



Regulation is a maze. We can show you the way!

Thomas J. Sniscak  
717.703.0800  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)

Todd S. Stewart  
717.703.0806  
[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

---

501 Corporate Circle, Suite 302, Harrisburg, PA 17110 Phone: 717.236.1300 Fax: 717.236.4841 [www.hmslegal.com](http://www.hmslegal.com)

March 12, 2025

***VIA E-Filing***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street – Second Floor North  
Harrisburg, PA 17120

RE: Application of Appalachian Utilities, Inc. for a Certificate of Public Convenience Evidencing the Pennsylvania Public Utility Commission's Approval of the Transfer of 40% of Outstanding and Issued Stock in Appalachian Utilities, Inc.; Docket No. A-2024-3046068

Joint Application of Pennsylvania-American Water Company and Appalachian Utilities, Inc., Pursuant to Section 1102 of the Public Utility Code, for approval of (1) the transfer to American Water Works Company, Inc., by merger, of all property of Appalachian Utilities, Inc. used and useful in the public service; (2) the transfer to Pennsylvania-American Water Company, by merger, of all property of Appalachian Utilities, Inc. used or useful in the public service, (3) the right of Pennsylvania American Water Company to begin to offer, render, furnish and supply water service to the public in the Borough of Avis and Townships of Pine Creek and Dunnstable, Clinton County, Pennsylvania, and (4) the abandonment by Appalachian Utilities, Inc. of all water service; Docket Nos. A-2024-3046084 & A-2024-3046092

**APPALACHIAN UTILITIES, INC.'S EXCEPTIONS TO INITIAL DECISION**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission you will find Appalachian Utilities, Inc.'s Exceptions to the February 20, 2025 Initial Decision of the Office of Administrative Law Judge in connection with the above-captioned proceeding.

Secretary Rosemary Chiavetta

March 12, 2025

Page 2

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

Very truly yours,

*/s/ Thomas J. Sniscak*

Thomas J. Sniscak

Todd S. Stewart

*Counsel for Appalachian Utilities, Inc.*

TSS/jld

Enclosure

cc: Office of Special Assistants (via electronic mail – [ra-OSA@pa.gov](mailto:ra-OSA@pa.gov))  
Per Certificate of Service

**BEFORE  
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Appalachian Utilities, Inc. for a	:	
Certificate of Public Convenience Evidencing	:	Docket No. A-2024- 3046068
the Pennsylvania Public Utility Commission's	:	
Approval of the Transfer of 40% of Outstanding	:	
and Issued Stock in Appalachian Utilities, Inc.	:	
	:	
Joint Application of Pennsylvania-American	:	
Water Company and Appalachian Utilities, Inc.,	:	
Pursuant to Section 1102 of the Public Utility	:	Docket No. A-2024-3046084
Code, for approval of (1) the transfer to	:	A-2024-3046092
American Water Works Company, Inc., by	:	
merger, of all property of Appalachian Utilities,	:	
Inc. used and useful in the public service; (2)	:	
the transfer to Pennsylvania-American Water	:	
Company, by merger, of all property of	:	
Appalachian, Inc. use or useful in the public	:	
service, (3) the right of Pennsylvania American	:	
Water Company to begin to offer, render,	:	
furnish and supply water service to the public in	:	
the Borough of Avis and Townships of Pine	:	
Creek and Dunnstable, Clinton County,	:	
Pennsylvania, and (4) the abandonment by	:	
Appalachian Utilities, Inc. of all water service.	:	

---

**EXCEPTIONS OF APPALACHIAN UTILITIES, INC.**

---

Thomas J. Sniscak, Attorney ID No. 33891  
Todd S. Stewart, Attorney ID No. 75556  
HMS Legal LLP  
501 Corporate Circle, Suite 302  
Harrisburg, PA 17110  
(717) 236-1300  
(717) 236-4841 (fax)  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

*Attorneys for Appalachian Utilities, Inc.*

DATED: March 12, 2025

**TABLE OF CONTENTS**

I. INTRODUCTION.....1

II. EXCEPTIONS.....1

1. Exception No. 1 – (ID. pp. 15-19) - The ID erroneously concluded that the 60/40% Stock transfer Application should be denied and that it caused the Joint Application for Merger to “collapse” or become moot. ....1

2. Exception No. 2 – The ID’s conclusions that the stock transfer should not be approved by application of the Commission’s Policy Statement at 52 Pa. Code § 69.901 or for lack of showing of positive benefit is based on an incorrect recitation of the law and a blatant disregard for key facts, including but not limited the \$6 million PAWC has committed to invest in to provide water system upgrades, and must be corrected. (ID. pp. 17-19).....3

(a) There is no change in control in this unique small company situation and the Policy Statement should not apply.....3

(b) Even if the affirmative benefits standard applied (which it does not) there are affirmative benefits in this uncontested application to transfer AUI stock. ....5

3. Exception No. 3 – The ID Commits Multiple Errors or Omissions in its Findings of Fact that must be Corrected to Conform to the Record. (ID. pp. 8-10) .....6

4. Exception No. 4 – The RD relies on the Commonwealth Court’s decision in *Cicero* as support for its erroneous conclusions, ignoring that *Cicero* addresses a case under Section 1329 of the Code, while OCA’s unripe assertion is that PAWC in a future rate case “might” make a Section 1327 claim for something other than original cost minus depreciation.....14

5. Exception No. 5 – The ID Commits reversible error in relying on speculation about future “rate harm” as a basis for ignoring the vast array of evidence on the benefits of the proposed merger. (Id. pp.21-32). ....17

III. CONCLUSION .....18

**TABLE OF AUTHORITIES**

**Cases**

*Cicero v. Pa. Pub. Util. Comm'n*,  
300 A.3d 1106 (Pa. Cmwlth. 2023) (*Cicero*)..... 14

*Metropolitan Edison v. Pennsylvania Public Utility Commission*,  
62 Pa. Commw. 460, 437 A.2d 76 (1981) ..... 4

*PPL Electric Utilities Corporation v. Public Utility Commission*,  
241 A.3d 121 (Pa. Cmwlth 2020) ..... 5

**Statutes**

66 Pa. C.S. § 1327..... 14, 18

66 Pa. C.S. § 1329..... 14

**Regulations**

52 Pa. Code § 5.533 ..... 1

52 Pa. Code § 69.901 ..... 2, 3, 4

52 Pa. Code 1 Section 69.721(a)..... 17

## I. INTRODUCTION

NOW COMES Appalachian Utilities, Inc., (“AUI”) pursuant to 52 Pa. Code § 5.533 and hereby submits the following Exceptions to the Initial Decision (“ID”) of Administrative Law Judge Conrad A. Johnson (“ALJ”) denying the 60-40% Stock transfer Application at Dkt. No. A-2024-3046068 (“60/40% Application”) and the Joint Application of Pennsylvania-American Water Company (“PAWC”) and AUI for merger at Dkt. Nos. A-2024-3046084 and A-2024-3046092 (“Joint Application for Merger”) issued February 20, 2025, in the above captioned matters (“ID”). The ID is replete with errors of law, omissions of important facts, and factual findings that require correction.

AUI hereby incorporates its Main and Reply Briefs and the arguments contained therein by reference. AUI requests that the Commission reverse the ID and approve the 60/40 Application and the Joint Application for Merger, for all the reasons stated herein and in its briefs.

## II. EXCEPTIONS

### 1. **Exception No. 1 – (ID. pp. 15-19) - The ID erroneously concluded that the 60/40% Application should be denied and that it caused the Joint Application for Merger to “collapse” or become moot.**

The ALJ’s finding or conclusion that the 60/40% Application is not in the public interest could not be more wrong. Without any logic, and under a deficient legal analysis addressed in Exception 2 below, the ALJ denied the **uncontested** AUI 60/40% Application to transfer stock and then concluded the denial caused the Joint Application to “collapse” and be “moot”.<sup>1</sup> This fundamentally deficient conclusion demonstrates the pervasive failure of the ID to consider or even acknowledge key terms of (a) the 60/40% Application,<sup>2</sup> (b) the sworn testimony of AUI’s sole witness which states plainly that the stock transfer is contingent upon the approval of the Joint Application for merger,<sup>3</sup> and (c) the

---

<sup>1</sup> ID at p. 21.

<sup>2</sup> AUI St. No. 1, pp. 1-5.

<sup>3</sup> **Q: What is the purpose of your testimony in this consolidated proceeding?**

**A:** As suggested by the question, this consolidated proceeding has two distinct but related purposes or steps. The first is to approve the transfer of 40% of Appalachian’s stock to Kyle Gallagher, which would occur or “close” before and

express language of the 60/40% Application that made the approval of the Joint Application for Merger by the Commission a condition precedent to the 60/40% stock transfer occurring.<sup>4</sup> What that means, and which the ID misinterprets, is without approval of the Joint Application for Merger, the 60/40 stock transfer is not required to be completed<sup>5</sup> and thus could not “collapse” or render moot the Joint Application by AUI-PAWC for merger.

The ID also cites a Commission Policy Statement<sup>6</sup> in an attempt to support its null theory. However, the Policy Statement does not have the force or effect of law,<sup>7</sup> nor is it controlling as the ID wrongly claims in this small company situation involving one 100% stock shareholder selling 40% of the shares to one person. Similarly, the ID claims that the record supports the ID’s conclusion, but the record shows just the opposite.

Nowhere, as demonstrated above, in its briefs or testimony or in the 60/40% Stock Transfer Agreement (Attachment 1) did AUI suggest that the stock transfer must occur and if not the merger could not be approved. The 60/40% stock transfer was always presented as being contingent on

---

contingent upon approval of the second step; namely, the transactions stated in the Joint Application for American and PAWC to acquire Appalachian via merger. AUI St. No. 1, 2:4-8.

<sup>4</sup> In Attachment 1 to the 60/40% Application, it could not also be clearer that the 60/40% stock transfer was contingent on approval of the Joint Application for Merger, and states at page 2 that:

2.2 Conditions Precedent to the Obligation of the Seller to Close. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver of each of the following conditions on or before the Closing Date:

\* \* \*

(b) Pennsylvania Public Utility Commission Approval. Seller shall have received Pennsylvania Public Utility Commission ("Commission") approval of the transactions contemplated by this Agreement, pursuant to the Merger Agreement defined in Paragraph 4.4 of this Agreement. This condition is not subject to waiver.

<sup>5</sup> In other words, the 60/40% stock transfer within AUI is not a condition precedent to the Joint Application by AUI-PAWC and therefore could not negate the Joint Application. The ALJ may have wrongly considered that if both the Applications were granted the AUI 60/40 stock transfer for tax or continuity reasons would occur first logically so at settlement of the Joint American’s stock would be given 60% to Mr. Sargent and 40% to Mr. Gallagher. That is why the parties in these consolidated Applications asked that the 60/40 Application be granted first and the Joint Application second.

<sup>6</sup> 52 Pa. Code § 69.901.

<sup>7</sup> In fact, whereas here, the present sole owner of 100% of the stock will retain 60% of the stock after giving 40% to a long-term dedicated employee there is in reality no change of “control” as the present owner still has majority power and control. The ALJ’s flawed and incomplete analysis given this and his error described above is clearly reversible error.

approval of the Joint Application for Merger. For the ID to dismiss the Joint Application for Merger because of the ID's own blatant errors or failure to read or understand pertinent testimony and the applications themselves should be rejected and corrected.

2. **Exception No. 2 – The ID's conclusions that the stock transfer should not be approved by application of the Commission's Policy Statement at 52 Pa. Code § 69.901 or for lack of showing of positive benefit is based on an incorrect recitation of the law and a blatant disregard for key facts, including but not limited to the \$6 million PAWC has committed to invest to provide water system upgrades, and must be corrected. (ID. pp. 17-19).**

The record shows that no party or member of the public opposed the transfer of 40% of the stock from the 100% owner, Mr. Frank Sargent Jr., to reward a long-term employee, Kyle Gallagher. The stock transfer was proposed to occur before in time, but to be entirely contingent upon the merger and was undertaken with two goals: one was to reward the loyalty and hard work of an employee; and, the second was to ensure that Mr. Gallagher, the intended recipient of the 40% share, would continue to be employed by AUI/PAWC to ensure a smooth transition to the new owner -- PAWC. AUI St. No. 1, 2: 3-8. AUI's President also stated his intention in selling the company to PAWC included the continuity that could be accomplished by incentivizing Co-Manager Mr. Gallagher to continue his services for PAWC after the sale:

Q: What will Mr. Gallagher's position or role with the system and operations be post-merger?

