

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
HARRISBURG, PA 17120**

Public Meeting held August 14, 2025

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Application of Aqua Pennsylvania Wastewater, Inc. for approval of: (1) Aqua Pennsylvania Wastewater, Inc.'s acquisition of the wastewater systems assets of Breyer Master Association, Breyer Court Condominium Association, Breyer Woods Condominium Association, One Breyer Estates Condominium Association and Salus University; and (2) the right, *nunc pro tunc*, to begin to offer, render, furnish or supply wastewater service to the public in a portion of Cheltenham Township, Montgomery County, Pennsylvania

Docket No.
A-2025-3054123

ORDER

BY THE COMMISSION:

By the application (Application) filed with the Pennsylvania Public Utility Commission (Commission) on March 21, 2025, Aqua Pennsylvania Wastewater, Inc. (APW), Utility Code 230240, seeks certificates of public convenience pursuant to Sections 1102(a)(1)(i) and 1102(a)(3) of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 1102(a)(1)(i) and 1102(a)(3), evidencing Commission approval of APW's right to: (1) acquire the wastewater system assets of Breyer Master Association, Breyer Court Condominium Association, Breyer Woods Condominium Association, One Breyer Estates Condominium Association and Salus University; and (2) the right, *nunc pro tunc*, to begin to offer, render, furnish or supply wastewater service to the public in a portion of

Cheltenham Township, Montgomery County, Pennsylvania. In supplemental information filed with the Commission, APW withdrew its request for approval of the right, *nunc pro tunc*, to begin to offer, render, furnish, or supply wastewater service to the public in a portion of Cheltenham Township, Montgomery County, Pennsylvania, as discussed further in Section II below.

I. AFFECTED ENTITIES AND BACKGROUND

APW is a regulated public utility company, duly organized and existing under the laws of the Commonwealth with a mailing address of 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. APW furnishes wastewater service to approximately 62,000 customers throughout 17 counties, including Cheltenham Township, Montgomery County. APW is a subsidiary of Essential Utilities, Inc. and an affiliate of Aqua Pennsylvania, Inc. (Aqua), Utility Code 210104.

Breyer Master Association, Breyer Court Condominium Association, Breyer Woods Condominium Association and One Breyer Estates Condominium Association are Pennsylvania non-profit corporations and Salus University is a Pennsylvania non-profit charitable organization, all organized and existing under the laws of the Commonwealth (collectively, Sellers). The Sellers each own and operate a wastewater collection system (collectively, Sellers' System). The Sellers' System furnishes wastewater service to approximately 223 customers, including 219 residential and 4 commercial customers. Water service for the Sellers' customers is provided by Aqua.

APW submitted proofs of publication and service to the appropriate entities. Notice of the Application was published in the *Pennsylvania Bulletin*, 55 Pa.B. 2700, on April 5, 2025. The protest period ended April 21, 2025. On April 16, 2025, the Office of Small Business Advocate (OSBA) filed a Notice of Appearance, and on April 17, 2025, OSBA filed a Notice of Intervention (NOI). On July 2, 2025, OSBA withdrew its NOI. No protests were filed, and no hearings were held.

II. LOCATION OF FACILITIES TO BE ACQUIRED

In the Application, APW acknowledged that the requested territory noted in the Application's Confidential Exhibit A, Map of the Requested Territory, was previously included in APW's requested territory in its Application at Docket No. A-2019-3008491 (2019 Cheltenham Application).¹ APW's 2019 Cheltenham Application was approved and APW was granted a Certificate of Public Convenience (CPC) to provide wastewater service in this Application's requested territory on November 5, 2019 (2019 CPC).² Also, the 2019 Cheltenham Application's Confidential Exhibit Cheltenham Calendar YE 2018 Customers and Consumption by Class 20190125 included the customers in the requested territory. In supplemental information filed with the Commission, APW withdrew its request for a CPC to serve the requested territory since the request had been granted in the 2019 Cheltenham Application. As this request for approval is moot, no further action will be taken by the Commission on this issue.

The facilities to be acquired are situated in the east central portion of APW's certificated territory in Cheltenham Township, southwest of the intersection of Old York Road (State Route 611) and Township Line Road (State Route 73), and south of Washington Lane.

III. DESCRIPTION OF FACILITIES FOR FURNISHING SERVICE

APW will acquire certain wastewater collection and conveyance system assets of the Sellers' System, including wastewater collection mains, two pump stations known as the Meetinghouse Road Pump Station and the Black Cherry Circle Pump Station, 69 pre-cast concrete manholes, services, curb stops, and other related appurtenances, supplies, equipment, and inventory. In supplemental information filed with the Commission, APW

¹ See, *Application of APW pursuant to Sections 1102, 1329, and 507 of the Public Utility Code for approval of its acquisition of the wastewater system assets of the Township of Cheltenham*, Order entered November 5, 2019, at Docket No. A-2019-3008491.

