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**VIA eFiling**

October 13, 2023

Rosemary Chiavetta, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2<sup>nd</sup> Floor  
400 North Street  
Harrisburg, PA 17120

**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:

On May 15, 2023, Pennsylvania-American Water Company (the “Company”) filed the above-referenced application and related filings for its acquisition 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 (collectively “Towamencin”). As part of that 1329 filing, the following appendices and exhibit were filed and have now been updated by the Company in response to the Joint Petition for Approval of Non-Unanimous Settlement of All Issues related to Towamencin Township’s Application at Docket No. A-2023-3040661:

- Fourth Amended Appendix A - 1329 Application Filing Checklist
- Appendix A-4.1 – Standard Data Requests (specifically, Rates/Ratemaking – Question 8 - Amended)
- Fourth Amended Appendix A-12
- Appendix A-14-a - PAWC Amended Statement No. 3
- Third Amended Appendix A-18-a
- Amended Appendix A-18-d
- Exhibit K – Estimated Annual Revenues and Expenses of New Service Area

Rosemary Chiavetta, Secretary

October 13, 2023

Page 2

Re: Pennsylvania-American Water Company Updated Appendices and Exhibit to Application  
Docket No: A-2023-3039900

Copies of the above-referenced appendices are being served upon the 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.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa K. Harrold". The signature is fluid and cursive, with a long horizontal stroke at the end.

Teresa K. Harrold

Enclosure

cc: Certificate of Service

**FOURTH AMENDED APPENDIX A**

<p><b>Pennsylvania Public Utility Commission</b>  <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b></p>
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**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 et al.**

*Circle No or Yes for each item. If yes, identify the document, section, and page number containing the item as found within the filing including appropriate cross-reference of duplicate documents. If no, provide a detailed explanation of why the information is not included in the filing.*

Red Font indicates all, or some parts of the Response are **CONFIDENTIAL**

1.	Transmittal letter with caption and statement that the filing is pursuant to 66 Pa. C.S. § 1329.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-1</b>
2.	Verification form that is signed by an officer or authorized employee of the company, is dated, and accurately references the case.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-2</b>
3.	Certificate of Service indicating that a complete copy of the application with exhibits was served by registered or certified mail, return receipt requested, or by hand delivery, upon the statutory advocates (OCA, OSBA) and the Bureau of Investigation and Enforcement. <sup>1</sup>	No	<input checked="" type="radio"/> Yes	<b>Appendix A-3</b>
4.	Provide responses to Section 1329 Application Standard Data Requests, including electronic working documents (i.e., Excel spreadsheets) for all the filing’s schedules, studies, and working papers to the extent practicable.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-4</b> <b>Appendix A-4.1 (SDR)</b> <b>- Q. 8 Amended 10/13</b> <b>Appendix A-4.2</b> <b>(Gannett Fleming)</b> <b>Appendix A-4.3</b> <b>(Scott Madden)</b>

<sup>1</sup> See Notes on last page of this Checklist; filers will be instructed to also serve other parties when the application is accepted.

**FOURTH AMENDED APPENDIX A**

<b>Pennsylvania Public Utility Commission</b> <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b>
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5.	Provide copies of two independent appraisals by separate utility valuation experts for use in establishing the fair market value of the Selling Utility.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-5 Appendix A-5.1 (Gannet Fleming) Appendix A-5.2 (Scott Madden)</b>
6.	State the purchase price of the seller as agreed to by the buyer and seller. <sup>2</sup>	No	<input checked="" type="radio"/> Yes	<b>Appendix A-6</b>
7.	State the total fees paid to the utility valuation experts for providing the completed appraisals for the acquisition and provide documentation, i.e., the valuation service agreement and all associated invoices, supporting the subject fee amounts.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-7</b>
8.	<b>Buyer and Seller Verification Statements:</b>			<b>Appendix A-8</b>
	a. Provide a verification statement of the Buyer that its utility valuation expert was selected by the Buyer.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-8-a</b>
	b. Provide a verification statement of the Seller that its utility valuation expert was selected by the Seller.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-8-b</b>
9.	<b>Utility Valuation Expert Verification Statements:</b>			<b>Appendix A-9</b>
	a. Buyer Utility Valuation Expert has no affiliation with the buyer or seller	No	<input checked="" type="radio"/> Yes	<b>Appendices A-9.1 and A-9.2</b>
	b. Buyer Utility Valuation Expert determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice as of the date of the report employing the cost, market, and income approaches.	No	<input checked="" type="radio"/> Yes	<b>Appendices A-9.1 and A-9.2</b>
	c. Buyer Utility Valuation Expert applied applicable jurisdictional exceptions to the submitted appraisal.	No	<input checked="" type="radio"/> Yes	<b>Appendices A-9.1 and A-9.2</b>
	d. Seller Utility Valuation Expert has no affiliation with the buyer or seller	No	<input checked="" type="radio"/> Yes	<b>Appendices A-9.1 and A-9.2</b>
	e. Seller Utility Valuation Expert determined fair market value in compliance with the most recent edition of the Uniform Standards of Professional Appraisal Practice as of the date of the report employing the cost, market, and income approaches.	No	<input checked="" type="radio"/> Yes	<b>Appendices A-9.1 and A-9.2</b>
	f. Seller Utility Valuation Expert applied applicable jurisdictional exceptions to the submitted appraisal.	No	<input checked="" type="radio"/> Yes	<b>Appendices A-9.1 and A-9.2</b>

<sup>2</sup> “Seller” refers to the selling municipality; “buyer” refers to the acquiring entity.

**FOURTH AMENDED APPENDIX A**

<b>Pennsylvania Public Utility Commission</b> <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b>
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10.	Estimated or, if available, actual transaction and closing costs incurred by the buyer that will be included in its rate base.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-10</b>
11.	State the ratemaking rate base as required in 66 Pa. C.S. § 1329 and specify whether it is based on either the fair market value determined by the valuation experts or the asset purchase price.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-11</b>
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.	No	<input checked="" type="radio"/> Yes	<b>Fourth Amended Appendix A-12</b>
13.	Seller Testimony	No	<input checked="" type="radio"/> Yes	<b>Appendix A-13</b>
	a. Provide seller direct testimony supporting the application, if any.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-13-a.i and a.ii</b> <ul style="list-style-type: none"> <li>• Auth. St. No. 1</li> <li>• Amended Twp. St. No. 1</li> </ul>
	b. Provide seller UVE direct testimony.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-13-b</b> <ul style="list-style-type: none"> <li>• Twp. St. No. 2</li> </ul>
14.	Buyer Testimony:	No	<input checked="" type="radio"/> Yes	<b>Amended Appendix A-14</b>
	a. Provide buyer direct testimony supporting the application.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-14-a</b> <ul style="list-style-type: none"> <li>• PAWC St. No. 1</li> <li>• Amended PAWC St. No. 2</li> <li>• Amended PAWC St. No. 3</li> </ul>
	b. Provide buyer UVE direct testimony.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-14-b</b> <ul style="list-style-type: none"> <li>• PAWC St. No. 4</li> </ul>
15.	Plant in Service:			
	a. Provide an inventory of the used and useful plant assets to be transferred. Identify separately any utility plant that is held for future use. <sup>3</sup>	No	<input checked="" type="radio"/> Yes	<b>Appendix A-15-a</b>
	b. Provide a list of all non-depreciable property such as land and rights-of-way.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-15-b</b>

<sup>3</sup> The inventory is to be developed from available records, maps, work orders, debt issue closing documents funding construction projects, and other sources to ensure an accurate listing of utility plant by utility account.

**FOURTH AMENDED APPENDIX A**

<p><b>Pennsylvania Public Utility Commission</b>  <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b></p>
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	c. State the DEP-permitted productive or treatment capacity of sources or treatment facility and the pipe sizes and material used for construction for all transmission and distribution or collection facilities.	No	<input checked="" type="radio"/> Yes	Appendix A-15-c
	d. State the elevations of major facilities and service areas.	No	<input checked="" type="radio"/> Yes	Appendix A-15-d
	e. State the approximate time schedule for installation of the various component facilities.	No	<input checked="" type="radio"/> Yes	Appendix A-15-e
	f. State the tentative journal entries for booking the acquisition.	No	<input checked="" type="radio"/> Yes	Appendix A-15-f
16.	Map of Service Area - provide a scalable map or plan of suitable scale highlighting the boundaries of the proposed service area that includes:	No	<input checked="" type="radio"/> Yes	Appendix A-16
	a. The extent of the proposed service area with any existing adjoining service areas identified.	No	<input checked="" type="radio"/> Yes	Appendix A-16-a through e
	b. A north arrow depicting map orientation.	No	<input checked="" type="radio"/> Yes	Appendix A-16-a through e
	c. A written description of the boundaries for the service territory utilizing bearing angles and distances.	No	<input checked="" type="radio"/> Yes	Appendix A-16-a through e
	d. Size of the service territory area in terms of acres or square miles.	No	<input checked="" type="radio"/> Yes	Appendix A-16-a through e
	e. Identification and depiction of all municipal boundaries relative to the service area.	No	<input checked="" type="radio"/> Yes	Appendix A-16-a through e
	f. Depiction of the location or route of the waterworks or wastewater collection, treatment or disposal facilities.	No	<input checked="" type="radio"/> Yes	Amended Appendix A-16-f
17.	Customers:			
	a. State the seller’s actual number of customers by class and quantify the related consumption or gallons treated in the current calendar year and future number of connections anticipated for the next 5 years and, if available, the next 10 years.	No	<input checked="" type="radio"/> Yes	Appendix A-17-a
	b. Buyer shall demonstrate its ability to provide adequate water supply, treatment, storage and distribution or adequate wastewater collection, treatment or disposal capacity to meet present and future customer demands.	No	<input checked="" type="radio"/> Yes	Appendix A-17-b
	c. For <b>water</b> system acquisitions, quantify the number of public and private fire hydrants.	No	<input checked="" type="radio"/> Yes	Appendix A-17-c
18.	Rates:			
	a. State the current rates of the seller.	No	<input checked="" type="radio"/> Yes	Third Amended Appendix A-18-a

