

**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 treatment and collection : Docket No. A-2023-3038717, *et al.*  
system owned and operated by the Elizabeth Borough :  
Municipal Authority, and (2) the rights of Pennsylvania- :  
American Water Company to begin to offer or furnish :  
wastewater service to the public in the Borough of :  
Elizabeth, and portions of the Borough of Lincoln and :  
the Townships of Elizabeth and Forward, in Allegheny :  
County, Pennsylvania :

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**DIRECT TESTIMONY OF  
DANIEL J. HUFTON, P.E. ON BEHALF OF  
PENNSYLVANIA-AMERICAN WATER COMPANY**

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Date: September 27, 2024

PAWC Statement No. 2

**DIRECT TESTIMONY OF  
DANIEL J. HUFTON**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

2 **A.** My name is Daniel J. Hufton, P.E. and my business address is 60 Elrama Avenue, Elrama,  
3 PA 15038.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 **A.** I am employed by Pennsylvania-American Water Company (“PAWC” or the “Company”)  
7 as an Engineering Manager.

8

9 **Q. WHAT ARE YOUR RESPONSIBILITIES AS AN ENGINEERING MANAGER?**

10 **A.** As an Engineering Manager for PAWC, I am responsible for the performance of due  
11 diligence activities related to potential water and wastewater acquisitions in the  
12 Commonwealth of Pennsylvania. These activities cover a broad range of operational topics  
13 including environmental compliance, health and safety, security, system capacity analyses,  
14 system condition assessments, operations and maintenance expense planning, and capital  
15 expenditure planning.

16

17 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.**

18 **A.** A copy of my curriculum vitae is attached as **PAWC Exhibit DJH-1**. I received my  
19 Bachelor of Science degree in civil engineering in 1987 from The Pennsylvania State  
20 University and a Master of Engineering degree in civil engineering in 1988 from Cornell  
21 University. I have over 36 years of experience in the civil and environmental engineering  
22 discipline related to municipal and industrial water and wastewater treatment and solid

1 waste management. I worked in various consulting engineering roles for 12 years prior to  
2 joining PAWC in 2000. Since joining PAWC, I have worked in various roles in Water  
3 Quality, Production Operations, Maintenance Services, and Engineering. I am a registered  
4 Professional Engineer, certified Water Operator, and certified Wastewater Operator in the  
5 Commonwealth of Pennsylvania.

6  
7 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA**  
8 **PUBLIC UTILITY COMMISSION (“COMMISSION”)?**

9 **A.** Yes. I testified as a witness for PAWC during proceedings in *Petition of PAWC for a*  
10 *Finding on an Expedited Basis that Two Buildings to Shelter Booster Pumps to be*  
11 *Constructed in Dunbar Township, Fayette County, Pennsylvania, are Reasonably*  
12 *Necessary for the Convenience or Welfare of the Public*, Docket No. P-2015-2513587,  
13 *Application of PAWC for Approval to Acquire the Wastewater Collection and Treatment*  
14 *System Owned by the Butler Area Sewer Authority*, Docket No. A-2022-3037047, and  
15 *Application of PAWC for Approval to Acquire the Wastewater Collection and Conveyance*  
16 *System Owned by the Borough of Brentwood*, Docket No. A-2021-3024058.

17  
18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

19 **A.** My testimony will describe the wastewater treatment plant and collection system  
20 (“System”) currently owned and operated by the Elizabeth Borough Municipal Authority  
21 (“Authority”) that PAWC has agreed to acquire (the “Transaction”). I will also explain  
22 how the acquired System will be integrated into PAWC’s existing operations, describe

1 PAWC's technical fitness to run the System, and discuss the public benefits of the  
2 Transaction.

3 **Q. PLEASE DESCRIBE THE SYSTEM.**

4 **A.** The System is comprised of a combined sewer collection and conveyance system serving  
5 Elizabeth Borough (the "Borough"), and a regional wastewater treatment plant that  
6 services the Borough, Elizabeth Township, Forward Township, and Lincoln Borough. The  
7 combined sewer system in the Borough and the regional wastewater treatment plant are  
8 owned and operated by the Authority. Elizabeth Township, Forward Township and  
9 Lincoln Borough receive treatment services from the Authority under the provisions of  
10 service agreements with each municipality. The sewer collection and conveyance systems  
11 in Elizabeth Township, Forward Township and Lincoln Borough are owned by those  
12 respective municipalities, and such assets are not part of this Transaction.

13 The System consists of sanitary sewers, combined sewers, interceptors, and five (5)  
14 permitted and active combined sewer outfall/regulator structures. The wastewater  
15 treatment plant consists of a raw sewage pump station with mechanical/manual bar screens  
16 and a vortex grit removal unit, conventional activated sludge biological treatment,  
17 secondary clarification, gas chlorine disinfection, and sludge thickening. The plant has a  
18 hydraulic design capacity of 1.2 million gallons per day ("MGD") and an organic design  
19 capacity of 1,100 pounds of 5-day biochemical oxygen demand ("BOD5")/day. Residual  
20 biosolids are processed through a sludge thickener prior to being hauled off-site in liquid  
21 form by a contractor for disposal at a nearby wastewater treatment plant. Treated  
22 wastewater is discharged into the Monongahela River under authorization set forth in  
23 National Pollutant Discharge Elimination System ("NPDES") Permit No. PA0028436.

1 Under the proposed Transaction, PAWC will acquire and operate the System and assume  
2 responsibilities for operation and maintenance as the holder of the NPDES Permit.

3 **Q. IS PAWC ACQUIRING ALL OF THE PLANT ASSETS OF THE AUTHORITY?**

4 **A.** Yes, with one exception. As described in Paragraph 1.4, the Asset Purchase Agreement  
5 between PAWC and the Authority (“APA”), the Authority will retain an asset of the  
6 wastewater treatment plant (“WWTP”) at closing. This asset is comprised of the non-  
7 moving structural portion of the DUPERON® FPFS Full Penetration Fine Screen unit  
8 consisting of the base, vertical supports, and back/side plates. As described further in  
9 paragraph 6.5 of the of the APA, PAWC and the Authority will then jointly submit a request  
10 to the Pennsylvania Department of Environmental Protection (“PADEP”) and the United  
11 States Environmental Protection Agency (“USEPA”) to obtain confirmation from each  
12 such agency that the arrangements as set forth in the APA under which the Authority retains  
13 ownership of the Retained WWTP Asset, the Authority leases the Retained WWTP Asset  
14 to PAWC, and PAWC operates, maintains and manages the Retained WWTP Asset after  
15 Closing, the WWTP will continue to be classified as a Publicly Owned Treatment Works  
16 for purposes of the “domestic sewage exclusion” contained in 40 C.F.R. § 261.4(a)(1) and  
17 the Resource Conservation and Recovery Act of 1976.

18  
19 **Q. PLEASE DESCRIBE THE SYSTEM’S SERVICE AREA.**

20 **A.** The Authority’s System provides direct service to customers in the Borough. Through the  
21 years as communities surrounding Elizabeth Borough developed, the surrounding  
22 municipalities signed bulk service agreements with the Authority for sewage conveyance  
23 and treatment. The collection systems in three (3) neighboring municipalities are

1 connected to the Authority’s collection system in order to convey flow to the wastewater  
2 treatment plant. Bulk service to portions of Elizabeth Township, Forward Township, and  
3 Lincoln Borough, all in Allegheny County, Pennsylvania is provided under bulk service  
4 agreements. As the systems have relied on the Authority for wastewater treatment, they  
5 have not designed, built and operated separate treatment facilities nor have they developed  
6 their own separate treatment capability or capacity. Thus, there is no reasonable alternative  
7 for bulk wastewater service for the three neighboring municipalities. The separate  
8 development of additional treatment works would run counter to the PADEP’s preference  
9 for regionalization of wastewater treatment.

10 The System service area that PAWC is requesting (“Service Area”) is limited to the  
11 Authority’s combined sewer system and treatment plant, which comprises approximately  
12 0.4 square miles, and the Kelly Run landfill property located in Forward Township  
13 (0.6 square miles). Industrial waste (landfill leachate) from the Kelly Run Landfill is  
14 discharged to EBMA’s System via the Forward Township collection system and is treated  
15 at the EBMA wastewater treatment plant. This industrial user will be incorporated into  
16 PAWC’s IPP program. See **Appendix A-16-a through A-16-e**.

17 Following the Transaction, PAWC will continue to serve the bulk municipal  
18 customers (Elizabeth Township, Forward Township, and Lincoln Borough) under bulk  
19 service agreements in the same manner that the Authority is serving them presently.

