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, 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, portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland, and Summit, in Butler County, Pennsylvania	:	Docket Nos. A-2022-3037047, *et al.*

DIRECT TESTIMONY OF
DANIEL J. HUFTON, P.E. ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: February 14, 2023 PAWC Statement No. 2

DIRECT TESTIMONY OF
DANIEL J. HUFTON

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Daniel J. Hufton, P.E. and my business address is 60 Elrama Avenue, Elrama, PA 15038.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC" or the "Company") as an Engineering Manager.

Q. WHAT ARE YOUR RESPONSIBILITIES AS A SENIOR OPERATIONS MANAGER?

A. As an Engineering Manager for PAWC, I am responsible for the performance of due diligence activities related to potential water and wastewater acquisitions in the Commonwealth of Pennsylvania. These activities cover a broad range of operational topics including environmental compliance, health and safety, security, system capacity analyses, system condition assessments, operations and maintenance expense planning, and capital expenditure planning.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.

A. A copy of my curriculum vitae is attached as **PAWC Exhibit DJH-1**. I received my Bachelor of Science degree in civil engineering in 1987 from The Pennsylvania State University and a Master of Engineering degree in civil engineering in 1988 from Cornell University. I have over 34 years of experience in the civil and environmental engineering

discipline related to municipal and industrial water and wastewater treatment and solid waste management. I worked in various consulting engineering roles for 12 years prior to joining PAWC in 2000. Since joining PAWC, I have worked in various roles in Water Quality, Production Operations, Maintenance Services, and Engineering. I am a registered Professional Engineer, certified Water Operator, and certified Wastewater Operator in the Commonwealth of Pennsylvania.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("COMMISSION")?

A. Yes. I testified as a witness for PAWC during proceedings at Commission Docket No. P-2015-2513587.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will describe the wastewater collection and treatment system ("System") currently owned by the Butler Area Sewer Authority ("BASA") that PAWC has agreed to acquire (the "Transaction"). I will also explain how the acquired System will be integrated into PAWC's existing operations, describe PAWC's technical fitness to run the System, and discuss the public benefits of the Transaction.

Q. PLEASE DESCRIBE THE SYSTEM.

A. The System is comprised of a regional wastewater collection network and a centralized treatment facility. The collection network is a sanitary-only system; there are no combined sewers in the System. The wastewater treatment plant is located in Butler Township. The

plant has a design and permitted average daily flow capacity of 10.0 million gallons per day ("MGD"), a rated maximum flow capacity of 28.0 MGD, and a permitted average annual organic loading capacity of 12,750 lbs. of 5-day biochemical oxygen demand ("BOD5") per day. The plant process includes screening and grit removal, primary sedimentation, fixed-film biological treatment (trickling filters), extended-aeration activated sludge biological treatment, secondary sedimentation, tertiary clarification, and chlorine disinfection. Residual biosolids are processed through a sludge thickener, polymer addition, rotary press dewatering, and lime stabilization prior to being hauled off-site by a contractor for disposal at a municipal solid waste landfill. Treated wastewater is discharged into Connoquenessing Creek under authorization set forth in National Pollutant Discharge Elimination System ("NPDES") Permit No. PA0026697. The NPDES permit was effective September 1, 2018 and expires on August 31, 2023.[1] Under the proposed Transaction, PAWC will acquire and operate the System and assume responsibilities for operation and maintenance as the holder of the NPDES Permit.

Q. PLEASE DESCRIBE THE SYSTEM'S SERVICE AREA.

A. The System serves all of the City of Butler, and portions of Butler Township, Center Township, Connoquenessing Township, East Butler Borough, Oakland Township, and Summit Township, all in Butler County, Pennsylvania. The System's service area that PAWC is requesting ("Service Area") comprises approximately 27.4 square miles and

[1] The NPDES permit renewal application is due to Pennsylvania Department of Environmental Protection ("PADEP") by March 4, 2023. The renewal application is being prepared by BASA staff. To date, the majority of the permit forms are complete, and the laboratory testing of plant influent and effluent required by PADEP is complete. BASA plans to complete and submit the renewal application to PADEP prior to the March 4, 2023 deadline.

closely matches the service area of the PAWC Butler water system. See **Appendix A-16-a through A-16-e**.

BASA owns and operates the collection systems in all of the municipalities above, and operates as a regional system. There are no bulk service agreements with any contributing municipalities.

The Service Area was prepared using: (1) the BASA sewer service area depicted in the plans contained in the February 2009, Act 537 Sewage Facilities Planning Study Update ("2009 Act 537 Study"), as amended May 2009 and June 2009, and as approved by PADEP on August 27, 2009; (2) addition of parcels being served by BASA at the time of the 2009 Act 537 Study that were not shown correctly on the sewer service area therein; and (3) addition of parcels being served by BASA in accordance with Sewage Facilities Planning Modules approved by PADEP after the August 27, 2009 approval of the 2009 Act 537 Study.

Q. WHAT IS AN "MS4" SYSTEM?

A. An MS4 system is a "municipal separate storm sewer system."

Q. IS PAWC ACQUIRING AN MS4 SYSTEM?

A. No. PAWC will not be acquiring the MS4 system of any of the municipalities served by BASA.

Q. DOES THE SYSTEM HAVE AN INDUSTRIAL PRETREATMENT PROGRAM ("IPP")?

A. Yes.

Q. PLEASE DESCRIBE THE BASA IPP.

A. BASA has a United States Environmental Protection Agency ("USEPA")-approved IPP authorized under Chapter 400, Industrial Sewer Use, of its Rules and Regulations. BASA implements the plan under the supervision of an Industrial Pretreatment Coordinator, who is responsible for issuing permits, conducting inspections, issuing invoices for user fees under the program, and filing annual reports to USEPA. BASA currently has permits with one Categorical Industrial User ("CIU"), three Significant Non-Categorical Industrial Users ("SNIUs"), and three Non-Significant Industrial Users that discharge, or may discharge, process wastewater into the sewer system. All permitted IPP users are located within the certificated service territory being proposed by PAWC for this Transaction. PAWC will assume BASA's responsibility to implement IPP services to BASA's current IPP customers and any future IPP customers requesting service in the certificated service area. Upon closing of the Transaction ("Closing"), PAWC will incorporate the BASA system into its Industrial Pretreatment Program Rules and Regulations of its PUC-approved tariff for implementation.

Q. PLEASE DESCRIBE THE PIPE SIZES AND MATERIALS USED FOR THE CONSTRUCTION OF THE COLLECTION SYSTEM.

A. Based on the mapping that was available and provided by BASA, the collection system is constructed from a variety of pipe materials, including acrylonitrile butadiene styrene ("ABS"), cast iron, ductile iron, polyvinyl chloride ("PVC"), reinforced concrete, and

vitrified clay pipe. There are approximately 224 miles of gravity sewer and eight (8) miles of force main. Gravity sewers range from 6-inch in diameter to 48-inch in diameter.

Q. PLEASE STATE WHETHER THE SYSTEM CAN PROVIDE ADEQUATE CONVEYANCE, TREATMENT AND DISPOSAL CAPACITY TO MEET PRESENT AND FUTURE CUSTOMER DEMANDS.

A. Based on the population projections and demand projections as provided-for in BASA's 2021 Chapter 94 Report included in **Appendix A-20-c**, the conveyance, treatment, and disposal capacity is adequate to meet present and future customer demands through the year 2026.

Q. PLEASE STATE THE ELEVATIONS OF THE MAJOR FACILITIES AND SERVICE AREA.

A. Please see **Appendix A-16-f (CONFIDENTIAL)** for a map showing the approximate elevations of the existing facilities.

