

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
HARRISBURG, PA 17120**

Public Meeting held January 8, 2025

Commissioners Present:

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

Application of Pennsylvania-American
Water Company for approval of the right to
offer, render, furnish and supply water
service to the public in an additional portion
of Salem Township, Luzerne County,
Pennsylvania

Docket No.
A-2024-3051136

Public Version

ORDER

BY THE COMMISSION:

By the application (Application) filed with the Pennsylvania Public Utility Commission (Commission) on September 12, 2024, Pennsylvania-American Water Company (PAWC), Utility Code 212285, seeks a certificate of public convenience pursuant to Section 1102(a)(1)(i) of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1102(a)(1)(i), evidencing Commission approval of PAWC's right to offer, render, furnish and supply water service to the public in an additional portion of Salem Township, Luzerne County, Pennsylvania.

I. AFFECTED ENTITIES AND BACKGROUND

PAWC is a regulated public utility company, duly organized and existing under the laws of the Commonwealth with a mailing address of 852 Wesley Drive, Mechanicsburg, Pennsylvania 17055. As of August 31, 2024, PAWC provided water

service to approximately 686,065 customers throughout Pennsylvania, including portions of Salem Township, Luzerne County and is a subsidiary of American Water Works Company, Inc. PAWC provides wastewater service throughout Pennsylvania through its wastewater division, Pennsylvania-American Water Company – Wastewater Division, Utility Code 230073.

PAWC identified Amazon Data Services, Inc. (Developer) as the developer requesting public water service to a proposed data center site (Development) that will encompass a portion of Cumulus Boulevard in Salem Township adjacent to the Susquehanna Steam Electric Station power plant. The Development will consist of 16 data center buildings at full buildout that will support the Developer's network infrastructure and operations. The Application's Exhibit C included a copy of a letter from the Developer, dated August 26, 2024, requesting that PAWC provide water service to the Development.

According to PAWC, there are 102 potential residential customers and 21 potential commercial customers along the proposed main extension route that could be subject to Salem Township's mandatory connection ordinance. In supplemental information filed with the Commission, PAWC indicated that it had not received requests for water service from these potential customers. Additionally, the Application's Exhibit J included a copy of a letter from the Salem Township Manager indicating that the Salem Township Board of Supervisors is prepared to enter into an agreement with PAWC to provide public fire service to 24 fire hydrants. PAWC indicated that the requested service territory receives wastewater service from the Berwick Area Joint Sewer Authority. No change in wastewater service is contemplated with the Application.

PAWC submitted proofs of publication and service to the appropriate entities. Notice of the Application was published in the *Pennsylvania Bulletin*, 54 Pa.B. 6228, on Saturday, September 28, 2024. On October 4, 2024, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention, Public Statement and Verification, and

a Notice of Appearance. The protest period ended October 15, 2024. However, no protests were filed, and no hearings were held.

II. LOCATION AND DESCRIPTION OF REQUESTED TERRITORY

The requested territory is situated in the southern portion of Salem Township, Luzerne County and encompasses a portion of Salem Boulevard (U.S. Route 11) and all of Walnut Drive. A map depicting PAWC's requested water service territory along with a written description of the territory's boundaries by bearing angles and distances, defining an area of approximately 147 acres of land, were provided as the Application's Exhibits B-1 and B-2, respectively. In supplemental information filed with the Commission as A-15_Attachment 2, PAWC provided a copy of the Development's subdivision plan that reflected that the Development encompasses an area of approximately 1,020 acres of land that extends north and south from the east side of the requested territory. As PAWC intends to serve the Development via a single metered point of connection located in Salem Boulevard, it did not include the entire Development as its requested territory.

The requested territory abuts PAWC's existing certificated territory in Salem Township on the west side.¹ As the Application's Exhibits D-2 and D-3, PAWC provided a map and a description by bearing angles and distances, respectively, of its existing territory in Salem Township granted at Docket No. A-212285F2002. The Commission notes that approval of this Application does not affect PAWC's certificated territory previously approved at Docket No. A-212285F2002.

