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February 14, 2023

CONTAINS CONFIDENTIAL APPENDICES

FILED VIA COMMISSION'S SHAREPOINT SITE

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1102(a) and 1329, 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 Butler Area Sewer Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Butler, and portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland, and Summit, in Butler County, Pennsylvania

Docket No: A-2022-3037047

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission") are the above-referenced application and related filings of Pennsylvania-American Water Company ("PAWC") for its acquisition of Butler Area Sewer Authority ("BASA") assets, properties and rights related to BASA's wastewater collection and treatment system ("System"). This filing is made pursuant to Sections 507 (related to filing of contracts with municipal corporations), 1102 (related to certificates of public convenience), and 1329 (determination of fair market value for ratemaking purposes) of the Pennsylvania Public Utility Code ("Code"), 66 Pa. C.S. §§507, 1102, 1329.

Copies of the Application have been served upon the statutory advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193. The Public and **CONFIDENTIAL** filings will be uploaded to the Commission's SharePoint site and hard copies and CDs

of the Public and **CONFIDENTIAL** versions will be sent via overnight mail for filing, as instructed by the Secretary's office.

Also enclosed on behalf of PAWC, as part of the Section 1329 filing requirements, are the Direct Testimony and accompanying exhibits of the following:

1. Direct Testimony of Scott D. Fogelsanger, Senior Manager of Business Development, Pennsylvania-American Water Company (**PAWC Statement No. 1**)
2. Direct Testimony of Daniel J. Hufton, PE, Engineering Manager, Pennsylvania-American Water Company (**PAWC Statement No. 2**)
3. Direct Testimony of Ashley E. Everette, Senior Director of Rates and Regulatory, American Water Works Service Company (**PAWC Statement No. 3**)
4. Direct Testimony of Jerome C. Weinert, Principal and Director, Weinert Appraisal & Depreciation Services LLC., Pennsylvania-American Water Company Utility Valuation Expert (**PAWC Statement No. 4**)

In addition, as directed by the *Final Supplemental Implementation Order*, PAWC is submitting the following direct testimony and accompanying exhibits on behalf of BASA, the City of Butler and the Township of Butler. PAWC's submission of this testimony should not be considered support for or sponsoring of such testimony. PAWC anticipates that BASA, the City of Butler and the Township of Butler will intervene in this matter and will sponsor their respective direct testimony and exhibits.

1. Direct Testimony of Duane McKee, Executive Director of BASA (**Butler Area Sewer Authority Statement No. 1**)
2. Direct Testimony of Paul F. Sybert, Chairman of the Board of BASA (**Butler Area Sewer Authority Statement No. 2**)
3. Direct Testimony of Harold Walker, III, Manager of Financial Studies of Gannett Fleming Valuation and Rate Consultants, LLC (**Butler Area Sewer Authority Statement No. 3**)
4. Direct Testimony of Dave Zarnick, President of the Board of Commissioners for the Township of Butler (**Township of Butler Statement No. 1**)

5. Direct Testimony of Robert A. Bando, Mayor of the City of Butler (**City of Butler Statement No. 1**)

Copies of this prepared direct testimony and accompanying exhibits can be found at **Appendix A-13-a and A-13-b (BASA, City of Butler and Township of Butler)** and **Appendix A-14-a and A-14-b (PAWC)** of the Application.

In compliance with Code Section 507, 66 Pa. C.S. §507, PAWC has also included a copy of the Asset Purchase Agreement (“APA”) for this transaction. This agreement can be found at **Appendix A-24-a** of the Application.

Additionally, the map of the System, **Appendix A-16-f** is being filed as **CONFIDENTIAL** as are portions of **Appendix A-4** due to **CONFIDENTIAL** attachments.

Finally, PAWC has deliberately and thoughtfully chosen today’s filing date, in anticipation of a final Commission order at the Public Meeting scheduled for October 19, 2023. PAWC’s proposed timeline assumes the following approximate dates:

- 2/14/23 PAWC Files Application
- 3/14/23 TUS Conditionally Accepts PAWC Application for Filing via Secretarial Letter (Conditioned on Completion of Notice Requirements)
- 4/24/23 PAWC Provides Verification of Notice Completion to PUC Secretary/TUS
- 4/26/23 PAWC Application Officially Accepted for Filing via PUC Secretarial Letter /PUC Submits Notice to PA Bulletin for Publication
- 5/06/23 PA Bulletin Notice of PAWC Application
- 5/26/23 End of PAWC Application Protest / Intervention Period
- 10/19/23 PUC Final Action at Public Meeting

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

Sincerely,



Elizabeth Rose Triscari

cc: All Parties on the Attached Certificate of Service (*in the manner specified*)
Thomas Wyatt, Esquire (*via electronic mail*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § § 1102(a) and 1329, 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 Butler Area Sewer Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Butler, and portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland, and Summit, in Butler County, Pennsylvania

Docket No. A-2022-3037047

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 value or the negotiated purchase price of the assets related to the wastewater collection and treatment system owned by the Butler Area Sewer Authority

Docket No. A-2023

In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater collection and treatment system owned by the Butler Area Sewer Authority, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, (iii) for book and ratemaking purposes, defer depreciation related to post-acquisition improvements not recovered through the distribution system improvement charge, and (iv) include, in its next base rate case, a claim for transaction and closing costs.

Docket No. P-2023

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 Butler Area Sewer Authority and Pennsylvania-American Water Company, and (ii) four 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 Butler Area Sewer Authority

Docket Nos. U-2023-_____, *et al.*

CERTIFICATE OF SERVICE

I hereby certify that I have this 14th day of February served a true copy of the foregoing Application of Pennsylvania-American Water Company regarding the acquisition of the Butler Area Sewer Authority's wastewater treatment, transportation, and distribution facilities upon the parties, listed below and in the manner below in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

IN THE MANNER SPECIFIED BELOW ON FEBRUARY 14, 2023

Patrick Cicero, Consumer Advocate
Erin Gannon, Esquire
Christine Maloni Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
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(via electronic mail - One Drive Link)

NazAarah Sabree, Small Business Advocate
Steven Gray, Esquire
Teresa Wagner, Executive Director
Office of Small Business Advocate
555 Walnut Street
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Harrisburg, PA 17101
(via electronic mail – One Drive Link, via overnight mail – thumb drive)

Allison Curtain Kaster, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, F West
Harrisburg, PA 17120
(via electronic mail – One Drive Link)

Kevin C. Higgins
Energy Strategies
111 East Broadway, Suite 1200
Salt Lake City, Utah 84111
(via electronic mail – One Drive Link, via overnight mail – Thumb Drive)

Sean Donnelly
Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
400 North Street
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(via electronic mail – One Drive Link)

Respectfully submitted,



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