BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater treatment and collection system owned and operated by the Elizabeth Borough Municipal Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of Elizabeth, Allegheny County, Pennsylvania	:	**Docket No. A-2025-3052983, *et al.***

DIRECT TESTIMONY OF
DANIEL J. HUFTON, P.E. ON BEHALF OF
PENNSYLVANIA-AMERICAN WATER COMPANY

Date: January 28, 2025 PAWC Statement No. 2

DIRECT TESTIMONY OF
DANIEL J. HUFTON

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Daniel J. Hufton, P.E. and my business address is 60 Elrama Avenue, Elrama, PA 15038.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pennsylvania-American Water Company ("PAWC" or the "Company") as an Engineering Manager.

Q. WHAT ARE YOUR RESPONSIBILITIES AS AN ENGINEERING MANAGER?

A. As an Engineering Manager for PAWC, I am responsible for the performance of due diligence activities related to potential water and wastewater acquisitions in the Commonwealth of Pennsylvania. These activities cover a broad range of operational topics including environmental compliance, health and safety, security, system capacity analyses, system condition assessments, operations and maintenance expense planning, and capital expenditure planning.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EDUCATION AND EXPERIENCE.

A. A copy of my curriculum vitae is attached as **PAWC Exhibit DJH-1**. I received my Bachelor of Science degree in civil engineering in 1987 from The Pennsylvania State University and a Master of Engineering degree in civil engineering in 1988 from Cornell University. I have over 36 years of experience in the civil and environmental engineering discipline related to municipal and industrial water and wastewater treatment and solid

waste management. I worked in various consulting engineering roles for 12 years prior to joining PAWC in 2000. Since joining PAWC, I have worked in various roles in Water Quality, Production Operations, Maintenance Services, and Engineering. I am a registered Professional Engineer, certified Water Operator, and certified Wastewater Operator in the Commonwealth of Pennsylvania.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("COMMISSION")?

A. Yes. I testified as a witness for PAWC during proceedings in *Petition of PAWC for a Finding on an Expedited Basis that Two Buildings to Shelter Booster Pumps to be Constructed in Dunbar Township, Fayette County, Pennsylvania, are Reasonably Necessary for the Convenience or Welfare of the Public,* Docket No. P-2015-2513587, *Application of PAWC for Approval to Acquire the Wastewater Collection and Treatment System Owned by the Butler Area Sewer Authority,* Docket No. A-2022-3037047, and *Application of PAWC for Approval to Acquire the Wastewater Collection and Conveyance System Owned by the Borough of Brentwood*, Docket No. A-2021-3024058.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will describe the wastewater treatment plant and collection system ("System") currently owned and operated by the Elizabeth Borough Municipal Authority ("Authority") that PAWC has agreed to acquire (the "Transaction"). I will also explain how the acquired System will be integrated into PAWC's existing operations, describe

PAWC's technical fitness to run the System, and discuss the public benefits of the Transaction.

Q. PLEASE DESCRIBE THE SYSTEM.

A. This is a troubled System comprised of an old combined sewer collection and conveyance network serving Elizabeth Borough (the "Borough"), and an aging regional wastewater treatment plant that services the Borough, Elizabeth Township, Forward Township, and Lincoln Borough. The combined sewer system in the Borough and the regional wastewater treatment plant are owned and operated by the Authority. Elizabeth Township, Forward Township and Lincoln Borough receive treatment services from the Authority under the provisions of service agreements with each municipality. The sewer collection and conveyance systems in Elizabeth Township, Forward Township and Lincoln Borough are owned by those respective municipalities, and such assets are not part of this Transaction.

The System consists of sanitary sewers, combined sewers, interceptors, and five (5) permitted and active combined sewer outfall/regulator structures. The wastewater treatment plant consists of a raw sewage pump station with mechanical/manual bar screens and a vortex grit removal unit, conventional activated sludge biological treatment, secondary clarification, gas chlorine disinfection, and sludge thickening. The plant has a hydraulic design capacity of 1.2 million gallons per day ("MGD") and an organic design capacity of 1,100 pounds of 5-day biochemical oxygen demand ("BOD5")/day. Residual biosolids are processed through a sludge thickener prior to being hauled off-site in liquid form by a contractor for disposal at a nearby wastewater treatment plant. Treated

wastewater is discharged into the Monongahela River under authorization set forth in National Pollutant Discharge Elimination System ("NPDES") Permit No. PA0028436.

The aging infrastructure in the collection system is impacted by high levels of Inflow/Infiltration ("I/I") that hydraulically overload the system and result in excessive sewer overflows to the Monongahela River. The treatment plant and its equipment are over 30 years old and are at the end of their useful life. Under the proposed Transaction, PAWC will acquire and operate the System and assume responsibilities for upgrade, operation and maintenance as the holder of the NPDES Permit.

Q. IS PAWC ACQUIRING ALL OF THE PLANT ASSETS OF THE AUTHORITY?

A. Yes, with one exception. As described in Paragraph 1.4 of the Asset Purchase Agreement between PAWC and the Authority ("APA"), the Authority will retain an asset of the wastewater treatment plant ("WWTP") after closing on the Transaction ("Closing"). This asset is comprised of the non-moving structural portion of the DUPERON® FPFS Full Penetration Fine Screen unit consisting of the base, vertical supports, and back/side plates. As described further in paragraph 6.5 of the APA, PAWC and the Authority will then jointly submit a request to the Pennsylvania Department of Environmental Protection ("PADEP") and the United States Environmental Protection Agency ("USEPA") to obtain confirmation from each such agency that the arrangements as set forth in the APA under which the Authority retains ownership of the Retained WWTP Asset, the Authority leases the Retained WWTP Asset to PAWC, and PAWC operates, maintains and manages the Retained WWTP Asset after Closing, the WWTP will continue to be classified as a Publicly Owned Treatment Works for purposes of the "domestic sewage exclusion"

contained in 40 C.F.R. § 261.4(a)(1) and the Resource Conservation and Recovery Act of 1976.

Q. PLEASE DESCRIBE THE SYSTEM'S SERVICE AREA.

A. The Authority's System provides direct service to customers in the Borough. Through the years as communities surrounding Elizabeth Borough developed, the surrounding municipalities signed bulk service agreements with the Authority for sewage conveyance and treatment. The collection systems in three (3) neighboring municipalities are connected to the Authority's collection system in order to convey flow to the wastewater treatment plant. Bulk service to portions of Elizabeth Township, Forward Township, and Lincoln Borough, all in Allegheny County, Pennsylvania is provided under bulk service agreements. As the systems have relied on the Authority for wastewater treatment, they have not designed, built and operated separate treatment facilities nor have they developed their own separate treatment capability or capacity. Thus, there is no reasonable alternative for bulk wastewater service for the three neighboring municipalities. The separate development of additional treatment works would run counter to the PADEP's preference for regionalization of wastewater treatment.

The System service area that PAWC is requesting ("Service Area") is limited to the Authority's combined sewer system and treatment plant, which comprises approximately 0.4 square miles.

Following the Transaction, PAWC will continue to serve the bulk municipal customers (Elizabeth Township, Forward Township, and Lincoln Borough) under bulk service agreements in the same manner that the Authority is serving them presently.

Q. YOU STATED THAT THE COLLECTION SYSTEMS LOCATED IN THE SURROUNDING MUNICIPALITIES DO NOT HAVE AN IMMEDIATE ALTERNATIVE FOR BULK WASTEWATER SERVICE. PLEASE ELABORATE.

A. As described above, wastewater from the surrounding municipalities is conveyed and treated by the Authority's System. The surrounding municipalities have relied on the Authority's System for many years. The development of new treatment works would require significant redesign of the current collection systems to reroute flow to a new location(s). Rerouting piping and developing new treatment works would be extremely costly to the communities and their customers. As mentioned above, the development of additional treatment works in the area would run counter to PADEP's preference for regionalization of wastewater treatment and therefore would face significant permitting challenges. The existing collection, conveyance, treatment, and discharge systems have Act 537 planning approval and are permitted by PADEP for their present use, although significant infrastructure upgrades are needed. There are no other regional treatment plants in the area that could immediately accept the wastewater from the surrounding municipalities. Any change to these existing systems would require revisions to the Act 537 Plans subject to municipal adoption and approval by PADEP. Any plans to disrupt the existing regionalization of wastewater treatment in the area would be unlikely to be approved by PADEP.

