

February 17, 2023

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Application of Aqua Pennsylvania Wastewater, Inc. Pursuant to Sections 507, 508, 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of the City of Beaver Falls
Docket No. A-2022-3033138**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission (“Commission”) are the above-referenced Application and related filings for Aqua Pennsylvania Wastewater, Inc.’s (“Aqua”) acquisition of all of the assets, properties and rights related to the wastewater collection and treatment system owned by the City of Beaver Falls (“Beaver Falls” or “the City”). The filing is made pursuant to Sections 507, 508, 1102, and 1329 of the Pennsylvania Public Utility Code (the “Code”), 66 Pa.C.S. §§ 507, 508, 1102, 1329.

Copies of the Application have been served as indicated on the Certificate of Service and in accordance with the Commission’s *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193. Due to the size of the filing, and consistent with instructions provided by the Secretary’s Bureau, the filing and related CONFIDENTIAL materials will be uploaded to the Commission’s SharePoint site. In addition, due to the size of the filing, and consistent with the agreement of the parties listed on the Certificate of Service, an electronic version of the materials associated with the filing will be served upon the parties listed on the Certificate of Service via a secure download link.

Also enclosed in support of the Application as a part of the Section 1329 filing requirements are the Direct Testimonies and associated exhibits of the following:

1. Direct Testimony of William C. Packer, Vice President, Regulatory Accounting and Regional Controller, Essential Utilities, Inc. (**Exhibit U**, Aqua Statement No. 1);
2. Direct Testimony of Mark J. Bubel, Sr., Project Engineer III, Aqua Pennsylvania, Inc. (**Exhibit V**, Aqua Statement No. 2);
3. Direct Testimony of Zach Martin, Western Pennsylvania Area Manager, Aqua Pennsylvania, Inc. (**Exhibit W**, Aqua Statement No. 3);
4. Direct Testimony of Charles R. Jones, Jr., City Manager, City of Beaver Falls (**Exhibit X**, Aqua Statement No. 4);
5. Direct Testimony of Dylan W. D'Ascendis, Partner, ScottMadden, Inc. (**Exhibit Y**, Aqua Statement No. 5); and
6. Direct Testimony of Harold W. Walker, III, Manager, Financial Studies, Gannett Fleming Valuation and Rate Consultants, LLC (**Exhibit Z**, Aqua Statement No. 6).

**REQUEST FOR CONFIDENTIAL TREATMENT
OF PROPRIETY INFORMATION**

As noted above, Aqua's filing includes information that Aqua considers to be proprietary and confidential, as follows:

- **Exhibit B** – Asset Purchase Agreement and associated schedules (CONFIDENTIAL Version);
- **Exhibit D** – Engineer's Assessment of Wastewater System Assets, prepared by Gannett Fleming, Inc. (CONFIDENTIAL Version including Appendix B thereto);
- CONFIDENTIAL Workpaper Files, in Excel Format, of ScottMadden, Inc. and Gannett Fleming Valuation and Rate Consultants, LLC associated with **Exhibits Q** and **R**;
- CONFIDENTIAL Workpaper Files, in Excel Format, of Appendix A to **Exhibit U**, Aqua Statement No. 1; and
- **Exhibit W**, Aqua Statement No. 3 - Direct Testimony of Zach Martin, Western Pennsylvania Area Manager, Aqua Pennsylvania, Inc. (CONFIDENTIAL Version).

Rosemary Chiavetta, Secretary, Secretary
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Copies of these documents have been conspicuously labeled as “CONFIDENTIAL,” and have been separately compiled and submitted to the Commission. Aqua requests that the copies of the materials that have been labeled “CONFIDENTIAL” and that have been separately submitted to the Commission as “CONFIDENTIAL” documents be given confidential treatment by the Commission, including its various offices and bureaus. That is, Aqua requests that the confidential materials be excluded from the Commission’s public document folder and that the confidential copies of these documents not be disclosed to the public.

The \$350.00 filing fee for this Application has been paid as of the time of its submission to the Commission.

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

Respectfully submitted,



Michael W. Hassell

MWH/kl
Attachments

cc: Christine Hoover, Esquire
Allison Curtin Kaster, Esquire
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST-CLASS MAIL AND E-MAIL

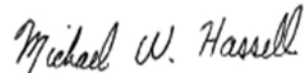
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Date: February 17, 2023



Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania : Docket No. A-2022-3033138
**Wastewater, Inc. (hereinafter referred to as :
"Aqua" or "Applicant") pursuant to Sections :
1102 and 1329 of the Public Utility Code for: :**

**(1) approval of the acquisition by Aqua of :
the wastewater system assets of the City of :
Beaver Falls ("Beaver Falls" or "City") :
situated within the City of Beaver Falls :
Eastvale Borough, and West Mayfield :
Borough, Beaver County, Pennsylvania; :**

**(2) approval of the right of Aqua to begin :
to offer, render, furnish and supply :
wastewater service to the public in the City :
of Beaver Falls, Beaver County, :
Pennsylvania; and :**

**(3) an order approving the acquisition :
that includes the ratemaking rate base of the :
City of Beaver Falls wastewater system :
assets pursuant to Section 1329(c)(2) of the :
Public Utility Code. :**

**Request for Approval of Contracts, :
including Assignments of Contracts, between :
Aqua and the City of Beaver Falls, Pursuant :
to Section 507 of the Public Utility Code :**

**Request for Approval to Modify :
Agreements with Municipal Corporations to :
be Assigned to Aqua Upon Closing of the :
Acquisition by Aqua of the Wastewater :
System Assets of Beaver Falls, to the Extent :
Such Modifications are Necessary, Pursuant :
To Section 508 of the Public Utility Code :**

APPLICATION

To the Pennsylvania Public Utility Commission ("Commission"):

I. BACKGROUND

1. The name and address of Applicant are:

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

2. The name, address and contact information for Applicant's counsel are:

Michael W. Hassell, Esq. (ID # 34851)
Garrett P. Lent, Esq. (ID # 321566)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101
Phone: 717-731-1970
E-mail: mhassell@postschell.com
E-mail: glent@postschell.com

3. Pursuant to Sections 1102 and 1329 of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 1102 and 1329, Applicant hereby requests that the Commission: (1) approve Aqua's acquisition of the wastewater system assets ("**Acquired Assets**") of the City of Beaver Falls ("Beaver Falls" or "the City"); (2) approve the right of Aqua to begin providing wastewater service in the requested territory, as shown as the area outlined in red on the map attached hereto as **Exhibit A** (the "**Requested Territory**");¹ and (3) include, in its Order approving the acquisition, the ratemaking rate base of the Assets as determined under Section 1329(c)(2) of the Public Utility Code, 66 Pa.C.S. § 1329(c)(2). As discussed in Section XII *infra*, Aqua also requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507 of the Public Utility Code, 66 Pa.C.S. § 507, for certain municipal contracts that Aqua has included in the Application, including new service agreements that Aqua will negotiate and enter into with Big Beaver Borough, West Mayfield Borough, White Township, North Sewickley Township, Eastvale Borough, Patterson Township, and Patterson Heights Borough ("Contributing Municipalities") prior to Closing and which will replace any prior agreements. Finally, as discussed

¹ A CONFIDENTIAL facilities map is included with the Asset Inventory as addressed *infra*.

in Section XIII *infra*, Aqua also requests that, to the extent necessary, certain existing agreements between Aqua and the Contributing Municipalities identified in Paragraph 25 *infra* be modified because the agreements contain a rate formula that is not consistent with the rates charged by the City to the Contributing Municipalities.

