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April 6, 2023

VIA ELECTRONIC FILING

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

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § § 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned by the Butler Area Sewer Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Butler, the Borough of East Butler, and the Townships of Butler, Center, Connoquenessing, Oakland and Summit, in Butler County, Pennsylvania

Docket No: A-2022-3037047

Dear Secretary Chiavetta:

Enclosed for filing is the Response of Pennsylvania-American Water Company ("PAWC") to the April 6, 2023 letter of Paul T. Diskin, Director of the Bureau of Technical Utility Services ("TUS"), regarding the 66 Pa. C.S. Section 1329 Application Completeness Review of Pennsylvania-American Water Company – Wastewater Division Acquisition of the Butler Area Sewer Authority System Assets at Docket No. A-2022-3037047.

PAWC submits the **Second Amended Appendix A-12**, which reflects the changes that TUS has directed PAWC to make, despite those changes being contrary to PAWC's stated legal position on a substantive legal issue in this proceeding. PAWC submits this amended *pro forma* tariff, and hereby withdraws its prior versions of the *pro forma* tariff, as directed by TUS, solely to comply with TUS's demands necessary for TUS to find the Application to be administratively

complete. PAWC does so without conceding or waiving PAWC's legal positions and with a full reservation of its rights.

Copies are being served upon the statutory advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Supplemental Implementation Order* entered February 28, 2019, at Docket No. M-2016-2543193.

PAWC respectfully requests that the Application be promptly conditionally accepted without further delay and that the Secretarial Letter conditionally accepting the Application for filing provide a due date for protests and notices of intervention, which is required on the form of notice approved by the Commission in *Application of Pennsylvania-American Water Company Pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Water System Assets of the Steelton Borough Authority*, Docket No. A-2019-3006880 (Opinion and Order entered Oct. 3, 2019) and found at Application Appendix A-18-d. Assuming the Application is conditionally accepted without delay, PAWC anticipates that it will provide notice to customers in their bills starting on April 17, 2023 and concluding May 22, 2023.

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

Sincerely,



Elizabeth Rose Triscari

cc: All Parties on the Attached Certificate of Service (*via electronic mail*)
Paul Diskin, Director (*via electronic mail*)
Sean Donnelly (*via electronic mail*)
David Screven, Acting Chief Counsel (*via electronic mail*)
Thomas Wyatt, Esquire (*via electronic mail*)
Chairman Gladys Brown Dutrieuille (*via electronic mail*)
Vice Chairman Stephen M. DeFrank (*via electronic mail*)
Commissioner Ralph V. Yanora (*via electronic mail*)
Commissioner Kathryn L. Zerfuss (*via electronic mail*)
Commissioner John F. Coleman (*via electronic mail*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1102(a) and 1329, approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned by the Butler Area Sewer Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Butler, and portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland, and Summit, in Butler County, Pennsylvania

Docket No. A-2022-3037047

In re: Application of Pennsylvania-American Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the wastewater collection and treatment system owned by the Butler Area Sewer Authority

Docket No. A-2023

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

Docket No. P-2023

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement By and Among Butler Area Sewer Authority and Pennsylvania-American Water Company, and (ii) three agreements with municipal corporations to be assumed by Pennsylvania-American Water Company upon closing of its acquisition of substantially all of the assets related to the wastewater collection

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

and treatment system owned by the Butler Area Sewer Authority

CERTIFICATE OF SERVICE

I hereby certify that I have this 6th day of April served a true copy of the foregoing Responses of Pennsylvania-American Water Company regarding the acquisition of the Butler Area Sewer Authority's wastewater treatment, transportation, and distribution facilities upon the parties, listed below and in the manner below in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

VIA ELECTRONIC MAIL ON APRIL 6, 2023

Patrick Cicero, Consumer Advocate
Erin Gannon, Esquire
Christine Maloni Hoover, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Steven Gray, Esquire
Nakea S. Hurdle, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101

Erica McLain, Esquire
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, F West
Harrisburg, PA 17120

Kevin C. Higgins
Energy Strategies
111 East Broadway, Suite 1200
Salt Lake City, Utah 84111

Respectfully submitted,



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Attorneys for
Pennsylvania-American Water Company

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of Butler Area Sewer Authority (“BASA”)**

66 Pa. C.S. § 1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2022-3037047

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.

SECOND AMENDED RESPONSE:

See enclosed **Second Amended Appendix A-12** *pro forma* Tariff Supplement No. XX to Tariff Wastewater PA P.U.C. No. 16 of PAWC, Wastewater Division, as directed by the Bureau of Technical Utility Services.

