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December 3, 2024

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

In re: Application of Pennsylvania-American Water Company under Section 1102(a) of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102(a), for approval of (1) the transfer, by sale, of substantially all of the East Dunkard Water Authority's assets, properties and rights related to its water system to Pennsylvania-American Water Company, and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in Dunkard, and portions of Monongahela, Greene, Cumberland, Perry, and Whiteley Townships, all in Greene County, Pennsylvania  
Docket No. A-2024-3049759

In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of the Asset Purchase Agreement By and Among East Dunkard Water Authority, and Pennsylvania-American Water Company, as Amended – Docket No. U-2024-

Dear Secretary Chiavetta:

On behalf of Pennsylvania-American Water Company, I am filing the attached Joint Petition for Approval of Unanimous Settlement of All Issues between Pennsylvania-American Water Company, East Dunkard Water Authority, the Office of Consumer Advocate and the Office of Small Business Advocate.

Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari

Enclosure

cc: The Honorable Administrative Law Judge Eranda Vero (*via electronic mail*)  
All Parties on the Attached Certificate of Service (*via electronic mail*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American :  
Water Company under Section 1102(a) of the :  
Pennsylvania Public Utility Code, 66 Pa. C.S. :  
§ 1102(a), for approval of (1) the transfer, by :  
sale, of substantially all of the East Dunkard :  
Water Authority’s assets, properties and rights :  
related to its water system to Pennsylvania- : Docket No. A-2024-3049759  
American Water Company, and (2) the right of :  
Pennsylvania-American Water Company to :  
begin to offer or furnish water service to the :  
public in Dunkard, and portions of :  
Monongahela, Greene, Cumberland, Perry, and :  
Whiteley Townships, all in Greene County, :  
Pennsylvania. :

In re: Filing by Pennsylvania-American Water :  
Company under Section 507 of the :  
Pennsylvania Public Utility Code, 66 Pa. C.S. : Docket Nos. U-2024-\_\_\_\_\_, *et al.*  
§ 507, of the Asset Purchase Agreement By :  
and Among East Dunkard Water Authority, :  
and Pennsylvania-American Water Company, :  
as Amended :

**CERTIFICATE OF SERVICE**

I hereby certify that I am this day serving the above-referenced Joint Petition for Approval of Unanimous Settlement upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §1.54 (relating to service by a party).

**Service in the manner listed below addressed as follows on December 3, 2024**

Melanie J. El Atieh, Deputy Consumer Advocate  
Christine Maloni Hoover, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
*(via electronic mail)*

Rebecca Lyttle, Assistant Small Business Advocate  
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Allison Kaster, Director  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
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Harrisburg, PA 17105  
(via electronic mail)

Lane M. Turturice, Esquire  
Turturice & Associates, LLC  
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Respectfully submitted,



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**Attorney for Pennsylvania-American Water  
Company**



hereby join in this Joint Petition for Approval of Unanimous Settlement of All Issues (“Settlement”) and respectfully request that the Honorable Administrative Law Judge Eranda Vero (the “ALJ”) recommend approval of, and the Pennsylvania Public Utility Commission (“Commission”) approve, this Settlement without modification.<sup>1</sup>

In support of the Settlement, the Joint Petitioners state the following:

## **I. PROCEDURAL HISTORY**

1. The Joint Petitioners adopt and incorporate by reference the procedural history contained in the Stipulation.

## **II. SETTLEMENT TERMS**

The Joint Petitioners agree as follows:

### **A. Approval of Application**

2. The Joint Petitioners agree that the Commission should approve (a) PAWC’s acquisition of the water system assets (the “System”) currently owned by EDWA, and (b) PAWC’s right to begin to offer, render, furnish or supply water service in the areas served by the System, as well as any other approvals or certificates necessary for the transaction, subject to approval of all of the following conditions and without modification.

### **B. Tariff**

3. The *pro forma* water tariff supplement attached to the Application as Appendix B shall be permitted to become effective immediately upon closing of the transaction (“Closing”). In addition, PAWC shall be authorized to implement all other miscellaneous fees and charges, and

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<sup>1</sup> A Joint Stipulation of Facts (“Stipulation”) is being filed in this matter contemporaneously with this Settlement.

the rules and regulations regarding conditions of PAWC's water service, as reflected in PAWC's prevailing water tariff, upon Closing.

**C. Distribution System Improvement Charge ("DSIC")**

4. The DSIC provisions of PAWC's effective water tariff will apply to customers in the System no later than the first base rate case in which the System is included. Additionally, PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.

**D. Rates**

5. Post-Closing, the Pennsylvania Infrastructure Investment Authority ("PENNVEST") loan surcharge on EDWA bills shall be removed and rolled into base rates as provided for in PAWC's *pro forma* tariff supplement. If PAWC assumes the PENNVEST loan, that loan shall be treated as PAWC treats other current debt, *i.e.*, not as a surcharge.

6. In PAWC's first base rate case following Closing, PAWC will propose a public fire rate for the EDWA service territory equal to PAWC's statewide public fire rates.

7. Except as explicitly agreed upon in this Settlement, nothing contained herein or in the Commission's approval of the Application shall preclude any Joint Petitioner from asserting any position or raising any issue in other PAWC proceedings. This includes, but is not limited to, the rights of OCA and OSBA to address and make other proposals for System rate base and rates in PAWC's future rate cases, appeals, and remands.

8. Any claim by PAWC to recover transaction and closing costs associated with the acquisition of the System will not include transaction and closing costs incurred by EDWA, provided however that PAWC may seek recovery of any costs incurred as Receiver of EDWA that are not reimbursed from the proceeds of the sale pursuant to the APA (as defined below). The

OCA and the OSBA reserve their rights to challenge the reasonableness, prudence and basis for PAWC's transaction and closing cost and receivership cost claims in the rate filing where they are claimed.

**E. Low Income Program Outreach**

9. Within the first billing cycle following Closing, PAWC shall provide a bill insert to System customers regarding PAWC's 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 the contact information for PAWC, the OCA and the OSBA. PAWC, the OCA, and the OSBA agree to discuss the specific language and placement of the contact information after submission of this Settlement but before the finalization of the bill insert.

10. Within the first 30 days of Closing, PAWC shall provide a welcome letter to System customers that includes information about bill payment options; identifies locations where customers can pay in-person for no additional fee, which are reasonably proximate to the areas served by the System; and provides the information listed in the previous paragraph about the Company's low-income programs and customer payment arrangement programs. The welcome letter will explain how the PENNVEST surcharge is going to be added to the monthly customer charge at the same level (\$17.54 per customer per month) as paid to EDWA. The letter will explain that the PENNVEST surcharge will not be shown as a separate surcharge on the bills after Closing. PAWC agrees to provide the customer letter to the OCA and the OSBA prior to its distribution to the EDWA customers.

**F. Approval of Section 507 Agreements**

11. Pursuant to 66 Pa. C.S. § 507, the Commission shall issue Certificates of Filing or approval for the Asset Purchase Agreement By and Between the East Dunkard Water Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of July 23, 2023, including the First Amendment dated as of November 3, 2023, Second Amendment dated as of January 25, 2024, Third Amendment dated June 13, 2024, and a Fourth Amendment dated as of November 22, 2024 (together, the “APA”).

12. Section 9.1(r) of the APA refers to EDWA’s responsibility regarding a civil penalty that was included in a proposed resolution of a Bureau of Investigation & Enforcement complaint proceeding (Docket No. C-2021-3027615). This complaint case was subsequently dismissed by the Commission. The APA has been revised by PAWC and EDWA, pursuant to the Fourth Amendment referenced above to reflect the dismissal of the Complaint docket that occurred after the execution of the APA.

**G. Other Conditions**

13. Prior to PAWC’s first rate case following Closing, PAWC will provide to the OCA and the OSBA a schedule of all capital installed by EDWA using the Community Development Block Grant, by plant account, with the original cost, date of install, calculated accumulated depreciation, and service life. Plant in service funded by grants that are not repaid by EDWA at Closing shall be deducted from the depreciated original cost of the system.

14. EDWA has identified five locations where multiple dwellings are on one meter: two small modular home communities and three single family dwellings with an additional dwelling or modular home on the same parcel. PAWC agrees as follows:

a. PAWC provided the OCA with a schedule that shows what each of the above-referenced customers are currently paying to EDWA and confirms what each customer will pay under the *pro forma* tariff supplement.

b. PAWC agrees that it will provide OCA with a report 90 days after Closing that identifies its proposed solution, including time frames, for the five locations identified where multiple dwellings are on one meter. The report shall include any additional locations with one meter serving multiple dwellings that PAWC has identified after Closing and the solutions for each of those additional locations, if any.

#### **H. Other Necessary Approvals**

15. The Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code (“Code”) to carry out the transaction contemplated in the Applications in a lawful manner.