4. The map of the Requested Territory includes a north arrow depicting map orientation, a graphic scale, the municipal boundaries of Beaver Falls and identification and depiction of all private and public roads relative to the Requested Territory. A bearing and angle description of the Requested Territory is included on Exhibit A. The Requested Territory is approximately 2.3 square miles (1,468.8 acres).

5. Aqua and Beaver Falls have reached an agreement regarding the acquisition of the Acquired Assets, as evidenced by the *Asset Purchase Agreement*, dated as of October 20, 2021, and attached hereto as **Exhibit B** (the "**Agreement**"). Applicant respectfully requests that the Commission issue an *Order* and *Certificates of Public Convenience* approving and addressing the items requested in this Application.

6. An **Application Filing Checklist** identifying topics addressed and the section, paragraph and page number where they can be found is included with this Application as Appendix 1.

II. AFFECTED ENTITIES

7. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua is engaged in the wastewater service business and furnishes wastewater service to approximately 60,000 customer accounts, as reflected in documents already on file with the Commission. Aqua's existing service territories cover various Counties throughout Pennsylvania with wastewater operations in nearby Venango County and water operations under Aqua Pennsylvania, Inc. ("Aqua PA") in nearby Lawrence County.

8. Beaver Falls is a duly organized and validly existing city under a Home Rule Charter. The City owns the sanitary wastewater collection and treatment system which provides sanitary wastewater service to approximately 3,190 customers in the City, and provides transmission and treatment service for the seven (7) Contributing Municipalities.

9. Applicant incorporates into this Application other information on file with the Commission that establishes the fact that Aqua is qualified to provide adequate public wastewater service. Aqua will supplement this Application with all additional information the Commission may require. Balance Sheet and Income Statement reports from Aqua's financial system for calendar year 2021 are attached hereto as **Exhibit C**.

III. PLANT-IN-SERVICE

10. Aqua will acquire Beaver Falls' wastewater collection and treatment system assets as defined in the Agreement, i.e., the Acquired Assets. All of the Acquired Assets are located in the City except for the Eastvale Pump Station which is located in Eastvale Borough, the force main that connects the Eastvale Pump Station to the City collection system, and a meter located in West Mayfield Borough.

11. An Engineer's Assessment of Wastewater System Assets, prepared by Gannett Fleming, Inc. ("Asset Inventory"), is attached hereto as **Exhibit D**. The facilities map included with the Asset Inventory as Appendix B thereto is considered CONFIDENTIAL.

12. The Asset Inventory explains that the Beaver Falls' collection and treatment system has one wastewater treatment plant, approximately 36 miles of gravity sewer collection mains, in sizes ranging from 8 inches to 24 inches in diameter, and the system has approximately 1,400 lineal feet ("LF") of 8 inch force mains. The Asset Inventory also details the one City owned pump station.

13. A list of non-depreciable property is presented in Appendix A of the Asset Inventory. The Beaver Falls System has no plant held for future use and none is included in the Asset Inventory.

14. All component facilities are installed. The approximate time of installation of component facilities is addressed in Appendix A of the Asset Inventory and in Mr. Bubel's testimony (Application **Exhibit V**, Aqua Statement No. 2).

15. Wastewater treatment is provided by the City at its Wastewater Treatment Plant ("WWTP") located in Beaver Falls, Beaver County. The Chapter 94 Report to the Department of Environmental Protection ("DEP") of Beaver Falls for the Beaver Falls WWTP, which includes Chapter 94 Report questionnaires for the Contributing Municipalities, is attached hereto as **Exhibit E**. The Beaver Falls WWTP has a permitted capacity of 4.8 million gallons per day ("MGD") with elevation ("EL") between EL 722 and 738.

16. Beaver Falls accepts wastewater flow into its collection system from the Contributing Municipalities, which is treated at the Beaver Falls WWTP. Flow is conveyed from the Contributing Municipalities through gravity sewers, force mains, and pump stations owned by the Contributing Municipalities. Once flow enters the City from Big Beaver Borough, West Mayfield, White Township, Patterson Township and Patterson Heights Borough, it is conveyed by gravity to the WWTP. Flow coming from Eastvale Borough and North Sewickley Township is conveyed to the Eastvale Pump Station and pumped into the City. The Eastvale Pump Station has design capacity of 610 gallons per minute ("gpm"). The arrangement for conveyance and treatment of flow from the Contributing Municipalities is discussed below in paragraph 25 and Sections XII and XIII.

17. Elevation of the Beaver Falls collection system and the service area varies:

EL 885 to EL 1150 along the western boundary.

EL 720 to EL 985 along the southern boundary.

EL 755 to EL 850 along the northern boundary.

EL 720 to EL 820 along the eastern boundary.

18. Water service in the Requested Territory is provided by the Beaver Falls Municipal Authority (“BFMA”).

19. The original cost, by year and major plant category, of Beaver Falls’ used and useful plant in service is \$12,898,487 with a related calculated depreciation reserve of \$7,866,277.

20. Tentative journal entries to record the transaction are presented in Section IV.

IV. ASSET PURCHASE AGREEMENT

21. The Asset Purchase Agreement is dated October 20, 2021. The purchase price is Forty-One Million Two Hundred and Fifty Thousand Dollars (\$41,250,000.00).

22. The purchase price is based on arm’s length negotiations. Aqua and the City are not affiliated with each other.

23. Aqua will use short term debt initially for the purchase of the Acquired Assets with the expectation that the short-term debt will be converted to long-term debt and equity capital at a later date.

24. The wastewater system Acquired Assets to be transferred are the “Acquired Assets” and have the meaning specified in Section 2.01 of the Agreement. The Acquired Assets include the assets, properties and rights of the City used in the system and all treatment facilities, pipes, pumping stations, generators, manholes and pipelines and billing and collections related assets necessary to run the system.

25. Acquired Assets also include the four contracts identified on Schedule 4.15 of the Agreement to which City is a party (the “Assigned Contracts”). The Assigned Contracts are attached hereto as **Exhibit F1**, **Exhibit F2**, **Exhibit F3**, and **Exhibit F4**, respectively:²

F1 – Agreement, dated April 28, 1977, between the City of Beaver Falls and Township of Patterson.

F2 – Cooperation Agreement, dated May 1, 1983, between the Borough of Eastvale and the City of Beaver Falls.