Q. WHAT IS AN "MS4" SYSTEM?

A. An MS4 system is a "municipal separate storm sewer system." Elizabeth Borough owns and operates an MS4 system permitted by PADEP under NPDES Permit No. PAG136191.

Q. IS PAWC ACQUIRING AN MS4 SYSTEM?

A. No. PAWC will not be acquiring the MS4 system of Elizabeth Borough nor the NPDES Permit referenced above.

Q. WHAT IS A COMBINED SEWER SYSTEM?

A. As defined in Appendix 1 of the APA, a combined sewer system is a sewer system that collects rainwater runoff, domestic sewage, and commercial and industrial wastewater into one pipe. However, I am advised by counsel that the Pennsylvania Public Utility Code ("Code") draws no distinction between a combined sewer system and a sanitary sewer system. They are all considered to provide "wastewater" public utility service. 66 Pa. C.S. 102 (defining "Wastewater").

Q. IS PAWC ACQUIRING A COMBINED SEWER SYSTEM?

A. Yes, the System (which consists of the Elizabeth Borough collection system and wastewater treatment plant) is a combined sewer system. The other contributing municipalities (Elizabeth Township, Forward Township and Lincoln Borough) that receive treatment services from the Authority have separate sanitary sewer systems and are not considered combined sewer systems.

Q. DOES THE SYSTEM HAVE AN INDUSTRIAL PRETREATMENT PROGRAM ("IPP")?

A. No. Although the Authority receives industrial wastewater from at least one customer located in the Forward Township bulk service area, it has not implemented an IPP at this time. PAWC would prepare and implement an IPP to be included in a future base rate case, if necessary.

Q. PLEASE DESCRIBE THE PIPE SIZES AND MATERIALS USED FOR THE CONSTRUCTION OF THE COLLECTION SYSTEM.

A. Based on the information that was available and provided by the Authority, the collection system is very old. It was initially built in the early 1900's and consists of varying sizes of pipe from 6" to 48" for a total of 43,930 linear feet ("LF") or 8.32 miles of pipe. The pipe materials used in the collection system are primarily vitrified clay pipe ("VCP") and polyvinylchloride pipe ("PVC"). The collection system also contains approximately 254 manholes and five (5) active combined sewer outfall/regulator structures. The service laterals providing connection between the Authority's mains and the customer homes are owned and maintained by the customer and are not part of the Transaction.

Q. PLEASE STATE WHETHER THE SYSTEM CAN PROVIDE ADEQUATE CONVEYANCE, TREATMENT AND DISPOSAL CAPACITY TO MEET PRESENT AND FUTURE CUSTOMER DEMANDS.

A. Based on the Authority's 2023 Chapter 94 Wasteload Management Report included in **Appendix A-20-c**, the conveyance, treatment, and disposal capacity are <u>not</u> adequate to

meet present and future customer demands through the year 2028. The System has met PADEP's definition of being hydraulically overloaded in four of the past five years and met the definition of being organically overloaded in three of the past five years. The System is also projected to be hydraulically and organically overloaded in the future from 2024 through 2028. For the five years ending 2023, the Authority reported an average of 242 sewer overflow events per year where untreated sewage was discharged into the Monongahela River. The Authority is operating under a PADEP-approved Long Term Control Plan ("LTCP") that requires extensive expansion and improvements to the collection system and treatment plant in order to provide long-term capacity for its customers. The Authority is years behind schedule on the compliance deadlines set forth by PADEP in the approved LTCP and presently has no plans in place to comply with the LTCP.

Q. PLEASE STATE THE ELEVATIONS OF THE MAJOR FACILITIES AND SERVICE AREA.

A. Please see **Appendix A-16-f (CONFIDENTIAL)** for a map showing the approximate elevations of the existing facilities.

Q. DOES THE AUTHORITY PROVIDE BULK TREATMENT SERVICE TO ANY SURROUNDING SYSTEMS?

A. Yes. The Authority provides bulk wastewater conveyance/treatment services to Elizabeth Township, Forward Township, and Lincoln Borough, all in Allegheny County, Pennsylvania.

Q. DOES THE AUTHORITY RECEIVE BULK TREATMENT SERVICE FROM ANY SURROUNDING SYSTEMS?

A. No. The Authority does not receive bulk wastewater conveyance/treatment services from any municipalities or entities.

Q. DOES THE AUTHORITY RECEIVE HAULED-IN WASTE AT THE WASTEWATER TREATMENT PLANT OR IN THE COLLECTION SYSTEM?

A. No. There are no facilities for properly accepting and treating hauled-in waste at the wastewater treatment plant or in the collection system. PAWC does not intend to begin accepting hauled-in waste after Closing.

Q. DOES PAWC PROVIDE WATER SERVICE IN THE SERVICE AREA?

A. Yes. The PAWC Mon-Valley district's water supply service area largely overlaps the Authority's service area.

Q. PLEASE PROVIDE AN OVERVIEW OF PAWC'S EXISTING WATER AND WASTEWATER OPERATIONS FACILITIES IN THE SERVICE AREA.

A. The PAWC Mon-Valley district is part of the company's Pittsburgh water system (PWSID # PA5020039) that serves an approximate population of 510,000 people through 214,800 metered connections in 79 municipalities located in Allegheny, Beaver, and Washington Counties. The source of supply is obtained from the Monongahela River and treated at two water treatment facilities. The Hays Mine water treatment plant is a 60 MGD facility located in Baldwin Borough, Allegheny County. The E.H. Aldrich water treatment

plant is a 50-MGD rated facility located in Elrama, Washington County. The system's distribution network consists of approximately 3,157 miles of water main, 57,291 main valves and 12,818 fire hydrants. In addition to the two treatment plants, there are operations centers located in Carnegie, Bethel Park, Elizabeth, and McMurray, Pennsylvania. The Elizabeth water operations center is located approximately 0.4 miles away from the Authority's wastewater treatment plant. The closest wastewater operations center is the McKeesport wastewater treatment facility located approximately seven miles away.

Q. PLEASE DESCRIBE HOW PAWC WILL MANAGE THE DAY-TO-DAY OPERATIONS OF THE SYSTEM ONCE IT IS ACQUIRED.

A. The Authority's System will be incorporated as an operating district into PAWC's Southwest Area operations. Staff at the Elizabeth wastewater operation will report into the Operations team that oversees the nearby McKeesport wastewater operations. The McKeesport management team consists of a Senior Operations Superintendent, two Senior Operations Supervisors, Operations Supervisor, and Water Quality Supervisor who are solely focused on wastewater operations. This will facilitate the integration of the Authority's System into the local wastewater operations strategy and culture, leverage synergies between the two wastewater systems, provide cross functional support, and offer enhanced availability of shared resources for day-to-day and emergency situations.

Q. ARE OTHER PAWC EMPLOYEES AVAILABLE TO ASSIST WITH WASTEWATER OPERATIONS, AS NEEDED?

A. Yes. Current PAWC employees in the McKeesport operation and Authority employees, all of whom will be offered employment after Closing, will be under the same area management and supported by a shared support team supporting common functions such as external affairs, supply chain, environmental compliance, health and safety, customer service, human resources and engineering. Employees in both the water and wastewater departments will support each other when appropriate and necessary, particularly in emergency situations. All operations and employees within PAWC and within the broader American Water Works Company, Inc. ("American Water") footprint have access to each other when circumstances require or when a very specialized skill or experience is required to support all local issues.

Q. WILL THERE BE ANY UNNECESSARY DUPLICATION OF OPERATIONS FACILITIES FOLLOWING THE ACQUISITION?

A. No, the System will be operated as a stand-alone system. It will, however, have the support of PAWC's surrounding operations as well as PAWC's operations through the Commonwealth and American Water's nationwide resources.

Q. DOES PAWC PLAN TO INTERCONNECT THE SYSTEM TO ANOTHER PAWC WASTEWATER SYSTEM?

A. No, not at this time. As discussed further below, it is possible that future acquisitions in this area by PAWC could lead to the waste streams of this system being interconnected to PAWC's McKeesport wastewater treatment system.

Q. WHAT ARE THE ESTIMATED CAPITAL COSTS FOR THE SYSTEM?

A. The five-year capital plan for the System is shown on **PAWC Exhibit DJH-2**. The total estimated five-year capital cost is $25.9 million.