A: To provide continuity during the transition, after closing Mr. Gallagher will become an employee of Pennsylvania American Water and he will continue to provide management and services to the former Appalachian system. *He has intimate knowledge of the system.* AUS St. No. 1- 3: 1-5. (emphasis added)

- (a) **There is no change in control in this unique small company situation and the Policy Statement should not apply.<sup>8</sup>**

---

<sup>8</sup> Id.

It is clear from the record that the transfer of stock would not and could not in reality affect a change in control of AUI. Mr. Sargent would continue to own a controlling 60% of AUI's stock and Mr. Gallagher will have a 40% interest. Under any math, Mr. Sargent retaining 60% of the stock equals the "controlling interest."<sup>9</sup> Moreover, the decision to transfer a decidedly minority interest to Mr. Gallagher, was made within Mr. Sargent's managerial discretion to decide and set compensation to employees, is not an abuse of discretion,<sup>10</sup> and cannot be second-guessed by the ID.<sup>11</sup>

It was error for the ID to cite a policy statement as an impenetrable requirement, when the law is clear that a policy statement, with nothing more, cannot be enforced as though it were a regulation or statutory law. Regardless, because no party opposed the stock transfer, there is no evidence to contradict the assertion that the transfer is in the public interest. There is absolutely no adverse impact upon customers or the public of 40% stock transfer to a longtime, dedicated, Co-Manager Mr. Gallagher who has "intimate knowledge of the system," which no doubt is why there were no protests by the statutory advocates or from customers despite opportunity to do so as notice of the application was published to customers and in the Pennsylvania Bulletin.

The ID's exaggeration of the import of 40% stock transfer policy to the situation here of a transfer by a 100% shareholder who retains 60% of the stock must be corrected by either approving the uncontested Application or finding it is not required given Mr. Sargent retaining clear 60% control of the company.

Notably, the ID also commits error in applying the wrong standard to the transfer of stock of this type where the record is clear that there will be no change in control. The affirmative public

---

<sup>9</sup> 52 Pa. Code § 69.901. At the prehearing conference counsel for AUI explained that the stock transfer of 40% was not a change in control but was being submitted because the policy statement suggested 20% as triggering a filing.

<sup>10</sup> No party opposed the transfer nor claimed it was an abuse of managerial discretion. It clearly is not and is essentially a compensation and incentive as discussed below.

<sup>11</sup> *Metropolitan Edison v. Pennsylvania Public Utility Commission*, 62 Pa. Commw. 460, 437 A.2d 76 (1981), allocatur denied 1982.

benefits test is not necessary in a situation where the transfer of stock will not change control and will simultaneously be converted to the stock of the acquiring entity. In *PPL Electric Utilities Corporation v. Public Utility Commission*, 241 A.3d 121 (Pa.Cmwlth 2020)(“*PPL*”), where the court found that while a corporate restructuring required a CPC, in the transfer of stock as part of a corporate restructuring, the Commission need find only that the transfer is “proper”, that is, that the Commission need not apply the merger standard of “affirmative public benefit”.<sup>12</sup> In this case, because there would be only two owners, with Mr. Sargent continuing to be the majority shareholder, there would be no change in control. Accordingly, the ID should not have applied the affirmative benefit standard for a merger and instead should have found that the stock transfer is indeed proper for the provision of public utility service as it achieves the two salutary goals of rewarding dedication and hard work, and in ensuring a smooth transition of the water company from AUI to PAWC and benefits to the customers and the acquiring company.<sup>13</sup>

**(b) Even if the affirmative benefits standard applied (which it does not) there are affirmative benefits in this uncontested application to transfer AUI stock.**

Similarly, if the affirmative benefits applied for the sake of argument, the uncontested 60/40% AUI application still should be approved as the ID again erred in concluding there are no affirmative benefits. AUI’s President’s rewarding loyalty and promoting continuity by incentivizing the AUI water system’s Co-Manager to stay with the system and become a PAWC employee enables his providing his years of experience and, as testimony quoted above, “intimate knowledge of the system”<sup>14</sup> is clearly an affirmative benefit to customers and to new owner PAWC.

---

<sup>12</sup> *PPL* at 127.

<sup>13</sup> *PPL*, 241 A.3d 121, 127 (“We follow that lead here and conclude that the “substantial” and “affirmative public benefit” test developed in *City of York* and *Popowsky* is circumscribed to utilities’ applications for a merger, consolidation, or the like, specifically where two separate public utilities propose to combine”).

<sup>14</sup> AUI St. No. 1, 3: 1-5.

**3. Exception No. 3 – The ID Commits Multiple Errors or Omissions in its Findings of Fact that must be Corrected to Conform to the Record. (ID. pp. 8-10)**

There are eleven findings of fact (“FOF”) that are incorrect and require correction, each is addressed separately below.

**FOF 17.** The ID states that the Joint Application is intended to “facilitate” the retirement of Mr. Sargent, AUI’s current president and sole shareholder. This incomplete statement of the “reason” for the merger falls far short of reality,<sup>15</sup> as it ignores important reasons for the merger and must be corrected. While it is true that Mr. Sargent will retire, due to age and a panoply of the financial, technical, lack of contractors, necessary system work, and ever increasing regulatory requirements at closing if the Joint Application is approved, that is no reason to deny the Joint Application. This is the time to sell AUI as the record shows it is “treading water” both financially and operationally, faces massive and expensive system and regulatory requirements, and cannot continue to do so very much longer given its size and lesser capabilities and finances than a larger company such as PAWC can handle.<sup>16</sup> Absent the proposed merger, without a “massive” rate increase to address its substantial and increasing need for capital to maintain itself as a viable business, AUI could easily become a troubled

---

<sup>15</sup> At AUI St. No. 1-R; 5:1-12 Mr. Sargent testified:

“My plan is and always has been to leave the business entirely when I am ready to retire, not be forced to continue my ownership forever. My age and the seemingly never-ending increases in regulatory requirements along with inflation make now the right time for a transition of AUI’s rights and property and obligations to PAWC. That is a substantial benefit in my mind, to our customers and to the system, because major improvements must be made, and a merger is the best way to accomplish what needs to be done.[OCA’s] Ms. DeAngelo’s invitation to essentially confiscate my business rights and those of the company, by limiting my right to sell the company, is a regulatory “bridge too far” and should be rejected. In sum, her type of thinking is bad public policy and contrary to the Commission’s longstanding policy statement promoting consolidation of water utilities particularly small ones like mine and ultimately to our customers—none of whom protested the applications.”

<sup>16</sup> AUI St. No. 1-RJ, 7:1-8:12. (“There is no “if” about it. Her [OCA’s in-house witness DeAngelo] observation continues to ignore the fact that AUI has been in the red in 2023 and 2024 to date. But she also fails to recognize the extreme expense of filing for a rate increase in today’s world. AUI would have to hire a rate consultant firm, rate attorneys, engage its Accountants, hire an engineer to address rate base including necessary future test year planned additions to rate base, design such, prove permits and the project are sufficiently developed within the Future Test Year, and to answer the many data and discovery requests from parties such as OCA, the cost of which is likely much more than \$100,000 and for a process that takes at least 3 months of planning and 9 months, including expensive hearings, under the PUC’s process for the case to be decided. Let’s be clear, AUI has no money to do that nor is there a point when (1) a merger and sale is pending, and (2) AUI has major doubt at its small size there is a likely future sustainability if it does not sell.”)

system that would need to be addressed under Section 529. The failure of the ID to acknowledge that fact is in error.<sup>17</sup>

**FOF 18.** The ID suggests that AUI is separate from and can continue to operate without its sole shareholder and president, Mr. Sargent. This statement is false. Unless the Commission approves the proposed merger, Mr. Sargent will not be permitted to alienate his ownership in AUI and he will be forced to continue to own AUI, even if he no longer participates in operations, management, financial matters and the many hats and capacity he wears and undertakes in running this small water company. In contrast PAWC's testimony repeatedly shows it has the personnel, technical expertise, financial ability, and support from its regional operations to exceed AUI's abilities in these important matters to ensure adequate service now and in the future. In contrast AUI is holding on by its fingertips.

**FOF 27.** The ID compares the current PAWC rates with AUI rates but never considers that AUI had declined to seek a rate increase since 2015 in order to provide rate breaks for its customers including no increases during the pandemic. AUI St. No. 1, 4:5-12. It should be obvious that if AUI's rates have remained static for nine years there would naturally be a gap between AUI's present rates which were set in 2015, and PAWC's current rates set only in 2024. Id. In doing so, the ID ignores the testimony of AUI's sole shareholder and president that absent a merger, AUI will need a massive rate increase to survive from its small number of customers including attempting to borrow<sup>18</sup> a large sum for expenses to meet ongoing compliance required by the Department of Environmental Protection,

---

<sup>17</sup> See, AUI Main Brief at p. 14. ("AUI is a privately held system with one shareholder who is aging and wants after 30 years of being President of the Company to retire, AUI is faced with numerous technical, system, regulatory challenges as described by Mr. Sargent, has very limited options to access capital to make the necessary improvements so that AUI can continue to legally operate. AUI St. No. 1, 3:12-22. AUI's ability to borrow is constrained because of the size of the company and the low levels of income from present rates. (AUI St. No. 1, 3:12-16). It is clear from the record that Appalachian will need a substantial rate increase over its small number of customers in the event the merger is not consummated, because it refrained from increasing rates, including substantial rate case expense costs, and instead sought a company to buy AUI. (AUI St. No. 1, 4:15-22). AUI has had some regulatory challenges in its recent history, (AUI St. No. 1-R, 6:5-12) which have been resolved, but for which the underlying cause, being short staffed without the resources to hire more staff, cannot be resolved without an increase in rate revenue. (AUI St. No. 1-R, 6:10-7:3)").

<sup>18</sup> Given AUI's negative net income AUI's testimony shows it will have difficulty borrowing. AUI St. No. 1-R, 5:10.

that AUI had net income losses of over **\$90,186** in 2023 and \$31,711 in 2024 and will essentially be unable to borrow money for that and other expenses that increased since 2015. AUI St. No. 1-R, 5:10. The ID’s cherry picking of evidence that suits its desired outcome, while ignoring contradictory evidence, should not be countenanced by this Commission.

**FOF 28.** Conversely, and equally incorrect and incomplete in context, the ID claims that under the rates proposed in the Merger filing, that AUI customer’s rates would be phased in over “years” and complains that during that phase-in, PAWC customers will be subsidizing AUI’s rates. This conclusion by the ID lacks both judgment and context, as it ignores or fails to mention key evidence on the proposed impact of the phase-in; namely, **that any such subsidy would be measured in cents, not dollars per customer per year.** (PAWC St. 3-R, 6:6-16) (Emphasis added). Thus, this miniscule rate impact is not unreasonable and no basis to reject the Joint Application.

**FOF 30.** This “Fact” is incorrect and requires correction. Since the close of the record, AUI has received from the Commission a Notice of Non-Compliance with the Lead Line Replacement Program. This notice is attached hereto (Attachment 2) and AUI requests that the Commission take notice of this document it issued. The inability to comply with such requirements is one more reason the merger should be approved. PAWC St. No. 1, 19:17-20:5. Similarly, this FOF ignores testimony by AUI’s President that the company likely will be unable to finance and meet the ever-increasing environmental requirements given its poor financial condition having a negative net income of \$90,185 in 2023 and \$31,711 in 2024. (AUI St. 1-RJ, 2:1-5). Similarly, it ignores that at least one new environmental mandate will cost at least \$700,000 to comply<sup>19</sup> with for AUI if it has to do it with its small size, lack of economies of scale, and lack of contractors and smaller staff. In addition there are myriad of reasons why even a Pennvest loan or grant is unavailable: “the PENNVEST process is not

---

<sup>19</sup> AUI Statement 1-R, 3:1-8.

a quick one, and it likely would take a year or more to get a loan”; “these additional expensive strings or costs to obtain a PENNVEST loan and to report and comply with during the loan’s term is not so simple or a realistic alternative in the instant situation as OCA witness DeAngelo suggests.” (AUI St. No. 1-RJ, 3:6-6:20).

**FOF 31.** In FOF 31, the ID concludes incorrectly that the scope or magnitude of any rate case for existing customers is “undetermined”, while the record is clear that any future rate case absent approval of the merger, will need to be “massive” and would be borne 100% by AUI’s small number of customers. AUI St. 1-R, 3:10.