² *Id.*

indicated that the 9,515 linear feet (LF) of gravity mains being acquired includes 940 LF of eight-inch-diameter ductile iron (DI) pipe, 737 LF of eight-inch-diameter polyvinyl chloride (PVC) pipe, 6,249 LF of eight-inch-diameter terracotta pipe, 210 LF of 10-inch-diameter DI pipe, 623 LF of 10-inch-diameter terracotta pipe and 756 LF of 12-inch-diameter DI pipe. APW also expanded the breakdown of the Sellers' System assets to include 528 LF of force mains, including 18 LF of two-inch-diameter PVC pipe and 510 LF of four-inch-diameter DI pipe. Additionally, the Sellers' System includes 1,190 LF of four-inch-diameter PVC pipe for service laterals and a surge tank within the Meetinghouse Road Pump Station.

In the Application's Exhibit H, APW included copies of the Sellers' Pennsylvania Department of Environmental Protection (DEP) Water Quality Management (WQM) Permits Nos. 4623403 and WQG02462301 for the Sellers' Meetinghouse Road Pump Station and Black Cherry Circle Pump Station, respectively. For the Meetinghouse Road Pump Station, WQM Permit No. 4623403 specified a permitted capacity of 44 gallons per minute (GPM) with an average flow of 46,564 gallons per day (GPD). However, in Schedule 6.2 of the Asset Purchase Agreement (APA), discussed further in Section IV below, the parties agreed that the Meetinghouse Road Pump Station is not working. In supplemental information filed with the Commission, APW indicated that it intends to study system flow to determine if the Meetinghouse Road Pump Station surge tank is needed to manage flows in the downstream collection system. If the surge tank is unnecessary, APW would decommission the surge tank and allow flow by gravity into APW's existing collection system and would then file an amendment to the existing WQM permit for the Meetinghouse Road Pump Station to revise the description of its operational use. APW estimated rehabilitation costs of \$363,500 for the Meetinghouse Road Pump Station, if necessary, which would be supplied by working capital.

For the Black Cherry Circle Pump Station, WQM Permit No. WQG02462301 specified a permitted capacity of 42 equivalent dwelling units with an average flow of 5,152 GPD and a four-inch-diameter force main with two 100 GPM pumps.

Additionally, APW provided a copy of Cheltenham Township's 2024 Municipal Wasteload Management Report (2024 Chapter 94 Report) filed with DEP. In supplemental information filed with the Commission, APW averred that the Sellers and the Sellers' System are not subject to a Corrective Action Plan or a Consent Order and Agreement with DEP.

In the Application, APW averred that it has been receiving wastewater flows from the Sellers' System and conveying the wastewater flows to the City of Philadelphia Water Department's Northeast Water Pollution Control Plant. APW also stated that the Sellers' System assets being acquired are adequate to meet current customer needs and that no growth in the requested territory is expected. Therefore, it appears the Sellers' System has adequate capacity to continue to provide collection and conveyance service.

IV. ASSET PURCHASE AGREEMENT

On May 29, 2024, APW and the Sellers entered into an APA for APW to acquire certain Sellers' System assets for a purchase price of \$75,000. APW provided a copy of the APA as the Application's Exhibit B. APW averred that the APA was based on arm's length negotiations, and that APW and the Sellers are not affiliated. APW indicated that the purchase price for the acquisition will be financed by cash on hand or established lines of credit arrangements. In supplemental information filed with the Commission, APW indicated that it anticipates closing costs to be approximately \$70,000. APW stated that it will use working capital to pay closing costs.

The APA specified that APW will acquire all the real property, physical plant, equipment and facilities comprising the Sellers' System, with attendant easements, rights-of-way, real property, personal property, fixtures and equipment, permits and authorizations, and other rights necessary to the Sellers' System's operation and maintenance. The APA's Section 1.3 indicated that the excluded assets are comprised of the Seller's cash on hand, accounts receivable, all customer service lines and grinder

pumps, and all piping and fixtures internal to each individual customer’s structure. APW indicated that it will continue to charge its Rate Zone 1 rates, as amended from time to time, to be billed monthly, as further described below in Section VI. APW will enter into a sewer easement agreement regarding certain easements, in the form attached to the Application as Exhibit D.

