

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Katrina Dunderdale, Presiding

Application of Aqua Pennsylvania, Inc.	:	Docket No. A-2024-3049015
Pursuant to Sections 1102, 1329, and 507 of	:	
the Public Utility Code, for Approval of the	:	
Acquisition by Aqua 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	:	

**PREHEARING MEMORANDUM OF
AQUA PENNSYLVANIA, INC.**

AND NOW, comes Aqua Pennsylvania, Inc. (“Aqua”) and submits this Prehearing Memorandum in connection with the Telephonic Prehearing Conference scheduled to be held in the above-captioned matter on September 10, 2025, at 9:00 a.m.

I. BACKGROUND

This proceeding concerns the Application of Aqua, filed with the Pennsylvania Public Utility Commission (the “Commission”) on April 25, 2025, for approval of its acquisition of the water system assets of the Municipal Authority of the Borough of Greenville (“GWA”) pursuant to Sections 1102 and 1329 of the Public Utility Code (the “Code”). The Application also includes a request for approval of certain municipal contracts pursuant to Section 507 of the Code.

By Secretarial Letter dated June 30, 2025, the Commission, *inter alia*, 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, and to publish notice of the filing of the Application in a newspaper of general circulation.

Aqua complied with the requirements of the conditional acceptance letter. The Commission, thereafter, by Secretarial Letter dated August 11, 2025, informed Aqua that it accepted the Application for filing.

The matter was assigned to the Office of Administrative Law Judge for disposition. Administrative Law Judge Katrina Dunderdale was assigned to preside over the proceeding. A Telephonic Prehearing Conference was noticed for September 10, 2025.

Judge Dunderdale issued a Prehearing Conference Order on August 13, 2025. Pursuant to Paragraph 10 of the Prehearing Conference Order, the 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 AQUA'S POSITION IN REGARD TO SAME

There are three central issues in this proceeding, each of which is set forth below, along with Aqua'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?

Aqua's Position: Yes, Aqua's acquisition of the water system assets of GWA is necessary or proper for the service, accommodation, convenience or safety of the public. The Commission should issue certificate(s) of public convenience approving the acquisition. As summarized Section IX of the Application:¹

- 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 needs.² The proposed transaction will

¹ Updated Application, at ¶ 53.

² As a certificated provider of utility service, Aqua's fitness is presumed. *See Re Pennsylvania-American Water Company*, 85 PA PUC 548 (1995).

not have an adverse effect on the service provided to existing customers of Aqua;

- b. The GWA has agreed to sell its Assets. The public interest and need 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 capital expenditures. The GWA system will benefit from the support of water professionals throughout Aqua's organization;
- c. 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."³ The benefits of consolidation/regionalization, ultimately, inure to customers both existing and acquired;
- d. Aqua provides utility service to approximately 458,000 water customers and has years of experience operating water treatment and collection systems in a safe, reliable and efficient manner. Aqua has the managerial, technical, and financial resources to improve the operations of GWA;
- e. 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 water system assets that allows for increased maintenance, upgrade 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;
- f. The acquisition of the GWA system will increase Aqua's customer base by approximately 0.6%. With a larger customer base, future infrastructure investments, Statewide, will be shared at a lower incremental cost per customer for all Aqua customers; and
- g. The acquisition will not have any immediate impact on the rates of either existing customers of Aqua or the GWA. As discussed in the testimony of

³ *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).

Mr. Packer and presented in the Notice to customers, the increase in rate base may ultimately require an increase in revenue. The hypothetical 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 water 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 ratemaking rate base of the water system assets of the GWA?

Aqua's Position: The ratemaking rate base, as determined pursuant to Section 1329(c)(2) of the Code, is \$18,000,000, being the lesser of the purchase price of \$18,000,000 negotiated by Aqua and the GWA and the average of the fair market value appraisals, which is \$27,016,292 – determined by \$33,497,679 presented in the appraisal of Gannett Fleming Valuation and Rate Consultants and \$20,534,906 presented in the appraisal of Scott Madden.⁴

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?

Aqua's Position: Yes, 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.

⁴ See Updated Application, at ¶ 57.