**FOF 32.** The ID incorrectly contends that the scope and timing of any AUI rate case is within AUI’s control. That is not accurate if there is not a merger. Because AUI has not had a rate increase in 9 years, AUI would be forced to immediately commence a rate case or seek emergency rate relief seeking a substantial increase followed shortly by another. (AUI St. No. 1, 4:5-12).

**FOF 33.** When to seek a rate case is an act of managerial discretion. That PAWC might seek to increase rates after a completed merger does not mean it is driven by the merger acquisition of this small water company. What is critical to note is that regardless of the reason for, or the timing of a rate increase request, the Commission determines what the “just and reasonable” rates will be going forward. 66 Pa.C.S. § 1308.

**FOF 34.** The ID’s criticism in this factual finding of the acquisition as “aggressive” activity and casting the use of the Distribution System Improvement Charge (“DSIC”) mechanism to recover infrastructure costs as a detriment, is no basis for denying the Joint Application. In reality, both of these activities *are encouraged by the Legislature through the statute and the Commission’s policy*. See, 66 Pa. C.S. §§ 1327 and 1353. It is the Commission that sets rates and decides what, if any portion of the cost of acquired assets is permitted to be included in rate base, and it is the Commission

that sets the parameters for and approves DSIC plans, the purpose of which (something the ID ignores) to promote modernization. The fact that this ID demonstrates a dislike for acquisitions or DSIC modernization is no basis for denial, and the ALJ cannot overrule by an ID what the law otherwise provides.

**FOF 35.** The ID chastises PAWC for not having identified customer or company owned lead service lines in AUI's service territory. It is incomprehensible, and shows the ID's lack of understanding, including the magnitude of the expenditure, time and complexity to do so,<sup>20</sup> that PAWC would have spent the time and money to identify lead service lines in AUI service territory in the absence of an approved merger. Predictably, the ID fails to state any such legal requirement for an acquisition by PAWC.

**FOF 36.** In another example of ignoring comprehensive unrefuted evidence in favor of unsupported speculation; the ID commits error in stating that PENNVEST loans and/or grants could be used to fund needed projects for AUI, when there is overwhelming and clear evidence on the record from PENNVEST's own application requirements and public annual reports, that substantiate AUI's position that PENNVEST loans are not practical and grants<sup>21</sup> are simply not possible and that the application and grant process would require huge amounts of money in engineering and design that AUI does not have or cannot raise.<sup>22</sup> AUI put substantial evidence on the record refuting OCA's pure speculation -- by a witness who was not qualified as an Expert in water system operations or Pennvest financing-- regarding the availability of such funding, and the ID ignored all of it. AUI St. 1-RJ 3:6-6:20; Exhibits RJ-2 and RJ-3. AUI's Main Brief (AUI MB at 18) makes this point clear:

---

<sup>20</sup> See AUI Statement 1-R, 3:1-8.

<sup>21</sup> The ALJ ignored significant and detailed testimony and documents showing Pennvest has not been giving grants to private water companies and very few loans as most funding, based on Pennvest's own reports, goes to municipal operations.

<sup>22</sup> AUI St. No. 1-RJ, 3:6-6:20).

[i]n stark contrast, the only contested view is the speculative and premature objection of the OCA's witness who by her qualifications attached to her first round of testimony is notably inexperienced in all aspects of water system management or as to PENNVEST. (AUI St. No. 1-RJ, 1:19-2:9).

The OCA's testimony makes what amounts to a sweeping statement that amounted to "just go get a Pennvest loan or grant" did not carry its burden of persuasion on that claim in contrast to Mr. Sargent's extensive testimony on PENNVEST requirements and AUI's financial condition,<sup>23</sup> but the ID nonetheless accepted OCA's unsupported view that PENNVEST funding was readily available, in front of the mountain of evidence to the contrary. OCA's suggestion that AUI could apply for a grant from PENNVEST is illustrative of the vacuous nature of OCA's testimony. The testimony from PENNVEST's own reports show clearly that "there appears to be no grants to a private water company and only one loan to a private water company." AUI St. 1-RJ, 6:11-20.

The extensive AUI testimony refuting the gross oversimplification by OCA witness DeAngelo adopted by the ALJ is striking and important to understand:

AUI St. No.1-RJ 3: 2-23:

**Third**, at pages 8-9 of OCA St. No. 1SR, beginning at line 23 she states, "There are resources available such as low-interest loans or grants available such as low-interest loans and grants from PENNVEST that Appalachian could apply for, which could mitigate some of the costs for design, engineering, and construction." If she had experience managing a water company, particularly one in our situation, she would have realized it is just not that simple. For starters, PENNVEST loans are not that simple compared to private bank or lender loans and the process is very time consuming and complicated. For some of many examples of strings or restrictions or under PENNVEST's process and loans (See **AUI Exhibit No. RJ-2**) the first of the many steps you have is to hire a Professional engineer ("PE"), a certified public accountant, an attorney, and have a responsible company person or manager meet with PENNVEST and DEP for an initial consultation regarding a proposed "Project". (**Exhibit RJ-2**). In reality, we would have to hire and pay the PE to develop detailed specific plans for the project, have the accountant prepared to address financial matters, and the attorney the legal hurdles to effectuate the loan. That and the cost for the professionals are significant up-front monetary expenditures which we presently do not have the money to fund, and we would have to borrow from private lenders or banks

---

<sup>23</sup> AUI St. No. 1-RJ, 7:1-23.

in the event they would be willing to loan us monies, which is not a certainty given our position. At that first Project meeting with PENNVEST, we would be told what:

AUI St. No. 1-RJ, 4: 1-23:

permits we would need or need to amend, what approvals and studies would be required and then assess what costs and actions need to be done for that to happen, and such services will cost money we do not have and would have to borrow from private lenders. PENNVEST requires that all permits and approvals are in hand – before an application for funding can be made. That requires significant engineering services, time and expense. PENNVEST, I believe, will not allow you borrow money from it to replace and essentially “refinance” loans that you have taken out. There are even more requirements PENNVEST (PV) uses:

- Audited financial statements
- Agreement not to pursue other funds
- Must create, submit and follow very specific project plans
- Any contract associated with project subject to PV approval
- Detailed projects costs breakdowns
- Obtain rate relief to ensure adequate funds for repayment of PV loan
- Obtain authorization to incur debt (securities certificate)
- Comply with Steel Product Procurement Act of March 3, 1978, P.L. 6, No. 3, 73 16 P.S. § 1881 et seq., in connection with the Project and the Project Contracts require 17 compliance with the same.
- Comply with the requirements for the purchase of American Iron and Steel (“AIS”) 19 set forth in the Federal Consolidated Appropriations Act, January 17, 2014, P.L. 20 113, No. 76, §436. 21
- Surety Bonds - in an amount totaling not less than the total amount due under the 22 Project Contracts, as identified on the Costs Sheets and Breakdown, and labor and

AUI St. No. 1- RJ, 5: 1-23, 6: 1-9:

material payment bonds in an amount totaling not less than the total amount due under the Project Contracts, with such corporate surety or sureties as are acceptable to the Authority and in form and substance satisfactory to the Authority. Costly legal assistance including opinion letters opining on 6 or so subjects:

- Must comply with Davis-Bacon Act wage rate

- A Required Equity Contribution (“REC”) of significant dollars from the applicant for a loan and proof that the “REC” has been disbursed or will be available for disbursement.

All of the above are significant additional costs that the borrower has to bear and drive up overall loan related expenditures. Additionally, OCA witness DeAngelo either does not know or ignores that your financial condition may trigger more stringent terms and conditions of a PENNVEST loan, such as personal guarantees, not borrowing any debt during the term of the loan without PENNVEST’s prior written approval and any such loan would have to take a second position to PENNVEST’s security or collateral. PENNVEST also requires a funding recipient to acquire sufficient interests in all Real Property to construct and complete the Project. It may also require a borrower to prove and pledge the project is free of all liens, encumbrances, security interests and other equitable charges PENNVEST designates. It also requires that insurance be obtained and put in place for the Project, which costs money. So, these additional expensive strings or costs to obtain a PENNVEST loan and to report and comply with during the loan’s term is not so simple or a realistic alternative in the instant situation as OCA witness DeAngelo suggests. It is also a waste of time and money if the applicant is being acquired by a buyer like PAWC who does not need PENNVEST financing or could, if it so decided, apply for a PENNVEST loan under better terms and conditions given its superior financial strength. Moreover, if there is a need whether short-term or long-term by an Applicant that gets funded for additional debt from a private lender after the PENNVEST loan occurs, such as for Cash Working Capital or some other project, but within its term, that loan may be behind PENNVEST’s security position for the company’s assets, and consequently we’d be likely to see higher interest rates or an unwillingness of banks or private lenders to loan us money. Finally, the PENNVEST process is not a quick one, and it likely would take a year or more to get a loan. And, you’d have to build in additional time beyond that to get your debt service or rate base treatment for the PENNVEST loan into rates as PENNVEST requires that Commission approved rates be in place to cover debt service.

AUI St. No. 1-RJ, 6: 11-23, 7: 1-23

As to OCA’s witness DeAngelo’s comments that AUI could get a “grant”, in PENNVEST’S 2022- 2023 Annual Report (**AUI Exhibit No. RJ-3**) there appears to be no grants to a private water company and only one loan to a private water company, Aqua, a large private water company with much more financial wherewithal than AUI. In sum, while there are low interest rates from PENNVEST, it is an expensive loan process for a small company and there are strings and restrictions which may make it unworkable from a business standpoint and may explain why there are so few private water company loans applied for or issued. The Annual Report also shows PENNVEST is

more oriented to lending to municipal utilities, as there were over 100 of them during that period compared to the 1 water loan to Aqua.

4. **Exception No. 4 – The ID relies on the Commonwealth Court’s decision in *Cicero*<sup>24</sup> as support for its erroneous conclusions, ignoring that *Cicero* addresses a case under Section 1329 of the Code, while OCA’s unripe assertion is that PAWC in a future rate case “might” make a Section 1327 claim for something other than original cost minus depreciation.**

The OCA’s argument improperly mixes the apples of Code Section 1329<sup>25</sup> with unripe Section 1327<sup>26</sup> oranges by conflating Section 1329, which applies to acquisitions when a municipal water operation is purchased, and Section 1327 which pertains to the acquisition of small water or sewer utilities. In Section 1329, the acquiring public utility seeks to gain, in its acquisition request, an acquisition premium to be used in future rate cases using a defined process to determine the price to be paid for the municipal system’s assets. Section 1327 in contrast allows for a rate base claim to be determined for small water or sewer utilities in a future rate case when and if claimed and in the instant Joint Application of AUI-PAWC there is no claim to set a value for the AUI system. Such claim if made by PAWC would be ripe for determination in a **future** Commission rate case deciding what portion, if any of the asset price can be included in rate base. The Public Utility Code clearly intended § 1327 as the mechanism for determining future rates. Here it is not a ripe issue in this Chapter 11 of the Public Utility Code Application matter governing acquisitions by merger.

First, even if one were to ignore the different statutory standards in *Cicero* versus what is now before the Commission, the facts of the two cases make the reference to *Cicero* inept as precedent or a reason to deny the Joint Application of PAWC and AUI. In the instant Joint Application there is a

---

<sup>24</sup> *Cicero v. Pa. Pub. Util. Comm’n*, 300 A.3d 1106 (Pa. Cmwlth. 2023) (*Cicero*). Appeal Pending, *PA Supreme Court* consolidated Dockets 47 MAP 2024, 48 MAP 2024, 49 MAP 2024.

<sup>25</sup> Section 1329 of the Code, 66 Pa. C.S. § 1329.

<sup>26</sup> Section 1327 of the Code, 66 Pa. C.S. § 1327.

ripeness issue at the gate where in *Cicero* there was not. In *Cicero* the acquiring utility claimed, and asked, for ratemaking purposes, for a premium value of the system under the 1329 process set and determined by the Legislature and the Commission. The Commission did so after hearings and set the value of the system for ratemaking. In contrast, in this Joint Application by AUI and PAWC: (a) Section 1329 does not apply since AUI is not a municipal water operation; and (b) PAWC has made no claim under Section 1327 to be decided, and any future claim under 1327 will be decided **when and if** a claim for something in excess of original cost minus depreciation is claimed by PAWC **is made in a future rate case** and due to that any future claim is not ripe to decide in this case nor can speculation as to what “might” happen be used to support OCA’s crystal ball claim of “rate harm.”

