

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water	:	
Company under Section 1102(a) of the	:	
Pennsylvania Public Utility Code, 66 Pa. C.S.	:	
§ 1102(a), for approval of (1) the transfer, by	:	
sale, of substantially all of the East Dunkard	:	A-2024-3049759
Water Authority’s assets, properties and rights	:	
related to its water system to Pennsylvania-	:	
American Water Company, and (2) the right of	:	
Pennsylvania- American Water Company to	:	
begin to offer or furnish water service to the	:	
public in Dunkard, and portions of	:	
Monongahela, Greene, Cumberland, Perry, and	:	
Whiteley Townships, all in Greene County,	:	
Pennsylvania.	:	

**ORDER APPROVING JOINT STIPULATION  
OF FACTS**

On December 3, 2024, Pennsylvania-American Water Company, the East Dunkard Water Authority, the Office of Consumer Advocate, and the Office of Small Business Advocate (collectively, the “Stipulating Parties”) filed a “Joint Stipulation of Facts” (“Stipulation”) in the above-captioned proceedings. Each of the Stipulating Parties agreed to the veracity of the facts as listed in **Appendix A** of the Stipulation in order to provide the Pennsylvania Public Utility Commission with the factual basis necessary for rendering a decision in the above-captioned proceeding. The Stipulation is attached to this Order.

As this request is reasonable, it will be granted.

ORDER

THEREFORE,

IT IS ORDERED:

1. That the Stipulation, filed on December 3, 2024, is approved.
2. The facts listed therein are admitted into the record of these proceedings on the terms and conditions set forth in the Stipulation.

Date: February 18, 2025

\_\_\_\_\_/s/\_\_\_\_\_  
Eranda Vero  
Administrative Law Judge

**A-2024-3049759 - APPLICATION OF PENNSYLVANIA-AMERICAN WATER COMPANY UNDER SECTION 1102(A) OF THE PENNSYLVANIA PUBLIC UTILITY CODE, 66 PA. C.S. § 1102(A), FOR APPROVAL OF (1) THE TRANSFER, BY SALE, OF SUBSTANTIALLY ALL OF THE EAST DUNKARD WATER AUTHORITY'S ASSETS, PROPERTIES AND RIGHTS RELATED TO ITS WATER SYSTEM TO PENNSYLVANIA-AMERICAN WATER COMPANY, AND (2) THE RIGHT OF PENNSYLVANIA-AMERICAN WATER COMPANY TO BEGIN TO OFFER OR FURNISH WATER SERVICE TO THE PUBLIC IN DUNKARD, AND PORTIONS OF MONONGAHELA, GREENE, CUMBERLAND, PERRY, AND WHITELEY TOWNSHIPS, ALL IN GREENE COUNTY, PENNSYLVANIA**

Elizabeth Rose Triscari Esquire  
Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg Pa 17055  
717.550.1574  
[Elizabeth.Triscari@Amwater.Com](mailto:Elizabeth.Triscari@Amwater.Com)  
Accepts eService February 18, 2025

Rebecca Lyttle Esquire  
NazAarah Sabree  
Office Of Small Business Advocate  
555 Walnut Street  
1st Floor  
Harrisburg Pa 17101  
717.783.2525  
[Relyttle@Pa.Gov](mailto:Relyttle@Pa.Gov)  
[Ra-Sba@Pa.Gov](mailto:Ra-Sba@Pa.Gov)  
Served via Email February 18, 2025

Patrick M Cicero Esquire  
Christine M Hoover Esquire  
Melanie El Atieh Esquire  
Office Of Consumer Advocate  
555 Walnut Street 5th Floor  
Forum Place  
Harrisburg Pa 17101  
717.783.5048  
[Pcicero@Paoca.Org](mailto:Pcicero@Paoca.Org)  
[Choover@Paoca.Org](mailto:Choover@Paoca.Org)  
[Melatieh@Paoca.Org](mailto:Melatieh@Paoca.Org)  
Accepts eService February 18, 2025

Allison C Kaster Esquire  
PA PUC BIE Legal Technical  
Second Floor West  
400 North Street  
Harrisburg Pa 17120  
717.783.7998  
[Akaster@Pa.Gov](mailto:Akaster@Pa.Gov)  
Accepts eService February 18, 2025

Lane M Turturice Esquire  
Tuturice & Associates LLC  
70 East Wheeling Street  
Washington Pa 15301  
Served via first-class mail February 18, 2025

**APPENDIX A**

**JOINT STIPULATION OF FACT**

## JOINT STIPULATION OF FACTS

### Parties

1. Pennsylvania-American Water Company (“PAWC”) is a subsidiary of American Water Works Company, Inc. (“American Water”). It is the largest regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, engaged in the business of collecting, treating, storing, supplying, distributing, and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public.

2. East Dunkard Water Authority (“EDWA”) is a municipal authority established on December 6, 2010 under the laws of the Commonwealth of Pennsylvania.

