



June 12, 2025

VIA E-FILING

David P. Zambito

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Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania-American Water Company – Wastewater Division Section 1329 Application for the Acquisition of the Elizabeth Borough Municipal Authority Wastewater System; Docket No. A-2025-3052983

Joint Stipulation for the Admission of Evidence

Dear Secretary Homsher:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Joint Stipulation for the Admission of Evidence between Pennsylvania-American Water Company and Forward Township.

Copies have been served as shown on the attached Certificate of Service.

Please contact me if you have any question about the enclosed filing.

Sincerely,

By: David P. Zambito
Counsel for *Pennsylvania-American Water Company*

DPZ
Enclosures

cc: Administrative Law Judges Erin L. Gannon and Steven K. Haas
Per Certificate of Service
Teresa K. Harrold, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania-American Water Company –	:	
Wastewater Division Section 1329	:	Docket No. A-2025-3052983
Application for the Acquisition of the	:	
Elizabeth Borough Municipal Authority	:	
Wastewater System	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this 12th day of June, 2025 served a true copy of the foregoing **Joint Stipulation for the Admission of Evidence** upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA E-MAIL

Michael A. Podskoch, Jr., Esq.
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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "David P. Zambito". The signature is fluid and cursive, with a large initial "D".

David P. Zambito, Esq.
Counsel for *Pennsylvania-American Water
Company*

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**ADMINISTRATIVE LAW JUDGES
ERIN L. GANNON AND STEVEN K. HAAS**

Pennsylvania-American Water Company – :
Wastewater Division Section 1329 Application : Docket Nos. A-2025-3052983, *et al*
for the Acquisition of the Elizabeth Borough :
Municipal Authority Wastewater System :

JOINT STIPULATION FOR THE ADMISSION OF EVIDENCE

Pennsylvania-American Water Company (“PAWC”) and Forward Township (“Forward”) (individually, a Stipulating Party” and collectively, the “Stipulating Parties”) hereby join in this Joint Stipulation for the Admission of Evidence (“Stipulation”) in the above-captioned proceedings.

In support of the Stipulation, the Stipulating Parties represent as follows:

I. Background

1. Evidentiary Hearings will be held in this matter on June 16 and 17, 2025.
2. This Stipulation is offered to expedite the Evidentiary Hearings.

II. Stipulation

3. The Stipulating Parties hereby jointly stipulate to the authenticity of and admission into the evidentiary record in this matter of the following: PAWC’s Answers to the Interrogatories of the Office of Consumer Advocate to PAWC - Set 2, Nos. 26-35 (including Attachments OCA-2-26, OCA 2-29, and OCA 2-35) (with verifications) (attached as **Appendix A**).

4. If the Administrative Law Judges grant this Stipulation, the Stipulating Parties agree to waive cross-examination of each other's witnesses (if any) at the Evidentiary Hearings.

5. If the Administrative Law Judges reject this Stipulation, the Stipulating Parties reserve their respective procedural rights to object to the admission of the above-referenced documents, to submit testimony and additional exhibits, and to cross-examine witnesses at the Evidentiary Hearings.

6. Attached hereto as **Appendix B** is a proposed "Order Granting Joint Stipulation for the Admission of Evidence" for consideration by the Honorable Administrative Law Judges Erin L. Gannon and Steven K. Haas.

WHEREFORE the Stipulating Parties, by their respective counsel, respectfully request that the Honorable Administrative Law Judges Erin L. Gannon and Steven K. Haas admit the foregoing documents into the record in this proceeding on the terms and conditions set forth in this Stipulation.

Respectfully submitted,


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Counsel for *Pennsylvania-American Water Company*

APPENDIX A



April 30, 2025

Teresa K. Harrold
Director, Corporate Counsel
852 Wesley Drive | Mechanicsburg, PA 17055
Phone: 717-550-1562
teresa.harrold@amwater.com

Christy M. Appleby, Esquire
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, PA 17101-1923

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

Docket No. A-2025-3052983

Dear Counsel:

Enclosed, are Pennsylvania-American Water Company's responses to the Office of Consumer Advocate's Interrogatories, Set 2, dated February 27, 2025, in the above-referenced proceeding.

