

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania Wastewater, Inc. (hereinafter referred to as “Aqua” or “Applicant”) pursuant to Sections 1102 and 1329 of the Public Utility Code for: : **Docket No. A-2023-3041695**
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(1) approval of the acquisition by Aqua of the wastewater system assets of the Greenville Sanitary Authority (“GSA”) situated within the Borough of Greenville, Hempfield Township, and West Salem Township, Mercer County, Pennsylvania; :
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(2) approval of the right of Aqua to begin to offer, render, furnish and supply wastewater service to the public in the Borough of Greenville, Hempfield Township and West Salem Township, Mercer County, Pennsylvania; and :
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(3) an order approving the acquisition that includes the ratemaking rate base of the GSA wastewater system assets pursuant to Section 1329(c)(2) of the Public Utility Code. :
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Request for Approval of Contracts, including Assignments of Contracts, between Aqua and the GSA, Pursuant to Section 507 of the Public Utility Code :
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APPLICATION

To the Pennsylvania Public Utility Commission (“Commission”):

1. Applicant respectfully requests that the Commission issue an *Order* and *Certificates of Public Convenience* approving and addressing the items requested in this Application.

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

I. BACKGROUND

3. The name and address of Applicant is:

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

4. The name, address and contact information for Applicant's counsel is:

Courtney L. Schultz, Esq.
Saul Ewing LLP
1500 Market Street
Centre Square West, 38th Floor
Philadelphia, PA 19102
Courtney.schultz@saul.com
Tel. No. (215) 972-7717
Fax No. (215) 972-1839

5. Pursuant to Sections 1102 and 1329 of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 1102 and 1329, Applicant hereby requests that the Commission: (1) approve Aqua's acquisition of the wastewater system assets ("**Acquired Assets**") of the GSA; (2) approve the right of Aqua to begin providing wastewater service in the requested territory, as shown in the area outlined in red on the map attached hereto as **Exhibit A** (the "**Requested Territory**");¹ and (3) include, in its Order approving the acquisition, the ratemaking rate base of the Acquired Assets as determined under Section 1329(c)(2) of the Public Utility Code, 66 Pa.C.S. § 1329(c)(2). As discussed in Section XII *infra*, Aqua also requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507 of the Public Utility Code, 66 Pa.C.S. § 507, for certain municipal contracts that Aqua has included in the Application.

6. The map of the Requested Territory includes a north arrow depicting map orientation, a graphic scale, the municipal boundaries of the Borough of Greenville ("**Greenville**"), Hempfield

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

Township (“**Hempfield**”), and West Salem Township (“**West Salem**”) and identification and depiction of all private and public roads relative to the Requested Territory. A bearing and angle description of the Requested Territory is included on **Exhibit A**. The Requested Territory is approximately 1.92 square miles (1,230 acres).

7. Aqua and the GSA have reached an agreement regarding the acquisition of the Acquired Assets, as evidenced by the *Asset Purchase Agreement*, dated as of April 27, 2023, and attached hereto as **Exhibit B** (the “**Agreement**”).

II. AFFECTED ENTITIES

8. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua is engaged in the wastewater service business and furnishes wastewater service to approximately 60,000 customer accounts, as reflected in documents already on file with the Commission. Aqua’s existing service territories cover various counties throughout Pennsylvania with wastewater operations in nearby Venango County, and its affiliate Aqua Pennsylvania, Inc. (“**Aqua PA**”) also provides water operations in close proximity in Mercer County, including Aqua’s Western Division office in Sharon, Pennsylvania.

9. The GSA is a duly organized and validly existing municipal authority organized and existing under the Municipal Authorities Act of 1945. The GSA owns the sanitary wastewater collection and treatment system which provides sanitary wastewater service to approximately 2,281 customers and which also provides transmission and treatment service for Hempfield and West Salem. GSA accepts flows from approximately 1,168 Hempfield customers and 571 West Salem customers. GSA provides bulk treatment service for Hempfield and West Salem as these municipalities own their respective collection systems and bill their own residents.

