ Proposed Rates 2021 RC						80.21		

Aqua Pennsylvania, Inc
Residential Average Monthly Bill Comparison - Water
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Present Rates*</u>	<u>Settlement Rates*</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>	<u>Consumption</u>	<u>Average Gallons</u>
1	Main Division Eagle Rock, Fawn Lake, I anglewood, Thornhurst, Woodledge Village, Western & Pinecrest Divisions	1	\$59.85	\$65.52	\$5.67	9.47%	4,173,338	172,154,838	4,125
2		3	59.85	65.52	5.67	9.47%	36,516	737,618	2,020
3	Bensalem Division	1	55.80	65.52	9.72	17.42%	179,147	7,534,487	4,206
4	Chalfont Division	2	47.27	65.52	18.25	38.61%	25,821	1,021,170	3,955
5	Oakland Beach/Lakeside Acres Division	3	57.04	65.52	8.48	14.87%	11,344	261,978	2,309
6	CS Water Division (Masthope)	3	49.36	65.52	16.16	32.74%	15,615	204,095	1,307
7	Country Club Gardens Division	1	40.29	52.98	12.69	31.50%	4,979	223,135	4,482
8	Clarendon Water Division	1	51.05	65.52	14.47	28.34%	3,407	109,345	3,210
9	Kratzerville Division	1	52.29	65.52	13.23	25.30%	1,727	58,671	3,398
10	Honesdale Division	1	52.20	65.52	13.32	25.52%	17,272	632,741	3,663
11	Sand Springs Division	1	40.73	52.98	12.25	30.08%	5,023	168,199	3,349
12	Mifflin Township Division	1	37.11	50.64	13.53	36.46%	5,606	176,827	3,154
13	Beech Mountain Lakes Division	1	21.45	31.73	10.28	47.93%	11,187	369,388	3,302
14	Treasure Lake Division	2	27.20	40.15	12.95	47.61%	25,311	765,777	3,026
15	Concord Park Division	2	30.88	43.91	13.03	42.20%	1,980	77,030	3,890
16	Bristol Township Water System Division	1	24.24	38.40	14.16	58.42%	5,089	226,795	4,457
17	Mt Jewett Borough Division	1	45.95	65.52	19.57	42.59%	4,832	155,007	3,208
18	Bunker Hill Subdivision	Bunker Hill	12.88	26.36	13.48	104.66%	779	31,897	4,097
19	Robin Hood Lakes Division	1	40.16	53.09	12.93	32.20%	2,397	67,756	2,826
20	East Cameron Division	1	57.02	65.52	8.50	14.91%	609	12,076	1,982
21	Sun Valley Division**	Sun Valley	15.00	19.50	4.50	30.00%			
22	Superior Water Company	2	57.02	65.52	8.50	14.91%	47,018	2,045,060	4,350
	WEIGHTED AVERAGE			65.20					4,080
	WEIGHTED AVERAGE @ Proposed Rates 2021 RC			79.87					

*Residential water rates are based on 5/8" meter and an average consumption of 4,080 gallons per month for all divisions.

