

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Application of Pennsylvania American
Water Company for Approval of the
Transfer by Sale of the Sadsbury
Township Municipal Authority**

**Public Meeting held September 12, 2024
Agenda No. 3042058-ALJ
Docket No. A-2023-3042058**

STATEMENT OF CHAIRMAN STEPHEN M. DeFRANK

Before the Commission is the Application filed by Pennsylvania American Water Company (PAWC or the Company) to approve its acquisition of Sadsbury Township Municipal Authority (STMA or Sadsbury Township) wastewater collection and conveyance system. The Application was filed pursuant to Sections 507 and 1102 of the Public Utility Code. On February 21, 2024 PAWC filed a Joint Petition for Approval of Unanimous Settlement (Settlement) which was signed by PAWC, Sadsbury Township, and the Office of Consumer Advocate. Sadsbury Township provides service to approximately 223 residential and 28 commercial customers in Lancaster County. The Settlement proposes an acquisition price of \$990,000.

There are a number of tools this Commission and the regulated water community have to effectuate sensible consolidation and regionalization. These include Sections 529, 1102, and 1329 of the Public Utility Code. Each of these Sections offers a clear public benefit when utilized carefully and within the right circumstances. I would like to take the opportunity to highlight this case as a clear example of water industry consolidation benefitting the Commonwealth under a Section 1102 proceeding.

PAWC's analysis of the Sadsbury Township system showed a depreciated original cost of \$1,935,612, which is almost double the settled purchase price. PAWC has agreed not to seek an amortization adjustment for this difference pursuant to Section 1327 of the Public Utility Code.¹ Further, review of the record indicates that this acquisition will keep the rates for the Sadsbury Township customers unchanged. Noting this, the record also shows that PAWC plans to invest \$1,531,000 into improving the system over the next six years. Sadsbury Township submits that these investments would not occur without the acquisition because the Township lacks the funding.²

The Commission's policy on acquisitions aptly states that "[t]he regionalization of water and wastewater systems through mergers and acquisitions will allow the water industry to institute better management practices and achieve greater economies of scale."³ This case is a prime representation of such referenced regionalization working. Therefore, I am happy to voice my support for this acquisition as I believe the terms to clearly be in the public interest.

September 12, 2024
Date



Stephen M. DeFrank
Chairman

¹ Recommended Decision at page 28.

² Recommended Decision at page 25.

³ 52 Pa. Code § 69.721