20  
21 **Q. YOU STATED THAT THE COLLECTION SYSTEMS LOCATED IN THE**  
22 **SURROUNDING MUNICIPALITIES DO NOT HAVE AN IMMEDIATE**

1           **ALTERNATIVE FOR BULK WASTEWATER SERVICE. PLEASE**  
2           **ELABORATE.**

3   **A.**   As described above, wastewater from the surrounding municipalities is conveyed and  
4           treated by the Authority’s System. The surrounding municipalities have relied on the  
5           Authority’s System for many years. The development of new treatment works would  
6           require significant redesign of the current collection systems to reroute flow to a new  
7           location(s). Rerouting piping and developing new treatment works would be extremely  
8           costly to the communities and their customers. As mentioned above, the development of  
9           additional treatment works in the area would run counter to PADEP’s preference for  
10          regionalization of wastewater treatment and therefore would face significant permitting  
11          challenges. The existing collection, conveyance, treatment, and discharge systems have  
12          Act 537 planning approval and are permitted by PADEP for their present use. There are  
13          no other regional treatment plants in the area that could immediately accept the wastewater  
14          from the surrounding municipalities. Any change to these existing systems would require  
15          revisions to the Act 537 Plans subject to municipal adoption and approval by PADEP. Any  
16          plans to disrupt the existing regionalization of wastewater treatment in the area would be  
17          unlikely to be approved by PADEP.

18  
19   **Q.    WHAT IS AN “MS4” SYSTEM?**

20   **A.**   An MS4 system is a “municipal separate storm sewer system.” Elizabeth Borough owns  
21          and operates an MS4 system permitted by PADEP under NPDES Permit No. PAG136191.

22  
23   **Q.    IS PAWC ACQUIRING AN MS4 SYSTEM?**

1 A. No. PAWC will not be acquiring the MS4 system of Elizabeth Borough nor the NPDES  
2 Permit referenced above.

3

4 **Q. WHAT IS A COMBINED SEWER SYSTEM?**

5 A. As defined in Appendix 1 of the APA, a combined sewer system is a sewer system that  
6 collects rainwater runoff, domestic sewage, and commercial and industrial wastewater into  
7 one pipe. However, I am advised by counsel that the Pennsylvania Public Utility Code  
8 (“Code”) draws no distinction between a combined sewer system and a sanitary sewer  
9 system. They are all considered to provide “wastewater” public utility service. 66 Pa. C.S.  
10 102 (defining “Wastewater”).

11

12 **Q. IS PAWC ACQUIRING A COMBINED SEWER SYSTEM?**

13 A. Yes, the System (which consists of the Elizabeth Borough collection system and  
14 wastewater treatment plant) is a combined sewer system. The other contributing  
15 municipalities (Elizabeth Township, Forward Township and Lincoln Borough) that receive  
16 treatment services from the Authority have separate sanitary sewer systems and are not  
17 considered combined sewer systems.

18

19 **Q. DOES THE SYSTEM HAVE AN INDUSTRIAL PRETREATMENT PROGRAM**  
20 **(“IPP”)?**

21 A. No. Although the Authority receives industrial wastewater from at least one customer  
22 located in the Forward Township bulk service area, it has not implemented an IPP at this  
23 time. As discussed later in my testimony, however, PAWC will implement an IPP after

1 closing on the Transaction (“Closing”). An IPP is necessary to protect the integrity of the  
2 System and avoid unnecessary costs that would result in higher rates for PAWC’s  
3 ratepayers (including potentially non-IPP ratepayers).

4 **Q. PLEASE DESCRIBE THE PIPE SIZES AND MATERIALS USED FOR THE**  
5 **CONSTRUCTION OF THE COLLECTION SYSTEM.**

6 **A.** Based on the information that was available and provided by the Authority, the collection  
7 system was initially built in the early 1900’s and consists of varying sizes of pipe from 6”  
8 to 48” for a total of 43,930 linear feet (“LF”) or 8.32 miles of pipe. The pipe materials  
9 used in the collection system are primarily vitrified clay pipe (“VCP”) and  
10 polyvinylchloride pipe (“PVC”). The collection system also contains approximately  
11 254 manholes and five (5) active combined sewer outfall/regulator structures. The service  
12 laterals providing connection between the Authority’s mains and the customer homes are  
13 owned and maintained by the customer and are not part of the Transaction.

14  
15 **Q. PLEASE STATE WHETHER THE SYSTEM CAN PROVIDE ADEQUATE**  
16 **CONVEYANCE, TREATMENT AND DISPOSAL CAPACITY TO MEET**  
17 **PRESENT AND FUTURE CUSTOMER DEMANDS.**

18 **A.** Based on the population projections and demand projections presented in the Authority’s  
19 2022 Chapter 94 Wasteload Management Report included in **Appendix A-20-c**, the  
20 conveyance, treatment, and disposal capacity is not adequate to meet present and future  
21 customer demands through the year 2027. The System has met PADEP’s definition of  
22 being hydraulically overloaded in four of the past five years and met the definition of being  
23 organically overloaded in three of the past five years. The System is also projected to be

1 hydraulically and organically overloaded in the future from 2023 through 2027. The  
2 Authority is operating under a PADEP-approved Long Term Control Plan (“LTCP”) that  
3 requires expansion and improvements to the collection system and treatment plant in order  
4 to provide long-term capacity for its customers. The Authority is years behind schedule  
5 on the compliance deadlines set forth by PADEP in the approved LTCP.

6  
7 **Q. PLEASE STATE THE ELEVATIONS OF THE MAJOR FACILITIES AND**  
8 **SERVICE AREA.**

9 **A.** Please see **Appendix A-16-f (CONFIDENTIAL)** for a map showing the approximate  
10 elevations of the existing facilities.

11  
12 **Q. DOES THE AUTHORITY PROVIDE BULK TREATMENT SERVICE TO ANY**  
13 **SURROUNDING SYSTEMS?**

14 **A.** Yes. The Authority provides bulk wastewater conveyance/treatment services to Elizabeth  
15 Township, Forward Township, and Lincoln Borough, all in Allegheny County,  
16 Pennsylvania.

17  
18 **Q. DOES THE AUTHORITY RECEIVE BULK TREATMENT SERVICE FROM**  
19 **ANY SURROUNDING SYSTEMS?**

20 **A.** No. The Authority does not receive bulk wastewater conveyance/treatment services from  
21 any municipalities or entities.

1 **Q. DOES THE AUTHORITY RECEIVE HAULED-IN WASTE AT THE**  
2 **WASTEWATER TREATMENT PLANT OR IN THE COLLECTION SYSTEM?**

3 **A.** No. There are no facilities for properly accepting and treating hauled-in waste at the  
4 wastewater treatment plant or in the collection system. PAWC does not intend to begin  
5 accepting hauled-in waste after the closing of the Transaction.  
6

7 **Q. DOES PAWC PROVIDE WATER SERVICE IN THE SERVICE AREA?**

8 **A.** Yes. The PAWC Mon-Valley district’s water supply service area largely overlaps the  
9 Authority’s service area.  
10

11 **Q. PLEASE PROVIDE AN OVERVIEW OF PAWC’S EXISTING WATER AND**  
12 **WASTEWATER OPERATIONS FACILITIES IN THE SERVICE AREA.**

13 **A.** The PAWC Mon-Valley district is part of the company’s Pittsburgh water system (PWSID  
14 # PA5020039) that serves an approximate population of 510,000 people through  
15 214,800 metered connections in 79 municipalities located in Allegheny, Beaver, and  
16 Washington Counties. The source of supply is obtained from the Monongahela River and  
17 treated at two water treatment facilities. The Hays Mine water treatment plant is a 60 MGD  
18 facility located in Baldwin Borough, Allegheny County. The E.H. Aldrich water treatment  
19 plant is a 50-MGD rated facility located in Elrama, Washington County. The system’s  
20 distribution network consists of approximately 3,157 miles of water main, 57,291 main  
21 valves and 12,818 fire hydrants. In addition to the two treatment plants, there are  
22 operations centers located in Carnegie, Bethel Park, Elizabeth, and McMurray,  
23 Pennsylvania. The Elizabeth water operations center is located approximately 0.4 miles

1 away from the Authority's wastewater treatment plant. The closest wastewater operations  
2 center is the McKeesport wastewater treatment facility located approximately seven miles  
3 away.

4  
5 **Q. PLEASE DESCRIBE HOW PAWC WILL MANAGE THE DAY-TO-DAY**  
6 **OPERATIONS OF THE SYSTEM ONCE IT IS ACQUIRED.**

7 **A.** The Authority's System will be incorporated as an operating district into PAWC's  
8 Southwest Area operations. Staff at the Elizabeth wastewater operation will report into the  
9 Operations team that oversees the nearby McKeesport wastewater operations. The  
10 McKeesport management team consists of a Senior Operations Superintendent, two Senior  
11 Operations Supervisors, Operations Supervisor, and Water Quality Supervisor who are  
12 solely focused on wastewater operations. This will facilitate the integration of the  
13 Authority's System into the local wastewater operations strategy and culture, leverage  
14 synergies between the two wastewater systems, provide cross functional support, and offer  
15 enhanced availability of shared resources for day-to-day and emergency situations.

16  
17 **Q. ARE OTHER PAWC EMPLOYEES AVAILABLE TO ASSIST WITH**  
18 **WASTEWATER OPERATIONS, AS NEEDED?**

19 **A.** Yes. Current PAWC employees in the McKeesport operation and Authority employees,  
20 all of whom will be offered employment after Closing, will be under the same area  
21 management and supported by a shared support team supporting common functions such  
22 as external affairs, supply chain, environmental compliance, health and safety, customer  
23 service, human resources and engineering. Employees in both the water and wastewater

1 departments will support each other when appropriate and necessary, particularly in  
2 emergency situations. All operations and employees within PAWC and within the broader  
3 American Water Works Company, Inc. (“American Water”) footprint have access to each  
4 other when circumstances require or when a very specialized skill or experience is required  
5 to support all local issues.