#### **I. Standard Settlement Conditions**

16. The Settlement is conditioned upon the Commission’s approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Settlement. The Joint Petitioners acknowledge and agree that the Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

17. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Settlement and the proceedings continue,

the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

18. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Petitioner's position with respect to any issues raised in these proceedings. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

19. To the extent possible, the Joint Petitioners shall jointly prepare and submit Proposed Conclusions of Law and Proposed Ordering Paragraphs. The Joint Petitioners further agree that the facts agreed to in the Stipulation are sufficient to find that the Settlement is in the public interest.

20. Each Petitioner shall prepare a Statement in Support of Settlement setting forth the bases upon which the Petitioner believes the Settlement to be in the public interest.

21. If the ALJ recommends approval of the Settlement without modification, the Joint Petitioners will waive their rights to file Exceptions.

### **III. REQUEST FOR RELIEF**

**WHEREFORE**, PAWC, EDWA, the OCA, and the OSBA, by their respective counsel, respectfully request that:

(1) The Honorable Administrative Law Judge Eranda Vero recommend approval of, and the Commission approve, this Joint Petition for Unanimous Settlement of All Issues as

submitted, including all terms and conditions thereof, without modification. These terms and conditions include, but are not limited to, the following:

(a) The DSIC provisions of PAWC's effective water tariff will apply to customers in the System no later than the first base rate case in which the System is included. Additionally, PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.

(b) Post-Closing, the PENNVEST loan surcharge on EDWA bills shall be removed and rolled into base rates as provided for in PAWC's *pro forma* tariff supplement. If PAWC assumes the PENNVEST loan, that loan shall be treated as PAWC treats other current debt, *i.e.*, not as a surcharge.

(c) In PAWC's first base rate case following Closing, PAWC will propose a public fire rate for the EDWA service territory equal to PAWC's statewide public fire rates.

(d) Any claim by PAWC to recover transaction and closing costs associated with the acquisition of the System will not include transaction and closing costs incurred by EDWA, provided however that PAWC may seek recovery of any costs incurred as Receiver of EDWA that are not reimbursed from the proceeds of the sale pursuant to the APA. The OCA and the OSBA reserve their rights to challenge the reasonableness, prudence and basis for PAWC's transaction and closing cost and receivership cost claims in the rate filing where they are claimed.

(e) Within the first billing cycle following Closing, PAWC shall provide a bill insert to System customers regarding PAWC's 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 the contact information for PAWC,

the OCA and the OSBA. PAWC, the OCA, and the OSBA agree to discuss the specific language and placement of the contact information after submission of this Settlement but before the finalization of the bill insert.

(f) Within the first 30 days of Closing, PAWC shall provide a welcome letter to System customers that includes information about bill payment options; identifies locations where customers can pay in-person for no additional fee, which are reasonably proximate to the areas served by the System; and provides the information listed in Paragraph (1)(e) about the Company's low-income programs and customer payment arrangement programs. The welcome letter will explain how the PENNVEST surcharge is going to be added to the monthly customer charge at the same level (\$17.54 per customer per month) as paid to EDWA. The letter will explain that the PENNVEST surcharge will not be shown as a separate surcharge on the bills after Closing. PAWC agrees to provide the customer letter to the OCA and the OSBA prior to its distribution to the EDWA customers.

(g) Prior to PAWC's first rate case following Closing, PAWC will provide to the OCA and the OSBA a schedule of all capital installed by EDWA using the Community Development Block Grant, by plant account, with the original cost, date of install, calculated accumulated depreciation, and service life. Plant in service funded by grants that are not repaid by EDWA at Closing shall be deducted from the depreciated original cost of the system.

(h) EDWA has identified five locations where multiple dwellings are on one meter: two small modular home communities and three single family dwellings with an additional dwelling or modular home on the same parcel. PAWC will provide the OCA with a report 90 days after Closing that identifies its proposed solution, including time frames, for the five locations identified where multiple dwellings are on one meter. The report shall include any additional

locations with one meter serving multiple dwellings that PAWC has identified after Closing and the solutions for each of those additional locations, if any.

(2) That the Application filed by PAWC in this matter on June 21, 2024, as amended by the Settlement, be approved.

(3) That the Commission issue Certificates of Public Convenience under 66 Pa. C.S. §§ 1102(a) and § 1103(a) evidencing Commission approval of:

(a) the transfer, by sale, of substantially all the assets, properties and rights of the EDWA related to or used in connection with its public drinking water system to PAWC in accordance with the APA (as hereinafter defined); and

(b) the commencement by PAWC of water service to the public in Dunkard, and portions of Monongahela, Greene, Cumberland, Perry and Whiteley Townships, all in Greene County, Pennsylvania.

(4) That, pursuant to 66 Pa. C.S. § 507, a Certificate of Filing or approvals be issued for the Asset Purchase Agreement By and Between the East Dunkard Water Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of July 23, 2023, the First Amendment dated as of November 3, 2023, the Second Amendment dated as of January 25, 2024, the Third Amendment dated June 13, 2024, and the Fourth Amendment dated as of November 22, 2024.

(5) That PAWC may adopt the rates as shown on the *pro forma* tariff supplement attached to the Application as **Appendix “B”**, to be made effective upon one day's notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC's water service, as reflected in PAWC's prevailing water tariff, to become effective upon Closing; and

(6) That the Commission issue any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the transaction contemplated in this Application in a lawful manner.

[Signatures appear on next page.]

Respectfully submitted,



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*On behalf of the Office of Consumer Advocate*

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*On behalf of the Office of Small Business  
Advocate*

---

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*On behalf of Pennsylvania-American Water  
Company*



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*On behalf of the East Dunkard Water Authority*

Respectfully submitted,

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***On behalf of the Office of Consumer Advocate***

*/s/ Rebecca Lyttle*

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***On behalf of the Office of Small Business  
Advocate***

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***On behalf of Pennsylvania-American Water  
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***On behalf of the East Dunkard Water Authority***

Respectfully submitted,

*Christine Maloni Hoover*

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***On behalf of the Office of Small Business  
Advocate***

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***On behalf of Pennsylvania-American Water  
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***On behalf of the East Dunkard Water Authority***

## **List of Appendices**

- A. Joint Proposed Findings of Fact
- B. Joint Proposed Conclusions of Law
- C. Joint Proposed Ordering Paragraphs
- D. Joint Statement in Support of Pennsylvania-American Water Company and East Dunkard Water Authority
- E. Statement in Support of the Office of Small Business Advocate
- F. Statement in Support of the Office of Consumer Advocate

**APPENDIX A**

**Joint Proposed Findings of Fact**

## **Joint Proposed Findings of Fact**

1. The parties incorporate by reference, and adopt as their Joint Proposed Findings of Fact, the facts stated in Appendix A to the Joint Stipulation of Facts.

**APPENDIX B**

**Joint Proposed Conclusions of Law**

### **Joint Proposed Conclusions of Law**

1. The Commission has jurisdiction over the subject matter of, and the parties to, this application proceeding.

2. Pennsylvania-American Water Company (“PAWC”), as the applicant, has the burden of proof in these proceedings. 66 Pa. C.S. § 332(a).

3. The “burden of proof” is composed of two distinct burdens: the burden of production and the burden of persuasion. *Hurley v. Hurley*, 754 A.2d 1283 (Pa. Super. 2000). The burden of production determines which party must come forward with evidence to support a particular proposition. The burden of production goes to the legal sufficiency of a party’s case. Having passed the test of legal sufficiency, the party with the burden of proof must then bear the burden of persuasion to be entitled to a verdict in its favor. “[T]he burden of persuasion never leaves the party on whom it is originally cast, but the burden of production may shift during the course of the proceedings.” *Riedel v. County of Allegheny*, 633 A.2d 1325, 1328 n. 11 (Pa. Cmwlth. 1993).

4. To establish a sufficient case and satisfy its burden of proof, PAWC’s evidence must be more convincing, by even the smallest amount, than that presented by any opposing party. *Se-Ling Hosiery, Inc. v. Margulies*, 70 A.2d 854 (1950).

5. The Pennsylvania Public Utility Commission’s decision must be supported by substantial evidence in the record. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. Pub. Util. Comm’n*, 413 A.2d 1037 (Pa. 1980).

6. Commission policy promotes settlements. 52 Pa. Code § 5.231.

7. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has

indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. 52 Pa. Code § 69.401.

8. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991).

9. The settlement and its proposed terms and conditions are in the public interest and, therefore, should be approved without modification.

10. A certificate of public convenience is required for “any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a different nature or to a different territory than that authorized . . . .” 66 Pa. C.S. § 1102(a)(1).

11. A certificate of public convenience is also required for “any public utility . . . to acquire from, or to transfer to, . . . any person or corporation, including a municipal corporation, by any method or device whatsoever the title to, or possession or use of, any tangible or intangible property used or useful in the public service.” 66 Pa. C.S. § 1102(a)(3).