Q. HOW DID PAWC ARRIVE AT THIS FIGURE?

A. The capital plan estimate is based on preliminary cost estimates of needed improvement projects that were identified during PAWC's due diligence efforts. The projects were identified through a combination of: PAWC's independent observations of the System's conditions and needs; meetings and discussions with PADEP staff; and input from Authority staff from their knowledge of the System's needs. The majority of the capital improvement costs are related to the PADEP-mandated System expansion and improvements under the LTCP.

Q. PLEASE DESCRIBE PAWC'S SYSTEM PLANNING, CAPITAL BUDGETING, AND CONSTRUCTION MANAGEMENT PROCESS, WHICH WILL APPLY TO THE AUTHORITY AFTER CLOSING.

A. PAWC has an established track record of successfully managing large capital investment projects in order to provide reliable service to the communities it serves. PAWC has an ongoing proactive program of capital investment focused on systematically replacing and adding new pipes, treatment and pumping facilities, and other water and wastewater infrastructure; thereby minimizing customer disruption caused by infrastructure failure. PAWC has funded in excess of $1 billion in capital construction over the past five years with expenditures expected to total $470 million to $600 million per year for the next five

years. Capital planning is performed on a five-year planning horizon by in-house engineering staff and operations to establish capacity needs, regulatory impacts, service adequacy and reliability for PAWC's wastewater systems. As projects are delivered, project costs, alternatives and risks are further developed, and competitive bidding for consulting engineering design/permitting services and construction is utilized to keep costs as low as possible. Comprehensive periodic oversight of water and wastewater assets during the annual budgeting process and ongoing governance reviews gives PAWC a clear and objective view of needs and potential capital project solutions. Once approved through the capital governance process, the individual capital projects will be led and managed by PAWC engineers working in the local Southwest Operations area, which will allow them to maintain clear visibility to the projects and react to conditions as they develop.

Q. PLEASE DESCRIBE THE AUTHORITY'S CAPITAL IMPROVEMENT PROGRAM. HOW WOULD PAWC'S PROACTIVE APPROACH BENEFIT CUSTOMERS?

A. The Authority does not have a formal capital improvement program. The Authority's record in performing critical system upgrades shows that its strategy has been to delay them for as long as possible. While this may limit expenditures in the short term and keep customer rates artificially low, this short-sighted approach has many drawbacks. First, this approach extends the System's reliance on failed, poorly performing and/or obsolete infrastructure and ignores the negative impacts on the local community from continued excessive sewer overflows into the Monongahela River. Second, the approach puts the burden of operating an antiquated and poorly performing system on the backs of the

already-limited Authority resources, i.e., employees, and deprives them of the ability to operate efficiently and serve customers. Finally, this "kick the can down the road" approach has real impacts in terms of capital costs and ultimately, customer rates, as delays inevitably increase the cost of projects due to inflation.

A case in point is the much-needed LTCP infrastructure upgrade, the details of which are discussed later in my testimony. The Authority obtained PADEP approval of the LTCP in July 2018, at which time the estimated capital cost to make these improvements was $19.6 million. PADEP's approval included a generous 9-year timeframe to complete these improvements, with specific deadlines to begin construction by October 31, 2024, and finish construction by October 31, 2027. The Authority has failed to take meaningful action on the LTCP project (with one exception described below) and is now over 6 years behind schedule with no plan going forward. (The one exception being the replacement of the raw sewage pump station, which the Authority replaced in 2021 because of imminent failure of the then-existing raw sewage pump station). In today's dollars, PAWC's all-in estimated cost to complete the LTCP project, including the actual cost of the already-completed, new raw sewage pump station, stands at $32.5 million. By ignoring the LTCP deadlines and delaying this project for several years, the Authority will incur an additional $12.9 million to deliver the same project it was under regulatory obligation to do back in 2018. This is a 66 percent increase in the project cost that will have to be borne by the Authority's customers. More delays are on the way, as the Authority currently has no active work streams proceeding on the LTCP project. By the time the project actually gets completed, it will likely cost even significantly more than the $32.5 million figure due to continued inflation.

Under PAWC's ownership, customers would benefit because we take environmental compliance requirements seriously and would not stray from schedule on such an important project. The result would be a quicker solution to the water quality degradation being caused by the excessive sewer overflows and a much cheaper project in the end.

Q. CAN PAWC COMPLETE THE LTCP PROJECT MORE EFFICIENTLY THAN THE AUTHORITY?

A. Yes. Even ignoring future inflation and the resulting cost increases that will accrue should the Authority continue to delay the project, PAWC can deliver the remaining portions of this project more efficiently than the Authority. PAWC's estimated current cost to complete the remaining portions of LTCP project is $23.7 million. By comparison, as referenced in the written direct testimony of Timothy Guffey, Chairman of the Authority and President of Council for Elizabeth Borough, the Authority's estimated current cost to perform the same work is $24.6 million.

Q. IS THE AUTHORITY A REGIONAL SEWAGE SERVICE PROVIDER AND, IF SO, WHAT ARE THE BENEFITS OF CENTRALIZED SEWAGE TREATMENT VERSUS DECENTRALIZED SEWAGE TREATMENT?

A. The Authority's System is a regional sewage service provider, providing sewage treatment for four municipalities. Regionalization provides many benefits, including lower cost of treatment due to economies of scale and ability to apply advanced treatment technology more effectively. A larger regional system gains the benefit of having a lower cost per

gallon, as well as a greater ability to treat more stringent limits that may be instituted by PADEP in future permits. Additional benefits include reduced regulatory and operational costs due to having only one discharge permit to manage and one treatment plant to operate as opposed to many.

Q. ARE THERE FURTHER REGIONALIZATION OPPORTUNITIES FOR THE AUTHORITY'S SYSTEM? PLEASE EXPLAIN.

A. Yes. The Authority's system is upriver from PAWC's state-of-the-art McKeesport Wastewater Treatment Plant. Between the Authority's and McKeesport systems lies the Glassport Borough wastewater collection system and treatment plant. The Glassport system is a combined sewer system under an approved LTCP with specified tasks and deadlines. Regionalization of the Authority's and Glassport collection systems with conveyance of sewage to the McKeesport plant for treatment could result in several benefits, including treatment of all wastewater at a state-of-the-art facility, elimination of two older treatment plants and the associated capital needed for improvements thereto, and economies of scale realized by operating one modern treatment plant instead of three separate facilities. Such a regionalization approach would be consistent with conceptual plans formulated over 50 years ago in the 1970 Comprehensive Sewerage Needs Plan prepared by Allegheny County, Pennsylvania in response to the Pennsylvania Sewage Facilities Act of 1966 (Appendix A-22-b.1).

Q. DOES THE PENNSYLVANIA CONSTITUTION ADDRESS ENVIRONMENTAL RIGHTS?

A. I am advised by counsel that the Pennsylvania Constitution, Article I, Section 27, guarantees the right to a clean environment, and requires the Commonwealth to conserve and maintain environmental resources for the benefit of the public.

Q. DOES THE AUTHORITY'S SYSTEM CURRENTLY FACE ENVIRONMENTAL CHALLENGES?

A. Yes. The Authority's System has been troubled with a long history of environmental compliance issues, mostly related to excessive combined sewer overflows ("CSOs") caused by the high level of I/I from defects and aging infrastructure in the collection system. As stated above, the System meets PADEP's definition of being hydraulically and organically overloaded and is projected to remain so for the next five years absent any corrective measures. For the last 5 years ending 2023, the Authority reported an average of 242 CSO events per year where untreated sewage was discharged into the Monongahela River.

These environmental challenges go as far back as the early 2000's and remain unresolved even today. In 2004, the Authority submitted its LTCP for CSO's. PADEP determined the plan was inadequate and the plan remained unapproved for years. On August 16, 2012, PADEP raised technical issues related to the 2004 plan and required the Authority to address and re-submit the plan.

In 2014, the Allegheny County Health Department ("ACHD") and PADEP required the Authority to prepare and submit its System Characterization, Monitoring, and Modeling Report for the Long Term Control Plan. The Authority submitted its plan in November 2014. The plan concludes that the System is not able to meet the 1994 USEPA

Combined Sewer Overflow Control Policy ("USEPA's CSO Policy"), specifically "the elimination or capture for treatment of no less than 85% by volume of the combined sewage collected in the combined sewer system during precipitation events on a system-wide annual average basis." PADEP conditionally approved the plan on January 27, 2015 and requested that the Authority begin preparation of its revised LTCP.

