



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

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

October 10, 2025

**Via Electronic Mail**

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

Re: 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  
**I&E Pre-Served Testimony**

Dear Secretary Homsher:

Enclosed for electronic filing please find the Bureau of Investigation and Enforcement's Pre-Served Testimony in the above-captioned proceeding. The following documents were admitted into the record via Administrative Law Judge Katrina L. Dunderdale's Third Interim Order Granting Joint Stipulation for Admission of Evidence that was issued on October 10, 2025, which is included herewith along with the following:

<b>Esyan Sakaya:</b>	<b>I&amp;E Statement No. 1</b>
<b>Vanessa Okum:</b>	<b>I&amp;E Statement No. 2</b>
<b>Esyan Sakaya:</b>	<b>I&amp;E Statement No. 1-SR</b>
<b>Vanessa Okum:</b>	<b>I&amp;E Statement No. 2-SR</b>

**Verifications for Esyan Sakaya and Vanessa Okum**

Copies of this letter are being served on parties per the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Carrie B. Wright  
Deputy Chief Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 208185  
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[carwright@pa.gov](mailto:carwright@pa.gov)

CBW/nb

Enclosures

cc: ALJ Katrina L. Dunderdale (*Cover Letter and Certificate of Service only – via email*)  
Kayla Loukas, Legal Asst. – OALJ (*Cover Letter and Certificate of Service only – via email*)  
Per Certificate of Service (*Cover Letter and Certificate of Service only – via email*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Aqua Pennsylvania, Inc.,	:	
pursuant to Sections 1102 and 1329 of the	:	
Public Utility Code for: (1) Approval of its	:	A-2024-3049015
Acquisition of the Water System Assets of the	:	
Greenville Municipal Water Authority	:	
Situated within the Borough of Greenville,	:	
Hempfield Township, and West Salem Township,	:	
Mercer County, Pennsylvania; (2) Approval of the	:	
Right to Begin to Offer, Render, Furnish and	:	
Supply Water Service to the Public in the Borough	:	
Of Greenville, Hempfield Township, and West	:	
Salem Township, Mercer County, Pennsylvania;	:	
And (3) an Order Approving the Acquisition that	:	
Includes the Ratemaking Rate Base of the Water	:	
System Assets pursuant to Section 1329(c)(2) of the	:	
Public Utility Code.	:	
Request for Approval of Contracts, including	:	
Assignments of Contracts, between Aqua	:	
Pennsylvania, Inc., and the Municipal Authority of	:	
The Borough of Greenville, pursuant to Section 507	:	
Of the Public Utility Code.	:	

**THIRD INTERIM ORDER**  
Granting Joint Stipulation  
for Admission of Evidence

On May 14, 2024, Aqua Pennsylvania, Inc. (Aqua PA) filed with the Pennsylvania Public Utility Commission (the Commission) its Notice of Licensed Engineer and Utility Valuation Expert Engagement Concerning Acquisition of the Greenville Water Authority, Water Treatment and Distribution System.

On April 25, 2025, Aqua Pennsylvania, Inc. (Aqua PA) filed with the Commission an Application requesting 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 included a request the Commission approve certain municipal contracts, between Aqua PA and GWA, pursuant to Section 507 of the Code.

On June 30, 2025, the Commission issued a Secretarial Letter which, *inter alia*, conditionally accepted the Application for filing. On August 11, 2025, the Commission issued a Secretarial Letter by which the Commission informed Aqua PA that the Commission had accepted the Application for filing.

On September 10, 2025, the presiding officer conducted the prehearing conference at which the following parties participated: Aqua PA, the Borough of Greenville, GWA, BIE, OCA, and OSBA.

On September 22, 2025, the Prehearing Order was issued in the above cited case, which commemorated discussions between the parties and the presiding officer at the Prehearing Conference. A litigation schedule was established, and evidentiary hearings were scheduled to be held on October 9, 2025, and October 10, 2025, in Harrisburg, Pennsylvania.

On October 7, 2025, the parties filed a Joint Motion for Cancellation of Evidentiary Hearings (Cancellation Motion) and, additionally, joined in the Joint Stipulation for the Admission of Evidence (Joint Stipulation). The parties to the Cancellation Motion and the Joint Stipulation were Aqua Pennsylvania, Inc., the Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Investigation and Enforcement, the Borough of Greenville and the Municipal Authority of the Borough of Greenville.