**Sun Valley customers are flat rate, unmetered customers.

Aqua Pennsylvania, Inc
Commercial Average Monthly Bill Comparison - Water
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	Main Division Eagle Rock, Fawn Lake, I anglewood, Thornhurst, Woodledge Village, Western & Pinecrest Divisions	1	5/8"	37,800	\$380.00	\$419.63	\$39.63	10.43%	236,233
2	Bensalem Division	3	5/8"	13,800	171.34	186.73	15.39	8.98%	665
3	Chalfont Division	1	5/8"	50,700	468.54	531.51	62.97	13.44%	15,289
4	Oakland Beach/Lakeside Acres Division	2	5/8"	7,100	70.32	102.49	32.17	45.75%	1,678
5	CS Water Division (Masthope)	3	5/8"	5,500	84.39	93.45	9.06	10.74%	381
6	Country Club Gardens Division	3	5/8"	42,300	426.00	468.66	42.66	10.01%	57
7	Clarendon Water Division	1	5/8"	33,900	271.22	333.27	62.05	22.88%	11
8	Kratzerville Division	1	5/8"	9,900	93.91	135.81	41.90	44.62%	252
9	Honesdale Division	1	5/8"	7,600	82.56	108.44	25.88	31.35%	23
10	Sand Springs Division	1	5/8"	12,600	133.84	164.18	30.34	22.67%	3,789
11	Mifflin Township Division	1	2"	40,800	309.80	523.34	213.54	68.93%	12
12	Beech Mountain Lakes Division	1	5/8"	19,600	112.70	174.80	62.10	55.10%	369
13	Treasure Lake Division	1	5/8"	23,000	51.34	95.40	44.06	85.82%	60
14	Concord Park Division	2	5/8"	30,800	121.26	185.24	63.98	52.76%	393
15	Bristol Township Water System Division	2	4"	487,300	2,226.92	3,381.86	1,154.94	51.86%	12
16	Mt Jewett Borough Division	1	5/8"	14,800	116.15	146.76	30.61	26.35%	1,785
17	East Cameron Division	1	5/8"	2,200	33.07	44.18	11.11	33.60%	444
20	Superior Water Company	1	3/4"	300	50.00	34.04	(15.96)	-31.92%	28
22		2	5/8"	8,400	99.18	117.96	18.78	18.94%	1,077
	WEIGHTED AVERAGE			37,047		409.72			
	WEIGHTED AVERAGE @ Proposed Rates 2021 RC					501.91			

Aqua Pennsylvania, Inc
Industrial Average Monthly Bill Comparison - Water
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	Main Division	1	5/8"	231,500	\$1,897.56	\$2,099.59	\$202.03	10.65%	8,254
3	Bensalem Division	1	1"	53,500	523.48	590.30	66.82	12.76%	853
4	Chalfont Division	2	2"	37,000	358.73	484.19	125.46	34.97%	57
5	Oakland Beach/Lakeside Acres Division	3	5/8"	76,500	691.26	765.28	74.02	10.71%	12
10	Honesdale Division	1	5/8"	23,200	222.27	275.01	52.74	23.73%	72
17	Mt Jewett Borough Division	1	1"	600	22.11	59.64	37.53	169.74%	24
	WEIGHTED AVERAGE			211,513		1,930			
	WEIGHTED AVERAGE @ Proposed Rates 2021 RC					2,364			

ATTACHMENT 2
LIST OF APPLICATION EXHIBITS

LIST OF EXHIBITS

<u>DESCRIPTION</u>	<u>EXHIBIT</u>
Map of Requested Territory, Including a Bearing and Angle Description	A
Asset Purchase Agreement	B
Aqua 2020 Financial Statements	C
Engineering Assessment - Asset Inventory	D
2020 Chapter 94 Report – East Whiteland Township	E1
2020 Chapter 94 Report – Valley Forge Sewer Authority	E2
2020 Chapter 94 Report – East Goshen Township	E3
Valley Forge Treatment Plant Agreement, dated November 1, 1970, by and between Valley Forge Sewer Authority; the Townships of Schuylkill, East Pikeland, Charlestown, East Whiteland, Tredyffrin, Willistown, and Eastown; the Borough of Malvern; Malvern Municipal Authority; East Whiteland Municipal Authority; Tredyffrin Township Municipal Authority; and Easttown Township Municipal Authority	F1
Composite Amendment No. 1 to Valley Creek Trunk Sewer Agreement, East Whiteland Trunk Line Agreement, and Valley Forge Sewage Treatment Plant Agreement dated December 1, 1974, by and between Tredyffrin Township Municipal Authority, Township of Tredyffrin, Township of Schuylkill, Township of East Pikeland, Township of Charlestown, Township of East Whiteland, Township of Willistown, Township of Easttown, Borough of Malvern, Valley Forge Sewer Authority, Malvern Municipal Authority, East Whiteland Municipal Authority, and Easttown Municipal Authority	F2
Amendment to Valley Forge Sewer Treatment Plant Agreement, dated January 1, 1983, by and between Valley Forge Sewer Authority; the Townships of Schuylkill, East Pikeland, Charlestown, East Whiteland, Tredyffrin, Willistown, and Easttown; the Borough of Malvern; Malvern Municipal Authority; East Whiteland Municipal Authority; Easttown Municipal Authority; Tredyffrin Township Municipal Authority; and Willistown Township Municipal Authority	F3
Supplement to Valley Forge Sewage Treatment Plant Agreement For the Purpose of Complying with United States Environmental Protection Agency Regulations, dated December 2, 1985, by and between Valley Forge Sewer Authority; the Townships of Schuylkill, East Pikeland, Charlestown, East Whiteland, Tredyffrin, Willistown, and Eastown; the Borough of Malvern; Malvern Municipal Authority; East Whiteland Municipal	