10. Applicant incorporates into this Application other information on file with the Commission that establishes the fact that Aqua is qualified to provide adequate public wastewater

service. Aqua will supplement this Application with all additional information the Commission may require. Balance Sheet and Income Statement reports from Aqua’s financial system for calendar year 2022 are attached hereto as **Exhibit C**.

III. PLANT-IN-SERVICE

11. Aqua will acquire the GSA wastewater collection and treatment system assets as defined in the Agreement, *i.e.*, the Acquired Assets. All of the Acquired Assets are located in Greenville, except for several gravity sewers that connect into the wastewater collection systems of Hempfield and West Salem.

12. An Engineer’s Assessment of Wastewater System Assets, prepared by KLH Engineers, Inc. (“**Asset Inventory**”), is attached hereto as **Exhibit D**. The facilities map included with the Asset Inventory, as Appendix D thereto, is considered CONFIDENTIAL.

13. The Asset Inventory explains that the GSA collection and treatment system has: (i) one wastewater treatment plant (“**WWTP**”); (ii) approximately 29 miles of gravity sewer collection mains, in sizes ranging from 6 inches to 30 inches in diameter; and (iii) approximately 545 lineal feet (“**LF**”) of force mains, ranging from 1 inches to 2 inches in diameter. The Asset Inventory also details the three GSA-owned pump stations.

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

15. All component facilities are installed. The approximate time of installation of component facilities is addressed in Appendix A of the Asset Inventory and in Mr. Bubel’s Direct Testimony (Application **Exhibit X**, Aqua Statement No. 2).

16. Wastewater treatment is provided by the GSA at its WWTP located in Hempfield Township, Mercer County. The GSA’s Chapter 94 Report to the Department of Environmental

Protection (“**DEP**”), which includes Chapter 94 Report questionnaires for Hempfield and West Salem (together, referred to as the “**Contributing Municipalities**”), is attached hereto as **Exhibit E**. The WWTP has a permitted capacity of 4.0 million gallons per day (“MGD”) with elevation (“**EL**”) between EL 928 and 938.

17. The GSA accepts wastewater flow into its collection system from portions of the Contributing Municipalities, which is then treated at the WWTP. Flow is conveyed from the Contributing Municipalities to the WWTP through gravity sewers, force mains, and pump stations owned by the Contributing Municipalities. Once within the GSA System, flow is conveyed via gravity sewers, force mains, and the three GSA owned pump stations. The GSA pump stations, the Penn Avenue Pump Station, Barrett Street Pump Station, and North Front Street Pump Station, have design capacities of 17,280 gallons per day (“**gpd**”), 18,720 gpd, and 18,720 gpd, respectively. The arrangement for conveyance and treatment of flow from the Contributing Municipalities is discussed below in paragraph 25.

18. Elevation of the GSA collection system and the service area varies:

EL 984 to EL 1181 along the western boundary.

EL 918 to EL 984 along the southern boundary.

EL 918 to EL 1049 along the northern boundary.

EL 1033 to EL 1082 along the eastern boundary.

19. Water service in the Requested Territory is provided by the Municipal Authority of the Borough of Greenville – Greenville Water Authority (“**GWA**”).

20. The original cost, by year and major plant category, of the GSA’s used and useful plant in service is \$13,638,921 with a related calculated depreciation reserve of \$6,784,482.

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

IV. ASSET PURCHASE AGREEMENT

22. The Agreement is dated April 27, 2023. The purchase price is Eighteen Million Dollars (\$18,000,000).

23. The purchase price is based on arm's length negotiations. Aqua and the GSA are not affiliated with each other.

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

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

26. Acquired Assets also include the four contracts identified on Schedule 4.15 of the Agreement to which the GSA is a party (the "Assigned Contracts"). The Assigned Contracts are attached hereto as Exhibit F1, Exhibit F2, Exhibit F3, Exhibit F4, Exhibit F5, and Exhibit F6, respectively:

F1: Intermunicipal Sewage Agreement, dated October 28, 1998, between Greenville, GSA, West Salem, and the West Salem Township Municipal Sewage Authority ("WSMSA").