On October 7, 2025, the presiding officer issued the Second Interim Order which cancelled the evidentiary hearings because: (1) the parties agreed to waive cross-examination questions of all witnesses who filed testimony; (2) the parties stipulated to the admission of the written statements and exhibits served during this proceeding; and (3) the request was unanimous.

The parties appended the Joint Stipulation to the Joint Motion, marked as Appendix A. In Appendix A, the parties specified the documentation to be admitted into the hearing record in this proceeding, pursuant to the parties' agreement in the Joint Stipulation.

THEREFORE,

IT IS ORDERED:

1. That the documentation submitted by the parties is marked as listed in Appendix A, attached hereto, and is hereby admitted into evidence, pursuant to 52 Pa.Code § 5.403(a)(1) and § 5.404;

2. That the Joint Stipulation for Admission of Evidence, filed on October 7, 2025, and the filings, statements, and exhibits listed therein are admitted into the record of this proceeding on the terms and conditions set forth in the Joint Stipulation for Admission of Evidence; and

3. That each party with a filing, statement and/or exhibit, listed in Appendix A of the Joint Stipulation and attached hereto as Appendix A, shall cause to be filed the party's filing, statement and/or exhibit with the Secretary's Bureau of the Commission, with this Interim Order attached.

4. That each party is separately responsible to ensure each filing, statement and exhibit is properly labeled, pursuant to the Protective Order issued on September 23, 2025, and filed appropriately with the Secretary's Bureau.

Date: October 10, 2025

\_\_\_\_\_  
/s/  
Katrina L. Dunderdale  
Administrative Law Judge

## Appendix A

<b>Exhibit No.</b>	<b>Party</b>	<b>Exhibit Description</b>
1.	Aqua	Application with Exhibits A – II filed on April 25, 2025 <sup>1</sup>
2.	Aqua	Letter to Sec. Homsher encl. Aqua’s Responses, Supplemental Information, and Updates to Application Exhibits to TUS Information Request Nos. 1-10, filed on June 13, 2025 <sup>2</sup>
3.	Aqua	Letter to Sec. Chiavetta encl. Aqua’s Responses, Supplemental Information, and Updates to Application Exhibits to TUS Information Request No. 3 filed on June 23, 2025
4.	Aqua	Letter to Sec. Chiavetta encl. Aqua’s Responses, Supplemental Information, and Updates to Application Exhibits to TUS Information Request No. 9 filed on June 25, 2025
5.	Aqua	Application Ex. Y – Verified Updated Direct Testimony of William C. Packer, including Appendices A and B (Aqua Statement No. 1) <sup>3</sup>
6.	Aqua	Application Ex. Z – Verified Updated Direct Testimony of Zach Martin (Aqua Statement No. 2) (adopted by Todd M. Duerr) (Public) <sup>4</sup>
7.	Aqua	Application Ex. Z – Verified Updated Direct Testimony of Zach Martin (Aqua Statement No. 2) (adopted by Todd M. Duerr) (Highly Confidential) <sup>5</sup>
8.	Aqua	Application Ex. AA – Verified Direct Testimony of Scott Steffy, including Appendix A (Aqua Statement No. 3)
9.	Aqua	Application Ex. BB – Verified Direct Testimony of Sumit Nair (Aqua Statement No. 4) (Public)
10.	Aqua	Application Ex. BB – Verified Direct Testimony of Sumit Nair (Aqua Statement No. 4) (Highly Confidential)
11.	Aqua	Application Ex. CC – Verified Direct Testimony of Rita Black (Aqua Statement No. 5)
12.	Aqua	Application Ex. DD – Verified Updated Direct Testimony of Harold Walker, III, including Appendix HW-1 (Aqua Statement No. 6) <sup>6</sup>
13.	Aqua	Verified Rebuttal Testimony of William C. Packer, including WCP-1-R (Aqua Statement No. 1-R)
14.	Aqua	Verified Rebuttal Testimony of Todd Duerr (Aqua Statement No. 2-R)
15.	Aqua	Verified Rebuttal Testimony of Rita Black (Aqua Statement No. 5-R)

<sup>1</sup> Includes public and confidential versions of Exhibits and Supporting Workpapers filed confidentially with the Commission on April 25, 2025.

<sup>2</sup> Includes public and confidential versions of information filed confidentially with the Commission on June 13, 2025.

<sup>3</sup> Exhibit Y is the version as updated on June 13, 2025.

<sup>4</sup> Exhibit Z is the version as updated on June 13, 2025.

