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December 19, 2024

**VIA ELECTRONIC FILING**

Ms. Rosemary Chiavetta, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**In re: Request for Approval of a Purchase of Additional Capacity  
Rights Pursuant to the Transfer of Capacity Rights  
Agreement between Pennsylvania-American Water  
Company, Pottstown Borough Authority and the Borough of  
Pottstown**

Dear Secretary Chiavetta:

On behalf of Pennsylvania-American Water Company, please find the attached Agreement for filing under Section 507.

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

Sincerely,

A handwritten signature in blue ink that reads "Erin K. Fure".

Erin K. Fure

cc: All Parties on the attached Certificate of Service (*via electronic mail*)  
Vince Pompo, Esquire (*via electronic mail*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>In re: Request for Approval of a Purchase of Additional Capacity Rights Pursuant to the Transfer of Capacity Rights Agreement between Pennsylvania-American Water Company, Pottstown Borough Authority and the Borough of Pottstown</b>	: : <b>Docket No. U-2024-</b> : : : : : : :
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**CERTIFICATE OF SERVICE**

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I hereby certify that I am this day serving the above-referenced Agreement 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 VIA ELECTRONIC MAIL ON DECEMBER 19, 2024**

Patrick Cicero, Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923

NazAarah Sabree, Small Business Advocate  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101

Alison Kaster, Director  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
400 North Street  
PO Box 3265  
Harrisburg, PA 17105

Respectfully Submitted,



Erin K. Fure, Esquire (PA ID #312245)  
Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
Phone: (717) 550-1574  
Email: [erin.fure@amwater.com](mailto:erin.fure@amwater.com)

**Attorney for Pennsylvania-American  
Water Company**

**PURCHASE OF ADDITIONAL CAPACITY AGREEMENT  
PURSUANT TO TRANSFER OF CAPACITY RIGHTS AGREEMENT  
DATED MARCH 26, 2009**

**THIS PURCHASE OF ADDITIONAL CAPACITY AGREEMENT PURSUANT TO TRANSFER OF CAPACITY RIGHTS AGREEMENT DATED MARCH 26, 2009, AS AMENDED** effective as provided herein, by and between the **BOROUGH OF POTTSTOWN** and **POTTSTOWN BOROUGH AUTHORITY** (collectively the "Borough"), and **PENNSYLVANIA-AMERICAN WATER COMPANY** ("PAWC").

**WHEREAS**, the Borough and Upper Pottsgrove Township (the "Township") entered into a Transfer of Capacity Rights Agreement dated March 26, 2009 (the "TCR Agreement").

**WHEREAS**, consistent with the provisions of the TCR Agreement, the Township has purchased Additional Capacity on six different dates (2010, 2011, 2013, 2018, 2020[2]).

**WHEREAS**, on June 30, 2022 PAWC acquired the Township's sewage collection system.

**WHEREAS**, the Borough and PAWC have entered into an Assumption and Extension of Transfer of Capacity Rights Agreement wherein the Parties agreed to PAWC's assumption of the TCR Agreement and an extension of PAWC's ability to purchase Additional Treatment Capacity to April 6, 2027 (the "Assumption Agreement").

**WHEREAS**, PAWC has requested to purchase the Additional Treatment Capacity which is available under the TCR Agreement for the purpose of providing treatment capacity to the Regal Oaks residential development.

**WHEREAS**, the Borough will allow PAWC to purchase the amount of Additional Treatment Capacity desired by PAWC as set forth herein notwithstanding the limitations otherwise applicable under the terms of the Sewage Treatment Service Agreement between the Borough and Township, dated September 13, 2004, as amended (the "Service Agreement"), which Service Agreement has been assigned to and assumed by PAWC by Assignment and Assumption With Support Agreement dated as of January 20, 2022.

**WHEREAS**, the Parties agree that this Purchase Agreement shall reflect the agreement of the parties on the issues herein.

**NOW, THEREFORE**, for and in consideration of the mutual promises herein contained, it being further understood and agreed that the within Agreement is and shall incorporate and be subject to the laws of the Commonwealth of Pennsylvania, and intending to be legally bound hereby, it is agreed as follows:

1. The TCR Agreement and the Service Agreement are incorporated herein by reference. Definitions of terms as used in the Service Agreement shall control unless superseded or redefined in the TCR Agreement or in this Purchase Agreement.

2. Pursuant to the provisions of the Transfer Agreement, the Township had the right to purchase up to 238,000 gallons per day of Max Three Month Capacity ("Additional Treatment Capacity").

3. As of the date of this Purchase Agreement, the Township has purchased a total of 131,700 gallons per day of Max Three Month Capacity under the Transfer Agreement by purchasing 53,700 gallons per day in June 2010 ("First Purchase"), 4,500 gallons per day in May 2011 ("Second Purchase"), 6,000 gallons per day in June 2013 ("Third Purchase"), 6,000 gallons per day in 2015 ("Fourth Purchase"), 18,000 gallons per day in May 2020 ("Fifth Purchase"), and 43,500 gallons per day in October 2020 ("Sixth Purchase").

4. As of the date of this Purchase Agreement, PAWC has 106,300 gallons per day of Additional Capacity potentially available for purchase under the TCR Agreement.

5. PAWC has requested to purchase 12,000 gallons per day of Max Three Month Capacity (40 EDUs) from the Additional Capacity potentially available for purchase under the TCR Agreement ("Seventh Purchase"). The record of all sewer capacity purchased by the Township since 1990, including the amount of the Seventh Purchase by PAWC, is shown on Exhibit A which is attached to and incorporated herein.

