



May 22, 2024

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VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

In re: Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of the Sadsbury Township Municipal Authority's assets, properties and rights related to its wastewater collection and conveyance system to Pennsylvania-American Water Company, and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in portions of Sadsbury Township, Pennsylvania, Lancaster County, Pennsylvania

Docket No. A-2023-3042058

Dear Secretary Chiavetta:

On behalf of Pennsylvania-American Water Company, I am filing the attached Amended Joint Stipulation of Fact between Pennsylvania-American Water Company, Sadsbury Township Municipal Authority, the Office of Consumer Advocate and the Office of Small Business Advocate.

Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "EK Fure".

Erin K. Fure

cc: The Honorable Katrina Dunderdale, Administrative Law Judge (*via electronic mail*)
All Parties on the attached Certificate of Service (*via electronic mail*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water :
Company under Section 1102(a) of the :
Pennsylvania Public Utility Code, 66 Pa. C.S. :
§ 1102(a), for approval of (1) the transfer, by sale, :
of substantially all of the Sadsbury Township : Docket No. A-2023-3042058, *et*
Municipal Authority's assets, properties and rights : *al.*
related to its wastewater collection and :
conveyance system to Pennsylvania-American :
Water Company, and (2) the right of Pennsylvania- :
American Water Company to begin to offer or :
furnish wastewater service to the public in portions :
of Sadsbury Township, Pennsylvania, Lancaster :
County, Pennsylvania :

CERTIFICATE OF SERVICE

I hereby certify that I served the above-referenced pleading upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §1.54 (relating to service by a party).

SERVICE VIA ELECTRONIC MAIL ON MAY 22, 2024

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Respectfully Submitted,



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**Attorneys for
Pennsylvania-American Water Company**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Administrative Law Judge
Katrina L. Dunderdale**

In re: Application of Pennsylvania-American :
Water Company under Section 1102(a) of the :
Pennsylvania Public Utility Code, 66 Pa. C.S. :
§ 1102(a), for approval of (1) the transfer, by :
sale, of substantially all of the Sadsbury :
Township Municipal Authority’s assets, :
properties and rights related to its wastewater : Docket No. A-2023-3042058, *et al*
collection and conveyance system to :
Pennsylvania-American Water Company, and :
(2) the right of Pennsylvania-American Water :
Company to begin to offer or furnish :
wastewater service to the public in portions of :
Sadsbury Township, Pennsylvania, Lancaster :
County, Pennsylvania. :

AMENDED JOINT STIPULATION OF FACT

Pennsylvania-American Water Company ("PAWC"), Sadsbury Township Municipal Authority formerly known as Sadsbury Township Sewer Authority ("STMA"), the Office of Consumer Advocate ("OCA"), and the Office of Small Business Advocate ("OSBA") (hereinafter collectively referred to as the "Stipulating Parties"), file this Amended Joint Stipulation of Fact ("Amended Stipulation") in the above-captioned proceedings. In support of the Amended Stipulation, the Stipulating Parties represent as follows:

1. Paragraphs 1 through 9 (regarding "Procedural History") of the Amended Joint Petition for Approval of Settlement of All Issues ("Amended Settlement"), filed on this same date in the above-captioned proceedings, are hereby incorporated by reference.

2. Considering that the Stipulating Parties have reached a settlement prior to the introduction of any testimony in this matter, and in view of the need for substantial evidence supporting the Commission's decision, the Stipulating Parties hereby jointly stipulate to the veracity of the facts set forth in **Appendix A**. This Amended Stipulation is presented by the Stipulating Parties in conjunction with the Amended Settlement, which is intended to settle all issues in the above-captioned proceedings. If the Commission rejects or otherwise modifies the Amended Settlement, the Stipulating Parties reserve their respective procedural rights to submit testimony and exhibits, and cross-examine witnesses at on-the-record evidentiary hearings.

3. This Amended Stipulation is being presented in conjunction with the Amended Settlement only to resolve issues in the above-captioned proceedings. Regardless of whether this Amended Stipulation is approved, no adverse inference shall be drawn, nor shall prejudice result to any Stipulating Party in this or any future proceeding as a consequence of this Amended Stipulation, or any of its terms or conditions.

4. Attached hereto as **Appendix B** is a proposed "Order Granting Amended Joint Stipulation of Fact" for consideration by the Honorable Administrative Law Judge Katrina L. Dunderdale.

WHEREFORE, the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judge Katrina L. Dunderdale approve this Amended Joint Stipulation of Fact.

