

**BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Katrina L. Dunderdale, Presiding

**Section 1329 Application of Aqua :
Pennsylvania, Inc. for the Acquisition of the
Water System Assets of the Municipal :
Authority of the Borough of Greenville :
situated within the Borough of Greenville, :
Hempfield Township, Sugar Grove :
Township, and West Salem Township, :
Mercer County, Pennsylvania**

Docket No: A-2024-3049015

**PREHEARING MEMORANDUM OF
THE MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE**

AND NOW, comes The Municipal Authority of the Borough of Greenville and submits this Prehearing Memorandum in connection with the Prehearing Conference scheduled to be held in the above-captioned matter on September 10, 2025.

I. BACKGROUND

This proceeding concerns the Application of Aqua Pennsylvania, Inc (“Aqua”), filed with the Pennsylvania Public Utility Commission (“Commission”) for approval of its proposed acquisition of the water system assets of the Municipal Authority of the Borough of Greenville (“GWA”) pursuant to Sections 1102 and 1325 of the Public Utility Code (“Code”). The Application also includes a request for approval of existing municipal contracts pursuant to Section 507 of the Code.

By correspondence dated June 30, 2025, the Commission conditionally accepted the Application for filing and directed Aqua to serve copies of the Application upon designated entities, to provide individualized notice to affected customers, to publish notice of the filing of

the Application in a newspaper of general circulation, and to provide additional information concerning the proposed acquisition of the GWA System. Aqua has satisfied all requirements.

By correspondence dated August 11, 2025, the Commission informed Aqua that it accepted the Application for filing and that the matter would be assigned to an Administrative Law Judge for disposition.

Administrative Law Judge Katrina L. Dunderdale was assigned to preside over the proceedings.

Judge Dunderdale issued a Prehearing Conference Order on August 13, 2025. Pursuant to Paragraph 10 of the Prehearing Conference Order interested parties are directed to file and serve a Prehearing Memorandum on or before 12:00 p.m. on September 9, 2025.

II. LIST OF ISSUES AND GWA’S POSITION IN REGARD TO SAME

There are three central issues in this proceeding, each of which is set forth below, along with GWA’s position regarding same.

Issue No. 1: Is Aqua’s acquisition of the water system assets of GWA necessary or proper for the service, accommodation, convenience or safety of the public?

GWA’s Position: Aqua’s acquisition of the water system assets of GWA is necessary and proper for the service, accommodation, convenience or safety of the public. The Commission should issue Certificate(s) of Public Convenience approving the acquisition. In support of this conclusion, GWA submits the following:

- a. Aqua has the technical, regulatory, financial and legal fitness to operate the assets of GWA, and to maintain the operations and make improvements to meet continuing and future customer needs¹ while GWA has had an increasingly difficult time in keeping up with the operation of the system, administratively and operationally.

¹ As a certificated provider of utility service, Aqua’s fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

- b. The proposed transaction will not have an adverse effect on the service provided to existing customers of GWA. It is anticipated that the quality of the services will be improved.
- c. The GWA desires and has agreed to sell its assets. The public's interests and needs will be served by allowing Aqua, in lieu of the GWA, to provide water service in the requested territory and to address the issues of regulatory requirements and needed capital expenditures.
- d. The GWA system will benefit from the support of water professionals throughout Aqua's organization as Greenville and the GWA have had difficulty in recruiting individuals with the necessary skill to operate and maintain its System and to sit on its Board of Directors.
- e. The acquisition is consistent with the Commission's long-standing policy supporting the consolidation/regionalization of water/wastewater systems. Through consolidation/regionalization, the utility industry has a better chance to realize the benefits of better management practices, economies of scale, and the resulting greater environmental/economic benefits. The Commission has previously stated that "acquisitions of smaller systems by larger more viable systems will likely improve the overall long-term viability of the water and wastewater industry."² The benefits of consolidation/regionalization, ultimately, inure to customers both existing and to be acquired.
- f. The acquisition of the GWA system will increase Aqua's customer base. With a larger customer base, future statewide infrastructure investments will be shared at a lower incremental cost per customer for all Aqua customers.
- g. The acquisition will not have an immediate or significant impact on the rates of the existing customers of Aqua or the GWA.
- h. Aqua provides water service to approximately 458,000 customers and has years of experience operating water systems in a safe, reliable and efficient manner. Aqua has the managerial, technical, legal and financial resources to improve the operations of GWA water system;
- i. In *McCloskey v. Pa. P.U.C.*, 195 A.3d 1055 (Pa. Cmwlth. 2018), *petition for allowance of appeal denied* No. 703 MAL 2018 (April 23, 2019), the Commonwealth Court held that Commission findings: (i) that Aqua, as the owner of numerous water and wastewater systems has sufficient operational expertise and ability to raise capital to support system operations; and (ii) that the Commission has a policy of consolidation/regionalization of wastewater system assets that allows for increased maintenance, upgrade