Copies of the responses have been served on the parties as indicated on the enclosed Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Teresa K. Harrold

Enclosures

cc: Matthew L. Homsher, Secretary (*eFiling: Cover Letter and Certificate of Service only*)
Office of Consumer Advocate Group E-Mail w/Encs: OCAEBMA1329@paoca.org
Certificate of Service

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

Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

26. If it does not, please recalculate all calculations with using one-fifth of total of the capital improvement plan shown on PAWC Exhibit DJH-2, in native form.

Response: Please refer to OCA-2-26_Attachment for a recalculation of PAWC Exhibit SDG-1 using one-fifth of the total capital improvement plan shown on PAWC Exhibit DJH-2. It is important to note that adding one-fifth of the capital reflected in PAWC Exhibit DJH-2 is a hypothetical depiction of what the impacts of this additional capital would have on rates and does not represent the Company's expectation of actual rate impacts to EBMA customers. The capital reflected in DJH-2 is annual spend, and only in-serviced capital would be included as part of rate base to compute a revenue requirement.

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Authority
Docket No. A-2025-3052983

Elizabeth Borough Municipal Authority Wastewater Customers

Wastewater

Rate Class	Average Usage	Average Monthly Bill at Elizabeth Borough Municipal Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,201 gal/month	\$60.61	\$143.40	\$82.79 or 136.6%
Commercial	22,094 gal/month	\$211.75	\$501.00	\$289.25 or 136.6%

PAWC Current Customers

Wastewater

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,201 gal/month	\$109.55	\$111.08	\$1.53 or 1.4%
Commercial	22,094 gal/month	\$522.46	\$529.77	\$7.31 or 1.4%
Industrial	685,947 gal/month	\$15,117.93	\$15,329.58	\$211.65 or 1.4%

Water

Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Rates	Average Monthly Bill at PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,201 gal/month	\$78.89	\$79.13	\$0.24 or 0.3%
Commercial	22,094 gal/month	\$419.34	\$420.60	\$1.26 or 0.3%
Industrial	685,947 gal/month	\$8,863.12	\$8,889.71	\$26.59 or 0.3%

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Authority
Docket No. A-2025-3052983

Elizabeth Borough Municipal Authority
Wastewater

PAWC - Wastewater

PAWC - Water

Residential		
	Rate per EDU	\$35.00
32.01	0.8000	25.61
		\$60.61

Zone 1 - Residential		
	Service Charge	\$15.00
32.01	2.9539	94.55
		\$109.55

Zone 1 - Residential		
5/8"	Service Charge	\$18.80
32.01	1.8772	60.09
		\$78.89

Rate Impact 136.6%
\$82.79

Rate Impact 1.4%
\$1.53

Rate Impact 0.3%
\$0.24

Total \$143.40

Total \$111.08

Total \$79.13

Commercial		
	Rate per EDU	\$35.00
220.94	0.8000	176.75
		\$211.75

Zone 1 - Commercial		
	Service Charge	\$36.70
220.94	2.1986	485.76
		\$522.46

Zone 1 - Commercial		
1"	Service Charge	\$48.40
160.00	1.8033	288.53
60.94	1.3523	82.41
220.94		
		\$419.34

Rate Impact 136.6%
\$289.25

Rate Impact 1.4%
\$7.31

Rate Impact 0.3%
\$1.26

Total \$501.00

Total \$529.77

Total \$420.60

Industrial		
	Rate per EDU	N/A

Zone 1 - Industrial		
	Service Charge	\$36.70
6,859.47	2.1986	15,081.23
		15,117.93

Zone 1 - Industrial		
2"	Service Charge	\$224.00
160.00	1.6720	267.52
5,840.00	1.2860	7,510.24
859.47	1.0022	861.36
6,000.00		
		8,863.12

Rate Impact N/A

Rate Impact 1.4%
\$211.65

Rate Impact 0.3%
\$26.59

Total

Total \$15,329.58

Total \$8,889.71

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Authority
Docket No. A-2025-3052983

Estimated Rate Increase

Increase applied to Acquired System Customers	
Revenue Requirement Increase	\$ 2,495,419
Current Elizabeth Borough Municipal Authority Wastewater revenues	1,827,402
Estimated Increase to wastewater customers	136.6%

Amount of increase allocated to wastewater customers and applied to the combined revenues of all PAWC wastewater customers and acquired customers:	
Revenue Requirement Increase	\$ 2,495,419
PAWC Wastewater Revenues (R-2023-3043189 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	174,906,969
Estimated Increase to wastewater customers	1.4%