6  
7 **Q. WILL THERE BE ANY UNNECESSARY DUPLICATION OF OPERATIONS**  
8 **FACILITIES FOLLOWING THE ACQUISITION?**

9 **A.** No, the System will be operated as a stand-alone system. It will, however, have the support  
10 of PAWC’s surrounding operations as well as PAWC’s operations through the  
11 Commonwealth and American Water’s nationwide resources.

12  
13 **Q. DOES PAWC PLAN TO INTERCONNECT THE SYSTEM TO ANOTHER PAWC**  
14 **WASTEWATER SYSTEM?**

15 **A.** No, not at this time. As discussed further below, it is possible that future acquisitions in  
16 this area by PAWC could lead to the waste streams of this system being interconnected to  
17 PAWC’s McKeesport wastewater treatment system.

18  
19 **Q. WHAT ARE THE ESTIMATED CAPITAL COSTS FOR THE SYSTEM?**

20 **A.** The five-year capital plan for the System is shown on **PAWC Exhibit DJH-2**. The total  
21 estimated five-year capital cost is \$20.4 million.

22  
23 **Q. HOW DID PAWC ARRIVE AT THIS FIGURE?**

1 A. The capital plan estimate is based on preliminary cost estimates of needed improvement  
2 projects that were identified during PAWC's due diligence efforts. The projects were  
3 identified through a combination of PAWC's independent observations of the System's  
4 conditions and needs, as well as input from Authority staff from their knowledge of the  
5 System's needs. The majority of the capital improvement costs are related to the PADEP-  
6 mandated System expansion and improvements under the LTCP.

7  
8 **Q. PLEASE DESCRIBE PAWC'S SYSTEM PLANNING, CAPITAL BUDGETING,  
9 AND CONSTRUCTION MANAGEMENT PROCESS, WHICH WILL APPLY TO  
10 THE AUTHORITY AFTER CLOSING.**

11 A. PAWC has an established track record of successfully managing large capital investment  
12 projects in order to provide reliable service to the communities it serves. PAWC has an  
13 ongoing program of capital investment focused on systematically replacing and adding  
14 new pipes, treatment and pumping facilities, and other water and wastewater infrastructure;  
15 thereby minimizing customer disruption caused by infrastructure failure. PAWC has  
16 funded in excess of \$1 billion in capital construction over the past five years with  
17 expenditures expected to total \$470 million to \$600 million per year for the next five years.  
18 Capital planning is performed on a five-year planning horizon by in-house engineering  
19 staff and operations to establish capacity needs, regulatory impacts, service adequacy and  
20 reliability for PAWC's wastewater systems. As projects are delivered, project costs,  
21 alternatives and risks are further developed, and competitive bidding for consulting  
22 engineering design/permitting services and construction is utilized to keep costs as low as  
23 possible. Comprehensive periodic oversight of water and wastewater assets during the

1 annual budgeting process and ongoing governance reviews gives PAWC a clear and  
2 objective view of needs and potential capital project solutions. Once approved through the  
3 capital governance process, the individual capital projects will be led and managed by  
4 PAWC engineers working in the local Southwest Operations area, which will allow them  
5 to maintain clear visibility to the projects and react to conditions as they develop.  
6

7 **Q. IS THE AUTHORITY A REGIONAL SEWAGE SERVICE PROVIDER AND, IF**  
8 **SO, WHAT ARE THE BENEFITS OF CENTRALIZED SEWAGE TREATMENT**  
9 **VERSUS DECENTRALIZED SEWAGE TREATMENT?**

10 **A.** The Authority's System is a regional sewage service provider, providing sewage treatment  
11 for four municipalities. Regionalization provides many benefits, including lower cost of  
12 treatment due to economies of scale and ability to apply advanced treatment technology  
13 more effectively. A larger regional system gains the benefit of having a lower cost per  
14 gallon, as well as a greater ability to treat more stringent limits that may be instituted by  
15 PADEP in future permits. Additional benefits include reduced regulatory and operational  
16 costs due to having only one discharge permit to manage and one treatment plant to operate  
17 as opposed to many.  
18

19 **Q. ARE THERE FURTHER REGIONALIZATION OPPORTUNITIES FOR THE**  
20 **AUTHORITY'S SYSTEM? PLEASE EXPLAIN.**

21 **A.** Yes. The EBMA system is upriver from PAWC's state-of-the-art McKeesport Wastewater  
22 Treatment Plant. Between the EBMA and McKeesport systems lies the Glassport Borough  
23 wastewater collection system and treatment plant. The Glassport system is a combined

1 sewer system under an approved LTCP with specified tasks and deadlines. Regionalization  
2 of the EBMA and Glassport collection systems with conveyance of sewage to the  
3 McKeesport plant for treatment could result in several benefits, including treatment of all  
4 wastewater at a state-of-the-art facility, elimination of two older treatment plants and the  
5 associated capital needed for improvements thereto, and economies of scale realized by  
6 operating one modern treatment plant instead of three separate facilities. Such a  
7 regionalization approach would be consistent with conceptual plans formulated over  
8 50 years ago in the 1970 Comprehensive Sewerage Needs Plan prepared by Allegheny  
9 County, Pennsylvania in response to the Pennsylvania Sewage Facilities Act of 1966  
10 (Appendix A-22-b.1).

11  
12 **Q. DOES THE PENNSYLVANIA CONSTITUTION ADDRESS ENVIRONMENTAL**  
13 **RIGHTS?**

14 **A.** I am advised by counsel that the Pennsylvania Constitution, Article I, Section 27,  
15 guarantees the right to a clean environment, and requires the Commonwealth to conserve  
16 and maintain environmental resources for the benefit of the public.

17  
18 **Q. DOES THE AUTHORITY'S SYSTEM CURRENTLY FACE ENVIRONMENTAL**  
19 **CHALLENGES?**

20 **A.** Yes. The Authority's System has a long history of environmental compliance issues,  
21 mostly related to excessive combined sewer overflows ("CSOs") caused by the high level  
22 of inflow and infiltration ("I/I") from defects and aging infrastructure in the collection  
23 system. As stated above, the System meets PADEP's definition of being hydraulically and

1 organically overloaded and is projected to remain so for the next five years absent any  
2 corrective measures. For the last 5 years ending 2023, EBMA reported an average of 242  
3 CSO events per year where untreated sewage was discharged into the Monongahela River.

4 These environmental challenges go as far back as the early 2000's and remain  
5 unresolved even today. In 2004, the Authority submitted its LTCP for CSO's. PADEP  
6 determined the plan was inadequate and the plan remained unapproved for years. On  
7 August 16, 2012, PADEP raised technical issues relative to the 2004 plan and required the  
8 Authority to address and re-submit the plan.

9 In 2014, the Allegheny County Health Department ("ACHD") and PADEP  
10 required the Authority to prepare and submit its System Characterization, Monitoring, and  
11 Modeling Report for the Long Term Control Plan. The Authority submitted its plan in  
12 November 2014. The plan concludes that the System is not able to meet the USEPA  
13 Combined Sewer Overflow Control Policy, specifically "the elimination or capture for  
14 treatment of no less than 85% by volume of the combined sewage collected in the combined  
15 sewer system during precipitation events on a system-wide annual average basis." PADEP  
16 conditionally approved the plan on January 27, 2015 and requested that the Authority begin  
17 preparation of its revised LTCP.

18 In July 2017, the Authority submitted a new revised LTCP to PADEP. In March  
19 2018, the Authority submitted revisions to the plan in response to PADEP's review  
20 comments. The LTCP was approved by PADEP on July 12, 2018. The approved plan  
21 entails a major project to expand and improve the combined sewer system and the  
22 wastewater treatment plant to meet the 85% minimum capture requirement per the USEPA  
23 policy. The 2017 construction cost estimate for this project was \$19.6 million. The

1 approved LTCP included a compliance schedule to complete this project, beginning with  
2 Act 537 planning, proceeding through design, permitting and construction, and finally  
3 ending with a post-construction compliance monitoring period. The Authority has not met  
4 the compliance deadlines in the approved schedule and the project remains incomplete. On  
5 December 17, 2020, the Authority’s engineer submitted a request to PADEP to reset the  
6 compliance schedule for the LTCP. PADEP has not responded in writing to this request.  
7 The Authority has failed to maintain compliance with the reset schedule presented in the  
8 December 17, 2020 correspondence. The delays in delivering this critical project have  
9 allowed the excessive CSOs and discharge of untreated sewage to the Monongahela River  
10 to persist. In addition, the delays will cause the cost of the project to increase due to  
11 inflation.

12 Furthermore, the general state of the System assets continues to deteriorate, absent  
13 a well-planned and executed asset renewal program, and these conditions are leading to  
14 environmental regulatory violations. In each of the last two annual inspections conducted  
15 by the ACHD (June 22, 2022, and August 2, 2023), the Authority has been cited for  
16 exceeding permitted effluent limits for Fecal Coliform bacteria and for missing/damaged  
17 air diffusers in the aeration basins. In the August 2, 2023 inspection report, the ACHD  
18 found that there is no certified Operator in Responsible Charge for the facility as required  
19 by regulation, and that “the facility is old and in need of upgrades.”