<sup>5</sup> Exhibit Z is the version as updated on June 13, 2025.

<sup>6</sup> Exhibit DD is the version as updated on June 13, 2025.

<b>Exhibit No.</b>	<b>Party</b>	<b>Exhibit Description</b>
16.	Aqua	Verified Rebuttal Testimony of Harold Walker, III (Aqua Statement No. 6-R)
17.	Aqua	Verified Rejoinder Testimony of William C. Packer (Aqua Statement No. 1-RJ)
18.	GWA	Application Ex. V – Verified Direct Testimony of Thomas Strahler, (Greenville Statement No. 1)
19.	GWA	Application Ex. W – Verified Direct Testimony of Jasson W. Urey, including Appendix A (Greenville Statement No. 2)
20.	GWA	Application Ex. X – Verified Updated Direct Testimony of Dylan D’Ascendis, including Attachment A (Greenville Statement No. 3) <sup>7</sup>
21.	GWA	Verified Rebuttal Testimony of Thomas Strahler (Greenville Statement No. 1-R)
22.	GWA	Verified Rebuttal Testimony of Jasson Urey (Greenville Statement No. 2-R)
23.	GWA	Verified Rebuttal Testimony of Dylan D’Ascendis (Greenville Statement No. 3-R)
24.	OCA	Verified Direct Testimony of David J. Garrett (OCA Statement No. 1) with Exhibits DJG-1 through DJG-14.
25.	OCA	Verified Surrebuttal Testimony of David J. Garrett (OCA Statement No. 1-SR)
26.	I&E	Verified Direct Testimony of Esyan A. Sakaya including Appendix A (I&E Statement No. 1)
27.	I&E	Verified Direct Testimony of Vanessa Okum including Appendix A (I&E Statement No. 2)
28.	I&E	Verified Surrebuttal Testimony of Esyan A. Sakaya (I&E Statement No. 1-SR)
29.	I&E	Verified Surrebuttal Testimony of Vanessa Okum (I&E Statement No. 2-SR)
30.	OSBA	Verified Direct Testimony of Jason Hails with associated Exhibit JH-1 (OSBA Statement No. 1)
31.	OSBA	Verified Surrebuttal Testimony of Jason Hails (OSBA Statement No. 1-SR)

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<sup>7</sup>

Exhibit X is the version as updated on June 13, 2025.

**A-2024-3049015 - APPLICATION OF AQUA PENNSYLVANIA, INC., PURSUANT TO SECTIONS 1102 AND 1329 OF THE PUBLIC UTILITY CODE FOR: (1) APPROVAL OF ITS ACQUISITION OF THE WATER SYSTEM ASSETS OF THE GREENVILLE MUNICIPAL WATER AUTHORITY SITUATED WITHIN THE BOROUGH OF GREENVILLE, HEMPFIELD TOWNSHIP, AND WEST SALEM TOWNSHIP, MERCER COUNTY, PENNSYLVANIA; (2) APPROVAL OF THE RIGHT TO BEGIN TO OFFER, RENDER, FURNISH AND SUPPLY WATER SERVICE TO THE PUBLIC IN THE BOROUGH OF GREENVILLE, HEMPFIELD TOWNSHIP, AND WEST SALEM TOWNSHIP, MERCER COUNTY, PENNSYLVANIA; AND (3) AN ORDER APPROVING THE ACQUISITION THAT INCLUDES THE RATEMAKING RATE BASE OF THE WATER SYSTEM ASSETS PURSUANT TO SECTION 1329(C)(2) OF THE PUBLIC UTILITY CODE.**  
**REQUEST FOR APPROVAL OF CONTRACTS, INCLUDING ASSIGNMENTS OF CONTRACTS, BETWEEN AQUA PENNSYLVANIA, INC., AND THE MUNICIPAL AUTHORITY OF THE BOROUGH OF GREENVILLE, PURSUANT TO SECTION 507 OF THE PUBLIC UTILITY CODE.**

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Served via eService – October 10, 2025

*(Counsel for Greenville Municipal Water  
Authority)*

**I&E Statement No. 1  
Witness: Esyan A. Sakaya**

**Application of Aqua Pennsylvania Water Inc, Pursuant to Sections 507, 1102, and 1329 of the Public Utility Code for its 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**

**Direct Testimony**

**of**

**Esyan A. Sakaya**

**Bureau of Investigation and Enforcement**

**Concerning:**

**Current and Potential Rates  
Alleged Public Benefit  
Cost of Service Study**

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1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Esyan A. Sakaya. My business address is 400 North Street,  
4 Harrisburg, Pennsylvania 17120.