² *Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems*, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

and expansion of public sewer and water facilities, are substantial evidence, consistent with *Popowsky v. Pa. P.U.C.*, 937 A.2d 1040 (Pa. 2007), to support a conclusion that there is a public benefit to a transaction such as the one that is the subject of this proceeding;

- j. The acquisition will not have an immediate impact on the rates of either existing customers of Aqua or the GWA. As discussed in the testimony of Mr. Packer and presented in the Notice to Customers, the increase in rate base may ultimately require an increase in revenue. The potential impact on rates is outweighed by the recognized benefits of Aqua's ownership including its expertise and ability to raise capital; the furtherance of consolidation/regionalization of wastewater services; and the spreading of costs over a larger customer base. Perhaps more significantly, the acquisition furthers the objective of the General Assembly with the enactment of Section 1329. While *McCloskey* concludes that rate impact should be addressed, it recognizes that it is not dispositive in the Commission's determination of substantial affirmative benefits.

Issue No. 2: Pursuant to Section 1329 of the Code, what is the appropriate ratemaking rate base of the water system assets of the GWA?

GWA's Position: The ratemaking rate base determined pursuant to Section 1329(c)(2) of the Public Utility Code is \$18,000,000.00, being the lesser of the negotiated purchase price of \$18,000,000.00, and the average of the fair market value appraisals which is \$26,879,745 determined by \$33,246,833 presented in the appraisal of Gannett Fleming Valuation and Rate Consultants and \$20,512,657.00, presented in the appraisal of Scott Madden. It is also to be noted that the proposed rate base of \$18,000,000 is less than the Reasonableness Review Ratio.

Issue No. 3: Pursuant to Section 507 of Code, is the Asset Purchase Agreement ("APA") between Aqua and GWA valid and should the municipal agreements of GWA be assigned to Aqua?

GWA's Position: The APA between Aqua and the GWA is valid and the GWA's municipal agreements should be assigned to Aqua under Section 507 of the Code.

III. WITNESSES

The following statements of written direct testimony were attached as Exhibits to Aqua’s Application when it was submitted to the Commission.

<u>Application</u>	<u>Statement</u>	<u>Witness</u>	<u>Subject Matter</u>
Exhibit	GWA Statement No. 2	Jasson W. Urey	Impact of the sale on the Borough of Greenville and its residents
Exhibit	GWA Statement No. 3	Dylan W. D’Ascendis	ScottMadden Fair Market Value Appraisal
Exhibit	GWA Statement No. 1	Thomas Strahler	Current Operations of GWA; Future Operations and Service and Public Benefit

GWA reserves the right to call additional witnesses, as necessary, and agrees to notify the ALJ and all interested parties timely upon determination of such a need.

IV. LITIGATION SCHEDULE

GWA has conferred with the Commission’s Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), and Intervenors GWA and the Borough of Greenville (“Greenville”) on a proposed litigation schedule and have agreed to a proposed schedule, set forth below, but understand that the hearing dates may need to be moved due to conflicts. GWA will be prepared to discuss the procedural schedule at the Prehearing Conference.

Event	Proposed Dates
Protests and Petitions to Intervene	Monday September 8, 2025
Prehearing Memoranda	Tuesday, September 9, 2025
Prehearing conference (telephonic)	Wednesday, September 10, 2025, at 9:00 am
Public Input Hearing (Greenville)	Thursday September 18, 2025, at 1:00 pm and 6:00 pm

Rebuttal Testimony and Supplemental Testimony on PIH	Monday, September 29, 2025
Surrebuttal Testimony	Wednesday October 8, 2025
Evidentiary Hearings (in person Harrisburg)	Thursday, October 9 and Friday, October 10, 2025
Receipt of Transcript	Monday October 20, 2025
Main Briefs	Tuesday October 28, 2025
Reply Briefs and Close of Record	Wednesday, November 5, 2025
Recommended Decision	Friday, December 5, 2025
Public Meeting	Thursday, January 29, 2026

V. SETTLEMENT

GWA is willing to address settlement of all or part of the proceeding with the other parties in the proceeding.

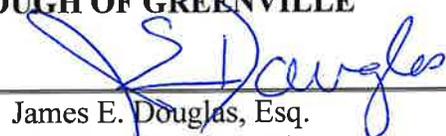
VI. DISCOVERY MODIFICATIONS

GWA is not proposing any modifications to the discovery deadlines set forth in the Prehearing Conference Order.

Respectfully submitted,

**THE MUNICIPAL AUTHORITY OF THE
BOROUGH OF GREENVILLE**

By: _____



James E. Douglas, Esq.
Douglas, Joseph & Olson
409 N. Hermitage Rd.
Hermitage, PA 16148
(724) 981-7333
jedouglas@douglasjoseph.com
*Counsel for The Municipal Authority of
the Borough of Greenville*

Dated: Sept 4, 2025