Amount of increase allocated to water customers:	
Revenue Requirement Increase	\$ 2,495,419
PAWC Water Revenues (R-2023-3043189 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	890,733,518
Estimated Increase to Water Customers	0.3%

**Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Authority
Docket No. A-2025-3052983**

Revenue Requirement Increase

Rate Base	\$	28,000,000	Appendix A-11
One-fifth of Capital Investment from Year 1-Year 5	\$	5,182,160	PAWC Exhibit DJH-2
Rate of Return %		7.15%	See Calculations
Rate of Return		<u>2,373,000</u>	
O&M		546,000	Appendix K
Taxes Other		52,788	Appendix K
Depreciation		619,033	Appendix K
Depreciation on Post-Acquisition Capital Investment		109,000	[1]
Taxes		623,000	See Calculations
Revenue Requirement		4,322,821	
Elizabeth Borough Municipal Authority Wastewater Year-1 Revenues		1,827,402	Appendix K
Revenue Requirement Increase		2,495,419	

[1] Depreciation on post-acquisition capital investment calculated at PAWC's composite depreciation rate of 2.10%.

Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Authority
Docket No. A-2025-3052983

Income Tax Calculation

Revenue Requirement	
Rate Base	\$ 33,182,160
Pretax ROR %	9.03%
Pretax ROR	2,996,000
Plus: O&M Expense	546,000
Taxes Other	52,788
Depreciation	728,033
Total Revenue Requirement	4,322,821

Income Tax Calculation	
Revenues	\$ 4,322,821
Less: O&M Expense	546,000
Taxes Other	52,788
Depreciation	728,033
Interest	713,000
SIT Taxable Income	2,283,000
State Income Tax Rate	7.99%
State Income Tax	182,000
FIT Taxable Income	2,101,000
Federal Income Tax Rate	21.00%
Federal Income Tax	441,000
Total Income Taxes	623,000

Interest	
Rate Base	\$ 33,182,160
Weighted Cost of Debt (2.03% + 0.12%)	2.15%
	\$ 713,000

Wastewater	Capital Structure	Cost Rate	Weighted Revenue Cost	Multiplier	Revenue Requirement
Long-Term Debt	42.73%	4.76%	2.03%		2.03%
Wastewater Financing	4.40%	2.67%	0.12%		0.12%
Preferred Stock	0.00%	0.00%	0.00%	1.38	0.00%
Common Equity	52.87%	9.45%	5.00%	1.38	6.88%
			7.15%		9.03%

Capital Structure, Cost of Debt, and Cost of Equity are based on PAWC's last wastewater base rate case.
Docket No. R-2023-3043189, Order Entered July 22, 2024, page 200.
State Income Tax Rate of 7.99% in effect 1/1/2025

Revenue Multiplier

Statutory State Tax Rate	0.0799
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9201
Fed Rate Times (1-State Tax Rate)	0.193221
Effective Tax Rate	0.273121
1-Eff Tax Rate	0.726879
Reciprocal	1.37574

**Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Authority
Docket No. A-2025-3052983**

Operating Revenue Assumptions

Service Charge	Customers	Units	Rate	Revenue
Residential	629	7,548	35.000	264,180
Commercial	68	816	35.000	28,560
Other Public Authority	3	36	35.000	1,260
Bulk Municipal	1,490	17,880	35.000	625,800
Bulk Municipal - Flat Rate	1	36	37.750	1,359
				921,159

Usage Charge	Customers	Units	Rate	Revenue
Residential	629	230,192	0.8000	184,154
Commercial	68	48,030	0.8000	38,424
Other Public Authority	3	1,122	0.8000	898
Bulk Municipal	3	853,460	0.8000	682,768
				906,244

Total Revenues				1,827,402
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**Pennsylvania American Water Company
Acquisition of Wastewater Assets of the Elizabeth Borough Municipal Au
Docket No. A-2025-3052983**

O&M and General Tax Assumptions

Operating and Maintenance Expenses

Labor and Labor Related	\$223,000
Fuel & Power	45,000
Chemicals	38,000
Waste Disposal	76,000
Management Fees	2,000
Insurance Other Than Group	45,000
Maintenance	71,000
Customer Accounting	18,000
General Office Expense	6,000
Miscellaneous	22,000
Total O&M	\$546,000

General Taxes

Property Tax	\$27,000
Regulatory Assessment	12,834
Payroll Taxes	12,954
Total General Taxes	\$52,788

