

**Application of Pennsylvania-American Water Company for the Acquisition of
the Wastewater Treatment Plant and Collection System Owned and Operated by
Elizabeth Borough Municipal Authority (“EBMA”)**

Docket No. A-2023-3038717

66 Pa. C.S. § 1329

Application Filing Checklist – Water/Wastewater

18. Rates.

- e. Provide a verification statement addressing *whether* the Buyer provided the Seller with estimates and supporting working papers, including the potential rate impacts that the transaction may have on the Seller’s customers, assuming the Buyer’s highest proposed purchase price and stand-alone rates that recover the Buyer’s estimated gross revenue requirements for the acquired system from the Seller’s customers, prior to execution of the APA.

RESPONSE: e. Because the Commission’s FSIO issued July 2, 2024 at Docket No. M-2016-2543193 does not apply retroactively, this component of the application filing checklist does not apply to this transaction. Notwithstanding the foregoing, please see **Appendix A-18-e**.

**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 No. A-2023-3038717
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 :

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 : Docket No. A-2024-_____
value or the negotiated purchase price of the assets :
related to the wastewater treatment plant and collection :
system owned and operated by the Elizabeth Borough :
Municipal Authority :

In re: Petition of Pennsylvania-American Water :
Company, related to its acquisition of the wastewater :
treatment plant and collection system owned and :
operated by the Elizabeth Borough Municipal Authority, :
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 : Docket Nos. P-2024-_____
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 :

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 between Elizabeth Borough :
Municipal Authority and Pennsylvania-American Water :
Company, and (ii) six (6) agreements with municipal : Docket Nos. U-2024-_____, et al.
corporations to be assumed by Pennsylvania-American :
Water Company upon closing of its acquisition of :
substantially all of the assets related to the :
wastewater treatment plant and collection system :
owned and operated by the Elizabeth Borough :
Municipal Authority :


VERIFICATION

I, Stacey Gress, on behalf of Buyer, Pennsylvania-American Water Company (“PAWC”) in connection with the foregoing Application, hereby state the following:

1. Prior to execution of the Asset Purchase Agreement, PAWC provided Elizabeth Borough Municipal Authority (“EBMA”) with the potential rate impacts that the transaction may have on Seller’s customers.
2. The potential rate impacts provided to the Seller prior to execution of the Asset Purchase Agreement were not based on stand-alone rates that recover the estimated gross revenue requirement for the system from the Seller’s customers, but rather a projection of potential gradual rate increases to the system’s customers over time.

I make this verification subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 9/26/24



Stacey Gress
Director, Rates and Regulatory
Pennsylvania-American Water Company