**FOURTH AMENDED APPENDIX A**

<b>Pennsylvania Public Utility Commission</b> <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b>
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	b. Provide a copy of the seller’s current rules and regulations for service.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-18-b</b>
	c. Provide a proposed tariff or tariff supplement showing the rates, proposed rules, and conditions of service.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-18-c</b>
	d. Provide a copy of the notification sent, or which will be sent, to affected customers describing the filing and the anticipated effect on rates.	No	<input checked="" type="radio"/> Yes	<b>Amended Appendix A-18-d</b>
19.	<b>Cost of Service:</b>			
	a. Provide a copy of the seller’s two most recent audited financial statements.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-19-a</b>
	b. Provide a copy of the seller’s two most recent adopted budgets.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-19-b</b>
	c. Provide a copy of the seller’s most recent annual report filed with the Commonwealth’s Department of Community and Economic Development.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-19-c</b>
	d. Provide calculations quantifying the projected revenues and expenses for the acquisition.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-19-d</b>
	e. State whether the seller has any outstanding loans on the utility plant and identify the nature, terms, and payment history.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-19-e</b>
20.	<b>Proof of Compliance - provide proof of compliance with applicable design, construction and operation standards of DEP or of the county health department, or both, including:</b>			
	a. For <b>water</b> system acquisitions, provide copies of the public water supply/water quality management permits for the utility plant.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-a</b>
	b. For <b>wastewater</b> system acquisitions, provide copies of the water quality management and National Pollution Discharge Elimination System (NPDES) permits for the utility plant.	No	<input checked="" type="radio"/> Yes	<b>Amended Appendix A-20-b</b>
	c. For <b>wastewater</b> system acquisitions, provide a copy of the Chapter 94 Municipal Wasteload Management Report that was most recently submitted to DEP.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-c</b>
	d. Valid buyer’s certified operators’ certificates appropriate to the facilities being acquired.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-d</b>
	e. Provide documentation evidencing a 5-year compliance history with DEP with an explanation of each violation for the seller’s utilities that have been providing service as well as provide a copy of any DEP-approved corrective action plans.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-e</b>

**FOURTH AMENDED APPENDIX A**

<b>Pennsylvania Public Utility Commission</b> <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b>
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	f. Provide documentation of all Notices of Violation issued to seller by DEP for the last 5 years, an explanation of each, including a description of any corrective or compliance measures taken.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-f</b>
	g. Provide documentation evidencing a 5-year compliance history with DEP of other utilities owned or operated, or both, by the buyer, including affiliates, and their officers and parent corporations with regard to the provision of utility service. <sup>4</sup>	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-g</b>
	h. Provide a statement clarifying whether the acquired plant will be physically interconnected to the buyer’s system or be operated as a standalone system.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-h</b>
	i. Provide a statement that explains how the acquisition will fit into the current operations of the buyer.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-i</b>
	j. Provide a statement that identifies the staff, district or division of the buyer that will operate and manage the acquisition.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-j</b>
	k. Provide a statement quantifying the distance in miles the acquisition is from the buyer’s existing system or facilities.	No	<input checked="" type="radio"/> Yes	<b>Amended Appendix A-20-k</b>
	l. Provide a statement that identifies all planned physical, operational and managerial changes of the buyer that will occur after closing and state the timeframe and cost for each.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-20-l</b>
21.	Affected Persons. State the identity of all public utilities, municipalities, municipal authorities, cooperatives and associations which provide public water service or wastewater collection, treatment or disposal service within each municipality, or a municipality directly adjacent to the municipality(ies), in which the applicant seeks to provide service that abuts or is situated within one mile of the applicant’s proposed facilities.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-21</b>
22.	Other requirements - demonstrate compliance with the following:			
	a. For <b>wastewater</b> system acquisitions, demonstrate compliance with the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities (including the extent of the requested service territory).	No	<input checked="" type="radio"/> Yes	<b>Appendix A-22-a</b>

<sup>4</sup> Regarding Checklist Item 20(g), Class A public utilities need only submit compliance history for operations in the neighboring areas or a statement attesting to their compliance with this item.

**FOURTH AMENDED APPENDIX A**

<b>Pennsylvania Public Utility Commission</b> <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b>
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	b. For <b>wastewater</b> system acquisitions, provide a copy of the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities.	No	<input checked="" type="radio"/> Yes	<b>Amended Appendix A-22-b</b>
	c. For <b>wastewater</b> system acquisitions, state the method of water service being provided in the requested wastewater service territory (i.e., public water or private wells) and identify the name of water utility, if applicable.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-22-c</b>
	d. For <b>water</b> system acquisitions, state the method of wastewater service being provided in the requested water service territory (i.e., public wastewater or private on-lot) and identify the name of wastewater utility, if applicable.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-22-d</b>
	e. Provide evidence the filing is consistent with the affected municipality and county comprehensive plans if the filing proposes to expand service beyond the existing plant footprint.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-22-e</b>
23.	<b>Verification:</b>			
	a. For <b>water</b> system acquisitions, provide a verification that the water sources and customers are metered in accordance with 52 Pa. Code § 65.7 (relating to metered service). If unmetered water service is currently provided, the applicant shall provide a metering plan to the Commission.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-23-a</b>
	b. Include a statement that there is no affiliation between the buyer and seller.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-23-b</b>
	c. Include a statement that the agreement was conducted at arm’s length.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-23-c</b>
	d. Include a statement explaining how the customers will benefit from the Buyer’s ownership.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-23-d</b>
24.	<b>Asset Purchase Agreement (APA):</b>			
	a. Provide a copy of the APA that is signed by all parties.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-24-a</b>
	b. APA clearly states the purchase price and terms.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-24-b</b>
	c. APA clearly states whether all assets or only a portion of the assets are to be purchased (e.g., water treatment and distribution or wastewater collection and treatment).	No	<input checked="" type="radio"/> Yes	<b>Appendix A-24-c</b>
	d. APA adequately describes the assets to be acquired.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-24-d</b>
	e. APA adequately describes the assets to be excluded.	No	<input checked="" type="radio"/> Yes	<b>Appendix A-24-e</b>

**FOURTH AMENDED APPENDIX A**

<b>Pennsylvania Public Utility Commission</b> <b>66 Pa. C.S. § 1329 Application Filing Checklist – Water/Wastewater</b>
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25.	Provide a copy of all municipal and affiliate contracts to be assumed by buyer as part of the acquisition and a list and annual dollar value of other contracts.	No	<input checked="" type="radio"/>	<b>Appendix A-25</b>
		No	<input checked="" type="radio"/>	<b>Appendix A-25.1</b>
		No	<input checked="" type="radio"/>	<b>Appendix A-25.2</b>
		No	<input checked="" type="radio"/>	<b>Appendix A-25.3</b>
		No	<input checked="" type="radio"/>	<b>Appendix A-25.4</b>
		No	<input checked="" type="radio"/>	<b>Appendix A-25.5</b>
		No	<input checked="" type="radio"/>	<b>Amended Appendix A-25.6</b>
		No	<input checked="" type="radio"/>	<b>Appendix A-25.7</b>

*Notes:*

*All information disclosed within this application is considered public information unless specifically labeled confidential. Applicants are responsible for disclosing to the Secretary’s Bureau that which is privileged or confidential information and not otherwise available to the public. **Submit one copy of all confidential information, on documents stamped CONFIDENTIAL at the top in clear and conspicuous letters, in a separate envelope (but still attached to the application) to the Secretary’s Office along with the Application.***

*If you e-file your application, separately mail any confidential information specifically identifying that you have e-filed the application. Be sure to specify the Applicant’s name, and provide the e-filing confirmation page.*

*Once the application is reviewed and accepted as filed, the Commission will issue a secretarial letter instructing the Applicant to publish notice in local newspapers of general circulation and to serve (electronically if acceptable to recipient) the following:*

- *each city, borough, town, township, county and related planning office which is included whole or in part in the proposed service area;*
- *a water or wastewater utility, municipal corporation or authority which provides water or wastewater collection, treatment or disposal service to the public and whose service area abuts or is within 1 mile of the service area proposed in the application; and*
- *the Department of Environmental Protection’s central and regional offices.*

**Application of Pennsylvania-American Water Company for the Acquisition  
of the Wastewater Collection, Conveyance and Treatment System  
Owned and Operated by Towamencin Township and Towamencin Municipal Authority  
(collectively “Towamencin”)**

**Docket No. A-2023-3039900**

**Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

8. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

**Amended Response:**

The Seller increased rates effective January 1, 2023 and has informed PAWC that it plans to increase rates prior to Closing for customers within Towamencin Township. A copy of the current rate schedule is attached as **Appendix A-18-a.1** to the Application. The anticipated schedule of rates at Closing for Customers within Towamencin Township can be found at **Appendix A-18-a.3**. The estimated total annual sewer revenue produced under current rates is \$6,864,000 and the estimated total annual sewer revenue produced by the rates in effect at closing is \$5,373,000.

**Provided by:** Ashley E. Everette, American Water Works Service Company  
Senior Director, Rates and Regulatory

**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,  
CHESTER COUNTY, CLARION COUNTY, CUMBERLAND COUNTY, 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 Township of Towamencin and portions of the Townships of Franconia, Lower Salford and Worcester and portions of the Borough of Lansdale, all in Montgomery County, Pennsylvania.**

**(Refer to pages 2, 4, 7, 9, 11.14, 15, 15.1, 18.1, 83, 84, and 90.)**

**PENNSYLVANIA-AMERICAN WATER COMPANY**

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**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 Township of Towamencin and portions of the Townships of Franconia, Lower Salford and Worcester and portions of the Borough of Lansdale, all in Montgomery County, Pennsylvania, as ordered by the Pennsylvania Public Utility Commission at Docket No. A-2023-3039900 entered XXXXXX.