APW averred that there are no PENNVEST grants or loans on the Sellers’ System and that the Sellers’ System is not used as collateral to secure any outstanding debt obligations of the Sellers. APW provided the following tentative journal entries for booking the transaction in its accounts:

Record Purchase of System

Description	Debit	Credit
Utility Plant Purchased	\$75,000	
Cash		\$75,000

APW indicated that it will perform an original cost study for the Sellers’ System to determine the original cost and accumulated depreciation. Therefore, we will direct APW to file a copy of its original cost study with the Commission upon completion of the study.³ Accordingly, APW is directed to identify this transaction for individual review in the context of its next base rate case that proposes to include the value of these assets in rate base, including capitalized transaction and closing costs, to evaluate the reasonableness of the original cost, contributions, accumulated depreciation, and any utility plant acquisition adjustment claims, pursuant to Section 1327 of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1327 (relating to acquisition of water and sewer utilities).⁴

³ See, Ordering Paragraph 4.

⁴ See, Ordering Paragraph 5.

V. ADDITIONAL CAPITAL REQUIREMENTS

In supplemental information filed with the Commission, APW projected capital improvement expenses of approximately \$1,580,500 for the first ten years of its ownership of the Sellers' System. In year one, APW intends to conduct geographic information system mapping and inspection of the manholes at an estimated cost of \$14,000 and to use closed-circuit television to inspect the sewer mains at an estimated cost of \$20,000. In year two, APW plans to upgrade the electric service to three phases, which is required for pump station upgrades, at a projected expense of \$129,500. In years two and three, APW intends to rehabilitate or replace the existing Meetinghouse Road Pump Station, if needed, at an estimated cost of \$292,500. In years two through ten, APW intends to rehabilitate or replace pipe and manholes at an estimated cost of \$659,000. In year three, APW intends to install a generator at the Meetinghouse Road Pump Station at a projected expense of \$71,000. In years five and six, APW intends to rehabilitate or replace the Black Cherry Pump Station at an estimated expense of \$319,500. Finally, in year six, APW intends to install a generator at the Black Cherry Pump Station at a projected cost of \$75,000.

VI. PROPOSED RATES

In the Application, APW indicated that it will continue to charge Rate Zone 1 rates for wastewater service as set forth in its effective wastewater tariff. APW provided copies of its existing Rate Zone 1 wastewater tariff pages in Exhibit E of the Application. Residential customers with a 5/8-inch meter are billed a \$49.41 monthly customer charge and \$13.419 per 1,000 gallons of water usage. APW averred that the annual revenue from the Seller's System in 2024 was \$248,768. In supplemental information filed with the Commission, APW averred that estimated total expenses for the Seller's System were \$58,000 resulting in an estimated net annual income of \$190,768.

VII. PERMITS, EASEMENTS AND RIGHTS-OF-WAY REQUIRED

According to the APA's Schedule 1.1, acquired assets include any and all permits associated with the Sellers' System, including assignment of National Pollutant Discharge Elimination System and WQM required permits. The Application's Exhibit H included copies of the Sellers' WQM Permit Nos. 4623403 and WQG02462301 for the Meetinghouse Road Pump Station and Black Cherry Circle Pump Station, respectively. APW indicated that it will be provided an easement from the Sellers and provided a copy of a *pro forma* Sewer Easement Agreement as the Application's Exhibit D.

VIII. ACT 537 OFFICIAL SEWAGE FACILITIES PLAN AND LAND-USE PLANNING COMPLIANCE

In supplemental information filed with the Commission as the Application's TUS-A-20 Attachment 1, APW provided a copy of a letter, dated August 22, 1983, from DEP's predecessor, the Pennsylvania Department of Environmental Resources, to Cheltenham Township that approved Cheltenham Township's Planning Module for Land Development amending its Act 537 Official Sewage Facilities Plan (Act 537 Plan) for an area known as the Breyer Tract.

APW also provided, as the Application's TUS-A-18 Attachment 1, a copy of a land use compliance verification form letter completed by the Cheltenham Township Planning Commission that indicated the Application is consistent with Cheltenham Township's comprehensive plan, zoning ordinances and Act 537 Plan. As TUS-A-18 Attachment 2, APW provided a copy of a letter from the Montgomery County Planning Commission indicating that the Application is consistent with the Montgomery County Comprehensive Plan.

IX. OPERATIONS UNDER APW

In supplemental information filed with the Commission, APW indicated that, following Commission approval of the Application, it plans to close with the Sellers soon after the 30-day appeal period ends. In the Application, APW indicated it will operate the Sellers' System as part of the Cheltenham system from its Southeastern Division Office in Bryn Mawr, Pennsylvania. The Sellers' System is interconnected with APW's Cheltenham system. In the Application's Exhibit F, APW provided a copy of the certificate of its certified operator that will be responsible for wastewater facility operations. APW indicated that it is not anticipating any physical, operational or managerial changes after closing.

