

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held September 26, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Kathryn L. Zerfuss, Statement  
John F. Coleman, Jr.  
Ralph V. Yanora

Application of Pennsylvania-American Water	:	A-2023-3042567
Company under Section 1102(a) for approval	:	A-2023-3042587
of the transfer, by sale, of substantially all of the	:	
Township of Farmington’s assets, properties, and	:	
rights related to its drinking water distribution	:	
system to Pennsylvania-American Water	:	
Company; the transfer by sale of substantially	:	
all of the Township of Farmington’s assets,	:	
Properties and rights related to its wastewater	:	
Collection and treatment system to Pennsylvania-	:	
American Water Company; and the right of	:	
Pennsylvania-American Water Company to	:	
begin to offer and furnish water service to the	:	
public in an additional portion and wastewater	:	
service to the public in a portion of the	:	
Township of Farmington, Clarion County,	:	
Pennsylvania.	:	

BY THE COMMISSION:

We adopt as our action the Recommended Decision of Administrative Law Judge  
Katrina L. Dunderdale dated August 20, 2024;

THEREFORE,

IT IS ORDERED:

1. That the Joint Petition for Approval of Unanimous Settlement of All Issues submitted by Pennsylvania-American Water Company, the Township of Farmington, the Office of Small Business Advocate and the Office of Consumer Advocate at Docket Nos. A-2023-3042567 and A-2023-3042587, including all terms and conditions, filed on June 28, 2024, be approved.

2. That the Application filed by Pennsylvania-American Water Company, on August 28, 2023, be approved, subject to the modifications set forth in the Joint Petition for Approval of Unanimous Settlement of All Issues, and as modified herein.

3. That a Certificate of Public Convenience be issued, pursuant to Section 1102(a)(3) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(3), approving the right of Pennsylvania-American Water Company to acquire, by sale, substantially all of the Township of Farmington's assets, properties and rights related to the drinking water distribution system and the wastewater collection and treatment system in Clarion County, Pennsylvania, and the right of Pennsylvania-American Water Company to begin to offer and furnish water service to the public in an additional portion and wastewater service to the public in an portion of the Township of Farmington, Clarion County, Pennsylvania.

4. That within ten days after closing of the acquisition, Pennsylvania-American Water Company shall file notice of closing of the transaction with the Commission at this docket.

5. That within ten days after closing of the acquisition, Pennsylvania-American Water Company shall file with the Commission at this docket compliance tariff supplements, consistent with the pro forma tariff supplement attached to the Petition for Approval of Unanimous Settlement of All Issues as Attachments A and B, including all rates,

rules and regulations regarding conditions of the water service and wastewater service to be provided by Pennsylvania-American Water Company, as revised by the Petition for Approval of Unanimous Settlement of All Issues submitted by Pennsylvania-American Water Company, the Township of Farmington, the Office of Small Business Advocate and the Office of Consumer Advocate filed on June 28, 2024, at this docket and to become effective immediately upon closing.

6. That the Commission deny permission for Pennsylvania-American Water Company to include Township of Farmington-related investments in its Distribution System Improvement Charge until Pennsylvania-American Water Company collects a Distribution System Improvement Charge from Township of Farmington customers, and that the Distribution System Improvement Charge provisions of Pennsylvania-American Water Company's effective tariff will apply to Township of Farmington customers no later than the first base rate case in which the Township of Farmington assets are included.

7. That Pennsylvania-American Water Company should be permitted to claim transaction and closing costs associated with the acquisition of the System in its first base rate case that includes the System assets, except that Pennsylvania-American Water Company shall not be permitted to recover transaction and closing costs incurred by the Township of Farmington. The Commission shall permit the Joint Petitioners to reserve the right to litigate their positions fully in future rate cases when this issue is ripe for review and the assent of the Joint Petitioners to this term will not be construed to operate as a preapproval of Pennsylvania-American Water Company's request.

8. That in the next base rate case, Pennsylvania-American Water Company may allocate the purchase price of the Township of Farmington system between the water and wastewater systems to allocate proportionately the purchase price and depreciated original cost between the two systems, based on the respective depreciated original cost of the two systems, but in no case will more than fifty percent (50%) of the total be allocated to the water assets. That allocation may be reflected in any claim for an acquisition adjustment under 66 Pa.C.S. § 1327 for the Township of Farmington water system.

9. That Pennsylvania-American Water Company should not be permitted to claim an acquisition adjustment, pursuant to 66 Pa.C.S. § 1327, for the Township of Farmington wastewater system in a future base rate case.

10. That the Commission, pursuant to 66 Pa.C.S. § 507, issue a Certificate of Filing for the Asset Purchase Agreement By and Between the Township of Farmington as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of June 8, 2023.

11. That Pennsylvania-American Water Company should include in its next base rate case proposals for (a) metered water and wastewater rates for customers in the Township of Farmington system; and (b) a rate increase that moves water and wastewater rates for customers in the Township of Farmington system toward the cost of service.

12. That the Pennsylvania-American Water Company should be directed, within the first billing cycle following Closing, to include a bill insert to Township of Farmington customers regarding its low-income programs (including but not limited to Bill Discount and Arrearage Management) and customer payment arrangement programs. The bill insert shall include, at a minimum, a description of the available low-income programs, eligibility requirements for participation in the programs, and Pennsylvania-American Water Company's contact information.

13. That Pennsylvania-American Water Company should be directed to send a welcome letter within the first 30 days of closing to Township of Farmington customers that includes information about bill payment options, identifies locations (which are reasonably proximate to the areas served by the system to be acquired) where customers can pay in-person for no additional fee, and provides the information listed in Ordering Paragraph 12 about Pennsylvania-American Water Company's low-income programs and customer payment arrangement programs.

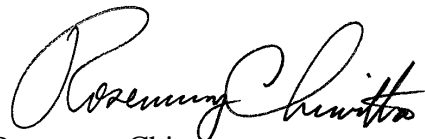
14. That nothing in the Commission's Final Order in this matter shall be construed as an approval or determination of costs or expenses for the purposes of just or reasonable rates or to exempt Pennsylvania-American Water Company from obtaining all necessary permits, licenses, and approvals from other federal, state, and local government agencies having jurisdiction.

15. That the Commission issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Application in a lawful manner.

16. That, except as explicitly agreed upon in the Settlement, nothing contained in the Settlement or in the Commission's approval of the Application shall preclude any of the parties from asserting any position or raising any issue in other Pennsylvania-American Water Company proceedings, including but not limited to the Office of Consumer Advocate's reservation of rights to address and make other proposals for system rates in Pennsylvania-American Water Company's pending and future rate cases.

17. That upon receipt of notice of closing of the acquisition, the Secretary's Bureau shall mark the proceedings, at Docket Nos. A-2023-3042567 and A-2023-3042587, as closed.

BY THE COMMISSION,



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: September 26, 2024

ORDER ENTERED: September 26, 2024