5

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in  
8 the Bureau of Investigation and Enforcement (I&E) as a Fixed Utility Valuation  
9 Engineer.

10

11 **Q. WHAT IS YOUR EDUCATION AND EMPLOYMENT BACKGROUND?**

12 A. An outline of my education and employment is attached as Appendix A.

13

14 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN THIS PROCEEDING.**

15 A. I&E is responsible for protecting the public interest in proceedings before the  
16 Commission. The I&E analysis in the proceeding is based on its responsibility to  
17 represent the public interest. This responsibility requires balancing the interests of  
18 the ratepayers, the regulated utility, and the regulated community.

19

20 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

21 A. The purpose of my direct testimony is to address regulatory issues relating to the  
22 Application (Application or Transaction) of Aqua Pennsylvania, Inc. (Aqua or

1 Company) for approval of its acquisition of the water system assets of the  
2 Greenville Municipal Water Authority (GWA or Greenville).

3  
4 **Q. DOES YOUR DIRECT TESTIMONY INCLUDE AN EXHIBIT?**

5 A. No.

6  
7 **Q. WHAT IS AQUA REQUESTING IN THIS APPLICATION?**

8 A. Under 66 Pa. C.S. § 1102 (Section 1102), Aqua is requesting approval to acquire  
9 the Municipal Authority of the Borough of Greenville’s water distribution and  
10 treatment system and for the right to begin providing water service in the areas  
11 currently served by GWA. Additionally, under 66 Pa. C.S § 1329 (Section 1329),  
12 Aqua is seeking to utilize the purchase price of \$18,000,000 for the ratemaking  
13 rate base of GWA assets.<sup>1</sup>

14  
15 **Q. WHY DOES AQUA NEED APPROVAL OF THE ACQUISITION UNDER**  
16 **SECTION 1102?**

17 A. Section 1102 requires the Commission to issue a Certificate of Public  
18 Convenience prior to the Company acquiring the water assets of GWA and  
19 providing water service in GWA’s service territory. The Commission will only  
20 grant a Certificate of Public Convenience if it determines that such a certificate is

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<sup>1</sup> Aqua Statement No. 1, p. 25 and Aqua Statement No.1, Appendix A, p. 1.

1 "necessary or proper for the service, accommodation, convenience or safety of the  
2 public." (66 Pa. C.S. § 1103(a)). Further, "the Commission, in granting such  
3 certificate, may impose such conditions as it may deem to be just and  
4 reasonable."<sup>2</sup>

5  
6 **Q. WHAT DOES 66 Pa. C.S. § 1329 ALLOW?**

7 A. Section 1329 allows investor-owned water and wastewater utilities to use the fair  
8 market valuation in the acquisition of water and wastewater systems that are  
9 owned by a municipal corporation or authority. Using the Section 1329  
10 framework enables the investor-owned utility to establish the ratemaking rate base  
11 of the acquired property in the same proceeding that it seeks to acquire the  
12 property.

13  
14 **Q. WHAT DOES THE FAIR MARKET VALUE APPROACH REQUIRE?**

15 A. The fair market valuation approach dictates that once the buyer and the seller  
16 agree to its use, they must engage the services of a licensed engineer to conduct an  
17 assessment of the tangible assets of the seller. The licensed engineer assessment is  
18 then presented to two utility valuation experts (UVEs), one to represent the buyer  
19 and one to represent the seller, to conduct independent analyses based on the  
20 Uniform Standards of Professional Appraisal Practice, employing the cost, market

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<sup>2</sup> 66 Pa. C.S. § 1103(a).

1 and income approaches. The results of the UVEs' analyses are then incorporated  
2 into the application submitted to the Commission for approval under Section 1102  
3 of the Code.<sup>3</sup> For ratemaking purposes, the valuation will be the lesser of the fair  
4 market value or the negotiated purchase price. Finally, Section 1329 allows the  
5 acquiring public utility's post-acquisition improvement costs not recovered  
6 through a distribution system improvement charge to be deferred for book and  
7 ratemaking purposes.

8  
9 **Q. WHAT ISSUES ARE YOU ADDRESSING IN YOUR DIRECT**  
10 **TESTIMONY?**

11 A. I am addressing the alleged public benefits in the acquisition of this water system  
12 related to unaccounted-for water, lead service lines, service meter replacements, and  
13 the necessity of requiring Aqua to undertake a separate Cost of Service Study for the  
14 GWA system in its next base rate case.

