

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

**Docket No. A-2025-3052983**

**66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater**

4. Provide responses to Section 1329 Application Standard Data Requests, including electronic working documents (i.e., Excel spreadsheets) for all the filing’s schedules, studies, and working papers to the extent practicable.

**RESPONSE:** See enclosed responses to the Section 1329 Application Standard Data Requests labeled **Appendix A-4.1**, the electronic working documents (i.e., Excel spreadsheets) for all the appraisal filing’s schedules, studies, and working papers labeled **Appendix A-4.2 (Weinert Appraisal and Depreciation Services, LLC, on behalf of PAWC) CONFIDENTIAL**, and **Appendix A-4.3 (Harold Walker, III, Manager, Financial Studies of Gannett Fleming Valuation and Rate Consultants, LLC, on behalf of EBMA) CONFIDENTIAL**.

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**Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer’s most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer’s previously approved single-tariff pricing model.
  - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
  - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.

**Response:** Please refer to **Appendix A-18-d** of the Application. The notices contained in **Appendix A-18-d** provide an estimate of the cost impact on existing and acquired customers using the methodology provided for in the Final Supplemental Implementation Order at Docket No. M-2016-2543193, entered on July 2, 2024.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

2. If the Buyer has a present intention to increase the acquired system’s rates to a certain level, please state the basis for the targeted rate.

**Response:** Pennsylvania-American Water Company (“PAWC”) will adopt the System’s existing rates at closing. PAWC anticipates moving the acquired system’s rates into a PAWC-consolidated CSS rate zone at a future rate proceeding.

**Provided by:** Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory

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**Rates/Ratemaking**

3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.

**Response:** The estimated annual depreciation expense associated with the purchase price is \$619,033. As explained in the Direct Testimony of Ms. Gress at **Appendix A-14.a**, PAWC Statement No. 3, p. 6, PAWC proposes to record the acquired Utility Plant in Service (UPIS) at the net value. Please refer also to the tentative journal entry in **Appendix A-15-f**.

The depreciation expense is calculated as shown below:

UPIS at Acquisition: \$28,000,000  
Annual depreciation expense: \$619,033  
Composition depreciation rate: 2.21% [Note 1]

Note 1 – The composite depreciation rate is calculated for the acquired plant using the depreciation rates approved in PAWC’s most recently-approved base rate case for Wastewater Combined Sewer Systems General Operations at Docket No. R-2023-3043189. PAWC will utilize depreciation rates that are approved and in effect at the time of the closing of the acquisition.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
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**Rates/Ratemaking**

4. Provide an estimate of the annual revenue requirement of the municipal system under the Buyer’s ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

**Response:** The estimated annual revenue requirement of the System under PAWC ownership is \$3,745,821. Please refer to the Direct Testimony of Ms. Gress at **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit SDG-1, for the assumptions for the annual revenue requirement shown above.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

5. Provide an estimate of the annual revenues of the municipal system under the Buyer’s ownership. Provide the assumptions for the annual revenues, including both operating revenues and non-operating revenues.

**Response:** Please refer to **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit SDG-1, page 6 for annual revenue assumptions, including operating revenues. The Buyer is not aware of any non-operating revenue assumptions.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

6. Provide an estimate of the overall dollar and percentage rate impacts implicated from stand-alone rates that recover the Buyer’s estimated annual gross revenue requirement for the acquired system from the Seller’s customers.

**Response:** Please refer to **Appendix A-18-d**, page 1 of the Application for annual revenue assumptions, including operating revenues.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

7. Provide an estimate of the overall dollar and percentage rate impacts implicated from the following rates:
  - a. For water applications, rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water customers.
  - b. For wastewater applications, both water and wastewater rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water and wastewater customers, respectively.

- Response:**
- a. Not applicable.
  - b. Please refer to **Appendix A-18-d**, page 1 of the Application for the annual rate impacts.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

8. Other than the STAS, does Buyer’s current water/wastewater tariff include any provisions that would fall under “pass-through costs or charges imposed by the Commonwealth of Pennsylvania”?

**Response:** No, other than the STAS, PAWC does not have any provisions in its tariff that would fall under pass-through costs or changes imposed by the Commonwealth of Pennsylvania.