F2: Addendum to Intermunicipal Sewage Agreement, dated December 23, 1998, between Greenville, GSA, West Salem, and WSMSA.

F3: Addendum to Intermunicipal Sewage Agreement, dated March 19, 2008, between Greenville, GSA, West Salem, and WSMSA.

F4: Consent Agreement, dated June 16, 2011, between Greenville, GSA, West Salem, and WSMSA.

F5: Intermunicipal Sewage Agreement, dated December 21, 2006, between GSA, Greenville, Hempfield Township Municipal Authority (“HTMA”), and Hempfield.

F6: Pro Forma Water Meter Read Agreement, between Aqua and GWA.

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

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

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

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

	Debit	Credit
Utility Plant Purchased	\$18,000,000	
Cash/Short Term Debt		\$18,000,000

V. CUSTOMERS

31. The GSA provides wastewater service to approximately 2,283 customers, which includes 2,082 residential, 183 commercial, 2 industrial, and 14 public within the Requested Territory, and bulk service to 2 Contributing Municipalities. The GSA provides bulk treatment to 1,646 customers in the Contributing Municipalities (1,168 in Hempfield and 571 in West Salem).

32. Wastewater flow billed for customers within the GSA’s service area was approximately 91,133,000 gallons for 2022. Wastewater flow from the Contributing

Municipalities is not measured, however, the Company has estimated flow from the Contributing Municipalities at 74,973,575 gallons for 2022. Total gallons for 2022 treated at the WWTP were an annual average of 694,595,000 gallons based on Chapter 94 Report data.

33. The GSA projects growth of 85 Equivalent Dwelling Units (“EDUs”) over the next five years within the GSA service territory. The Contributing Municipalities project 50 EDUs to be added over the next five years.

VI. RATES

34. After Closing, Aqua will implement the GSA’s sanitary wastewater rates in effect at Closing, as reflected on Schedule 7.04(a) of the Agreement. The GSA presently bills on a monthly basis to GSA end use customers. Aqua will continue to bill the GSA customers on a monthly basis. A schedule of rates tariff page implementing monthly rates for the GSA customers post-Closing is attached hereto as **Exhibit G**.

35. As presented in Schedule 7.04(a) of the Agreement, the GSA bills its direct retail customers a monthly base fee of \$10.50 per unit, which includes an allowance of 500 gallons, and an inclining consumption charge per 1,000 gallons based on water usage shown below:

Usage	Charge per 1,000 gallons
For next 2,000 gallons	\$3.84
For next 2,000 gallons	\$4.05
For next 3,500 gallons	\$4.13
For next 24,500 gallons	\$4.18
For next 117,500 gallons	\$4.26
For next 100,000 gallons	\$4.40
For next 75,000 gallons	\$4.47
Over 325,001 gallons	\$4.69

The GSA charges well users a flat rate of \$30.41 per month per unit. The Contributing Municipalities bill their own residents at their established rates; however, per **Exhibit F1** West Salem retains 15% of the revenue collected and remits the remainder to the GSA, and similarly,

per **Exhibit F4**, Hempfield retains 25% of the revenue collected and remits the remainder to the GSA. West Salem remits payment to GSA for its revenue collected on a monthly basis, and Hempfield remits payment to GSA for its revenue collected on a quarterly basis. A copy of the GSA's currently effective Rate Ordinance is attached hereto as **Exhibit H**.

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

37. Copies of the notices that will be sent to customers of Aqua and to customers of the GSA describing the filing and the anticipated effect on rates are attached hereto as **Exhibit I1** and **Exhibit I2**.