Second, OCA’s and the ID’s adopted conclusion of a “rate harm” or detriment because a Section 1327 claim **might be made in the future** lacks both legal ripeness and is speculative: (a) It also is legally deficient as it essentially would overrule the Legislature, and its incentives for large systems to acquire small ones, which is neither the role of the OCA nor the ID, which is to apply, not negate, Pennsylvania law; and, (b) It also blatantly ignores that the Commission is fully capable and able if or when a Section 1327 claim is made by PAWC in a future rate case to certainly determine and rule, as it must, to establish “just and reasonable rates” under Chapter 13 of the Code. In sum, this argument is a collateral attack by OCA and the ID on the Legislature’s Section 1327 or the Commission’s ability to make determinations of what is “just and reasonable” in future rate cases. The ID’s excursion into negating Legislation or what the Commission may or may not decide in future rate cases must be rejected soundly as contrary to the law as well as being based upon pure speculation as offered by OCA as what might happen in the future.

Third, even if Section 1329 *Cicero* applied, which it does not, to the AUI-PAWC Joint Application, the facts are different: (a) in *Cicero* there was an adjudication by the Commission on the

Section 1329 premium claim. Here there is no premium claim under any part of Chapter 13 and thus no ripe adjudication of a rate base claim requested. (b) In *Cicero* the system was a municipal system that was not in peril, and it was operating without the need for rate increases. Here in the AUI-PAWC Joint Application we have a utility that is losing money now, has little or no basis to borrow money, and will need immediate if not emergency rate relief if the merger is not approved.<sup>27</sup> (c) Unlike *Cicero*, AUI and PAWC have demonstrated on the record that a number of the benefits of the merger will solve distinct major existing problems – lack of access to capital, the need to hire more technically experienced employees, the lack of available contractors in the area (PAWC has staff in the region which can provide these services) lingering compliance issues and more. The solution is PAWC’s commitment to provide expertise and access to capital and ability and has committed in its testimony to infuse over \$6 million dollars of capital to system upgrades, all of which are **remedial benefits** and substantial affirmative benefits that were not at issue in *Cicero*.<sup>28</sup> The benefits here are not aspirational, but rather, are tangible, and benefits the operational and financial viability of the AUI system depends on PAWC for solving. The benefits that PAWC will provide are not things that AUI can accomplish without a merger, within the time remaining before it becomes a troubled system.<sup>29</sup> In short, this transaction will impose no harm on any customers as they will be charged “just and reasonable rates” set by the Commission, and AUI’s existing customers will get the benefits of a financially strong, operationally superior in scope and scale, PAWC.

---

<sup>27</sup> AUI St. No. 1-R, 3:10-19. (“No, but it is not hard to know it will be massive based on experience and realities. As I discuss later below, we cannot with our current finances fund very expensive rate studies which at best would be hypothetical. My experience over many years of managing water companies tells me that the improvements or modernization that need to be done and the large amount of money AUI would need to spend—which it does not have—to file a rate case, and to eventually get an increase, would likely not guarantee future sustainability and low rates to our very small customer base. For now, those dollars are better spent keeping the business operating and afloat while we transfer our utility and customers to a premier public utility water company that has been certificated a huge number of times as shown in PAWC’s testimony including a number of acquisitions.”)

<sup>28</sup> PAWC MB at 23-25; PAWC Exhibit MJG-3.

<sup>29</sup> PAWC MB 20-22.

**5. Exception No. 5 – The ID Commits reversible error in relying on speculation about future “rate harm” as a basis for ignoring the vast array of evidence on the benefits of the proposed merger. (Id. pp.21-32).**

The ID glosses over the argument raised by AUI that it is not permissible to include a condition to a merger that would tie the hands of the Commission in a future rate case where the Commission would otherwise, under the auspices of § 1327 of the Code, consider what portion, if any, of the acquired property of another utility could be included in rate base. The Public Utility Code clearly intends § 1327 as the mechanism, not a merger proceeding. In that future proceeding, the Commission is required to set just and reasonable rates. These statutory facts did not deter the OCA from arguing, and the ID from accepting without analysis, that speculative future “rate harm” – which is essentially an indictment of the Commission’s ability to set just and reasonable rates – outweighed the vast evidence placed into record of the benefits of the merger. The ID acknowledges that “The Commission accepting OCA’s demand to make ignoring Section 1327 a condition of approving an acquisition, would cast doubt on the Commission’s integrity and ability to conduct a proper ratemaking process in the future if and when such claim is made and that the Commission, as it is required by law, must determine “just and reasonable rates” under its mandate in Section 1301 of the Public Utility Code.” ID at 24. The ID then glosses over the many benefits of the merger, including a rapid infusion of cash to address AUI’s immediate capital needs; the need for expertise to avoid in the future the recent notices of violation from the DEP, and the ability to leverage the nearby PAWC’s assets, both human and material, to reinforce AUI’s undersized work force and inadequate rates.<sup>30</sup> These and other

---

<sup>30</sup> AUI St. No. 1-R, 8:12-9:2. (“In my company we wear many job hats and if a system issue or matter that needs addressed immediately arises it presents our limited number of employees the quandary of picking and choosing what matters to address and what matters to defer at that time. In our rural area there is no team of guaranteed contractors such as excavators, electricians, construction firms or pipefitters that will react at the drop of a hat. In contrast, under the regionalization and greater regional staff to be provided by PAWC upon acquisition, they have a larger force of available personnel from systems in our area and staff and repair capabilities to react to situations as they arise and to deal with it more quickly without delay and the person power to cover other tasks that need to be done to run day to day operations. That is a huge substantial affirmative benefit. These reasons certainly dovetail to me with the Commission’s policy to promote the regionalization of Water systems at 52 Pa. Code 1 Section 69.721(a) that can lead to better management

benefits were deemed to be outweighed by pure speculation that rates will increase in the future as a consequence of the merger and that speculative “rate harm” outweighs all evidence. Contrary to the overwhelming evidence proving that AUI does not have the capability or resources to provide benefits of the same magnitude of those that PAWC will provide, the ID claims that Joint Applicants have failed to meet the burden of overcoming OCA’s speculation of some future rate harm and failed to carry their burden of proving affirmative benefit.<sup>31</sup> The only non-speculative evidence on the benefits of the merger in the record was ignored in favor of OCA’s unfounded opinion, and it should be reversed.

### **III. CONCLUSION**

The standard of affirmative public benefits applies to the primary application in this case: the Joint Application of AUI-PAWC to merge with PAWC as the acquiring company. The record demonstrates that there are multiple unique, affirmative and salutary benefits to be had if the merger is approved. The record also demonstrates that absent a merger, AUI customers will face a “massive” rate increase or increases or worse, and that the cost of the merger, by contrast, would have minimal impact on PAWC’s existing customers. In short, the evidence presented by AUI and PAWC proves that the merger satisfies the affirmative public benefit test.

Against that proof, the OCA presented the speculative testimony of someone with minimal or no experience in water system operations, water asset financing, PENNVEST loans or grants, claiming that future rates might to be higher and such a result would constitute what she calls “rate harm. Ostensibly, such future, speculative rate harm would be caused by the Commission authorizing new rates that would include recovery of some portion of the acquisition costs. In addition to essentially implying that the Commission is incapable of determining just and reasonable rates when faced with

---

practices and economies of scale.”)

a claim for including acquisitions in rate base under 66 Pa. C.S. § 1327, OCA claims that the only solution is to tie the Commission's hands and decide the rate issue now, is by denying any future claim, based on this record that contains no evidence to support the OCA's unsubstantiated claim of harm.

The ID adopted OCA's position through its in-house witness, who has no background in water system operations, financing, PENNVEST loan terms that, because both AUI and PAWC are required to comply with regulatory requirements that there is no affirmative benefit to PAWC acquiring AUI. The logic is nonsensical, as the record is replete with evidence that AUI is in a weak position and PAWC is financially, technically and expertly comparatively strong across the board. OCA ignores who is better in that respect.

This is a § 1102 merger case, not a rate case or a Section 1327 proceeding. No claim for inclusion of any portion of the AUI acquisition in rate base has been made, and such a decision is decidedly unripe. It also is contrary to the law that requires such decisions to be made in a rate case. The ID commits reversible error and accepts the OCA's speculative and unripe argument, with no supporting evidence, that this transaction would cause rate harm, "in the future" and chose to deny all the evidence to the contrary on that unsupported claim alone. For that reason and all reasons stated herein and in AUI's Briefs and Testimony, the ID must be reversed and the Merger approved and along with it the contingent uncontested 60/40% Application that does not result in a change in control since the current 100% owner will retain a 60% share and AUI's Co-manager will have a 40% share.

Respectfully submitted,

*/s/ Thomas J. Sniscak*

Thomas J. Sniscak, Attorney I.D. No. 33891

Todd S. Stewart, Attorney I.D. No. 75556

HMS Legal LLP

501 Corporate Circle, Suite 302

Harrisburg, PA 17110

(717) 236-1300

(717) 236-4841 (fax)

[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)

[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

*Attorneys for Appalachian Utilities, Inc.*

Dated: March 12, 2025

# **ATTACHMENT 1**



Thomas J. Sniscak  
(717) 703-0800  
[tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)

Todd S. Stewart  
(717) 703-0806  
[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

---

100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 [www.hmslegal.com](http://www.hmslegal.com)

February 2, 2024

*VIA E-Filing*

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street – Second Floor North  
Harrisburg, PA 17120

RE: Application of Appalachian Utilities, Inc. for a Certificate of Public Convenience Evidencing the Pennsylvania Public Utility Commission's Approval of the Transfer of 40% of Outstanding and Issued Stock in Appalachian Utilities, Inc.; Docket No. A-2024-\_\_\_\_\_

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission (Commission) is Appalachian Utilities, Inc.'s (Appalachian) Application for a Certificate of Public Convenience for approval to transfer by sale a non-controlling 40% of Outstanding and Issued Stock of Appalachian from its sole and presently 100% stockholder to its employee Operations Manager. The \$350 fee for filing this Application is being paid online.

This application is filed as a preliminary and related first step toward the ultimate pending sale and merger, subject to Commission approval, of Appalachian into the American Water Works companies and ultimately transfer of service of Appalachian's customers to Pennsylvania American Water Company. That merger will be the subject of a separate and concurrently filed related Joint Application between the American Water Works and Appalachian. **Consequently, Appalachian requests that this related application be considered and approved before and in coordination with the Commission's consideration of the Joint Merger Application.**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
February 2, 2024  
Page 2

Thank you for your assistance in this matter. If you should have any questions, please feel free to contact me at [tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com) or Todd Stewart at [tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com).

Very truly yours,



Thomas J. Sniscak  
Todd S. Stewart

*Counsel for Appalachian Utilities, Inc.*

TJS/das  
Enclosure

cc: Per Certificate of Service  
Erin K. Fure, Esquire  
Frank Sargent

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Appalachian Utilities, Inc. :  
for a Certificate of Public Convenience :  
Evidencing the Pennsylvania Public Utility : Docket No. A- \_\_\_\_\_  
Commission's Approval of the Transfer of 40% :  
of Outstanding and Issued Stock in Appalachian :  
Utilities, Inc. :

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

**I. INTRODUCTION**

By this Application, Appalachian Utilities, Inc (“Appalachian Utilities” or the “Company”) seeks, pursuant to Section 1102(a) of the Public Utility Code, 66 Pa.C.S. § 1102(a) and the Pennsylvania Public Utility Commission’s (“Commission”) Statement of Policy, 52 Pa. Code § 69.901, a certificate of public convenience evidencing the Commission’s approval of the transfer by sale of title to 40% which is a minority of the issued and outstanding stock of Appalachian Utilities, a public utility providing water service in Pennsylvania, from present 100% majority stockholder Mr. Frank R. Sargent, Jr., President, Director and current Sole Shareholder of Appalachian Utilities (“Seller”), to Mr. Kyle Gallagher, Co-Director, and Operations Manager of Appalachian Utilities (“Buyer”). **Approval is requested, prior to and in coordination with a related Joint Application for a certificate of public convenience to merge Appalachian Utilities into American Water Works Company, Inc. and its merger subsidiary AUC Acquisitions Company, and ultimately to operating and certificated subsidiary Pennsylvania-American Water Company (“PAWC”) (American Water Works Company, Inc., AUC Acquisitions Company, and PAWC collectively “American Water”) which will be filed at or about the same time the instant Application is filed.** Given this, Appalachian Utilities requests that the Commission review and approve the above-captioned Application *before* and in

conjunction with the aforementioned Joint Merger Application of Appalachian Utilities with American Water and ultimately to its subsidiary Pennsylvania-American Water Company (“PAWC”).