PENNSYLVANIA AMERICAN WATER COMPANY
CSS WASTEWATER OPERATIONS

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE, AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WASTEWATER PLANT AS OF JUNE 30, 2025

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	ORIGINAL COST AS OF JUNE 30, 2025 (3)	BOOK DEPRECIATION RESERVE (4)	FUTURE ACCRUALS (5)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (8)	
					ACCRUAL AMOUNT (6)	ACCRUAL RATE (7)=(6)/(3)		
DEPRECIABLE PLANT								
354.20	STRUCTURES AND IMPROVEMENTS - COLLECTION	45-R3	9,755,421.35	762,913	8,992,508	253,754	2.60	35.4
354.30	STRUCTURES AND IMPROVEMENTS - SPP	55-S0	21,053,791.97	8,184,256	12,869,536	413,563	1.96	31.1
354.40	STRUCTURES AND IMPROVEMENTS - TDP	55-S0	147,669,252.51	56,715,396	90,953,857	2,969,694	2.01	30.6
355.00	POWER GENERATING EQUIPMENT	35-S0.5	5,259,130.23	357,652	4,901,478	210,757	4.01	23.3
360.10	COLLECTION SEWERS - FORCE MAINS	75-R3	24,889,714.44	62,109	24,827,605	398,457	1.60	62.3
361.10	COLLECTION SEWERS - GRAVITY MAINS	80-R2.5	419,036,884.06	155,183,595	263,853,289	5,794,665	1.38	45.5
361.20	MANHOLES	50-S2.5	59,326,868.83	19,268,258	40,058,611	1,402,469	2.36	28.6
363.00	SERVICES	47-R3	18,076,021.84	5,203,897	12,872,125	507,622	2.81	25.4
364.00	FLOW MEASURING DEVICES	15-L2.5	2,099,193.73	1,083,679	1,015,515	155,103	7.39	6.5
371.00	PUMPING EQUIPMENT	30-S0.5	18,041,430.43	5,448,964	12,592,466	720,875	4.00	17.5
380.00	TREATMENT EQUIPMENT	35-S1.5	88,898,702.45	31,061,063	57,837,639	2,942,431	3.31	19.7
381.00	PLANT SEWERS	50-R3	1,576,345.41	863,615	712,730	30,852	1.96	23.1
382.00	OUTFALL SEWER LINES	50-R3	189,250.37	58,189	131,061	3,487	1.84	37.6
389.10	OTHER PLANT AND MISCELLANEOUS EQUIPMENT - INTANGIBLES	20-S2.5	10,740,054.36	3,831,745	6,908,309	619,092	5.76	11.2
390.00	OFFICE FURNITURE AND EQUIPMENT	20-SQ	3,347,253.97	721,775	2,625,479	179,922	5.38	14.6
391.00	TRANSPORTATION EQUIPMENT	14-L4	8,379,886.54	4,855,626	3,524,261	509,477	6.08	6.9
392.00	STORES EQUIPMENT	25-SQ	106,844.28	20,471	86,373	4,358	4.08	19.8
393.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	3,524,789.98	654,201	2,870,589	174,754	4.96	16.4
394.00	LABORATORY EQUIPMENT	15-SQ	1,401,650.48	353,232	1,048,418	90,689	6.47	11.6
395.00	POWER OPERATED EQUIPMENT	22-R2	1,909,398.22	1,106,103	803,295	68,230	3.57	11.8
396.00	COMMUNICATION EQUIPMENT	15-SQ	2,903,863.89	1,230,716	1,673,148	195,723	6.74	8.5
397.00	MISCELLANEOUS EQUIPMENT	15-SQ	3,197,757.35	843,210	2,354,547	217,215	6.79	10.8
TOTAL DEPRECIABLE PLANT			851,383,506.69	297,870,665	553,512,839	17,863,189	2.10	
NONDEPRECIABLE PLANT								
353.20	LAND AND LAND RIGHTS - COLLECTION		3,161,743.45					
353.30	LAND AND LAND RIGHTS - SPP		1,153,570.00					
353.40	LAND AND LAND RIGHTS - TDP		148,041.59					
TOTAL NONDEPRECIABLE PLANT			4,463,355.04					
AMORTIZATION OF NET SALVAGE						2,718,072		
TOTAL UTILITY PLANT			855,846,861.73	297,870,665	553,512,839	20,581,261		

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

Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

27. Additionally, please provide a calculation showing the reflected impact of the planned capital investment for each year using DJH-2.