Respectfully submitted,

/s/ Erin L. Gannon

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On behalf of the Office of Consumer Advocate

/s/ Sharon E. Webb

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On behalf of the Office of Small Business Advocate

Erin K. Fure

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On behalf of Pennsylvania-American Water Company

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Matthew Olesh, Esquire
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Philadelphia, PA 19102

On behalf of Sadsbury Township Municipal Authority

APPENDIX A

STIPULATED FACTS

THE PARTIES

1. Sadsbury Township Municipal Authority, f/k/a Sadsbury Township Sewer Authority (“STMA”) is a municipal authority which owns, maintains, and operates the wastewater collection system (the “System”) that serves approximately 223 residential and 28 commercial customers in Sadsbury Township (“Sadsbury Township”), Lancaster County, Pennsylvania.

2. Pennsylvania-American Water Company (“PAWC”) is a regulated public utility corporation (Utility Codes 212285 (water) and 230073 (wastewater)) duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. Water and wastewater service is furnished by PAWC to the public in a service territory encompassing more than 400 communities across the Commonwealth with a combined population of over 2,400,000. PAWC is a currently certificated public utility.

3. The Office of Consumer Advocate (“OCA”) is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Pennsylvania Public Utility Commission (“Commission” or “PUC”). 71 P.S. §§ 309-1 *et seq.*

4. The Office of Small Business Advocate (“OSBA”) is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small business before the Commission. 73 P.S. §§ 399.41 - 399.50.

NON-PARTY ENTITIES

5. Sadsbury Township is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, located in the County of Lancaster,

Commonwealth of Pennsylvania.

6. Christiana Borough (“Christiana Borough”) is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, located in the County of Lancaster, Commonwealth of Pennsylvania.

7. Christiana Borough Authority (“Christiana Borough Authority”) is a Pennsylvania municipal authority incorporated under the provisions of the Pennsylvania Municipal Authorities Act of 1945, as amended, of Christiana Borough, of the County of Lancaster, Commonwealth of Pennsylvania.

8. The Township of Salisbury (“Salisbury Township”) is a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, located in the County of Lancaster, Commonwealth of Pennsylvania, organized and operating under the Second Class Township Code.

9. Salisbury Township abuts Sadsbury Township to the north of Sadsbury Township.

10. Christiana Borough abuts Sadsbury Township to the south of Sadsbury Township.

THE WASTEWATER SYSTEM

11. STMA owns, maintains and operates the wastewater collection and conveyance system (the “System”) providing wastewater service to approximately 223 residential and 28 commercial customers in Sadsbury Township, Lancaster County.

12. The System receives wastewater treatment under the terms set forth in the service agreements STMA has entered into with (1) Sadsbury Township, Christiana Borough Authority and Borough of Christiana (together, “Christiana”) and (2) Salisbury Township.

THE PURCHASE PRICE OF THE SYSTEM

13. PAWC and STMA have entered into an Asset Purchase Agreement (“APA”) by which PAWC will acquire the System for \$990,000 subject to certain conditions (the “Transaction”), including but not limited to the receipt of all necessary governmental approvals, including approvals from the Commission, the Pennsylvania Department of Environmental Protection (“PaDEP”) and the Township.

14. On August 3, 2023, PAWC filed an Application at Docket No. A-2023-3043058 asking the Commission to approve its acquisition of the System under Sections 507 and 1102(a) of the Public Utility Code, 66 Pa C.S. § 507 and § 1102(a). Furthermore, PAWC is requesting the right to offer or furnish wastewater service to the public in portions of Sadsbury Township, Lancaster County, Pennsylvania.

15. The service agreements STMA entered into with Sadsbury Township and Christiana are attached to the Application as “Appendix B.”

16. The service agreements STMA entered into with Salisbury Township are attached to the Application as “Appendix C.”

17. A map showing the proximities of Sadsbury Township, Christiana Borough, and Salisbury Township is attached to the Application as part of Appendix O.

18. Notice regarding the proposed sale of the System was provided (1) by publication in LNP and Lancaster Online on September 29, 2023 and October 6, 2023, (2) publication in the Pennsylvania Bulletin on August 19, 2023, and (3) as evidenced by the Certificate of Service filed by PAWC on October 10, 2023. Since September 23, 2020, the STMA Board Meeting agendas have listed the proposed sale as an agenda item 13 times.