¹ See, *Joint Application of Pennsylvania-American Water Company ("PAWC") and Pennsylvania Gas and Water Company ("PG&W") for approval of (1) the transfer, by sale, of substantially all of the water works property and rights of PG&W to PAWC including the subdivision of transferred real estate; (2) the commencement by PAWC of water service in the certificated territory of PG&W; and (3) the abandonment by PG&W of water service to the public*, at Docket No. A-212285F2002, Order entered December 14, 1995.

III. DESCRIPTION OF FACILITIES FOR FURNISHING SERVICE

According to the Application, the Developer will fund and install a water main extension (Main Extension) consisting of approximately 23,400 linear feet (LF) of 16-inch-diameter ductile iron (DI) water main along U.S. Route 11 and 7,060 LF of 12-inch-diameter DI water main along Walnut Drive. **[BEGIN CONFIDENTIAL]**

[END CONFIDENTIAL] A total of 24 public fire hydrants will be installed along the route of the Main Extension. In supplemental information filed with the Commission, PAWC indicated that the company owned service lines in the requested territory will be made of 3,680 LF of one-inch-diameter copper pipe. PAWC also clarified that it plans to discontinue the use of an existing four-inch-diameter cast iron water main (Existing Main) located along Salem Boulevard after the Main Extension is installed. Service lines connected to the Existing Main will be replaced and connected to the Main Extension.

In addition to the Main Extension, PAWC indicated that a 1.5-million-gallon water storage tank (Proposed Tank) and a per- and polyfluoroalkyl substances (PFAS) treatment facility will be constructed to reliably meet system demand with the addition of the Development and to remove or destroy PFAS pollutants. According to the Application, PAWC is planning to acquire property with an appropriate location and elevation for the Proposed Tank. However, PAWC indicated that if an appropriate site for the Proposed Tank cannot be found, it will construct an 800,000-gallon tank on its current tank site that would still meet Berwick System demands, including the Development.

In supplemental information filed with the Commission, PAWC clarified that the PFAS treatment facility will be located at PAWC's existing property in Berwick and would be required regardless of the Development. However, the Developer will contribute the incremental cost to increase the size of the PFAS treatment facility to meet

the added demand of the Development. PAWC clarified that the Proposed Tank and the PFAS treatment facility will provide service and increase reliability for the entire Berwick System. PAWC intends to complete construction of both the Proposed Tank and the PFAS treatment facility by 2027.

PAWC's existing Canal Street water treatment plant (WTP), part of PAWC's Berwick System, will furnish water service to the requested territory. The Canal Street WTP has a permitted capacity of 4.6 million gallons per day (MGD), with a reliable capacity of 3.0 MGD. The average day demand for the Berwick System is estimated to be 1.36 MGD for 2024 and 1.94 MGD for 2029. The maximum day demand is projected to be 2.17 MGD in 2024 and 3.79 MGD in 2029, excluding peak day cooling demand for the data center. PAWC clarified that the data center will have its own storage facility to meet its peak day demand.

The Berwick main gradient currently has 1.6 million gallons of total storage capacity, not including the Proposed Tank. PAWC expects future maximum day equalization to require 0.95 million gallons of storage capacity and fire reserve needs of 0.63 million gallons, for a total of 1.58 million gallons. In supplemental information filed with the Commission, PAWC averred that it can provide adequate water supply, treatment, storage, and distribution capacity to meet present and future customer needs including the Development.

In the Application, PAWC indicated that the Development has an on-site well with a 25-gallon-per-minute capacity that is not sufficient to meet the full buildout water demand for the Development. In supplemental information filed with the Commission, PAWC clarified that it will not be taking possession of the well, and therefore the Development site will have two separate water sources. PAWC further explained that it will require the well be physically separated from internal plumbing.

IV. ADDITIONAL CAPITAL REQUIREMENTS

PAWC provided a copy of a cost estimate for the Main Extension, prepared by Black & Veatch, as the Application's Exhibit F, which indicated the Main Extension will cost approximately \$15,270,272. In the Application, PAWC indicated that the Developer will be financially responsible for the cost of the Main Extension and that the Developer intends to enter and execute a modified version of PAWC's standard Water Facilities Line Extension Agreement (Extension Agreement), which PAWC provided in supplemental information filed with the Commission. The primary modification to the Extension Agreement is that the Developer will provide PAWC with a \$5,000,000 contribution and advance towards the construction of additional facilities by PAWC, including \$3,800,000 for the Proposed Tank and \$1,200,000 for the incremental cost of the upsized PFAS treatment facility. In supplemental information filed with the Commission, PAWC indicated that the company-owned service lines in the requested territory will cost approximately \$276,000, which will also be funded by the Developer. Further, PAWC indicated that the cost of replacing existing service lines connected to the Existing Main and connecting them to the Main Extension will be approximately \$67,500, also to be funded by the Developer.