F3 – Agreement, dated November 1998, between the Big Beaver Municipal Authority and the City of Beaver Falls.³

F4 – Agreement, dated January 9, 2003, between North Sewickley Township Sewer Authority and the City of Beaver Falls.⁴

While these agreements are listed as part of the Acquired Assets, the Company is submitting with this Application forms of pro-forma Wastewater Service Agreements which the Company will negotiate and enter into with the Contributing Municipalities to be executed upon Closing which will terminate and replace all prior agreements for the conveyance and treatment of wastewater. The pro-forma agreements are meant to standardize wastewater conveyance and treatment service to each of the Contributing Municipalities, including the Contributing Municipalities which do not have a conveyance and treatment agreement that could be located.⁵ The Company requested any agreements regarding conveyance and treatment under the RTKL to Patterson Heights Borough, West Mayfield Borough, and White Township and those responses are attached as **Exhibit F6**, **Exhibit F7**, and **Exhibit F8**. The pro-forma agreements are included in this Application as **Exhibit F9** and **Exhibit**

² As noted below, Exhibits F3 and F4 are missing certain pages and/or exhibits. The Company and Beaver Falls have sought to obtain the missing items from the parties to the contracts through Right to Know Law (“RTKL”) requests. Should the documents/information requested via RTKL be located and become available, Aqua will supplement the Application and record accordingly.

³ Missing Signature Pages for Big Beaver Municipal Authority and City of Beaver Falls, and Exhibit A.

⁴ Missing Exhibits A and B.

⁵ The Company could not locate any conveyance and treatment agreements for Patterson Heights Borough, West Mayfield Borough, and White Township.

F10. The City has disclosed an April 8, 2014 Capital Lease Agreement, which is attached as **Exhibit F5**. The City notes that it included the document for the sake of disclosure, but has not been able to identify the counterparty entity and makes no representation as to the validity of that agreement. Additionally, included as **Exhibit F11** is an agreement between Aqua and the City for certain charitable contributions. The Company is also submitting a pro-forma meter reading agreement between Aqua and BFMA for the provision of water meter read data for billing purposes post-closing. The meter read agreement is included in this Application as **Exhibit F12**.

26. Acquired Assets also include all Authorizations and Permits of or held by Beaver Falls (to the extent transferrable to Aqua under applicable Law), including all Authorizations and Permits which are environmental permits, other operating permits and those items listed or described on Schedule 4.14 of the Agreement.

27. “Excluded Assets,” which are those assets not being transferred to Aqua, has the meaning specified in Section 2.02 of the Agreement. Excluded Assets include Stormwater System Assets, contracts that are not Assigned Contracts, cash and cash equivalents and the assets, insurance policies, Beaver Falls’ Plans, properties and rights set forth in Schedule 2.02(h) of the Agreement.

28. “Assumed Liabilities” has the meaning specified in Section 2.04(a) of the Agreement and include all liabilities and obligations arising out of or relating to Aqua’s ownership or operation of the wastewater system and the Acquired Assets on or after Closing.

29. The tentative journal entries to record the transfer in Aqua’s accounts are:

	Debit	Credit
Utility Plant Purchased	\$41,250,000	
Cash/Short Term Debt		\$41,250,000

V. CUSTOMERS

30. Beaver Falls provides wastewater service to approximately 3,197 customers, which includes 2,879 residential, 276 commercial, 7 industrial, 17 public, 7 Contributing Municipalities, and 1 bulk pumping and hauling customer.

31. Wastewater flow billed for Beaver Falls customers within the City was approximately 162,435,115 gallons for 2021.⁶ Wastewater flow billed to the Contributing Municipalities was 177,925,000 gallons.⁷

32. City projects growth of 183 Equivalent Dwelling Units (“EDUs”) over the next five years.

VI. RATES

33. After Closing, Aqua will implement Beaver Falls’ sanitary wastewater rates in effect at closing as reflected on Schedule 7.04 of the Agreement. The City presently bills on a quarterly and monthly basis. Aqua will continue to bill Beaver Falls customers on a quarterly basis and monthly basis. A schedule of rates tariff page implementing monthly and quarterly rates for City customers post-closing is attached hereto as **Exhibit G**.

34. As presented in Schedule 7.04 of the Agreement, Beaver Falls bills customers inside the City of Beaver Falls a quarterly base fee of \$42.37 (\$14.12 monthly) which includes an allowance of 3,000 gallons and a consumption charge of \$8.46 per 1,000 gallons based on water usage. The Contributing Municipalities and Dalton Service Company, LLC are billed \$4.54 per 1,000 gallons based on water usage. A copy of the City’s currently effective Rate Ordinance is attached hereto as **Exhibit H**.

⁶ Billed flow is based on water usage.

⁷ Billed flow is based on water usage.

35. Upon Commission approval of this Application and completion of the proposed transaction, Aqua will begin to provide wastewater service in its name to the customers in the Requested Territory. It will implement its *Rules and Regulations* to govern the provision of wastewater service in the Requested Territory, as those *Rules and Regulations* are in effect from time to time for Aqua.

36. Copies of the notices that will be sent to customers of Aqua and to customers of Beaver Falls describing the filing and the anticipated effect on rates are attached hereto as **Exhibit I1**, **Exhibit I2**, and **Exhibit I3**.

VII. COST OF SERVICE

37. Copies of Beaver Falls' Annual Financial Report for 2020 and 2021 are attached hereto as **Exhibit J1** and **Exhibit J2**. For the year ended December 31, 2021, the City had approximately \$6,899,152 of long-term debt, and the details of long-term debt obligations are described in Note 9 in Exhibit J2. This debt is the long-term debt of the City, and there are no outstanding loans on the utility plant.

38. Copies of Beaver Falls' Adopted Annual Budgets for 2022 and 2023 are attached hereto as **Exhibit J3** and **Exhibit J4**.

39. A copy of Beaver Falls' most recent annual report filed with the Department of Community and Economic Development is attached hereto as **Exhibit K**.

40. Aqua projects annual revenue of \$2,463,118 from the City's customers based on City's current rate schedule, calculated as follows:

<i>Address Type</i>	<i>Service</i>	<i>Billed Dollars</i>	<i>Quarterly Minimum Fee Up to 3 Kgal</i>	<i>Rate per Kgal</i>	<i>Customers</i>	<i>EDUs</i>	<i>Total Usage</i>
Domestic	Wastewater	\$1,119,810	\$42.37	\$8.46	2,879	3,078	109,238,000
Domestic / Residential Total		\$1,119,810			2,879	3,078	109,238,000
Commercial	Wastewater	\$391,141	\$42.37	\$8.46	276	376	44,017,000
Commercial Total		\$391,141			276	376	44,017,000
Industrial	Wastewater	\$23,385	\$42.37	\$8.46	7	7	2,708,000
Industrial Total		\$23,385			7	7	2,708,000
Public	Wastewater	\$41,002	\$42.37	\$8.46	17	17	4,710,000
Public Total		\$41,002			17	17	4,710,000
Bulk	Wastewater	\$807,780		\$4.54	7	3,767	177,925,000
Bulk Total		\$807,780			7	3,767	177,925,000
Bulk Other		\$80,000		\$4.54	1	1	1,762,115
Bulk Other Total		\$80,000			1	1	1,762,115
Total Service Revenue		\$2,463,118			3,187	7,246	340,360,115

41. Aqua estimates annual operating and maintenance expenses of \$1,462,000 based on Beaver Falls' operating expenses presented in the 2021 financial statements, adjusted by the Company.