12. In granting a certificate of public convenience, the Pennsylvania Public Utility Commission may impose such conditions as it may deem to be just and reasonable. 66 Pa. C.S. § 1103(a).

13. An applicant for a certificate of public convenience must demonstrate that it is technically, financially and legally fit to own and operate the system being acquired. *Seaboard Tank Lines, Inc. v Pa. Pub. Util. Comm'n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985).

14. A certificated public utility enjoys a rebuttable presumption that it possesses the requisite fitness. *South Hills Movers, Inc. v. Pa. Pub. Util. Comm'n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992).

15. PAWC has demonstrated, by a preponderance of the evidence, that it is technically, financially and legally fit to own and operate the East Dunkard Water Authority's water system (the "System").

16. The Commission may issue a certificate of public convenience upon a finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa. C.S. § 1103(a) ("Procedure to obtain certificates of public convenience").

17. An applicant for a certificate of public convenience must demonstrate that the transaction will "affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way." *City of York v. Pa. Pub. Util. Comm'n*, 295 A.2d 825, 828 (1972).

18. The affirmative public benefit test is a "net benefits assessment." This requires a showing that, on net, the public is better off because of the transaction than it would have been in the absence of the transaction. *Cicero v. Pa. Pub. Util. Comm'n*, 300 A.3d 1106 (Pa. Cmwlth. 2023), *petitions for alloc. granted* 47-49 MAP 2024 (Pa. Jun. 14, 2024). Where there are known harms, the transaction must have benefits that differ substantially from the benefits already being provided by the existing system operator to support approving the transaction.

19. PAWC has demonstrated, by a preponderance of the evidence, that its acquisition of the System as modified by the Settlement, affirmatively promotes the service, accommodation, convenience or safety of the public in a substantial way.

20. A contract between a municipality and a public utility (other than a contract to furnish service at regular tariff rates) must be filed with the Commission at least 30 days before the effective date of the contract. The Commission may approve it by issuing a certificate of filing or institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract. 66 Pa. C.S. § 507.

21. The Settlement and its proposed terms and conditions are in the public interest and, therefore, should be approved without modification.

**APPENDIX C**

**Joint Proposed Ordering Paragraphs**

## Joint Proposed Ordering Paragraphs

(1) That the Honorable Administrative Law Judge Eranda Vero recommend approval of, and the Pennsylvania Public Utility Commission (“Commission”) approve, the Joint Petition for Approval of Settlement of All Issues as submitted, including all terms and conditions thereof, without modification. These terms and conditions include, but are not limited to, the following:

(a) The distribution system improvement charge (“DSIC”) provisions of Pennsylvania-American Water Company’s (“PAWC’s”) effective water tariff will apply to customers in the East Dunkard Water Authority’s (“EDWA’s”) water system (the “System”) no later than the first base rate case in which the System is included. Additionally, PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.

(b) Post-Closing, the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) loan surcharge on EDWA bills shall be removed and rolled into base rates as provided for in PAWC’s *pro forma* tariff supplement. If PAWC assumes the PENNVEST loan, that loan shall be treated as PAWC treats other current debt, *i.e.*, not as a surcharge.

(c) In PAWC’s first base rate case following closing on the Transaction (“Closing”), PAWC will propose a public fire rate for the EDWA service territory equal to PAWC’s statewide public fire rates.

(d) Any claim by PAWC to recover transaction and closing costs associated with the acquisition of the System will not include transaction and closing costs incurred by EDWA, provided however that PAWC may seek recovery of any costs incurred as Receiver of EDWA that are not reimbursed from the proceeds of the sale pursuant to the APA (as defined below). The OCA and the OSBA reserve their rights to challenge the reasonableness, prudence

and basis for PAWC's transaction and closing cost and receivership cost claims in the rate filing where they are claimed.

(e) Within the first billing cycle following Closing, PAWC shall provide a bill insert to System customers regarding PAWC's 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 the contact information for PAWC, the OCA and the OSBA. PAWC, the OCA, and the OSBA agree to discuss the specific language and placement of the contact information after submission of this Joint Petition for Unanimous Settlement of all Issues but before the finalization of the bill insert.

(f) Within the first 30 days of Closing, PAWC shall provide a welcome letter to System customers that includes information about bill payment options; identifies locations where customers can pay in-person for no additional fee, which are reasonably proximate to the areas served by the System; and provides the information listed in Paragraph (1)(e) about the Company's low-income programs and customer payment arrangement programs. The welcome letter will explain how the PENNVEST surcharge is going to be added to the monthly customer charge at the same level (\$17.54 per customer per month) as paid to EDWA. The letter will explain that the PENNVEST surcharge will not be shown as a separate surcharge on the bills after Closing. PAWC agrees to provide the customer letter to the OCA and the OSBA prior to its distribution to the EDWA customers.

(g) Prior to PAWC's first rate case following Closing, PAWC will provide to the OCA and the OSBA a schedule of all capital installed by EDWA using the Community Development Block Grant, by plant account, with the original cost, date of install, calculated

accumulated depreciation, and service life. Plant in service funded by grants that are not repaid by EDWA at Closing shall be deducted from the depreciated original cost of the system.

(h) EDWA has identified five locations where multiple dwellings are on one meter: two small modular home communities and three single family dwellings with an additional dwelling or modular home on the same parcel. PAWC will provide the OCA with a report 90 days after Closing that identifies its proposed solution, including time frames, for the five locations identified where multiple dwellings are on one meter. The report shall include any additional locations with one meter serving multiple dwellings that PAWC has identified after Closing and the solutions for each of those additional locations, if any.

(2) That the Application filed by PAWC in this matter on June 21, 2024, as amended by the Settlement, be approved.

(3) That the Commission issue Certificates of Public Convenience under 66 Pa. C.S. §§ 1102(a) and § 1103(a) evidencing Commission approval of:

(a) the transfer, by sale, of substantially all the assets, properties and rights of the EDWA related to or used in connection with its public drinking water system to PAWC in accordance with the APA (as hereinafter defined); and

(b) the commencement by PAWC of water service to the public in Dunkard, and portions of Monongahela, Greene, Cumberland, Perry and Whiteley Townships, all in Greene County, Pennsylvania.

(4) That, pursuant to 66 Pa. C.S. § 507, a Certificate of Filing or approvals be issued for the Asset Purchase Agreement By and Between the East Dunkard Water Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of July 23, 2023, the First Amendment dated as of November 3, 2023, the Second Amendment dated as of January 25, 2024,

the Third Amendment dated June 13, 2024, and the Fourth Amendment dated as of November 22, 2024 (together, the “APA”);

(5) That PAWC may adopt the rates as shown on the *pro forma* tariff supplement attached to the Application as **Appendix “B”**, to be made effective upon one day's notice, and the implementation of all other rates, and the rules and regulations regarding conditions of PAWC's water service, as reflected in PAWC's prevailing water tariff, to become effective upon the closing of the Transaction; and

(6) That the Commission issue any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application in a lawful manner.

**APPENDIX D**

**Joint Statement in Support of**

**Pennsylvania-American Water Company and East Dunkard Water Authority**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge  
Eranda Vero**

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In re: Application of Pennsylvania-American :  
Water Company under Section 1102(a) of the :  
Pennsylvania Public Utility Code, 66 Pa. C.S. :  
§ 1102(a), for approval of (1) the transfer, by :  
sale, of substantially all of the East Dunkard :  
Water Authority's assets, properties and rights :  
related to its water system to Pennsylvania- : Docket No. A-2024-3049759  
American Water Company, and (2) the right of :  
Pennsylvania- American Water Company to :  
begin to offer or furnish water service to the :  
public in Dunkard, and portions of :  
Monongahela, Greene, Cumberland, Perry,  
and Whiteley Townships, all in Greene  
County, Pennsylvania.

In re: Filing by Pennsylvania-American Water  
Company under Section 507 of the  
Pennsylvania Public Utility Code, 66 Pa. C.S. Docket No. U-2024-\_\_\_\_\_, *et al.*  
§ 507, of the Asset Purchase Agreement By  
and Among East Dunkard Water Authority,  
and Pennsylvania-American Water Company,  
as Amended

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**JOINT STATEMENT OF PENNSYLVANIA-AMERICAN WATER COMPANY  
AND THE EAST DUNKARD WATER AUTHORITY IN SUPPORT OF THE  
JOINT PETITION FOR APPROVAL  
OF UNANIMOUS SETTLEMENT OF ALL ISSUES**

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Pennsylvania-American Water Company (“PAWC” or the “Company”) and the East Dunkard Water Authority (“EDWA”) file this Joint Statement in Support of the Joint Petition for Approval of Unanimous Settlement of All Issues (the “Settlement”) entered into by: PAWC, East Dunkard Water Authority (“EDWA”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”) (singularly, a “Petitioner” and collectively, the “Joint Petitioners”). PAWC and EDWA respectfully request that the Honorable Administrative Law Judge Eranda Vero (the “ALJ”) recommend approval of, and the Pennsylvania Public Utility Commission (“Commission”) approve, the application filed by PAWC on June 21, 2024 (the “Application”), as modified by the Settlement, including all terms and conditions thereof, without modification.