20 Finally, as stated previously, the Authority does not have an IPP in place, in spite  
21 of the fact that at least one industrial customer discharges industrial wastewater into its  
22 System through the Forward Township bulk customer connection. While not necessarily  
23 required by federal regulation because the Authority’s treatment plant has a capacity less

1 than 5 MGD, the lack of an IPP to characterize and control the quantity and quality of  
2 industrial discharges into the System can allow pollutants to be discharged at unacceptable  
3 levels, which could then pass through the treatment plant and into the Monongahela River.  
4 This lack of oversight and control over the quantity and quality of industrial discharges  
5 into the System presents an unacceptable environmental risk.

6  
7 **Q. DOES THE AUTHORITY HAVE A CONNECTION MORATORIUM?**

8 **A.** No. PADEP has not put the Authority under a Corrective Action Plan nor an associated  
9 connection moratorium at this time.

10  
11 **Q. DOES THE AUTHORITY HAVE COPIES OF ALL ENVIRONMENTAL**  
12 **PERMITS REQUIRED TO OPERATE ITS SYSTEM?**

13 **A.** Yes. PAWC conducted a file review on April 13, 2023 at the PADEP Southwest Regional  
14 Office to obtain copies of all permits related to the Authority's System. Copies of the  
15 permits are provided in **Appendix A-20-b**. PAWC will submit permit transfer applications  
16 to PADEP to transfer the permits into PAWC's name upon Closing.

17  
18 **Q. HOW WILL PAWC ADDRESS THE AUTHORITY'S ENVIRONMENTAL**  
19 **CHALLENGES AFTER CLOSING?**

20 **A.** As part of this Transaction, PAWC will negotiate a Consent Order and Agreement  
21 ("COA") with PADEP that will establish a new compliance schedule to deliver the LTCP  
22 expansion/improvement project, which is critical to reducing the amount of untreated  
23 sewage discharged into the Monongahela River. PAWC will then assume responsibility

1 for implementing the LTCP and the projects thereunder upon the Closing of this  
2 Transaction. As discussed previously, PAWC has developed a five-year capital plan  
3 totaling \$20.4 million that includes the LTCP projects, as well as numerous other projects  
4 that will: replace the System's aging infrastructure, replace targeted areas of the collection  
5 system components known to have unacceptably high I/I and/or CSOs, make process  
6 improvements that will yield environmental, safety and security benefits to customers and  
7 employees, and improve the efficiency of operations. PAWC will also implement an IPP  
8 upon Closing that will provide improved oversight and control over the quantity and quality  
9 of industrial discharges into the System. More details on the IPP plans are presented further  
10 in this testimony.

11 PAWC will immediately incorporate the Authority's System into its  
12 comprehensive and proactive environmental compliance program. The Water Quality  
13 Supervisor in the McKeesport operations district will assume day-to-day responsibility for  
14 compliance of the Authority's System. This employee is part of PAWC's statewide Water  
15 Quality and Environmental Compliance Department and reports to PAWC's Manager of  
16 Wastewater Compliance, a new position that was created solely to focus on compliance at  
17 the Company's twenty-four wastewater treatment plants. This will benefit the Authority  
18 staff by integrating them into PAWC's larger compliance organization, which will help  
19 them assimilate PAWC's proactive compliance culture, and provide access to statewide  
20 compliance expertise, shared resources, and improved work management tools. Examples  
21 of these tools include MapCall – a computerized maintenance and workorder management  
22 system, Environmental Management Plans – a written comprehensive compliance plan for  
23 each water and wastewater system that is reviewed and confirmed quarterly, and Internal

1 Audits – a corporate oversight program that focuses on critical operating priorities for state  
2 operating companies, including environmental compliance matters.

3  
4 **Q. IF THE TRANSACTION WOULD NOT OCCUR, DO YOU BELIEVE THAT THE**  
5 **AUTHORITY WOULD HAVE THE FINANCIAL AND TECHNICAL**  
6 **CAPABILITIES TO IMPROVE MATERIALLY ITS ENVIRONMENTAL**  
7 **PERFORMANCE IN THE FUTURE?**

8 **A.** No. Based on past history, the Authority has not proactively addressed environmental  
9 compliance issues before they rose to the level of compliance orders from the regulatory  
10 agencies, and even then, the Authority has not maintained compliance with regulatory  
11 deadlines. This is a reactive approach to environmental compliance and does not  
12 proactively address the underlying problem of lack of regular infrastructure renewal and  
13 replacement. Without a well-funded program to upgrade aging collection system assets,  
14 I believe that the Authority will continue to experience hydraulic overloading and  
15 excessive CSOs in the collection system. The aging treatment plant components and the  
16 lack of a certified Operator in Responsible Charge to properly operate the plant will lead  
17 to continued performance problems and violation of permit effluent limits. The lack of a  
18 viable IPP solution to monitor and control the quantity and quality of industrial discharges  
19 into the System will continue to be problematic. Furthermore, I expect that environmental  
20 regulations will continue to become more stringent in the future, with the potential for new  
21 or more stringent effluent limits that could require substantial new investment in the  
22 treatment plant. As an experienced public utility, PAWC has extensive experience in  
23 complying with current environmental regulations and being proactive with capital

1 investments to maintain system integrity and reliability, while planning ahead for emerging  
2 contaminants or new regulations.

3  
4 **Q. IN YOUR OPINION, IS PAWC BETTER EQUIPPED THAN THE AUTHORITY**  
5 **TO OPERATE AND MAINTAIN THE SYSTEM IN COMPLIANCE WITH**  
6 **APPLICABLE ENVIRONMENTAL STATUTES AND REGULATIONS?**

7 **A.** Yes. PAWC can draw upon a much broader range of engineering and operational  
8 experience, as well as deeper operational and financial resources, to address the  
9 environmental compliance challenges of the System. In addition, given PAWC's  
10 experience with the operation of similar wastewater systems, I believe that PAWC is better  
11 positioned to provide those services on a cost-effective basis.

12 PAWC is the Commonwealth's largest investor-owned provider of water and  
13 wastewater services. As a leading wastewater provider in Pennsylvania, PAWC brings  
14 industry leading expertise and has extensive technical experience in upgrading, operating,  
15 and maintaining sewer facilities. PAWC is a recognized leader in providing communities  
16 in the Commonwealth with well-maintained and reliable water and wastewater services  
17 and has extensive local knowledge due to PAWC's experience providing water service to  
18 the same Allegheny County municipalities served by the Authority.

19 PAWC currently employs approximately 1,150 professionals with expertise in all  
20 areas of water and wastewater utility operations including engineering, regulatory  
21 compliance, water and wastewater treatment plant operation and maintenance, distribution  
22 and collection system operation and maintenance, material management, risk management,  
23 human resources, legal, accounting, and customer service. As a subsidiary of American

1 Water, PAWC has available to it additional resources of highly trained professionals who  
2 have expertise in various specialized areas. American Water currently owns or operates  
3 approximately 160 wastewater plants through its subsidiaries in a number of states.  
4 American Water's experience includes the full breadth of treatment processes, from  
5 facultative ponds to membrane biological reactors in every climate zone across the U.S.  
6 More-advanced technologies allow a number of American Water's plants to utilize effluent  
7 for reuse applications, eliminating discharge to receiving streams. These diverse facilities  
8 have provided American Water operators and process experts with deep experience in the  
9 operation and maintenance of every possible type of wastewater treatment technology.  
10 This experience is available to support PAWC's operations staff and facilities.

11 A 50-person team of American Water corporate engineers has handled a wide  
12 variety of system assessments, treatment process evaluations and design reviews for water  
13 and wastewater treatment systems in order to improve operations and prioritize capital  
14 improvements. For example, PAWC successfully leveraged the corporate engineering  
15 expertise following two recent acquisitions, the Steelton water system, and the Exeter  
16 wastewater system. For both of these systems, subject matter experts from the corporate  
17 engineering team conducted process evaluations of the water and wastewater treatment  
18 processes and identified solutions to remedy on-going operational challenges.

19 PAWC has demonstrated its ability to improve troubled municipal wastewater  
20 systems following acquisition through improving operational efficiencies, fostering a  
21 proactive environmental compliance culture in the local workforce, and investing capital  
22 to replace and renew assets. PAWC has successfully addressed PADEP and USEPA  
23 compliance orders requiring operational improvements and substantial capital investments

1 in several recent wastewater acquisitions, including Clarion, Claysville, Dravosburg,  
2 Duquesne, Exeter, Kane, McKeesport, Port Vue, Scranton, and York. From 2018 through  
3 2021, PAWC has made capital investments in its wastewater systems averaging \$762 per  
4 year per customer connection. Prudent renewal and replacement of System infrastructure  
5 through capital investment is the key to achieving and maintaining long-term  
6 environmental compliance, and it is clear that PAWC is much more equipped than the  
7 Authority to make those ongoing capital commitments.

8 Furthermore, as the public water provider in some of the Authority's service area,  
9 PAWC can leverage synergies between the water and sewer infrastructure networks to the  
10 benefit of customers and the general public. For example, PAWC will evaluate needed  
11 infrastructure upgrades holistically from both the water and wastewater perspectives, and  
12 can plan water distribution system improvements and sewer system rehabilitation projects  
13 together when feasible, reducing the number of street openings, lessening the  
14 inconvenience to the public, and lowering overall construction and restoration costs.