VIII. PROOF OF COMPLIANCE

42. Aqua will operate and manage the Beaver Falls wastewater system as a standalone collection system, but within Aqua's footprint, from its Western Division Office in Sharon, Pennsylvania with operations and management support from Aqua's Southeastern Division Office in Bryn Mawr,

Pennsylvania. The system is approximately 32 miles from the Company's Western Division Office. Mr. Joseph Durish will be the assigned Certified Wastewater Operator for the system. Mr. Durish's currently effective Wastewater Operator's License is attached hereto as **Exhibit L**.

43. The Water Quality Management ("WQM") Permit for the Beaver Falls WWTP issued in 1996 is attached as **Exhibit M1**. Other WQM permits related to the WWTP and the System are included in **Exhibit M1**, in reverse chronological order. The WQM permit for the Eastvale Pump Station is attached as **Exhibit M2**. The National Pollution Discharge Elimination System ("NPDES") Permit for the Beaver Falls WWTP is attached hereto as **Exhibit N1**. Copies of Discharge Monitoring Reports ("DMR") for the Beaver Falls WWTP from 2017 through November 2022, are attached hereto as **Exhibit N2**.

44. Notices of Violation ("NOVs") issued to Beaver Falls are attached hereto as **Exhibit O1**. Beaver Falls' response to the NOVs is also included in Exhibit O1. Beaver Falls entered into a Consent Assessment of Civil Penalty ("CACP") with DEP on September 26, 2019 in relation to violations of effluent limitations between December 2016 and June 2019. The CACP is attached hereto as **Exhibit O2**. Beaver Falls and the Contributing Municipalities have entered into Corrective Action Plans submitted to DEP and attached hereto as **Exhibit O3** (Beaver Falls), **Exhibit O4** (Big Beaver Municipal Authority), **Exhibit O5** (North Sewickley), **Exhibit O6** (Patterson), and **Exhibit O7** (White), respectively. Eastvale Borough, Patterson Heights Borough, and West Mayfield Borough have not submitted CAPs to DEP. Beaver Falls employed Gannett Fleming, Inc. ("Gannett") to perform a limited hazardous materials assessment at the WWTP in 2021, and Gannett reported through a technical memo that there were suspected asbestos containing materials at the WWTP. Gannett then performed a Phase I Environmental Site Assessment of the WWTP in July 2021. Beaver Falls informed the bidders that it would be engaging professionals to safely remove the material as of July 19, 2021. Attached hereto as

Exhibit O11 is the Gannett Technical Memorandum, the Phase I Environmental Site Assessment, and Beaver Falls’ memo to bidders. As stated in Schedule 4.12 to the APA (*see* Application **Exhibit B**) the City removed asbestos in 2021.

45. Aqua is a Class A utility. It is in good standing with DEP and in general compliance with DEP with regard to the provision of wastewater service.

46. The service area comprising the Requested Territory is consistent with Beaver Falls’ sewage planning and in compliance with DEP approved Act 537 Plans. A copy of Beaver Falls’ Act 537 Plan documents is attached hereto as **Exhibit P1**.

47. The web address for the Beaver Falls Comprehensive Plan is: <https://beaverfallspa.org/wp-content/uploads/2022/03/Beaver-Falls-Comprehensive-Plan-2013.pdf>. The web address for the Beaver County Comprehensive Plan is: https://www.beavercountypa.gov/Depts/Planning/Documents/BC_ComprehensivePlan_May2010.pdf.

Aqua is not requesting service territory beyond the existing plant footprint.

48. Aqua has wastewater operations in Venango County and Aqua PA has water operations in Lawrence County. The acquisition will easily fold into Aqua’s existing wastewater operations. A listing of Aqua’s nearby territory and facilities is as follows:

Aqua Facilities	Location	Distance from City
Emlenton System	Emlenton, PA	42 miles
Western Division Office	Sharon, PA	32 miles
Mahoning Township System	Hillsville, PA	19 miles

49. Aqua is not anticipating any physical, operational or managerial changes at its Southeastern Office as a result of the acquisition. Aqua also does not anticipate any physical, operation, or managerial changes at its Western Division Office. Aqua will be offering employment to seven (7) operational staff from Beaver Falls to address the day-to-day operations of Beaver Falls.

50. Planned capital improvements are addressed in Mr. Bubel's testimony (Application Exhibit V, Aqua Statement No.2).

IX. AFFECTED PERSONS

51. No corporation or entity, except Beaver Falls, is now furnishing or has corporate or franchise rights to furnish wastewater service in the Requested Territory, and no competitive condition will be created by approval of this Application. Water and wastewater service providers abutting or within one mile of the Requested Territory are as follows:

- i. Within neighboring Big Beaver Borough, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Bradys Run Sanitary Authority and private septic systems.
- ii. Within neighboring West Mayfield Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by West Mayfield Municipal Authority and private septic systems.
- iii. Within neighboring Chippewa Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Bradys Run Sanitary Authority and private septic systems.
- iv. Within neighboring White Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by White Township Municipal Authority and private septic systems.
- v. Within neighboring Patterson Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Patterson Township Municipal Authority and private septic systems.
- vi. Within neighboring Patterson Heights Borough, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by Patterson Township Municipal Authority and private septic systems.
- vii. Within neighboring Fallston Borough, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- viii. Within neighboring New Brighton Borough, water service is provided by Beaver Falls Municipal Authority. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.

- ix. Within neighboring Pulaski Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- x. Within neighboring Daugherty Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater service is provided by New Brighton Borough Sanitary Authority and private septic systems.
- xi. Within neighboring Eastvale Borough, water service is provided by Beaver Falls Municipal Authority. Wastewater service is provided by Eastvale Borough.
- xii. Within neighboring North Sewickley Township, water service is provided by Beaver Falls Municipal Authority and private wells. Wastewater Service is provided by North Sewickley Township Sewer Authority and private septic systems.

X. REASONS SUPPORTING THIS APPLICATION

52. Approval of this Application is necessary or proper for the service, accommodation, convenience or safety of the public. As summarized below and discussed further in the testimonies of Mr. Packer, Mr. Bubel, and Mr. Martin which as identified in Section XI below, are attached hereto as **Exhibit U**, **Exhibit V**, and **Exhibit W**:

a. Aqua has the technical, regulatory, financial and legal fitness to operate the Acquired Assets of Beaver Falls, and to maintain the operations and make improvements to meet continuing and future customer needs.⁸ The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua;

b. Beaver Falls has agreed to sell its assets. The public interest and need will be served by allowing Aqua, in lieu of Beaver Falls, to provide wastewater service in the Requested Territory and to address the issues of regulatory requirements and capital

⁸ As a certificated provider of utility service, Aqua's fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

expenditures. The Beaver Falls 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."⁹ The benefits of consolidation/regionalization, ultimately, inure to customers both existing and acquired;

d. Aqua provides utility service to approximately 60,000 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 the City;

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

⁹ 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).

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 Beaver Falls Sewer system will increase Aqua's customer base by approximately 5%. 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 City 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 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.