Authority; Tredyffrin Township Municipal Authority; Easttown Township Municipal Authority, and Willistown Township Municipal Authority	F4
Addendum to Valley Forge Sewage Treatment Plant Agreement for the Purpose of Permitting and Administering the Sale of Reserved Capacity Among the Parties, dated May 26, 1994, by and between Valley Forge Sewer Authority, the Townships of Schuylkill, East Pikeland, Charlestown, East Whiteland, Tredyffrin, Willistown, and Easttown; the Borough of Malvern; East Whiteland Township Municipal Authority; Easttown Municipal Authority; and Tredyffrin Township Municipal Authority	F5
East Whiteland Trunk Line Agreement, dated February 1, 1971, by and between East Whiteland Municipal Authority, the Township of East Whiteland, Malvern Municipal Authority, the Borough of Malvern, and Valley Forge Sewer Authority	F6
Amendment to East Whiteland Trunk Line Agreement, dated December 12, 1979, by and between East Whiteland Municipal Authority, the Township of East Whiteland, the Borough of Malvern, Malvern Municipal Authority, and Valley Forge Sewer Authority	F7
Amendment to East Whiteland Trunkline Agreement, dated April 18, 2014, by and between East Whiteland Township, East Whiteland Municipal Authority, and Valley Forge Sewer Authority	F8
Sidley Road Trunk Line Repairs Agreement, dated December 27, 1978, by and between East Whiteland Municipal Authority and Valley Forge Sewer Authority	F9
Sewage Treatment Agreement, dated November 17, 1987, by and between East Goshen Township, East Goshen Municipal Authority, East Whiteland Township, and East Whiteland Municipal Authority	F10
Agreement, dated September 14, 1993, by and between Willistown Township, East Whiteland Township and East Whiteland Municipal Authority	F11
Agreement, dated July 10, 1995, by and between Malvern Borough, East Whiteland Township, and East Whiteland Municipal Authority	F12
Sewage Treatment Agreement, dated October 17, 2000, by and between East Goshen Township, East Goshen Municipal Authority, East Whiteland Township, and East Whiteland Municipal Authority	F13
Sewage Capacity / Service Agreement, dated November 1, 2000, by and between East Whiteland Township, East Whiteland Township Municipal Authority, Tredyffrin Township, Tredyffrin Township Municipal Authority, and Trammell Crow Northeast Metro Development, Inc.	F14
Addendum to Sewage Capacity / Service Agreement, dated November 19, 2015, by and between East Whiteland Township and Tredyffrin Township with the joinders of RLD Atwater JV, LLC and The Haven At Atwater Village, LLC	F15