Q. DOES BASA PROVIDE BULK TREATMENT SERVICE TO ANY SURROUNDING SYSTEMS?

A. No. BASA does not provide bulk wastewater conveyance/treatment services to any municipalities or entities.

Q. DOES BASA RECEIVE BULK TREATEMENT SERVICE FROM ANY SURROUNDING SYSTEMS?

A. No. BASA does not receive bulk wastewater conveyance/treatment services from any municipalities or entities.

Q. DOES PAWC PROVIDE WATER SERVICE IN THE SERVICE AREA?

A. Yes. The PAWC Butler water supply service area largely overlaps the BASA service area.

Q. PLEASE PROVIDE AN OVERVIEW OF THE EXISTING WATER OPERATIONS FACILITIES IN THE SERVICE AREA.

A. The PAWC Butler water system (PWSID # PA5100012) serves the City of Butler; the Borough of East Butler; Connoquenessing Borough and Saxonburg Borough; and portions of Butler, Center, Connoquenessing, Forward, Franklin, Oakland, Penn, Clinton, and Summit Townships. The PAWC Butler water system serves an estimated population of 41,500 consumers through 20,394 metered service connections in the Butler service area.

The source of supply is obtained from two impoundments on Connoquenessing Creek and Thorn Run, and from an intake on the Allegheny River. Main sources of raw water are Connoquenessing Creek and Thorn Run. In addition, an interconnection with the PAWC Ellwood System is available to supply up to an additional 2 MGD of finished water as needed.

Raw source water is treated at the Oneida Valley Treatment Plant located on Pennsylvania State Route 38. The Oneida Valley Treatment Plant is located within approximately 5 miles driving distance from the BASA wastewater treatment plant and office. The plant has a permitted capacity of 11.9 MGD and utilizes both chemical and physical water treatment processes. The chemical treatment consists of polyaluminum

chloride addition for coagulation, pre- and post-gaseous chlorination for oxidation and disinfection, post-filtration hydrated lime addition and/or sodium hydroxide addition for pH and alkalinity adjustment, post-phosphoric acid injection for corrosion control treatment and ammonia gas for chloramination. The plant also has the ability to feed potassium permanganate at the gatehouses for iron, manganese and organic oxidation and powdered activated carbon ("PAC") for taste and odor issues. The plant can also feed hydrated lime into the combined raw water. The physical treatment process consists of three Aldrich Dorrco Hydrotreated Purification Units. Each unit consists of a flocculation section, up-flow clarifier section and multi-media rapid sand peri-filter. A recent project at the plant included a new sodium hydroxide feed system, filter to waste piping, wastewater holding tank, electrical building, and bulk chemical fill station.

The distribution system is divided into eight service areas: The Main Service system, the North Hills high service system, the South Hills high service system, the East Butler system, the West End high service system, the Oak Hills high service system, the Lick Hill (Summit Township) high service system, and the Center Township high service system. The distribution system includes thirteen storage tanks and nine booster pump stations.

Q. PLEASE DESCRIBE HOW PAWC WILL MANAGE THE DAY-TO-DAY OPERATIONS OF THE SYSTEM ONCE IT IS ACQUIRED.

A. The BASA System will be incorporated as an operating district into PAWC's Northwest Area operations. BASA's existing staff will provide the day-to-day operational services, with management oversight provided by PAWC's Northwest Area management team.

This same management team oversees the PAWC Butler water system, which will facilitate the integration of the BASA team into the local operations strategy and culture, leverage synergies between the water and wastewater systems, provide cross functional support, and offer enhanced availability of shared resources for day-to-day and emergency situations.

Q. ARE OTHER PAWC EMPLOYEES AVAILABLE TO ASSIST WITH WASTEWATER OPERATIONS, AS NEEDED?

A. Yes. Current PAWC employees in this area and BASA employees, all of whom will be offered employment after Closing, will be under the same area management and supported by a shared support team supporting common functions such as external affairs, supply chain, environmental compliance, health and safety, customer service, human resources and engineering. Employees in both the water and wastewater departments will support each other when appropriate and necessary, particularly in emergency situations. All operations and employees within PAWC and within the broader American Water Works Company, Inc. ("American Water") footprint have access to each other when circumstances require or when a very specialized skill or experience is required to support all local issues.

Q. WILL THERE BE ANY UNNECESSARY DUPLICATION OF OPERATIONS FACILITIES FOLLOWING THE ACQUISITION?

A. No, the System will be operated as a stand-alone system. It will, however, have the support of PAWC's surrounding operations as well as PAWC's operations through the Commonwealth and American Water's nationwide resources.

Q. DOES PAWC PLAN TO INTERCONNECT THE SYSTEM TO ANOTHER PAWC WASTEWATER SYSTEM?

A. No.

Q. WHAT ARE THE ESTIMATED CAPITAL COSTS FOR THE SYSTEM?

A. The five-year capital plan for the System is shown on **PAWC Exhibit DJH-2**.

Q. HOW DID PAWC ARRIVE AT THIS FIGURE?

A. The capital plan estimate is based on preliminary cost estimates of needed improvement projects that were identified during PAWC's due diligence efforts. The projects were identified through a combination of PAWC's independent observations of the System's conditions and needs, as well as input from BASA staff from their knowledge of the System's needs. The biggest challenge facing the System is the high level of Inflow/Infiltration ("I/I") from defects and aging infrastructure in the collection system. The projects include improvements to the collection system and the treatment plant.

Collection system improvements will include rehabilitation and upgrading of the Fisher Heights Pump Station, Brewster Pump Station and Brewster Booster Pump Station System and the Greenwood Pump Station, Benbrook Pump Station and Bryson Pump Station System, which are required under a 2019 Corrective Action Plan (the "2019 CAP") with the PADEP. The plan also includes replacement of the Rock Lick Pump Station and improvements to the September Drive Pump Station, as well as funding for major pumping station improvements that will be defined in the outer years of the plan. Projects are included for electrical arc flash and physical safety improvements at the pump stations, as

well as general electrical, Supervisory Control and Data Acquisition ("SCADA"), and emergency generator improvements. Finally, the plan includes System-wide National Association of Sewer Service Companies ("NASSCO") closed circuit television ("CCTV") survey and physical inspection of the collection piping and manholes, and a System-wide I/I study. These System-wide surveys will inform and guide the substantial planned improvements for sewer main, manhole and service replacements included in the five-year plan.

Treatment plant improvements include specific safety-related projects to provide flood protection and reinforcement, electrical arc flash evaluation and replacement of aged electrical equipment, Occupational Safety & Health Administration ("OSHA") required physical safety upgrades, and improved site security provisions. Process improvements to provide safer, more efficient, and improved treatment will include new effluent flow metering equipment, conversion from toxic gaseous chlorine to ultraviolet disinfection, rehabilitation of secondary clarifiers, replacement of trickling filter media, and compressed air system replacement. Recurring capital improvement funding for plant related equipment is also provided, and these projects will be defined based on future process evaluations, potential changes in permit limits, and equipment failures.

If the Transaction would not occur, BASA probably would only be able to deliver the projects required by the 2019 CAP due to their large investment of time, resources, and funding, leaving little left over to address the numerous other issues in the System.

Q. PLEASE DESCRIBE PAWC'S SYSTEM PLANNING, CAPITAL BUDGETING, AND CONSTRUCTION MANAGEMENT PROCESS, WHICH WILL APPLY TO BASA AFTER CLOSING.

A. PAWC has an established track record of successfully managing large capital investment projects in order to provide reliable service to the communities it serves. PAWC has an ongoing program of capital investment focused on systematically replacing and adding new pipes, treatment and pumping facilities, and other water and wastewater infrastructure; thereby minimizing customer disruption caused by infrastructure failure. PAWC has funded in excess of $1 billion in capital construction over the past five years with expenditures expected to total $470 million to $600 million per year for the next five years. Capital planning is performed on a five-year planning horizon by in-house engineering staff and operations to establish capacity needs, regulatory impacts, service adequacy and reliability for PAWC's wastewater systems. As projects are delivered, project costs, alternatives and risks are further developed, and competitive bidding for consulting engineering design/permitting services and construction is utilized to keep costs as low as possible. Comprehensive periodic oversight of water and wastewater assets during the annual budgeting process and ongoing governance reviews gives PAWC a clear and objective view of needs and potential capital project solutions. Once approved through the capital governance process, the individual capital projects will be led and managed by PAWC engineers working in the local Northwest Operations area, which will allow them to maintain clear visibility to the projects and react to conditions as they develop.

Q. IS BASA A REGIONAL SEWAGE SERVICE PROVIDER AND, IF SO, WHAT ARE THE BENEFITS OF CENTRALIZED SEWAGE TREATMENT VERSUS DECENTRALIZED SEWAGE TREATMENT?