15 In contrast, the Authority employs three full-time employees who are primarily  
16 dedicated to the day-to-day activities of the operation of its collection system and single  
17 wastewater treatment plant. The Authority has limited resources and lacks access to the  
18 breadth of broad industry knowledge and in-house subject matter experts that PAWC can  
19 bring to projects.

20  
21 **Q. PLEASE DESCRIBE PAWC'S TECHNICAL FITNESS TO PROVIDE**  
22 **WASTEWATER SERVICE TO THE AUTHORITY'S CUSTOMERS.**

1 A. In addition to the points that I just mentioned, as of April 30, 2024, PAWC has  
2 approximately 98,314 wastewater customers across the Commonwealth, with customers in  
3 Adams, Allegheny, Beaver, Berks, Chester, Clarion, Cumberland, Lackawanna, Luzerne,  
4 McKean, Monroe, Montgomery, Northumberland, Pike, Washington, and York Counties.  
5 In comparison, the Authority furnishes direct wastewater services to approximately 700  
6 direct customers in the Borough.

7 PAWC has had no material issues in complying with the Code, the Clean Streams  
8 Law, or other regulatory requirements. Moreover, PAWC has the resources, skills, and  
9 expertise to respond to ever-increasing environmental standards for the treatment of  
10 wastewater and to manage the long-term infrastructure renewal and replacement needs  
11 inherent in wastewater systems.

12  
13 **Q. PLEASE DISCUSS PAWC’S SERVICE INTERRUPTION HISTORY.**

14 A. PAWC plans its maintenance and capital improvement projects in a manner that avoids  
15 creating service interruptions. Care is taken to provide a continuous free flow of sanitary  
16 waste from customer connections, even during these disruptive events. For main repairs,  
17 crews will use bypass pumping arrangements so that sewage flow is captured and relocated  
18 around the work area while repairs are being made. For pump station work, crews will use  
19 bypass pumping similar to that described above, or pumper trucks to remove accumulated  
20 wastewater in the pump station holding tanks and haul the contents to the plant or other  
21 collection system location. PAWC also builds redundancy into its systems to provide  
22 continued operational reliability in the event of equipment failures.

1 **Q. PLEASE DESCRIBE PAWC’S RESPONSE TO RECENT MAJOR STORM**  
2 **EVENTS.**

3 **A.** PAWC has effective Emergency Response Plans (“ERPs”) in place at its water and  
4 wastewater systems to prepare for, withstand, and recover from major storm events. The  
5 ERPs are updated annually, and table-top exercises are conducted annually to test the plans.  
6 For wastewater systems, emergency preparedness activities typically include: fueling  
7 vehicles and emergency generators, ensuring staff has adequate personal protective  
8 equipment for the conditions, rescheduling field staff for indoors work if possible to avoid  
9 dangerous conditions, refreshing contact information and account numbers for local  
10 electricity companies, activating flood protection plans for heavy rainfall events, planning  
11 for snow removal/salting of parking lots, roads and sidewalks for winter storms, and  
12 making operational adjustments to put treatment plants in storm mode to handle increased  
13 flows.

14 PAWC is experienced in making strategic capital investments to improve the ability  
15 of its wastewater systems to handle the increased flows from storm events. In the Clarion  
16 wastewater system, acquired in 2008 from the Clarion Area Authority, PAWC has  
17 successfully executed projects under a COA with PADEP to reduce illegal discharges to  
18 waters of the Commonwealth. The work included Act 537 planning, design and  
19 construction of new facilities, replacement of inadequate infrastructure, and modifications  
20 to long standing operational procedures. Specifically, PAWC upgraded the collection  
21 system by replacing approximately 10,000 LF of 8” to 36” interceptor sewers and  
22 replacing/upgrading the main lift station (Liberty Street) and equipping it with a new  
23 1.3 MG equalization tank to capture excess storm flows. PAWC also made major

1 hydraulic improvements to the wastewater treatment plant by increasing its design capacity  
2 from 1.75 to 4.0 MGD and installing a new 3.8 MG equalization tank. Construction began  
3 in July 2013 and was completed by the COA deadline of February 2015. The COA was  
4 lifted in January 2016. Under the Clarion Area Authority's ownership, the system  
5 experienced approximately 30 SSOs per year and storm flows were routinely bypassed at  
6 the wastewater treatment plant with no treatment. Since the new facilities were placed  
7 online by PAWC, the SSOs have been reduced to an average of one per year, mainly caused  
8 by damaged or clogged/blocked sewer mains, and there have been no bypasses of untreated  
9 sewage at the wastewater treatment plant.

10 In the Scranton wastewater system acquired in late 2016, PAWC has completed  
11 30 of 72 CSO control upgrades required under the system's approved LTCP. The  
12 remainder will be addressed during the remaining 15 years of the 25-year LTCP. These  
13 improvements have reduced the total number of system-wide CSOs from a high of 1,293  
14 in 2018 to 915 in 2022. On average per completed CSO Outfall, the improvements have  
15 reduced the number of CSOs during a typical year from 25 to four and the total CSO  
16 discharge volume from 121 MG to 36 MG (a 70% reduction). These numbers will continue  
17 to improve each year as PAWC installs additional CSO control structures. At the treatment  
18 plant, PAWC increased the peak capacity from 39 MGD to 60 MGD in 2020, which has  
19 resulted in a reduction in non-compliance bypass events from a total of nearly 60 in 2019,  
20 to only six in 2021 and 2022 combined.

21 In comparison, the Authority has a long history of hydraulic overloading and  
22 excessive CSOs in its collection system, as described previously. While the Authority has  
23 made some progress in portions of its System through projects completed to repair defects

1 and separate small portions of the combined sewers, the System remains out of compliance  
2 with state and federal regulations regarding CSOs and hydraulic overloading. With  
3 PAWC's previous experience in successfully remedying similar non-compliance situations  
4 in other large sewer systems, PAWC is well equipped to handle the challenges presented  
5 by the current condition of the Authority's System.

6  
7 **Q. PLEASE EXPLAIN HOW PAWC INTENDS TO HANDLE THE IPP AFTER**  
8 **CLOSING.**

9 **A.** As stated previously, the Authority does not have an IPP in place, in spite of the fact that  
10 at least one industrial customer discharges industrial wastewater into its System through  
11 the Forward Township bulk customer connection. To remedy this lack of oversight,  
12 PAWC will immediately implement its standard IPP for any current industrial customers  
13 and all future industrial customers requesting service in the certificated service area.  
14 PAWC currently manages IPP programs in five (5) other wastewater systems across the  
15 Commonwealth: Coatesville, Exeter, McKeesport, Scranton, and York. PAWC has  
16 environmental professionals on staff, reporting to the Manager of Wastewater Compliance,  
17 who are experienced and responsible for running these programs. The Authority's program  
18 will be managed by the local Water Quality Supervisor (who performs similar duties for  
19 the McKeesport wastewater operation), who reports to the Manager of Wastewater  
20 Compliance. PAWC's standard IPP template and tariff language that is being successfully  
21 used by PAWC for its five other systems will be used for this System. These actions will  
22 promote consistency across PAWC's customer base and uniformity of permitting,  
23 monitoring and enforcement activity under the IPP.

1 Under the provisions of the APA, the Authority and PAWC have committed to  
2 cooperate in the adoption, implementation, and enforcement of such an IPP program  
3 applicable throughout the service area of the Authority. PAWC will adopt the IPP pursuant  
4 to its Tariff, and the Authority is committed to adopt ordinances and resolutions that adopt  
5 the IPP and Tariff requirements and authorize implementation and enforcement by PAWC.  
6 Under those APA provisions, the Authority authorizes PAWC, as agent of the Authority,  
7 to conduct inspections and monitoring, issue notices of violation, and undertake on behalf  
8 of and in the name of the Authority such enforcement actions as necessary to implement  
9 and obtain compliance with the IPP and Tariff.

10 As described in the APA, the Authority will retain an asset of the wastewater  
11 treatment plant at Closing, which will allow the facility to continue to be regulated as a  
12 publicly-owned treatment works (“POTW”) by USEPA and PADEP. In Pennsylvania,  
13 USEPA has primacy for the regulation of IPPs developed by POTWs. As a result, PAWC  
14 will work closely with USEPA to ensure that the IPP meets all regulatory requirements and  
15 is implemented in accordance with USEPA guidelines.

16  
17 **Q. DOES PAWC MAINTAIN CYBER SECURITY, PHYSICAL SECURITY,**  
18 **BUSINESS CONTINUITY AND EMERGENCY PLANS?**

19 **A.** Yes. Cyber and physical security plans are maintained and monitored by American Water  
20 for each of its subsidiaries. PAWC maintains ERPs and Operations and Maintenance  
21 Manuals, both of which have operational business continuity included within the plans and  
22 are updated each year. These plans are tested each year through emergency response  
23 tabletop exercises. Each plan is overseen and managed by various groups and individuals

1 to provide overarching support to PAWC. These groups are responsible for testing,  
2 reviewing, and updating their respective plan(s).