In July 2017, the Authority submitted a new revised LTCP to PADEP. In March 2018, the Authority submitted revisions to the plan in response to PADEP's review comments. The LTCP was approved by PADEP on July 12, 2018. The approved plan entails a major project to expand and improve the combined sewer system and the wastewater treatment plant to meet the 85% minimum capture requirement per the USEPA CSO Policy. The 2017 construction cost estimate for this project was $19.6 million. The approved LTCP included a compliance schedule to complete this project, beginning with Act 537 planning, proceeding through design, permitting and construction, and finally ending with a post-construction compliance monitoring period. The Authority has not met the compliance deadlines in the approved schedule and the project remains incomplete. On December 17, 2020, the Authority's engineer submitted a request to PADEP to reset the compliance schedule for the LTCP. PADEP has not responded in writing to this request. The Authority has failed to maintain compliance even with the reset schedule presented in the December 17, 2020 correspondence. The delays in delivering this critical project have allowed the excessive CSOs and discharge of untreated sewage to the Monongahela River to persist to the point where now, over 30 years after the issuance of the 1994 USEPA CSO Policy, the Authority still does not comply. Moreover, as discussed previously, the delays

have caused the cost of the project to significantly increase due to inflation, creating additional unnecessary rate burdens for customers.

Furthermore, the general state of the System assets continues to deteriorate, absent a well-planned and executed asset renewal program, and these conditions are leading to environmental regulatory violations. In each of the last three annual inspections conducted by the ACHD (June 22, 2022, August 2, 2023, and June 26, 2024), the Authority has been cited for exceeding permitted effluent limits for Fecal Coliform bacteria and for missing/damaged air diffusers in the aeration basins. In the August 2, 2023, inspection report, the ACHD found that there is no certified Operator in Responsible Charge for the facility as required by regulation, and that "the facility is old and in need of upgrades."

Finally, as stated previously, the Authority does not have an IPP in place, in spite of the fact that at least one industrial customer discharges industrial wastewater into its System through the Forward Township bulk customer connection. While not necessarily required by federal regulation because the Authority's treatment plant has a capacity less than 5 MGD, the lack of an IPP to characterize and control the quantity and quality of industrial discharges into the System can allow pollutants to be discharged at unacceptable levels, which could then pass through the treatment plant and into the Monongahela River. PAWC would prepare and implement an IPP to be included in a future base rate case, if necessary.

Q. DOES THE AUTHORITY HAVE A CONNECTION MORATORIUM?

A. No. PADEP has not put the Authority under a Corrective Action Plan nor an associated connection moratorium at this time.

Q. DOES THE AUTHORITY HAVE COPIES OF ALL ENVIRONMENTAL PERMITS REQUIRED TO OPERATE ITS SYSTEM?

A. Yes. PAWC conducted a file review on April 13, 2023 at the PADEP Southwest Regional Office to obtain copies of all permits related to the Authority's System. Copies of the permits are provided in **Appendix A-20-b**. PAWC will submit permit transfer applications to PADEP to transfer the permits into PAWC's name upon Closing.

Q. HOW WILL PAWC ADDRESS THE AUTHORITY'S ENVIRONMENTAL CHALLENGES AFTER CLOSING?

A. As part of this Transaction, PAWC will negotiate a Consent Order and Agreement ("COA") with PADEP that will establish a new compliance schedule to deliver the LTCP expansion/improvement project, which is critical to reducing the amount of untreated sewage discharged into the Monongahela River. PAWC will then assume responsibility for implementing the LTCP and the projects thereunder upon the Closing of this Transaction. As discussed previously, PAWC has developed a five-year capital plan totaling $25.9 million that includes completing the remaining LTCP projects, as well as numerous other projects that will: replace the System's aging infrastructure, replace targeted areas of the collection system components known to have unacceptably high I/I and/or CSOs, make process improvements that will yield environmental, safety and security benefits to customers and employees, and improve the efficiency of operations. PAWC may also implement an IPP in a future base rate case that would provide improved oversight and control over the quantity and quality of industrial discharges into the System. PAWC may also implement an IPP in a future base rate case that would provide improved

oversight and control over the quantity and quality of industrial discharges into the System. PAWC will immediately incorporate the Authority's System into its comprehensive and proactive environmental compliance program. The Water Quality Supervisor in the McKeesport operations district will assume day-to-day responsibility for compliance of the Authority's System. This employee is part of PAWC's statewide Water Quality and Environmental Compliance Department and reports to PAWC's Manager of Wastewater Compliance, a new position that was created solely to focus on compliance at the Company's twenty-four wastewater treatment plants. This will benefit the Authority staff by integrating them into PAWC's larger compliance organization, which will help them assimilate PAWC's proactive compliance culture, and provide access to statewide compliance expertise, shared resources, and improved work management tools. Examples of these tools include MapCall – a computerized maintenance and workorder management system, Environmental Management Plans – a written comprehensive compliance plan for each water and wastewater system that is reviewed and confirmed quarterly, and Internal Audits – a corporate oversight program that focuses on critical operating priorities for state operating companies, including environmental compliance matters.

Q. IF THE TRANSACTION WOULD NOT OCCUR, DO YOU BELIEVE THAT THE AUTHORITY WOULD HAVE THE FINANCIAL AND TECHNICAL CAPABILITIES TO IMPROVE MATERIALLY ITS ENVIRONMENTAL PERFORMANCE IN THE FUTURE?

A. No. Based on past history, the Authority has not proactively addressed environmental compliance issues before they rose to the level of compliance orders from the regulatory

agencies, and even then, the Authority has not maintained compliance with regulatory deadlines. This is a reactive approach to environmental compliance and does not proactively address the underlying problem of lack of regular infrastructure renewal and replacement. Without a well-funded program to upgrade aging collection system assets, I believe that the Authority will continue to experience hydraulic overloading and excessive CSOs in the collection system. The aging treatment plant components and the lack of a certified Operator in Responsible Charge to properly operate the plant will lead to continued performance problems and violation of permit effluent limits. Furthermore, I expect that environmental regulations will continue to become more stringent in the future, with the potential for new or more stringent effluent limits that could require substantial new investment in the treatment plant. As an experienced public utility, PAWC has extensive experience in complying with current environmental regulations and being proactive with capital investments to maintain system integrity and reliability, while planning ahead for emerging contaminants or new regulations. The Authority's reactive approach will delay important infrastructure upgrades and create additional, unnecessary costs for customers.

Q. IN YOUR OPINION, IS PAWC BETTER EQUIPPED THAN THE AUTHORITY TO OPERATE AND MAINTAIN THE SYSTEM IN COMPLIANCE WITH APPLICABLE ENVIRONMENTAL STATUTES AND REGULATIONS?

A. Yes. PAWC can draw upon a much broader range of engineering and operational experience, as well as deeper operational and financial resources, to address the environmental compliance challenges of the System. In addition, given PAWC's

experience with the operation of similar wastewater systems, I believe that PAWC is better positioned to provide those services on a cost-effective basis.

PAWC is the Commonwealth's largest investor-owned provider of water and wastewater services. As a leading wastewater provider in Pennsylvania, PAWC brings industry leading expertise and has extensive technical experience in upgrading, operating, and maintaining sewer facilities. PAWC is a recognized leader in providing communities in the Commonwealth with well-maintained and reliable water and wastewater services and has extensive local knowledge due to PAWC's experience providing water service to the same Allegheny County municipalities served by the Authority.

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, material management, risk management, human resources, legal, accounting, and customer service. As a subsidiary of American Water, PAWC has available to it additional resources of highly trained professionals who have expertise in various specialized areas. American Water currently owns or operates approximately 160 wastewater plants through its subsidiaries in a number of states. American Water's experience includes the full breadth of treatment processes, from facultative ponds to membrane biological reactors in every climate zone across the U.S. More-advanced technologies allow a number of American Water's plants to utilize effluent for reuse applications, eliminating discharge to receiving streams. These diverse facilities have provided American Water operators and process experts with deep experience in the

operation and maintenance of every possible type of wastewater treatment technology. This experience is available to support PAWC's operations staff and facilities.