VII. **COST OF SERVICE**

38. Copies of Greenville's Annual Financial Report for 2021 and 2022 are attached hereto as **Exhibit J1** and **Exhibit J2**, respectively. For the year ended December 31, 2021, the GSA had approximately \$2,578,705 of long-term debt, and the details of long-term debt obligations are described in Note F in **Exhibit J2**.

39. Copies of the GSA's Adopted Annual Budgets for 2022 and 2023 are attached hereto as **Exhibit J3** and **Exhibit J4**, respectively.

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

41. Aqua projects annual revenue of \$1,229,219 from the GSA customers based on the GSA's current rate schedule, calculated as follows:

<i>Address Type</i>	<i>Service</i>	<i>Billed Dollars</i>	<i>Quarterly Minimum Charge - 500 gal.</i>	<i>Avg. Rate per Kgal*</i>	<i>Customers</i>	<i>EDUs</i>	<i>Total Usage</i>
Residential	Wastewater	\$576,687	\$10.50	\$3.86	2,082	2,353	72,593,000
Domestic/Residential Total		\$576,687			2,082	2,353	72,593,000
Commercial	Wastewater	\$122,571	\$10.50	\$3.89	183	221	24,340,000
Commercial Total		\$122,571			183	221	24,340,000
Industrial	Wastewater	\$1,478	\$10.50	\$4.06	2	2	302,000
Industrial Total		\$1,478			2	2	302,000
Public	Wastewater	\$8,884	\$10.50	\$3.74	14	14	1,898,000
Public Total		\$8,884			14	14	1,898,000
Bulk	Wastewater	\$519,600	*Contract*	N/A	2	1,827	74,973,575
Bulk Total		\$519,600			2	1,827	74,973,575
Total Service Revenue		\$1,229,219			2,283	4,418	174,106,575

42. Aqua estimates annual operating and maintenance expenses of \$996,206 based on GSA's operating expenses presented in the 2022 financial statements, as adjusted by Aqua.

VII. PROOF OF COMPLIANCE

43. Aqua will operate and manage the GSA wastewater system as a standalone collection system, but within Aqua's footprint, from its Western Division Office in Sharon, Pennsylvania with operations and management support from Aqua PA's Southeastern Division Office in Bryn Mawr, Pennsylvania. The system is approximately 14 miles from Aqua's Western Division Office.

Mr. Isaiah Vernon will be the assigned Certified Wastewater Operator for the System. Mr. Vernon's currently effective Wastewater Operator's License is attached hereto as **Exhibit L**.

44. The Water Quality Management ("WQM") Permit for the WWTP issued in 2023 is attached as **Exhibit M1**. The WQM Part II permit application related to WWTP upgrades discussed in the Consent Order, and described below and in more detail in Mr. Mark J. Bubel, Sr.'s Direct Testimony. The WQM permit applications for the Barrett Street, Penn Avenue, and North Front Street Pump Stations are attached as **Exhibit M2**.² The National Pollution Discharge Elimination System ("NPDES") Permit for the WWTP is attached hereto as **Exhibit N1**, along with the GSA's NPDES permit renewal application. Copies of Discharge Monitoring Reports ("DMR") for the WWTP from August 2019 through August 2023, are attached hereto as **Exhibit N2**.

45. Notices of Violation ("NOVs") issued to the GSA are attached hereto as **Exhibit O1**. The GSA's response to the NOVs is also included in **Exhibit O1**. The GSA entered into a Consent Order with the DEP on December 21, 2021 in relation to violations of effluent limitations between June 2019 and June 2021, and failure to implement the DEP-approved plan for upgrades to the WWTP. The Consent Order is attached hereto as **Exhibit O2**.