PAWC’s current wastewater tariff also includes the Distribution System Improvement Charge (“DSIC”). PAWC’s Application requests that this charge be applied to System customers, subject to inclusion in PAWC’s wastewater LTIP.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

9. Provide a listing of any entities that currently receive free service from the Seller.

**Response:** EBMA’s administration building at the treatment plant and one pump station, which PAWC is acquiring.

**Provided by:** Michael Salvo, Director – Business Development  
Pennsylvania-American Water Company

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**Rates/Ratemaking**

10. In the next rate case, does buyer anticipate including the acquired system in a combined revenue requirement?

**Response:** The Buyer anticipates including Seller’s wastewater system in a combined revenue requirement in the next rate case.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Rates/Ratemaking**

11. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

**Response:** The Seller did not increase rates in the last year.

**Provided by:** Michael Salvo, Director – Business Development  
Pennsylvania-American Water Company

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**Rates/Ratemaking**

12. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

**Response:** It is anticipated that any leases, easements and access to public-rights-of-way the Buyer will need in order to provide wastewater service will be conveyed at time of Closing. See also APA Schedules 4.1(l)(i), 4.1(l)(ii), and 11.4(a), attached to the Application at **Appendix A-24-a**, for further details in identifying all easements and obtaining any missing easements.

**Provided by:** Michael Salvo, Director – Business Development  
Pennsylvania-American Water Company

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**Costs/Benefits**

13. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

**Response:** PAWC estimates transaction and closing costs of approximately \$1.1 million. Please see the chart below for a breakdown of these estimated costs:

Area	Estimated Amount
Legal	\$750,000
PUC/Copying/Publication	\$9,000
Transfer Taxes	\$85,000
Title Insurance	\$42,500
Permits	\$15,000
Engineering Assessment Study	\$15,013
Customer Notice	\$21,000
Act 12 FMV Valuation	\$59,278
Act 537 Plan Update	\$25,000
Easement Investigation	\$25,000
Customer Welcoming Packets	\$21,000
<b>Total</b>	<b>\$1,067,791</b>

Refer to **Appendix A-7** to the Application for a copy of the non-privileged invoices to support the transaction costs that have been incurred to date.

**Provided by:** **Stacey D. Gress, American Water Works Service Company  
Director, Rates and Regulatory**

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**Costs/Benefits**

14. Please describe known and anticipated general expense savings and efficiencies under Buyer’s ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

**Response:** PAWC’s national purchasing power will produce savings for expenses after ownership. Estimated cost savings include the following:

- a. PAWC’s contract pricing for pipe: 37% below the market index
- b. PAWC’s light duty vehicle purchasing: 13% below dealer invoice
- c. PAWC’s chemical expense: 20% below the market index
- d. PAWC’s power expense: at least \$0.01 per kwh less than utility price to compare
- e. PAWC’s natural gas: 10% savings over \$2.50/DTh price.

Other supply chain benefits include, but are not limited to, reliable and secure supply channels, improved warranties, price stability, strategic payment terms, discounting, and supplier responsiveness and support.

Additionally, as PAWC completes replacements of collection mains, it is expected that the reduction in inflow and infiltration will lower the wastewater treatment expense.

For additional examples, see **Appendix A-14-a**, Direct Testimony of Marcus Kohl, PAWC Statement No. 1, pp. 24-25, and Direct Testimony of Daniel J. Hufton, Statement No. 2, pp. 16-17.

**Provided by:** **Michael Salvo, Director – Business Development  
Pennsylvania-American Water Company**

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**Costs/Benefits**

15. Please provide a copy of the Seller’s request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.

**Response:** Please see **Appendix A-4.4**.

**Provided by:** **Michael Salvo, Director – Business Development  
Pennsylvania-American Water Company**

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**Costs/Benefits**

16. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller’s system.

**Response:** Please see **Appendix A-4.5\_ CONFIDENTIAL**.

**Provided by:** **Michael Salvo, Director – Business Development  
Pennsylvania-American Water Company**

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**Costs/Benefits**

17. Provide a copy of the Buyer’s offer to purchase the Seller’s system and the Seller’s response to that offer.

**Response:** Please see **Appendix A-4.4** and **Attachment A-4.5\_** **CONFIDENTIAL**.

**Provided by:** **Michael Salvo, Director – Business Development**  
**Pennsylvania-American Water Company**

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**Appraisals**

18. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
  - b. A list of appraisals of utility property performed by the UVE
  - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
  - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

**Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.**

- a. Please see Mr. Weinert’s Curriculum Vitae attached to **Appendix A-14-b** of the Application, Direct Testimony of Jerome C Weinert (PAWC Statement No. 4).
- b. Please see Mr. Weinert’s response to a. above.
- c. Please see a list of dockets in which Mr. Weinert submitted testimony to a public utility commission related to the appraisal of utility property:

A-2016-2580061 – New Garden  
A-2017-2606103 – McKeesport  
A-2018-3001582 – East Bradford  
A-2018-3002437 – Sadsbury  
A-2018-3004933 – Exeter  
A-2019-3006880 – Steelton  
A-2019-3008491 – Cheltenham  
A-2019-3009052 – East Norriton  
A-2019-3014248 – Borough of Kane  
A-2020-3019634 – Borough of Royersford  
A-2020-3019859 - Valley Township  
A-2020-3020178 - Valley Township  
A-2020-3021460 – Upper Pottsgrove Township  
A-2021-3024267 – Lower Makefield Township  
A-2021-3024681 – York City Sewer Authority

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A-2021-3026132 - East Whiteland Township  
A-2021-3024058 – Borough of Brentwood  
A-2021-3027268 – Willistown Township  
A-2022-3037047 – Butler Area Sewer Authority

- d. In the past two years Mr. Weinert submitted testimony in the below dockets. Link to the dockets where Mr. Weinert testified are below:
- i. Upper Pottsgrove Township - A-2020-3021460  
<https://www.puc.pa.gov/docket/A-2020-3021460>
  - ii. York City Sewer Authority - A-2021-3024681  
<https://www.puc.pa.gov/docket/A-2021-3024681>
  - iii. East Whiteland Township - A-2021-3026132  
<https://www.puc.pa.gov/docket/A-2021-3026132>
  - iv. Borough of Brentwood - A-2021-3024058  
<https://www.puc.pa.gov/docket/A-2021-3024058>
  - v. Willistown Township - A-2021-3027268  
<https://www.puc.pa.gov/docket/A-2021-3027268>
  - vi. Butler Township Municipal Authority - A-2022-3037047  
<https://www.puc.pa.gov/docket/A-2022-3037047>

**Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.**

- a. Please see Mr. Walker’s Curriculum Vitae attached as Appendix HW-1 to Mr. Walker’s direct testimony, included as **Appendix A-13-b** to the Application (EBMA Statement No. 2). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker’s response to a. above.
- c. Please see Mr. Walker’s response to a. above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
  - i. Borough of Royersford – A-2020-3019634  
[http://www.puc.state.pa.us/about\\_puc/consolidated\\_case\\_view.aspx?Docket=A-2020-3019634](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2020-3019634)

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- ii. Valley Township – A-2020-3019859  
[http://www.puc.state.pa.us/about\\_puc/consolidated\\_case\\_view.aspx?Docket=A-2020-3019859](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2020-3019859)
- iii. Valley Township – A-2020-3020178  
<https://www.puc.pa.gov/docket/A-2020-3020178>
- iv. Upper Pottsgrove Township – A-2020-3021460  
<https://www.puc.pa.gov/docket/A-2020-3021460>
- v. Lower Makefield Township – A-2021-3024267  
<https://www.puc.pa.gov/docket/A-2021-3024267>
- vi. East Whiteland Township – A-2021-3026132  
<https://www.puc.pa.gov/docket/A-2021-3026132>
- vii. Willistown Township – A-2021-3027268  
<https://www.puc.pa.gov/docket/A-2021-3027268>
- viii. Shenandoah Borough – A-2022-3034143  
<https://www.puc.pa.gov/docket/A-2022-3034143>
- ix. City of Beaver Falls – A-2022-3033138  
<https://www.puc.pa.gov/docket/A-2022-3033138>
- x. Butler Area Sewer Authority – A-2022-3037047  
<https://www.puc.pa.gov/docket/A-2022-3037047>
- xi. Borough of Brentwood – A-2021-3024058  
<https://www.puc.pa.gov/docket/A-2021-3024058>
- xii. Greenville Sanitary Authority – A-2023-3041695  
<https://www.puc.pa.gov/docket/A-2023-3041695>

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**Appraisals**

19. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

**Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.**

Please see the Direct Testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at pp. 17-18. Information on the discount rate can also be found in Application **Appendix A-5.1** (WAD Appraisal), the section entitled “Cost of Capital/Required Return” and at **Appendix A-4.2\_ CONFIDENTIAL** to the Application (WAD electronic workpapers).

**Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.**

Please see the direct testimony of Harold Walker III, included as **Appendix A-13-b** to the Application (EBMA Statement No. 2) at pp. 19-21, **Appendix A-5.2** to the Application (Gannett Appraisal), and **Appendix A-4.3\_ CONFIDENTIAL** to the Application (Gannett electronic workpapers).

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**Appraisals**

20. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

**Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.**

WAD used replacement cost. Please see direct testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at pp. 6-7 for an explanation of why the replacement cost was chosen.

**Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.**

Gannett Fleming used the original cost new (OCN) to calculate the trended original cost (TOC) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. We converted reproduction cost new to replacement cost new (RCN) after factoring in obsolescence. We used the TOC method because the mandated use of the Engineering Assessment’s original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the direct testimony of Harold Walker III, included as **Appendix A-13-b** to the Application (EBMA Statement No. 2) at pp. 16-17 for an explanation of why this method was chosen.

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**Appraisals**

21. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

**Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.**

The source of the purchase prices used in the comparable sales approach to the Market Approach was the Asset Purchase Agreements in those transactions. Please see response to Section 1329 Application Standard Data Requests Question 18 for a list of prior transactions. Mr. Weinert did not consider number of customers in his comparable sales approach to the Market Approach. Mr. Weinert compared purchase price to original cost less depreciation and to replacement cost new less depreciation in the comparable sales approach.

**Harold Walker III, Manager, Financial Studies - Gannett Fleming  
Valuation and Rate Consultants, Inc.**

Please see pages 11 to 87 of Exhibit 23 (workpapers) from **Appendix A-5.2** to the Application (Gannett Appraisal) for the source for the purchase price and number of customers for each comparable acquisition used in the Gannett Appraisal.

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**Appraisals**

22. Have Buyer’s and Seller’s UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:

- a. Identify the nature and date(s) of correspondence;
- b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
- c. Provide copies of any written correspondence exchanged between the UVEs.

**Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.**

No.

**Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.**

No. The Buyer’s and Seller’s UVE did not correspond with regard to their respective fair market value appraisals of the assets at issue in this case.

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**Miscellaneous**

23. Are there any outstanding compliance issues that the Seller’s system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
  - b. Provide an estimated date of compliance;
  - c. Explain Buyer’s anticipated or actual plan for remediation;
  - d. Provide Buyer’s estimated costs for remediation; and,
  - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

- Response:**
- a. Yes. There is one outstanding violation from the Allegheny County Health Department (ACHD) dated July 18, 2024. The Authority was cited for violations of 25 PA Code 92.a.44. Specifically, the ACHD found that “the Discharge Monitoring Reports for the past twelve months identified Fecal Coliform Bacteria – Geometric Mean was exceeded in April 2024. Total Suspended Solids – Weekly Average Concentration and Weekly Average Loading and Monthly Average Loading were exceeded in April 2024. Effluent violations resulted from extreme wet weather over a prolonged period.”
  - b. Conditions returned to normal following the period of precipitation.
  - c. Resolution of wet weather compliance issues will require the full implementation of the Long-Term Control Plan.
  - d. Estimated costs of implementation of the Long-Term Control Plan are included in the 5-Year Capital Improvements Plan.
  - e. **WAD:** The WAD appraisal considered any system remediation in its depreciation deduction in the cost approach and the capital expenditures deducted from future cash flows prior to arriving at the net cash flows to discount. The market approach used the cost approach conclusion as a basis of comparison to market sales and as such the depreciation deduction taken

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**Section 1329 Application Standard Data Requests**

in the cost approach also recognizes any remediation cost in the market approach.

**Gannett Fleming**: Gannett Fleming’s appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment’s inventory.

**Provided by: Daniel J. Hufton, P.E., PAWC  
Engineering Manager**

**Jerome C. Weinert, Principal & Director – Weinert Appraisal &  
Depreciation Services LLC.**

**Harold Walker III, Manager, Financial Studies  
Gannett Fleming Valuation and Rate Consultants, Inc**

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

**Docket No. A-2025-3052983**

**Section 1329 Application Standard Data Requests**

**Miscellaneous**

24. Are there any outstanding compliance issues that the Seller’s system has pending with the US Environmental Protection Agency? If yes, provide the following information:
- a. Identify the compliance issue(s);
  - b. Provide an estimated date of compliance;
  - c. Explain Buyer’s anticipated or actual plan for remediation;
  - d. Provide Buyer’s estimated costs for remediation; and
  - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

- Response:**
- a. No.
  - b. Not applicable.
  - c. Not applicable.
  - d. Not applicable.
  - e. Not applicable.