X. OTHER CONSIDERATIONS

In supplemental information filed with the Commission, APW indicated that approval of the Application will benefit its existing wastewater customers by preventing the system from falling into disrepair and preventing any negative downstream impacts. Further, APW asserted that customers served by the system will benefit since the current owners do not have the funding or expertise needed to continue operating the Sellers' System. APW clarified that no competitive condition will be created by approval of this Application.

APW has no outstanding fines or assessments due to the Commission and is current with Commission reporting requirements. Through Commission correspondence with the DEP's Southeast Regional Office, it was determined that DEP, for this area, does not have any pending actions or outstanding complaints against APW.

XI. CONCLUSION

Based upon the facts that there is a need to continue to make wastewater service available within the requested territory; that the Sellers' do not appear to have the funding

or expertise to operate the Sellers' System; that APW has the technical, financial and legal fitness to own, operate, and maintain the Sellers' System assets; and that APW will continue to serve its customers in compliance with Commission regulations; the Commission finds that granting approval of APW's Application is necessary or proper for the service, accommodation, convenience, or safety of the public and is in the public interest; **THEREFORE,**

IT IS ORDERED:

1. That the Application of Aqua Pennsylvania Wastewater, Inc. at Docket No. A-2025-3054123, is hereby approved, consistent with this Order.

2. That a Certificate of Public Convenience shall be issued pursuant to Section 1102(a)(3) of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1102(a)(3), evidencing Commission approval of the right of Aqua Pennsylvania Wastewater, Inc. to acquire certain wastewater system assets from Breyer Master Association, Breyer Court Condominium Association, Breyer Woods Condominium Association, One Breyer Estates Condominium Association and Salus University, as described in the Application and consistent with this Order.

3. That within ten (10) days of closing with Breyer Master Association, Breyer Court Condominium Association, Breyer Woods Condominium Association, One Breyer Estates Condominium Association and Salus University, Aqua Pennsylvania Wastewater, Inc. shall provide written notification to the Secretary's Bureau at Docket No. A-2025-3054123.

4. That Aqua Pennsylvania Wastewater, Inc. shall file a copy of its original cost study of the wastewater system assets acquired from Breyer Master Association, Breyer Court Condominium Association, Breyer Woods Condominium Association, One Breyer Estates Condominium Association and Salus University with the Secretary's Bureau at Docket No. A-2025-3054123 upon completion of said study, and shall serve

copies of said study upon the Bureau of Technical Utility Services, the Bureau of Audits, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate.

5. That, at the time of filing its next base rate case that proposes to include the assets of this acquisition in rate base, Aqua Pennsylvania Wastewater, Inc. shall provide testimony that specifically references Docket No. A-2025-3054123 and that justifies any amount claimed as an addition to rate base in order to evaluate the reasonableness of the original cost, contributions, accumulated depreciation, and any utility plant acquisition adjustment claims pursuant to Section 1327 of the Pennsylvania Public Utility Code, 66 Pa.C.S. § 1327.

6. That if Aqua Pennsylvania Wastewater, Inc. determines that the transaction will not occur, it will promptly file notice of such determination with the Secretary's Bureau at Docket No. A-2025-3054123 and return the Certificate of Public Convenience issued in Ordering Paragraph 2.

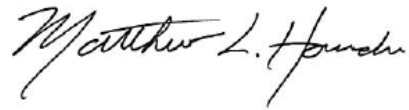
7. That nothing herein shall be construed as an approval or determination of costs or expenses for the purposes of just or reasonable rates or to exempt Aqua Pennsylvania Wastewater, Inc. from obtaining all necessary permits, licenses, and approvals from other federal, state, and local government agencies having jurisdiction.

8. That a copy of this Order be served upon Aqua Pennsylvania Wastewater, Inc., Breyer Master Association, Salus University, the Commission's Bureau of Audits, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Pennsylvania Department of Revenue's Bureau of Corporate Taxes, the Cheltenham Township Board of Supervisors, the Cheltenham Township Planning Commission, the Montgomery County Commissioners, the Montgomery County Planning Commission, and the Pennsylvania

Department of Environmental Protection – Southeast Regional Office and its Bureau of Regulatory Counsel.

9. That upon the filing of a notice of closing as outlined in Ordering Paragraph 3, or upon the return of the Certificate of Public Convenience issued in Ordering Paragraph 2, the proceeding at Docket No. A-2025-3054123 be closed.

BY THE COMMISSION,

A handwritten signature in cursive script that reads "Matthew L. Homsher".

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: August 14, 2025

ORDER ENTERED: August 14, 2025