XI. ADDITIONAL INFORMATION REQUIRED BY SECTION 1329 OF THE PUBLIC UTILITY CODE AND THE PUBLIC UTILITY COMMISSION'S 1329 CHECKLIST

53. Aqua and Beaver Falls have agreed to use the process presented in Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329, to determine the fair market value of the Acquired Assets and the ratemaking rate base. Aqua's verified statement that it selected ScottMadden, Inc. ("ScottMadden") as its Utility Valuation Expert is attached hereto as **Exhibit BB1**. Beaver Falls'

verified statement that it selected Gannett Fleming Valuation and Rate Consultants, LLC (“Gannett Fleming”) as its Utility Valuation Expert is attached hereto as **Exhibit BB2**.

54. As required by Section 1329(d)(1)(i), copies of the Fair Market Value Appraisal Reports of ScottMadden, Utility Valuation Expert, and Gannett Fleming, Utility Valuation Expert, are attached hereto as **Exhibit Q** and **Exhibit R**, respectively. Confidential and Proprietary Work Paper Files, in Excel Format, of ScottMadden and Gannett Fleming are provided with the Application, as explained in the cover letter thereto.

55. Applicant states that the purchase price of the Acquired Assets of the selling utility as agreed to by Aqua and Beaver Falls is \$41,250,000.

56. The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$41,250,000, being the lesser of the purchase price of \$41,250,000 negotiated by Aqua and Beaver Falls and the average of the fair market value appraisals which is \$42,245,674 – determined by \$40,199,348 presented in the appraisal of ScottMadden and \$44,292,000 presented in the appraisal of Gannett Fleming.

57. Aqua will incur transaction and closing costs of approximately \$714,980, which it will include in its rate base.

58. A schedule of rates tariff page implementing rates equal to the rates of Beaver Falls at the time of closing is attached hereto as Exhibit G, as previously stated.

59. Applicant verifies that ScottMadden was selected by Aqua, the acquiring public utility, and that Gannett Fleming was selected by Beaver Falls, the selling municipality.

60. The Utility Valuation Experts were paid \$71,297.50 for the completed Fair Market Value Appraisal Reports. Documentation of the fees paid to ScottMadden and Gannett Fleming, including the valuation service agreements and all associated invoices, are attached hereto as **Exhibit**

S1 and **Exhibit S2**, respectively. Fees paid to the Utility Valuation Experts did not exceed 5% of the fair market value of the selling utility.

61. Statements of ScottMadden and of Gannett Fleming verifying that they have no affiliation with Aqua or Beaver Falls as specified in Section 1329; that their Appraisals determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice as of the date of their report, employing the cost, market and income approaches; and that they applied applicable jurisdictional exceptions to their submitted Appraisal are attached hereto as **Exhibit T1** and **Exhibit T2**, respectively.

62. The testimony of William C. Packer, in support of this Application is attached hereto as **Exhibit U**.¹⁰ Mr. Packer's testimony explains that Aqua is not presenting a rate stabilization plan. Aqua is proposing to implement Beaver Falls' existing rates after Closing and to maintain those rates until the next Aqua rate proceeding following Closing of the transaction.

63. The testimony of Mark J. Bubel, Sr., in support of this Application is attached hereto as **Exhibit V**.

64. The testimony of Zach Martin, in support of this Application is attached hereto as **Exhibit W**.

65. The testimony of Charles R. Jones, Jr., City Manager, in support of the Application is attached hereto as **Exhibit X**.

66. The testimony of Dylan W. D'Ascendis in support of the ScottMadden Appraisal is attached hereto as **Exhibit Y**.

67. The testimony of Harold Walker, III, in support of the Gannett Fleming Appraisal is attached hereto as **Exhibit Z**.

¹⁰ Electronic workpapers of Appendix A to Aqua Statement No. 1 are being submitted to the Commission under CONFIDENTIAL cover.

68. Answers to the Section 1329 Application Standard Data Requests are attached hereto as **Exhibit AA.**

XII. SECTION 507 APPROVAL OF ASSIGNMENT OF CONTRACTS

69. Section 507 of the Code, 66 Pa.C.S. § 507, provides that, except for contracts between a public utility and a municipal corporation to furnish service at tariff rates, no contract or agreement between a public utility and a municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date.

70. Aqua requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507, upon the execution and filing of the pro-forma agreements which are included in this Application in the form Aqua will negotiate and enter into prior to Closing with the Contributing Municipalities. The form of the pro-forma agreements are included as Exhibit F9 and Exhibit F10 to the Application. Aqua requests approval of the charitable contribution agreement between Aqua and the City included as Exhibit F11 to the Application. Aqua also requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507, upon execution and filing of the pro-forma meter read agreement with the BFMA included as **Exhibit F12** to the Application.

XIII. SECTION 508 APPROVAL OF MODIFICATION OF CONTRACTS

71. Section 508 of the Code, 66 Pa.C.S. § 508, permits the Commission to modify any contract between a public utility and a person, corporation or municipal corporation that concerns the public interest. If, after reasonable notice and hearing, the Commission finds that the terms or conditions of the contract are unreasonable, inequitable, or otherwise contrary to the public interest

and general well-being of the Commonwealth, the Commission may determine and prescribe the reasonable and equitable terms and conditions of the contract.

72. The agreements to be modified are the municipal agreements for bulk service with the Contributing Municipalities identified in Paragraph 25, above, which will be assigned to Aqua at closing, if not replaced by the pro-forma agreement for wastewater conveyance and treatment.

73. Modifications are necessary because the above-identified agreements contain a rate formula that is not consistent with the rates charged by the City to the Contributing Municipalities as set forth in the City's ordinance. The rates currently being charged by the City are contained in the ordinance attached hereto as **Exhibit H**.

74. The modification will be limited to setting forth that a Commission established rate, as set forth in Aqua's tariff, as amended from time to time, will apply to the Contributing Municipalities for service after closing.

75. Attached as **Exhibit CC** is the specific language of the modification that Aqua requests the Commission make under 66 Pa.C.S. § 508, to make to the agreements with the Contributing Municipalities identified in Paragraph 25, above.

76. The requested modification to these agreements would be equitable and in the public interest because they adopt the rates currently charged by the City to the Contributing Municipalities. Moreover, 66 Pa.C.S. § 508 is a statutory tool that the Pennsylvania Legislature afforded to the Commission that allows the Commission to ensure that regionalization and consolidation of wastewater systems in the Commonwealth—along with the attendant public benefits—is not unreasonably hindered through the reasonable modification of service contracts that have been lawfully assigned to (pursuant to the express terms of the contracts) the public utility. It is reasonable and lawful for the Commission to modify contracts—a subject matter under the Commission's primary

and exclusive jurisdiction—upon such contract being assigned to or assumed by a public utility. *See* 66 Pa.C.S. § 508.

77. The modifications would be limited to setting rates to be charged by Aqua during the period between Closing and the earlier of (i) termination of the assumed agreements or (ii) renegotiation of the assumed agreements in accordance with the pro forma agreements attached as **Exhibit F9** and **Exhibit F10**.