## II. THE APPLICANT AND COUNSEL OF RECORD FOR APPLICANT

1. The complete name and address of the Applicant is:

Appalachian Utilities, Inc.  
2265 Bear Pen Hollow Rd.  
Lock Haven, PA 17745  
(legal corporate address, not mailing address)  
Mailing address:  
1674 Park Avenue, Lock Haven, Pennsylvania 17745

2. The name, address, and telephone number of the attorneys for Appalachian Utilities is:

Thomas J. Sniscak  
Todd S. Stewart  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
E-mail: [tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

Voice: (717) 236-1300

3. Appalachian Utilities is a Pennsylvania corporation certificated on October 26, 1995, by the Commission as a public utility providing water service and currently serves approximately 1,456 customers in the Borough of Avis and Townships of Pine Creek and Dunnstable, located in Clinton County, Pennsylvania.

4. Seller is the President, Co-Director, and Sole Shareholder of Appalachian Utilities and presently holds 100% of the Company’s stock.

5. Buyer is an employee, a Co-Director, and the operations manager of Appalachian Utilities.

### **III. THE PROPOSED TRANSACTION**

6. Provided as **Attachment 1**<sup>1</sup> hereto is a copy of the Stock Purchase Agreement between Seller and Buyer (“Agreement”). The Agreement sets forth the terms and conditions under which Seller will transfer 40% of the outstanding shares of Appalachian Utilities to Buyer (the “Proposed Transaction”). Under the terms of the Agreement, Seller will remain the beneficial holder of 60% of the outstanding shares, the largest voting interest, in Appalachian Utilities. In that respect, majority “control” of the Company will remain with President Mr. Frank Sargent Jr.

7. The Agreement to sell shares to Mr. Gallagher has been consented to by the Sole Shareholder and the Directors of Appalachian Utilities. Provided as **Attachment 2** hereto is a true and correct copy of the Written Consent of Sole Shareholder and Directors approving the transfer, subject to Commission approval, of 400 shares of common stock in Appalachian Utilities to Buyer.

### **IV. FINANCIAL AND TECHNICAL FITNESS OF APPALACHIAN UTILITIES TO PROVIDE SERVICE**

8. All Appalachian Utilities’ documents filed with the Commission including its annual reports, tariffs, its certificate of public convenience, securities certificates, affiliated interest agreements and other regulatory reports or approvals are incorporated herein by reference. Provided as **Attachment 3** are the December 31, 2022, Balance Sheet and Profit and Loss Statement for Appalachian Utilities.

9. As a previously certificated (on October 26, 1995) public utility, Appalachian Utilities’ fitness is presumed by law to be continuing.<sup>2</sup> The Proposed Transaction will not result

---

<sup>1</sup>All Attachments are incorporated and hereby made part of this Application.

<sup>2</sup> For example, the Commission recognized this longstanding legal principle in *Application of Pennsylvania-American Water Co.*, Docket No. A-2022-3037047 (Order entered November 16, 2023) (“An existing certificate holder is entitled to a continuing presumption regarding its fitness ....”).

in any change in the legal, financial, and technical fitness of Appalachian Utilities to provide service. The Proposed Transaction between Mr. Sargent and Mr. Gallagher does not seek a change to the entity providing service to customers or the facilities used to provide such service. The Seller will remain the beneficial holder of the largest voting interest and thus control in Appalachian Utilities.

**V. NO ADVERSE EFFECT OF THE PROPOSED TRANSFER ON SERVICE OR FINANCIAL AND MANAGERIAL FITNESS**

10. The Sale of 40% of the stock to Mr. Gallagher will have no adverse effect on Appalachian Utilities' service to customers or upon its financial and managerial fitness.

**VI. NO ADVERSE EFFECT OF THE PROPOSED TRANSFER ON RATES**

11. The Proposed Transfer will have no adverse effect on the rates set forth in Appalachian Utilities' Commission-approved tariff.

**XI. THE PROPOSED TRANSFER IS IN THE PUBLIC INTEREST AND BENEFITS THE GENERAL PUBLIC AND CUSTOMERS**

12. The Application's Proposed Stock Transfer to Mr. Gallagher involves no change to Appalachian Utilities' control, name, day-to-day operations, terms of service, rates, or current management employees of Appalachian Utilities. As such, the transfer will be transparent to Appalachian Utilities' customers. The Proposed Transfer merely effectuates Seller's desire and intent to transfer 40% of his shares of stock in Appalachian Utilities to Buyer for his dedication and work for the Company, and to do so immediately prior to Appalachian Utilities acquisition by American Water. Therefore, for this and all reasons stated above, the Proposed Transfer is in the public interest and is a step to promote the consolidation of a small public utility water company into a large public utility water company PAWC, and Appalachian Utilities hereby incorporates

by reference the affirmative benefits identified by PAWC in the Joint Application of Appalachian Utilities and American Water. As an additional benefit, Appalachian's Mr. Gallagher has extensive knowledge of the water system and currently has a managerial position offer from American Water to remain in his current position. Mr. Gallagher intends to accept the offer from American Water for the benefit of the water system and the community through the proposed merger and well into the future. Moreover, Mr. Gallagher's expertise and intimate knowledge of the system and its operation coupled with American Water's and PAWC's operational expertise and greater financial wherewithal will benefit the public generally and Appalachian's customers.

WHEREFORE, for all the foregoing reasons, Appalachian Utilities, Inc. requests that the Commission issue a certificate of public convenience evidencing its approval of the transfer by sale of 40% of the issued and outstanding stock of Appalachian Utilities, Inc., a public utility providing water service in Pennsylvania, from Mr. Frank Sargent, Jr., Sole Shareholder of Appalachian Utilities, Inc., to Mr. Kyle Gallagher and do so immediately before its action on the related Joint Application of American Water and Appalachian Utilities, Inc.

Respectfully submitted,



---

Thomas J. Sniscak, Esq.  
Attorney I.D. No. 33891  
Todd S. Stewart, Esq.  
Attorney I.D. No. 75556  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
Phone: 717-236-1300  
E-mail: [tjsniscak@hmslegal.com](mailto:tjsniscak@hmslegal.com)  
[tsstewart@hmslegal.com](mailto:tsstewart@hmslegal.com)

Dated: February 2, 2024

*Attorneys for Appalachian Utilities, Inc.*

**ATTACHMENTS**

**ATTACHMENT 1: STOCK PURCHASE AGREEMENT**

**ATTACHMENT 2: WRITTEN CONSENT OF SOLE SHAREHOLDER & DIRECTORS**

**ATTACHMENT 3: BALANCE SHEET CALENDAR YEAR 2022**

**ATTACHMENT 4: PROFIT & LOSS STATEMENT CALENDAR YEAR 2022**

**ATTACHMENT 1**

**STOCK PURCHASE AGREEMENT**

## STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "**Agreement**") is entered into as of October 30, 2023, by and between Frank R. Sargent Jr. ("**Seller**"), and Kyle Gallagher ("**Buyer**").

### Background

Seller owns 100% of the outstanding shares of Appalachian Utilities, Inc., a Pennsylvania corporation (the "**Company**"). Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, 40% of the outstanding shares of the Company (the "**Company Shares**"), on the terms and conditions of this Agreement.

### Agreement

NOW THEREFORE, in consideration of the foregoing background, which is incorporated herein by reference, and of the representations, warranties, covenants, and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound, the parties hereby agree as follows:

## **ARTICLE I** **SALE AND PURCHASE OF SHARES**

1.1 Sale of Shares and Purchase Price. In accordance with the terms, and subject to the conditions of this Agreement, Seller hereby sells, assigns, transfers, and delivers to Buyer all of Seller's right, title, and interest in and to the Company Shares, and Buyer hereby purchases from Seller all of the Company Shares, effective as of the date determined by Seller following satisfaction or waiver of all conditions in Article II of this Agreement ("Closing Date"). The total purchase price for the Company Shares shall be \$400.00 (the "**Purchase Price**"). Buyer shall pay the Purchase Price to Seller in immediately available funds.

## **ARTICLE II** **CONDITIONS**

2.1 Conditions Precedent to the Obligations of the Buyer to Close. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver of each of the following conditions on or before the Closing Date:

(a) Share Certificate. Seller shall have delivered a stock certificate evidencing the Company Shares, with duly executed stock powers attached.

(b) Representations and Warranties of the Seller. The representations and warranties of Seller contained in this Agreement shall be true and correct on and as of the Closing Date as though such representations and warranties were made on the Closing Date.

(c) Performance of Covenants and Agreements. Seller shall have performed and complied with all covenants, agreements, and conditions required to be performed by or complied with by the Seller, in accordance with the terms and conditions of this Agreement.

(d) Further Assurances. Buyer shall have received such further instruments and documents as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained and the performance of all conditions to the consummation of such transactions.

2.2 Conditions Precedent to the Obligation of the Seller to Close. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver of each of the following conditions on or before the Closing Date:

(a) Purchase Price. Buyer shall have paid the Purchase Price to Seller in accordance with Section 1.1.

(b) Pennsylvania Public Utility Commission Approval. Seller shall have received Pennsylvania Public Utility Commission ("Commission") approval of the transactions contemplated by this Agreement, pursuant to the Merger Agreement defined in Paragraph 4.4 of this Agreement. This condition is not subject to waiver.

(c) Representations and Warranties of the Buyer. The representations and warranties of Buyer contained in this Agreement shall be true and correct on and as of the Closing Date as though such representations and warranties were made on the Closing Date.

(d) Performance of Covenants and Agreements. Buyer shall have performed and complied with all covenants, agreements, and conditions required to be performed by or complied with by Buyer, in accordance with the terms and conditions of this Agreement.

(e) Further Assurances. Seller shall have received such further instruments and documents as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained and the performance of all conditions to the consummation of such transactions.

### **ARTICLE III** **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller hereby makes the following representations and warranties to the Buyer, each of which is true and correct on the date hereof and shall be true and correct on the Closing Date:

3.1 Share Ownership. All of the Company Shares are duly authorized, validly issued, fully paid, and non-assessable. No third-party has any call right, redemption right, purchase option, or other right to or interest in the Company Shares.

3.2 Title to Shares. Seller is the sole record and beneficial owner of the Company Shares and has full right and title to the Company Shares and the full and unrestricted right, power, and authority to sell, assign, transfer, and deliver the Company Shares to Buyer in accordance with this Agreement.

3.3 Agreement Authorized. The execution and delivery of this Agreement does not, and the consummation by Seller of the transactions contemplated herein will not conflict with or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under the Articles of Incorporation or the Bylaws of the Company.

3.4 Valid and Binding Obligation. Seller has the right, power, and authority to enter into and to perform the obligations under this Agreement, including having received the Commission approval set forth in Paragraph 2.2(b) of this Agreement. This Agreement constitutes a valid, binding, and enforceable obligation of the Seller.

3.5 Survival of Representations and Warranties. The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement.

#### **ARTICLE IV** **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby makes the following representations and warranties to Seller, each of which is true and correct on the date hereof and shall be true and correct on the Closing Date:

4.1 Valid and Binding Obligation. Buyer has all requisite power and authority to execute and deliver this Agreement, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and constitutes a valid, legal, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

4.2 Investigation. Buyer is aware of and familiar with the business, operations, financial condition, and prospects of the Company, and has had access to such information concerning the foregoing, the Company, and the Company Shares as Buyer deems necessary to enable it to make an informed investment decision concerning the purchase of the Company Shares.

4.3 Investment. Buyer acknowledges that the Company Shares being purchased and sold under this Agreement are not registered under the Securities Act of 1933, as amended, or any state securities or blue-sky laws or regulations and, as a result thereof, are subject to substantial restrictions on transfer, and that no registration is contemplated. Buyer represents and warrants that (a) Buyer has such knowledge and experience in business and financial matters that Buyer is capable of evaluating the merits and risks of the investment in the Company Shares; (b) the Company Shares purchased are being acquired for investment and not with an intent to distribute or resell and (c) Buyer is able to bear the substantial economic risks of the investment in the Company Shares for an indefinite period and is able to bear the economic risk of losing Buyer's entire investment in the Company Shares. Buyer has had the opportunity to review this Agreement and discuss the purchase of the Company Shares with any agents of his choosing, including his attorney and accountant, and has done so to the extent of his desire. Buyer understands that Seller is relying on Buyer's representations in this Section 4.3 in entering into this Agreement.