**PENNSYLVANIA-AMERICAN WATER COMPANY**

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(C) means Change

**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.

**Towamencin District – Rate Zone XX**

Montgomery County. Towamencin Township, portions of the Townships of Franconia, Lower Salford, and Worcester and portions of the Borough of Lansdale.

(C)

**Upper Pottsgrove District**

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

**Western Pennsylvania**

**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.

(C) means Change

**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 Township of Towamencin served under this tariff for collection service rendered on and after the Effective Date shown at the bottom of this page.

**AVAILABILITY**

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

**UNMETERED CHARGES**

- A. **All Customer Classes in Towamencin Township**  
Flat rate per month, per EDU: \$49.16
- B. **All Customer Classes in Franconia, Lower Salford, and Worcester Townships and Lansdale Borough**  
Flat rate per month, per EDU: \$37.50
- C. **Special Rate Charge**  
Upper Gwynedd Township, Flat rate per month, per EDU: \$36.87

**METERED CHARGES Based on Water Usage or Sewage Flows, determined at PAWC's discretion, except as follows:**

*Non-residential customers: Exclusion from the sewer system and treatment plant of nonprocess, nonsanitary waters not requiring treatment may be required by the Company or such exclusion may be optional with the property owner if not required by the Company. When such waters are not discharged to the sewer system, sewer rentals shall be based upon total water consumption less waters not discharged to the sewer system. Waters not discharged to the sewer system may be determined from meters installed and maintained by the owner or from estimates or measurements made by the Company, or the owner may elect to measure the volume of wastewater actually discharged to the sewer system.*

All metered customers shall be subject to a monthly service per equivalent dwelling unit (EDU).

- A. **Non-Residential Customers in Towamencin Township**  
Service Charge per month: \$49.16  
Usage Charge per 100 gallons:  
    First 6,100 gallons per month per EDU: \$0.0000  
    All over 6,100 gallons per month per EDU: \$0.8082
- B. **Non-Residential Customers in Franconia, Lower Salford, and Worcester Townships and Lansdale Borough**  
Service Charge per month: \$37.50  
Usage Charge per 100 gallons:  
    First 6,100 gallons per month per EDU: \$0.0000  
    All over 6,100 gallons per month per EDU: \$0.6164

(C) means Change

**PENNSYLVANIA-AMERICAN WATER COMPANY**

**SCHEDULE OF RATES**  
**Miscellaneous Fees and Charges (cont'd)**

E. Wastewater Plant, Residential Septage and Commercial Waste Disposal Fee.

The Fee to be paid by private contractors to the Company to dispose of private residential septage and commercial Wastes at the Company's wastewater treatment plant.

The following rates shall be charged to haulers of residential septic waste who deliver waste:

All Rate Zones (excluding McKeesport, Exeter Township, and certain customers in Towamencin as identified below)

(C)

<u>%Solids</u>	<u>% Solids</u>	<u>Cost Per Gallon</u>
	< = 0.5%	\$0.0450
	< = 1%	\$0.0450
> 1%	< = 2%	\$0.0450
> 2%	< = 3%	\$0.0450
> 3%	< = 4%	\$0.0550
> 4%	< = 5%	\$0.0600
> 5%	< = 6%	\$0.0650
> 6%	< = 7%	\$0.0710
> 7%	< = 8%	\$0.1000

Rate Zone 6 (McKeesport Area)

<u>%Solids</u>	<u>Cost Per Gallon</u>
< = 4%	\$0.040
> 4%	\$0.010 per % Solids

**Rate Zone 1 (Exeter Township)**

Holding Tanks waste delivered and discharged (including sampling and lab work), per gallon	\$0.022
Septage waste delivered and discharged (including sampling and lab work), per gallon	\$0.032
Wash waters - coolant or rinse, per gallon	\$0.020
Leachate delivered and discharged (including sampling and lab work), per gallon	\$0.018
Extra Strength Leachate, per gallon	\$0.022
Industrial Wastewater- per gallon To be determined by characteristics of the waste stream	\$0.022 minimal
Portable Toilets, per gallon	\$0.032

(C) means Change

**PENNSYLVANIA-AMERICAN WATER COMPANY**

**SCHEDULE OF RATES**  
**Miscellaneous Fees and Charges (cont'd)**

Rate Zone 1 (Exeter Township) – cont'd

Sludge Discharge Fees, per gallon	
0.0% to 2.5%	\$0.045
2.6% to 4.0%	\$0.055
4.1% to 5.0%	\$0.060
5.1% to 6.0%	\$0.065
6.1% to 7.0%	\$0.071
7.1% to 8.0%	\$0.080
8.1% to 9.0%	\$0.092
9.1% to 10.0%	\$0.105
Above 12%	Priced upon request
Grease, per gallon	\$0.11
Car Wash, per gallon	\$0.04
Permit Fee (renewed in December for the following calendar year)	N/A

Rate Zone XX (Certain Customers in the Towamencin Service Area)

(C)

Type	Nolt Services	Hydrotech	Clemens	LSTA	Pro Plus
Septic/grey, per gallon		\$0.0150	\$0.0250		\$0.0250
Port-a-potty, per gallon		\$0.0275	\$0.0375		\$0.0320
Holding tank, per gallon		\$0.0150	\$0.0375		\$0.0250
Sludge, per gallon	\$0.0400	\$0.0300	\$0.0400	\$0.0400	\$0.0350
Package Plant, per gallon		\$0.0275			

1. The Company reserves the right to limit the total amount of residential septage received in a day and /or the total numbers of loads received from a single hauler on a per day basis based on maintaining proper operation of the Company's wastewater treatment plant.
2. At the discretion of the Company, the Company reserves the right to accept or reject commercially generated waste based on the amount and constituents in the waste or for other good reason as determined by the Company. The cost, as determined by the Company, for testing and disposal will be a multiple of the residential septage fee based on the type and strength of the waste.

(C) means Change

Issued:

Effective Date:

**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 – Towamencin**

**(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.

**(C)** means Change

Issued:

Effective Date:

**RULES AND REGULATIONS**

**Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd)**

**7.2 Specific Fees.**

- (a) An Industrial Loading Fee shall apply on a quarterly basis to discharges with concentrations above typical domestic sewage concentrations up to but not exceeding any applicable local limit or IWDP limit, based on sampling and analysis required to be reported by the user under an IWDP and any composite sampling and analysis conducted by the Company, as follows:

Industrial Loading Fee =  $[Pollutant\ Removal\ Cost\ (\$/lb.) \times Total\ Quarterly\ Flow\ (MG) \times 8.34 \times Measured\ Pollutant\ Concentration\ (mg/L)]$  minus  $[Pollutant\ Removal\ Cost\ (\$/lb.) \times Total\ Quarterly\ Flow\ (MG) \times 8.34 \times Typical\ Domestic\ Pollutant\ Concentration\ (mg/L)]$

Typical Domestic Pollutant Concentrations are as follows:

BOD5 = 300 mg/L

NH3-N = 30 mg/L

TSS = 300 mg/L

TN = 40 mg/L

TP = 10 mg/L

**Typical Domestic Pollutant Concentration for Towamencin Area:**

**(C)**

**BOD5 = 200 mg/L**

**COD = 400 mg/L**

**NH3-N = 18 mg/L**

**TSS = 150 mg/L**

**TP = 5 mg/L**

**Copper = based on mass limit in industrial waste discharge permit**

**Zinc = based on mass limit in industrial waste discharge permit**

Pollutant removal costs are specified in Section U of this tariff for each wastewater system. An Industrial Loading Fee will be calculated, based on the formula above, for each pollutant for which a removal cost is specified in Section U for the applicable system. Total Quarterly Flow shall be as measured by the user or the Company.

An Industrial Loading Fee also may apply when total quarterly flow, as measured by the user or by the Company, exceeds total permitted quarterly flow, even if pollutant concentrations do not exceed the pollutant concentrations expected in typical domestic sewage. In such circumstances, the Industrial Loading Fee shall be calculated as follows for each pollutant for which a removal cost is specified in Section U for the applicable system:

Industrial Loading Fee =  $[Pollutant\ Removal\ Cost\ (\$/lb.) \times Total\ Quarterly\ Flow\ (MG) \times 8.34 \times Measured\ Pollutant\ Concentration\ (mg/L)]$  minus  $[Pollutant\ Removal\ Cost\ (\$/lb.) \times Total\ Permitted\ Quarterly\ Flow\ (MG) \times 8.34 \times Typical\ Domestic\ Pollutant\ Concentration\ (mg/L)]$

**(C)** means Change

**RULES AND REGULATIONS**

**Section T- Wastewater Control and Industrial Pretreatment Regulations (cont'd)**

- (b) **Excess Loading Fee:** If, in any quarter, the loading of a pollutant for which a removal cost is specified in Section U of this tariff exceeds a local limit or IWDP limit, then for the applicable parameter, in calculating the Industrial Loading Fee under subsection 7.2(a) of this Section T, the pollutant removal cost applicable to the total loading of that parameter will be 125% of the value set forth in Section U to compensate for the additional administrative, oversight and management costs associated with managing such excessive loadings. Users are exempt from Excess Loading Fees during the period of any compliance schedule established in the user's Individual Wastewater Discharge Permit. This exemption from Excess Loading Fees applies to Excess Loading Fees for all pollutants, unless otherwise provided by the IWDP.
- (c) A Special Discharge Fee shall apply to discharges with loadings or concentrations that exceed a local limit or IWDP limit and that impact sludge handling or disposal methods and costs, necessitate acquisition of nutrient credits, result in damage to the facility, cause a violation of the facility's NPDES Permit, or require extraordinary measures. The Special Discharge Fee shall be equal to the actual cost incurred by the Company, including but not limited to: (1) additional costs of managing impacted sludge (including costs related to use of alternative disposal facilities, additional monitoring, etc.), (2) costs of acquiring nutrient credits to meet NPDES Permit cap limits; (3) costs of repairs to and restoration of the treatment works, (4) costs associated with enforcement by DEP or EPA, including civil penalties or other liabilities; and (5) costs of implementing any other measures required to control, manage and address such excessive loadings or concentrations.
- (d) **Flow Surcharge Fee: Industrial customers discharging to the Towamencin Area Wastewater Treatment Plant, shall be subject to a flow surcharge fee when the volume of wastewater discharged exceeds any of the following stated permit limitations:** (C)
- (iii) **Daily maximum flow**
  - (iv) **Five-day average flow**
  - (v) **Daily average flow per month**
  - (vi) **Six-month total flow**