Sewage Treatment Agreement, dated March 2, 2004, by and between East Whiteland Township, East Goshen Township, and Malvern Institute for Psychiatric & Alcoholic Studies	F16
Wastewater Conveyance Agreement, dated November 20, 2018, by and between Aqua Resources, Inc., Tredyffrin Township, East Whiteland Township, Willistown Township, Charlestown Township, Schuylkill Township, East Pikeland Township, Easttown Township, Easttown Township Municipal Authority, The Borough of Malvern, Tredyffrin Township Municipal Authority, and Valley Forge Sewer Authority	F17
Agreement with Public Utility or Municipality for Crossing Under Railroad Private Property, dated March 21, 1972, by and between Reading Company and East Whiteland Municipal Authority	F18
License Agreement for Wire, Pipe and Cable Transverse Crossings and Longitudinal Occupations, dated July 11, 1975, by and between Penn Central Transportation Company and East Whiteland Municipal Authority	F19
License Agreement, dated November 18, 1993, by and between National Railroad Passenger Corporation and East Whiteland Township Municipal Authority	F20
Amendment to License Agreement, dated May 6, 2002, by and between National Railroad Passenger Corporation and East Whiteland Township Municipal Authority	F21
License Agreement, dated September 10, 1999, by and between National Railroad Passenger Corporation and East Whiteland Township	F22
Schedule of Rates Tariff Pages	G
East Whiteland Township - Currently Effective Rates and Rules	H
Notice to Aqua Water and Wastewater Customers	I1
Notice to East Whiteland Township Customers	I2
East Whiteland Township - 2019 Annual Financial Report	J1
East Whiteland Township - 2020 Annual Financial Report	J2
East Whiteland Township - 2020 Adopted Annual Budget	J3
East Whiteland Township - 2021 Adopted Annual Budget	J4
East Whiteland Township - Most Recent Report to the Department of Community and Economic Development	K
John M. Bright's Wastewater Operator's License	L
Water Quality Management Permit – Malvern Hunt Wastewater Treatment Plant.....	M1

Water Quality Management Permit – Valley Forge Sewer Authority Wastewater Treatment Plant	M2
Water Quality Management Permit – East Goshen Municipal Authority Wastewater Treatment Plant	M3
NPDES Permit – Valley Forge Sewer Authority Wastewater Treatment Plant	N1
NPDES Permit – East Goshen Municipal Authority Wastewater Treatment Plant	N2
Discharge Monitoring Reports – Malvern Hunt Wastewater Treatment Plant	N3
Discharge Monitoring Reports – Valley Forge Sewer Authority Wastewater Treatment Plant	N4
Discharge Monitoring Reports – East Goshen Municipal Authority Wastewater Treatment Plant	N5
DEP Letter Re Release from Corrective Action Plan	O
East Whiteland Township Township - Act 537 Plan Documents (1995 Plan)	P1
East Whiteland Township - Act 537 Plan Documents (Special Study 2011)	P2
East Whiteland Township - Act 537 Plan Documents (Special Study 2013)	P3
East Whiteland Township - Act 537 Plan Documents (Special Study 2015)	P4
East Whiteland Township - Act 537 Plan Documents (Special Study 2016)	P5
East Whiteland Township - Act 537 Plan Documents (Planning Modules)	P6
Valley Forge Sewer Authority - Act 537 Plan Documents	P7
East Goshen Township - Act 537 Plan Documents	P8
Letter to East Whiteland Township Planning Commission	P9
Letter to Chester County Planning Commission	P10
Fair Market Value Appraisal – Gannett Fleming Valuation and Rate Consultants, LLC	Q
Fair Market Value Appraisal – AUS Consultants	R
Gannett Fleming Service Agreement and Invoices	S1

AUS Service Agreement and Invoices	S2
Verified Statement of Gannett Fleming Valuation and Rate Consultants, LLC	T1
Verified Statement of AUS Consultants	T2
Testimony of William C. Packer	U
Testimony of Mark J. Bubel, Sr.	V
Testimony of John Nagel	W
Testimony of Harold Walker, III	X
Testimony of Jerome C. Weinert	Y
Responses to Standard Data Requests	Z
Aqua’s Verified Statement Re Selection of Gannett Fleming as UVE	AA1
East Whiteland Township’s Verified Statement Re Selection of AUS Consultants as UVE	AA2

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Marta Guhl, Presiding

Application of Aqua Pennsylvania Wastewater, Inc., : Docket No. A-2021-3026132
**for Approval of its Acquisition of the Wastewater :
System Assets of East Whiteland Township :
Pursuant to Sections 1102, 1329, 507 and 2102 of the :
Public Utility Code :**

CERTIFICATE OF SERVICE

I hereby certify that I have this 4th day of March 2022 served a true and correct copy of the Prehearing Memorandum of Aqua Pennsylvania Wastewater, Inc., upon the persons and in the manner indicated below:

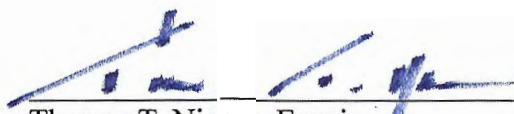
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