**Provided by: Daniel J. Hufton, P.E., PAWC  
Engineering Manager**

## **Appendix A-4.2**

# **WADS Consultants Work Papers**

**CONFIDENTIAL DOCUMENT**

**Appendix A-4.3**  
**Gannett Fleming Work Papers**

**CONFIDENTIAL DOCUMENT**

# **Appendix A-4.4**

## **EBMA Request for Proposal**



REQUEST FOR PROPOSALS  
FOR THE SALE OR LEASE OF  
ELIZABETH BOROUGH MUNICIPAL AUTHORITY,  
ELIZABETH, PENNSYLVANIA  
WASTEWATER SYSTEM

ISSUE DATE: NOVEMBER 29, 2021

RESPONSE DUE DATE: FEBRUARY 1, 2022

ISSUED BY:

ELIZABETH BOROUGH MUNICIPAL AUTHORITY

1 LOCUST STREET

ELIZABETH, PA 15037

412-384-3686

## Purpose and intent

Elizabeth Borough Municipal Authority (the “EBMA”), by means of this Request for Proposals (“RFP”) for the sale or lease of the wastewater system is soliciting proposals from qualified parties interested in the asset purchase or lease of the operation and maintenance of its wastewater system, currently owned and operated by the Authority.

Interested parties must currently own and operate a minimum of 20,000 wastewater connections to qualify.

***Interested parties must notify Michael Kenney at [mpkenney95@gmail.com](mailto:mpkenney95@gmail.com) or 724-984-7543 of their intent to bid by 12:00 PM December 3, 2021. Notification must include the name and contact information of company’s representative. All interested parties that have notified EBMA will be given a link to a mandatory pre-bid zoom meeting at 10:00 December 9, 2021.***

## Bid Proposal Instructions

### CONTENTS

- A. Bids to purchase or lease the EBMA wastewater system shall be enclosed in sealed envelopes and clearly labeled with the name and contact information as specified in the aforementioned submittal cover sheet. Submittals must be accompanied by a refundable Bid Bond in the amount of \$10,000, which will be returned to each bidder upon completion of EMBA’s selection process.
  
- B. All proposers shall submit (1) original and (6) copies of their completely executed proposal and associated documents which shall include proposer’s qualification statement, bid amount, bidders qualification of terms & conditions related to an asset purchase or lease agreement, and any additional information to explain the bidder’s proposal.

## TIME FOR RECEIVING BIDS

- A. Bids to purchase or lease the wastewater assets will be received by EMBA in the office of the Manager no later than 1:00 PM February 1, 2022.

Manager  
1 Locust Street  
Elizabeth, PA 15037

- B. EBMA will neither accept nor consider any bid received after the deadline time and date.
- C. EBMA shall review all bids received and reserves the right to request interviews with any of the entities submitting bids.
- D. Emailed, telegraphic, or facsimiled bids will not be considered.
- E. Entities submitting bids are cautioned to make ample time allowances for bid delivery in advance of the bid closing by whatever means the entities select.

## **BID WITHDRAWAL BEFORE OPENING DEADLINE**

- A. Any bid may be withdrawn by email, telephone or facsimile request up to one hour before the officially fixed closing time for bids by contacting EBMA

EBMA Office	(412) 384-3686
EBMA FAX	(412) 384-3144
EBMA Email	info@ebmastp.com

## **INTERPRETATIONS OF THE SPECIFICATION & DOCUMENTS**

- A. No oral interpretations will be made to the proposer(s) as to the meaning of the specifications and related documents related to the release of the RFP. Any and all requests for clarification by proposer(s) shall be made by email to [mpkenney95@gmail.com](mailto:mpkenney95@gmail.com), no later than 5:00 PM December 1, 2021. No inquiries will be considered beyond the deadline date and time. Every interpretation rendered by EBMA will be issued to all registered proposers in the form of a "Proposal Addendum" and released to all parties, as promptly as possible.