Response: Refer to the table below which shows the reflected impact of the planned capital investment for each year using DJH-2. The calculation reflects the in-service capital investment for each of the five years, along with depreciation and taxes. As stated in response to OCA-2-26, the revenue requirements shown below do not represent the Company's expectation of actual rate impacts to EBMA customers.

Impact of Planned Capital Investment

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Capital Investment In Service	\$370,000	\$215,000	\$528,600	\$578,600	\$24,218,600
Rate of Return %	7.15%	7.15%	7.15%	7.15%	7.15%
Rate of Return	26,000	15,000	38,000	41,000	1,732,000
Depreciation	8,000	5,000	11,000	12,000	508,000
Taxes	7,000	4,000	10,000	11,000	455,000
Additional Revenue Requirement	\$41,000	\$24,000	\$59,000	\$64,000	\$2,695,000

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

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

Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

28. Provide a list of all water and wastewater acquisitions under Section 1329 by PAWC, the date of closing, and the revenue impact of each.

Response: The following list includes all PAWC water and wastewater acquisitions under section 1329, the dates of closing, and the revenue requirement impacts for each acquisition in the first rate case post-closing.

Acquisitions (Section 1329)	Closed Date	Revenue Impact
McKeesport Wastewater	12/18/2017	\$ 16,338,292
Sadsbury Township Wastewater	3/6/2019	745,997
Exeter Township Wastewater	10/24/2019	6,929,998
Steelton Borough Authority Water	10/9/2019	2,359,719
Kane Borough Authority Wastewater	10/13/2020	1,701,586
Valley Township Water	11/19/2021	*
Valley Township Wastewater	11/19/2021	*
Royersford Borough Wastewater	5/25/2021	3,275,542
Upper Pottsgrove Wastewater	6/30/2022	1,843,924
York Wastewater	5/27/2022	32,018,222
Butler Area Sewer Authority (BASA)	10/29/2024	N/A

The Valley Water and Wastewater acquisition did not have a separate revenue requirement in the first base rate case post-closing.

The Butler Area Sewer Authority acquisition has not been through a Commission approved rate case.

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

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

Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

29. Is PAWC aware of how much of its current (projected) rate base exists as a result of acquisitions under Section 1329? Please provide this answer in both (%) and (\$). Provide supporting calculations in native format.

Response: Please refer to OCA-2-29_Attachment for the rate base associated with acquisitions under Section 1329. Post-acquisition capital investment specific to Valley water and wastewater systems is not available, as those systems are operated by and incorporated into the Coatesville water and wastewater systems.

Responsible Witness:

Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

Acquisition Under 1329	Rate Base	Post Acquisition Capital Expenditure
McKeesport Wastewater	\$158,000,000	\$95,873,578
Sadsbury Township Wastewater	8,300,000	2,715,301
Exeter Township Wastewater	92,000,000	26,812,873
Steelton Borough Authority Water	20,500,000	16,815,021
Kane Borough Authority Wastewater	17,560,000	16,584,540
Upper Pottsgrove	13,750,000	1,120,561
Valley Water	7,325,000	N/A
Valley WW	13,950,000	N/A
Royersford Wastewater	13,000,000	5,589,194
York Wastewater	231,500,000	14,675,382
Butler Area Sewer Authority (BASA)	228,000,000	853,474
Total Section 1329 Acquisitions	\$803,885,000	\$181,039,923

Last Authorized Rate Base at Docket
R-2023-3043189 \$5,823,752,080

1329 Acquisition Rate Base as a Percentage
of Last Authorized Rate Base 16.91%

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

Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

30. When does PAWC expect EBMA customers to realize cost reductions to offset the potential rate increases calculated in Exhibit SDG-1 to PAWC Statement 3?

Response: PAWC anticipates it will begin experiencing the cost reductions and efficiencies described in the Application soon after closing on the transaction. Any such cost reductions or efficiencies will be reflected in PAWC's future rates. Additionally, because the costs of operating and upgrading the EBMA system will be shared by a large customer base, EBMA's customers will immediately experience more stable rates than they would experience if EBMA remains a small, stand-alone system in which a major capital expense (such as the expense of upgrading the system to meet the Long Term Control Plan requirements) can cause a large spike in rates.