PAWC specified that no additional capital would be required to complete the proposed project and that the Developer would be responsible for the estimated \$20,300,000 project costs for the Main Extension, Proposed Tank, and PFAS treatment facility. Upon execution of the Extension Agreement, the Developer will provide PAWC with the \$5,000,000 contribution and advance discussed above. Upon the completion of the installation of the facilities, the Extension Agreement indicated that if the actual cost differs from the estimated cost, the Developer will contribute or PAWC will refund the difference between the actual cost and the estimated cost, such that the Developer's contribution will be the actual cost of the facilities. Further, the Extension Agreement terms afford a refund to the Developer for each customer connecting to the Main Extension equivalent to three times the average annual revenue of a residential customer

for each residential customer, and a refund equal to the actual revenue PAWC receives for the first year of water sales for each non-residential customer. In supplemental information filed with the Commission, PAWC quantified an estimated refund to the Developer of \$540,938, including \$289,684 for all residential customers and \$251,254 for all non-residential customers.

In supplemental information filed with the Commission, PAWC averred that it would be responsible for the cost of installing water meters in the requested service territory and estimated the cost to be approximately \$44,005, including \$26,883 for 124 meter reading communication devices, \$4,945 for the 8-inch-diameter meter for the Development, and \$12,177 for 123 5/8-inch-diameter meters for residential and commercial customers. PAWC noted that some commercial customers may need to be upsized to a one-inch or two-inch meter at a minimal additional cost and indicated that meter costs would be funded by PAWC's capital meter budget like other customer meters.

V. PROPOSED RATES

PAWC will charge its existing Rate Zone 1 rates within the requested territory as set forth in its effective water tariff. As the Application's Exhibit O, PAWC provided a copy of its estimated revenue and expenses for the applied for service territory. The estimate indicated that after the completion of the Development, PAWC is anticipating annual revenues of approximately \$354,399, including \$96,561 in residential revenue, \$251,254 in commercial revenue, and \$6,584 in public fire hydrant revenue. This revenue is based on an anticipated average monthly usage for each residential customer of 3,201 gallons, average monthly usage of 1,252,800 gallons for the Development, and average monthly usage for each remaining commercial customer of 5,500 gallons. PAWC estimated \$71,447 of annual expenses resulting in an annual net income of approximately \$282,952 ($\$354,399 - \$71,447 = \$282,952$).

VI. PERMITS, EASEMENTS, AND RIGHTS-OF-WAY REQUIRED

PAWC indicated that the Developer is required to obtain all easements at its cost, if needed, for any work outside of the public right-of-way. As the Application's Exhibit K, PAWC provided a copy of a letter from a Randall R. Rinehimer, the property owner of certain tax parcels in the route of PAWC's planned Main Extension (Rinehimer Letter). The Rinehimer Letter indicated that Mr. Rinehimer has agreed to grant an easement for the placement and maintenance of PAWC's Main Extension and that the easement agreement would be completed and signed after Application approval.

In supplemental information filed with the Commission, PAWC identified the required permits to construct the Main Extension, Proposed Tank, and PFAS treatment facility. For the Main Extension, PAWC indicated that the required permits would include a PennDOT highway occupancy permit and a Pennsylvania Department of Environmental Protection (DEP) National Pollutant Discharge Elimination System (NPDES) permit, which would include a stream crossing permit. PAWC estimated the permit costs for the Main Extension to be \$1,800 for the NPDES permit, \$1,500 for the stream crossing permit, and \$9,402 for the highway occupancy permit. The Developer will be responsible for any permit costs for the Main Extension.