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. For example, PAWC successfully leveraged the corporate engineering expertise following two recent acquisitions, the Steelton water system, and the Exeter wastewater system. For both of these systems, subject matter experts from the corporate engineering team conducted process evaluations of the water and wastewater treatment processes and identified solutions to remedy on-going operational challenges.

PAWC has demonstrated its ability to improve troubled municipal wastewater systems following acquisition through improving operational efficiencies, fostering a proactive environmental compliance culture in the local workforce, and investing capital to replace and renew assets. PAWC has successfully addressed PADEP and USEPA compliance orders requiring operational improvements and substantial capital investments in several recent wastewater acquisitions, including Clarion, Claysville, Dravosburg, Duquesne, Exeter, Kane, McKeesport, Port Vue, Scranton, and York. From 2018 through 2021, PAWC has made capital investments in its wastewater systems averaging $762 per year per customer connection. Prudent renewal and replacement of System infrastructure through capital investment is the key to achieving and maintaining long-term environmental compliance, and it is clear that PAWC is much more equipped than the Authority to make those ongoing capital commitments.

Furthermore, as the public water provider in some of the Authority's service area, PAWC can leverage synergies between the water and sewer infrastructure networks to the benefit of customers and the general public. For example, PAWC will evaluate needed infrastructure upgrades holistically from both the water and wastewater perspectives, and can plan water distribution system improvements and sewer system rehabilitation projects together when feasible, reducing the number of street openings, lessening the inconvenience to the public, and lowering overall construction and restoration costs.

In contrast, the Authority employs three full-time employees who are primarily dedicated to the day-to-day activities of the operation of its collection system and single wastewater treatment plant. The Authority has limited resources and lacks access to the breadth of broad industry knowledge and in-house subject matter experts that PAWC can bring to projects.

Q. PLEASE DESCRIBE PAWC'S TECHNICAL FITNESS TO PROVIDE WASTEWATER SERVICE TO THE AUTHORITY'S CUSTOMERS.

A. In addition to the points that I just mentioned, as of December 31, 2024, PAWC has approximately 114,915 wastewater customers across the Commonwealth, with customers in Adams, Allegheny, Beaver, Berks, Butler, Chester, Clarion, Cumberland, Lackawanna, Luzerne, McKean, Monroe, Montgomery, Northumberland, Pike, Washington, and York Counties. In comparison, the Authority furnishes direct wastewater services to approximately 700 direct customers in the Borough.

PAWC has had no material issues in complying with the Code, the Clean Streams Law, or other regulatory requirements. Moreover, PAWC has the resources, skills, and

expertise to respond to ever-increasing environmental standards for the treatment of wastewater and to manage the long-term infrastructure renewal and replacement needs inherent in wastewater systems.

Q. PLEASE DISCUSS PAWC'S SERVICE INTERRUPTION HISTORY.

A. PAWC plans its maintenance and capital improvement projects in a manner that avoids creating service interruptions. Care is taken to provide a continuous free flow of sanitary waste from customer connections, even during these disruptive events. For main repairs, crews will use bypass pumping arrangements so that sewage flow is captured and relocated around the work area while repairs are being made. For pump station work, crews will use bypass pumping similar to that described above, or pumper trucks to remove accumulated wastewater in the pump station holding tanks and haul the contents to the plant or other collection system location. PAWC also builds redundancy into its systems to provide continued operational reliability in the event of equipment failures.

Q. PLEASE DESCRIBE PAWC'S RESPONSE TO RECENT MAJOR STORM EVENTS.

A. PAWC has effective Emergency Response Plans ("ERPs") in place at its water and wastewater systems to prepare for, withstand, and recover from major storm events. The ERPs are updated annually, and table-top exercises are conducted annually to test the plans. For wastewater systems, emergency preparedness activities typically include: fueling vehicles and emergency generators, ensuring staff has adequate personal protective equipment for the conditions, rescheduling field staff for indoors work if possible to avoid

dangerous conditions, refreshing contact information and account numbers for local electricity companies, activating flood protection plans for heavy rainfall events, planning for snow removal/salting of parking lots, roads and sidewalks for winter storms, and making operational adjustments to put treatment plants in storm mode to handle increased flows.

PAWC is experienced in making strategic capital investments to improve the ability of its wastewater systems to handle the increased flows from storm events. In the Clarion wastewater system, acquired in 2008 from the Clarion Area Authority, PAWC has successfully executed projects under a COA with PADEP to reduce illegal discharges to waters of the Commonwealth. The work included Act 537 planning, design and construction of new facilities, replacement of inadequate infrastructure, and modifications to long standing operational procedures. Specifically, PAWC upgraded the collection system by replacing approximately 10,000 LF of 8" to 36" interceptor sewers and replacing/upgrading the main lift station (Liberty Street) and equipping it with a new 1.3 MG equalization tank to capture excess storm flows. PAWC also made major hydraulic improvements to the wastewater treatment plant by increasing its design capacity from 1.75 to 4.0 MGD and installing a new 3.8 MG equalization tank. Construction began in July 2013 and was completed by the COA deadline of February 2015. The COA was lifted in January 2016. Under the Clarion Area Authority's ownership, the system experienced approximately 30 SSOs per year and storm flows were routinely bypassed at the wastewater treatment plant with no treatment. Since the new facilities were placed online by PAWC, the SSOs have been reduced to an average of one per year, mainly caused

by damaged or clogged/blocked sewer mains, and there have been no bypasses of untreated sewage at the wastewater treatment plant.

In the Scranton wastewater system acquired in late 2016, PAWC has completed 41 of 72 CSO control upgrades required under the system's approved LTCP. The remainder will be addressed during the remaining 13 years of the 25-year LTCP. On average per completed CSO Outfall, the improvements have reduced the number of CSOs during a typical year from 25 to four and the total CSO discharge volume from 121 MG to 32 MG (a 74% reduction). These numbers will continue to improve each year as PAWC installs additional CSO control structures. At the treatment plant, PAWC increased the peak capacity from 39 MGD to 60 MGD in 2020, which has resulted in a reduction in non-compliance bypass events from a total of nearly 60 in 2019, to only 30 over the 4-year period of 2021 through 2024.

In comparison, the Authority has a long history of hydraulic overloading and excessive CSOs in its collection system, as described previously. While the Authority has made some progress in portions of its System through projects completed to repair defects and separate small portions of the combined sewers, the System remains out of compliance with state and federal regulations regarding CSOs and hydraulic overloading. With PAWC's previous experience in successfully remedying similar non-compliance situations in other large sewer systems, PAWC is well equipped to handle the challenges presented by the current condition of the Authority's System.

Q. DOES PAWC MAINTAIN CYBER SECURITY, PHYSICAL SECURITY, BUSINESS CONTINUITY AND EMERGENCY PLANS?

A. Yes. Cyber and physical security plans are maintained and monitored by American Water for each of its subsidiaries. PAWC maintains ERPs and Operations and Maintenance Manuals, both of which have operational business continuity included within the plans and are updated each year. These plans are tested each year through emergency response tabletop exercises. Each plan is overseen and managed by various groups and individuals to provide overarching support to PAWC. These groups are responsible for testing, reviewing, and updating their respective plan(s).

The departments assigned to Physical Security, Emergency Response, Business Continuity, and Cyber Security plans are as follows:

- Physical Security Plan - Operational Risk Management Security (American Water Works Service Company, Inc. ("AWWSC"));
- Cyber Security Plan - Operational Risk Management Security (AWWSC);
- Emergency Response Plan - Operations (PAWC); and
- Business Continuity Plan - Operational Risk Management (PAWC) and Operations (PAWC).

To constantly protect physical and cyber resources, the designated groups have developed procedures to ensure that PAWC operates in a safe, secure, and reliable environment. A major commitment in assuring plans are kept current is performing various testing on an annual basis. Types of testing performed by AWWSC and PAWC include vulnerability assessments, system operational testing, full scale exercises, media backups, and real-life events. The Authority does not have similar plans in place.

Q. PLEASE DESCRIBE PAWC'S CYBERSECURITY CONTROLS.

A. PAWC's cybersecurity controls are consistent with the National Institute of Standards and Technology ("NIST") cyber security framework and the American Water Works Association ("AWWA") Process Control System Security Guidance for the Water Sector. The Authority outsources its cybersecurity activities to a local firm that provides IT system maintenance, software trouble shooting, and virus protection.