15  
16 **Q. WHAT IS I&E'S OVERALL RECOMMENDATION REGARDING THE**  
17 **ACQUISITION?**

18 A. I&E recommends that this acquisition should be rejected in its entirety based on the  
19 testimony herein and the direct testimony of I&E witness Vanessa Okum in I&E  
20 Statement No. 2.

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<sup>3</sup> [http://www.puc.pa.gov/filing\\_resources/issues\\_laws\\_regulations/section1329\\_applications.aspx](http://www.puc.pa.gov/filing_resources/issues_laws_regulations/section1329_applications.aspx), accessed September 11, 2025.

1 **Q. PLEASE DESCRIBE THE MUNICIPAL AUTHORITY OF THE BOROUGH**  
2 **OF GREENVILLE SYSTEM.**

3 A. GWA currently provides water service to approximately 2,700 customers in  
4 Greenville Borough and portions of Hempfield Township, West Salem Township  
5 and Sugar Grove Township in Mercer County. The percentage of water customers is  
6 as follows: 80% of customers reside in Greenville, 19% reside in Hempfield  
7 and 1% reside in West Salem. Greenville’s water operation is comprised of one  
8 water treatment plant, one booster pump, five storage tanks and 43 miles of  
9 distribution mains.<sup>4</sup>

10

11 **Q. WHY IS GREENVILLE PROPOSING TO SELL ITS SYSTEM?**

12 A. The Greenville system is claimed to face significant infrastructure challenges that  
13 necessitate substantial capital investment and operational expertise. The system  
14 requires extensive upgrades, including the replacement of miles of water mains,  
15 much of which lies under state roads. Additionally, more than 1,500 service lines  
16 of unknown material must be identified, and 70 lead service lines must be replaced  
17 within the next ten years to comply with recent lead and copper rule revisions.  
18 Aqua purports to bring the necessary resources to address these challenges, with  
19 an estimated \$10 million in capital improvements planned for the water system  
20 over the next 10 years. The filing indicates that Greenville will benefit from

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<sup>4</sup> Greenville Statement No. 1, p. 4.

1 Aqua's expertise, long-standing capital improvement programs, and experience in  
2 improving and investing in aging systems in need of capital improvements. The  
3 parties assert that the sale would address critical financial needs for GWA, which  
4 currently carries a \$5.7 million debt burden.<sup>5</sup> GWA claims that the transaction  
5 will secure financial stability for the Borough and its residents while providing  
6 flexibility to make necessary future capital investments within the Borough.<sup>6</sup>  
7

8 **CURRENT AND POTENTIAL FUTURE RATE IMPACT**

9 **Q. DOES THE APPLICATION INCLUDE ANY PROVISIONS REGARDING**  
10 **CURRENT RATES AND WHEN THESE CURRENT RATES COULD**  
11 **INCREASE?**

12 A. Yes. As described by Aqua witness Packer, Section 7.04(a) of the APA provides  
13 that Aqua will not propose to increase GWA's base rates until the next Aqua base  
14 rate case.<sup>7</sup> After closing, Aqua will continue billing GWA customers on a  
15 monthly basis as they currently are.<sup>8</sup>  
16

17 **Q. DOES THE APPLICATION DESCRIBE ANY POTENTIAL FUTURE**  
18 **RATE INCREASES?**

19 A. Yes. According to the estimate provided by the Company the average bill for a

---

<sup>5</sup> Greenville Statement No. 1 pp. 11-13.

<sup>6</sup> Greenville Statement No. 2 pp. 6-7.

<sup>7</sup> Aqua Statement No. 1, p. 9.

<sup>8</sup> Aqua Statement No. 3, p. 10.

1 GWA residential customer will increase from \$52.65 per month to \$86.69 per  
2 month, which equates to an increase of \$34.04 per month or 64.66% under full  
3 cost of service, that is with no subsidy being provided by Aqua water customers.<sup>9</sup>  
4

5 **Q. PLEASE ADDRESS THE COMPANY’S ANALYSIS CONCERNING THE**  
6 **POTENTIAL INCREASE IN THE AVERAGE RESIDENTIAL BILL.**

7 A. First, the comparison is just an estimate. Second, the estimated proposed bill of  
8 \$86.69 per month is lower than the current Zone 1 average residential water bill of  
9 \$90.67.<sup>10</sup> Third, the Company’s analysis that determined \$86.69 per month is  
10 incomplete.