78. When the renegotiated agreements become effective, or the existing assigned agreements are terminated, the Contributing Municipalities will be served by Aqua either pursuant to renegotiated bulk service agreements or pursuant to Aqua’s tariffed bulk service rates. For those Contributing Municipalities that have no existing bulk service agreements, they will be served by Aqua either pursuant to negotiated bulk service agreements or pursuant to Aqua’s tariffed bulk service rates. In the event that service is provided pursuant to default tariffed bulk service rates, future changes to those rates will be set by the Commission in the context of Aqua’s base rate proceedings.

79. The foregoing provisions are just and reasonable because they maintain rates that are revenue neutral in comparison to rates that the Contributing Municipalities are charged by the City. Further, they remove uncertainty as to the rates to be charged to bulk wastewater customers who do not have an existing contract with the City or that do not negotiate a new agreement with Aqua to be effective at Closing.

XIV. OTHER APPROVALS, CERTIFICATES, REGISTRATIONS AND RELIEF, IF ANY

80. Aqua asks that the Commission issue such other approvals, certificates, registrations and relief, if any, that may be required with respect to Aqua’s acquisition of the Beaver Falls wastewater system assets.

XV. CONCLUSION

WHEREFORE, Aqua requests that the Public Utility Commission approve this Application, filed pursuant to Sections 1102, 1329, 507, and 508 of the Public Utility Code, and:

a. Issue *Certificates of Public Convenience* under §1102 of the Pennsylvania Public Utility Code:

(1) Authorizing Aqua to acquire, by purchase, the wastewater system assets of the City of Beaver Falls; and

(2) Authorizing Aqua to begin to offer, render, furnish and supply wastewater service to the public in the Requested Territory covered by this Application.

b. Authorize Aqua to file tariff revisions, effective upon one day's notice, to:

(1) Include within its territory all the Requested Territory covered by this Application;

(2) Adopt and apply the City of Beaver Falls' rates as set forth in this Application as Aqua's Base Rates within the Requested Territory; and

(3) Apply Aqua's *Rules and Regulations* within the Requested Territory.

c. Enter an *Order* approving this Application and Aqua's acquisition of the Acquired Assets and, as part of that *Order* include the ratemaking rate base of the City of Beaver Falls as \$41,250,000 pursuant to Section 1329(c)(2) of the Public Utility Code;

d. Approve Contracts, including executed copies of the pro-forma agreements to be negotiated and entered into by Aqua and the Contributing Municipalities, and by Aqua and the BFMA pursuant to Section 507 of the Public Utility Code; and

e. Approve the Modification of Agreements with Municipal Corporations to be Assigned to Aqua Upon Closing of the Acquisition by Aqua of the Wastewater System Assets of Beaver Falls, to the Extent Such Modifications are Necessary, pursuant to Section 508 of the Public Utility Code;

e. Issue such other approvals, certificates, registrations and relief, if any, under the Public Utility Code that may be required with respect to Aqua's acquisition of the City of Beaver Falls wastewater system assets.

Respectfully submitted,

AQUA PENNSYLVANIA WASTEWATER, INC.

By Michael W. Hassell
Michael W. Hassell, Esq. (ID # 34851)
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Counsel for Aqua Pennsylvania Wastewater, Inc.

Date: February 17, 2023

Appendix 1

APPLICATION CHECKLIST

1.	Transmittal letter with caption and statement that the filing is pursuant to 66 Pa. C.S. § 1329.		Yes	
2.	Verification form that is signed by an officer or authorized employee of the company, is dated, and accurately references the case.		Yes	
3.	Certificate of Service indicating that a complete copy of the application with exhibits was served by registered or certified mail, return receipt requested, or by hand delivery, upon the statutory advocates (OCA, OSBA) and the Bureau of Investigation and Enforcement.		Yes	A Certificate of Service is included with the Application
4.	Provide responses to Section 1329 Application Standard Data Requests, including electronic working documents (i.e., Excel spreadsheets) for all the filing's schedules, studies, and working papers to the extent practicable.		Yes	Section XI, Paragraph 68, and Exhibit AA
5.	Provide copies of two independent appraisals by separate utility valuation experts for use in establishing the fair market value of the Selling Utility.		Yes	Section XI, Paragraph 54, and Exhibits Q and R
6.	State the purchase price of the seller as agreed to by the buyer and seller.		Yes	Section XI, Paragraph 55
7.	State the total fees paid to the utility valuation experts for providing the completed appraisals for the acquisition and provide documentation, i.e., the valuation service agreement and all associated invoices, supporting the subject fee amounts.		Yes	Section XI, Paragraph 60, and Exhibits S1 and S2
8.	Buyer and Seller Verification Statements:			
	a. Provide a verification statement of the Buyer that its utility valuation expert was selected by the Buyer.		Yes	Section XI, Paragraph 59, and Exhibit BB1
	b. Provide a verification statement of the Seller that its utility valuation expert was selected by the Seller.		Yes	Section XI, Paragraph 59, and Exhibit BB2
9.	Utility Valuation Expert Verification Statements:			
	a. Buyer Utility Valuation Expert has no affiliation with the buyer or seller		Yes	Section XI, Paragraph 61, and Exhibit T1
	b. Buyer Utility Valuation Expert determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice as of the date of the report employing the cost, market, and income approaches.		Yes	Section XI, Paragraph 61, and Exhibit T1

APPLICATION CHECKLIST

	c. Buyer Utility Valuation Expert applied applicable jurisdictional exceptions to the submitted appraisal.		Yes	Section XI, Paragraph 61, and Exhibit T1
	d. Seller Utility Valuation Expert has no affiliation with the buyer or seller		Yes	Section XI, Paragraph 61, and Exhibit T2
	e. Seller Utility Valuation Expert determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice as of the date of the report employing the cost, market, and income approaches.		Yes	Section XI, Paragraph 61, and Exhibit T2
	f. Seller Utility Valuation Expert applied applicable jurisdictional exceptions to the submitted appraisal.		Yes	Section XI, Paragraph 61, and Exhibit T2
10.	Estimated or, if available, actual transaction and closing costs incurred by the buyer that will be included in its rate base.		Yes	Section XI, Paragraph 57
11.	State the ratemaking rate base as required in 66 Pa. C.S. § 1329 and specify whether it is based on either the fair market value determined by the valuation experts or the asset purchase price.		Yes	Section XI, Paragraph 56
12.	Provide a proposed tariff containing a rate equal to the existing rates of the seller at the time of the acquisition and a rate stabilization plan, if applicable to the acquisition.		Yes	Section VI, Paragraph 33, and Exhibit G
13.	Seller Testimony			
	a. Provide seller direct testimony supporting the application, if any.		Yes	Section XI, Paragraph 65, and Exhibit X
	b. Provide seller UVE direct testimony.		Yes	Section XI, Paragraph 67, and Exhibit Z
14.	Buyer Testimony:			
	a. Provide buyer direct testimony supporting the application.		Yes	Section XI, Paragraphs 62-64, and Exhibits U, V and W
	b. Provide buyer UVE direct testimony.		Yes	Section XI, Paragraph 66, and Exhibit Y
15.	Plant in Service:			