Q. PLEASE EXPLAIN PAWC'S POLICIES AND PROCEDURES REGARDING SERVICE CALLS.

A. PAWC's 24/7/365 customer service call center is available for routine customer interactions from 7:00 a.m. to 7:00 p.m., Monday through Friday, and at all other times for customer emergencies. When a customer calls the call center in an emergency situation, the customer can speak with a representative 24/7/365. In the Mon-Valley water district, PAWC's field service crews are available for normal non-emergency customer service work from 7:30 a.m. to 4:00 p.m. on Monday through Saturday. Field service crews are on-call and available for emergency fieldwork (main breaks, emergency shut-offs, and emergency turn-ons) 24/7/365 outside of the normal work hours.

In contrast, the Authority's regular business hours for customer interactions are from 8:00 a.m. to 4:00 p.m. on Monday through Friday. After 4:00 p.m. or on weekends, customers are instructed to contact the police, who will relay the information to the Authority.

In summary, I would say that PAWC provides better service than the Authority in terms of service calls.

Q. PLEASE DESCRIBE PAWC'S RELATIONSHIPS WITH COMMISSION EMERGENCY RESPONSE STAFF, PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY ("PEMA") STAFF, AND LOCAL FIRST RESPONDERS.

A. PAWC has a strong working relationship with the Commission's Emergency Response Staff. PAWC provides the Commission with emergency response numbers for all PAWC operating areas each year. The Commission provides emergency numbers for its staff, which PAWC distributes to all of PAWC's operating areas for inclusion in the PAWC Emergency Response Plans. For those emergencies that warrant communication to the Commission's Emergency Preparedness Liaison Officer ("EPLO"), PAWC has contacted Commission staff in the past to advise them of situations and actions taken by PAWC. Each year, PAWC conducts emergency response tabletop exercises to test responses to emergency situations, including weather emergencies, contamination of supply, damage to facilities, cyber-attack, and other perils. The Commission's emergency response staff has participated in those exercises each year since 2006. We also invite local first responders to participate, such as fire departments, police departments, hazmat responders, local prison personnel, as well as PADEP and the Governor's Office of Homeland Security personnel.

PAWC has participated in Pennsylvania Water/Wastewater Agency Response Network ("PaWARN") and PEMA-sponsored exercises over the years. PAWC's current relationship with PEMA is through the Commission's EPLO and PaWARN. PAWC is a member in good standing of PaWARN.

In contrast, the Authority is not a member of PaWARN. I would say that PAWC is better than the Authority in terms of emergency preparedness.

Q. PLEASE DESCRIBE PAWC'S PARTICIPATION IN PENNSYLVANIA'S "ONE CALL" SYSTEM AND THE RESOURCES THAT PAWC DEDICATES TO THE PROGRAM.

A. All of PAWC's operating districts are members of Pennsylvania One Call System Inc. and complete excavator requested mark outs on a daily basis. Each district has a minimum of one person dedicated to completing dig notifications utilizing a third party internet-based One Call ticket management system, known as Korweb, that is accessible via vehicle mounted computers for real time response to any PA One Call dig notification.

PAWC has an excellent track record of compliance with the requirements of the "One Call" system. PAWC achieved a 100 percent ticket completion rate in 2024.

In contrast, the Authority had a 61 percent completion rate in 2022. Such a low completion rate is not just a compliance issue, it is a public safety issue because it could lead to more strikes on public utility assets.

Q. DOES PAWC HAVE AN EMPLOYEE SAFETY PROGRAM?

A. Yes. American Water and PAWC have made safety a value and not just a goal. It is very important to us that every employee and contractor returns home safely every day. We make safety a value instead of a goal because goals change, but values do not change.

Safety performance is fundamental to the Company's culture and key to its success. Employees are expected to conduct themselves in a safe manner, in accordance with PAWC's Health and Safety Policy and with the Health and Safety Procedures and Practices Manual. PAWC establishes, implements, promotes, and manages safety programs, activities and training that enable continued safety improvement, injury reduction and

compliance with applicable Federal, State, and local requirements. Safety programs are developed and implemented in accordance with Company policy and applicable practices and include:

- Supporting practices that are developed, reviewed, and updated to provide guidance on safe performance of activities in the workplace and are reflective of changes in organizational, operational, and regulatory needs;

- Strategic and priority development and implementation of safety improvements based on risk analysis of workplaces, work tasks and related potential injuries and incidents;

- Near-miss reporting and corrective action program to identify and remove safety hazards from the workplace;

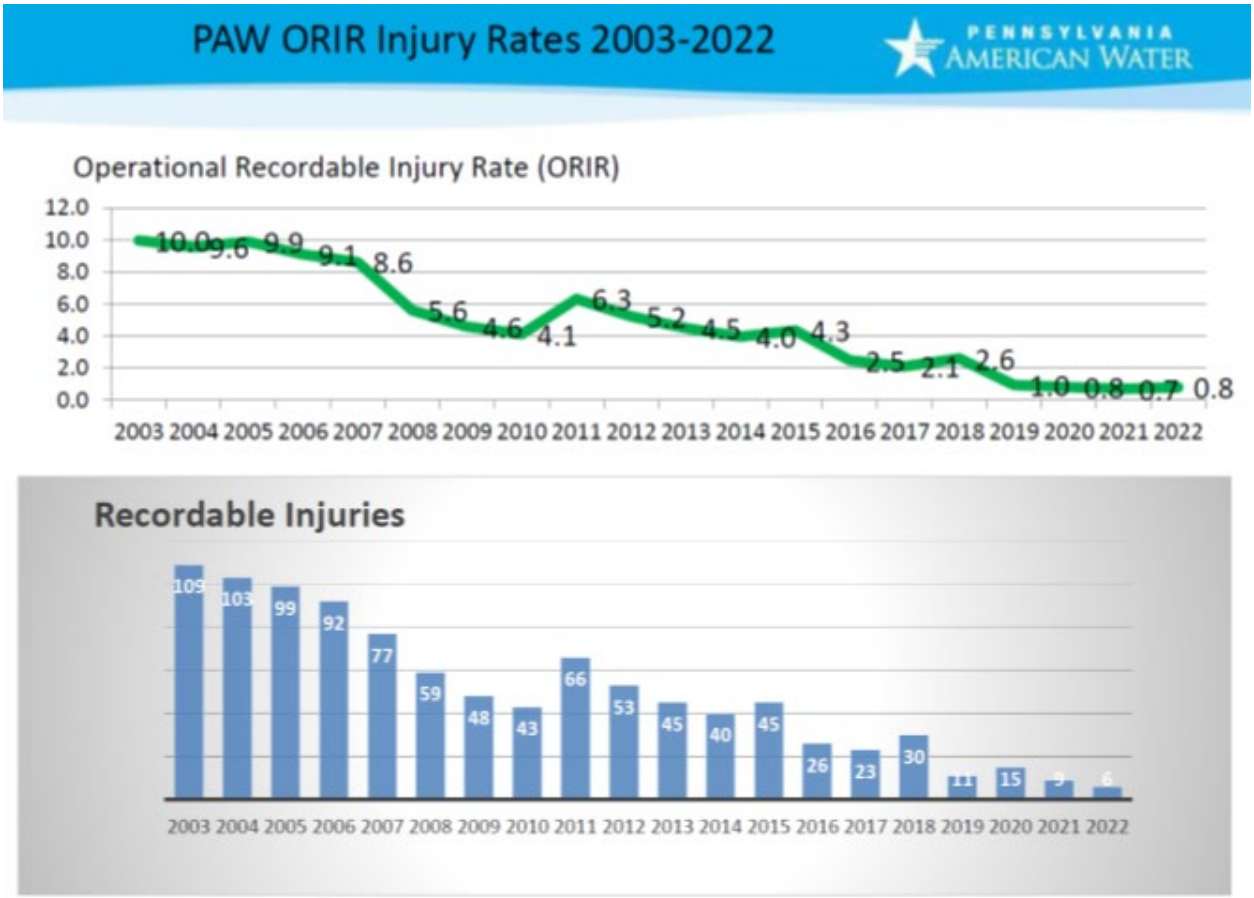
- Development of, and measurement against, specific Company and external safety performance targets and safety accountabilities for all employees;

- Ongoing assessment and review of safety processes, activities and supporting programs (including those related to other Company policies, such as the Workplace Conduct and Behavior Policy) to gauge effectiveness, identify program gaps and pinpoint opportunities for continued improvement;

- Consistency of implementation and compliance with Company and regulatory requirements across the enterprise; and,

- Defined and monitored contractor qualifications and requirements for safety performance in accordance with approved contract documents, applicable laws, and regulations.