## **I. INTRODUCTION**

On July 23, 2023, PAWC and EDWA entered into an Asset Purchase Agreement to transfer substantially all the assets, properties and rights of EDWA’s water system (the “System”) to PAWC (the “Transaction”). That agreement was subsequently amended (as amended, the “APA”). The July 23, 2023 agreement, the First Amendment dated November 3, 2023, the Second Amendment dated January 25, 2024, and the Third Amendment dated June 13, 2024 were attached to the Application as Amended Appendix A. The Fourth Amendment dated as of November 22, 2024 is attached to the Joint Stipulation of Facts of even date herewith (the “Stipulation”).

On October 30, 2023, PAWC and the Pennsylvania Department of Environmental Protection (“DEP” or the “Department”) filed a Joint Application at Docket No. P-2023-3043950 (“PUC Receivership Proceeding”), requesting an *Ex Parte* Emergency Order in Regard to Receivership of EDWA. On October 30, 2023, Chairman Stephen M. DeFrank issued an *Ex Parte*

Emergency Order authorizing PAWC to serve as Receiver for EDWA. This Order was ratified by the Commission in a Ratification Order entered on November 20, 2023. In addition, PAWC was appointed as Receiver of EDWA by the Commonwealth Court of Pennsylvania (“Commonwealth Court”) by Order dated February 8, 2024, at Docket Nos. 557 M.D. 2022 and 490 N.D. 2023 (consolidated) (“Commonwealth Court Receivership Proceeding”).

On June 21, 2024, PAWC filed the instant application requesting, *inter alia*, Commission approval of its acquisition of the System and the right to offer, render, furnish and supply water service in the areas served by EDWA, including Dunkard Township and portions of Cumberland, Greene, Monongahela, Perry and Whitely Townships, all in Greene County, Pennsylvania. PAWC filed an amended application on July 2, 2024. The application, as amended, is referred to herein as the “Application.”

The Settlement, if approved, will resolve all the issues raised in this proceeding. The Settlement is in the best interest of the public-at-large (all residents of Pennsylvania, regardless of whether they are customers of EDWA or PAWC), EDWA, EDWA’s existing customers, PAWC as the buyer of the System, and PAWC’s existing water and wastewater customers. It is in the public interest and, accordingly, should be approved.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket No.

R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

As an initial matter, no existing customer of EDWA filed a protest or objection to this proposed Transaction. This suggests that the people who are most familiar with the present service of EDWA believe the acquisition is in their best interest. Similarly, no existing customer of PAWC filed a protest or objection to this proposed Transaction, which also suggests that they believe the acquisition is in their best interest.

Additionally, the fact that the Settlement resolves all issues raised by all parties is, in and of itself, strong evidence that the settlement is reasonable and in the public interest. The Joint Petitioners, their counsel and experts, have considerable experience in acquisition proceedings. Their knowledge, experience and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon which to build a consensus on the issues. The Joint Petitioners, their counsel and experts fully explored the issues in this case.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners and satisfies the various requirements of the Pennsylvania Public Utility Code (“Code”). For these reasons, and the reasons set forth below, the Settlement is in the public interest and should be approved without modification.

## **II. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

### **A. Approval of the Application**

Pursuant to Section 1103 of the Code, 66 Pa. C.S. § 1103(a), the Commission may issue a certificate of public convenience (“Certificate”) upon a finding that “the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” A Certificate is required for any public utility to acquire property used or useful in the

public service. 66 Pa. C.S. § 1102(a)(3). A Certificate is also required for “any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a different nature or to a different territory” than that previously authorized by the Commission. 66 Pa. C.S. § 1102(a)(1).

An applicant for a Certificate must demonstrate that it is technically, financially, and legally fit to own and operate the acquired public utility assets. *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A.2d 762, 764 (Pa. Cmwlt. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240, 243 (Pa. Super. 1985). A currently certificated public utility is rebuttably presumed to be fit. *See, e.g., South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308, 1310 (Pa. Cmwlt. 1992).

In addition, a Certificate is to be granted “only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa. C.S. § 1103(a). An applicant for a Certificate must demonstrate that the transaction will “affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way.” *City of York v. Pa. Pub. Util. Comm’n*, 295 A.2d 825, 828 (1972). This standard is known as the affirmative public benefits test. *Popowsky v. Pa. Pub. Util. Comm’n*, 937 A.2d 1040, 1052-1053 (Pa. 2007).

In determining whether an acquisition passes the affirmative public benefits test, the Commission is to weigh all factors for and against the acquisition. *McCloskey v. Pa. Pub. Util. Comm’n*, 195 A.3d 1055 (Pa. Cmwlt. 2018) *alloc. denied*, No. 703 MAL 2018 (Pa. Apr. 23, 2019). The Commission is to consider the acquisition’s impact on all affected parties, not merely a particular group or a particular geographic area. *Middletown Tp. v. Pa. Pub. Util. Comm’n*, 482 A.2d 674, 683 (Pa. Cmwlt. 1984). Nevertheless, for an acquisition to pass the affirmative public

benefits test, it is not necessary that every customer benefit from the acquisition, *Popowsky*, 937 A.2d at 1061, nor must the acquisition be absolutely necessary. *Hess v. Pa. Pub. Util. Comm'n*, 107 A.3d 246, 262 (Pa. Cmwlth. 2014).

The affirmative public benefits test is a “net benefits assessment.” This requires a showing that, on net, the public is better off because of the transaction than it would have been in the absence of the transaction. *Cicero v. Pa. Pub. Util. Comm'n*, 300 A.3d 1106 (Pa. Cmwlth. 2023), *alloc. granted*, Nos. 568-570 MAL 2023 (Pa. Jun. 14, 2024).

In granting a Certificate, the Commission may impose such conditions as it deems just and reasonable. 66 Pa. C.S. § 1103(a).

#### **1. PAWC is Legally, Technically and Financially Fit**

Although PAWC is presumed to be fit, the Stipulation addresses PAWC’s fitness to own and operate the System. With regard to PAWC’s legal fitness, the Stipulating Parties agree that PAWC has a good history of complying with the Code and other applicable laws, including environmental laws. There are no pending legal proceedings that would suggest that PAWC is not legally fit to provide service to customers of the System. Stipulation ¶ 20.

With regard to PAWC’s financial fitness, the Stipulating Parties agree that PAWC has a long-demonstrated history of financial stability. PAWC had total assets of approximately \$7.3 billion as of December 31, 2023. Application Appendix H. PAWC had net income of approximately \$300 million for the 12 months ending December 31, 2023. Application Appendix J. PAWC has the financial stability and wherewithal to acquire the System and operate it in the public interest. Stipulation ¶ 21.

With regard to PAWC's technical fitness, PAWC has been acting as the Receiver for EDWA pursuant to orders of the Commission and the Commonwealth Court. As a result, PAWC is very familiar with the System and its needs.

In addition, the Stipulating Parties agree that, as of May 31, 2024, PAWC furnished service to approximately 685,242 water customers and 98,033 wastewater customers in Pennsylvania. PAWC, however, does not presently provide wastewater service to any of the System's water customers. Stipulation ¶¶ 22-23.

The Stipulating Parties also agree that PAWC currently employs approximately 1,150 professionals with expertise in all areas of water and wastewater utility operations, including engineering, regulatory compliance, water and wastewater treatment plant operation and maintenance, distribution and collection system operation and maintenance, materials management, risk management, human resources, legal, accounting, and customer service. In addition, a 50-person team of American Water corporate engineers has handled a wide variety of system assessments, treatment process evaluations and design reviews for water and wastewater treatment systems in order to improve operations and prioritize capital improvements. PAWC has the expertise, the record of environmental compliance, the commitment to invest in necessary capital improvements and resources, and the experienced managerial and operating personnel necessary to provide safe and reliable water service to the residents of the service area. Stipulation ¶¶ 24-25.

Finally, the Stipulating Parties agree that PAWC is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully integrating those assets into its business operations. Recent examples include: Winola Water Company, Delaware Sewer Company, Clean Treatment Sewage Company, Nittany

Water Company, Wildcat Park Corporation, and Sewer Authority of the City of Scranton. In all these examples, PAWC quickly improved the reliability and safety of those systems by investing the necessary capital to move the systems toward regulatory compliance. Stipulation ¶ 26.

For all the above reasons, the ALJ should find that PAWC is fit to own and operate the System.