A. The BASA System is a regional sewage service provider, providing sewage treatment for eight municipalities. Regionalization provides many benefits, including lower cost of treatment due to economies of scale and ability to apply advanced treatment technology more effectively. A larger regional system gains the benefit of having a lower cost per gallon, as well as a greater ability to treat more stringent limits that may be instituted by PADEP in future permits. Additional benefits include reduced regulatory and operational costs due to having only one discharge permit to manage and one treatment plant to operate as opposed to many.

Q. DOES THE PENNSYLVANIA CONSTITUTION ADDRESS ENVIRONMENTAL RIGHTS?

A. I am advised by counsel that the Pennsylvania Constitution, Article I, Section 27, guarantees the right to a clean environment, and requires the Commonwealth to conserve and maintain environmental resources for the benefit of the public.

Q. DOES THE BASA SYSTEM CURRENTLY FACE ENVIRONMENTAL CHALLENGES?

A. Yes. The BASA System has a long history of environmental compliance issues, mostly related to sanitary sewer overflows ("SSOs") caused by the high level of I/I from defects and aging infrastructure in the collection system. On February 20, 2001, BASA and

PADEP entered into a Consent Order and Agreement (the "2001 Agreement") to resolve violations of the Clean Streams Law and the Sewage Facilities Act. The 2001 Agreement included, among other things, a requirement for BASA to fully implement a CAP executed on March 20, 2001 and revised on April 23, 2001 (as amended, the "2001 CAP"), to eliminate the discharges caused by the hydraulic overload conditions from the Deshon pump station, the General Tire area, and the Ball Park area Sanitary Sewer Overflow Structures. On December 31, 2005, BASA informed PADEP by letter that it had not completed all of the tasks under the 2001 CAP, as required under the 2001 Agreement. In the December 31, 2005 letter, BASA requested an extension of time until April 30, 2009 to complete all of the tasks set forth in the 2001 CAP. In a letter dated February 9, 2006, PADEP informed BASA that, because it had not completed all of the tasks under the 2001 CAP, as amended, BASA was in violation of the 2001 Agreement and owed stipulated penalties under the 2001 Agreement. On April 27, 2006, BASA paid all outstanding stipulated civil penalties owed under the 2001 Agreement.

On October 13, 2006, BASA and PADEP entered into a second Consent Order and Agreement (the "2006 Agreement") to resolve SSOs in the collection system, hydraulic overloading at the treatment plant, and failure to submit a NPDES permit renewal application by the regulatory deadline. The 2006 Agreement required BASA and the contributing municipalities to perform an Act 537 Official Plan Revision Special Study that addresses each municipality's current and future sewage needs to be served by the BASA treatment plant. BASA and the contributing municipalities were also required to agree to a prohibition on issuing new customer connections to the System. In addition, BASA was required to eliminate collection system SSOs by completing the Deshon Sewer

Rehabilitation Project. BASA and the contributing municipalities fulfilled the obligations in the 2006 Agreement, and PADEP terminated the agreement on October 16, 2013.

The BASA System continues to experience SSOs and hydraulic overloading in portions of its collection system. From 2018 through November 10, 2022, the System received forty-six notices of violations from PADEP for illegal SSO discharges. On February 15, 2019, BASA submitted a CAP to address pump station SSOs in two portions of its collection system. The 2019 CAP was revised on March 11, 2019 and ultimately approved by PADEP on March 26, 2019. The approved 2019 CAP requires sewer rehabilitation repairs in the two subareas of the collection system, replacement of six sewage pump stations, and restrictions on new sewer connections in these areas. All work was to be completed by June 30, 2024. BASA submitted a revised 2019 CAP to PADEP on October 13, 2020 requesting an extension of the completion date to December 31, 2025. PADEP approved this revised 2019 CAP and deadline on February 22, 2021. BASA submitted a second revision to the 2019 CAP on May 18, 2022, and amended the proposed revision on May 31, 2022. This second revision requested a further extension of the completion deadline to August 31, 2026. PADEP approved this second revision to the 2019 CAP and completion deadline on June 2, 2022. BASA is currently in the design and permitting phases of the projects required under the approved 2019 CAP. PAWC will assume responsibility for implementing the 2019 CAP and the projects thereunder upon the Closing of this Transaction.

Q. DOES BASA HAVE COPIES OF ALL ENVIRONMENTAL PERMITS REQUIRED TO OPERATE ITS SYSTEM?

A. Yes.

Q. HOW WILL PAWC ADDRESS BASA'S ENVIRONMENTAL CHALLENGES AFTER CLOSING?

A. PAWC will immediately assume the responsibilities under the 2019 CAP to rebuild the existing infrastructure in order to eliminate the persistent SSOs in the two areas of the collection system referenced above. As discussed previously, PAWC has developed a five-year capital plan totaling $75.8 million that includes the 2019 CAP projects, as well as numerous other projects that will: replace the System's aging infrastructure, replace targeted areas of the collection system components known to have unacceptably high I/I and/or SSOs, make process improvements that will yield environmental, safety and security benefits to customers and employees, and improve the efficiency of operations. Furthermore, PAWC has agreed to pursue a Customer-Owned Damaged Wastewater Service Laterals Pilot as part of the Transaction that, if approved, would provide much needed capital resources to remedy leaking customer service lines that contribute to the excessive I/I in the System.

PAWC will immediately incorporate the BASA System into its comprehensive and proactive environmental compliance program. BASA's current environmental compliance employees will be blended into PAWC's statewide Water Quality and Environmental Compliance Department. The employees will report to PAWC's Manager of Wastewater Compliance, a new position that was created solely to focus on compliance at the company's twenty-four wastewater treatment plants. This will benefit the BASA staff by integrating them into PAWC's larger compliance organization, which will help them

assimilate PAWC's proactive compliance culture, and provide access to statewide compliance expertise, shared resources, and improved work management tools. Examples of these tools include MapCall – a computerized maintenance and workorder management system, Environmental Management Plans – a written comprehensive compliance plan for each water and wastewater system that is reviewed and confirmed quarterly, and Internal Audits – a corporate oversight program that focuses on critical operating priorities for state operating companies, including environmental compliance matters**.**

Q. IF THE TRANSACTION WOULD NOT OCCUR, DO YOU BELIEVE THAT BASA WOULD HAVE THE FINANCIAL AND TECHNICAL CAPABILITIES TO IMPROVE MATERIALLY ITS ENVIRONMENTAL PERFORMANCE IN THE FUTURE?

A. No. Based on past history, BASA has not proactively addressed environmental compliance issues before they rose to the level of compliance orders from the regulatory agency. This is a reactive approach to environmental compliance and does not proactively address the underlying problem of lack of regular infrastructure renewal and replacement. Without a well-funded program to upgrade aging collection system assets, I believe that BASA will continue to experience hydraulic overloading and SSOs in portions of its System. Furthermore, I expect that environmental regulations will continue to become more stringent in the future, with the potential for new or more stringent effluent limits that could require substantial new investment in the treatment plant. As an experienced public utility, PAWC has extensive experience in complying with current environmental regulations and

being proactive with capital investments to maintain system integrity and reliability, while planning ahead for emerging contaminants or new regulations.

Q. IN YOUR OPINION, IS PAWC BETTER EQUIPPED THAN BASA TO OPERATE AND MAINTAIN THE SYSTEM IN COMPLIANCE WITH APPLICABLE ENVIRONMENTAL STATUTES AND REGULATIONS?

A. Yes. PAWC can draw upon a much broader range of engineering and operational experience, as well as deeper operational and financial resources, to address the environmental compliance challenges of the System. In addition, given PAWC's experience with operation of similar wastewater systems, particularly those facing extensive I/I issues like BASA, I believe that PAWC is best positioned to provide those services on a cost-effective basis.

PAWC is the Commonwealth's largest investor-owned provider of water and wastewater services. As a leading wastewater provider in Pennsylvania, PAWC brings industry leading expertise and has extensive technical experience in upgrading, operating, and maintaining sewer facilities. PAWC is a recognized leader in providing communities in the Commonwealth with well-maintained and reliable water and wastewater services and has extensive local knowledge due to PAWC's decades of experience providing water service to the same Butler County municipalities served by BASA.

