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May 15, 2023

CONTAINS CONFIDENTIAL APPENDICES

FILED VIA COMMISSION'S SHAREPOINT SITE

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

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater collection and treatment system owned and operated by Towamencin Township and Towamencin Municipal Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Township of Towamencin and portions of the Townships of Franconia, Lower Salford and Worcester and the Borough of Lansdale, all in Montgomery County, Pennsylvania

Docket No: A-2023-3039900

Dear Secretary Chiavetta:

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

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Re: PAWC Acquisition of the Wastewater System Owned and Operated by the Township of Towamencin and Towamencin Municipal Authority

Copies of the Application have been served upon the statutory advocates in accordance with the attached Certificate of Service and in accordance with the Commission's *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193. The Public and **CONFIDENTIAL** filings will be uploaded to the Commission's SharePoint site and paper copies and CDs of the Public and **CONFIDENTIAL** versions will be sent via overnight mail for filing, as instructed by the Secretary's office.

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

1. Direct Testimony of E. Christopher Abruzzo, Senior Director of Business Development, Pennsylvania-American Water Company (**PAWC Statement No. 1**)
2. Direct Testimony of Michael J. Guntrum, PE, PMP, Senior Project Engineer, Pennsylvania-American Water Company (**PAWC Statement No. 2**)
3. Direct Testimony of Ashley E. Everette, Senior Director of Rates and Regulatory, American Water Works Service Company, Inc. (**PAWC Statement No. 3**)
4. Direct Testimony of Harold Walker, III, Manager, Financial Studies, Gannett Fleming Valuation and Rate Consultants, L.L.C., Pennsylvania-American Water Company Utility Valuation Expert (**PAWC Statement No. 4**)

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

1. Direct Testimony of H. Charles Wilson, III, Chairman of the Board of Supervisors, Township of Towamencin (**Township Statement No. 1**)

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2. Direct Testimony of John Minihan, Member of the Board of Directors, Towamencin Municipal Authority (**Authority Statement No. 1**)
3. Dylan W. D'Ascendis, Partner, ScottMadden, Inc. (**Township Statement No. 2**)

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

In compliance with Code Section 507, 66 Pa. C.S. § 507, PAWC has also included a copy of the Asset Purchase Agreement (“APA”) for this transaction. This agreement can be found at **Appendix A-24-a.1** of the Application and the First Amendment at **Appendix A-24-a.2**. The APA was subsequently assigned and assumed by PAWC at **Appendix A-24.3**.

Additionally, the following Appendices have been labeled as **CONFIDENTIAL**:

- Appendix A-4.1 – Attachment 14
- Appendix A-4.2
- Appendix A-4.3
- Appendix A-16-f

Finally, PAWC has deliberately and thoughtfully chosen today’s filing date, in anticipation of a final Commission order at the Public Meeting scheduled for February 15, 2024. PAWC’s proposed timeline assumes the following approximate dates:

- | | |
|---------|---|
| 5/15/23 | PAWC Files Application |
| 7/14/23 | TUS Conditionally Accepts PAWC Application for Filing via Secretarial Letter (Conditioned on Completion of Notice Requirements) |
| 8/21/23 | PAWC Provides Verification of Notice Completion to PUC Secretary/TUS |
| 8/28/23 | PAWC Application Officially Accepted for Filing via PUC Secretarial Letter / PUC Submits Notice to PA Bulletin for Publication |

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Township of Towamencin and Towamencin Municipal Authority

9/2/23 PA Bulletin Notice of PAWC Application

10/2/23 End of PAWC Application Protest / Intervention Period

2/15/24 PUC Final Action at Public Meeting

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

Sincerely,



Teresa K. Harrold

cc: Certificate of Service
Marc A. Feller, Esq. ([VIA electronic mail – OneDrive Link](#))
Elizabeth Preate Havey, Esq. ([VIA electronic mail – OneDrive Link](#))
Sean Donnelly ([VIA electronic mail – OneDrive Link](#))

**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 and operated by Towamencin Township and Towamencin Municipal Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Township of Towamencin and portions of the Townships of Franconia, Lower Salford and Worcester and the Borough of Lansdale, all in Montgomery County, Pennsylvania

Docket No. A-2023-3039900

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 and operated by Towamencin Municipal Authority and the Township of Towamencin


Docket No. A-2023-_____

In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater collection and treatment system owned and operated by Towamencin Municipal Authority and the Township of Towamencin, 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-_____

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