**2. The Transaction Affirmatively Promotes the Service, Accommodation, Convenience or Safety of the Public in Some Substantial Way**

The Transaction produces net benefits for all the major stakeholders to the Transaction: the public-at-large, EDWA as the seller of the System, the existing customers of EDWA, PAWC as the buyer of the System, and the existing water and wastewater customers of PAWC. Consequently, it affirmatively benefits the public in a substantial way.

**a. The Transaction Produces Net Benefits for the Public-At-Large**

The Transaction benefits the public-at-large because it promotes the peoples' right to clean, potable water and a clean environment. The Environmental Rights Amendment in the Pennsylvania Constitution states: "The people have a right to clean air, pure water, and to the preservation of the natural, scenic, historic and esthetic values of the environment." PA. CONST. art. I, § 27. The Commission must consider environmental impacts when adjudicating cases. *Township of Marple v. Pa. Pub. Util Comm'n*, 319 C.D. 2022 (Pa. Cmwlth. 2023).

EDWA has a long history of water quality issues and environmental non-compliance. Stipulation ¶ 10. In 2020, EDWA became subject to a Corrective Action Plan with the Department due to multiple complaints from consumers about poor water quality. Stipulation ¶ 7. The Commission's Bureau of Investigation and Enforcement ("I&E") filed a Complaint against EDWA alleging that EDWA was in violation of 66 Pa. C.S. § 1501 because of discolored/dirty water, no

or low pressure, and poor facilities that leaked. I&E and EDWA reached a settlement, but the Commission rejected it due to lack of jurisdiction. Stipulation ¶ 9.

DEP sent thirteen Notices of Violation to EDWA between August 2021 and August 2022. DEP issued an Administrative Order to EDWA in August 2022 requiring EDWA to correct numerous “significant deficiencies” in its operations, but EDWA repeatedly failed to meet the compliance deadlines in the Administrative Order. Stipulation ¶¶ 11-13.

In late October 2023, EDWA’s water treatment plant was not able to produce potable water for several days. Storage reserves in the distribution system eventually were depleted and customers were without water for multiple days. When the issue was resolved and the System restored to capacity, customers were subject to a boil water advisory for over a month. Stipulation ¶ 14.

As Receiver, PAWC has made improvements to the System and will continue to do so in the future after closing on the Transaction (“Closing”). Stipulation ¶ 15. In contrast to EDWA, PAWC has a good history of compliance with environmental laws. Stipulation ¶ 20. PAWC is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully integrating those assets into its business operations. Recent examples include: Winola Water Company, Delaware Sewer Company, Clean Treatment Sewage Company, Nittany Water Company, Wildcat Park Corporation, and Sewer Authority of the City of Scranton. In all these examples, PAWC quickly improved the reliability and safety of those systems by investing the necessary capital to move the systems toward regulatory compliance. Stipulation ¶ 26.

The Acquisition also benefits members of the public-at-large in that the Acquisition promotes the Commission’s policy favoring regionalization and consolidation of water and

wastewater systems. “The 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.” 52 Pa. Code § 69.721(a). The Transaction promotes regionalization and consolidation because after Closing, the System will be managed as a satellite system from PAWC’s nearby Uniontown Operations District. This will create opportunities for functional and operational consolidation, and associated efficiencies and cost savings. Efficiencies will result from shared supervisory staff, equipment and back-office support, as well as lower costs from vendors through leveraged purchasing power. Stipulation ¶¶ 27-28.

The Transaction has no material detriments for the public-at-large. Consequently, the Transaction produces a net benefit for the public-at-large.

**b. The Transaction Produces Net Benefits for EDWA**

The Transaction benefits EDWA because it receives \$5,000,000 from the sale of the System. Stipulation ¶ 17. EDWA will wind up operations and will eventually be dissolved following Closing. Stipulation ¶ 29.

The APA contemplates that, if a balance remains on EDWA’s loan from the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) at Closing, the balance will be paid from the proceeds of the purchase price. PAWC is currently evaluating whether the PENNVEST loan can be assigned and transferred to PAWC at Closing for the outstanding amount of the loan. If such a transfer is possible, an adjustment or reduction in purchase price will be required and the purchase price reduction will be allocated to pay the balance on the PENNVEST loan. Stipulation ¶ 30.

Pursuant to a Subrecipient Agreement between EDWA and Greene County, EDWA received a Community Development Block Grant (“CDBG”) of \$1,939,341, which is being used for several projects. PAWC does not believe it can receive assignment of the CDBG. Under the

Subrecipient Agreement, if, after all or any part of the funds has been paid, and EDWA decides to terminate or alter the activities, Greene County can, in its sole discretion, require repayment or redirection of the funds theretofore paid. If Greene County exercises its discretion to require repayment of the funds, the sale proceeds would be used for repayment. Stipulation ¶ 31.

In addition, the balance of any sale proceeds after outstanding indebtedness is paid will be held in escrow for the purposes of covering pre-Closing claims against EDWA, any PAWC indemnity claims, and PAWC's receivership costs, to be disbursed in the priority as provided for in the Second Amendment to the APA. Stipulation ¶40.

The Transaction has no material detriments for EDWA. Consequently, the Transaction produces a net benefit for EDWA.

**c. The Transaction Produces Net Benefits for EDWA's Customers**

EDWA's customers are members of the public-at-large and will experience the same net benefits from the Transaction as other members of the public-at-large (discussed above). The environmental benefits of the Transaction are particularly important for EDWA's customers because the Transaction will significantly improve the quality and reliability of drinking water in their community.

EDWA is a troubled system with a long history of water quality issues. Stipulation ¶10. Prior to the appointment of a receiver, EDWA was not providing reasonable and adequate service to consumers. Absent a sale, EDWA does not have the capacity to provide safe, reasonable, and efficient service in the future.

As Receiver, PAWC has already made many improvements to EDWA's facilities. Stipulation ¶ 15 and Status Reports filed at Docket No. P-2023-3043950. These improvements have improved water service to EDWA's customers. PAWC will continue to make improvements

to the System after Closing. The Transaction will therefore result in EDWA's customers receiving better water service. In 2022, PAWC prepared a five-year capital plan for EDWA. The budget estimate for investment projects was \$6,862,888 and the budget estimate for recurring projects was \$9,333,275 for a total of \$16,196,163 over five years. Stipulation Exhibit 7. In addition, PAWC prepared a System Evaluation and Improvements Plan dated July 22, 2024, listing projects to be initiated or completed during PAWC's Receivership and projects to be initiated or completed after Closing on the Transaction. Stipulation Exhibit 8.

EDWA's customers will also benefit because their water service will become subject to the regulatory oversight of the Commission. PAWC will be required to provide adequate, efficient, safe and reliable service at just and reasonable rates. 66 Pa. C.S. §§ 1301, 1501. As a municipal authority, EDWA has no such regulatory oversight. If an EDWA customer is dissatisfied with the rates or service of EDWA, the customer currently must seek redress in a civil court.

The Transaction will benefit EDWA's customers by making them part of a system with a large customer base, allowing them to share the costs of improving and operating the System with many other customers. This will stabilize or reduce per-customer costs over the long term. Stipulation ¶ 32. The System currently has a customer base of 1,492 residential customers, 79 commercial customers and 92 public fire hydrants. Stipulation ¶ 6. The PAWC system currently serves approximately 685,242 water customers and 98,033 wastewater customers in Pennsylvania. Stipulation ¶ 22.

PAWC will generally adopt EDWA's existing rates at Closing.<sup>1</sup> As a result, the Transaction will have no immediate impact on the rates for service to EDWA's existing customers.

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<sup>1</sup> For more information, see Sections II.B and D, *infra*.

Rates to EDWA's existing customers will not increase until PAWC files a base rate case that includes the System. At this time, it is unknown when PAWC will file that base rate case. Stipulation ¶ 33.

The Transaction has no material detriments for EDWA's customers. Consequently, the Transaction produces a net benefit for EDWA's existing customers.

**d. The Transaction Produces Net Benefits for PAWC**

Section 1103 of the Code requires the Commission to determine if the acquisition affirmatively benefits the public in a substantial way. To accomplish this objective, the Commission must consider the acquisition's impact on *all* affected stakeholders. *Middletown Tp.*, 482 A.2d at 683. One affected stakeholder is the System's buyer. Significantly, in *City of York*, 295 A.2d at 829, the Supreme Court of Pennsylvania noted that, where an acquisition affirmatively benefits the buyer, the ultimate beneficiaries are the utility's ratepayers.

The Transaction will benefit PAWC because PAWC will grow its business by purchasing the System for less than its depreciated original cost. Stipulation ¶¶ 17, 19. PAWC will acquire an additional 1,571 residential and commercial customers, Stipulation ¶ 6, making it a larger, more financially stable company. PAWC will need to invest in capital improvements in the System, but considering PAWC's financial position, Stipulation ¶ 21, those investments will not jeopardize PAWC's ability to continue to provide adequate, efficient, safe and reasonable water and wastewater services to its customers.

