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VIA eFiling

August 1, 2024

Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd 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

Pennsylvania-American Water Company Responses to the
Bureau of Technical Utility Services Deficiencies – July 18, 2024

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are Responses of Pennsylvania-American Water Company (the "Company") to the 66 Pa. C.S. Section 1329 Application Completeness Review of Pennsylvania-American Water Company – Wastewater Division Acquisition of Towamencin Township Wastewater System Assets at Docket No. A-2023-3039900.

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

The Company respectfully requests that the Secretarial Letter conditionally accepting the Application for filing provide a due date for protests and notices of intervention, which is required on the form of notice approved by the Commission in *Application of Pennsylvania-American Water Company Pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Water System Assets of the Steelton Borough Authority,* Docket No. A-2019-3006880 (Opinion and Order entered Oct. 3, 2019) and found at Application Appendix A-18-d.

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

Sincerely,

Teresa K. Harrold

Enclosures

cc: Certificate of Service
Sean Donnelly, Bureau of Technical Utility Services

40. Checklist Item No. 2 – The Joint Application's Fifth Amended Appendix A included a reference to Amended Appendix A-2 and Original Appendix A-2.1 for the verification forms that are signed by an officer or authorized employee of the company, dated, and accurately reference the case. However, the Joint Application appears to only include Original Appendix A-2.1 for Towamencin Township and is missing Amended Appendix A-2 for PAWC. Please provide the missing Amended Appendix A-2 that includes a copy of a verification form that is signed by a PAWC officer or authorized employee of the company, is dated, and accurately references the case.

Response: A complete copy of Amended Appendix A-2 is attached as **Attachment 40-A**. The parties only amended this appendix for purposes of including a new verification from the Township.

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

2. Verification form that is signed by an officer of the company, or authorized employee of the company, dated, and accurately references the case.

AMENDED RESPONSE:
See enclosed verification form at **Appendix A-2** that is signed by E. Christopher Abruzzo, Senior Director of Business Development, Pennsylvania-American Water Company and at **Appendix A-2.1** signed by David Kraynik, Township Manager, Towamencin Township.

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 by Towamencin Municipal Authority and leased to 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 by Towamencin Municipal Authority and leased to 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-_____

APPENDIX A-2

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement By and Among the Towamencin Municipal Authority, the Township of Towamencin and NextEra Water Pennsylvania, LLC, (ii) the Assignment and Assumption Agreement of Asset Purchase Agreement By and Among the Towamencin Municipal Authority, the Township of Towamencin, NextEra Water Pennsylvania, LLC and Pennsylvania-American Water Company, and (ii) seven agreements with municipal corporations to be assumed by Pennsylvania-American Water Company upon closing of its acquisition of substantially all of the assets related to the wastewater collection and treatment system owned and operated by Towamencin Township and Towamencin Municipal Authority	:	Docket Nos. U-2023-_____, *et al.*

VERIFICATION

I, E. Christopher Abruzzo, Esq., Senior Director of Business Development, Pennsylvania-American Water Company, state that the facts set forth above 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 herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: May 15, 2023

E. Christopher Abruzzo, Esq.
Senior Director of Business Development
Pennsylvania-American Water Company

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Joint Application of Pennsylvania-American Water Company and Towamencin Township under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§ 1102(a) and 1329, for approval of (1) PAWC's 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; (2) Towamencin Township's sale of the assets, properties and rights related to its wastewater collection and treatment system located in a portion of Worcester Township, Lower Salford Township and bulk customers that interconnect to the Township sewer system outside of the Township's geographic boundaries; (3) 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; and (4) the abandonment of wastewater service by Towamencin Township in a portion of Worcester Township, Lower Salford Township and bulk customers that interconnect to the Township sewer system outside of the Township's geographic boundaries	:	Docket Nos. A-2023-3039900 and A-2024-_____
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-____
In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement By and Among the Towamencin Municipal Authority, the Township of Towamencin and NextEra Water Pennsylvania, LLC, and the First Amendment to the Asset (ii) the Assignment and Assumption Agreement of Asset Purchase Agreement By and Among the Towamencin Municipal Authority, the Township of Towamencin, NextEra Water Pennsylvania, LLC and Pennsylvania-American Water Company, and (ii) seven agreements with municipal corporations to be assumed by Pennsylvania-American Water Company upon closing of its acquisition of substantially all of the assets related to the wastewater collection and treatment system owned and operated by Towamencin Township and Towamencin Municipal Authority	:	Docket Nos. U-2023-____, *et al.*

VERIFICATION

I, David Kraynik, Township Manager for Towamencin Township, hereby state that the facts set forth 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. C.S. § 4904 (relating to unsworn falsification to authorities).

Dated: April 12, 2024

David Kraynik

#124196221v1

41. Checklist Item No. 18 – Towamecin Township's wastewater rates, contained in the Joint Application's Appendices A-18-a and A-18-b, do not match Towamencin Township's current effective rates for Towamencin Township's customers that are charged tariffed rates for wastewater services. Please provide an amended Appendix A-18 to include a copy of Towamencin Township's effective wastewater tariff.

Response: Towamencin's currently effective wastewater tariff for customers located outside of the Towamencin Township borders is on file with the Commission at Docket No. A-2023-3040661.