PAWC has an excellent safety record. Moreover, PAWC has committed to achieving zero injuries and has made great strides in changing the Company culture to believe that such a target is achievable. Over the last 20 years, PAWC has consistently reduced its number of recordable injuries and corresponding OSHA Recordable Incident Rate, as shown in the figure below:



The Authority does not have a formal safety program.

Q. WHAT EFFORTS, IF ANY, WILL PAWC UNDERTAKE TO EDUCATE THE AUTHORITY'S CUSTOMERS REGARDING PAWC OWNERSHIP OF THE SYSTEM?

A. As the Transaction is nearing Closing, PAWC plans to produce bill inserts or onserts and/or letters to customers to explain the transition, billing, payment options and other items associated with the change in ownership. PAWC's website will also add content to help educate customers and to address frequently asked questions.

Q. WHAT, IF ANY, CUSTOMER ENHANCEMENTS CAN THE AUTHORITY'S CUSTOMERS EXPECT AS A RESULT OF THE TRANSACTION?

A. PAWC prides itself on providing superior customer service. As part of its commitment to customer service, PAWC offers its customers a number of enhanced services, including extended call center hours, additional bill payment options, enhanced customer information and education programs, and access to PAWC's customer assistance program.

Q. PLEASE PROVIDE ADDITIONAL DETAIL ON EACH OF THESE CUSTOMER SERVICE ENHANCEMENTS.

A. ***Customer Service***. As discussed above, PAWC's call center is available from 7:00 a.m. to 7:00 p.m., Monday through Friday for routine business and 24/7/365 for emergency situations such as sewer back-ups or overflows. At all times, customers dealing with emergency situations can make direct contact with a live customer service representative. Customers can also reach a customer service representative via email at infopa@amwater.com. In addition, PAWC's customers have the ability to manage their account via PAWC's "My H20" online portal. Finally, PAWC offers local field service support 24 hours a day, seven days a week for customer emergencies. All of this means that PAWC is very responsive to its customers and any issues they may have. PAWC will provide the same responsive approach to the Authority's customers once PAWC acquires the System.

In comparison, as discussed above, Authority customers experiencing service issues can speak to an Authority representative only between 8:00 a.m. In comparison, as discussed above, Authority customers experiencing service issues can speak to an

Authority representative only between 8:00 a.m. to 4:00 p.m. on weekdays and must leave a message with the police for emergencies occurring after hours.

Bill Payment Options. PAWC offers a number of bill payment options. Customers have the option to receive paper bills through the mail or go paperless and receive their bills electronically via the "My H20" on-line portal. Either way, customers can pay their bill by mail, online, or over the phone with a debit or credit card. They can also pay by e-check or an electronic funds transfer (which can be set up at the "My H20" online portal) or pay in-person at multiple authorized payment locations across the state.

The Authority offers payment options by mail, phone, online or drop box.

Customer Information and Education Programs. PAWC provides extensive customer information and education programs that will be available to the Authority's current customers through brochures, bill inserts, and educational videos posted on PAWC's website. PAWC's customers always have full access to a wide range of topics, including information on preventing sewer overflows, preventing frozen pipes, beneficially re-using residuals from water treatment plants for community gardens, detecting and fixing silent toilet leaks, properly disposing of unused pharmaceuticals to keep them out of the wastewater system, conserving water, installing expansion tanks, obtaining Fire Department Grants, and protecting customers from utility imposters.

In comparison, the Authority has a General FAQ section on its website providing basic customer information.

Customer Assistance Programs. Finally, as new PAWC customers, the Authority's customers will have access to PAWC's customer assistance program called the "H20 Help to Others Program." For wastewater customers, this program offers two main services: (1) grants of up to $500 per year and (2) a tiered discount on total wastewater charges based on percentage of Federal Poverty Level ("FPL"). Tier 1 (0%-50% of FPL) receives an 85% discount; Tier 2 (51%-100% of FPL) receives a 73% discount; Tier 3 (101%-150% of FPL) receives a 55% discount; and Tier 4 (151-200% of FPL) receives a 37% discount. Additionally, PAWC offers payment arrangements and budget billing to residential customers who qualify for the programs.

PAWC's strong collaboration and coordination with the Pennsylvania Department of Human Services ("DHS"), and its significant customer outreach, have allowed PAWC's customers to enjoy significant benefits from the low-income household water assistance program ("LIHWAP"). In 2022, over 13,000 LIHWAP grants were processed by the DHS for PAWC customers providing $7.6 million in assistance.

In comparison, the Authority has no low-income customer service assistance program nor any income-based repayment options.

Q. DOES PAWC HAVE A PROGRAM TO PROTECT ITS CUSTOMERS AGAINST UTILITY EMPLOYEE IMPOSTERS?

A. Yes, PAWC has developed communications tools and programs to regularly educate customers about the tactics used by utility employee imposters and what homeowners need to know to protect themselves. The communications vehicles include bill inserts, news releases, social media posts and website information about imposter-related crimes and

precautions that customers can take. In addition, PAWC helped form the Keystone Alliance to Stop Utility Imposters, a coalition of water, gas, and electric utilities, along with the Commission, Pennsylvania District Attorneys Association and Pennsylvania Chiefs of Police Association, to launch a public awareness campaign using public service announcements, print materials, posters, and community presentations.

Q. PLEASE DESCRIBE PAWC'S CUSTOMER DISPUTE RESOLUTION PROCEDURE.

A. I am advised by counsel that PAWC is governed by the Commission's regulations commonly known as Chapter 56, 52 Pa. I am advised by counsel that PAWC is governed by the Commission's regulations commonly known as Chapter 56, 52 Pa. Code §§ 56.1 *et seq.* The regulations provide the procedures for public utilities to follow with regard to customer billing, collections, payment arrangements, medical certifications, Protection from Abuse Orders, termination of service, reconnection of service, and customer dispute resolution procedures.

PAWC has a customer compliance team located in the Mechanicsburg, PA office responsible for ensuring that customer disputes and complaints are resolved in compliance with the Commission's regulations. Additionally, the Company has a customer advocacy team located in the Mechanicsburg office responsible for addressing any customer disputes and escalated concerns.

The Authority's customer dispute process appears to be more informal. The Authority instructs customers to contact their billing agent (Diversified Technology Corp.) if they believe that there has been an error on their bill. If discussing the billing issue with

Diversified Technology Corp. does not resolve the issue, the Authority instructs customers to then call the Authority office to discuss the problem.

Q. CAN YOU BRIEFLY COMPARE PAWC'S TERMINATION PROCESS TO THE AUTHORITY'S TERMINATION PROCESS?

A. Yes. As discussed above, PAWC must comply with the Commission's regulations with regard to customer termination. The Commission's regulations do not apply to the Authority. Instead, the Authority follows the laws that apply to municipal authorities, including the Water Services Act, which do not contain the extensive procedural safeguards that are set forth in the Code and Commission regulations. The Authority can terminate a customer's sewer service by having water service to the customer terminated. The Authority can also impose a lien on the property as a collection instrument, rather than terminating service. For terminations, the customer is mailed a 30-day notice before enforcement. If the account still has an outstanding balance at the end of the 30-day period, the Authority will post the customer's property for shut off. Once the customer has received a final notice, the customer has 14 days thereafter to pay his delinquent amount. If not paid, the customer is shut off by the Authority with no further correspondence. The Authority has a standardized delinquency payment arrangement regardless of amount. The only option is 50 percent down with four subsequent payments of the remaining balance plus the current sewage bill. Once the payment agreement has been initiated, failure to maintain the payment arrangement results in termination of service.

Q. DOES THE AUTHORITY HAVE ANY BYPASS OR DEDUCT METERS? IF SO, HOW WILL PAWC HANDLE THOSE?

A. No. The Authority is not set up to do bypass or deduct metering. All water that goes through the water meter is billed for sewage.