6. The price for the Seventh Purchase is based on \$6.44/gallon and totals \$77,272.00. The calculations to support the price are shown on Exhibit B which is attached to and incorporated herein. PAWC shall pay this full amount to the Borough within 30 days of the date of this Purchase Agreement. Failure to make full payment shall result in the forfeiture of the right to proceed with the Seventh Purchase on the terms set forth herein without any further action required on the part of the Borough.

7. The 40 EDUs obtained by PAWC in the Seventh Purchase are subject to the following conditions: 1) PAWC shall disclose to the Borough in advance all properties and/or projects presently known which could seek to tie into the public sewer; and 2) PAWC will disclose to the Borough in writing the address of each property, the date of connection and the number of EDUs allocated to each property as properties are tied in to the public sewer within 15 days of connection. Failure of PAWC to abide by these conditions shall lead to a forfeiture of all capacity acquired in the Seventh Purchase. PAWC's right to utilize the capacity from the Seventh Purchase shall continue, indefinitely, until the 40 EDUs have been consumed or exhausted by connection to the sanitary sewer system, provided PAWC fulfills all of the conditions and obligations under this Agreement.

8. The foregoing represents the entire agreement and understanding of the Parties on the subject matter and may only be modified or amended in writing signed by the Parties. The Parties acknowledge and agree that this Agreement must be approved by the Pennsylvania Public Utility Commission (the "PUC") and shall not become effective until PUC approval. The Effective Date of this Agreement shall be the date of approval of this Agreement by the PUC.

[Signatures appear on following page.]

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed and attested by their respective duly authorized officers.

BOROUGH:

BOROUGH OF POTTSTOWN

By: Don Weard

Attest: Alpa Baum

Date: 12/10/2024

PBA:

POTTSTOWN BOROUGH AUTHORITY

By: [Signature]

Attest: David Ben

Date: 12/17/2024

PAWC:

PENNSYLVANIA-AMERICAN WATER COMPANY

By: Joseph Workman

Attest: David J. Fauth

Date: 12-19-24

**Exhibit "A"**

**Upper Pottsgrove Township**

**History of Purchased Flow**

1990 Original purchase with WWTP	350,000 gallons (MTMF)
April 2005 purchase	188,400 gallons (MTMF)
June 2010 purchase	53,700 gallons (MTMF)
May 2011 purchase	4,500 gallons (MTMF)
June 2013 purchase	6,000 gallons (MTMF)
May 2018 purchase	6,000 gallons (MTMF)
April 2020 purchase	18,000 gallons (MTMF)
September 2020 purchase	43,500 gallons (MTMF)
October 2024 purchase	12,000 gallons (MTMF)
<b>TOTAL PURCHASED</b>	<b>682,100 gallons</b>

Remaining to be purchased as of 2024 under Transfer Agreement

776,400 gallons – 682,100 gallons = 94,300 gallons (MTMF)

**EXHIBIT B  
BOROUGH OF POTTSTOWN  
WASTEWATER TREATMENT PLANT EXPANSION AND UPGRADE  
ADJUSTMENT TO ALLOCATION OF CONSTRUCTION COSTS**

**UPPER POTTSBORO PURCHASE OF ADDITIONAL 12,000 GALLONS**

	<u>Total Construction Costs</u>		<u>Pottstown Borough</u>		<u>Lower Pottsgrove</u>		<u>Upper Pottsgrove</u>		<u>West Pottsgrove</u>	
		Costs	Costs	% Share	Costs	% Share	Costs	% Share	Costs	% Share
<b><u>Original Allocations</u></b>										
Total Project Costs	\$	25,075,000	\$ 13,885,149	55.4%	\$ 7,729,874	30.8%	\$ 924,290	3.7%	\$ 2,535,687	10.1%
<b><u>Previous Adjusted Allocations</u></b>										
Total Project Costs	\$	25,075,000	\$ 13,760,622	54.9%	\$ 7,729,874	30.8%	\$ 1,048,817	4.2%	\$ 2,535,687	10.1%
<b><u>Current Adjusted Allocations</u></b>										
Total Project Costs	\$	25,075,000	\$ 13,736,324	54.8%	\$ 7,729,874	30.8%	\$ 1,073,115	4.3%	\$ 2,535,687	10.1%
<b>Increased Cost (1989 Dollars)</b>	\$	-	\$ (24,298)		\$ -		\$ 24,298		\$ -	
<b>Cost Escalated to Current Dollars</b>	\$	-	\$ (68,371)		\$ -		\$ 68,371		\$ -	
<b><u>Original Allocations</u></b>										
Sludge Drying Facilities	\$	7,000,000	\$ 4,169,218	59.6%	\$ 1,839,744	26.3%	\$ 270,397	3.9%	\$ 717,949	10.3%
<b><u>Previous Adjusted Allocations</u></b>										
Sludge Drying Facilities	\$	7,000,000	\$ 4,161,141	59.4%	\$ 1,839,744	26.3%	\$ 278,475	4.0%	\$ 717,949	10.3%
<b><u>Current Adjusted Allocations</u></b>										
Sludge Drying Facilities	\$	7,000,000	\$ 4,155,756	59.4%	\$ 1,839,744	26.3%	\$ 283,860	4.1%	\$ 717,949	10.3%
<b>Increased Cost (2007 Dollars)</b>	\$	-	\$ (5,385)		\$ -		\$ 5,385		\$ -	
<b>Cost Escalated to Current Dollars</b>	\$	-	\$ (8,901)		\$ -		\$ 8,901		\$ -	
<b>Total Cost of Purchased Capacity</b>	\$	-	\$ (77,272)		\$ -		\$ <b>77,272</b>		\$ -	
<b>Price Per Gallon</b>							\$ <b>6.44</b>			