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

47. The service area comprising the Requested Territory is consistent with the GSA's sewage planning and in compliance with the DEP-approved Act 537 Plans. A copy of the GSA's Act 537 Plan documents are attached hereto as **Exhibit P1**. A copy of Hempfield's Act 537 Plan is

² Aqua performed a file review at DEP to retrieve all WQM permits related to the System. The file review did not produce any WQM permits for the three pump stations (Barrett Street, Penn Avenue, and North Front Street). Applications for issuance of new WQM permits have been submitted to DEP for the three pump stations.

attached hereto as **Exhibit P2**. A copy of West Salem’s Act 537 Plan is attached hereto as **Exhibit P3**.

48. The web address for the Greenville Comprehensive Plan is: <https://greenvilleborough.com/joint-comprehensive-plan>. The web address for the Mercer County Comprehensive Plan is: <https://www.mcrpc.com/mercercountys-comprehensive-plan/>. Aqua is not requesting service territory beyond the existing plant footprint.

49. Aqua has wastewater operations in Venango County and Aqua PA has water operations in Mercer County. The acquisition will easily fold into Aqua’s existing wastewater operations. A listing of Aqua’s and Aqua PA’s nearby territories and facilities are as follows:

Aqua Facilities	Location	Distance from the System
Emlenton System	Emlenton, PA	37 miles
Western Division Office	Sharon, PA	14 miles
Lake Latonka (Water) System	Mercer, PA	12 miles
Shenango (Water) System	Sharon, PA	10 miles

50. Aqua is not anticipating any physical, operational or managerial changes at Aqua PA’s Southeastern Office as a result of the acquisition. Aqua also does not anticipate any physical, operation, or managerial changes at its Western Division Office. Aqua will be offering employment to six (6) operational staff from GSA to address the day-to-day operations of the GSA System.

51. Planned capital improvements are addressed in Mr. Bubel’s Direct Testimony (Application **Exhibit X**, Aqua Statement No. 2).

VIII. AFFECTED PERSONS

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

- i. Within neighboring Hempfield, water service is provided by GWA, and private wells. Wastewater service is provided by HTA, the GSA, and private septic systems.
- ii. Within neighboring West Salem, water service is provided by GWA, and private wells. Wastewater service is provided by WSMSA, the GSA, and private septic systems.
- iii. Within neighboring Sugar Grove Township, water service is provided by private wells. Wastewater service is provided by private septic systems.

IX. REASONS SUPPORTING THIS APPLICATION

53. Approval of this Application is necessary or proper for the service, accommodation, convenience or safety of the public. As summarized below and discussed further in the testimonies of Mr. Martin, Mr. Bubel, Mr. Packer, Mr. Childers, and Ms. Black which, as identified in Section XI below, are attached hereto as **Exhibit W**, **Exhibit X**, **Exhibit Y**, **Exhibit Z**, and **Exhibit AA**:

- a. Aqua has the technical, regulatory, financial and legal fitness to operate the Acquired Assets of the GSA, and to maintain the operations and make improvements to meet continuing and future customer needs.³ The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua;
- b. The GSA has agreed to sell its assets. The public interest and need will be served by allowing Aqua, in lieu of the GSA, to provide wastewater service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The GSA system will benefit from the support of wastewater professionals throughout Aqua's organization;

³ As a certificated provider of utility service, Aqua's fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

- c. The acquisition is consistent with the Commission’s long-standing policy supporting the consolidation/regionalization of water/wastewater systems. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale, and the resulting greater environmental/economic benefits. The Commission has previously stated that “acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry.”⁴ The benefits of consolidation/regionalization, ultimately, inure to customers both existing and acquired;
- d. Aqua provides utility service to approximately 60,000 wastewater customers and has years of experience operating wastewater treatment and collection systems in a safe, reliable and efficient manner. Aqua has the managerial, technical, and financial resources to improve the operations of the GSA;
- e. In *McCloskey v. Pa. P.U.C.*, 195 A.3d 1055 (Pa. Cmwlth. 2018), *petition for allowance of appeal denied* No. 703 MAL 2018 (April 23, 2019), the Commonwealth Court held that Commission findings: (i) that Aqua, as the owner of numerous water and wastewater systems has sufficient operational expertise and ability to raise capital to support system operations; and (ii) that the Commission has a policy of consolidation/regionalization of wastewater system assets that allows for increased maintenance, upgrade and expansion of public sewer and water facilities, are substantial evidence, consistent with *Popowsky v. Pa. P.U.C.*, 937