PAWC currently employs approximately 1,150 professionals with expertise in all areas of water and wastewater utility operations including engineering, regulatory compliance, water and wastewater treatment plant operation and maintenance, distribution and collection system operation and maintenance, material management, risk management,

human resources, legal, accounting, and customer service. As a subsidiary of American Water, PAWC has available to it additional resources of highly trained professionals who have expertise in various specialized areas. American Water currently owns or operates approximately 160 wastewater plants through its subsidiaries in a number of states. American Water's experience includes the full breadth of treatment processes, from facultative ponds to membrane biological reactors in every climate zone across the U.S. More-advanced technologies allow a number of American Water's plants to utilize effluent for reuse applications, eliminating discharge to receiving streams. These diverse facilities have provided American Water operators and process experts with deep experience in the operation and maintenance of every possible type of wastewater treatment technology. This experience is available to support PAWC's operations staff and facilities.

A 50-person team of American Water corporate engineers has handled a wide variety of system assessments, treatment process evaluations and design reviews for water and wastewater treatment systems in order to improve operations and prioritize capital improvements. For example, PAWC successfully leveraged the corporate engineering expertise following two recent acquisitions, the Steelton water system, and the Exeter wastewater system. For both of these systems, subject matter experts from the corporate engineering team conducted process evaluations of the water and wastewater treatment processes and identified solutions to remedy on-going operational challenges.

PAWC has demonstrated its ability to improve troubled municipal wastewater systems following acquisition through improving operational efficiencies, fostering a proactive environmental compliance culture in the local workforce, and investing capital to replace and renew assets. PAWC has successfully addressed PADEP and USEPA

compliance orders requiring operational improvements and substantial capital investments in several recent wastewater acquisitions, including Clarion, Claysville, Dravosburg, Duquesne, Exeter, Kane, McKeesport, Port Vue, Scranton, and York. From 2018 through 2021, PAWC has made capital investments in its wastewater systems averaging $762 per year per customer connection. This is over three times the level of investment made by BASA into its System for the same period, averaging $226 per year per customer connection. This lower investment level is in spite of the ongoing environmental non-compliance events and the known deficiencies in the System. Prudent renewal and replacement of the aging System infrastructure through capital investment is the key to achieving and maintaining long-term environmental compliance, and it is clear that PAWC is much more equipped than BASA to make those ongoing capital commitments.

Furthermore, as the public water provider in the BASA service area, PAWC can leverage synergies between the water and sewer infrastructure networks to the benefit of customers and the general public. For example, PAWC will evaluate needed infrastructure upgrades holistically from both the water and wastewater perspectives, and can plan water distribution system improvements and sewer system rehabilitation projects together when feasible, reducing the number of street openings, lessening the inconvenience to the public, and lowering overall construction and restoration costs.

In contrast, BASA employs thirty-eight full-time employees who are primarily dedicated to the day-to-day activities of the operation of its collection system and single wastewater treatment plant. While they do a commendable job in operating the current system, BASA has limited resources and lacks access to the breadth of broad industry knowledge and in-house subject matter experts that PAWC can bring into projects.

Q. PLEASE DESCRIBE PAWC'S TECHNICAL FITNESS TO PROVIDE WASTEWATER SERVICE TO BASA'S CUSTOMERS.

A. In addition to the points that I just mentioned, PAWC has approximately 97,521 wastewater customers across the Commonwealth, with customers in Adams, Allegheny, Beaver, Berks, Chester, Clarion, Cumberland, Lackawanna, Luzerne, McKean, Monroe, Montgomery, Northumberland, Pike, Washington, and York Counties. A map of PAWC's current service territories is attached to my testimony as **PAWC Exhibit DJH-3.** In comparison, as of February 2, 2023, BASA furnished wastewater services to approximately 14,792 customers.

PAWC has had no material issues in complying with the Pennsylvania Public Utility Code ("Code"), the Clean Streams Law, or other regulatory requirements. Moreover, PAWC has the resources, skills, and expertise to respond to ever-increasing environmental standards for the treatment of wastewater and to manage the long-term infrastructure renewal and replacement needs inherent in wastewater systems.

Q. PLEASE DISCUSS PAWC'S SERVICE INTERRUPTION HISTORY.

A. PAWC plans its maintenance and capital improvement projects in a manner that avoids creating service interruptions. Care is taken to provide a continuous free flow of sanitary waste from customer connections, even during these disruptive events. For main repairs, crews will use bypass pumping arrangements so that sewage flow is captured and relocated around the work area while repairs are being made. For pump station work, crews will use bypass pumping similar to that described above, or pumper trucks to remove accumulated wastewater in the pump station holding tanks and haul the contents to the plant or other

collection system location. PAWC also builds redundancy into its systems to provide continued operational reliability in the event of equipment failures.

In contrast, BASA does not even have records regarding its history of service interruption.

Q. PLEASE DESCRIBE PAWC'S RESPONSE TO RECENT MAJOR STORM EVENTS.

A. PAWC has effective Emergency Response Plans ("ERPs") in place at its water and wastewater systems to prepare for, withstand, and recover from major storm events. The ERPs are updated annually, and table-top exercises are conducted annually to test the plans. For wastewater systems, emergency preparedness activities typically include: fueling vehicles and emergency generators, ensuring staff has adequate personal protective equipment for the conditions, rescheduling field staff for indoors work if possible to avoid dangerous conditions, refreshing contact information and account numbers for local electricity companies, activating flood protection plans for heavy rainfall events, planning for snow removal/salting of parking lots, roads and sidewalks for winter storms, and making operational adjustments to put treatment plants in storm mode to handle increased flows.

PAWC is experienced in making strategic capital investments to improve the ability of its wastewater systems to handle the increased flows from storm events. In the Clarion wastewater system, acquired in 2008 from the Clarion Area Authority, PAWC has successfully executed projects under a Consent Order and Agreement ("COA") with PADEP to reduce illegal discharges to waters of the Commonwealth. The work included

Act 537 planning, design and construction of new facilities, replacement of inadequate infrastructure, and modifications to long standing operational procedures. Specifically, PAWC upgraded the collection system by replacing approximately 10,000 lineal feet of 8" to 36" interceptor sewers and replacing/upgrading the main lift station (Liberty Street) and equipping it with a new 1.3 MG equalization tank to capture excess storm flows. PAWC also made major hydraulic improvements to the wastewater treatment plant by increasing its design capacity from 1.75 to 4.0 MGD and installing a new 3.8 MG equalization tank. Construction began in July 2013 and was completed by the COA deadline of February 2015. The COA was lifted in January 2016. Under the Clarion Area Authority's ownership, the system experienced approximately 30 SSOs per year and storm flows were routinely bypassed at the wastewater treatment plant with no treatment. Since the new facilities were placed online by PAWC, the SSOs have been reduced to an average of one per year, mainly caused by damaged or clogged/blocked sewer mains, and there have been no bypasses of untreated sewage at the wastewater treatment plant.

In the Scranton wastewater system acquired in late 2016, PAWC has completed 30 of 72 combined sewer overflow ("CSO") control upgrades required under the system's approved Long Term Control Plan ("LTCP"). The remainder will be addressed during the remaining 15 years of the 25-year LTCP. These improvements have reduced the total number of system-wide CSOs from a high of 1,293 in 2018 to 915 in 2022. On average per completed CSO Outfall, the improvements have reduced the number of CSOs during a typical year from 25 to four and the total CSO discharge volume from 121 MG to 36 MG (a 70% reduction). These numbers will continue to improve each year as PAWC installs additional CSO control structures. At the treatment plant, PAWC increased the peak

capacity from 39 MGD to 60 MGD in 2020, which has resulted in a reduction in non-compliance bypass events from a total of nearly 60 in 2019, to only six in 2021 and 2022 combined.

In comparison, BASA has a long history of hydraulic overloading and SSOs in its collection system, as described previously. While they have made progress in portions of their system through projects completed under prior CAPs with PADEP, the system remains out of compliance with PADEP regulations regarding SSO's and hydraulic overloading. With PAWC's previous experience in successfully remedying similar non-compliance situations in other large sewer systems, PAWC is well equipped to handle the challenges presented by the current condition of the BASA System.