4.4 Acknowledgement of Merger Agreement. Buyer acknowledges that the Company entered into a Merger Agreement by and among Company, Seller, American Water Works Company, Inc., a Delaware corporation ("**Parent**"), and AUC Acquisitions Company, a Pennsylvania corporation ("**Merger Sub**"), dated September 22, 2023 (the "**Merger Agreement**"), under which Parent will acquire the Company through a statutory merger of Merger Sub with and into the Company. Buyer acknowledges that the Company is bound by the terms of the Merger Agreement and is aware of and familiar with the terms of the Merger Agreement and accompanying transaction documents. Buyer acknowledges that the Stock Consideration established in the Merger Agreement may have substantial tax consequences for Buyer related to Buyer's purchase of the Company Shares. Buyer further acknowledges that he will also be bound by the terms of the Merger Agreement, as a shareholder of

the Company, upon the execution of this Agreement. Buyer has had the opportunity to have the Merger Agreement reviewed by counsel and agents of Buyer's choosing to the full extent of his desire.

4.5 Survival of Representations and Warranties. The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement.

## **ARTICLE V**

### **COVENANTS AND AGREEMENTS**

5.1 Tax Matters. Seller and Buyer agree to cooperate in good faith in filing all tax returns related to the transactions contained herein. Each party will be responsible for filing any individual tax returns relating to their ownership of shares in the Company.

5.2 Good Faith Efforts. Buyer and Seller shall utilize their respective good faith efforts to carry out the intents and purposes of this Agreement, to cure or correct any unintentional deviations from this Agreement, and to accomplish any of the undertakings in this Agreement.

## **ARTICLE VI**

### **MISCELLANEOUS**

6.1 Entire Agreement; Modification. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof and any and all prior agreements or understandings between the parties on the same subject are hereby rescinded and made null and void by mutual agreement. This Agreement may be modified, revised, or amended only by a written instrument signed by each of the parties.

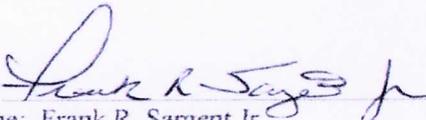
6.2 Governing Law. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

6.3 Heirs, Successors and Assigns. The covenants, terms, provisions, and agreements herein contained shall be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns.

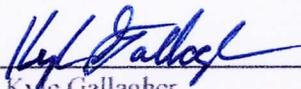
[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties to this Agreement have caused their signatures to be set forth below as of the date first above written.

**SELLER:**

By:   
Name: Frank R. Sargent Jr.

**BUYER:**

By:   
Name: Kyle Gallagher

**ATTACHMENT 2**

**WRITTEN CONSENT OF  
SOLE SHAREHOLDER & DIRECTORS**

**WRITTEN CONSENT OF THE  
SOLE SHAREHOLDER AND DIRECTORS  
OF  
APPALACHIAN UTILITIES, INC.  
a Pennsylvania Corporation**

The undersigned, constituting the Sole Shareholder and Directors of Appalachian Utilities, Inc., a Pennsylvania corporation (the "**Corporation**"), do hereby waive any notice requirements pursuant to the provisions of the Pennsylvania Business Corporation Law of 1988, as amended, and hereby adopts the following resolutions, consent to the actions taken by virtue thereof, and direct that such actions shall, in all respects, be as effective as if such resolutions were adopted and such actions were taken at a special meeting of the Sole Shareholder duly called and held as of the 30<sup>th</sup> day of October, 2023:

**WHEREAS**, the Corporation and the Sole Shareholder have entered into that certain Stock Purchase Agreement, dated as of October 30, 2023 (the "**Stock Purchase Agreement**"), pursuant to which the Sole Shareholder has agreed to sell, and Kyle Gallagher ("**Gallagher**") has agreed to purchase from the Sole Shareholder, a total of Four Hundred (400) shares of common stock in the Corporation; and

**WHEREAS**, the Sole Shareholder and Directors deem it appropriate and in the best interest of the Corporation to agree to the terms of the Stock Purchase Agreement, and to consummate the transfer of shares contemplated therein.

**NOW THEREFORE, BE IT RESOLVED**, that the Sole Shareholder and Directors, on behalf of the Corporation, have had an opportunity to review the Stock Purchase Agreement; and

**BE IT FURTHER RESOLVED**, that the Sole Shareholder and Directors have fully reviewed, fully understand, and agree to all terms of the Stock Purchase Agreement, and further understands all ramifications of agreeing thereto; and

**BE IT FURTHER RESOLVED**, that the Stock Purchase Agreement is hereby ratified and approved by the Sole Shareholder and Directors; and

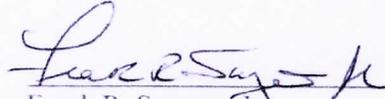
**BE IT FURTHER RESOLVED**, that Frank R. Sargent Jr., as President of the Corporation, is hereby authorized to execute any documentation required by the Stock Purchase Agreement, on behalf of the Corporation and to take all required actions contemplated by the Stock Purchase Agreement on behalf of the Corporation; and

**BE IT FURTHER RESOLVED**, that these resolutions are intended to be as broad as legally permissible so that no further resolutions will be necessary to carry out the transactions and matters contemplated herein.

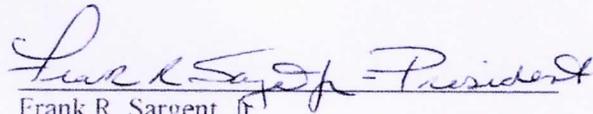
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this Written Consent on the date first set forth above.

**SOLE SHAREHOLDER OF APPALACHIAN  
UTILITIES, INC.**

  
\_\_\_\_\_  
Frank R. Sargent, Jr.

**DIRECTOR OF APPALACHIAN UTILITIES,  
INC.**

  
\_\_\_\_\_  
Frank R. Sargent, Jr.

**DIRECTOR OF APPALACHIAN UTILITIES,  
INC.**

  
\_\_\_\_\_  
Kyle Gallagher

**ATTACHMENT 3**

**BALANCE SHEET CALENDAR YEAR 2022**

## Appalachian Utilities Inc.

## Balance Sheet

As of December 31, 2022

	<u>Dec 31, 22</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
130.0 · Credit Card Transfer -	-0.09
131 · Cash	
131.2 · Cash in Bank	
131.21 · Dime Bank Checking - 1683	7,275.08
<b>Total 131.2 · Cash in Bank</b>	<b>7,275.08</b>
131 · Cash - Other	100.00
<b>Total 131 · Cash</b>	<b>7,375.08</b>
132 · Special Deposits	
132.1 · Dime Bank Savings - 5558	155,969.37
<b>Total 132 · Special Deposits</b>	<b>155,969.37</b>
<b>Total Checking/Savings</b>	<b>163,344.36</b>
<b>Accounts Receivable</b>	
141 · Customers Accounts Receivable	158,555.58
142 · Other Accounts Receivable	
142.2 · Bad Check fee	20.00
142 · Other Accounts Receivable - Other	82.16
<b>Total 142 · Other Accounts Receivable</b>	<b>102.16</b>
<b>Total Accounts Receivable</b>	<b>158,657.74</b>
<b>Total Current Assets</b>	<b>322,002.10</b>
<b>Fixed Assets</b>	
101 · Utility Plant in Service	
301 · Organization	39,064.87
303 · Land and Land Rights	
303.2 · Source of Supply, Land	24,129.83
303.4 · Trnsm & Dist Land/Rway	20,000.00
303.5 · Land & Lnd Rights Office-Garage	4,698.67
<b>Total 303 · Land and Land Rights</b>	<b>48,828.50</b>
304 · Structures and Improvements	
304.2 · Source of Supply, Stru	6,837.97
304.3 · Purfication Buildings	12,255.45
304.4 · Power & Pumping Struct	14,873.99
304.5 · Office Buildings	131,698.99
<b>Total 304 · Structures and Improvements</b>	<b>165,666.40</b>
307 · Wells and Springs	218,875.46

## Appalachian Utilities Inc.

## Balance Sheet

As of December 31, 2022

	<u>Dec 31, 22</u>
<b>311 · Pumping Equipment</b>	
311.1 · Well#5 Pump & Motors	19,326.19
311.2 · Electric Pump Equip	46,637.23
311.3 · Well # 4 pump&motor	7,720.61
311 · Pumping Equipment - Other	8,666.53
<b>Total 311 · Pumping Equipment</b>	<u>82,350.56</u>
<b>330 · Distribution Reservoirs &amp; Stand</b>	
330.4 · Distrib. Res. & Stand	280,092.43
<b>Total 330 · Distribution Reservoirs &amp; Stand</b>	<u>280,092.43</u>
<b>331 · Transmission &amp; Distribution Mai</b>	
331.4 · Mains & Accessories	944,737.02
331.41 · Mains & Accessories (OT)	2,356.01
331 · Transmission & Distribution Mai - Other	33,698.94
<b>Total 331 · Transmission &amp; Distribution Mai</b>	<u>980,791.97</u>
<b>333 · Services</b>	
333.4 · Services	373,461.44
333.41 · Services (OT)	857.50
333 · Services - Other	14,804.57
<b>Total 333 · Services</b>	<u>389,123.51</u>
<b>334 · Meters &amp; Meter Installations</b>	
334.1 · Customer Meters	4,730.44
334.4 · Meters	310,300.53
334.41 · Meters (OT)	28.73
334 · Meters & Meter Installations - Other	90,667.47
<b>Total 334 · Meters &amp; Meter Installations</b>	<u>405,727.17</u>
<b>335 · Hydrants</b>	
335.4 · Fire Hydrants	26,813.80
335 · Hydrants - Other	6,341.05
<b>Total 335 · Hydrants</b>	<u>33,154.85</u>
<b>339 · Other Plant &amp; Misc Equipment</b>	
339.2 · Other Power Pump Equip	299.00
339.3 · Purfication System	55,693.41
339.4 · GIS Mapping	22,008.33
339 · Other Plant & Misc Equipment - Other	32,160.87
<b>Total 339 · Other Plant &amp; Misc Equipment</b>	<u>110,161.61</u>
<b>340 · Office Furniture &amp; Equipment</b>	
340.5 · Office Furn and Equip	23,631.09
340.6 · DIVERSIVIED BILLING SYSTEM	7,690.00
340 · Office Furniture & Equipment - Other	519.29
<b>Total 340 · Office Furniture &amp; Equipment</b>	<u>31,840.38</u>

## Appalachian Utilities Inc.

## Balance Sheet

As of December 31, 2022

	<u>Dec 31, 22</u>
<b>341 · Transportation Equipment</b>	
<b>341.5 · Transportation Equip</b>	
341.56 · 2012 Ford F550 Super Duty Dump	42,235.47
341.57 · 2022 Ram Truck	53,562.50
341.5 · Transportation Equip - Other	<u>135,984.04</u>
<b>Total 341.5 · Transportation Equip</b>	<u>231,782.01</u>
<b>Total 341 · Transportation Equipment</b>	231,782.01
<b>343 · Tools, Shop &amp; Garage Equipment</b>	
343.00 · Shop Equipment	86,011.74
343.1 · POW-R-MOLE VM810 LOCATOR	3,506.00
343.2 · LRG TAP MACHINE-Mueller CL-12	7,000.00
343.3 · Hydraulic Operator	3,885.79
343.4 · Portable Fuel Drum	787.07
343.5 · HYDLC POWER PACK FOR TAP MACHNE	1,892.62
343.6 · Colorimeter	2,903.42
343.8 · 2021 POLARIS 4 WHLR	28,934.95
343 · Tools, Shop & Garage Equipment - Other	<u>1,090.55</u>
<b>Total 343 · Tools, Shop &amp; Garage Equipment</b>	136,012.14
<b>346 · Communication Equipment</b>	
346.5 · Communication Equip	<u>34,835.21</u>
<b>Total 346 · Communication Equipment</b>	34,835.21
<b>347 · Miscellaneous Equipment</b>	
347.5 · Miscellaneous Equip	<u>86,012.33</u>
<b>Total 347 · Miscellaneous Equipment</b>	86,012.33
<b>348 · Other Tangible Plant</b>	
348.5 · Stores, Shop & Garage Bldgs	<u>7,343.41</u>
<b>Total 348 · Other Tangible Plant</b>	<u>7,343.41</u>
<b>Total 101 · Utility Plant in Service</b>	3,281,662.81
<b>108 · Accumulated Depreciation</b>	
108.1 · Accum Depr - Plant in Service	<u>-1,604,995.80</u>
<b>Total 108 · Accumulated Depreciation</b>	-1,604,995.80
<b>114 · Utility Plant Acquisition Adjus</b>	<u>-145,683.30</u>
<b>Total Fixed Assets</b>	1,530,983.71
<b>Other Assets</b>	
<b>135 · Temporary Cash Investments</b>	
135.1 · Cash Investments - CD	33,446.07
135.2 · Other Investments - Vanguard	<u>3,287.64</u>
<b>Total 135 · Temporary Cash Investments</b>	36,733.71