The calculation used for flow surcharge fee is:

**Flow surcharge = (recorded/reported flow in gallons-permitted flow in gallons) x \$0.0021**

- (e) **Clean Water Discount: A clean water discount may be available for nonresidential customers discharging to the Towamencin Area Wastewater Treatment Plant a minimum average daily flow of 300,000 gallons per day. To qualify for the discount, the water quality of the customers discharge must meet the minimum standards determined by an IWDP. During any billing period, the discount shall not exceed 40% of the bill. The clean water discount shall be calculated in accordance with the clean water discount rate under the October 2015 agreement filed with the Commission on July 18, 2023 at Docket No. A-2023-3039900.** (C)

**7.3 Administration.**

- (a) If a user wishes to dispute the calculation of any fees assessed by the Company, it shall appeal to the Company, in writing, identifying the fees subject to dispute and the reason(s) they are disputed. The Company, acting in a timely manner with the direct involvement of a Vice President, will review the appeal and other pertinent information and determine if any adjustment to the fee is warranted and so advise the user. In the event that a user is not satisfied with the Company's determination on its appeal, the user may seek appropriate relief from the Commission.
- (b) All fees shall be payable by the industrial user within forty-five (45) days of notification, or the industrial user will be subject to such enforcement action deemed appropriate by the Company, including, but not limited to, termination of service and a revocation of the IWDP.
- (c) Fees may be modified or amended as the Company deems necessary, subject to review and approval by the Commission.

**(C) means Change**

**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 Towamencin Area**

**(C)**

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

Pollutant Removal Costs:

- |                                         |                                   |
|-----------------------------------------|-----------------------------------|
| BOD5 (or COD) Removal Cost = \$0.62/lb. | TSS Removal Cost = \$0.62/lb.     |
| NH3-N Removal Cost = \$0.62/lb.         | Copper Removal Cost = \$0.868/lb. |
| TN Removal Cost = N/A                   | Zinc Removal Cost = \$0.868/lb.   |
| TP Removal Cost = \$0.62/lb.            |                                   |

**9. All Other Areas**

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

**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 : Docket Nos. A-2023-3039900  
system owned and operated by Towamencin : *et al.*  
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 :

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**DIRECT TESTIMONY OF  
ASHLEY E. EVERETTE ON BEHALF OF  
PENNSYLVANIA-AMERICAN WATER COMPANY**

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**DIRECT TESTIMONY OF  
ASHLEY E. EVERETTE**

**Introduction**

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**Q. What is your name and address?**

A. My name is Ashley E. Everette, and my business address is 852 Wesley Drive, Mechanicsburg, Pennsylvania 17055.

**Q. By whom are you employed and in what capacity?**

A. I am employed by American Water Works Service Company (the “Service Company”) as the Senior Director of Rates and Regulatory. I work in the Mechanicsburg office of Pennsylvania-American Water Company (“PAWC” or “the Company”).

**Q. Please state your educational background and professional experience.**

A. I hold a Bachelor’s degree in Economics and a Master’s degree in Business Administration, both from the University of Illinois. I have been employed by the Service Company since September 2019, first as the Director of Rates and Regulatory for Pennsylvania, and now in my current role as Senior Director of Rates and Regulatory with regulatory responsibility for Pennsylvania and West Virginia. In these positions, I am responsible for preparing and presenting rate applications as well as certain aspects of the financial, budgeting and regulatory functions of the Company.

Prior to my employment at the Service Company, I was employed by the Pennsylvania Office of Consumer Advocate (“OCA”) as a Regulatory Analyst from September 2012 to September 2019.

1 **Q. Have you previously submitted testimony before the Pennsylvania Public Utility**  
2 **Commission (the “Commission” or “PUC”)?**

3 **A.** Yes. I have testified on behalf of PAWC in several cases before the Commission.<sup>1</sup> Prior  
4 to my employment by the Service Company, I testified on behalf of the OCA in  
5 approximately 35 proceedings.

6

7 **Q. What is the purpose of your testimony in this proceeding?**

8 **A.** My testimony first addresses the financial fitness of PAWC to acquire and operate the  
9 wastewater collection and treatment system (the “System”) currently owned and operated  
10 by the Towamencin Municipal Authority (the “Authority”) and the Township of  
11 Towamencin (the “Township”), which PAWC has agreed to purchase (the  
12 “Transaction”). Second, my testimony addresses: (a) the identification of ratemaking rate  
13 base as required in 66 Pa. C.S § 1329 for PAWC’s acquisition of the System; (b) an  
14 overview of the rate provisions contained in the Asset Purchase Agreement (“APA”) for  
15 PAWC’s acquisition of the System; (c) the customer notices associated with the  
16 Transaction; (d) a description of PAWC’s low-income programs; (e) an estimate of the  
17 range of transaction and closing costs incurred by PAWC; (f) a statement regarding  
18 PAWC’s intentions with respect to accrual of certain post-acquisition improvement costs  
19 and deferral of related depreciation; and, (g) the authentication of certain Application  
20 appendices.

---

<sup>1</sup> Additionally, I submitted testimony to the West Virginia Public Service Commission on behalf of West Virginia American Water in 2021.

**PAWC'S Financial Fitness**

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**Q. Please discuss PAWC's financial fitness.**

**A.** PAWC is the Commonwealth's largest water and wastewater provider, with total assets of \$6.6 billion and annual revenues of \$818 million for 2022. For 2021, PAWC had operating income of approximately \$357 million and net income of approximately \$236 million. These operating results produced cash flows from operations of approximately \$370 million. Given its size, access to capital and its recognized strengths in system planning, capital budgeting and construction management, PAWC is well-positioned from a financial, managerial and technical perspective to ensure that high quality wastewater service meeting all federal and state requirements is provided to the System's customers and maintained for PAWC's existing customers.

**Q. Please discuss PAWC's overall financial fitness and access to capital to acquire the System.**

**A.** PAWC has strong operating cash flows and net income and, therefore, a strong balance sheet. PAWC's strong operating and financial performance allows it to obtain competitive interest rates for long-term debt financing and access to equity investments from its parent company. PAWC is a financially-sound business that can financially support the acquisition of the System as well as the ongoing operating and investment commitments that will be required to operate, maintain and improve those assets in serving the public.

1           **Line of Credit**

2           PAWC presently has liquidity through a \$400 million line of credit through American  
3           Water Capital Corp. (“AWCC”), a wholly owned subsidiary of American Water Works  
4           Company, Inc. (“American Water”). PAWC’s strong credit ratings allow PAWC to obtain  
5           additional capacity on this line of credit.

6

7           **Long Term Debt Financing**

8           PAWC carries a corporate credit rating of “A3” from Moody’s Investors Services and an  
9           “A” rating from Standard and Poor’s Rating Services. PAWC obtains long-term debt  
10          financing through AWCC at favorable interest rates and payment terms. When applicable,  
11          PAWC also uses low-cost financing through the Pennsylvania Infrastructure Investment  
12          Authority (“PENNVEST”) and the Pennsylvania Economic Development Financing  
13          Authority (“PEDFA”).

14

15          **Equity Investments**

16          PAWC may obtain additional equity investments through American Water based on its  
17          strong operating performance.

18

19          **Q. Please explain how PAWC intends to fund the Transaction.**

20          **A.** PAWC will initially fund the Transaction with short-term debt and will later replace it with  
21          a combination of long-term debt and equity capital.

1 **Q. What impact, if any, do you anticipate that the acquisition of the System will have on**  
2 **PAWC’s corporate credit ratings?**

3 **A.** As stated above, PAWC does not anticipate that the acquisition of the System will have a  
4 significant impact on its credit ratings.

6 **Q. Do you anticipate the Transaction harming PAWC’s financial status in any manner?**

7 **A.** No. PAWC does not anticipate that the acquisition of the System will have a negative  
8 impact on PAWC’s cash flows, credit ratings or access to capital and, therefore, will not  
9 deteriorate in any manner PAWC’s ability to continue to provide safe, adequate, and  
10 reasonable service to its existing customers at just and reasonable rates.

11  
12 **Fair Market Value Ratemaking Rate Base**

13 **Q. Please state the rate base requested in the application pursuant to 66 Pa. C.S. § 1329.**

14 **A.** The negotiated purchase price for the acquired assets is \$104,000,000 and the average of  
15 the appraisals of the buyer’s Utility Valuation Expert (“UVE”) and the seller’s UVE is  
16 \$104,096,362. Accordingly, the negotiated purchase price of \$104,000,000 is the fair  
17 market value for ratemaking purposes under Section 1329 (*i.e.* the lower of the negotiated  
18 purchase price and the average of the UVEs’ appraisals). The fair market value as  
19 determined by the Section 1329 process, in addition to the transaction and closing costs  
20 described below, becomes part of PAWC’s rate base for ratemaking purposes. Note,  
21 however, that PAWC reserves its right in future proceedings to make rate base claims  
22 related to the acquisition as may otherwise be permitted under the Pennsylvania Public  
23 Utility Code (“Code”).