Q. PLEASE DESCRIBE PAWC'S EFFORTS WITH REGARD TO CUSTOMER-OWNED DAMAGED WASTEWATER SERVICE LATERALS ("DWSLs")?

A. PAWC is aware that, on October 24, 2018, Governor Wolf signed Act 120 of 2018 (Act 120) into law, thereby amending the Code at 66 Pa. C.S. § 1311(b) to address the accelerated replacement of customer-owned DWSLs. Act 120 sets forth a uniform, minimum standard under which jurisdictional wastewater utilities may seek to replace DWSLs and recover costs associated with replacement.

PAWC is also aware that regulations in Title 52, Chapter 66, Subchapter B., Damaged Wastewater Service Laterals, became effective upon publication in the Pennsylvania Bulletin on July 23, 2022. Consistent with Act 120, Chapter 66, Subchapter B, Damaged Wastewater Service Laterals permits entities to begin DWSL replacements and avoid disincentivizing customers from maintaining their wastewater laterals in

functional condition. In a DWSL program petition, entities are directed to link the DWSL Program parameters to: (1) excessive I/I causing, or which is reasonably expected to cause within the next five years, a hydraulically overloaded condition, wastewater overflows or additional flow which is prudent for the entity to avoid, or (2) design or construction conditions causing, or which are reasonably expected to cause within the next five years, wastewater overflows. To date, PAWC has not filed a petition to begin a DWSL program.

Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF WHAT BASA IS CURRENTLY DOING TO ADDRESS DWSLs?

A. BASA has a Realty Transfer I/I Inspection Program, which addresses illegal connections as well as I&I. All municipalities served by the System have adopted a point-of-sale program ordinance, which requires inspections when real estate is transferred or refinanced. Since 2018, 2,601 inspections have been performed. A total of 1,020 laterals failed inspection, requiring the parties to the transaction to replace/repair the sewer lateral. BASA does not fund or cover the costs of customer lateral replacements.

Q. DOES THE ASSET PURCHASE AGREEMENT ("APA") ADDRESS DWSLs?

A. Yes. The APA stipulates that PAWC shall use its commercially reasonable efforts to develop a pilot program for a customer-owned DWSL replacement program, consistent with 66 Pa. C.S. § 1311(b)(2) and subject to Commission approval, focused on the System. Prior to the second anniversary of the Closing date, PAWC shall petition the Commission for, and use commercially reasonable efforts to obtain approval for the pilot program.

Q. WILL THIS APA OBLIGATION ON DWSLs BE ADDRESSED IN PAWC's PETITION TO BE FILED WITH THE COMMISSION ON DWSLs?

A. Yes. If the pilot program referenced above is approved by the Commission and implemented, and PAWC petitions the Commission to establish a state-wide customer-owned DWSL replacement program, PAWC shall include the System in that petition.

Q. PLEASE EXPLAIN HOW PAWC INTENDS TO HANDLE THE IPP AFTER CLOSING.

A. PAWC will assume BASA's responsibility to implement IPP services to BASA's current IPP customers and any future IPP customers requesting service in the certificated service area. PAWC currently manages IPP programs in five (5) other wastewater systems across the Commonwealth: Coatesville, Exeter, McKeesport, Scranton, and York. PAWC has environmental professionals on staff, reporting to the Manager of Wastewater Compliance, who are experienced and responsible for running these programs. BASA's program will continue to be managed locally by BASA's pretreatment coordinator, who will report to the Manager of Wastewater Compliance following the acquisition. The BASA IPP documents will be transitioned over to PAWC's standard IPP template and tariff language being successfully used by PAWC for its five other systems. These actions will promote consistency across PAWC's customer base and uniformity of permitting, monitoring and enforcement activity under the IPP. Based on review of the BASA plan, no significant changes will need to be made to the Prohibited Discharge Standards, Specific Wastewater Discharge Limitations, or the surcharge formulas, which should alleviate any customer concerns with major changes to their IPP permits.

As a publicly-owned treatment works ("POTW"), BASA's IPP program is currently regulated by USEPA. Upon Closing of the acquisition, the System will be privately owned. Based on experience in prior acquisitions, PAWC expects that PADEP will take primacy for oversight of the IPP program under a privately owned system, and PADEP will incorporate their standard IPP regulatory requirements in the transferred NPDES permit. PAWC is very familiar with the PADEP's IPP regulatory requirements and has been successfully complying with said requirements at its five other IPP systems with no violations or exceptions.

Q. DOES PAWC MAINTAIN CYBER SECURITY, PHYSICAL SECURITY, BUSINESS CONTINUITY AND EMERGENCY PLANS?

A. Yes. Cyber and physical security plans are maintained and monitored by American Water for each of its subsidiaries. PAWC maintains ERPs and Operations and Maintenance Manuals, both of which have operational business continuity included within the plans and are updated each year. These plans are tested each year through emergency response tabletop exercises. Each plan is overseen and managed by various groups and individuals to provide overarching support to PAWC. These groups are responsible for testing, reviewing, and updating their respective plan(s).

The departments assigned to Physical Security, Emergency Response, Business Continuity, and Cyber Security plans are as follows:

- Physical Security Plan - Operational Risk Management Security (American Water Works Service Company, Inc. ("AWWSC"));
- Cyber Security Plan - Operational Risk Management Security (AWWSC);
- Emergency Response Plan - Operations (PAWC); and

- Business Continuity Plan - Operational Risk Management (PAWC) and Operations (PAWC).

To constantly protect physical and cyber resources, the designated groups have developed procedures to ensure that PAWC operates in a safe, secure, and reliable environment. A major commitment in assuring plans are kept current is performing various testing on an annual basis. Types of testing performed by AWWSC and PAWC include vulnerability assessments, system operational testing, full scale exercises, media backups, and real-life events.

Q. PLEASE DESCRIBE PAWC'S CYBERSECURITY CONTROLS.

A. PAWC's cybersecurity controls are consistent with the National Institute of Standards and Technology ("NIST") cyber security framework and the American Water Works Association ("AWWA") Process Control System Security Guidance for the Water Sector.

Q. PLEASE EXPLAIN PAWC'S POLICIES AND PROCEDURES REGARDING SERVICE CALLS.

A. PAWC's 24/7/365 customer service call center is available for routine customer interactions from 7:00 a.m. to 7:00 p.m., Monday through Friday, and at all other times for customer emergencies. When a customer calls the call center in an emergency situation, they can speak with a representative 24/7/365. In the Butler water district, PAWC's field service crews are available for normal non-emergency customer service work from 7:30 a.m. to 3:30 p.m. on Monday and Saturday, and 7:30 a.m. to 4:00 p.m. on Tuesday through Friday. Field service crews are on-call and available for emergency field work (main

breaks, emergency shut-offs, and emergency turn-ons) 24/7/365 outside of the normal work hours.

In contrast, BASA's regular business hours for customer interactions are only from 8 a.m. to 4 p.m. and only on Monday through Friday. Most calls are answered within four rings. If they are not answered within six rings, the call is routed to voicemail, which is monitored during business hours. Weekend and after-hours service calls utilize an automated phone system, not a direct call to a customer service representative like PAWC. Customers calling after hours can leave a message for a sewer backup or any other type of sewage related emergency, or they can leave a non-emergency message in a general voice mailbox. Emergency messages are directed to the Superintendent's cell phone. If it is not retrieved within fifteen minutes, the message cascades to the next person in a chain.

In summary, I would say that PAWC provides better service than BASA in terms of service calls.

Q. PLEASE DESCRIBE PAWC'S RELATIONSHIPS WITH COMMISSION EMERGENCY RESPONSE STAFF, PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY ("PEMA") STAFF, AND LOCAL FIRST RESPONDERS.