3. PAWC is currently the Receiver of EDWA, as authorized by the Pennsylvania Public Utility Commission (“Commission”) by Order dated November 1, 2023 following a Joint Application by PAWC and the Pennsylvania Department of Environmental Protection (“DEP” or the “Department”) at Docket No. P-2023-3043950 (“PUC Receivership Proceeding”), and upon having been named Receiver by the Commonwealth Court of Pennsylvania (“Commonwealth Court”) by Order dated February 8, 2024, Docket Nos. 557 MD 2022 and 490 ND 2023 (consolidated) (“Commonwealth Court Receivership Proceeding”).

4. The Office of Consumer Advocate (the “OCA”) is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Commission. 71 P.S. § 309-2.

5. The Office of Small Business Advocate (the “OSBA”) is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small businesses before the Commission. 73 P.S. § 399.41.

## **The EDWA Water System**

6. As of June 2024, EDWA furnished water service to approximately 1,492 residential customers, 79 commercial customers and 92 public fire hydrants. A map of its service territory was included in Amended Appendix R of the Application.

7. In 2020, DEP received multiple complaints of poor water quality from customers of EDWA. In October 2020, DEP put EDWA under a Corrective Action Plan (“CAP”) to identify and resolve the issues causing the water quality complaints. **Exhibit 1.**

8. On April 5, 2024, PAWC (as the receiver for East Dunkard) submitted Standard Operating Procedures (“SOPs”) to DEP, with a request to utilize the SOPs in lieu of the 2020 CAP. DEP subsequently terminated the 2020 CAP and directed EDWA to implement the SOPs. **Exhibit 2.**

9. In 2021, the Commission’s Bureau of Investigation and Enforcement (“I&E”) commenced an investigation of, and filed a Complaint against, EDWA. I&E alleged, *inter alia*, that EDWA was in violation of 66 Pa. C.S. § 1501. Specifically, I&E alleged that EDWA failed to provide adequate, efficient, safe and reasonable service to its customers because it had: discolored/dirty water, no pressure or low pressure, and poor facilities that leaked. On September 26, 2022, EDWA and I&E entered into a settlement agreement in which EDWA agreed to pay a civil penalty of \$325,000 and was directed to improve its facilities. In its Opinion and Order, the Commission dismissed the Complaint and rejected the Settlement Agreement due to lack of jurisdiction and the case was closed.

10. The Parties incorporate by reference the records in the PUC Receivership Proceeding and the Commonwealth Court Receivership Proceeding. These Proceedings demonstrate that EDWA is a troubled system with a long history of water quality issues and environmental non-compliance.

11. DEP sent EDWA thirteen Notices of Violation between August 2021 and August 2022. **Exhibit 3.**

12. In early 2022, EDWA had to issue boil water advisories to customers on two occasions due to treatment breakdowns at the plant. After repeated failures of EDWA to correct the problems at the plant, DEP issued an Administrative Order dated August 25, 2022. This Order required EDWA to correct numerous “significant deficiencies” in EDWA’s operations. **Exhibit 4.**

13. EDWA repeatedly failed to meet the compliance deadlines in the Administrative Order and several Field Orders issued by DEP. On December 15, 2022, the Commonwealth Court issued an Order requiring EDWA to take certain corrective actions outlined in the Administrative Order.

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

15. PAWC assumed operations of the System as Receiver on February 9, 2024, and has been operating the System on a continuous basis ever since. PAWC has made numerous short-term improvements to the System and its operations, as outlined in its Status Reports filed at Docket No. P-2023-3043950.

### **The Transaction**

16. On July 23, 2023, PAWC and EDWA entered into an Asset Purchase Agreement to transfer all the assets, properties and rights of EDWA’s System (other than the Excluded Assets) to PAWC (the “Transaction”). That agreement was subsequently amended (as amended, the

“APA”). The July 23, 2023 agreement, the First Amendment dated November 3, 2023, the Second Amendment dated January 25, 2024, and the Third Amendment dated June 13, 2024 were attached to the Application as Amended Appendix A. The Fourth Amendment dated as of November 22, 2024 is attached as **Exhibit 5**.

17. The purchase price for the System is \$5,000,000.

18. The Transaction was negotiated at arm’s length; PAWC and EDWA are not affiliated with each other.

19. The depreciated original cost of the System is estimated to be approximately \$6,000,000.

#### **PAWC’s Legal Fitness**

20. PAWC has a good history of complying with the Code and other applicable laws, including environmental laws. There are no pending legal proceedings that would suggest that PAWC is not legally fit to provide service to customers of the System.

#### **PAWC’s Financial Fitness**

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

### **PAWC's Technical Fitness**

22. As of May 31, 2024, PAWC furnished service to approximately 685,242 water customers and 98,033 wastewater customers in Pennsylvania. A map of PAWC's current service territory is included in Application Appendix C.