SYSTEM OPERATIONS

19. STMA currently does not have a building for operations.
20. STMA has no employees; billing and accounting services are outsourced by STMA.
21. STMA does not have complete access to records such as historical data regarding customer accounts, system mapping, and infrastructure condition.
22. PAWC employs many engineers, system operators, and other professionals in close proximity to the System. In managing the System, PAWC can also rely on experts across the footprint of American Water, the largest water and wastewater company in the country.
23. Recordkeeping will improve under the ownership of PAWC, as a PUC-regulated wastewater utility. The ability to have historical data regarding customer accounts and infrastructure will improve service to customers in areas such as dispute resolution, repairs, maintenance, and compliance with state and federal mandates.
24. Prospective customers in the acquired territory will become eligible for PAWC's bona fide service applicant program for existing customers, found in Section M of PAWC's Wastewater Tariff. PAWC has experience managing growth and attracting development opportunities.
25. As PAWC customers, the acquired customers will have access to PAWC's extended customer service and call service hours, as well as PAWC's customer information and education programs.
26. Current STMA customers may pay their bills through cash or check, mailed to a Post Office box maintained by STMA or, since January 2024, delivered in-person to a member of

Sadsbury Township staff. There are no other available means by which an STMA customer may pay for their wastewater service.

27. As PAWC customers, the acquired customers will have additional bill payment options, including continuing the options for in-person payment. There are two zip codes for STMA's service territory. PAWC currently maintains seven in-person payment locations within 15 miles of STMA customers living in zip code 17527, and four for customers living in zip code 17509. PAWC does not charge any fee for in-person payment at these locations.

28. STMA does not have a low-income customer assistance program and has no plans to create one.

29. PAWC offers low-income customer assistance programs, including a bill discount program and hardship grant program, and a newly approved arrearage management plan.

30. PAWC does not have an estimate of the number of STMA customers who would be eligible for PAWC's low-income assistance programs.

RATES

31. STMA does not provide any free or unbilled service; all entities receiving wastewater collection service from STMA are billed in accordance with Resolution A3-2020.

32. STMA's current rates and fees were adopted by resolution dated October 21, 2020 (Resolution A3-2020).

33. STMA charges a "return check fee" of \$25. PAWC's return check fee is \$20. Otherwise, the STMA fees will be eliminated under PAWC ownership and the PAWC fees will be applicable to the STMA system, as listed below.

Current PAWC Tariff	
Return Check Fee	\$20
Capacity Reservation Fee	\$4,000 Per EDU (when applicable)
Service Line Inspection Fee	\$50
Service Reconnection and Discontinuance Fee	\$30 (Regular Hours) Cost (Non-Regular Hours)
Wastewater Plant, Residential Septage, and Commercial Waste Disposal Fee	Paid by Private Contractors to Dispose of Private Residential Septage and Commercial Wastes

STMA Charges per Resolution A3-2020	
Return Check Fee	\$25 (in addition to bank fees)
Connection Fee	Actual Cost of Connection
Customer Facilities Fee	Actual Cost of the Meter and Associated Facilities Plus Costs to Inspect the Installation of the Meter and Install the Remote Meter
Tapping Fee	\$2,505 Per EDU for Collection Part \$7,495 Per EDU for Capacity Part
Failure to Notify STMA of Sale of Property Within 45 Days of Sale	\$500
Meter Read Fee	\$200 Per Quarter

34. Current PAWC wastewater Rate Zone 1 unmetered rates per EDU are \$106 per month.

35. STMA's current, unmetered rates of \$385 per EDU per quarter (the equivalent of \$128.33 per month) include the annual fees for wastewater treatment that are charged to STMA under its service agreements with (1) Sadsbury Township and Christiana and (2) Salisbury Township.

36. In its pending base rate case at Docket No. R-2023-3043190, PAWC has proposed to (1) continue including the costs for wastewater treatment in base rates and (2) maintain the current flat rate of \$128.33 per EDU per month for customers in the STMA system.

37. The annual fees and charges assessed to STMA pursuant to the service agreements with (1) Sadsbury Township and Christiana and (2) Salisbury Township vary by year:

	2022	2021	2020
Christiana	\$82,195.51	\$61,909.66	\$132,642.53
Salisbury Township	\$30,733.31	\$20,805.07	\$47,830.01
Total	\$112,928.82	\$82,714.73	\$180,472.54

38. The Agreement between Salisbury Township and STMA states that prior to October 31 of each year, Salisbury Township will advise STMA of any proposed maintenance, repairs, or replacement of Salisbury Township facilities that may impact calculation of the service fee and charges. Application, App. C, p. 25, ¶ 4.2(f). Neither PAWC nor STMA have been informed of any plans by Salisbury Township that will impact calculation of the service fee and charges for 2023 or subsequent years.

39. The STMA system has no history of PaDEP violations.

40. At the time the Application was filed, STMA did not have a Water Quality Management permit for its Pumping Stations #1 or #2, which forward flows to the Christiana Borough Sewage Treatment Plant. STMA submitted two applications to PaDEP in July 2023, requesting WQM permits for each pumping station. WQM permits were issued for each pumping station on December 29, 2023.