⁴ Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

A.2d 1040 (Pa. 2007), to support a conclusion that there is a public benefit to a transaction such as the one that is the subject of this proceeding;

- f. The acquisition of the GSA system will increase Aqua’s customer base by approximately 4%. With a larger customer base, future infrastructure investments, Statewide, will be shared at a lower incremental cost per customer for all Aqua customers; and
- g. The acquisition will not have any immediate impact on the rates of either existing customers of Aqua or the GSA. As discussed in the testimony of Mr. Packer and presented in the Notice to customers, the increase in rate base may ultimately require an increase in revenue. The hypothetical impact on rates is outweighed by the recognized benefits of Aqua’s ownership including its expertise and ability to raise capital; the furtherance of consolidation/regionalization of wastewater services; and the spreading of costs over a larger customer base. Perhaps more significantly, the acquisition furthers the objective of the General Assembly with the enactment of Section 1329. While *McCloskey* concludes that rate impact should be addressed, it recognizes that it is not dispositive in the Commission’s determination of substantial affirmative benefits.

X. ADDITIONAL INFORMATION REQUIRED BY SECTION 1329 OF THE CODE AND THE COMMISSION’S 1329 CHECKLIST

54. Aqua and the GSA have agreed to use the process presented in Section 1329 of the Code, 66 Pa.C.S. § 1329, to determine the fair market value of the Acquired Assets and the ratemaking rate base. Aqua’s verified statement that it selected Gannett Fleming Valuation and Rate Consultants, LLC (“**Gannett**”) as its Utility Valuation Expert (“**UVE**”) is attached hereto as

Exhibit DD1. The GSA’s verified statement that it selected ScottMadden, Inc. (“**ScottMadden**”) as its Utility Valuation Expert is attached hereto as **Exhibit DD2**.

55. As required by Section 1329(d)(1)(i), copies of the Fair Market Value Appraisal Reports of UVEs Gannett and ScottMadden are attached hereto as **Exhibit Q** and **Exhibit R**, respectively. Confidential and Proprietary Work Paper Files, in Excel Format, of Gannett and ScottMadden are provided with the Application.

56. Applicant states that the purchase price of the Acquired Assets of the selling utility as agreed to by Aqua and the GSA is \$18,000,000.

57. The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$18,000,000, being the lesser of the purchase price of \$18,000,000 negotiated by Aqua and the GSA and the average of the fair market value appraisals which is \$21,408,816.50 – determined by \$24,060,000 presented in the appraisal of Gannett and \$18,757,633 presented in the appraisal of ScottMadden.

58. Aqua will incur transaction and closing costs of approximately \$487,250, which it will include in its rate base.

59. A schedule of rates tariff page implementing rates equal to the rates of the GSA at the time of closing is attached hereto as **Exhibit G**, as previously stated.

60. Applicant verifies that Gannett was selected by Aqua, the acquiring public utility, and that ScottMadden was selected by the GSA, the selling municipal authority.

61. The UVEs were paid \$56,285 for the completed Fair Market Value Appraisal Reports. Documentation of the fees paid to Gannett and ScottMadden, including the valuation service agreements and all associated invoices, are attached hereto as **Exhibit S1** and **Exhibit S2**,

respectively. Fees paid to the UVEs did not exceed 5% of the fair market value of the selling utility.

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

63. Greenville Statement No. 1, the Direct Testimony of Jasson W. Urey, Town Manager, in support of the Application is attached hereto as **Exhibit U**.