A. PAWC has a strong working relationship with the Commission's Emergency Response Staff. PAWC provides the Commission with emergency response numbers for all PAWC operating areas each year. The Commission provides emergency numbers for its staff, which PAWC distributes to all of PAWC's operating areas for inclusion in the PAWC Emergency Response Plans. For those emergencies that warrant communication to the

Commission's Emergency Preparedness Liaison Officer ("EPLO"), PAWC has contacted Commission staff in the past to advise them of situations and actions taken by PAWC. Each year, PAWC conducts emergency response tabletop exercises to test responses to emergency situations, including weather emergencies, contamination of supply, damage to facilities, cyber-attack, and other perils. The Commission's emergency response staff has participated in those exercises each year since 2006. We also invite local first responders to participate, such as fire departments, police departments, hazmat responders, local prison personnel, as well as PADEP and the Governor's Office of Homeland Security personnel.

PAWC has participated in Pennsylvania Water/Wastewater Agency Response Network ("PaWARN") and PEMA-sponsored exercises over the years. PAWC's current relationship with PEMA is through the Commission's EPLO and PaWARN. PAWC is a member in good standing of PaWARN.

In contrast, BASA is not a member of PaWARN. I would say that PAWC is better than BASA in terms of emergency preparedness.

Q. PLEASE DESCRIBE PAWC'S PARTICIPATION IN PENNSYLVANIA'S "ONE CALL" SYSTEM AND THE RESOURCES THAT PAWC DEDICATES TO THE PROGRAM.

A. All of PAWC's operating districts are members of Pennsylvania One Call System Inc. and complete excavator requested mark outs on a daily basis. Each district has a minimum of one person dedicated to completing dig notifications utilizing a third party internet-based One Call ticket management system, known as Korweb, that is accessible via vehicle mounted computers for real time response to any PA One Call dig notification.

PAWC has an excellent track record of compliance with the requirements of the "One Call" system. PAWC has achieved a 99.9 percent or higher ticket completion rate from January through October of 2022. PAWC's late ticket completion date year-to-date is 0.68 percent.

BASA uses 811 software for One Call tracking and documentation. It had a 98.1% response rate between January 1, 2022 and December 1, 2022 (slightly lower than PAWC's 99.9 percent ticket completion rate).

Q. DOES PAWC HAVE AN EMPLOYEE SAFETY PROGRAM?

A. Yes. American Water and PAWC have made safety a value and not just a goal. It is very important to us that every employee and contractor return home safely every day. We make safety a value instead of a goal because goals change, but values do not change.

Safety performance is fundamental to the Company's culture and key to its success. Employees are expected to conduct themselves in a safe manner, in accordance with PAWC's Health and Safety Policy and with the Health and Safety Procedures and Practices Manual. PAWC establishes, implements, promotes, and manages safety programs, activities and training that enable continued safety improvement, injury reduction and compliance with applicable Federal, State, and local requirements. Safety programs are developed and implemented in accordance with Company policy and applicable practices and include:

- Supporting practices that are developed, reviewed, and updated to provide guidance on safe performance of activities in the workplace and are reflective of changes in organizational, operational, and regulatory needs;

- Strategic and priority development and implementation of safety improvements based on risk analysis of workplaces, work tasks and related potential injuries and incidents;

- Near-miss reporting and corrective action program to identify and remove safety hazards from the workplace;

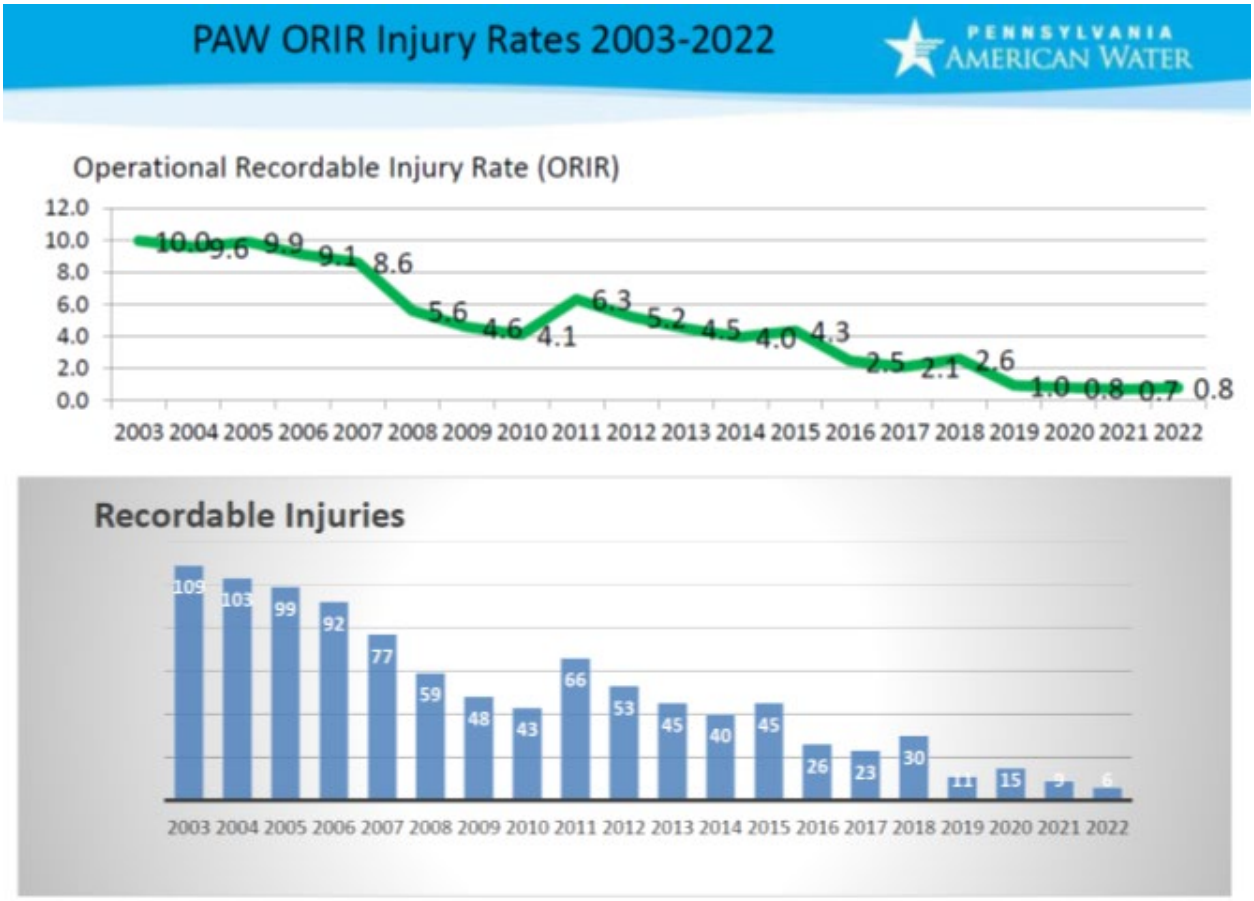
- Development of, and measurement against, specific Company and external safety performance targets and safety accountabilities for all employees;

- Ongoing assessment and review of safety processes, activities and supporting programs (including those related to other Company policies, such as the Workplace Conduct and Behavior Policy) to gauge effectiveness, identify program gaps and pinpoint opportunities for continued improvement;

- Consistency of implementation and compliance with Company and regulatory requirements across the enterprise; and,

- Defined and monitored contractor qualifications and requirements for safety performance in accordance with approved contract documents, applicable laws, and regulations.

PAWC has an excellent safety record. Moreover, PAWC has committed to achieving zero injuries and has made great strides in changing the Company culture to believe that such a target is achievable. Over the last 20 years, PAWC has consistently reduced its number of recordable injuries and corresponding OSHA Recordable Incident Rate, as shown in the figure below:



BASA has a safety committee that has been certified by the Pennsylvania Department of Labor and Industry, which entitles BASA to a discount on its workers' compensation insurance rates. BASA had fifteen recordable accidents during the years 2018-22 (compared to PAWC's 71, for a much larger workforce. For this time period, PAWC's number of recordable injuries per year per employee was approximately 0.059, while BASA had a much higher rate of 0.394.

Q. WHAT EFFORTS, IF ANY, WILL PAWC UNDERTAKE TO EDUCATE BASA'S CUSTOMERS REGARDING PAWC OWNERSHIP OF THE SYSTEM?

A. As the Transaction is nearing Closing, PAWC plans to produce bill inserts or onserts and/or letters to customers to explain the transition, billing, payment options and other items

associated with the change in ownership. PAWC's website will also add content to help educate customers and to address frequently asked questions.