## **EXAMINATION OF SPECIFICATION, BID PACKAGE AND PHYSICAL PREMISES**

- A. Each proposer shall thoroughly examine the specification and bid package provided by the seller, in addition to attending a mandatory pre-bid conference call. The failure or omission of any proposer to examine any form, document, addendum or exhibit, shall in no way relieve the proposer from any obligation with respect to the proposer's bid proposal.

- B. No proposer shall contact or circumvent EBMA's established protocol to operate within the proposal mechanism as established and defined within.
  
- C. No proposer shall rely upon any oral representation by any person associated with EBMA or Elizabeth Borough, nor will such oral representation excuse performance of any subsequent contract or cost associated with said contract. The submission of the proposal shall be taken as prim a facie evidence of compliance with this section.
  
- D. All proposers shall attend a mandatory pre-proposal/bid zoom conference on December 9, 2021 at 10:00 AM. A link will be provided to all interested parties.
  
- E. EBMA will allow each proposer to inspect the facilities. The proposers must contact EMBA to arrange such site inspections. All site inspections must be completed by January 12, 2022. All such site inspections will be scheduled on a first come first serve basis and EBMA cannot assure that all proposers will be able to schedule site inspections on their preferred timetable.
  
- F. EBMA will assemble and make available background documents for review by the proposers upon request.

## **AWARD OF BID TO SELL OR LEASE ASSETS**

- A. EBMA, under conditions that warrant the sale or lease of the wastewater system intends to award a contract to the successful bidder within 90 days of the bid opening. EBMA reserves the right to reject any and all bids for whatever reasons it deems appropriate, if in the opinion of the board, such an award does not represent the best interests of the Authority.
  
- B. Following a Notice of Award, the successful bidders will be required to execute an Asset Purchase Agreement or a Lease Agreement with EBMA.

## **INTERVIEWS**

EBMA's Board of Directors (Board) reserves the right to conduct interviews with proposers of the Board's choice. The Board is under no obligation to interview each or any proposal respondent.

## **DISCLAIMERS**

Respondents to the RFP accept that the wastewater system are offered for sale on an "as is" basis.

To the best of its knowledge, EBMA warrant that there are no pending violations, enforcement actions, claims or litigations pending against these assets that have not been disclosed.

## **SUMMARY OF EBMA'S WASTEWATER SYSTEM**

### **Background**

The Elizabeth Borough Municipal Authority provides wastewater treatment for Elizabeth Borough and portions of Elizabeth Township, Forward Township, and Lincoln Borough, service approximately 2,200 customers.

The Elizabeth Borough Municipal Authority was incorporated on December 29, 1949, under the Municipal Authorities Act of May 2nd, 1945 (P.L.382) as amended and pursuant to the Ordinance of Borough of Elizabeth.

The Elizabeth Borough Municipal Authority exists and operates under the Authorities Act and is governed by a Board of seven (7) members, five (5) of whom are appointed by Borough Council of the Borough of Elizabeth, and two (2) appointed by the Commissioners from the Township of Elizabeth. The Board manages the business of the Authority with the assistance of a secretary/treasurer and with the services of appointed accounting, legal, financial and engineering firms.

The Treatment Plant is operated 7 days per week by a staff of 4 employees including office personnel. The Treatment Plant is designed to treat 1.2 million gallons per day at normal flow and 3 million gallons per day at peak flows.

The Elizabeth Borough Municipal Authority owns and maintains the pump station, overflow regulators, catch basins, interceptor, forced main, sanitary and combination sewer lines. The sanitary and combination sewer lines vary in size from 6" to 48" for a total of 43,930 LF or 8.32 miles of pipe.

## **Collection System**

The Elizabeth Borough collection system was initially built in the early 1900's and consists of various sizes of size from 6" to 48" for a total of 43,930 LF or 8.32 miles of pipe.

The Elizabeth Township collection system delivers sewage to the Authority's treatment plant from a pump station that discharges through approximately 800 LF of ten-inch (10") force main and four (4) direct connections to the Elizabeth Borough Collection System.

The Forward Township collection system consist of two (2) direct connections to the Elizabeth Borough Collection Systems. In addition, several Township homes are connected directly to the Borough's sewers.

### **1991**

In 1991 neighboring Lincoln Borough joined the system by providing for connection of 17 homes in the Patterson Hill area via the sewers in Elizabeth Township. An individual sewer system constructed by Lincoln Borough currently serves 9 of these homes.