The APA provides that base rates shall not be proposed to be increased until the later of the first anniversary of the Closing Date or January 1, 2025 as set forth in Section 7.04 of the APA which is attached as **Appendix A-24-a**. The Company does not anticipate that the BASA’s rates will be held constant after the next rate base rate case and therefore does not technically fall within the definition of a “rate stabilization plan” as defined in 66 Pa C.S. §1329. See Direct Testimony of Ashley E. Everette, PAWC St. No. 3, pp. 9-10, enclosed as **Appendix A-14-a**.

**PENNSYLVANIA-AMERICAN WATER COMPANYS
Wastewater Division
(hereinafter referred to as the “Company”)
D/B/A
Pennsylvania American Water**

RATES, RULES AND REGULATIONS

GOVERNING THE FURNISHINGS OF

WASTEWATER COLLECTION AND DISPOSAL SERVICE

IN CERTAIN MUNICIPALITIES AND TERRITORIES LOCATED IN:

ADAMS COUNTY, ALLEGHENY COUNTY, BEAVER COUNTY, BERKS COUNTY,
BUTLER COUNTY, CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY, (C)
LACKAWANNA COUNTY, LUZERNE COUNTY, MCKEAN COUNTY,
MONROE COUNTY, MONTGOMERY COUNTY, NORTHUMBERLAND COUNTY,
PIKE COUNTY, WASHINGTON COUNTY AND YORK COUNTY
ALL IN THE COMMONWEALTH OF PENNSYLVANIA

Issued:

Effective:

Issued by:
Justin Ladner, President
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055

<https://www.amwater.com/paaw/>

NOTICE

**This Tariff authorizes Pennsylvania American Water Company to furnish wastewater services 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, all in Butler County, Pennsylvania.
(Refer to pages 2, 4, 7, 9, 11.12, 18.1, 90.)**

Second Amended Appendix A-12

Supplement No. XX to
Tariff Wastewater PA P.U.C. No. 16
XXXXXX Revised Page 2
Canceling XXXXX Revised Page 2

PENNSYLVANIA-AMERICAN WATER COMPANY

LIST OF CHANGES

This Tariff supplement authorizes Pennsylvania American Water Company – Wastewater Division to begin to offer or furnish wastewater services 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, all in Butler County, Pennsylvania, as ordered by the Pennsylvania Public Utility Commission at Docket No. A-2022-3037047 entered XXXXXX.

Issued:

Effective Date:

PENNSYLVANIA-AMERICAN WATER COMPANY

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(C) means Change

PENNSYLVANIA-AMERICAN WATER COMPANY

TERRITORIES SERVED (CONT'D)

**(By State Region and Company Wastewater System District)
(All territories are subject to Rate Zone 1 unless otherwise noted)**

Southeastern Pennsylvania

Coatesville District

Chester County. The City of Coatesville, the Borough of Parkesburg and portions of the Borough of South Coatesville and portions of the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley (portions – Rate Zone 5), West Caln and West Sadsbury.

Exeter Sewer District

Berks County. Portions of the Townships of Exeter, Alsace and Lower Alsace (and related points of bulk service interconnection).

Royersford District – Rate Zone 9

Montgomery County. Royersford Borough and portions of Upper Providence Township.

Upper Pottsgrove District

Montgomery County. Portions of Upper Pottsgrove Township.
Berks County. A portion of Douglass Township.

Western Pennsylvania

Butler District – Rate Zone XX

(C)

Butler County. City of Butler, portions of the Borough of East Butler, and portions of the Townships of Butler, Center, Connoquenessing, Oakland and Summit.

Clarion District

Clarion County. Clarion Borough and portions of the Townships of Clarion and Monroe.

Claysville District

Washington County. Claysville Borough and portions of the Townships of Donegal.

Kane District – Rate Zone 4

McKean County. Kane Borough and portions of Wetmore Township.

Koppel District

Beaver County. Koppel Borough.

McKeesport District – Rate Zone 6

Allegheny County. The City of McKeesport, the City of Duquesne, Port Vue Borough, the Borough of Dravosburg, and a portion of West Mifflin Borough (and related points of bulk service interconnection).

Paint-Elk District

Clarion County. Shippenville Borough and portions of the Townships of Elk and Paint.