For the PFAS treatment facility, PAWC anticipated that the required permits would include a public water supply (PWS) permit, an NPDES permit, land development planning, a building permit, and PennDOT highway occupancy and driveway permits. PAWC noted that while it will be responsible for the cost of these permits, the incremental size increase of the PFAS treatment facility required for the Development would not require additional permits or permit costs. For the Proposed Tank, both an PWS and an NPDES permit would be required. PAWC estimated that the cost would be \$5,000 for the PWS permit and \$2,300 for the NPDES permit and clarified that the Developer will be responsible for these costs. Finally, PAWC averred that the Developer

submitted an application for consumptive use permit to the Susquehanna River Basin Commission (SRBC) on May 31, 2024, and is waiting for SRBC approval.

VII. LAND-USE PLANNING COMPLIANCE

The Application's Exhibit P contained a land use compliance letter from the Salem Township Board of Supervisors dated August 16, 2024, indicating that the Application is consistent with the applicable comprehensive plans and zoning ordinances. The Application's Exhibit Q included a letter from the Luzerne County Planning Department, dated August 21, 2024, indicating that the Application is consistent with the adopted county or multi-county comprehensive plan. In supplemental information filed with the Commission, PAWC provided a copy of the Development's preliminary/final subdivision plan conditional approval letter from Salem Township, dated July 1, 2024.

VIII. OTHER CONSIDERATIONS

PAWC averred that to the best of its knowledge, no corporation, partnership or individual is currently furnishing or has corporate or franchise rights to furnish service like that to be rendered by PAWC within the requested territory and, therefore, no competitive condition will be created. In supplemental information filed with the Commission, PAWC also indicated that approval of the Application will result in the construction of additional water storage for the distribution system and an upsized PFAS treatment facility, which would improve reliability for all customers. Further, PAWC noted that the Developer would be responsible for all costs except water meters, and that the Development is expected to bring an economic benefit to the area including approximately 600 jobs. In the Application, PAWC stated it is in the public interest for it to provide water service in the applied for service territory because it is financially and technically capable of providing service.

PAWC has no outstanding fines or assessments due to the Commission and is current with Commission reporting requirements. In email correspondence from the

DEP's Northeast Regional Office, DEP advised Commission staff that it does not have any pending actions or outstanding complaints against PAWC in DEP's Northeast Region.

IX. CONCLUSION

Based upon the facts that there is a need to make public water service available within the requested territory; that PAWC will expand its service territory to new customers in compliance with Commission regulations; that the Development is expected to bring an economic benefit to the area; and that PAWC is fit to provide service, the Commission finds that granting approval of PAWC's Application is necessary or proper for the service, accommodation, convenience, or safety of the public and is in the public interest; **THEREFORE,**

IT IS ORDERED:

1. That the Application of Pennsylvania-American Water Company at Docket No. A-2024-3051136, is hereby approved, consistent with this Order.

2. That a Certificate of Public Convenience shall be issued pursuant to Section 1102(a)(1)(i) of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1102(a)(1)(i), authorizing Pennsylvania-American Water Company to offer, render, furnish and supply water service to the public in an additional portion of Salem Township, Luzerne County, consistent with this Order.

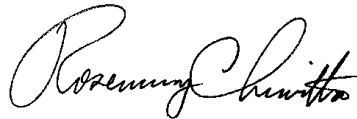
3. That nothing herein shall be construed as an approval or determination of costs or expenses for the purposes of just or reasonable rates or to exempt Pennsylvania-American Water Company from obtaining all necessary permits, licenses, and approvals from other federal, state, and local government agencies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

4. That a copy of this Order be served upon Pennsylvania-American Water Company, the Commission's Bureau of Investigation and Enforcement, the Office of

Consumer Advocate, the Office of Small Business Advocate, the Salem Township Board of Supervisors, the Salem Township Planning Commission, the Luzerne County Board of Commissioners, the Luzerne County Planning Commission, and the Department of Environmental Protection – Northeast Regional Office and its Bureau of Regulatory Counsel.

5. That the proceeding at Docket No. A-2024-3051136 be closed after a Certificate of Public Convenience is issued in accordance with Ordering Paragraph 2.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta", written in a cursive style.

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: January 8, 2025

ORDER ENTERED: January 8, 2025