1 **Q. Please summarize how the Company proposes to record the Transaction.**

2 **A.** As shown on **Appendix A-15-f**, the Company seeks approval to record the \$104,000,000  
3 net value of the assets on its books. The Company requests to record the acquisition on a  
4 net basis consistent with generally accepted accounting principles, which advise that  
5 property, plant and equipment acquired in a business combination intended to be held and  
6 used should be recognized and measured at fair value, and that the accumulated  
7 depreciation of the acquiree is not carried forward in a business combination (*i.e.*, net  
8 presentation).<sup>2</sup> Permitting PAWC to use this accounting treatment for the assets would be  
9 consistent with the Commission’s recent decision in *Application of Pennsylvania-*  
10 *American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code,*  
11 *66 Pa. C.S. § 1102(a), for Approval of the Transfer, by Sale, to Pennsylvania-American*  
12 *Water Company, of Substantially All of the Assets, Properties and Rights Related to the*  
13 *Wastewater Collection and Treatment System Owned by the York City Sewer Authority and*  
14 *Operated by the City of York, Docket Nos. A-2021-3024681 et al. (Final Order entered*  
15 *April 14, 2022) ¶ 3(h).*

16 Section 1329(c) provides that the “ratemaking rate base” is to be incorporated into  
17 PAWC’s rate base. As discussed above, the Company requests the Commission approve  
18 the \$104,000,000 purchase price as the ratemaking rate base for the System.<sup>3</sup> Since Section  
19 1329 does not address the proper accounting treatment of the rate base or approval of a  
20 depreciation reserve in determining the ratemaking rate base, the Company believes that  
21 recording the net value of \$104,000,000 is appropriate and consistent with Section 1329.

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<sup>2</sup> ASC 805-20 *Business Combinations – Identifiable Assets and Liabilities, and any Noncontrolling Interest* and ASC 820-10-30 *Fair Value Measurement – Initial Measurement.*

<sup>3</sup> “The ratemaking rate base of the selling utility shall be the lesser of the purchase price negotiated by the acquiring public utility or entity and selling utility or the fair market value of the selling utility.” 66 Pa. C.S. § 1329(c).

1 Asset Purchase Agreement Rate Provisions

2 **Q. Please provide an overview of the rate provisions of the APA.**

3 **A.** The First Amendment to the Asset Purchase Agreement modified the APA’s provisions  
4 related to rates. As amended, PAWC has committed to adopt, upon closing of the  
5 Transaction (“Closing”), the System’s base rates in effect at closing. The initial rates to be  
6 applicable to the former System wastewater customers are set forth in the *pro forma* tariff  
7 supplement attached as **Appendix A-12** to the Application. System customers will be  
8 governed by rates for new Towamencin Rate Zone “XX.” After Closing, System  
9 customers will be subject to PAWC’s prevailing wastewater tariff on file with the  
10 Commission with respect to all rates other than base rates, such as capacity reservation  
11 fees, reconnection fees, and the like, as well as non-rate related terms and conditions of  
12 service. PAWC may apply a Distribution System Improvement Charge (“DSIC”) and/or  
13 State Tax Adjustment Surcharge if approved by the Commission.

14 The System’s current rates are a flat rate per EDU for residential and certain  
15 commercial customers, and a usage-based rate with a minimum charge for certain  
16 commercial customers.

17 **Q. What impact, if any, will there be on the rates of the System’s direct customers as a  
18 result of the acquisition of the System?**

19 **A.** There will be no immediate impact on the rates of the System’s customers because PAWC  
20 has committed to adopt, upon Closing, the System’s rates in effect at the time of Closing.  
21 PAWC expects to propose to move the System’s rates toward consolidated rates in future  
22 base rate cases. Subject to Commission approval, PAWC anticipates allocating a portion

1 of its wastewater revenue requirement to the combined water and wastewater customer  
2 base, as permitted by 66 Pa. C.S. § 1311(c).

3  
4 **Q. What impact, if any, will there be on the rates of PAWC’s current water and  
5 wastewater customers as a result of the acquisition of the System?**

6 **A.** There will be no immediate impact on the rates of PAWC’s current water and wastewater  
7 customers. PAWC expects to include the System in PAWC’s future base rate filings. Any  
8 impacts on the rates of PAWC’s existing water and wastewater customers would occur  
9 only upon Commission approval as part of a base rate proceeding. A non-binding estimate  
10 of possible rate impacts for existing water and wastewater customers is shown in **Appendix**  
11 **A-18-d** and discussed in the Customer Notice section below. The System’s customers, as  
12 part of PAWC’s overall customer base, will become part of PAWC’s overall cost  
13 allocation. Nothing contained in the APA would bind the Commission or other interested  
14 parties in future ratemaking proceedings.

15  
16 **Q. Does PAWC seek the authority to charge non-base rates prior to the first PAWC base  
17 rate case in which the System is included?**

18 **A.** Yes. PAWC is requesting authority from the Commission to approve collection of a  
19 distribution system improvement charge (“DSIC”) related to the System in the future, prior  
20 to the first base rate case in which the System plant-in-service is incorporated into rate  
21 base. PAWC would not begin charging a DSIC until the eligible System plant is approved  
22 by the Commission in an amendment to PAWC’s Long Term Infrastructure Improvement  
23 Plan for wastewater.

1 CUSTOMER NOTICE

2 **Q. Is PAWC providing notice to customers of the acquisition?**

3 **A.** Yes. PAWC is providing notice of the acquisition to existing PAWC water and wastewater  
4 customers as well as to the System’s wastewater customers. The notices to PAWC  
5 customers and the System’s wastewater customers are attached to the application as  
6 **Appendix A-18-d.** These notices contain a non-binding estimate of the potential rate  
7 impact of the acquisition.

8  
9 **Q. How were the estimates of potential rate impacts calculated for the notices provided**  
10 **in Appendix A-18-d?**

11 **A.** These notices were prepared in accordance with the *Steelton Order*.<sup>4</sup> This Order approved  
12 a Settlement in which PAWC agreed to the form and calculation of the notices for future  
13 Section 1329 acquisition proceedings (“Settlement”).

14 In the Settlement, the Joint Petitioners (PAWC, the Commission’s Bureau of  
15 Investigation & Enforcement, the Office of Consumer Advocate, the Office of Small  
16 Business Advocate and the Borough of Steelton) agreed to the form of the notices to be  
17 sent to existing PAWC water and wastewater customers and the notice to be sent to the  
18 customers of the system being acquired. The forms of the notices were attached to the  
19 Settlement as Appendix E and Appendix F.

20 The Joint Petitioners also agreed to the Rate Impact Calculations for these notices.

21 Those calculations are discussed in more detail below.

---

<sup>4</sup> *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) (“*Steelton Order*”).

1 **Q. Please discuss adjustments made to the notice calculation as a result of the Company's**  
2 **2022 base rate case.**

3 **A.** The customer notice calculation attached as **PAWC Amended Exhibit AEE-1**  
4 incorporates the authorized water and wastewater revenues, the allocation of wastewater  
5 revenue requirement to water operations, and the wastewater capital structure from the  
6 2022 base rate case.

7 The Settlement provided that revenues from certain acquisitions were excluded  
8 from the calculation and there was no notice requirement for these recently acquired  
9 customers. Because the Company recently concluded a base rate case, the calculation is  
10 updated to include revenues from all systems that were included in the Company's 2022  
11 base rate case.

12  
13 **Q. Please summarize the calculation of the potential rate impact shown in the notice to**  
14 **the System's customers.**

15 **A.** As shown in **Appendix A-18-d**, the notice to System customers located within  
16 Towamencin Township shows the following information regarding the potential rate  
17 impacts of the acquisition:

<b>System Wastewater Customers – within Towamencin</b>				
<b>Rate Class</b>	<b>Average Usage</b>	<b>Average Monthly Bill at the System's Rates at Closing</b>	<b>Potential Average Monthly Bill</b>	<b>Potential Increase</b>
Residential	3,212 gal/month	\$49.16	\$86.67	76.3%
Commercial	22,561 gal/month	\$182.20	\$321.22	76.3%
Industrial	528,207 gal/month	\$4,268.83	\$7,525.95	76.3%

18

1           The 74.6% increase shown in the chart above is calculated as 100% of the revenue  
2           deficiency after the Act 11 allocation to water customers,<sup>5</sup> divided by the Year One  
3           revenues of the System. The current average monthly bill is calculated using the System’s  
4           wastewater rates that will be in effect at Closing and the average usage for each customer  
5           class as reflected in the filing of PAWC’s most recent base rate case (Docket No. R-2022-  
6           3031672).

7           The potential average monthly bill after acquisition is calculated by increasing the  
8           current average monthly bill amounts by the 74.6% increase. This methodology was used  
9           to comply with the Settlement at Docket No. A-2019-3006880 (Exhibit G). Please refer to  
10          **PAWC Amended Exhibit AEE-1** for the calculation of the customer notice.

11          On September 26, 2023, Towamencin Township filed a Joint Petition for Approval of Non-  
12          Unanimous Settlement of All Issues at Docket No. A-2023-3040661. In that Joint Petition,  
13          Towamencin agreed to withdraw its request to increase rates to its customers outside of  
14          Towamencin’s Township boundaries (extraterritorial customers) on January 1, 2024. Therefore,  
15          as shown in **Appendix A-18-d**, the extraterritorial customers served by Towamencin will receive  
16          a different customer notice reflecting the following information regarding the potential rate  
17          impacts of the acquisition:

---

<sup>5</sup> The allocation of a portion of the wastewater revenue requirement to water customers pursuant to Act 11 of 2012 (66 Pa. C.S. § 1311(c)) is referred to in this testimony as the “Act 11 allocation.” For calculating the notice in this case, the Settlement requires PAWC to use the Act 11 allocation from wastewater to water from PAWC’s prior base rate case. In PAWC’s last base rate case, 33% of the wastewater revenue requirement for 2023 was allocated to water customers under Act 11. See Docket No. R-2022-3031673, Summary Proof of Revenues. The Settlement was approved by Order entered December 8, 2022 (“2022 Rate Case”).