The Transaction has no material detriments for PAWC. Consequently, the Transaction yields a net benefit for PAWC.

**e. The Transaction Produces Net Benefits for PAWC's Existing Water Customers**

PAWC's existing water customers are members of the public-at-large and will experience the same net benefits from the Transaction as other members of the public-at-large (discussed above). Additionally, PAWC's existing water customers will benefit from the Transaction as it will make PAWC a larger, financially stronger and more stable company. As discussed above, PAWC's customers are the ultimate beneficiaries of these improvements.

The Transaction also has unique benefits for PAWC's existing water customers. The Transaction will expand PAWC's water customer base, allowing the costs of operating and improving PAWC's system to be shared with a greater number of customers. Stipulation ¶ 39.

The Transaction will have no immediate effect on rates for service to PAWC's existing water customers. Rates to PAWC's existing water customers will not increase until PAWC files a base rate case that includes the System. At this time, it is unknown when PAWC will file that base rate case. Stipulation ¶ 38.

The Transaction has no material detriments for PAWC's existing water customers. Therefore, the Transaction yields a net benefit for PAWC's existing water customers.

**f. The Transaction Produces Net Benefits for PAWC's Wastewater Customers**

PAWC's existing wastewater customers are members of the public-at-large and will experience the same net benefits from the Transaction as other members of the public-at-large (discussed above). Additionally, PAWC's existing wastewater customers will benefit from the Transaction as it will make PAWC a larger, financially stronger and more stable company. As discussed above, PAWC's customers are the ultimate beneficiaries of these improvements.

The Transaction will have no immediate effect on rates for service to PAWC's existing wastewater customers. However, in a future base rate case, the Commission could permit PAWC

to allocate a portion of its wastewater revenue requirement to PAWC's water customers, if the Commission finds that such a result is in the public interest. 66 Pa. C.S. § 1311(c). By adding more water customers to PAWC's system, the Transaction should help keep rates stable for PAWC's wastewater customers because a portion of the wastewater revenue requirement can be spread among more water customers.

The Transaction has no material detriments for PAWC's wastewater customers. Balancing the benefits against the detriments for PAWC's existing wastewater customers, the Transaction produces a net benefit for PAWC's existing wastewater customers.

**g. Summary: The Transaction Affirmatively Benefits the Public in a Substantial Way**

The Transaction's benefits outweigh its detriments for each of the major stakeholder groups. Therefore, when the Commission weighs all the Transaction's benefits against all its detriments, the Commission should find that the benefits of the Transaction substantially outweigh its detriments.

Even if the Commission finds that the Transaction's benefits do not outweigh its detriments for any particular stakeholder group(s), the Commission should find that the number and weight of the Transaction's benefits, taken as a whole, outweigh the number and weight of the Transaction's detriments, taken as a whole. In other words, the Commission should find that the Transaction affirmatively benefits the public in a substantial way.

Under these circumstances, the Settlement's request that the Commission approve the Application, as modified by the Settlement, is reasonable and in the public interest because the Transaction satisfies the legal test in Section 1103 for approving an acquisition.

## **B. Tariff**

The Application requested that the Commission approve the *pro forma* tariff attached to the Application as Appendix B. The Settlement reiterates that request. Settlement ¶ 3.

In the Application, PAWC represented that it would adopt EDWA's existing rates for water service at the time of Closing. Application ¶ 25. As a result, the Transaction will have no immediate impact on the rates for service to EDWA's existing customers (except as discussed below). Application ¶ 24.

Immediately after Closing, EDWA's customers will be subject to PAWC's prevailing water tariff on file with, and approved by, the Commission with respect to miscellaneous fees and charges, as well as non-rate related terms and conditions of service. Application ¶ 25; Settlement ¶ 3.

Rates to EDWA's existing customers will not increase until PAWC files a base rate case that includes the System. At this time, it is unknown when PAWC will file that base rate case. Stipulation ¶ 33.

These provisions are reasonable and in the public interest. They ensure that rates will remain stable for EDWA's existing customers. For all the above reasons, the Application, as modified by the Settlement, is in the public interest and should be approved.

## **C. Distribution System Improvement Charge**

PAWC has a distribution system improvement charge ("DSIC") for its water system. The Settlement provides that the DSIC provisions of PAWC's effective water tariff will apply to customers in the System no later than the first base rate case in which the System is included. Additionally, PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers. Settlement ¶ 4. These provisions are in the public interest

because they protect PAWC's existing customers from paying for investments in the System before System customers become subject to the DSIC. They are also in the public interest because they ensure that the System will become subject to the DSIC promptly.

For all the above reasons, the Application, as modified by the Settlement, is in the public interest and should be approved.

#### **D. Rates**

As discussed above, PAWC will adopt EDWA's existing rates at closing. As a result, the Transaction will have no immediate impact on the rates for service to EDWA's existing customers. Post-Closing, the PENNVEST surcharge on EDWA bills will be removed and rolled into base rates, as shown in PAWC's *pro forma* tariff supplement. This provision is reasonable and in the public interest if PAWC does not assume the PENNVEST loan; there is no reason to have a PENNVEST surcharge in that situation. If PAWC assumes the PENNVEST loan, PAWC will treat that loan as it treats its other debt. Stipulation ¶ 5.

In the first base rate case that includes the System, PAWC will propose a public fire rate for the EDWA service territory that is equal to PAWC's statewide public fire rates. Settlement ¶ 6. This provision is reasonable because it will keep PAWC's public fire rates uniform state-wide.

Additionally, in the first base rate case that includes the System, PAWC may make a claim to recover transaction and closing costs associated with the acquisition of the System, but this claim will not include transaction and closing costs incurred by EDWA. In addition, PAWC may seek recovery of the costs it incurred as Receiver of EDWA that are not reimbursed from the proceeds of the sale. Settlement ¶ 8. It is reasonable to permit PAWC to make claims for costs it incurred in serving as the Receiver of, and in purchasing, the System.

For all the reasons set forth above, the Application as modified by the Settlement is reasonable and in the public interest and should be approved.

**E. Low Income Program Outreach**

The Settlement requires PAWC to provide information to EDWA's customers about PAWC's low-income program. Specifically, within the first billing cycle following Closing, PAWC is required to provide a bill insert to System customers regarding PAWC's low-income programs and customer payment arrangement programs. Additionally, within the first 30 days of Closing, PAWC is required to provide a welcome letter to System customers. The Settlement includes detailed provisions about the information to be included in the welcome letter.

These provisions are in the public interest because the existing customers of EDWA should be made aware of the low-income assistance programs that are now available to them. Consequently, the Application, as modified by the Settlement, is reasonable and in the public interest and should be approved.

**F. Approval of Section 507 Agreements**

In the Application, ¶ 2, PAWC asked the Commission to issue Certificates of Filing or approval for the Asset Purchase Agreement By and Between the East Dunkard Water Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of July 23, 2023, including the First Amendment dated as of November 3, 2023, the Second Amendment dated as of January 25, 2024, the Third Amendment dated June 13, 2024, and a Fourth Amendment dated as of November 22, 2024 (together, the "APA"). In the Settlement, ¶ 11, the Joint Petitioners agree that the Commission should issue the requested Certificates of Filing or Approval.

Commission approval of the APA is necessary pursuant to 66 Pa. C.S. § 507. Consequently, it is reasonable and in the public interest for the Commission to approve this provision in the Application, as modified by the Settlement.

**G. Other Conditions**

The Settlement includes certain reporting requirements for PAWC. PAWC is to provide OCA with a report 90 days after Closing that identifies its proposed solution, including time frames, for the five locations identified where multiple dwellings are on one meter. The report is to include any additional locations with one meter serving multiple dwellings that PAWC has identified after Closing and the solutions for each of those additional locations, if any. Settlement ¶ 14.b. This provision is reasonable because it provides a reasonable deadline for PAWC to address these situations.

In addition, before PAWC's first rate case following Closing, PAWC is to provide to the OCA and the OSBA a detailed schedule of all capital improvements installed by EDWA using the Community Development Block Grant. Plant in service funded by grants that are not repaid by EDWA at Closing shall be deducted from the depreciated original cost of the system. Settlement ¶ 13. This provision is reasonable because this information will assist the OCA and the OSBA in preparing their positions in the first rate case following Closing.

For the reasons set forth above, the Application, as modified by the Settlement, is reasonable and in the public interest, and should be approved.

**H. Other Necessary Approvals**

The Application, p. 15, includes a request that the Commission issue any other approvals necessary to carry out the Transaction in a lawful manner. The Settlement reiterates this request. Settlement ¶ 15.

This provision of the Application, as modified by the Settlement, is in the public interest as a “safety valve,” in case the Joint Petitioners inadvertently failed to request a necessary approval. This provision is reasonable and should be approved.