42. Checklist Item No. 19.a. – The Joint Application's Appendices A-19-a.1 and A-19-a.2 included copies of the Towamencin Municipal Authority's audited financial statements for the years 2020 and 2021, respectively. The Joint Application is required to meet the requirements of the Section 1329 Application Checklist as of the filing date. Correspondingly, Checklist Item No. 19.a. requires a copy of the seller's two most recent audited financial statements. Please submit a revised appendix that provides the seller's 2023 audited financial statements.

Response: See **Amended Appendix A-19-a**, specifically **Appendix A-19-a.3**, for the seller's 2023 audited financial statements.

43. Checklist Item No. 19.b. – The Joint Application's Appendices A-19-b.1 and A-19-b.2 included copies of the Towamencin Township's adopted budgets for 2022 and 2023, respectively. The Joint Application is required to meet the requirements of the Section 1329 Application Checklist as of the filing date. Correspondingly, Checklist Item No. 19.b. requires a copy of the seller's two most recent adopted budgets. Please submit a revised appendix that provides the seller's adopted budget for 2024.

Response: See **Amended Appendix A-19-b**, specifically **Appendix A-19-b.3**, for the seller's adopted budget for 2024.

44. Checklist Item No. 19.c. – The Joint Application's Appendices A-19-c.1 and A-19-c.2 included a copy of the Towamencin Municipal Authority's and the Township of Towamencin's 2021 annual reports filed with the Commonwealth's Department of Community and Economic Development (DCED), respectively. The Joint Application is required to meet the requirements of the Section 1329 Application Checklist as of the filing date. Correspondingly, Checklist Item No. 19.c. requires a copy of the seller's most recent annual report filed with the Commonwealth's DCED. Please submit a revised appendix that provides the seller's 2022 annual report filed with the Commonwealth's DCED.

Response: See **Amended Appendix A-19-c**, specifically **Appendix A-19-c.3 and c.4**, for the 2022 annual reports filed with the Commonwealth DCED for Towamencin Municipal Authority and the Township of Towamencin, respectively.

45. Checklist Item No. 20.c. – The Joint Application's Appendix A-20-c included a copy of Towamencin's 2022 Chapter 94 Municipal Wasteload Management Report. Checklist Item No. 20.c. requires a copy of the Chapter 94 Municipal Wasteload Management Report that was most recently submitted to DEP. Please provide a copy of Towamencin's 2023 Chapter 94 Municipal Wasteload Management Report submitted to DEP.

Response: See **Amended Appendix A-20-c** for a copy of Towamencin's 2023 Chapter 94 Municipal Wasteload Management Report submitted to DEP.

46. Checklist Item Nos. 24.c., 24.d. and 24.e. – The Joint Application's Appendix A-24-a.3. included a copy of the Assignment and Assumption Agreement of the Asset Purchase Agreement (APA Assignment), dated March 23, 2023, and the APA Assignment's Exhibit A included a copy of the Asset Purchase Agreement (APA) dated June 14, 2022. The APA's Article II, Section 2.01(b) indicated that all sanitary wastewater related treatment and conveyance facilities included Towamencin Township's assets as set forth on Schedule 2.01(b). The APA's Schedule 2.01(b), Acquired Assets, included a copy of a map that graphically depicted the Towamencin Township's wastewater system assets to be included as part of the acquisition. The Asset Map does not appear to conform with the Towamencin Township's service territory map provided in its response to the Commission's Bureau of Technical Utility Services Data Request A-1 at Docket No. A-2023-3040661 and the Joint Application's Appendix A-15-a.1 that reduced the Towamencin Township's assets to be included as part of the transaction. Checklist Item Nos. 24.c., 24.d. and 24.e. require that the APA clearly indicates whether all assets or only a portion of the assets are to be purchased, adequately describes the assets to be acquired, and adequately describes the assets to be excluded, respectively. Please provide a revised APA that clearly indicates whether all assets or only a portion of the assets are to be purchased, adequately describes the assets to be acquired, and adequately describes the assets to be excluded, respectively.

Response: The parties intend to revise the APA's Article II, Schedule 2.01(b) at the time of closing on the APA, as amended, to reflect the most current service territory map at that time.

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
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In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement By and Among the Towamencin Municipal Authority, the Township of Towamencin and NextEra Water Pennsylvania, LLC, and the First Amendment to the Asset (ii) the Assignment and Assumption Agreement of Asset Purchase Agreement By and Among the Towamencin Municipal Authority, the Township of Towamencin, NextEra Water Pennsylvania, LLC and Pennsylvania-American Water Company, and (ii) seven agreements with municipal corporations to be assumed by Pennsylvania-American Water Company upon closing of its acquisition of substantially all of the assets related to the wastewater collection and treatment system owned and operated by Towamencin Township and Towamencin Municipal Authority	:	Docket Nos. U-2023-_____, *et al*.

CERTIFICATE OF SERVICE

I hereby certify that I am this 1st day of August, 2024, serving the **Responses of Pennsylvania-American Water Company to the Bureau of Technical Utility Services Deficiencies – July 18, 2024**, upon the persons and in the manner indicated below, in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

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