PAWC’S PLAN FOR IMPROVEMENTS TO THE SYSTEM

41. Based on current information, the existing STMA facilities are in condition to provide adequate service.

42. PAWC plans the following improvements to the STMA System for the first six years of ownership:

- For Years 1 and 2, improvements include conducting a condition based assessment/Geographic Information System (“GIS”) survey of the collection

system, installing safety and security improvements, installing Supervisory Control and Data Acquisition (“SCADA”) improvements, and performing pump replacement.

- Planned improvements for all six years include constructing wastewater Distribution System Improvement Charge (“DSIC”) projects consistent with the condition-based assessment and PAWC’s Long-Term Infrastructure Improvement Plan (“LTIIIP”), installing new mains and laterals, replacing valves, and manholes.

43. The above-listed investments are not planned or contemplated by STMA, further, STMA does not have the funding to pursue them.

44. Projected costs for PAWC’s planned investment for the first six years of ownership total \$1,531,000.

45. Appendix F to the Application references long-term debt of \$1,058,000. STMA incurred that debt to initially install its System and has refinanced the debt many times.

46. PAWC has performed an analysis of the original cost and accumulated depreciation of the STMA System, which shows the depreciated original cost of the assets is \$1,935,612, or \$945,612 more than the purchase price. After closing, PAWC will file with the Commission an original cost study to reflect the original cost and accumulated depreciation as of the closing date.

RATES AFTER CLOSING

47. In its pending base rate case at Docket No. R-2023-3043190, PAWC has proposed a negative utility plant acquisition adjustment that will be recorded as a regulatory liability for the STMA acquisition. PAWC proposes to amortize over 10 years the difference between the \$990,000 purchase price and the depreciated cost of the assets as an addition to income, which offsets expenses included in revenue requirement.

48. Based on the purchase price of the System, the average purchase price per existing customer for the STMA is \$3,944.

49. The average net plant in service per existing PAWC wastewater customer as of December 31, 2023, based on projections in PAWC's last base rate case at Docket No. R-2022-3031673, is \$12,271.

50. Based on the purchase price of the system and projected capital investment, PAWC estimates that the System will have an annual revenue sufficiency of \$43,000 in excess of cost of service.

VERIFICATION

I, Jody Watts, hereby state that the facts above set forth in the attached Amended Joint Stipulation of Facts are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Jody Watts, Manager – Business Integration
American Water Works Service Company

Dated: 5/21/2024

VERIFICATION

I, Stacey Gress, hereby state that the facts above set forth in the attached Amended Joint Statement of Facts are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Stacey Gress, Director of Rates and Regulatory
American Water Works Service Company

Dated: May 21, 2024

VERIFICATION

I, Gerald DeBalko, hereby state that the facts above set forth in the attached Amended Joint Statement of Facts are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.

Gerald DeBalko

Gerald DeBalko, P.E.
Engineering Manager – Southeast PA
Pennsylvania-American Water Company

Dated: 5/21/2024

APPENDIX B

FORM OF ORDER

APPROVING AMENDED JOINT STIPULATION OF FACT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American :
Water Company under Section 1102(a) of the :
Pennsylvania Public Utility Code, 66 Pa. C.S. :
§ 1102(a), for approval of (1) the transfer, by :
sale, of substantially all of the Sadsbury :
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collection and conveyance system to :
Pennsylvania-American Water Company, and :
(2) the right of Pennsylvania-American Water :
Company to begin to offer or furnish :
wastewater service to the public in portions of :
Sadsbury Township, Pennsylvania, Lancaster :
County, Pennsylvania. :

**ORDER APPROVING AMENDED JOINT STIPULATION
OF FACT**

On May _____, 2024, Pennsylvania-American Water Company, Sadsbury Township Municipal Authority f/k/a Sadsbury Township Sewer Authority, the Office of Consumer Advocate and the Office of Small Business Advocate (collectively, the “Stipulating Parties”) filed an “Amended Joint Stipulation of Fact” (“Amended Stipulation”) in the above-captioned proceedings. Each of the Stipulating Parties agreed to the veracity of the facts as listed in **Appendix A** of the Amended Stipulation in order to provide the Commission with the factual basis necessary for approving the “Amended Joint Petition for Approval of Settlement of All Issues” (“Amended Settlement”), filed contemporaneously with the Amended Stipulation. The Amended Stipulation is attached to this Order.

As this request is reasonable, it will be granted.

THEREFORE, IT IS ORDERED:

1. That the Amended Stipulation, filed on May____, 2024, is APPROVED; and

2. The facts listed therein are admitted into the record of these proceedings on the terms and conditions set forth in the Amended Stipulation.

Date: _____

Katrina L. Dunderdale
Administrative Law Judge