#### **I. Standard Settlement Conditions**

The Settlement is conditioned upon the Commission’s approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Petitioner may elect to withdraw from the Settlement and may proceed with litigation. In such event, the Settlement shall be void and of no effect. The Joint Petitioners acknowledge and agree that the Settlement, if approved, will have the same force and effect as if the Joint Petitioners had fully litigated this proceeding. Settlement ¶ 16.

This provision is standard in settlements in Commission proceedings. It protects all the Joint Petitioners by allowing them to withdraw from the Settlement if the Commission modifies the Settlement in a way they find unacceptable. This provision makes parties to a Commission proceeding more willing to settle than they otherwise might be. It is therefore reasonable and in the public interest and should be approved.

#### **III. CONCLUSION**

Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all the issues in this proceeding in a fair and equitable manner. The Settlement is the result of detailed examination of the Transaction, discovery responses, and extensive settlement negotiations. A fair and reasonable compromise has been achieved in this case. PAWC and EDWA fully support the Settlement and urge the ALJ and the Commission to approve it without modification.

**WHEREFORE**, Pennsylvania-American Water Company and the East Dunkard Water Authority respectfully request that the Honorable Administrative Law Judge Erando Vera recommend approval of, and that the Commission approve, the Application as modified by the Settlement, including all terms and conditions thereof, without modification, and enter an order consistent with the specific paragraphs set forth in the Settlement’s “Request for Relief.”

**[Signature appears on next page.]**

Respectfully submitted,



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**APPENDIX E**

**Statement in Support of  
the Office of Small Business Advocate**



Water Company, and (2) the right of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in Dunkard, and portions of Monongahela, Greene, Cumberland, Perry, and Whiteley Townships, all in Greene County, Pennsylvania (“Application”). On July 10, 2024, the OSBA filed a Protest and Notice of Intervention in response to the Application.

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention and Protest on July 10, 2024.

The OSBA participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of a Unanimous Settlement (“Joint Petition”). The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The OSBA submits this statement in support of the Joint Settlement.

## **II. PROCEDURAL HISTORY**

The Joint Petitioners adopt and incorporate by reference the procedural history contained in the Stipulation.

## **III. THE OSBA AGREES THAT THE FOLLOWING ARE JUST AND REASONABLE**

### **a. Approval of Application**

The OSBA finds that it is just and reasonable for the Commission approve (a) PAWC’s acquisition of the water system assets (the “System”) currently owned by EDWA, and (b) PAWC’s right to begin to offer, render, furnish or supply water service in the areas served by the System,

as well as any other approvals or certificates necessary for the transaction, subject to approval of all the following conditions and without modification.

**b. Tariff**

The OSBA finds that it is just and reasonable that the *pro forma* water tariff be permitted to become effective immediately upon closing of the transaction (“Closing”). In addition, the OSBA agrees that the PAWC shall be authorized to implement all other miscellaneous fees and charges, and the rules and regulations regarding conditions of PAWC’s water service, as reflected in PAWC’s prevailing water tariff, upon Closing.

**c. Distribution System Improvement Charge (“DSIC”)**

The OSBA finds that it is just and reasonable that the DSIC provisions of PAWC’s effective water tariff be applied to customers in the System no later than the first base rate case in which the System is included. Additionally, the OSBA finds that it is just and reasonable that the PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.

**d. Rates**

The OSBA finds the following just and reasonable:

1. That the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) loan surcharge on EDWA bills be removed and rolled into base rates as provided for in PAWC’s *pro forma* tariff supplement; if PAWC assumes the PENNVEST loan, that loan shall be treated as PAWC treats other current debt, *i.e.*, not as a surcharge.

2. That in PAWC's first base rate case following Closing, PAWC will propose a public fire rate for the EDWA service territory equal to PAWC's statewide public fire rates.
3. That any claim by PAWC to recover transaction and closing costs associated with the acquisition of the System will not be included in the transaction and closing costs incurred by EDWA, provided however that PAWC may seek recovery of any costs incurred as Receiver of EDWA that are not reimbursed from the proceeds of the sale. OSBA reserves their rights to challenge the reasonableness, prudence, and basis for PAWC's transaction and closing cost and receivership cost claims in the rate filing where they are claimed.

**e. Low Income Program Outreach**

The OSBA finds that it is just and reasonable that within the first billing cycle following Closing, PAWC will provide a bill insert to System customers regarding PAWC's 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 the contact information for PAWC, the OCA and the OSBA.

The OSBA finds that it is just and reasonable that within the first 30 days of Closing, PAWC shall provide a welcome letter to System customers that includes information about bill payment options; identifies locations where customers can pay in-person for no additional fee, which are reasonably proximate to the areas served by the System; and provides the information listed in the previous paragraph about the Company's low-income programs and customer

payment arrangement programs. The welcome letter will explain how the PENNVEST surcharge is going to be added to the monthly customer charge at the same level (\$17.54 per customer per month) as paid to EDWA. The letter will explain that the PENNVEST surcharge will not be shown as a separate surcharge on the bills after Closing.

**f. Approval of Section 507 Agreements**

The OSBA finds that it is just and reasonable that Pursuant to 66 Pa. C.S. § 507, the Commission should issue a Certificates of Filing or approval for the Asset Purchase Agreement By and Between the East Dunkard Water Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of July 23, 2023, including the First Amendment dated as of November 3, 2023, Second Amendment dated as of January 25, 2024, Third Amendment dated June 13, 2024, and a Fourth Amendment dated November 22, 2024 (together, the “APA”).

**g. Other Conditions**

The OSBA finds that it is just and reasonable that prior to PAWC’s first rate case following Closing, PAWC will provide to the OCA and the OSBA a schedule of all capital installed by EDWA using the Community Development Block Grant, by plant account, with the original cost, date of install, calculated accumulated depreciation, and service life, and that plant in service funded by grants that are not repaid by EDWA at Closing shall be deducted from the depreciated original cost of the system.

The OSBA finds the following just and reasonable:

1. That the PAWC provides the OCA with a schedule that shows what each of the above-referenced customers are currently paying to EDWA and confirms what each customer will pay under the *pro forma* tariff supplement.

2. That the PAWC agrees that it will provide OCA with a report 90 days after Closing that identifies its proposed solution, including time frames, for the five locations identified where multiple dwellings are on one meter. The report shall include any additional locations with one meter serving multiple dwellings that PAWC has identified after Closing and the solutions for each of those additional locations, if any.

#### IV. **THE SETTLEMENT IS IN THE PUBLIC INTEREST**

The OSBA submits that the Settlement is in the public interest for the following additional reasons:

- ***Substantial Litigation and Associated Costs Will Be Avoided.*** The Settlement amicably and expeditiously resolves several important and contentious issues. The administrative burden and costs to litigate these matters to conclusion would be substantial.
- ***The Settlement Is Consistent with Commission Policies Promoting Negotiated Settlements.*** The Joint Petitioners arrived at the Settlement terms after conducting extensive discovery and engaging in in-depth discussions over several weeks. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391 and 69.401), and is supported by a substantial record.

## V. ADDITIONAL TERMS AND CONDITIONS

This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. If the Commission disapproves the Settlement or the Company or the OSBA elects to withdraw as provided above, it reserves its rights to fully litigate this case, including but not limited to presentation of witnesses, cross-examination, and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

If the Administrative Law Judges, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, OSBA agrees to waive the filing of Exceptions. However, the OSBA does not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the Administrative Law Judges in their Recommended Decision. The OSBA also reserves the right to file Replies to any Exceptions that may be filed.

## VI. CONCLUSION

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

**WHEREFORE**, the OSBA, respectfully requests that Administrative Law Judge Vero issues a Recommended Decision and the Commission enter an Order:

1. Approving the Settlement and as set forth herein, including all terms and conditions thereof; and
2. Terminating the proceeding at Docket No. A-2024-3049759 following a Commission decision on the issues raised by the non-settling parties.

Respectfully submitted,

*/s/ Rebecca Lyttle*

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Date: November 25, 2024

**APPENDIX F**

**Statement in Support of  
the Office of Consumer Advocate**



Pennsylvania American Water Company (PAWC) and the Pennsylvania Department of Environmental Protection (DEP) filed a Joint Application, Docket No. P-2023-3043950, requesting an *Ex Parte* Emergency Order in Regard to Receivership of East Dunkard Water Authority (EDWA). Stipulation ¶1. The October 30 *Ex Parte* Emergency Order issued by Chairman DeFrank, and authorizing PAWC to act as Receiver for EDWA, was ratified by the Commission on November 20, 2023.<sup>1</sup> Stipulation ¶2. PAWC filed status reports on April 8, 2024, July 5, 2024, and October 2, 2024. Stipulation ¶4.