64. Greenville Statement No. 2, the Direct Testimony of Dylan W. D'Ascendis, in support of the ScottMadden Appraisal is attached hereto as **Exhibit V**.

65. Aqua Statement No. 1, the Direct Testimony of Zach Martin, in support of this Application is attached hereto as **Exhibit W**.

66. Aqua Statement No. 2, the Direct Testimony of Mark J. Bubel, Sr., in support of this Application is attached hereto as **Exhibit X**.

67. Aqua Statement No. 3, the Direct Testimony of William C. Packer, in support of this Application is attached hereto as **Exhibit Y**.⁵

68. Aqua Statement No. 4, the Direct Testimony of John Childers, in support of this Application is attached hereto as **CONFIDENTIAL SECURITY INFORMATION Exhibit Z**.

69. Aqua Statement No. 5, the Direct Testimony of Rita Black, in support of this Application is attached hereto as **Exhibit AA**.

⁵ Electronic workpapers of Appendix A to Aqua Statement No. 1 are being submitted to the Commission under CONFIDENTIAL cover.

70. Aqua Statement No. 6, the Direct Testimony of Harold Walker, III, in support of the Gannett Appraisal is attached hereto as **Exhibit BB**.

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

XI. SECTION 507 APPROVAL OF ASSIGNMENT OF CONTRACTS

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

73. Aqua requests that the Commission, to the extent necessary, issue certificates for filing, pursuant to Section 507, for the following contracts, which will be assigned or entered into by Aqua at Closing.

- i. F1 – Intermunicipal Sewage Agreement, dated October 28, 1998, between Greenville, the GSA, West Salem, and the WSMSA.
- ii. F2 – Addendum to Intermunicipal Sewage Agreement, dated December 23, 1998, between Greenville, GSA, West Salem, and WSMSA.
- iii. F3 – Addendum to Intermunicipal Sewage Agreement, dated March 19, 2008, between Greenville, the GSA, West Salem, and the WSTMSA.
- iv. F4 – Consent Agreement, dated June 16, 2011, between Greenville, the GSA, West Salem, and the WSTMSA.
- v. F5 – Intermunicipal Sewage Agreement, dated December 21, 2006, between the GSA, Greenville, Hempfield Township Municipal Authority, and Hempfield.
- vi. F6 – Pro Forma Water Meter Read Agreement, between Aqua and GWA

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

74. Aqua asks that the Commission issue such other approvals, certificates, registrations and relief, if any, that may be required with respect to Aqua's acquisition of the Acquired Assets.

XIII. CONCLUSION

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

- a. Issue *Certificates of Public Convenience* under §1102 of the Code:
 - (1) Authorizing Aqua to acquire, by purchase, the wastewater system assets of the GSA; and
 - (2) Authorizing Aqua to begin to offer, render, furnish and supply wastewater service to the public in the Requested Territory covered by this Application.
- b. Authorize Aqua to file tariff revisions, effective upon one day's notice, to:
 - (1) Include within its territory all the Requested Territory covered by this Application;
 - (2) Adopt and apply the GSA's rates as set forth in this Application as Aqua's Base Rates within the Requested Territory; and
 - (3) Apply Aqua's *Rules and Regulations* within the Requested Territory.
- c. Enter an *Order* approving this Application and Aqua's acquisition of the Acquired Assets and, as part of that *Order* include the ratemaking rate base of the GSA as \$18,000,000 pursuant to Section 1329(c)(2) of the Code;
- d. Approve the APA between Aqua and the GSA and the Assigned Contracts pursuant to Section 507 of the Public Utility Code; and

- e. Issue such other approvals, certificates, registrations and relief, if any, under the Code that may be required with respect to Aqua's acquisition of the Acquired Assets.

Respectfully submitted,

AQUA PENNSYLVANIA WASTEWATER, INC.

By: 

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