<b>System Wastewater Customers – outside Towamencin</b>				
Rate Class	Average Usage	Average Monthly Bill at the System’s Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,212 gal/month	\$37.50	\$66.11	76.3%
Commercial	22,561 gal/month	\$138.97	\$245.00	76.3%
Industrial	528,207 gal/month	\$3,255.77	\$5,739.92	76.3%

1

2 **Q. Please summarize the rate impact calculation in the notice to PAWC wastewater**  
3 **customers.**

4 **A.** As shown in **Appendix A-18-d**, the notice to PAWC’s existing wastewater customers  
5 shows the following information regarding the potential rate impacts of the acquisition:

<b>PAWC Existing Wastewater Customers</b>				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,212 gal/month	\$106.65	\$109.96	3.1%
Commercial	22,561 gal/month	\$509.46	\$525.25	3.1%
Industrial	528,207 gal/month	\$11,143.19	\$11,488.63	3.1%

6

7 The 3.1% increase shown in the chart above is calculated by dividing 100% of the  
8 revenue deficiency after the Act 11 allocation to water customers by total wastewater  
9 revenues. The “total wastewater revenues” include PAWC’s wastewater revenues from  
10 existing customers excluding other operating revenues as well as the Year One revenues  
11 from the System. This methodology was used to comply with the Settlement at Docket  
12 No. A-2019-3006880 (Exhibit G). Please refer to **PAWC Amended Exhibit AEE-1** for  
13 the calculation of the customer notice.

1 **Q. Please summarize the calculation of the potential rate impact shown in the notice to**  
2 **PAWC water customers.**

3 **A.** As shown in **Appendix A-18-d**, the notice to PAWC’s existing water customers shows the  
4 following information regarding the potential rate impacts of the acquisition:

<b>PAWC Existing Water Customers</b>				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,212 gal/month	\$69.24	\$69.45	0.3%
Commercial	22,561 gal/month	\$371.82	\$372.94	0.3%
Industrial	528,207 gal/month	\$5,985.08	\$6,003.04	0.3%

5  
6 The 0.3% increase shown in the chart above represents the potential impact on  
7 PAWC water customers of the Act 11 allocation to water customers. This allocation to  
8 water customers is divided by PAWC’s applicable water revenues from PAWC’s most  
9 recent base rate case.

10 The current average monthly bill is shown at PAWC’s Zone 1 rates effective  
11 January 28, 2023 and the average usage for each customer class as reflected in the filing of  
12 PAWC’s most recent base rate case (Docket No. R-2022-3031672). The average monthly  
13 bill for PAWC Zone 1 customers after acquisition is calculated by increasing the average  
14 monthly bill amounts by the 0.3% increase, which was calculated as explained above. This  
15 methodology was used to comply with the Settlement at Docket No. A-2019-3006880  
16 (Exhibit G). Please refer to **PAWC Amended Exhibit AEE-1** for the calculation of the  
17 customer notice.

1 **Q. Do you have any further comments on the customer notices PAWC is providing in**  
2 **this proceeding?**

3 **A.** Yes. As discussed above, the calculation of estimated potential rate impacts to PAWC and  
4 System customers was performed in conformance with the Company’s Settlement at  
5 Docket No. A-2019-3006880. Ultimately, any rate impacts of the acquisition will be  
6 determined by the Commission in future base rate proceedings.

7

8 **LOW-INCOME PROGRAMS**

9 **Q. Please summarize PAWC’s tariffed low income discounts.**

10 **A.** PAWC’s low-income tariff rider provides low-income customers with discounts to fixed  
11 and volumetric charges. PAWC’s low-income discount includes three tiers of discount,  
12 with the discount level dependent on the customer’s percentage of Federal Poverty Level  
13 (“FPL”). The tariff discounts are summarized below.<sup>6</sup>

	Tier 1 (0-50% FPL)	Tier 2 (51-100% FPL)	Tier 3 (101-150% FPL)
<b>Water</b> Service Charge Discount	80%	65%	40%
<b>Water</b> Usage Charge Discount	80%	50%	25%
<b>Wastewater</b> Total Bill Discount	80%	55%	30%

14

15 **Q. Will System customers be eligible for these discounts upon acquisition?**

16 **A.** Yes, System customers will become eligible for the discount for wastewater service at the  
17 time of Closing.

---

<sup>6</sup> Refer to Tariff Water-PA P.U.C. No. 5, page 17 and Tariff Wastewater PA P.U.C. No. 16, page 16.

1           As part of a recent Order in PAWC’s Arrearage Management Program (“AMP”),  
2           the Commission required that a settlement between PAWC and other parties be modified  
3           to include income verification for low-income customers participating in the AMP.<sup>7</sup>  
4           PAWC anticipates that this income verification requirement will also apply to the bill  
5           discount program, and thus, will also apply to System customers.

6  
7   **Q.   Please summarize the current cost of PAWC’s low-income discount programs to its**  
8   **legacy customer base.**

9   **A.**   PAWC’s low-income discount program provides discounts between 30% and 80% of the  
10   water and wastewater bill to customers with an FPL of 150% or less. These discounts have  
11   a small impact on customer’s bills of approximately \$1.30 per month for residential water  
12   customers and approximately \$2.60 per month for residential wastewater customers.<sup>8</sup>

13  
14   **Q.   Will the Transaction have a significant impact on PAWC’s low-income discount**  
15   **program costs?**

16   **A.**   No. Of the 14,792 customers, PAWC estimates that approximately 377 will enroll in the  
17   low-income discount. The discounts to these customers will represent approximately 1%  
18   of the total revenues of the System. When compared to PAWC’s total wastewater revenue,  
19   the discounts to System customers represents approximately 0.04% of revenue.

---

<sup>7</sup> Docket No. P-2021-3028195, Order Entered December 28, 2022.

<sup>8</sup> Cost allocation was not disclosed in the Company’s black box rate case settlement in the Company’s recent base rate proceeding, Docket No. R-2022-3031673, *et al.* The amounts shown in this paragraph are calculated as the discounted revenue divided by the number of residential customers.



1 A. I am advised by counsel that Section 1329(f) allows “an acquiring public utility’s post  
2 acquisition improvements that are not included in a distribution system improvement  
3 charge [to] accrue allowance for funds used during construction [“AFUDC”] after the date  
4 the cost was incurred until the asset has been in service for a period of four years or until  
5 the asset is included in the acquiring public utility’s next base rate case, whichever is  
6 earlier.” Section 1329(f) also provides that “[d]epreciation on an acquiring public utility’s  
7 post acquisition improvements that have not been included in the calculation of a  
8 distribution system improvement charge shall be deferred for book and ratemaking  
9 purposes.”

10

11 **Q. Does PAWC intend to accrue AFUDC for post-acquisition improvements?**

12 A. Yes. As summarized in the Direct Testimony of PAWC Witness Mr. Michael J. Guntrum,  
13 P.E., PAWC’s Senior Project Engineer, PAWC Statement No. 2, PAWC will be making  
14 post-acquisition improvements to the System. As such, PAWC will likely accrue AFUDC  
15 consistent with what is permitted under Section 1329. PAWC will address any claims for  
16 AFUDC in the first base rate proceeding in which the System’s assets are included.

17

18 **Q. Does PAWC intend to defer depreciation on non-DSIC-eligible post-acquisition  
19 improvements for book and ratemaking purposes?**

20 A. Yes. Section 1329(f) permits such deferral of depreciation. The statute appears to allow  
21 deferral without specific Commission approval; however, out of an abundance of caution,  
22 PAWC is specifically petitioning the Commission, as part of this Application proceeding,  
23 for permission to defer the depreciation for book and ratemaking purposes.

1 Authentication of Application Appendices

2 **Q. Are you familiar with the Application filed by PAWC in this proceeding?**

3 **A.** Yes, I helped to prepare several of the appendices in support of the Application and I have  
4 reviewed the final version of the Application and the appendices.

5  
6 **Q. Please identify which application appendices were prepared by you or under your  
7 supervision and control?**

8 **A.** **Appendix A-10** is the Company’s estimate of the anticipated range of transaction and  
9 closing costs. The *pro forma* tariff supplement is attached as **Appendix A-12** to the  
10 Application. In addition, based on financial statements provided by the Township and the  
11 Authority and on PAWC’s audited financial statements, the following appendices were  
12 prepared: **Appendix C** (balance sheet of the Township and the Authority as of December  
13 31, 2021), **Appendix D** (audited balance sheet of PAWC as of December 31, 2022),  
14 **Appendix E** (income statement of the Township and the Authority for the 12 months ended  
15 December 31, 2021), **Appendix F** (audited income statement of PAWC for the 12 months  
16 ended December 31, 2022), **Appendix G** (*pro forma* balance sheet of PAWC, giving effect  
17 to the transfer), **Appendix H** (*pro forma* consolidated income statement of PAWC and the  
18 System for 12 months) and **Appendix K** (estimated annual revenues and expenses).<sup>9</sup>

19  
20 **Q. Are Appendices A-10 and A-12, Appendices C through H, and Appendix K true and  
21 correct to the best of your knowledge, information, and belief?**

22 **A.** Yes.

---

<sup>9</sup> The timing difference in restating the Township’s and the Authority’s financial statements for Appendix G and Appendix H to December 31, 2022 is assumed by PAWC to be immaterial.