APPLICATION CHECKLIST

	a. Provide an inventory of the used and useful plant assets to be transferred. Identify separately any utility plant that is held for future use.		Yes	Section III, Paragraphs 11, 12 and 13, and Exhibit D
	b. Provide a list of all non-depreciable property such as land and rights-of-way.		Yes	Section III, Paragraph 13, and Exhibit D (Appendix A thereto)
	c. State the DEP-permitted productive or treatment capacity of sources or treatment facility and the pipe sizes and material used for construction for all transmission and distribution or collection facilities.		Yes	Section III, Paragraphs 12, 15 and 16, Exhibits D, E and V
	d. State the elevations of major facilities and service areas.		Yes	Section III, Paragraph 17, and Exhibit V
	e. State the approximate time schedule for installation of the various component facilities.		Yes	Section III, Paragraph 14, and Exhibits D and V
	f. State the tentative journal entries for booking the acquisition.		Yes	Section IV, Paragraph 29
16.	Map of Service Area - provide a scalable map or plan of suitable scale highlighting the boundaries of the proposed service area that includes:			
	a. The extent of the proposed service area with any existing adjoining service areas identified.		Yes	Section I, Paragraph 3, and Exhibit A
	b. A north arrow depicting map orientation.		Yes	Section I, Paragraph 4, and Exhibit A
	c. A written description of the boundaries for the service territory utilizing bearing angles and distances.		Yes	Section I, Paragraph 4, and Exhibit A
	d. Size of the service territory area in terms of acres or square miles.		Yes	Section I, Paragraph 4, and Exhibit A
	e. Identification and depiction of all municipal boundaries relative to the service area.		Yes	Section I, Paragraph 4, and Exhibit A
	f. Depiction of the location or route of the waterworks or wastewater collection, treatment or disposal facilities.		Yes	Section III, Paragraph 11, Exhibit D and Confidential Sewage Facilities Maps
17.	Customers:			

APPLICATION CHECKLIST

	<p>a. State the seller’s actual number of customers by class and quantify the related consumption or gallons treated in the current calendar year and future number of connections anticipated for the next 5 years and, if available, the next 10 years.</p>	Yes	Section V, Paragraph 30, and Exhibits U (Appendix A), V and W
	<p>b. Buyer shall demonstrate its ability to provide adequate water supply, treatment, storage and distribution or adequate wastewater collection, treatment or disposal capacity to meet present and future customer demands.</p>	Yes	Exhibit V
	<p>c. For water system acquisitions, quantify the number of public and private fire hydrants.</p>	N/A	
18.	Rates:		
	<p>a. State the current rates of the seller.</p>	Yes	Section VI, Paragraph 34, and Exhibit H
	<p>b. Provide a copy of the seller’s current rules and regulations for service.</p>	Yes	Section VI, Paragraph 34, and Exhibit H
	<p>c. Provide a proposed tariff or tariff supplement showing the rates, proposed rules, and conditions of service.</p>	Yes	Section VI, Paragraph 33, and Exhibit G
	<p>d. Provide a copy of the notification sent, or which will be sent, to affected customers describing the filing and the anticipated effect on rates.</p>	Yes	Section VI, Paragraph 36, and Exhibits I1, I2 and I3
19.	Cost of Service:		
	<p>a. Provide a copy of the seller’s two most recent audited financial statements.</p>	Yes	Section VII, Paragraph 37, and Exhibits J1 and J2
	<p>b. Provide a copy of the seller’s two most recent adopted budgets.</p>	Yes	Section VII, Paragraph 38, and Exhibits J3 and J4
	<p>c. Provide a copy of the seller’s most recent annual report filed with the Commonwealth’s Department of Community and Economic Development.</p>	Yes	Section VII, Paragraph 39, and Exhibit K
	<p>d. Provide calculations quantifying the projected revenues and expenses for the acquisition.</p>	Yes	Section VII, Paragraph 40
	<p>e. State whether the seller has any outstanding loans on the utility plant and identify the nature, terms, and payment history.</p>	Yes	Section VII, Paragraph 37
20.	Proof of Compliance - provide proof of compliance with applicable design, construction and operation standards of DEP or of the county health department, or both, including:		

APPLICATION CHECKLIST

	a. For water system acquisitions, provide copies of the public water supply/water quality management permits for the utility plant.		N/A	
	b. For wastewater system acquisitions, provide copies of the water quality management and National Pollution Discharge Elimination System (NPDES) permits for the utility plant.	Yes		Section VIII, Paragraph 43, Exhibits M1 and M2 and Exhibits N1 and N2
	c. For wastewater system acquisitions, provide a copy of the Chapter 94 Municipal Wasteload Management Report that was most recently submitted to DEP.	Yes		Section III, Paragraphs 15 and 16, Exhibit E
	d. Valid buyer's certified operators' certificates appropriate to the facilities being acquired.	Yes		Section VIII, Paragraph 42, and Exhibit L
	e. Provide documentation evidencing a 5-year compliance history with DEP with an explanation of each violation for the seller's utilities that have been providing service as well as provide a copy of any DEP-approved corrective action plans.	Yes		Section VIII, Paragraph 44, and Exhibits O1-O7, O11, and V
	f. Provide documentation of all Notices of Violation issued to seller by DEP for the last 5 years, an explanation of each, including a description of any corrective or compliance measures taken.	Yes		Section VIII, Paragraph 44, and Exhibits O1-O7 and O11
	g. Statement attesting to Aqua's compliance history with DEP	Yes		Section VIII, Paragraph 45
	h. Provide a statement clarifying whether the acquired plant will be physically interconnected to the buyer's system or be operated as a standalone system.	Yes		Section VIII, Paragraph 42
	i. Provide a statement that explains how the acquisition will fit into the current operations of the buyer.	Yes		Section VIII, Paragraph 48
	j. Provide a statement that identifies the staff, district or division of the buyer that will operate and manage the acquisition.	Yes		Section VIII, Paragraphs 42 and 48
	k. Provide a statement quantifying the distance in miles the acquisition is from the buyer's existing system or facilities.	Yes		Section VIII, Paragraphs 42 and 48
	l. Provide a statement that identifies all planned physical, operational and managerial changes of the buyer that will occur after closing and state the timeframe and cost for each.	Yes		Section VIII, Paragraph 49, and Exhibit V
21.	Affected Persons. State the identity of all public utilities, municipalities, municipal authorities, cooperatives and associations which provide public water service or wastewater collection, treatment or disposal service within each municipality, or a municipality directly adjacent to the municipality(ies), in which the applicant seeks to provide service that abuts or is situated within one mile of the applicant's proposed facilities.	Yes		Section IX, Paragraph 51