3 The departments assigned to Physical Security, Emergency Response, Business  
4 Continuity, and Cyber Security plans are as follows:

- 5 • Physical Security Plan - Operational Risk Management Security (American  
6 Water Works Service Company, Inc. (“AWWSC”));
- 7
- 8 • Cyber Security Plan - Operational Risk Management Security (AWWSC);
- 9
- 10 • Emergency Response Plan - Operations (PAWC); and
- 11
- 12 • Business Continuity Plan - Operational Risk Management (PAWC) and
- 13 Operations (PAWC).

14 To constantly protect physical and cyber resources, the designated groups have  
15 developed procedures to ensure that PAWC operates in a safe, secure, and reliable  
16 environment. A major commitment in assuring plans are kept current is performing various  
17 testing on an annual basis. Types of testing performed by AWWSC and PAWC include  
18 vulnerability assessments, system operational testing, full scale exercises, media backups,  
19 and real-life events. The Authority does not have similar plans in place.

20

21 **Q. PLEASE DESCRIBE PAWC’S CYBERSECURITY CONTROLS.**

22 **A.** PAWC’s cybersecurity controls are consistent with the National Institute of Standards and  
23 Technology (“NIST”) cyber security framework and the American Water Works  
24 Association (“AWWA”) Process Control System Security Guidance for the Water Sector.  
25 The Authority outsources its cybersecurity activities to a local firm that provides IT system  
26 maintenance, software trouble shooting, and virus protection.

1 **Q. PLEASE EXPLAIN PAWC’S POLICIES AND PROCEDURES REGARDING**  
2 **SERVICE CALLS.**

3 **A.** PAWC’s 24/7/365 customer service call center is available for routine customer  
4 interactions from 7:00 a.m. to 7:00 p.m., Monday through Friday, and at all other times for  
5 customer emergencies. When a customer calls the call center in an emergency situation,  
6 the customer can speak with a representative 24/7/365. In the Mon-Valley water district,  
7 PAWC’s field service crews are available for normal non-emergency customer service  
8 work from 7:30 a.m. to 4:00 p.m. on Monday through Saturday. Field service crews are  
9 on-call and available for emergency fieldwork (main breaks, emergency shut-offs, and  
10 emergency turn-ons) 24/7/365 outside of the normal work hours.

11 In contrast, the Authority’s regular business hours for customer interactions are  
12 from 8:00 a.m. to 4:00 p.m. on Monday through Friday. After 4:00 p.m. or on weekends,  
13 customers are instructed to contact the police, who will relay the information to the  
14 Authority.

15 In summary, I would say that PAWC provides better service than the Authority in  
16 terms of service calls.

17  
18 **Q. PLEASE DESCRIBE PAWC'S RELATIONSHIPS WITH COMMISSION**  
19 **EMERGENCY RESPONSE STAFF, PENNSYLVANIA EMERGENCY**  
20 **MANAGEMENT AGENCY (“PEMA”) STAFF, AND LOCAL FIRST**  
21 **RESPONDERS.**

22 **A.** PAWC has a strong working relationship with the Commission's Emergency Response  
23 Staff. PAWC provides the Commission with emergency response numbers for all PAWC

1 operating areas each year. The Commission provides emergency numbers for its staff,  
2 which PAWC distributes to all of PAWC's operating areas for inclusion in the PAWC  
3 Emergency Response Plans. For those emergencies that warrant communication to the  
4 Commission's Emergency Preparedness Liaison Officer (“EPLO”), PAWC has contacted  
5 Commission staff in the past to advise them of situations and actions taken by PAWC.  
6 Each year, PAWC conducts emergency response tabletop exercises to test responses to  
7 emergency situations, including weather emergencies, contamination of supply, damage to  
8 facilities, cyber-attack, and other perils. The Commission's emergency response staff has  
9 participated in those exercises each year since 2006. We also invite local first responders  
10 to participate, such as fire departments, police departments, hazmat responders, local prison  
11 personnel, as well as PADEP and the Governor's Office of Homeland Security personnel.

12 PAWC has participated in Pennsylvania Water/Wastewater Agency Response  
13 Network (“PaWARN”) and PEMA-sponsored exercises over the years. PAWC’s current  
14 relationship with PEMA is through the Commission’s EPLO and PaWARN. PAWC is a  
15 member in good standing of PaWARN.

16 In contrast, the Authority is not a member of PaWARN. I would say that PAWC  
17 is better than the Authority in terms of emergency preparedness.

18  
19 **Q. PLEASE DESCRIBE PAWC'S PARTICIPATION IN PENNSYLVANIA'S “ONE**  
20 **CALL” SYSTEM AND THE RESOURCES THAT PAWC DEDICATES TO THE**  
21 **PROGRAM.**

22 **A.** All of PAWC's operating districts are members of Pennsylvania One Call System Inc. and  
23 complete excavator requested mark outs on a daily basis. Each district has a minimum of

1 one person dedicated to completing dig notifications utilizing a third party internet-based  
2 One Call ticket management system, known as Korweb, that is accessible via vehicle  
3 mounted computers for real time response to any PA One Call dig notification.

4 PAWC has an excellent track record of compliance with the requirements of the  
5 “One Call” system. PAWC achieved a 99.99 percent ticket completion rate in 2023.

6 In contrast, the Authority had a 61 percent completion rate in 2022. Such a low  
7 completion rate is not just a compliance issue, it is a public safety issue because it could  
8 lead to more strikes on public utility assets.

9  
10 **Q. DOES PAWC HAVE AN EMPLOYEE SAFETY PROGRAM?**

11 **A.** Yes. American Water and PAWC have made safety a value and not just a goal. It is very  
12 important to us that every employee and contractor returns home safely every day. We  
13 make safety a value instead of a goal because goals change, but values do not change.

14 Safety performance is fundamental to the Company's culture and key to its success.  
15 Employees are expected to conduct themselves in a safe manner, in accordance with  
16 PAWC’s Health and Safety Policy and with the Health and Safety Procedures and Practices  
17 Manual. PAWC establishes, implements, promotes, and manages safety programs,  
18 activities and training that enable continued safety improvement, injury reduction and  
19 compliance with applicable Federal, State, and local requirements. Safety programs are  
20 developed and implemented in accordance with Company policy and applicable practices  
21 and include:

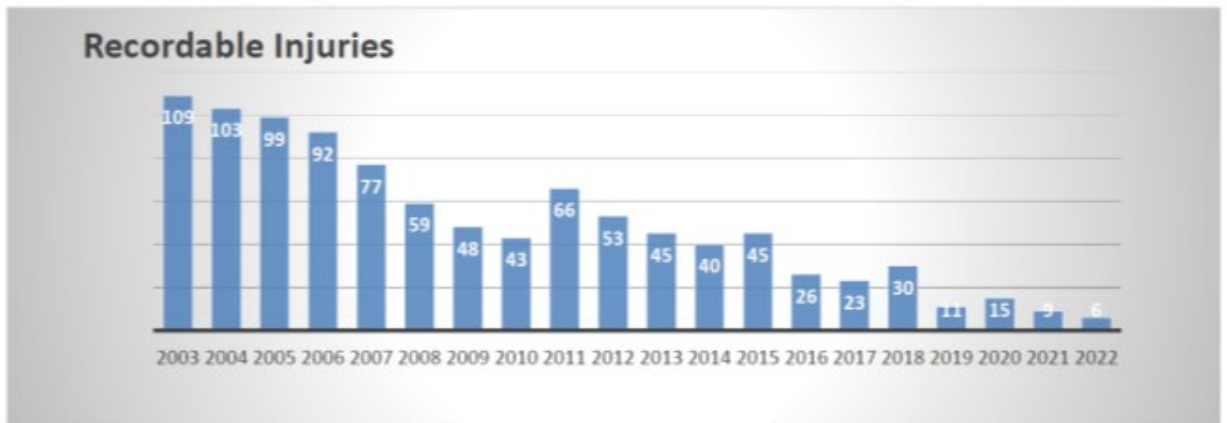
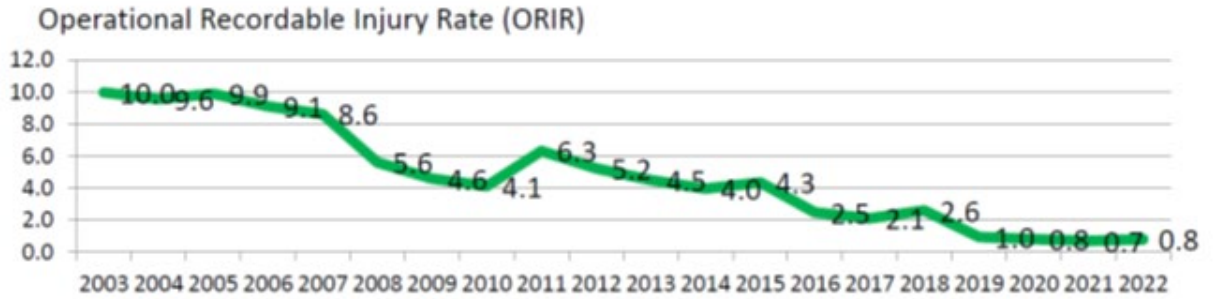
- 22 • Supporting practices that are developed, reviewed, and updated to provide  
23 guidance on safe performance of activities in the workplace and are reflective  
24 of changes in organizational, operational, and regulatory needs;

- 1 • Strategic and priority development and implementation of safety improvements  
2 based on risk analysis of workplaces, work tasks and related potential injuries  
3 and incidents;  
4
- 5 • Near-miss reporting and corrective action program to identify and remove  
6 safety hazards from the workplace;  
7
- 8 • Development of, and measurement against, specific Company and external  
9 safety performance targets and safety accountabilities for all employees;  
10
- 11 • Ongoing assessment and review of safety processes, activities and supporting  
12 programs (including those related to other Company policies, such as the  
13 Workplace Conduct and Behavior Policy) to gauge effectiveness, identify  
14 program gaps and pinpoint opportunities for continued improvement;  
15
- 16 • Consistency of implementation and compliance with Company and regulatory  
17 requirements across the enterprise; and,  
18
- 19 • Defined and monitored contractor qualifications and requirements for safety  
20 performance in accordance with approved contract documents, applicable laws,  
21 and regulations.