**CONCLUSION**

1  
2  
3  
4

**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.

Pennsylvania American Water Company  
Acquisition of Wastewater Assets of the Towamencin  
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### Towamencin Inside Wastewater Customers

**Wastewater**

Rate Class	Average Usage	Average Monthly Bill at Towamencin Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,212 gal/month	\$49.16	\$86.67	\$37.51 or 76.3%
Commercial	22,561 gal/month	\$182.20	\$321.22	\$139.02 or 76.3%
Industrial	528,207 gal/month	\$4,268.83	\$7,525.95	\$3,257.12 or 76.3%

### Towamencin Outside Wastewater Customers

**Wastewater**

Rate Class	Average Usage	Average Monthly Bill at Towamencin Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,212 gal/month	\$37.50	\$66.11	\$28.61 or 76.3%
Commercial	22,561 gal/month	\$138.97	\$245.00	\$106.03 or 76.3%
Industrial	528,207 gal/month	\$3,255.77	\$5,739.92	\$2,484.15 or 76.3%

### PAWC Current Customers

**Wastewater**

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,212 gal/month	\$106.65	\$109.96	\$3.31 or 3.1%
Commercial	22,561 gal/month	\$509.46	\$525.25	\$15.79 or 3.1%
Industrial	528,207 gal/month	\$11,143.19	\$11,488.63	\$345.44 or 3.1%

**Water**

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,212 gal/month	\$69.24	\$69.45	\$0.21 or 0.3%
Commercial	22,561 gal/month	\$371.82	\$372.94	\$1.12 or 0.3%
Industrial	528,207 gal/month	\$5,985.08	\$6,003.04	\$17.96 or 0.3%

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Towamencin - Inside Customers

Residential		
	Minimum Charge	\$49.16
32.12	0.0000	0.00
		\$49.16

Rate Impact 76.3%  
\$37.51  
Total \$86.67

Towamencin - Outside Customers

Residential		
	Minimum Charge	\$37.50
32.12	0.0000	0.00
		\$37.50

Rate Impact 76.3%  
\$28.61  
Total \$66.11

PAWC - Wastewater

Zone 1 - Residential		
	Service Charge	\$14.30
32.12	2.8750	92.35
		\$106.65

Rate Impact 3.1%  
\$3.31  
Total \$109.96

PAWC - Water

Zone 1 - Residential		
5/8"	Service Charge	\$17.50
32.12	1.6108	51.74
		\$69.24

Rate Impact 0.3%  
\$0.21  
Total \$69.45

Commercial		
	Service Charge	\$49.16
225.61	0.8082	133.04
61.00		
		\$182.20

Rate Impact 76.3%  
\$139.02  
Total \$321.22

Commercial		
	Service Charge	\$37.50
225.61	0.6164	101.47
61.00		
		\$138.97

Rate Impact 76.3%  
\$106.03  
Total \$245.00

Zone 1 - Commercial		
	Service Charge	\$35.00
225.61	2.1030	474.46
		\$509.46

Rate Impact 3.1%  
\$15.79  
Total \$525.25

Zone 1 - Commercial		
1"	Service Charge	\$46.60
160.00	1.5613	249.81
65.61	1.1493	75.41
225.61		
		\$371.82

Rate Impact 0.3%  
\$1.12  
Total \$372.94

Industrial		
	Service Charge	\$49.16
5,282.07	0.8082	4,219.67
61.00		
		\$4,268.83

Rate Impact 76.3%  
\$3,257.12  
Total \$7,525.95

Industrial		
	Service Charge	\$37.50
5,282.07	0.6164	3,218.27
61.00		
		\$3,255.77

Rate Impact 76.3%  
\$2,484.15  
Total \$5,739.92

Zone 1 - Industrial		
	Service Charge	\$35.00
5,282.07	2.1030	11,108.19
		\$11,143.19

Rate Impact 3.1%  
\$345.44  
Total \$11,488.63

Zone 1 - Industrial		
2"	Service Charge	\$224.00
160.00	1.4200	227.20
5,122.07	1.0804	5,533.88
5,282.07		
		\$5,985.08

Rate Impact 0.3%  
\$17.96  
Total \$6,003.04

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Estimated Rate Increase

Revenue Requirement Increase (Attachment page 2)	\$ 7,814,000
Act 11 Percentage (R-2022-3031672 Summary Proof of Revenues)	33%
Amount of increase allocated to water through Act 11	<u>2,578,620</u>
Amount of increase allocated to wastewater customers	\$ 5,235,380

Increase applied to Towamencin Customers	
Revenue Requirement Increase - After Act 11	\$ 5,235,380
Current Towamencin revenues	6,864,000
<b>Estimated Increase to wastewater customers</b>	<b>76.3%</b>

Amount of increase allocated to wastewater customers and applied to the combined revenues of all PAWC wastewater customers and acquired customers:	
Revenue Requirement Increase	\$ 5,235,380
Current Towamencin revenues	6,864,000
PAWC Wastewater Revenues (R-2022-3031673 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	<u>159,681,891</u>
	166,545,891
<b>Estimated Increase to wastewater customers</b>	<b>3.1%</b>

Amount of increase allocated to water customers:	
Revenue Requirement Increase	\$ 2,578,620
PAWC Water Revenues (R-2022-3031672 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	781,722,135
<b>Estimated Increase to Water Customers</b>	<b>0.3%</b>

Pennsylvania American Water Company R-2022-3031672 Summary Proof of Revenues Act 11 Allocation									
	Water Operations	Wastewater SSS General Operations	Royersford Wastewater Operations	Pottsgrove Wastewater Operations	York Wastewater Operations	CSS Wastewater Operations	Total Wastewater	Total Company	
Additional Annual Operating Revenue Before Act 11	\$ 56,408,658	\$ 21,348,733	\$ 1,946,621	\$ 1,347,477	\$ 19,505,813	\$ 37,442,700	\$ 81,591,344	\$ 138,000,002	
Act 11 Allocation - WW COS Recovered from Water	26,961,881	(3,598,461)	(1,328,921)	(496,449)	(\$12,512,409)	(9,025,641)	(26,961,881)	33%	\$ -
Additional Annual Operating Revenue	83,370,539	17,750,272	617,700	851,028	6,993,404	28,417,059	54,629,463	67%	138,000,002

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Acquisition of Wastewater Assets of the Towamencin  
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**Revenue Requirement Increase**

Rate Base	\$	104,000,000	Appendix A-11
Rate of Return %		7.10%	See Calculations
Rate of Return		<u>7,384,000</u>	
O&M		2,966,000	Appendix K
Taxes Other		161,000	Appendix K
Depreciation		2,055,000	Appendix K
Taxes		2,112,000	See Calculations
Revenue Requirement		<u>14,678,000</u>	
Towamencin Year-1 Revenues		6,864,000	Appendix K
Revenue Requirement Increase		7,814,000	

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Summary

<b><u>Revenue Requirement</u></b>	
Rate Base	\$ 104,000,000
Pretax ROR %	9.05%
Pretax ROR	<u>9,412,000</u>
Plus: O&M Expense	2,966,000
Taxes Other	161,000
Depreciation	<u>2,055,000</u>
Total Revenue Requirement	<u><u>14,594,000</u></u>
 <b><u>Income Tax Calculation</u></b>	
Revenues	\$ 14,594,000
Less: O&M Expense	2,966,000
Taxes Other	161,000
Depreciation	2,055,000
Interest	<u>2,101,000</u>
SIT Taxable Income	7,311,000
State Income Tax Rate	9.99%
State Income Tax	<u>730,000</u>
FIT Taxable Income	6,581,000
Federal Income Tax Rate	21.00%
Federal Income Tax	<u>1,382,000</u>
Total Income Taxes	<u><u>2,112,000</u></u>
 <b><u>Interest</u></b>	
Rate Base	\$ 104,000,000
Weighted Cost of Debt (1.87% + 0.15%)	<u>2.02%</u>
	\$ 2,101,000

Wastewater	Capital Structure	Cost Rate	Weighted Cost	Revenue Multiplier	Revenue Requirement
Long-Term Debt	42.26%	4.43%	1.87%		1.87%
Wastewater Financing	5.65%	2.57%	0.15%		0.15%
Preferred Stock	0.01%	9.70%	0.00%	1.38326	0.00%
Common Equity	52.08%	9.75%	<u>5.08%</u>	1.38326	<u>7.03%</u>
			7.10%		9.05%

Cost of Equity for Distribution System Improvement Charge (DSIC) 9.65% M-2023-3041106

Capital Structure based on PAWC's last wastewater base rate case R-2022-3031673 PAWC Statement No. 13-R, Exhibit AEB-13-R, Schedule 13.

**Revenue 'Multiplier**

Statutory State Tax Rate	0.0849
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9151
Fed Rate Times (1-State Tax Rate)	0.192171
Effective Tax Rate	0.277071
1-Eff Tax Rate	0.722929
Reciprocal	1.38326

**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 Nos. A-2023-3039900  
*et al.***

**VERIFICATION**

I, **Ashley E. Everette**, hereby state that the facts set forth in PAWC Amended Statement No. 3 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: October 13, 2023



Ashley E. Everette  
Senior Director of Rates and Regulatory  
American Water Works Service Company

**Application of Pennsylvania-American Water Company for the Acquisition  
of the Wastewater Collection, Conveyance and Treatment System  
Owned and Operated by Towamencin Township and Towamencin Municipal Authority  
(collectively “Towamencin”)**

**Docket No. A-2023-3039900**

**66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater**

18. Rates.
- a. State the current rates of the seller.

**THIRD AMENDED RESPONSE:**

- a. See the System’s current Schedule of Rates attached as **Appendix A-18-a.1**. Also see **Appendix A-18-a.2**, adopted on May 10, 2023, to make rates outside the Township and rates inside the Township uniform. In addition, refer to **Amended Appendix A-18-a.3** that contains the draft resolution that will be considered later this year to set new rates, which would be effective as of January 1, 2024 and adopted by PAWC at close. Consistent with the Joint Petition for Approval of Non-Unanimous Settlement of All Issues related to the Township’s Application at Docket No. A-2023-3040661, the January 1, 2024 rate increase will only apply to customers within Towamencin Township.