III. WITNESSES

The following statements of written direct testimony were attached as Exhibit V, Exhibit W, Exhibit X, Exhibit Y, Exhibit Z, Exhibit AA, Exhibit BB, Exhibit CC, and Exhibit DD to the Application when it was submitted to the Commission on April 25, 2025.⁵

Application	Statement	Witness	Subject Matter
Exhibit V	Greenville Statement No. 1	Thomas Strahler	Description of the GWA System and Borough; Public Benefits; and Rates
Exhibit W	Greenville Statement No. 2	Jasson W. Urey	GWA System and Operations
Exhibit X	Updated Greenville Statement No. 3	Dylan W. D’Ascendis	ScottMadden Fair Market Value Appraisal
Exhibit Y	Updated Aqua Statement No. 1	William C. Packer	Overview of the Transaction; Financial and Legal Fitness of Aqua; APA Rate Provisions; and Public Benefits of the Transaction
Exhibit Z	Updated Aqua Statement No. 2	Zach Martin (adopted by Todd M. Duerr)	Aqua Operation and Technical Fitness; Assessment and Operation of GWA System
Exhibit AA	Aqua Statement No. 3	Scott Steffy	Description of the GWA System; Capital Improvements; and Environmental Compliance
Exhibit BB	Aqua Statement No. 4	Sumit Nair	Cybersecurity and Public Benefits of the Transaction
Exhibit CC	Aqua Statement No. 5	Rita F. Black	Customer Assistance Programs
Exhibit DD	Updated Aqua Statement No. 6	Harold Walker, III	Gannett Fleming Fair Market Value Appraisal

⁵ Certain of these testimonies were later updated in connection with Aqua’s responses to the Commission’s Bureau of Technical Utility Services information requests; they are denoted herein by “Updated” in the “Statement” column of the chart.

Aqua requests that any contact with witnesses be arranged through the undersigned counsel. Aqua is also hereby providing notice to the parties that Updated Aqua Statement No. 2, the Direct Testimony of Zach Martin, will be adopted by Todd M. Duerr.

Aqua reserves the right to call additional witnesses, as necessary, and agrees to notify ALJ Dunderdale and the parties promptly should Aqua determine that additional witnesses will be called.

IV. LITIGATION SCHEDULE

Aqua 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 Greenville Borough (“Greenville”) on a proposed litigation schedule using the Reply Brief date of November 4, 2025. Aqua, I&E, OCA, OSBA, GWA, and Greenville, having taken into consideration Judge Dunderdale’s informal feedback regarding the litigation schedule, have agreed to the proposed schedule, set forth below. Aqua will be prepared to discuss the procedural schedule at the Prehearing Conference.

Event	Proposed Dates
Prehearing Conference	Wednesday, September 10, 2025 at 9 a.m.
Public Input Hearing (“PIH”) (In Greenville)	Thursday, September 18, 2025 at 1 p.m. and 6 p.m.
Other Party Direct Testimony	Friday, September 19, 2025
Rebuttal Testimony	Friday, September 26, 2025
Surrebuttal Testimony	Friday, October 3, 2025
Rejoinder Testimony	Tuesday, October 7, 2025 by 2 p.m.
Evidentiary Hearings (In-person)	Thursday, October 9, 2025 Friday, October 10, 2025
Receipt of Transcript	Tuesday, October 14, 2025
Main Briefs	Tuesday, October 28, 2025
Reply Briefs	Tuesday, November 4, 2025
Recommended Decision	Friday, December 5, 2025
Public meeting	Thursday, January 29, 2026

V. SETTLEMENT

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

VI. DISCOVERY MODIFICATIONS

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

VII. PROTECTIVE ORDER

Information marked CONFIDENTIAL and HIGHLY CONFIDENTIAL was provided with the Application and Discovery Responses. Aqua filed a Petition for Protective Order addressing CONFIDENTIAL and HIGHLY CONFIDENTIAL information on September 8, 2025. There was no objection to the Proposed Protective Order from I&E, OCA, OSBA or Intervenors GWA and Greenville.

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By: /s/ Courtney L. Schultz

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Date: September 8, 2025

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Katrina Dunderdale, Presiding

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Borough of Greenville, Hempfield Township,	:	
Sugar Grove Township and West Salem	:	
Township, Mercer County, Pennsylvania	:	

CERTIFICATE OF SERVICE

I, Courtney L. Schultz, hereby certify that a true and correct copy of Aqua Pennsylvania, Inc.’s Prehearing Memorandum in connection with the above-referenced docket was served on the following individuals on this 8th day of September, 2025, as indicated below.

VIA ELECTRONIC MAIL

PA PUC (via E-Filing)
Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
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Harrisburg, PA 17105

OAL
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Borough

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