On June 21, 2024, PAWC filed an Application under Section 1102(a) of the Public Utility Code, 66 Pa. C.S. § 1102, for approval of the purchase of substantially all the assets of EDWA and the right of PAWC to immediately offer water service to the public in the areas served by EDWA including Dunkard Township and portions of Cumberland, Greene, Monongahela, Perry and Whitely Townships, all in Greene County, Pennsylvania. PAWC filed an amended application on July 2, 2024 (Application). Stipulation ¶5. The Office of Small Business Advocate (OSBA) filed a Protest and Notice of Intervention. Stipulation ¶6. Notice of the Application was published on July 6, 2024. 54 Pa.B. 3862, with a protest deadline of July 22, 2024. Stipulation ¶7. OCA filed a Notice of Intervention and Public Statement on July 22, 2024. Stipulation ¶7.

On July 22, 2024, PAWC filed a System Evaluation and Improvements Plan (Plan) at Docket No. P-2023-3043950. The Plan identified short-term improvements that would be addressed during the Receivership and long-term improvements to be initiated after closing on the acquisition. Stipulation ¶8.

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<sup>1</sup>PAWC was appointed as Receiver of EDWA by the Commonwealth Court Order on February 8, 2024. 557 M.D. 2022, 490 N.D. 2023. Stipulation ¶3.

On July 23, 2024, parties received notice that a Prehearing Conference was scheduled for August 6, 2024. Stipulation ¶10. On that same date, Administrative Law Judge (ALJ) Eranda Vero issued a Prehearing Order. *Id.* PAWC, OCA and OSBA filed Prehearing Memoranda. Stipulation ¶12.

On September 11, 2023, ALJ Vero conducted a prehearing conference, during which the parties requested that no litigation schedule be set and, instead, the parties would provide a status report in 30 days, during which time the parties would engage in informal discovery and settlement negotiations. Stipulation ¶13. A status report was provided on September 6, 2024, and included a request to provide a status report in 30 days. Stipulation ¶14. The ALJ's Prehearing Order directed the parties to file a status report every 30 days until a litigation schedule was proposed or a resolution was reached. *Id.* On October 10, 2024, the parties advised the ALJ that an agreement in principle was reached.

As the Settlement was reached prior to submission of testimony, the Settlement is supported by 39 stipulated facts. The additional supplements the Company's filing and helps to complete the evidentiary record on which the Commission will evaluate the proposed transaction. With the benefit of this fuller record, the OCA supports PAWC's acquisition of EDWA, as modified and conditioned by the terms of Settlement discussed below. The OCA submits this Statement in Support and urges the Commission to adopt the Settlement without modification.

## II. THE SETTLEMENT IS IN THE PUBLIC INTEREST

### Approval of the Application, Settlement ¶2

The OCA submits that the terms and conditions of the proposed Settlement provide a reasonable resolution of the concerns raised in the OCA's intervention. Those concerns included whether the acquisition satisfies the criteria for approval under Section 1103(a) of the Public

Utility Code and *City of York v. Pa. PUC*, 295 A.2d 825, 828 (Pa. 1973) and whether conditions should be imposed to ensure the public interest standard is met.

Rates, Settlement ¶¶5-8

EDWA customers currently have a Pennsylvania Infrastructure Investment Authority (PENNVEST) loan surcharge on their bills. The surcharge is \$17.54 per customer per month. Settlement ¶10. Upon closing, the PENNVEST surcharge will be rolled into base rates for the EDWA customers, *i.e.*, will be part of the customer charge that the EDWA customers pay to PAWC. Settlement ¶5; Application, Appendix B. The Settlement also provides that if PAWC assumes the PENNVEST loan, it will be treated as PAWC treats other current debt, *i.e.*, not as a surcharge. *Id.* This provision should reduce PAWC's cost of debt going forward after the first rate case in which EDWA customers are included.

As there are no current public fire rates charged in the EDWA system, PAWC agrees that it will propose a public fire rate for the EDWA service territory in the first base rate case following closing. Settlement ¶6. PAWC agrees that the proposed public fire rate for EDWA service territory will be equal to PAWC's statewide public fire rates. This provision will reflect the EDWA public fire customers pay up to 25% of the cost of service for the service provided and reduce the amount of the costs to be carried by other PAWC water customers.

While PAWC proposes to adopt current EDWA rates existing at the time of closing, Stipulation ¶33. Paragraph 7 of the Settlement reserves the OCA's right to make other proposals for rates for the EDWA system in PAWC's future base rate proceedings, a flexibility essential for the OCA to consider what rates are just and reasonable, and to duly consider cost of service and affordability for those customers. Further, in Paragraph 8, PAWC commits that it will not claim transaction and closing costs incurred by EDWA in any claim to recover transaction and closing costs for the system, which reduces the total expenses that existing and acquired customers will

have to pay for the acquisition. Also in Paragraph 8, the OCA reserves its ability to challenge PAWC's claimed transaction and closing costs. This is in the public interest because it allows for a full review of the transaction and closing costs when a claim is made.

Low-Income Program Outreach, Settlement ¶¶9-10

During the first billing cycle following Closing, PAWC will provide EDWA customers with a bill insert providing information regarding its customer assistance programs and eligibility requirements for the programs. Settlement ¶9. The bill insert shall include, at a minimum, a description of the available low-income programs, eligibility requirements for participation in the programs, and the contact information for PAWC, the OCA and the OSBA. *Id.* PAWC, the OCA, and the OSBA agree to discuss the specific language and placement of the contact information after submission of the Settlement but before the finalization of the bill insert. *Id.* This provision will provide important information to the EDWA customers regarding PAWC's programs and will include the contact information for the OCA and OSBA.

Further, Paragraph 10 provides that within 30 days of the closing of the sale, PAWC will send a welcome letter that contains information about its customer assistance programs, as well as bill payment options for current EDWA customers, including locations for in-person payments with no additional fee and that are reasonably proximate to the areas served by EDWA. Unless customers know about these programs and payment options, however, their existence will not provide a benefit. Thus, PAWC's commitment to timely provide this important information to STMA customers is in the public interest. The welcome letter will also explain how the PENNVEST surcharge is going to be added to the monthly customer charge at the current level paid to EDWA (\$17.54 per customer per month). Settlement ¶10. PAWC will provide the welcome letter to OCA and OSBA prior to its distribution to the EDWA customers. *Id.* These specific

provisions for the welcome letter should provide important information for the EDWA customers as they become PAWC customers after closing.

DSIC and LTIP, Settlement ¶12

Under the terms of the settlement, PAWC will apply its DSIC tariff provisions to EDWA no later than its first base rate case incorporating the EDWA system. In addition, PAWC will not include investments related to the EDWA system in its DSIC until PAWC applies the DSIC to those customers. Settlement ¶ 4. This requirement protects PAWC's existing customers by helping to ensure that they will not pay for projects in the EDWA service area through their DSIC rates until EDWA customers are contributing toward the costs.

Other Conditions, Settlement ¶¶13-14

EDWA received a Community Development Block Grant (CDBG) of \$1,939,341 pursuant to an agreement between EDWA and Greene County. Stipulation ¶31. The CDBG is being used for several projects. It is not expected that PAWC can receive assignment of the CDBG. *Id.* As set forth in the Stipulation, Greene County can, in its sole discretion, require repayment or redirection of the funds paid to EDWA. *Id.* The Settlement provides that prior to PAWC's first rate case following closing, PAWC will provide a schedule of all capital installed by EDWA using the CDBG, by plant account, with the original cost, date of install, calculated accumulated depreciation and service life. Settlement ¶13. This will facilitate parties' review of the plant installed by EDWA and, to the extent there is plant in service funded by the CDBG, that shall be deducted from the depreciated original cost of the system. *Id.* This provision will enable the review of the utility plant and should resolve a potential ratemaking issue in the next rate case.

During the informal discovery in this case, EDWA identified five locations where multiple dwellings are on one meter. Settlement ¶14. There are two small modular home communities and

three single family dwellings on the same parcel. Stipulation ¶34. To clarify how PAWC will bill these existing locations, PAWC provided a schedule that shows what each of these customers are currently paying to EDWA and what each customer will pay upon closing. Stipulation ¶34; Exhibit 6. Regarding these locations, PAWC will provide a report, within 90 days after Closing, that identifies its proposed solution, including time frames, for the five locations identified where multiple dwellings are on one meter. Settlement ¶14.b. The report shall include any additional locations with one meter serving multiple dwellings that PAWC has identified after Closing and the solutions for each of those additional locations, if any. *Id.* This provision will permit the OCA to review PAWC's proposed solutions and time frames for the multiple meter locations to determine if PAWC is addressing these locations in a reasonable way. It also obligates PAWC to update the list as it becomes even more familiar with the system after closing. These requirements are reasonable and can assist the OCA with its review of the resolution of the multiple dwellings on one meter.

III. CONCLUSION

For the foregoing reasons, the Office of Consumer Advocate submits that the terms and conditions of the Settlement should be approved.

Respectfully Submitted,

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DATED: November 26, 2024  
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