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PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

RATE ZONE XX – METERED AND UNMETERED

(C)

APPLICABILITY

The rates as set forth below will apply in the service territory formerly served by the Butler Area Sewer Authority served under this tariff for service rendered on and after the Effective Date shown at the bottom of this page.

AVAILABILITY

The rates under this schedule are available to all customers classes.

UNMETERED CHARGES

This charge is a flat rate fee for customers previously billed a flat rate by the Butler Area Sewer Authority.

Flat rate per month, per EDU: \$45.50

<u>Special Rate for Multi-Family Dwelling Units</u>	<u>Flat Rate per month, per EDU</u>
---	-------------------------------------

For the first 25 Units or any part thereof	\$45.50
For the next 25 Units or any part thereof	\$44.60
For the next 25 Units or any part thereof	\$43.70
For the next 25 Units or any part thereof	\$42.80
For the next 25 Units or any part thereof	\$41.90
For the next 25 Units or any part thereof	\$41.00
For all Units over 150 or any part thereof	\$40.10

<u>Special Rate for VA Hospital</u>	<u>Flat Rate per month, per EDU</u>
	\$0.00

(C) means Change

Second Amended Appendix A-12

Supplement No. XX to
Tariff Wastewater PA P.U.C. No. 16
XXXXX Revised Page 18.1
Canceling XXXXX Revised Page 18.1

PENNSYLVANIA-AMERICAN WATER COMPANY

SCHEDULE OF RATES

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply to bills rendered on or after the Effective Date shown on the bottom of this page.

This Charge will be applicable to:

All Rate Zones except Rate Zone 1 customers in the Sadsbury, Exeter and Upper Pottsgrove service areas; Rate Zone 4 – Kane; Rate; Zone 5 – Valley; Rate Zone 7 – York; Rate Zone 9 – Royersford and **Rate Zone XX – Butler**.

(C)

The above charge will be recomputed quarterly using the elements prescribed by the Commission as shown on pages 18.2,18.3 and 18.4 of this tariff.

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Issued:

Effective Date:

PENNSYLVANIA-AMERICAN WATER COMPANY

RULES AND REGULATIONS

Section U- Industrial Pretreatment Program - Pollutant Removal Costs (cont'd)

7 York Area

This Section applies to industrial and commercial customers served under Rate Zone 7 of this tariff and by the York treatment plant.

Pollutant Removal Costs:

- BOD5 Removal Cost = \$0.26/lb.
- NH3-N Removal Cost = \$0.78/lb.
- TN Removal Cost = N/A
- TP Removal Cost = \$2.61/lb.
- TSS Removal Cost = \$0.43/lb.

8 Butler Area

(C)

This Section applies to industrial and commercial customers served under Rate Zone XX of this tariff and by the Butler treatment plant.

	<u>Company Only (applies only in quarters where PAWC discharges more than 100,000 gall/quarter)</u>	<u>All Other Customers</u>
Pollutant Removal Costs:		
BOD5 Removal Cost =	\$0.00/lb.	\$0.00/lb.
NH3-N Removal Cost =	N/A	N/A
TN Removal Cost =	N/A	N/A
TP Removal Cost =	N/A	N/A
TSS Removal Cost (applies to (>350 mg/L only) =	\$0.315/lb.	\$0.00/lb.

9 All Other Areas

(C)

This Section applies to industrial and commercial customers in areas not addressed by subsections 1 - 8 of this Section U, above. In any such area, the pollutant removal costs below shall apply, based on the type of treatment provided, pending completion of a cost evaluation specific to the treatment plant serving the subject area and amendment of this Section U to establish system-specific pollutant removal costs for such area. (C)

Pollutant removal costs for treatment plants with advanced nutrient removal:

- BOD5 Removal Cost = \$0.30/lb.
- NH3-N Removal Cost = N/A
- TN Removal Cost = \$1.25/lb.
- TP Removal Cost = \$3.25/lb.
- TSS Removal Cost = \$0.30/lb.

Pollutant removal costs for treatment plants with nitrification:

- BOD5 Removal Cost = \$0.30/lb.
- NH3-N Removal Cost = \$1.25/lb.
- TN Removal Cost = N/A
- TP Removal Cost = N/A
- TSS Removal Cost = \$0.30/lb.

Pollutant removal costs for treatment plants with secondary treatment:

- BOD5 Removal Cost = \$0.30/lb.
- NH3-N Removal Cost = N/A
- TN Removal Cost = N/A
- TP Removal Cost = N/A
- TSS Removal Cost = \$0.30/lb.

(C) means Change