Q. WHAT, IF ANY, CUSTOMER ENHANCEMENTS CAN BASA'S CUSTOMERS EXPECT AS A RESULT OF THE TRANSACTION?

A. PAWC prides itself on providing superior customer service. As part of its commitment to customer service, PAWC offers its customers a number of enhanced services, including extended call center hours, usage-based billing, additional bill payment options, enhanced customer information and education programs, and access to PAWC's customer assistance program.

Q. PLEASE PROVIDE ADDITIONAL DETAIL ON EACH OF THESE CUSTOMER SERVICE ENHANCEMENTS.

A. ***Customer Service***. As discussed above, PAWC's call center is available from 7:00 a.m. to 7:00 p.m., Monday through Friday for routine business and 24/7/365 for emergency situations such as sewer back-ups or overflows. At all times, customers dealing with emergency situations can make direct contact with a live customer service representative. Customers can also reach a customer service representative via email at infopa@amwater.com. In addition, PAWC's customers have the ability to manage their account via PAWC's "My H20" online portal. Finally, PAWC offers local field service support 24 hours a day, seven days a week for customer emergencies. All of this means that PAWC is very responsive to its customers and any issues they may have. PAWC will

provide the same responsive approach to BASA's customers once PAWC acquires the System.

In comparison, as discussed above, BASA customers experiencing service issues can speak to a live BASA customer service representative only between 8 a.m. and 4:00 p.m. weekdays and must leave a voicemail message for emergencies occurring after hours.

Usage-Based Billing. Another significant improvement through this Transaction is that residential customers will begin to be billed for their sewage service using their actual water usage data. These usage-based charges are fairer and will ensure that customers with higher usage are appropriately charged more than customers with low usage. This should also incentivize customers to conserve water when possible.

In comparison, BASA bills its residential customers on a flat monthly basis, with no regard to actual usage.

Bill Payment Options. PAWC offers a number of bill payment options. Customers have the option to receive paper bills through the mail or go paperless and receive their bills electronically via the "My H20" on-line portal. Either way, customers can pay their bill by mail, online, or over the phone with a debit or credit card. They can also pay by e-check or an electronic funds transfer (which can be set up at the "My H20" online portal) or pay in-person at multiple authorized payment locations across the state.

BASA also offers several bill payment choices, including a direct payment plan, by mail, on-line (*e.g.,* by debit or credit card), in person and drop off payment box, but PAWC

offers more bill payment options than BASA (including payment over the phone or by e-check or electronic funds transfer).

Customer Information and Education Programs. PAWC provides extensive customer information and education programs that will be available to BASA's current customers through brochures, bill inserts, and educational videos posted on PAWC's website. PAWC's customers always have full access to a wide range of topics, including information on preventing sewer overflows, preventing frozen pipes, beneficially re-using residuals from water treatment plants for community gardens, detecting and fixing silent toilet leaks, properly disposing of unused pharmaceuticals to keep them out of the wastewater system, conserving water, installing expansion tanks, obtaining Fire Department Grants, and protecting customers from utility imposters.

In comparison, BASA has a "Public Education" page on its website, in addition to a webpage with information about its Fat, Oils and Grease Program. BASA also offers GIS mapping, as well as information for new customers. PAWC's customer information and education program is more robust than BASA's in that it makes additional information available about a wider range of topics.

Customer Assistance Programs. Finally, as new PAWC customers, BASA's customers will have access to PAWC's customer assistance program called the "H20 Help to Others Program." For wastewater customers, this program offers two main services: (1) grants of up to $500 per year and (2) a 30% discount on total wastewater charges. Additionally,

PAWC offers payment arrangements and budget billing to residential customers who qualify for the programs.

PAWC's strong collaboration and coordination with the Pennsylvania Department of Human Services ("DHS"), and its significant customer outreach, have allowed PAWC's customers to enjoy significant benefits from the low-income household water assistance program ("LIHWAP"). From January through October 2022, nearly 13,000 LIHWAP grants have been processed by DHS for PAWC customers, providing over $7.4 million in assistance.

In comparison, BASA's termination notices advise customers that the Pennsylvania Homeowners Assistance Fund ("PAHAF") may be able to assist them with overdue wastewater bills. BASA provides a phone number and a website address so customers can obtain additional information about possible assistance from PAHAF. PAWC's customers can also receive assistance from PAHAF. PAWC's customers have access to a wider range of customer-assistance programs than do BASA customers.

Q. DOES PAWC HAVE A PROGRAM TO PROTECT ITS CUSTOMERS AGAINST UTILITY EMPLOYEE IMPOSTERS?

A. Yes, PAWC has developed communications tools and programs to regularly educate customers about the tactics used by utility employee imposters and what homeowners need to know to protect themselves. The communications vehicles include bill inserts, news releases, social media posts and website information about imposter-related crimes and precautions that customers can take. In addition, PAWC helped form the Keystone Alliance to Stop Utility Imposters, a coalition of water, gas, and electric utilities, along

with the Commission, Pennsylvania District Attorneys Association and Pennsylvania Chiefs of Police Association, to launch a public awareness campaign using public service announcements, print materials, posters, and community presentations.

Q. PLEASE DESCRIBE PAWC'S CUSTOMER DISPUTE RESOLUTION PROCEDURE.

A. I am advised by counsel that PAWC is governed by Chapter 14 of the Code, the Responsible Utility Customer Protection Act, 66 Pa. C.S. §§ 1401 *et seq.*, and the Commission's regulations commonly known as Chapter 56, 52 Pa. Code §§ 56.1 *et seq.* The law and regulations provide the procedures for public utilities to follow with regard to customer billing, collections, payment arrangements, medical certifications, Protection from Abuse Orders, termination of service, reconnection of service, and customer dispute resolution procedures.

PAWC has a customer compliance team located in the Mechanicsburg, PA office responsible for ensuring that customer disputes and complaints are resolved in compliance with the Commission's regulations. Additionally, the Company has a customer advocacy team located in the Mechanicsburg office responsible for addressing any customer disputes and escalated concerns.

BASA's customer dispute process appears to be more informal. Customer disputes can be gradually escalated from the clerk level all the way up to the BASA Board.

Q. CAN YOU BRIEFLY COMPARE PAWC'S TERMINATION PROCESS TO BASA'S TERMINATION PROCESS?

A. Yes. As discussed above, PAWC must comply with the Code and the Commission's regulations with regard to customer termination. The Code and the Commission's regulations do not apply to BASA. Instead, BASA follows the laws that apply to municipal authorities, including the Water Services Act, which do not contain the extensive procedural safeguards that are set forth in the Code and Commission regulations. BASA can terminate a customer's sewer service by having water service to the customer terminated. BASA can also impose a lien on the property as a collection instrument, rather than terminating service.

Q. DID THE COMMISSION ISSUE DIRECTIVES TO PUBLIC UTILITIES REGARDING THE TERMINATION OF CUSTOMER SERVICE DURING THE COVID-19 PANDEMIC?

A. Yes. The Commission established a moratorium on terminating customer service, which has now expired. The Commission also established temporary rules modifying the regulations regarding payment arrangements for customers who have arrearages. In response to the COVID-19 Pandemic, BASA waived penalties and interest for one quarter, postponed filing liens for at least two quarters and complied with the Commission's moratorium on water service terminations.

Q. TO THE BEST OF YOUR KNOWLEDGE, DO BASA'S CUSTOMERS CURRENTLY HAVE A PUBLIC OMBUDSMAN TO REPRESENT THEIR INTERESTS?

A. No.

Q. DO PAWC'S CUSTOMERS HAVE A PUBLIC OMBUDSMAN TO REPRESENT THEIR INTERESTS?

A. Yes. The Office of Consumer Advocate ("OCA") represents residential customers of public utilities; the Office of Small Business Advocate ("OSBA") represents small commercial customers of public utilities; and the Commission's Bureau of Investigation & Enforcement ("I&E") represents the general public interest. Moreover, the Commission, an independent regulatory agency, has regulatory oversight of matters involving public utilities. The Commission and all of the public advocates are funded by regulatory assessments on public utilities.