## Appalachian Utilities Inc.

## Balance Sheet

As of December 31, 2022

	<u>Dec 31, 22</u>
<b>162 · Prepayments</b>	
162.1 · Prepaid Fed Corp Tax	15,801.00
162.2 · Prepaid PA CNI Tax	1,720.00
<b>Total 162 · Prepayments</b>	<u>17,521.00</u>
<b>186 · Miscellaneous Deffered Debits</b>	
186.1 · Deferred Rate Case Expense	1,772.25
186.3 · Deferred Regulatory Assets	
186.31 · SRBC	54,969.00
186.3 · Deferred Regulatory Assets - Other	5,595.95
<b>Total 186.3 · Deferred Regulatory Assets</b>	<u>60,564.95</u>
<b>Total 186 · Miscellaneous Deffered Debits</b>	62,337.20
<b>271.1 · Customer Contribution</b>	<u>-93,530.94</u>
<b>Total Other Assets</b>	23,060.97
<b>TOTAL ASSETS</b>	<b><u>1,876,046.78</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
231 · Accounts Payable	7,200.02
<b>Total Accounts Payable</b>	<u>7,200.02</u>
<b>Other Current Liabilities</b>	
241 · Misc Current & Accrued Liab	
241.0 · Payroll Liabilities	
241.4 · SUTA Payroll Taxes Payable	55.02
241.5 · Local Payroll Taxes Payable	150.61
<b>Total 241.0 · Payroll Liabilities</b>	<u>205.63</u>
<b>Total 241 · Misc Current &amp; Accrued Liab</b>	205.63
<b>Total Other Current Liabilities</b>	<u>205.63</u>
<b>Total Current Liabilities</b>	7,405.65
<b>Long Term Liabilities</b>	
232 · Notes Payable	
232.3 · SHEFFIELD FINANCIAL	10,823.35
232.4 · 2012 FORD F550 DUMP	21,437.50
232.5 · 2022 RAM 2500 TRK	38,764.95
<b>Total 232 · Notes Payable</b>	<u>71,025.80</u>

## Appalachian Utilities Inc.

## Balance Sheet

As of December 31, 2022

	<u>Dec 31, 22</u>
233 · A/P-DIVERSIFIED TECH-	1,877.72
Total Long Term Liabilities	<u>72,903.52</u>
Total Liabilities	80,309.17
Equity	
214 · Appropriated Retained Earnings	1,193,445.79
32000 · Retained Earnings	552,124.61
414 · Utility Property Retirement	6,528.72
Net Income	<u>43,638.49</u>
Total Equity	<u>1,795,737.61</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>1,876,046.78</u></u></b>

**ATTACHMENT 4**

**PROFIT & LOSS STATEMENT  
CALENDAR YEAR 2022**

## Appalachian Utilities Inc.

## Profit &amp; Loss

January through December 2022

	<u>Jan - Dec 22</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>400 · Operating Revenue</b>	
<b>461 · Metered Water Revenue</b>	
461.1 · Metered Water Residential	569,581.05
461.2 · Metered Water Commercial	109,346.57
461.3 · Metered Water Industrial	1,565.86
461.4 · Metered Water Public	7,944.32
461.6 · Metered Water Revenue Other	3,882.00
<b>Total 461 · Metered Water Revenue</b>	<u>692,319.80</u>
<b>462 · Fire Protection</b>	
462.1 · Public Fire Protection	5,817.78
462.2 · Private Fire Protection	6,864.48
462.3 · Hydrant Charge Individual	17,804.34
<b>Total 462 · Fire Protection</b>	<u>30,486.60</u>
<b>470 · Interest Penalty</b>	9,287.85
<b>471 · Miscellaneous Service Revenue</b>	
471.1 · Turn on Charge	600.00
<b>Total 471 · Miscellaneous Service Revenue</b>	<u>600.00</u>
<b>Total 400 · Operating Revenue</b>	732,694.25
<b>419 · Interest &amp; Dividend Income</b>	698.97
<b>421 · Non-Utility Income</b>	
421.2 · Return Check Charge	60.00
421.3 · Credit Card % increase	0.03
421 · Non-Utility Income - Other	6,000.00
<b>Total 421 · Non-Utility Income</b>	<u>6,060.03</u>
<b>Total Income</b>	<u>739,453.25</u>
<b>Gross Profit</b>	739,453.25
<b>Expense</b>	
<b>401 · Operating Expense</b>	
401.1 · PA One Calls	390.73
401.2 · Maintenance of Mains	22,075.51
401.3 · Maintenance of Services	15,488.92
401.4 · Avis/Woolrich Reservoir maint.	1,170.75
401.5 · Water Treatment Expenses	1,061.27
401.6 · Shop Mntce & Supply	3,474.90
401.7 · WELL MAINTENANCE	780.00
<b>Total 401 · Operating Expense</b>	<u>44,442.08</u>
<b>403 · Depreciation Expense</b>	65,561.49

## Appalachian Utilities Inc.

## Profit &amp; Loss

January through December 2022

	<u>Jan - Dec 22</u>
<b>408 · Taxes Other than Income</b>	
408.10 · Public Utility General Assessme	4,744.00
<b>Total 408 · Taxes Other than Income</b>	4,744.00
<b>408.11 · Property Taxes</b>	5,320.00
<b>409 · Income Taxes</b>	
409.10 · Federal Income Taxes-Op Income	-21.00
409.11 · PA CNI Income Taxes-Op Income	-3.00
<b>Total 409 · Income Taxes</b>	-24.00
<b>427 · Interest Expense</b>	1,777.66
<b>471.01 · Turn on</b>	
471.011 · Emergency call out	57.90
471.012 · Emergency Call Out (OT)	121.66
471.01 · Turn on - Other	214.90
<b>Total 471.01 · Turn on</b>	394.46
<b>601 · Salaries &amp; Wages Employees</b>	
<b>601.1 · Source of Supply &amp; Exp – Operat</b>	
601.11 · Operation Labor	5,805.41
601.111 · Operation Labor (OT)	685.95
601.12 · Pumping Labor	4,596.00
601.121 · Pumping Labor (OT)	2,373.90
<b>Total 601.1 · Source of Supply &amp; Exp – Operat</b>	13,461.26
<b>601.2 · Source of Supply &amp; Exp – Maint.</b>	
601.21 · Maintenance of Reservoirs	1,304.99
601.22 · Maintenance of Wells & Spri	530.75
601.23 · Maintenance of Structures &	499.97
601.24 · Maintenance of Pumping Equip	286.89
<b>Total 601.2 · Source of Supply &amp; Exp – Maint.</b>	2,622.60
<b>601.3 · Water Treatment Exp – Operat</b>	
601.31 · Purification & Lab Labor	10,200.58
601.311 · Purifctn & Lab Labor OT	3,001.95
<b>Total 601.3 · Water Treatment Exp – Operat</b>	13,202.53
<b>601.4 · Water Treatment Exp – Maint.</b>	
601.41 · Maintnce of Structure & Imprvmt	1,376.32
601.411 · Maint of Structures & Imp OT	17.38
601.42 · Maintnce of Purification Equip	1,421.37
<b>Total 601.4 · Water Treatment Exp – Maint.</b>	2,815.07

## Appalachian Utilities Inc.

## Profit &amp; Loss

January through December 2022

	<u>Jan - Dec 22</u>
601.5 · Trans. & Dist. Exp – Operat	
601.51 · Maps & Records	2,776.69
601.511 · Maps & Records (OT)	882.13
601.54 · Operation of Lines/Hydrants	1,426.89
601.55 · Maintenance of misc equip	3,241.00
601.56 · PA One Calls	5,337.63
601.561 · PA One Calls (OT)	28.95
	<hr/>
Total 601.5 · Trans. & Dist. Exp – Operat	13,693.29
601.6 · Trans. & Dist. Exp – Maint.	
601.61 · Remove & Resetting of Meters	387.63
601.62 · Maintenance of Mains	3,583.51
601.621 · Maintenance of Mains (OT)	309.83
601.63 · Maintenance of Services	5,354.37
601.631 · Maintenance of Services (OT)	98.55
	<hr/>
Total 601.6 · Trans. & Dist. Exp – Maint.	9,733.89
601.7 · Customer Accounts Exp	
601.71 · Meter Readings	2,354.13
601.72 · Collections	259.34
601.73 · Service on Customer's Premise	8,546.79
601.731 · Srvce on Customer's Premise OT	61.80
	<hr/>
Total 601.7 · Customer Accounts Exp	11,222.06
601.8 · Admin & General Exp	
601.81 · Mntnce of Struct & imp offic	1,165.07
	<hr/>
Total 601.8 · Admin & General Exp	1,165.07
Total 601 · Salaries & Wages Employees	67,915.77
603 · Salaries & Wages - Officers...	
603.1 · Source of Supply & Exp – Operat	
603.11 · Operation Labor	22,398.48
603.12 · Pumping Labor	8,178.57
	<hr/>
Total 603.1 · Source of Supply & Exp – Operat	30,577.05
603.3 · Water Treatment Exp – Operat	
603.31 · Purification & Laboratory Labor	30,840.22
	<hr/>
Total 603.3 · Water Treatment Exp – Operat	30,840.22
603.4 · Water Treatment Exp – Maint.	
603.41 · Maintenance of Structures & Imp	481.61
603.42 · Maintenance of Purification Lab	335.14
	<hr/>
Total 603.4 · Water Treatment Exp – Maint.	816.75

## Appalachian Utilities Inc.

## Profit &amp; Loss

January through December 2022

	<u>Jan - Dec 22</u>
<b>603.5 · Trans. &amp; Dist. Exp – Operat</b>	
603.51 · Maps & Records	2,379.02
603.55 · Maintenance of miscellaneous Eq	2,677.75
603.56 · PA One Calls	820.79
	<hr/>
<b>Total 603.5 · Trans. &amp; Dist. Exp – Operat</b>	5,877.56
<b>603.6 · Trans. &amp; Dist. Exp – Maint.</b>	
603.61 · Removing & Resetting of Meters	712.46
603.62 · Maintenance of Mains	2,878.06
603.63 · Maintenance of Services	2,268.13
	<hr/>
<b>Total 603.6 · Trans. &amp; Dist. Exp – Maint.</b>	5,858.65
<b>603.7 · Customer Accounts Exp</b>	
603.71 · Meter Readings	2,585.29
603.72 · Collections	2,534.40
603.73 · Service on Customer's Premise	2,665.00
	<hr/>
<b>Total 603.7 · Customer Accounts Exp</b>	7,784.69
<b>603.8 · Admin &amp; General Exp</b>	
603.81 · Maint. of Structures & Imp offc	2,643.99
603.82 · General Office Salaries	41,257.70
603.83 · Regulatory Compliance	17,334.28
	<hr/>
<b>Total 603.8 · Admin &amp; General Exp</b>	61,235.97
<b>Total 603 · Salaries &amp; Wages - Officers...</b>	142,990.89
<b>604 · Employee Pensions &amp; Benefits</b>	
604.1 · Health insurance	71,584.72
604.2 · Pension	26,233.87
604.3 · Holiday Pay	5,684.31
604.4 · Paid Vacation	13,996.96
604.5 · Paid Sick Time	3,505.37
604.6 · Bonus	21,350.00
	<hr/>
<b>Total 604 · Employee Pensions &amp; Benefits</b>	142,355.23
<b>615 · Purchased Power</b>	
615.1 · Operations Source of Supply	
615.11 · Well No. 4	3,508.61
615.12 · Well No. 5 & 6	24,343.37
	<hr/>
<b>Total 615.1 · Operations Source of Supply</b>	27,851.98
<b>615.5 · Operations Trans. &amp; Dist.</b>	
615.51 · Booster Pump	2,857.53
615.52 · Avis Reservoir	348.38
	<hr/>
<b>Total 615.5 · Operations Trans. &amp; Dist.</b>	3,205.91