Q. TO THE BEST OF YOUR KNOWLEDGE, DO THE AUTHORITY'S CUSTOMERS CURRENTLY HAVE A PUBLIC OMBUDSMAN TO REPRESENT THEIR INTERESTS?

A. No.

Q. DO PAWC'S CUSTOMERS HAVE A PUBLIC OMBUDSMAN TO REPRESENT THEIR INTERESTS?

A. Yes. The Office of Consumer Advocate ("OCA") represents residential customers of public utilities; the Office of Small Business Advocate ("OSBA") represents small commercial customers of public utilities; and the Commission's Bureau of Investigation & Enforcement ("I&E") represents the general public interest. Moreover, the Commission, an independent regulatory agency, has regulatory oversight of matters involving public utilities. The Commission and all of the public advocates are funded by regulatory assessments on public utilities.

Q. IS PAWC SUBJECT TO COMMISSION JURISDICTION?

A. Yes. PAWC's service and rates are subject to Commission regulation and oversight. If the Transaction is approved, future rate cases for customers of the Authority will be

evaluated by the Commission to ensure that rates are just and reasonable. The PUC also conducts audits and reviews PAWC filings. This oversight helps ensure that service is safe and reliable. Authority customers will be protected by the Code and by PAWC's Commission-approved tariff.

Q. IS THE AUTHORITY SUBJECT TO COMMISSION JURISDICTION?

A. I am advised by counsel that it is not. If a customer is dissatisfied with the service or rates of the Authority, the customer must seek redress in a court of common pleas.

CONCLUSION

Q. DO YOU BELIEVE PAWC HAS THE ABILITY TO PROVIDE SAFE, ADEQUATE, AND RELIABLE WASTEWATER SERVICE TO THE AUTHORITY'S CUSTOMERS?

A. Yes.

Q. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION WOULD RESULT IN AN AFFIRMATIVE PUBLIC BENEFIT OF A SUBSTANTIAL NATURE?

A. Yes. For the reasons stated in my testimony, PAWC, as the largest investor-owned water and wastewater company in the Commonwealth, will be able to provide an enhanced level of operational expertise and customer service. The Transaction will also improve the System's environmental compliance. Approval of the Transaction would be consistent with the Pennsylvania Constitution, Article I Section 27.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to supplement my direct testimony as additional issues and facts arise during the course of the proceeding. Thank you.

Dan.Hufton@Amwater.com
412-398-5492

DANIEL J. HUFTON, P.E.

PROFESSIONAL SUMMARY

24+ years of progressively responsible Water & Wastewater Utility operations, management, and regulatory compliance experience.

12 years of client-focused Consulting Engineering and Design experience.

CORE QUALIFICATIONS

- Experienced in conducting due diligence of potential water and wastewater system acquisitions
- In depth knowledge of regulated water and wastewater utility operations
- Thorough knowledge of water and wastewater treatment technologies and compliance challenges
- Well versed on USEPA and PA DEP regulatory requirements

PA AMERICAN WATER EXPERIENCE

ENGINEERING MGR
2021 - Present

DIR. WATER QUALITY & ENVIRONMENTAL COMPLIANCE
2020 - 2021

SR. OPERATIONS MGR, O&M STRATEGY
2015 – 2021

SR. DIRECTOR, PRODUCTION
2004 – 2015

OPERATIONS MGR, SW PA
2002 – 2004

WATER QUALITY SUPERINTENDENT
2000 – 2002

PRIOR EXPERIENCE

BRANCH OFFICE MGR, BLAZOSKY ASSOCIATES, INC.
1992 – 2000
Client-focused consultant providing design and permitting services to solid waste management and industrial wastewater clients, including PAWC.

SR STAFF ENGINEER, CHAMBERS DEVELOPMENT CO.
1991 – 1992
Corporate engineer for regional solid waste management firm, focused on design, permitting and operation of company's landfill leachate treatment plants.

PROJECT ENGINEER, EARTH SCIENCES CONSULTANTS, INC.

1988 – 1991
Entry level engineering position, responsible for design and permitting of solid waste disposal facilities and industrial wastewater treatment plants.

EDUCATION	CORNELL UNIVERSITY —Ithaca, NY —M. Eng., Civil Engineering —1988 PENN STATE UNIVERSITY —Univ. Park, PA —B.S., Civil Engineering —1987
REGISTRATIONS & CERTIFICATIONS	REGISTERED PROFESSIONAL ENGINEER, PENNSYLVANIA CERTIFIED WATER & WASTEWATER OPERATOR, PENNSYLVANIA
MEMBERSHIPS	AMERICAN WATER WORKS ASSOCIATION WATER ENVIRONMENT FEDERATION PAWARN

5-YR CAPITAL PLAN

This section presents the estimated costs of capital improvements for the 5-year period following closing of the acquisition. Improvements include individual projects identified as Investment Project (IP) type, and general projects that will be funded under the Recurring Project (RP) budget lines.

The major IP projects will be for implementation of the selected Option B1 of the approved LTCP. We assumed that the project as currently approved by PADEP will be implemented, and adjusted the LTCP costs for inflation. Should PAW be the successful bidder for the EBMA system, we recommend that a thorough and independent re-evaluation be done of the approved LTCP to ensure that the selected solution B1 is still the optimal approach.

The RP lines contain funding based on comparable size systems. Summary tables of the 5-year IP and RP budget estimates are shown on the following pages.

The total 5-year capital plan is $25.9 million.
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Investment Project (IP) Budget Estimate

Project Name	CSIC	YR1	YR2	YR3	YR4	YR 5	TOTAL
1 - LTCP Project B1	TBD	$ 590,000	$ 1,100,000	$ 3,000,000	$ 9,500,000	$ 9,500,000	$ 23,690,000
2 - Collection system survey & assessment	YES	$ 10,000	$ 10,000	$ 88,600	$ 88,600	$ 88,600	$ 285,800
IP Total		**$ 600,000**	**$ 1,110,000**	**$ 3,088,600**	**$ 9,588,600**	**$ 9,588,600**	**$23,975,800**

Note, the LTCP Project B1 includes the following components:

1. Abandon the existing 1.2 MGD activated sludge plant.
2. Build a new 2.0 MGD sequencing batch reactor (SBR) plant with peak capacity of 10 MGD.
3. Construct collection/conveyance system improvements to convey most weather flow to the plant, including building new pump stations at CSOs #5 and #8.
4. Construct a new 660,000-gallon wet weather flow equalization and storage tank at the plant.

Recurring Project (RP) Budget Estimate

Line	Capital Improvement	CSIC	YR1	YR2	YR3	YR4	YR5
A	Mains - New		$ -	$ -	$ -	$ -	$ -
B	Mains - Replaced / Restored	YES	$ -	$ -	$ 200,000	$ 200,000	$ 200,000
C	Mains - Unscheduled	YES	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
D	Mains - Relocated	YES	$ -	$ -	$ -	$ -	$ -
E	Hydrants, Valves, and Manholes - New		$ -	$ -	$ -	$ -	$ -
F	Hydrants, Valves, and Manholes - Replaced	YES	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000
G	Services and Laterals - New		$ -	$ -	$ -	$ -	$ -
H	Services and Laterals - Replaced	YES	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
K	ITS Equipment and Systems		$ 50,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
L	SCADA Equipment and Systems		$ 10,000	$ -	$ -	$ -	$ -
K	Security Equipment and Systems		$ 100,000	$ -	$ 50,000	$ 50,000	$ -
N	Offices and Operations Centers		$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
O	Vehicles		$ -	$ -	$ -	$ 50,000	$ 50,000
P	Tools, Equipment, and Safety		$ 25,000	$ 25,000	$ 10,000	$ 10,000	$ 10,000
Q	Process Plant Facilities and Equipment		$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
	RP Total		**$ 360,000**	**$ 205,000**	**$ 440,000**	**$ 490,000**	**$ 440,000**
	RP Grand Total						**$ 1,935,000**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § § 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater treatment plant and collection system owned and operated by the Elizabeth Borough Municipal Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of Elizabeth, Allegheny County, Pennsylvania	:	**Docket Nos. A-2025-3052983, *et al.***

VERIFICATION

I, Daniel J. Hufton, P.E., hereby state that the facts set forth in PAWC Statement No. 2 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: January 28, 2025

Daniel J. Hufton, P.E.
Engineering Manager
Pennsylvania-American Water Company