### **1994**

In 1994, DEP issued an order on Forward Township, Elizabeth Township, Elizabeth Borough (and/or their respective municipality authorities) to plan, design, and construct sewage collection systems to serve their respective areas in the Fallen Timber Run Watershed. The systems were planned to connect approximately 400 equivalent dwelling units (EDUs) from Elizabeth and Forward Townships to the sewage treatment plant.

## **1997**

Construction started in April 1997. The project was completed in early 1998. With the completion of the proposed sewer project, the average daily flow at the plant is still under the permitted capacity of 1.2 MGD.

The original Monongahela River interceptor consisted of 14" and 16" diameter sewers totaling about 2,700 feet. Diversion chambers were installed on collection lines at 6 locations where the combined collection lines meet the interceptor. The interceptor was generally in good condition except that it would become submerged in high river water conditions and was subject to inflow.

## **1999-2001**

A proposal to replace this interceptor with a new one at higher elevation was developed with the help from the Corps of Engineers. The proposal was a part of a project which will raise the Monongahela River Lock and Dam #2 and thus will raise the level of the water pool near the pump station. Plans for the relocation of the interceptor and the combined sewer regulators were finalized in 1999 and 2000. Bids were obtained in June 2000 and construction was completed during 2000 and 2001.

Some of the DEP/EPA's new requirements for sewage regulators were incorporated in the new construction plans. A separate grit removal unit was also included at the upper end. The new interceptor line has been in operation since August 2001.

## **2013**

The Elizabeth Borough Municipal Authority undertook a comprehensive sewer cleaning and CCTV program. The entire Elizabeth Borough collection system was inspected to evaluate the overall condition of the pipes. All manholes and catch basins were inspected as well and given a GPS coordinates. An overall collection system map was created giving accurate diameters and lengths.

## 2014

The results of CCTV inspection were used to develop a multi-year program to correct the deficiencies that were identified. The repair and rehabilitation program was broken down into the following areas:

- Sewer Line replacement
- Excavated spot repairs
- Trenchless spot repairs
- Manhole to manhole sewer lining
- Manhole installation and grade ring/lid replacement

1,800 lf of new storm sewers and 11 inlets were installed to separate storm water from the sanitary sewer system.

## 2015

The following collection system maintenance and repair work under the repair and rehabilitation program in 2015 are as follows:

- 16 new manholes
- 160 lf of excavated pipe repairs
- 330 lf of trenchless spot repairs
- 5,000 lf of manhole to manhole sewer lining
- 650 lf of root treatment
- 2780 lf of CCTV and pipe cleaning on pipes that were previously inaccessible
- 4 lateral T-liners
- 

## 2016

The following collection system maintenance and repair work under the repair and rehabilitation program in 2016 are as follows:

- 2 new manholes
- 48 lf of excavated pipe repairs
- 243 lf of trenchless spot repairs

- 4070 lf of manhole to manhole sewer lining
- 1,100 lf of root treatment
- 1,030 lf of CCTV and pipe cleaning
- 958 lf of new 24" storm sewers and 7 inlets were installed to separate storm water from the sanitary sewer system.

## 2017

- Completed Phase 1 of the CSO #3 storm sewer project which includes the following:
  - Replace the 2 Return Activated Sludge Pumps.
  - Upgrade WWTP exterior lighting to LED

## 2018

- Completed Phase 2 of the CSO #3 storm sewer project which includes the following:
  - 1309 LF of 24" storm line
  - 864 LF of 18" storm line
  - 118 LF 15" storm line
  - 21 inlets
  -

## 2019

- Bid, award, and begin construction of new pump station project
- Cleaned and televised 42,562 LF of sewer line.
- Replace the chains and flights on clarifiers at the WWTP.
- Replace channel monster grinder at headworks
- Rebuilt Aeration System Blower
- Upgrade influent data loggers
- Upgrade Dissolved Oxygen (LDO) Probes and Hardware

## 2020

- Continue construction of new pump station project
- Completed Phases 3 and 4 of the CSO 007 storm sewer project on Bayard Street.
- Completed concrete tank repairs on the aeration and chlorine contact tanks and repaired baffles
- in chlorine contact tank.
- Painted buildings, garage, aeration tanks, clarifiers, and chlorine contact tanks
- Upgraded Chlorine Gas Monitor.
- Repaired/Replaced 6 inlets/catch basins.

## 2021

- Finish construction of new pump station project
- Repaired/Replaced 13 inlets/catch basins.
- Purchase CCTV equipment and trailer for collection system inspection.