23. PAWC does not presently provide wastewater service to any of the System's water customers.

24. PAWC currently employs approximately 1,150 professionals with expertise in all areas of water and wastewater utility operations, including engineering, regulatory compliance, water and wastewater treatment plant operation and maintenance, distribution and collection system operation and maintenance, materials management, risk management, human resources, legal, accounting, and customer service. PAWC has the expertise, the record of environmental compliance, the commitment to invest in necessary capital improvements and resources, and the experienced managerial and operating personnel necessary to provide safe and reliable water service to the residents of the service area.

25. 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.

26. PAWC is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully integrating those assets into its business operations. Recent examples include: Winola Water Company, Delaware Sewer Company, Clean Treatment Sewage Company, Nittany Water Company, Wildcat Park Corporation, and Sewer Authority of the City of Scranton. In all these examples, PAWC quickly

improved the reliability and safety of those systems by investing the necessary capital to move the systems toward regulatory compliance.

### **Impacts of the Transaction**

27. EDWA's water assets will be operated and managed as a satellite system from PAWC's nearby Uniontown Operations District.

28. The integration of EDWA's System into PAWC's existing operations creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings. Efficiencies will result from shared supervisory staff, equipment and back-office support, as well as lower costs from vendors through leveraged purchasing power.

29. EDWA will wind up operations and will eventually be dissolved following closing on the Transaction (the "Closing").

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

31. Pursuant to a Subrecipient Agreement between EDWA and Greene County, EDWA received a Community Development Block Grant ("CDBG") of \$1,939,341, which is being used for several projects. PAWC does not believe it can receive assignment of the CDBG. Under the Subrecipient Agreement, if, after all or any part of the funds has been paid, and EDWA decides to terminate or alter the activities, Greene County can, in its sole discretion, require repayment or

redirection of the funds theretofore paid. If Greene County exercises its discretion to require repayment of the funds, the sale proceeds would be used for repayment.

32. The Transaction will make EDWA's customers part of a system with a large customer base, allowing them to share the costs of improving and operating the System with many other customers, thereby stabilizing or reducing per-customer costs over the long term.

33. PAWC will adopt EDWA's existing rates at closing. As a result, the Transaction will have no immediate impact on the rates for service to EDWA's existing customers (except as discussed in the following paragraph). Rates to EDWA's existing customers will not increase until PAWC files a base rate case that includes the System. At this time, it is unknown when PAWC will file that base rate case.

34. EDWA identified five locations where multiple dwellings are on one meter: two small modular home communities and three single family dwellings with an additional dwelling or modular home on the same parcel. A schedule that shows what each of the above-referenced customers are currently paying to EDWA, and that confirms what each customer will pay under the *pro forma* tariff supplement, is attached as **Exhibit 6**.

35. PAWC prepared a five-year capital plan for EDWA. The budget estimate for investment projects was \$6,862,888 and the budget estimate for recurring projects was \$9,333,275 for a total of \$16,196,163 over five years. **Exhibit 7**.

36. PAWC also prepared a System Evaluation and Improvements Plan dated July 22, 2024, listing projects to be initiated or completed during PAWC's Receivership and projects to be initiated or completed after closing on the Transaction. This Plan was filed at Docket No. P-2023-3043950. It is attached as **Exhibit 8**.

37. PAWC will make multiple safety improvements to the System, including but not limited to:

- Providing employees with an overall work safety environment that is compliant with OSHA regulations.
- Providing employees with appropriate personal protection equipment and safety training.
- Providing liquid chemical secondary containment, venting pipes, labeling and registration meeting DEP standards.
- Providing chlorine gas feed system modifications to meet DEP standards.
- Ultimately eliminating the use of toxic chlorine gas and the hazards presented to employees and the local community.
- Providing a potable water supply for in-plant use that meets DEP disinfection standards.
- Remediating slip/fall hazards, including poor housekeeping, missing handrails on stairs, improper work platforms, missing life rings and rescue hooks, missing kick plates/toe guards, inadequate lighting, and unpassable vehicular access roads.
- Providing labeling of confined spaces and equipment/training for hazardous atmosphere testing.
- Providing electrical/mechanical safety improvements, including arc flash labeling, replacement of faulty outlets, installation of guards on rotating parts, and installation of electrical shock protection mats.
- Providing safe vehicles meeting Pennsylvania inspection requirements.
- Providing safety management best practices, including emergency evacuation plans, pre-job safety tailgate talks, and near miss reporting.

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

39. The Transaction will expand PAWC's customer base, allowing the costs of operating and improving PAWC's system to be shared with a greater number of customers.

40. The balance of any sale proceeds after outstanding indebtedness is paid will be held in escrow for the purposes of covering pre-Closing claims against EDWA, any PAWC indemnity

claims, and PAWC's receivership costs, to be disbursed in the priority as provided for in the Second Amendment.