## Appalachian Utilities Inc.

## Profit &amp; Loss

January through December 2022

	<u>Jan - Dec 22</u>
<b>615.8 · Admin. &amp; General Expenses</b>	
615.81 · Woolrich Office	1,050.20
<b>Total 615.8 · Admin. &amp; General Expenses</b>	<u>1,050.20</u>
<b>Total 615 · Purchased Power</b>	32,108.09
<b>618 · Chemicals</b>	
618.3 · Operations Water Treatment	21,601.91
618.6 · Maintenance Trans. & Dist.	275.00
<b>Total 618 · Chemicals</b>	<u>21,876.91</u>
<b>620 · Materials &amp; Supplies</b>	
620.2 · Maintenance Source of Supply	52.77
620.6 · Maintenance Trans. & Dist.	106.20
620.8 · Admin. & General Expenses	0.00
<b>Total 620 · Materials &amp; Supplies</b>	<u>158.97</u>
<b>632 · Contracted services-Accounting</b>	
632.1 · Quick Books-Graves Accounting	563.13
632.2 · Accountant-Herbein & Company	5,300.00
<b>Total 632 · Contracted services-Accounting</b>	<u>5,863.13</u>
<b>633 · Contracted services-Legal</b>	
633.8 · Admin. & General Expenses	
633.81 · Hawke, McKeon & Sniscak	0.00
<b>Total 633.8 · Admin. &amp; General Expenses</b>	<u>0.00</u>
<b>Total 633 · Contracted services-Legal</b>	0.00
<b>635 · Contracted services-Testing</b>	
635.3 · Operations Water Treatment	2,295.00
635.6 · Maintenance Trans. & Dist.	1,485.00
<b>Total 635 · Contracted services-Testing</b>	<u>3,780.00</u>
<b>636 · Contractual Services - Other</b>	
636.8 · Admin & General Expenses	
636.68 · MCAFEE INTEL SECURITY	164.19
636.81 · Presque Isle Office Contract	36,822.48
636.83 · Norton Internet Security	614.36
636.84 · Solutions for Small Business	3,760.50
636.85 · Quickbooks contract	1,523.90
636.86 · Diversified Technology corp	974.78
636.87 · munibilling contract	1,538.30
636.88 · Website-EIG Domain.com	63.76

## Appalachian Utilities Inc.

## Profit &amp; Loss

January through December 2022

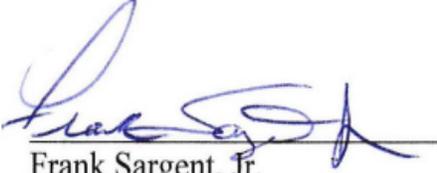
	<u>Jan - Dec 22</u>
636.89 · Website - WIX.COM	254.00
636.8 · Admin & General Expenses - Other	<u>247.00</u>
Total 636.8 · Admin & General Expenses	45,963.27
Total 636 · Contractual Services - Other	45,963.27
636.871 · PCMA - USAGE REPORT	-1,020.25
642 · Rental of Equipment	
642.6 · Maintenance Trans. & Dist.	<u>417.83</u>
Total 642 · Rental of Equipment	417.83
643 · Maintnce of Misc Equip	2,639.71
650 · Transporation Expense	
650.1 · Operations Source of Supply	2,105.68
650.2 · Vehicle Maintenance	11,502.02
650.3 · Operations Water Treatment	2,105.72
650.4 · Maintenance Water Treatment	2,105.74
650.5 · Operations Trans.& Dist.	2,105.70
650.6 · Maintenance Dist. & Trans.	2,105.74
650.7 · Customer Account Expenses	2,105.71
650.8 · Maintenance of Vehicles-PR	1,849.24
650.81 · Maintnce of Vehicles PR	<u>3,285.15</u>
Total 650 · Transporation Expense	29,270.70
656 · Insurance-Vehicle	5,762.00
657 · Insurance-General Liability	11,078.00
658 · Insurance-Work Comp	7,552.00
659 · Insurance-Other	2,600.00
66000 · Payroll Tax Expense	22,681.44
675.1 · Membership Dues	
675.11 · Operator licenses	102.32
675.1 · Membership Dues - Other	<u>4,095.00</u>
Total 675.1 · Membership Dues	4,197.32
675.13 · Educaton	2,682.12
675.14 · Meals	514.93
675.3 · Communication Services	
675.31 · Phone	6,840.46
675.32 · Internet	<u>1,589.70</u>
Total 675.3 · Communication Services	8,430.16
675.4 · Bank Charges	501.97

**Appalachian Utilities Inc.**  
**Profit & Loss**  
 January through December 2022

	Jan - Dec 22
<b>675.6 · Office Expense and Utilities</b>	
675.62 · Sewer	460.35
675.63 · Water	214.14
675.64 · Trash	1,692.25
675.65 · Office Heat	1,886.21
675.66 · Stamps & Envelopes	353.67
675.67 · General Office Supply Expense	1,761.47
675.68 · Office Maintenance Expense	1,062.14
<b>Total 675.6 · Office Expense and Utilities</b>	<b>7,430.23</b>
675.7 · Uniforms	729.88
675.9 · Mailing	4,836.87
<b>Total Expense</b>	<b>695,532.86</b>
<b>Net Ordinary Income</b>	<b>43,920.39</b>
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
416 · Jobbing	
416.11 · Bulk Water - Anadarko	19.30
416.14 · Avis Boro Sewer Collections	262.60
416.15 · Pine Creek Township Collections	0.00
<b>Total 416 · Jobbing</b>	<b>281.90</b>
<b>Total Other Expense</b>	<b>281.90</b>
<b>Net Other Income</b>	<b>-281.90</b>
<b>Net Income</b>	<b>43,638.49</b>

## VERIFICATION

I, Frank Sargent, Jr., President of Appalachian Utilities, Inc., hereby state that the facts set forth in the foregoing Application and its Attachments are true and correct to the best of my knowledge, information, and belief, and that I expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. §4904 relating to unsworn falsification to authorities.



Frank Sargent, Jr.  
President  
Appalachian Utilities, Inc.

Dated: February 2, 2024

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**SERVICE BY EMAIL ONLY:**

Patrick Cicero, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg, PA 17101  
[ra-oca@paoca.org](mailto:ra-oca@paoca.org)

Allison Kaster, Director  
PA Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
[akaster@pa.gov](mailto:akaster@pa.gov)

NazAarah Sabree  
Small Business Advocate  
Pennsylvania Office of Small Business Advocate  
555 Walnut Street, 1<sup>st</sup> Floor  
Forum Place  
Harrisburg, PA 17101  
[ra-sba@pa.gov](mailto:ra-sba@pa.gov)



---

Thomas J. Sniscak, Esq.  
Todd S. Stewart, Esq.

Dated: February 2, 2024

# **ATTACHMENT 2**



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY PLEASE  
REFER TO OUR FILE

January 23, 2025

Docket No. L-2020-3019521

To: All Non-Compliant Water Utilities

RE: Act 120 of 2018 – Chapter 65 Lead Service Line Replacement Program Petition

**NOTICE OF NONCOMPLIANCE**

The purpose of this Secretarial Letter is to provide notice that the Pennsylvania Public Utility Commission (Commission) did not receive a Lead Service Line Replacement (LSLR) program petition from your organization by the required deadline. Pursuant to 52 Pa. Code § 65.55(a), a Class B public utility, Class C public utility or municipal corporation was required to file a LSLR program by July 22, 2024. As a public utility, your organization must comply with Commission regulations. The Commission is requesting that your organization commit the necessary resources to file a LSLR program petition. If a LSLR program petition has not been filed with the Commission by February 21, 2025, this matter may be referred to the Commission's Bureau of Investigation and Enforcement for review and such further action as may be deemed necessary.

In a LSLR program petition, each entity is directed to include, among other things, a LSLR plan, a *pro forma* tariff or *pro forma* tariff supplement containing the proposed changes (without an effective date), and information required by the Commission for filings under 66 Pa.C.S. § 1308 (relating to voluntary changes in rates). Additionally, as part of its petition, each entity will need to include a service line inventory that complies with the United States Environmental Protection Agency regulation at 40 CFR § 141.1—143.20 as enforced by the Pennsylvania Department of Environmental Protection. Following Commission approval of a LSLR program petition, the entity will be directed to file a tariff or tariff supplement effectuating its LSLR program as approved by the Commission.

To assist Class B and C public utilities and municipal corporations submit a LSLR program petition for approval to the Commission, the Commission's Bureau of Technical Utility Services developed a LSLR program petition and plan template (LSLR Petition & Plan Template) and a model *pro forma* tariff supplement (LSLR Pro Forma Tariff) for LSLR programs. These documents have been made available on the Commission's website at the following location:

LSLR Petition & Plan Template:

<https://www.puc.pa.gov/filing-resources/forms/waterwastewater-forms/>

LSLR Pro Forma Tariff:

<https://www.puc.pa.gov/filing-resources/forms/waterwastewater-forms/>

When filing a LSLR program petition with the Commission's Secretary's Bureau, each entity shall serve copies of its petition upon the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and the parties of record in the entity's most recent base rate case.

Further details regarding the LSLR program petition requirements can be found in the Commission's March 14, 2022, Final Rulemaking Order and Annex A thereto as published in the *Pennsylvania Bulletin*. Entities may also reference these documents on the Commission's website at the following URLs:

Final Rulemaking Order – <https://www.puc.pa.gov/pdocs/1737282.pdf>  
Annex A (LSLRs) – <https://www.puc.pa.gov/pdocs/1737278.pdf>

Entities are encouraged to seek potentially available public funds and long-term financing programs to help reduce the cost of a LSLR program to ratepayers. The Pennsylvania Infrastructure Investment Authority (PENNVEST) has funding amounts available for LSLRs through the Drinking Water State Revolving Fund for each of the next five years, through Fiscal Year 2026-2027. Details of PENNVEST's program, funding availability, eligible projects and application procedure may be found on its website at the following URL:

<https://www.pennvest.pa.gov/Information/Funding-Programs/Pages/IIJA.aspx>

Any questions about this letter can be directed to Matthew Lamb, P.E., (717) 783-1001 ([mlamb@pa.gov](mailto:mlamb@pa.gov)), or to Clint McKinley, (717) 783-6161 ([cmckinley@pa.gov](mailto:cmckinley@pa.gov)), in the Bureau of Technical Utility Services.

Sincerely,



Rosemary Chiavetta  
Secretary

cc: Patrick Cicero, Office of Consumer Advocate, [ra-oca@paoca.org](mailto:ra-oca@paoca.org)  
Melanie El Atieh, Office of Consumer Advocate, [melatieh@paoca.org](mailto:melatieh@paoca.org)  
NazAarah Sabree, Office of Small Business Advocate, [ra-sba@pa.gov](mailto:ra-sba@pa.gov)  
Steven Gray, Office of Small Business Advocate, [sgray@pa.gov](mailto:sgray@pa.gov)  
Allison Kaster, Bureau of Investigation & Enforcement, [akaster@pa.gov](mailto:akaster@pa.gov)

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

### **SERVICE BY EMAIL ONLY:**

David P. Zambito, Esquire  
Jonathan P. Nase, Esquire  
Cozen O'Connor  
17 North Second Street  
Suite 1410  
Harrisburg, PA 17101  
[dzambito@cozen.com](mailto:dzambito@cozen.com)  
[jnase@cozen.com](mailto:jnase@cozen.com)

*Counsel for Pennsylvania-American Water  
Company*

Melanie J. El Atieh, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5th Floor Forum Place  
Harrisburg, PA 17101  
[melatieh@paoca.org](mailto:melatieh@paoca.org)

Steven C. Gray, Esquire  
Senior Attorney  
Assistant Small Business Advocate  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor Forum Place  
Harrisburg, PA 17101  
[sgray@pa.gov](mailto:sgray@pa.gov)

Mr. Kevin C. Higgins  
Principal, Energy Strategies  
111 East Broadway, Suite 1200  
Salt Lake City, Utah 84111  
[khiggins@energystrat.com](mailto:khiggins@energystrat.com)

/s/ Thomas J. Sniscak  
Thomas J. Sniscak, Esq.  
Todd S. Stewart, Esq.

Dated: March 12, 2025