Q. IS PAWC SUBJECT TO COMMISSION JURISDICTION?

A. Yes. PAWC's service and rates are subject to Commission regulation and oversight. If the Transaction is approved, future rate cases for BASA customers will be evaluated by the Commission to ensure that rates are just and reasonable. The PUC also conducts audits and reviews PAWC filings. This oversight helps ensure that service is safe and reliable. BASA customers will be protected by the Code and by PAWC's Commission-approved tariff.

Q. IS BASA SUBJECT TO COMMISSION JURISDICTION?

A. I am advised by counsel that it is not. If a customer is dissatisfied with the service or rates of BASA, the customer must seek redress in a court of common pleas.

CONCLUSION

Q. DO YOU BELIEVE PAWC HAS THE ABILITY TO PROVIDE SAFE, ADEQUATE, AND RELIABLE WASTEWATER SERVICE TO BASA'S CUSTOMERS?

A. Yes.

Q. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION WOULD RESULT IN AN AFFIRMATIVE PUBLIC BENEFIT OF A SUBSTANTIAL NATURE?

A. Yes. For the reasons stated in my testimony, PAWC, as the largest investor-owned water and wastewater company in the Commonwealth, will be able to provide an enhanced level of operational expertise and customer service. The Transaction will also improve the System's environmental compliance. Approval of the Transaction would be consistent with the Pennsylvania Constitution, Article I Section 27.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes. However, I reserve the right to supplement my testimony as additional issues and facts arise during the course of the proceeding. Thank you.

EXHIBIT DJH-1

Dan.Hufton@Amwater.com
412-398-5492

DANIEL J. HUFTON, P.E.

PROFESSIONAL SUMMARY

22+ years of progressively responsible Water & Wastewater Utility operations, management, and regulatory compliance experience.

12 years of client-focused Consulting Engineering and Design experience.

CORE QUALIFICATIONS

- Experienced in conducting due diligence of potential water and wastewater system acquisitions
- In depth knowledge of regulated water and wastewater utility operations
- Thorough knowledge of water and wastewater treatment technologies and compliance challenges
- Well versed on USEPA and PA DEP regulatory requirements

PA AMERICAN WATER EXPERIENCE

ENGINEERING MGR
2021 - Present

DIR. WATER QUALITY & ENVIRONMENTAL COMPLIANCE
2020 - 2021

SR. OPERATIONS MGR, O&M STRATEGY
2015 – 2021

SR. DIRECTOR, PRODUCTION
2004 – 2015

OPERATIONS MGR, SW PA
2002 – 2004

WATER QUALITY SUPERINTENDENT
2000 – 2002

PRIOR EXPERIENCE

BRANCH OFFICE MGR, BLAZOSKY ASSOCIATES, INC.
1992 – 2000
Client-focused consultant providing design and permitting services to solid waste management and industrial wastewater clients, including PAWC.

SR STAFF ENGINEER, CHAMBERS DEVELOPMENT CO.
1991 – 1992
Corporate engineer for regional solid waste management firm, focused on design, permitting and operation of company's landfill leachate treatment plants.

PROJECT ENGINEER, EARTH SCIENCES CONSULTANTS, INC.

1988 – 1991
Entry level engineering position, responsible for design and permitting of solid waste disposal facilities and industrial wastewater treatment plants.

EDUCATION	CORNELL UNIVERSITY —Ithaca, NY —M. Eng., Civil Engineering —1988 PENN STATE UNIVERSITY —Univ. Park, PA —B.S., Civil Engineering —1987
REGISTRATIONS & CERTIFICATIONS	REGISTERED PROFESSIONAL ENGINEER, PENNSYLVANIA CERTIFIED WATER & WASTEWATER OPERATOR, PENNSYLVANIA
MEMBERSHIPS	AMERICAN WATER WORKS ASSOCIATION WATER ENVIRONMENT FEDERATION PAWARN

Schedule 7.11

Capital Projects

Investment Project (IP) Budget Estimate

Project Name	2024	2025	2026	2027	2028
Collection System					
Arc Flash at Pumping Stations	$300,000	$0	$0	$0	$0
Safety Improvements at Pumping Stations	$250,000	$500,000	$0	$0	$0
Electrical, SCADA & Emergency Generator Improvements	$0	$0	$1,500,000	$1,500,000	$1,500,000
NASSCO CCTV Entire System	$0	$0	$1,500,000	$1,500,000	$0
NASSCO Manhole Inspection Entire System	$0	$0	$300,000	$250,000	$0
Systemwide I/I Study	$0	$0	$100,000	$250,000	$0
Rock Lick Pump Station Replacement	$0	$0	$150,000	$2,500,000	$1,000,000
FBB System Improvements	$4,500,000	$2,500,000	$0	$0	$0
GBB System Improvements	$2,000,000	$2,500,000	$2,500,000	$0	$0
September Dr. Pumping Station Improvements	$0	$0	$100,000	$750,000	$250,000
Major Pumping Station Improvements	$0	$0	$1,000,000	$2,000,000	$2,000,000
Treatment Plant					
Flood Study & Flood Hazard Reinforcement	$0	$0	$300,000	$1,500,000	$1,500,000
Arc Flash at Plant Facility	$50,000	$0	$0	$0	$0
Pipe Tunnel Improvements	$0	$0	$100,000	$250,000	$250,000
Primary tanks 3-4-5 Improvements	$100,000	$100,000	$100,000	$0	$0
Safety Improvements	$250,000	$400,000	$0	$0	$0
Electrical Improvements	$0	$0	$1,000,000	$1,000,000	$0
Effluent Flow Metering	$0	$0	$0	$0	$750,000
UV Disinfection	$0	$0	$250,000	$2,000,000	$5,000,000
Secondary Clarifier Improvements	$0	$0	$200,000	$1,000,000	$2,500,000
Trickling Filter Media Replacement	$0	$0	$100,000	$1,500,000	$500,000
Compressed Air System Replacement	$0	$0	$0	$0	$400,000
Site Security Improvement	$0	$50,000	$700,000	$0	$0
IP Total	**$7,450,000**	**$6,050,000**	**$9,900,000**	**$16,000,000**	**$15,650,000**
IP Grand Total					**$55,050,000**

Recurring Project (RP) Budget Estimate

Capital Improvement	DSIC	2024	2025	2026	2027	2028
Mains - New		$50,000	$100,000	$100,000	$100,000	$100,000
Mains - Replaced / Restored	YES	$350,000	$1,000,000	$3,000,000	$3,000,000	$3,000,000
Mains - Unscheduled	YES	$50,000	$100,000	$100,000	$100,000	$100,000
Mains - Relocated	YES	$50,000	$50,000	$50,000	$50,000	$50,000
Hydrants, Valves, and Manholes - New		$10,000	$100,000	$100,000	$100,000	$100,000
Hydrants, Valves, and Manholes - Replaced	YES	$20,000	$500,000	$500,000	$500,000	$500,000
Services and Laterals - New		$25,000	$25,000	$25,000	$25,000	$25,000
Services and Laterals - Replaced	YES	$50,000	$200,000	$200,000	$200,000	$200,000
ITS Equipment and Systems		$10,000	$50,000	$50,000	$50,000	$50,000
SCADA Equipment and Systems		$50,000	$50,000	$50,000	$50,000	$50,000
Security Equipment and Systems		$25,000	$100,000	$100,000	$100,000	$25,000
Offices and Operations Centers		$50,000	$150,000	$150,000	$200,000	$200,000
Vehicles		$50,000	$50,000	$150,000	$150,000	$150,000
Tools, Equipment, and Safety		$100,000	$100,000	$100,000	$100,000	$100,000
Process Plant Facilities and Equipment		$250,000	$750,000	$750,000	$750,000	$750,000
RP Total		**$1,140,000**	**$3,325,000**	**$5,425,000**	**$5,475,000**	**$5,400,000**
RP Grand Total						**$ 20,765,000**

VERIFICATION

I, Daniel J. Hufton hereby state that the facts above set forth above 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 made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.

Daniel J. Hufton, P.E. Engineering Manager
Pennsylvania-American Water Company

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