**Second Amended Appendix A-18-a.4 CONFIDENTIAL** provides the rates related to Clemens’ service, including (I) Agreement executed on September 22, 1988 between Towamencin Township, Upper Gwynedd-Towamencin Municipal Authority, and Hatfield Quality Meats, Inc. (Clemens); (II) Agreement executed on October 13, 2010 among Hatfield Township Municipal Authority, Hatfield Township, Towamencin Township and Upper Gwynedd-Towamencin Municipal Authority and (III) the Sewer Treatment Agreement dated October 27, 2015 among Towamencin Township, Towamencin Municipal Authority, and Clemens Food Group, and the related First Amendment dated October 26, 2022.

**Amended Appendix A-18-a.5 CONFIDENTIAL** provides confirmation letters from the following commercial customers confirming rates charged by Towamencin for commercial waste hauling: Nolt Services, Hydrotech Environmental, LLC, Clemens Septic Service, Lower Salford Township Authority, and Pro Plus Services.

**RESOLUTION 23 -  
TOWAMENCIN TOWNSHIP  
ESTABLISHMENT OF BASIC SEWER RENTAL**

**WHEREAS**, pursuant to the Pennsylvania Second Class Township Code, Section 2511, the Board of Supervisors of Towamencin Township is empowered to establish the charge for sewer rental; and

**WHEREAS**, the Board of Supervisors of Towamencin Township deems it to be in the best interest of the Township to hereby establish the rental charge.

**NOW, THEREFORE, LET IT BE RESOLVED** by the Board of Supervisors of Towamencin Township that the 2024 annual sewer rental charge for each EDU shall be in the amount of \$590 payable pursuant to Ordinance 98-02 of the Towamencin Township Code as amended for any customers other than those covered by the Nunc Pro Tunc Application filed with the Pennsylvania Public Utility Commission at Docket No. A-2023-3040661 whose 2024 annual sewer rental charge will remain unchanged.

**RESOLVED** this \_\_\_\_ day of December 2023.

**TOWAMENCIN TOWNSHIP  
BOARD OF SUPERVISORS**

**ATTEST:**

\_\_\_\_\_  
H. Charles Wilson, III, Chairman

\_\_\_\_\_  
Laura C. Smith, Secretary

**Application of Pennsylvania-American Water Company for the Acquisition  
of the Wastewater Collection, Conveyance and Treatment System  
Owned and Operated by Towamencin Township and Towamencin Municipal Authority  
(collectively “Towamencin”)**

**Docket No. A-2023-3039900**

**66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater**

18. Rates.
- d. Provide a copy of the notification sent, or which will be sent, to affected customers describing the filing and the anticipated effect on rates.

**AMENDED RESPONSE:**

- d. Attached is a notice that will be sent by PAWC to its water and wastewater customers upon conditional acceptance of the Application. Also, attached is a notice that will be sent to System customers. Both notices are attached as **Amended Appendix A-18-d**.

Please note that both notices include a blank for the due date for protests and notices of intervention. PAWC asks that the Secretarial Letter conditionally accepting the Application indicate the due date for protests and notices of intervention.

# Amended Appendix A-18-d (Page 1 of 6)

## Bill Onsert for Current Customers

### NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2023-3039900)

Dear Customer:

On \_\_\_\_\_, the Pennsylvania Public Utility Commission (“PUC”) conditionally accepted for filing the application of Pennsylvania-American Water Co. (“Pennsylvania-American”) for approval to acquire the wastewater system assets owned and operated by Towamencin Township and Towamencin Municipal Authority (jointly, “Towamencin”). Towamencin serves approximately 5,886 customers in Montgomery, County. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$104 million to Pennsylvania-American’s rate base pursuant to 66 Pa. C.S. § 1329. A utility’s rate base is the value of property used by the utility to provide service to its customers and is one of many components used to establish customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including Towamencin wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current rates will not change as a result of this acquisition until the conclusion of Pennsylvania-American’s first base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential rate impact could be as follows:

PAWC WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Current Rates	Average Monthly Bill at PAWC Zone 1 2023 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,212 gal/month	\$106.65	\$ 109.96	\$3.31 or 3.1%
Commercial	22,561 gal/month	\$509.46	\$ 525.25	\$15.79 or 3.1%
Industrial	528,207 gal/month	\$11,143.19	\$ 11,488.63	\$345.44 or 3.1%

PAWC WATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Current Rates	Average Monthly Bill at PAWC Zone 1 2023 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,212 gal/month	\$69.24	\$69.45	\$0.21 or 0.3%
Commercial	22,561 gal/month	\$371.82	\$ 372.94	\$1.12 or 0.3%
Industrial	528,207 gal/month	\$5,985.08	\$ 6,003.04	\$17.96 or 0.3%

## Amended Appendix A-18-d (Page 2 of 6)

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers. For Pennsylvania-American customers in a rate zone other than Rate Zone 1, the potential rate impact could vary from the chart above.

### PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

### ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American's request by:

1. Sending a letter to the PUC. You can tell the PUC why you support or object to the application in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
2. Attending or presenting testimony at a PUC public input hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania-American's transaction and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.
3. Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before \_\_\_\_\_ . Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Pennsylvania-American's counsel at:

David P. Zambito, Esq.  
Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov), and for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2023-3039900. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

# Amended Appendix A-18-d (Page 3 of 6)

## Direct Mailing to Towamencin Township Customers

### NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2023-3039900)

Dear Towamencin Customer:

On \_\_\_\_\_, the Pennsylvania Public Utility Commission (“PUC”) conditionally accepted for filing the application of Pennsylvania-American Water Co. (“Pennsylvania-American”) for approval to acquire the wastewater system assets owned and operated by Towamencin Township and Towamencin Municipal Authority (jointly, “Towamencin”). Towamencin serves approximately 5,886 customers in Montgomery, County, Pennsylvania. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$104 million to Pennsylvania-American’s rate base pursuant to 66 Pa. C.S. § 1329. A utility’s rate base is the value of property used by the utility to provide service to its customers and is one of many components used to establish customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Towamencin wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current wastewater rates will not change until the conclusion of Pennsylvania-American’s first base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential wastewater rate impact could be as follows:

WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at Towamencin Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,212 gal/month	\$49.16	\$86.67	\$37.51 or 76.3%
Commercial	22,561 gal/month	\$182.20	\$321.22	\$139.02 or 76.3%
Industrial	528,207 gal/month	\$4,268.83	\$7,525.95	\$3,257.12 or 76.3%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers and the period of time over which such rate increases could occur.

#### PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

#### ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American’s request by:

1. Sending a letter to the PUC. You can tell the PUC why you support or object to the application in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
2. Attending or presenting testimony at a PUC public input hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania-American’s transaction and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of

## Amended Appendix A-18-d (Page 4 of 6)

the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

3. Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before \_\_\_\_\_ . Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Pennsylvania-American's counsel at:

David P. Zambito, Esq.  
Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov), and for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2023-3039900. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

# Amended Appendix A-18-d (Page 5 of 6)

## Direct Mailing to Extraterritorial Towamencin Customers

### NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2023-3039900)

Dear Towamencin Customer:

On \_\_\_\_\_, the Pennsylvania Public Utility Commission (“PUC”) conditionally accepted for filing the application of Pennsylvania-American Water Co. (“Pennsylvania-American”) for approval to acquire the wastewater system assets owned and operated by Towamencin Township and Towamencin Municipal Authority (jointly, “Towamencin”). Towamencin serves approximately 5,886 customers in Montgomery, County, Pennsylvania. Pennsylvania-American’s application also requests that the PUC authorize an addition of \$104 million to Pennsylvania-American’s rate base pursuant to 66 Pa. C.S. § 1329. A utility’s rate base is the value of property used by the utility to provide service to its customers and is one of many components used to establish customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Towamencin wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current wastewater rates will not change until the conclusion of Pennsylvania-American’s first base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential wastewater rate impact could be as follows:

WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at Towamencin Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,212 gal/month	\$37.50	\$66.11	\$28.61 or 76.3%
Commercial	22,561 gal/month	\$138.97	\$245.00	\$106.03 or 76.3%
Industrial	528,207 gal/month	\$3,255.77	\$5,739.92	\$2,484.15 or 76.3%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers and the period of time over which such rate increases could occur.

#### PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

#### ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American’s request by:

1. Sending a letter to the PUC. You can tell the PUC why you support or object to the application in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
2. Attending or presenting testimony at a PUC public input hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania-American’s transaction and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of

## Amended Appendix A-18-d (Page 6 of 6)

the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

3. Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before \_\_\_\_\_ . Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Pennsylvania-American's counsel at:

David P. Zambito, Esq.  
Cozen O'Connor  
17 North Second Street, Suite 1410  
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov), and for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2023-3039900. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

## Amended Appendix K

Pennsylvania-American Water Company  
Estimated Annual Revenues and Expenses of New Service Area  
Year 1  
(Dollars in thousands)

Operating Revenues	\$	6,864
Operating Expenses		
Operation and Maintenance		2,966
Depreciation and Amortization		2,055
General Taxes and Other		161
Total Operating Expenses		<u>5,182</u>
Operating income		1,682
Other Income/(Expenses)		
Other Income/(Expense), Net		
Interest Expense, Net		(2,368)
Total Other Expenses		<u>(2,368)</u>
Income Before Income Taxes		(686)
Provision for Income Taxes		(131)
Net Income	\$	<u><u>(555)</u></u>

**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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Darryl A. Lawrence  
Senior Assistant Consumer Advocate  
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Assistant Consumer Advocate  
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