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

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

31. Please provide the calculation from Exhibit SDG-1 to PAWC Statement 3 at the rates the municipal customers of EBMA would need to pay for there to be no revenue deficiency from this purchase, after the revenue deficiency from the cost of one-fifth of the capital improvement project is included.

Response: Please refer to the Company's response to OCA-2-26, as well as OCA-2-26_Attachment, for the calculation showing the rates the municipal customers of EBMA would need to pay for there to be no revenue deficiency from this purchase, after the revenue deficiency from the cost of one-fifth of the capital improvement project is included.

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater treatment plant and collection system owned and operated by the Elizabeth Borough Municipal Authority, (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Borough of Elizabeth, Allegheny County, Pennsylvania
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Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

32. Is it possible that an acquisition which expands the customer base will increase per-customer costs over the long term?

Response: Yes. Several factors can influence long-term costs such as the initial acquisition price, the amount of capital investment over time, customer growth, and impacts to O&M expenses.

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

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Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

33. What is the cost per customer (purchase price per connection) for the acquired EBMA customers?

Response: Please refer to the calculation below. The purchase price per customer for the 2,176 EBMA customers (including direct and indirect), as noted in PAWC Statement No. 1, is \$12,868.

A	EBMA Purchase Price	\$ 28,000,000
B	EBMA Customers	2,176
C=A/B	Price per Customers	\$12,868

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

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Docket No. A-2025-3052983

Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

34. What is PAWC's cost per customer (existing rate base per connection) for its current wastewater customers?

Response: PAWC's cost per customer for its current wastewater customers is calculated below, per customer as of 6/30/2025 at Docket No. R-2023-3043189.

A	PAWC Wastewater Rate Base at 6/30/2025	\$ 1,133,956,774
B	PAWC Wastewater Customers at 6/30/2025	98,626
C=A/B	Rate Base per Customer	\$ 11,498

Responsible Witness: Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

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Interrogatories of the Office of Consumer Advocate to PAWC
Set 2

Rates

35. Please provide a copy of the study referenced on page 11 of Mr. Kohl's testimony which indicates that the Authority would need to raise rates to approximately \$95.80/month, or 62%, should the Authority retain ownership and have to invest in the LTCP.

Response: Page 11 of my testimony states that the Authority would need to raise its rates to approximately \$114.23 if it were to retain ownership of the system and complete the LTCP. Please see OCA-2-35_Attachment.

Responsible Witness: Marcus Kohl
Director Business Development
Pennsylvania-American Water Company

Elizabeth Borough Municipal Authority

	Base	Rate/1,000	
EBMA	\$ 35.00	\$ 8.00	
American	\$ 20.00	\$ 2.612	Zone 2

EBMA	Borrow	Annual Debt Service	Monthly	Monthly cost per customer	Customers
Bond @ 4% 30 YRS	\$ 24,631,397.91	\$ 1,411,128.68	\$ 117,597.06	\$ 53.45	2,200
Pennvest @ 2.19% 20 Yrs	\$ 24,631,397.91	\$ 1,505,092.19	\$ 125,424.35	\$ 57.01	2,200
Bond @ 4% 30 YRS	\$ 12,315,698.96	\$ 705,561.37	\$ 58,797.03	\$ 26.73	2,200
Pennvest @ 2.19% 20 Yrs	\$ 12,315,698.96	\$ 752,546.12	\$ 62,712.18	\$ 28.51	2,200

Capital Improvements \$ 24,631,398.91

Customer Consumption	PA American	EBMA Current Rate	PENNVEST 20 YR DEBT SERVICE	MONTHLY BILL	% Increase
Base	\$ 20.00	\$ 35.00			
Cost per 1,000	\$ 26.12	\$ 8.00			
1,000 Gallons	\$ 46.12	\$ 43.00	\$ 57.01	\$ 100.01	133%
2,000 Gallons	\$ 72.24	\$ 51.00	\$ 57.01	\$ 108.01	112%
3,000 Gallons	\$ 98.36	\$ 59.00	\$ 57.01	\$ 116.01	97%
4,000 Gallons	\$ 124.48	\$ 67.00	\$ 57.01	\$ 124.01	85%
5,000 Gallons	\$ 150.60	\$ 75.00	\$ 57.01	\$ 132.01	76%
10,000 Gallons	\$ 281.20	\$ 115.00	\$ 57.01	\$ 172.01	50%
Average Customer 3,000 gallons per month		PAW	\$ 98.36		
		EBMA	\$ 116.01		