22 PAWC has an excellent safety record. Moreover, PAWC has committed to  
23 achieving zero injuries and has made great strides in changing the Company culture to  
24 believe that such a target is achievable. Over the last 20 years, PAWC has consistently  
25 reduced its number of recordable injuries and corresponding OSHA Recordable Incident  
26 Rate, as shown in the figure below:

1

**PAW ORIR Injury Rates 2003-2022**

2

3

The Authority does not have a formal safety program.

4

5 **Q. WHAT EFFORTS, IF ANY, WILL PAWC UNDERTAKE TO EDUCATE THE**  
 6 **AUTHORITY’S CUSTOMERS REGARDING PAWC OWNERSHIP OF THE**  
 7 **SYSTEM?**

8 **A.** As the Transaction is nearing Closing, PAWC plans to produce bill inserts and/or  
 9 letters to customers to explain the transition, billing, payment options and other items  
 10 associated with the change in ownership. PAWC's website will also add content to help  
 11 educate customers and to address frequently asked questions.

1 **Q. WHAT, IF ANY, CUSTOMER ENHANCEMENTS CAN THE AUTHORITY'S**  
2 **CUSTOMERS EXPECT AS A RESULT OF THE TRANSACTION?**

3 **A.** PAWC prides itself on providing superior customer service. As part of its commitment to  
4 customer service, PAWC offers its customers a number of enhanced services, including  
5 extended call center hours, additional bill payment options, enhanced customer information  
6 and education programs, and access to PAWC's customer assistance program.

7  
8 **Q. PLEASE PROVIDE ADDITIONAL DETAIL ON EACH OF THESE CUSTOMER**  
9 **SERVICE ENHANCEMENTS.**

10 **A. *Customer Service.*** As discussed above, PAWC's call center is available from 7:00 a.m. to  
11 7:00 p.m., Monday through Friday for routine business and 24/7/365 for emergency  
12 situations such as sewer back-ups or overflows. At all times, customers dealing with  
13 emergency situations can make direct contact with a live customer service representative.  
14 Customers can also reach a customer service representative via email at  
15 [infopa@amwater.com](mailto:infopa@amwater.com). In addition, PAWC's customers have the ability to manage their  
16 account via PAWC's "My H20" online portal. Finally, PAWC offers local field service  
17 support 24 hours a day, seven days a week for customer emergencies. All of this means  
18 that PAWC is very responsive to its customers and any issues they may have. PAWC will  
19 provide the same responsive approach to the Authority's customers once PAWC acquires  
20 the System.

21 In comparison, as discussed above, Authority customers experiencing service  
22 issues can speak to a Borough representative only between 8:00 a.m. to 4:00 p.m. on  
23 weekdays and must leave a message with the police for emergencies occurring after hours.

1        **Bill Payment Options.** PAWC offers a number of bill payment options. Customers have  
2        the option to receive paper bills through the mail or go paperless and receive their bills  
3        electronically via the “My H20” on-line portal. Either way, customers can pay their bill  
4        by mail, online, or over the phone with a debit or credit card. They can also pay by e-check  
5        or an electronic funds transfer (which can be set up at the “My H20” online portal) or pay  
6        in-person at multiple authorized payment locations across the state.

7                    The Authority offers payment options by mail, phone, online or drop box.

8  
9        **Customer Information and Education Programs.** PAWC provides extensive customer  
10       information and education programs that will be available to the Authority’s current  
11       customers through brochures, bill inserts, and educational videos posted on PAWC’s  
12       website. PAWC’s customers always have full access to a wide range of topics, including  
13       information on preventing sewer overflows, preventing frozen pipes, beneficially re-using  
14       residuals from water treatment plants for community gardens, detecting and fixing silent  
15       toilet leaks, properly disposing of unused pharmaceuticals to keep them out of the  
16       wastewater system, conserving water, installing expansion tanks, obtaining Fire  
17       Department Grants, and protecting customers from utility imposters.

18                    In comparison, the Authority has a General FAQ section on its website providing  
19       basic customer information.

20  
21       **Customer Assistance Programs.** Finally, as new PAWC customers, the Authority’s  
22       customers will have access to PAWC's customer assistance program called the “H20 Help  
23       to Others Program.” For wastewater customers, this program offers two main services:

1 (1) grants of up to \$500 per year and (2) a tiered discount on total wastewater charges based  
2 on percentage of Federal Poverty Level (“FPL”). Tier 1 (0%-50% of FPL) receives an  
3 85% discount; Tier 2 (51%-100% of FPL) receives a 73% discount; Tier 3 (101%-150%  
4 of FPL) receives a 55% discount; and Tier 4 (151-200% of FPL) receives a 37% discount.  
5 Additionally, PAWC offers payment arrangements and budget billing to residential  
6 customers who qualify for the programs.

7 PAWC’s strong collaboration and coordination with the Pennsylvania Department  
8 of Human Services (“DHS”), and its significant customer outreach, have allowed PAWC’s  
9 customers to enjoy significant benefits from the low-income household water assistance  
10 program (“LIHWAP”). In 2022, over 13,000 LIHWAP grants were processed by the DHS  
11 for PAWC customers providing \$7.6 million in assistance.

12 In comparison, the Authority has no low-income customer service assistance  
13 program nor any income-based repayment options.

14  
15 **Q. DOES PAWC HAVE A PROGRAM TO PROTECT ITS CUSTOMERS AGAINST**  
16 **UTILITY EMPLOYEE IMPOSTERS?**

17 **A.** Yes, PAWC has developed communications tools and programs to regularly educate  
18 customers about the tactics used by utility employee imposters and what homeowners need  
19 to know to protect themselves. The communications vehicles include bill inserts, news  
20 releases, social media posts and website information about imposter-related crimes and  
21 precautions that customers can take. In addition, PAWC helped form the Keystone  
22 Alliance to Stop Utility Imposters, a coalition of water, gas, and electric utilities, along  
23 with the Commission, Pennsylvania District Attorneys Association and Pennsylvania

1 Chiefs of Police Association, to launch a public awareness campaign using public service  
2 announcements, print materials, posters, and community presentations.

3  
4 **Q. PLEASE DESCRIBE PAWC'S CUSTOMER DISPUTE RESOLUTION**  
5 **PROCEDURE.**

6 **A.** I am advised by counsel that PAWC is governed by Chapter 14 of the Code, the  
7 Responsible Utility Customer Protection Act, 66 Pa. C.S. §§ 1401 *et seq.*, and the  
8 Commission's regulations commonly known as Chapter 56, 52 Pa. Code §§ 56.1 *et seq.*  
9 The law and regulations provide the procedures for public utilities to follow with regard to  
10 customer billing, collections, payment arrangements, medical certifications, Protection  
11 from Abuse Orders, termination of service, reconnection of service, and customer dispute  
12 resolution procedures.

13 PAWC has a customer compliance team located in the Mechanicsburg, PA office  
14 responsible for ensuring that customer disputes and complaints are resolved in compliance  
15 with the Commission's regulations. Additionally, the Company has a customer advocacy  
16 team located in the Mechanicsburg office responsible for addressing any customer disputes  
17 and escalated concerns.

18 The Authority's customer dispute process appears to be more informal. The  
19 Authority instructs customers to contact their billing agent (Diversified Technology Corp.)  
20 if they believe that there has been an error on their bill. If, discussing the billing issue with  
21 Diversified Technology Corp. does not resolve the issue, the Authority instructs customers  
22 to then call the Authority office to discuss the problem.

1 **Q. CAN YOU BRIEFLY COMPARE PAWC’S TERMINATION PROCESS TO THE**  
2 **AUTHORITY’S TERMINATION PROCESS?**

3 **A.** Yes. As discussed above, PAWC must comply with the Code and the Commission’s  
4 regulations with regard to customer termination. The Code and the Commission’s  
5 regulations do not apply to the Authority. Instead, the Authority follows the laws that apply  
6 to municipal authorities, including the Water Services Act, which do not contain the  
7 extensive procedural safeguards that are set forth in the Code and Commission regulations.  
8 The Authority can terminate a customer’s sewer service by having water service to the  
9 customer terminated. The Authority can also impose a lien on the property as a collection  
10 instrument, rather than terminating service. For terminations, the customer is mailed a 30-  
11 day notice before enforcement. If the account still has an outstanding balance at the end  
12 of the 30-day period, the Authority will post the customer’s property for shut off. Once  
13 the customer has received a final notice, the customer has 14 days thereafter to pay his  
14 delinquent amount. If not paid, the customer is shut off by the Authority with no further  
15 correspondence. The Authority has a standardized delinquency payment arrangement  
16 regardless of amount. The only option is 50 percent down with four subsequent payments  
17 of the remaining balance plus the current sewage bill. Once the payment agreement has  
18 been initiated, failure to maintain the payment arrangement results in termination of  
19 service.