## Treatment Process

Wastewater is conveyed to the Sewage Treatment Plant from the Elizabeth Borough Pump Station or the Elizabeth Township Wylie Run Pump Station. The two pump station operates entirely independent of each other.

At the Elizabeth Borough Pump Station, sewage flows through a bar screen and channel monster which reduces rags and large debris. A grit classifier removes the smaller particles know as grit prior to the raw sewage pumps. These pumps deliver the sewage to the treatment plant through approximately 800 feet of an 8” inch diameter asbestos-cement force main.

At the treatment plant, the wastewater flows through a comminutor and bar screen to further remove any rags or debris before it enters the treatment process.

Next it flows to the aerated grit chamber to further remove any sand, gravel, etc. Then the wastewater flows to the aeration tanks to begin the active sludge process

for the removal of soluble BOD and nonsettleable substances. The aeration tanks is where the aerobic bacteria meets the wastewater, where biological treatment occurs. The aeration tanks provide a source for oxygen, food and mixing for the bacteria. By the time the wastewater leaves the aeration tanks, the aerobic bacteria has used the organic matter contained in the wastewater to produce more cells. Aeration times vary due to the amount of wastewater flow entering the plant.

In the next step, wastewater flows into the clarifiers allowing organisms to settle out to the bottom and separate from the clear water. These settled organisms are known as sludge. The sludge that accumulates at the bottom of the clarifiers, known as return activated sludge (RAS), is then pumped back to the aeration tanks where it again mixes with the incoming wastewater (food source) and continues the treatment process. Some of the return activated sludge is removed from the treatment process because it is excess. This waste activated sludge (WAS), is removed thorough a process called wasting and sent to an anerobic digester before final disposal.

The clear water that remains is called effluent. It flows from the clarifiers to the chlorine contact tanks for disinfection. Chlorine is then mixed with the effluent to kill any remaining bacteria or microbes for the treatment process. Once the effluent leaves the chlorine contact tanks, it is then discharge to the Monongahela River.

**Submittal Cover Sheet  
Request for Proposals**

To purchase or lease the Elizabeth Borough Municipal Authority

Proposal Due Date: 1:00 PM, Friday February 1, 2022

Anticipated Award: Within 90 days of bid opening

Submitted By:

Name of Entity: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: (Office) \_\_\_\_\_

(Cell) \_\_\_\_\_

Principal Contact: \_\_\_\_\_

Title: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Purchase Price \_\_\_\_\_

Term and Annual Lease Price \_\_\_\_\_

## SUBMITTALS

Cover Sheet – Complete cover sheet to include key contact for your response to the RFP and pricing for asset purchase or lease.

1. Experience in wastewater business – provide a brief, not to exceed, (1) page outline of your company’s expertise in the wastewater business.

Pull from RFQ response.

2. Statement of abilities & intent

- a. Provide commitments of manpower and other resources that will be directed to EBMA’s users.
  - a. Discuss that we can deploy resources (people, equipment) from McKeesport and Mon Valley Operations located ! x miles and x miles away
- b. Establish an estimate of the projected rates over the next five years.

PAWC is a PA-PUC regulated utility and conducts business through an approved tariff. The tariff defines our rates for our customers and provides provisions on investments that PAWC can make in our systems. As such, rates are set by the PA-PUC. As PAWC acquires water and wastewater systems, PAWC assumes the seller’s rates in place at the time of acquisition, thus in our tariff there are several “Rate Zones” defined for various customers depending on when their system was acquired.

PAWC invests approximately 60% of our generated revenue back into our systems through capital investment projects, mostly through repair and replacement of aging infrasture. Approximately 30% of our revenue is used to pay for operating expenses such as fuel, power, chemical costs and well as the labor and resources to operate our treatment plants and business in general. Approximately 10% of our revenue is used to pay for federal, state and local taxes. Historically, PAWC

c. Describe anticipated capital plans over the next five years.

PAWC expects to deploy over \$20M of capital into the wastewater treatment system of Elizabeth Borough. Most of this will be directed toward the DEP-approved long term control plan that calls for a 1MGD plant expansion to manage wet weather events. PAWC engages with the PA-DEP on a regular basis to

**Appendix A-4.5**  
**PAWC Response to**  
**Request for Proposal**

**CONFIDENTIAL DOCUMENT**