APPLICATION CHECKLIST

22.	Other requirements - demonstrate compliance with the following:		
	a. For wastewater system acquisitions, demonstrate compliance with the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities (including the extent of the requested service territory).	Yes	Section VIII, Paragraph 46
	b. For wastewater system acquisitions, provide a copy of the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities.	Yes	Section VIII, Paragraph 46, and Exhibit P1
	c. For wastewater system acquisitions, state the method of water service being provided in the requested wastewater service territory (i.e., public water or private wells) and identify the name of water utility, if applicable.	Yes	Section III, Paragraph 18
	d. For water system acquisitions, state the method of wastewater service being provided in the requested water service territory (i.e., public wastewater or private on-lot) and identify the name of wastewater utility, if applicable.	N/A	
	e. Provide evidence the filing is consistent with the affected municipality and county comprehensive plans if the filing proposes to expand service beyond the existing plant footprint.	Yes	Section VIII, Paragraphs 46 and 47
23.	Verification:		
	a. For water system acquisitions, provide a verification that the water sources and customers are metered in accordance with 52 Pa. Code § 65.7 (relating to metered service). If unmetered water service is currently provided, the applicant shall provide a metering plan to the Commission.	N/A	
	b. Include a statement that there is no affiliation between the buyer and seller.	Yes	Section IV, Paragraph 22
	c. Include a statement that the agreement was conducted at arm's length.	Yes	Section IV, Paragraph 22
	d. Include a statement explaining how the customers will benefit from the Buyer's ownership.	Yes	Section X and Exhibits U, V and W
24.	Asset Purchase Agreement (APA):		
	a. Provide a copy of the APA that is signed by all parties.	Yes	Section I, Paragraph 5, and Exhibit B
	b. APA clearly states the purchase price and terms.	Yes	Section IV, Paragraph 21, Exhibit B
	c. APA clearly states whether all assets or only a portion of the assets are to be purchased (e.g., water treatment and distribution or wastewater collection and treatment).	Yes	Section IV, Paragraph 24, and Exhibit B

APPLICATION CHECKLIST

	d. APA adequately describes the assets to be acquired.		Yes	Section IV, Paragraphs 24, 25 and 26, and Exhibit B
	e. APA adequately describes the assets to be excluded.		Yes	Section IV, Paragraph 27, and Exhibit B
25.	Provide a copy of all municipal and affiliate contracts to be assumed by buyer as part of the acquisition and a list and annual dollar value of other contracts.		Yes	Section IV, Paragraph 25, and Exhibits F1 through F12

Appendix 2

Exhibit	Description
Exhibit A	Map of the Requested Territory
Exhibit B	Asset Purchase Agreement
Exhibit C	Aqua Balance Sheet and Income Statement Reports for Calendar Year 2021
Exhibit D	Asset Inventory
Exhibit E	Beaver Falls WWTP Chapter 94 Report to DEP
Exhibit F1	Agreement Between the City of Beaver Falls and Township of Patterson
Exhibit F2	Agreement Between the Borough of Eastvale and the City of Beaver Falls
Exhibit F3	Agreement Between the Big Beaver Municipal Authority and the City of Beaver Falls
Exhibit F4	Agreement Between North Sewickley Township Sewer Authority and the City of Beaver Falls
Exhibit F5	Capital Lease Agreement Between the City of Beaver Falls and the Joint Sewer Users
Exhibit F6	Right to Know Request and Response of Patterson Heights Borough
Exhibit F7	Right to Know Request and Response of West Mayfield Borough
Exhibit F8	Right to Know Request and Response of White Township
Exhibit F9	Pro-Forma Wastewater Service Agreements Between Aqua and Contributing Municipalities
Exhibit F10	Pro-Forma Wastewater Service Agreements Between Aqua and Contributing Municipalities
Exhibit F11	Agreement Between Aqua and the City of Beaver Falls for Charitable Contributions
Exhibit F12	Pro-Forma Water Meter Read Agreement Between Beaver Falls Municipal Authority and Aqua
Exhibit G	Post-Closing Schedule of Rates Tariff Page Implementing Monthly and Quarterly Rates for City of Beaver Falls Customers
Exhibit H	City of Beaver Falls' Currently Effective Rate Ordinance
Exhibit I1	Notice to Aqua Customers Describing the Filing and Anticipated Effect on Rates
Exhibit I2	Notice to City of Beaver Falls Customers Describing the Filing and Anticipated Effect on Rates
Exhibit I3	Notice to Contributing Municipalities Describing the Filing and the Anticipated Effect on Rates
Exhibit J1	City of Beaver Falls' Annual Financial Report for 2020
Exhibit J2	City of Beaver Falls' Annual Financial Report for 2021
Exhibit J3	City of Beaver Falls' Adopted Annual Budget for 2022
Exhibit J4	City of Beaver Falls' Adopted Annual Budget for 2023
Exhibit K	City of Beaver Falls' Annual Report Filed with the Department of Community and Economic Development
Exhibit L	Certified Wastewater Operator Joseph Durish's Wastewater Operator's License
Exhibit M1	Water Quality Management Permit for Beaver Falls WWTP and Related Permits
Exhibit M2	Water Quality Management Permit for the Eastvale Pump Station

Exhibit	Description
Exhibit N1	National Pollution Discharge Elimination System Permit for Beaver Falls WWTP
Exhibit N2	Discharge Monitoring Reports for Beaver Falls WWTP from 2017 to November 2022
Exhibit O1	Notices of Violation issued to the City of Beaver Falls and Accompanying Responses
Exhibit O2	Consent Assessment of Civil Penalty Between DEP and the City of Beaver Falls
Exhibit O3	City of Beaver Falls' Corrective Action Plan Submitted to DEP
Exhibit O4	Big Beaver Municipal Authority's Corrective Action Plan Submitted to DEP
Exhibit O5	North Sewickley's Corrective Action Plan Submitted to DEP
Exhibit O6	Patterson Township's Corrective Action Plan Submitted to DEP
Exhibit O7	White Township's Corrective Action Plan Submitted to DEP
Exhibit O11	Gannett Technical Memorandum, Phase I Environmental Site Assessment, and Beaver Falls' Memo to Bidders
Exhibit P1	City of Beaver Falls' Act 537 Plan Documents
Exhibit Q	Fair Market Value Appraisal Report of ScottMadden
Exhibit R	Fair Market Value Appraisal Report of Gannett Fleming
Exhibit S1	Documentation of the Fees Paid to ScottMadden
Exhibit S2	Documentation of the Fees Paid to Gannett Fleming
Exhibit T1	Verification of ScottMadden
Exhibit T2	Verification of Gannett Fleming
Exhibit U	Testimony of William C. Packer
Exhibit V	Testimony of Mark J. Bubel, Sr.
Exhibit W	Testimony of Zach Martin
Exhibit X	Testimony of Charles R. Jones
Exhibit Y	Testimony of Dylan W. D'Ascendis
Exhibit Z	Testimony of Harold Walker, III
Exhibit AA	Answers to the Section 1329 Application Standard Data Requests
Exhibit BB1	Verification of Aqua
Exhibit BB2	Verification of the City of Beaver Falls
Exhibit CC	Aqua's Proposed Modification to the Agreements with the Contributing Municipalities
Appendix 1	Application Filing Checklist
Appendix 2	Exhibit List

VERIFICATION

I, William C. Packer, Vice President, Regulatory Accounting and Regional Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in the foregoing Application of Aqua Pennsylvania Wastewater, Inc., pursuant to Sections 1102, 1329, 507 and 508 of the Public Utility Code, for approvals and an order relating to the acquisition of the wastewater system assets of the City of Beaver Falls are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



William C. Packer
Vice President, Regulatory
Accounting and Regional Controller
Aqua Pennsylvania, Inc.

Dated: February 17, 2023