20  
21 **Q. DOES THE AUTHORITY HAVE ANY BYPASS OR DEDUCT METERS? IF SO,**  
22 **HOW WILL PAWC HANDLE THOSE?**

1 A. No. The Authority is not set up to do bypass or deduct metering. All water that goes through  
2 the water meter is billed for sewage.

3

4 **Q. TO THE BEST OF YOUR KNOWLEDGE, DO THE AUTHORITY'S**  
5 **CUSTOMERS CURRENTLY HAVE A PUBLIC OMBUDSMAN TO REPRESENT**  
6 **THEIR INTERESTS?**

7 A. No.

8

9 **Q. DO PAWC'S CUSTOMERS HAVE A PUBLIC OMBUDSMAN TO REPRESENT**  
10 **THEIR INTERESTS?**

11 A. Yes. The Office of Consumer Advocate ("OCA") represents residential customers of  
12 public utilities; the Office of Small Business Advocate ("OSBA") represents small  
13 commercial customers of public utilities; and the Commission's Bureau of Investigation &  
14 Enforcement ("I&E") represents the general public interest. Moreover, the Commission,  
15 an independent regulatory agency, has regulatory oversight of matters involving public  
16 utilities. The Commission and all of the public advocates are funded by regulatory  
17 assessments on public utilities.

18

19 **Q. IS PAWC SUBJECT TO COMMISSION JURISDICTION?**

20 A. Yes. PAWC's service and rates are subject to Commission regulation and oversight. If  
21 the Transaction is approved, future rate cases for customers of the Authority will be  
22 evaluated by the Commission to ensure that rates are just and reasonable. The PUC also  
23 conducts audits and reviews PAWC filings. This oversight helps ensure that service is safe

1 and reliable. Authority customers will be protected by the Code and by PAWC's  
2 Commission-approved tariff.

3  
4 **Q. IS THE AUTHORITY SUBJECT TO COMMISSION JURISDICTION?**

5 **A.** I am advised by counsel that it is not. If a customer is dissatisfied with the service or rates  
6 of the Authority, the customer must seek redress in a court of common pleas.

7 **CONCLUSION**

8 **Q. DO YOU BELIEVE PAWC HAS THE ABILITY TO PROVIDE SAFE,**  
9 **ADEQUATE, AND RELIABLE WASTEWATER SERVICE TO THE**  
10 **AUTHORITY'S CUSTOMERS?**

11 **A.** Yes.

12  
13 **Q. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION WOULD RESULT**  
14 **IN AN AFFIRMATIVE PUBLIC BENEFIT OF A SUBSTANTIAL NATURE?**

15 **A.** Yes. For the reasons stated in my testimony, PAWC, as the largest investor-owned water  
16 and wastewater company in the Commonwealth, will be able to provide an enhanced level  
17 of operational expertise and customer service. The Transaction will also improve the  
18 System's environmental compliance. Approval of the Transaction would be consistent  
19 with the Pennsylvania Constitution, Article I Section 27.

20  
21 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

22 **A.** Yes. However, I reserve the right to supplement my direct testimony as additional issues  
23 and facts arise during the course of the proceeding. Thank you.

## DANIEL J. HUFTON, P.E.

**PROFESSIONAL SUMMARY** 24+ years of progressively responsible Water & Wastewater Utility operations, management, and regulatory compliance experience.

12 years of client-focused Consulting Engineering and Design experience.

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**CORE QUALIFICATIONS**

- Experienced in conducting due diligence of potential water and wastewater system acquisitions
- In depth knowledge of regulated water and wastewater utility operations
- Thorough knowledge of water and wastewater treatment technologies and compliance challenges
- Well versed on USEPA and PA DEP regulatory requirements

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**PA AMERICAN WATER EXPERIENCE** **ENGINEERING MGR**  
2021 - Present

**DIR. WATER QUALITY & ENVIRONMENTAL COMPLIANCE**  
2020 - 2021

**SR. OPERATIONS MGR, O&M STRATEGY**  
2015 - 2021

**SR. DIRECTOR, PRODUCTION**  
2004 - 2015

**OPERATIONS MGR, SW PA**  
2002 - 2004

**WATER QUALITY SUPERINTENDENT**  
2000 - 2002

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**PRIOR EXPERIENCE** **BRANCH OFFICE MGR, BLAZOSKY ASSOCIATES, INC.**  
1992 - 2000

Client-focused consultant providing design and permitting services to solid waste management and industrial wastewater clients, including PAWC.

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**SR STAFF ENGINEER, CHAMBERS DEVELOPMENT CO.**

1991 - 1992

Corporate engineer for regional solid waste management firm, focused on design, permitting and operation of company's landfill leachate treatment plants.

**PROJECT ENGINEER, EARTH SCIENCES CONSULTANTS, INC.**

1988 - 1991

Entry level engineering position, responsible for design and permitting of solid waste disposal facilities and industrial wastewater treatment plants.

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**EDUCATION** CORNELL UNIVERSITY –Ithaca, NY –M. Eng., Civil Engineering –1988

PENN STATE UNIVERSITY –Univ. Park, PA –B.S., Civil Engineering –1987

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**REGISTRATIONS & CERTIFICATIONS** REGISTERED PROFESSIONAL ENGINEER, PENNSYLVANIA

CERTIFIED WATER & WASTEWATER OPERATOR, PENNSYLVANIA

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**MEMBERSHIPS** AMERICAN WATER WORKS ASSOCIATION

WATER ENVIRONMENT FEDERATION

PAWARN

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*Investment Project (IP) Budget Estimate*

Project Name	CSIC	YR1	YR2	YR3	YR4	YR 5
1 - Act 537 Plan revision		\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -
2 - LTCP Project B1 Design/Permitting	TBD	\$ -	\$ -	\$ 350,000	\$ -	\$ -
3 - LTCP Project B1 Construction	TBD	\$ -	\$ -	\$ -	\$ 8,900,000	\$ 8,900,000
4 - Collection system survey & assessment	YES	\$ 10,000	\$ 10,000	\$ 88,600	\$ 88,600	\$ 88,600
<b>IP Total</b>		<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 438,600</b>	<b>\$ 8,988,600</b>	<b>\$ 8,988,600</b>
<b>IP Grand Total</b>						<b>\$ 18,495,800</b>

Note, the LTCP Project B1 includes the following components:

1. Abandon the existing 1.2 MGD activated sludge plant.
2. Build a new 2.0 MGD sequencing batch reactor (SBR) plant with peak capacity of 10 MGD.
3. Construct collection/conveyance system improvements to convey most weather flow to the plant, including building new pump stations at CSOs #5 and #8.
4. Construct a new 660,000-gallon wet weather flow equalization and storage tank at the plant.

*Recurring Project (RP) Budget Estimate*

Line	Capital Improvement	CSIC	YR1	YR2	YR3	YR4	YR5
A	Mains - New		\$ -	\$ -	\$ -	\$ -	\$ -
B	Mains - Replaced / Restored	YES	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000
C	Mains - Unscheduled	YES	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
D	Mains - Relocated	YES	\$ -	\$ -	\$ -	\$ -	\$ -
E	Hydrants, Valves, and Manholes - New		\$ -	\$ -	\$ -	\$ -	\$ -
F	Hydrants, Valves, and Manholes - Replaced	YES	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
G	Services and Laterals - New		\$ -	\$ -	\$ -	\$ -	\$ -
H	Services and Laterals - Replaced	YES	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
K	ITS Equipment and Systems		\$ 50,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
L	SCADA Equipment and Systems		\$ 10,000	\$ -	\$ -	\$ -	\$ -
K	Security Equipment and Systems		\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ -
N	Offices and Operations Centers		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
O	Vehicles		\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
P	Tools, Equipment, and Safety		\$ 25,000	\$ 25,000	\$ 10,000	\$ 10,000	\$ 10,000
Q	Process Plant Facilities and Equipment		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	<b>RP Total</b>		<b>\$ 360,000</b>	<b>\$ 205,000</b>	<b>\$ 440,000</b>	<b>\$ 490,000</b>	<b>\$ 440,000</b>
	<b>RP Grand Total</b>						<b>\$ 1,935,000</b>


**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 treatment plant and collection : **Docket Nos. A-2023-3038717, et al.**  
system owned and operated by the :  
Elizabeth Borough Municipal Authority, :  
(2) the rights of Pennsylvania-American :  
Water Company to begin to offer or :  
furnish wastewater service to the public in :  
the Borough of Elizabeth, and portions of :  
the Borough of Lincoln, and the Townships :  
of Elizabeth and Forward, in Allegheny :  
County, Pennsylvania :**

VERIFICATION

I, Daniel J. Hufton, P.E., hereby state that the facts set forth in PAWC Statement No. 2 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: September 27, 2024

  
\_\_\_\_\_  
Daniel J. Hufton, P.E.  
Engineering Manager  
Pennsylvania-American Water Company