Customer Consumption	PA American	EBMA Current Rate	BOND 30 YR DEBT SERVICE	MONTHLY BILL	% Increase
Base	\$ 20.00	\$ 35.00			
Cost per 1,000	\$ 26.12	\$ 8.00			
1,000 Gallons	\$ 46.12	\$ 43.00	\$ 53.45	\$ 96.45	124%
2,000 Gallons	\$ 72.24	\$ 51.00	\$ 53.45	\$ 104.45	105%
3,000 Gallons	\$ 98.36	\$ 59.00	\$ 53.45	\$ 112.45	91%
4,000 Gallons	\$ 124.48	\$ 67.00	\$ 53.45	\$ 120.45	80%
5,000 Gallons	\$ 150.60	\$ 75.00	\$ 53.45	\$ 128.45	71%
10,000 Gallons	\$ 281.20	\$ 115.00	\$ 53.45	\$ 168.45	46%
Average Customer 3,000 gallons per month		PAW	\$ 98.36		
		EBMA	\$ 112.45		

Customer Consumption	PA American	Bond 30YR	PENNVEST 20YR	50% BOND 30 YR 50% PENNVEST 20 YR DEBT SERVICE	MONTHLY BILL	% Increase
Base	\$ 20.00	\$ 12,315,698.96	\$ 12,315,698.96			
Cost per 1,000	\$ 26.12					
1,000 Gallons	\$ 46.12			\$ 55.23	\$ 98.23	128%
2,000 Gallons	\$ 72.24			\$ 55.23	\$ 106.23	108%
3,000 Gallons	\$ 98.36			\$ 55.23	\$ 114.23	94%
4,000 Gallons	\$ 124.48			\$ 55.23	\$ 122.23	82%
5,000 Gallons	\$ 150.60			\$ 55.23	\$ 130.23	74%
10,000 Gallons	\$ 281.20			\$ 55.23	\$ 170.23	48%
Average Customer 3,000 gallons per month				PAW	\$ 98.36	
				EBMA	\$ 114.23	

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

VERIFICATION

I, Stacey D. Gress, hereby state that the facts set forth in the foregoing Pennsylvania-American Water Company responses to the Data Request, Set 2, from the Office of Consumer Advocate, specifically 1 and 25-34, and accompanying attachments, if any, 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 if held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: April 30, 2025



Stacey D. Gress
Director of Rates and Regulatory
Pennsylvania-American Water Company

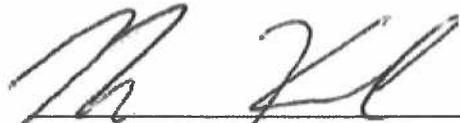
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Company under Sections 1102(a) and 1329 :
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(2) the rights of Pennsylvania-American :
Water Company to begin to offer or furnish :
wastewater service to the public in the :
Borough of Elizabeth, Allegheny County, :
Pennsylvania :

VERIFICATION

I, Marcus Kohl, hereby state that the facts set forth in the foregoing Pennsylvania-American Water Company responses to the Data Request, Set 2, from the Office of Consumer Advocate, specifically 2, 10-20, 22-24, 35-36, 40-41, 44 and 54-55, and accompanying attachments, if any, 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 if held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: April 30, 2025



Marcus Kohl
Director Business Development
Pennsylvania-American Water Company

APPENDIX B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania-American Water Company – :
Wastewater Division Section 1329 Application : Docket Nos. A-2025-3052983, *et al*
for the Acquisition of the Elizabeth Borough :
Municipal Authority Wastewater System :

**ORDER GRANTING JOINT STIPULATION
FOR THE ADMISSION OF EVIDENCE**

On June 12, 2025, Pennsylvania-American Water Company (“PAWC”) and Forward Township (“Forward”) (individually, a Stipulating Party” and collectively, the “Stipulating Parties”) filed a Joint Stipulation for the Admission of Evidence (“Stipulation”) in the above-captioned proceeding.

Each of the Stipulating Parties stipulated to the authenticity of the documents listed in the Stipulation and requested that they be admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation. The Stipulation is attached to this Order.

As this request is reasonable, it will be granted.

THEREFORE,

IT IS ORDERED:

1. That the Stipulation, filed on June 12, 2025, is APPROVED;
2. That the documents listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Stipulation.

Date: _____

Administrative Law Judge