11  
12 **Q. PLEASE ADDRESS YOUR FIRST CONCERN THAT THE AVERAGE**  
13 **BILL IS JUST AN ESTIMATE.**

14 A. While I understand that \$86.69 is merely an estimate, \$86.69 per month is likely  
15 understated and customers will eventually experience a higher average residential  
16 water bill.

---

<sup>9</sup> Aqua Statement No. 1, p. 21.

<sup>10</sup> Aqua Statement No. 1, p. 22.

1 **Q. WHAT IS THE FIRST INDICATION THAT THE \$86.69 PER MONTH**  
2 **BILL FOR AN AVERAGE GWA RESIDENTIAL CUSTOMER IS**  
3 **UNDERSTATED?**

4 A. The estimated proposed bill of \$86.69 per month does not consider that the  
5 Company and/or the Commission will ultimately consolidate the GWA rates with  
6 Aqua's Zone 1 water rates. The current monthly weighted average bill for Aqua  
7 residential customers is \$90.67 per month.<sup>11</sup> If rates were consolidated in the next  
8 base rate case, GWA customers would experience an increase of at least \$38.02  
9 (\$90.67- \$52.65) per month or 72.21%

10

11 **Q. WHAT IS THE SECOND INDICATION THAT THE \$86.69 PER MONTH**  
12 **DETERMINED FOR GWA CUSTOMERS IS UNDERSTATED?**

13 A. The estimated proposed bill of \$86.69 per month does not consider that the  
14 Company will include GWA plant added in the FTY or FPFTY. The analysis by  
15 the Company to determine the \$86.69 per month average only includes one year of  
16 plant additions for 2025.<sup>12</sup> However, if, for example, Aqua files a base rate case in  
17 2026, the FTY will be 2026 and the FPFTY will be 2027, reflecting two additional  
18 years of plant additions, which will impact return dollars, depreciation expense  
19 claims, and taxes in the Company's calculations.

---

<sup>11</sup> Aqua Volume 5, Sch. 8-W, p. 1, Docket R-2024-3047822.

<sup>12</sup> Aqua Statement No. 3, Appendix A, p. 1.

1 **Q. PLEASE SUMMARIZE YOUR CONCERNS AND THE IMPORTANCE OF**  
2 **THE ESTIMATED BILL FOR THE AVERAGE GWA CUSTOMER.**

3 A. The Company's estimated increase of 64.66% in the average GWA residential  
4 customer's bill alone is substantial enough to deny the Application, because this  
5 estimate represents a substantial near-term burden to GWA customers, or the  
6 GWA revenue requirement will be shifted to Aqua water customers to make Aqua  
7 whole. Furthermore, since I have shown that the \$86.69 per month estimated  
8 average residential monthly bill is likely understated, the impact to GWA and/or  
9 Aqua's existing water customers will likely be much greater.

10

11 **Q. ARE THERE ANY OTHER CONCERNS ABOUT THIS TRANSACTION?**

12 A. Yes. Based on median income data, it appears that this is a relatively lower  
13 income area.<sup>13</sup> This population could be impacted significantly by higher rates,  
14 particularly when considering the fact that these ratepayers will already be subject  
15 to higher rates on the wastewater side due to Aqua's completed acquisition of the  
16 Greenville wastewater system. The Commission should be mindful of this when  
17 deciding on this transaction.

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<sup>13</sup> <https://greenvilleborough.com/demographics>, accessed September 11, 2025.

1 **ALLEGED PUBLIC BENEFITS**

2 **Q. DID THE COMPANY CLAIM THERE WILL BE SUBSTANTIAL**  
3 **AFFIRMATIVE PUBLIC BENEFITS OF THE TRANSACTION?**

4 A. Yes. The Company states that Aqua will do a better job of operating the system  
5 including but not limited to the following areas: operations, staff training, process  
6 control testing, laboratory sample system management, emergency preparedness  
7 planning, security equipment, hazardous chemical storage, SCADA and water  
8 treatment due to the economies of scale.<sup>14</sup> Aqua also states that it has a history of  
9 acquiring troubled systems to provide safe and reliable service.<sup>15</sup> The Company  
10 also stresses that Aqua has programs in place that could assist low-income  
11 customers that Greenville currently does not have.<sup>16</sup>

12  
13 **Q. DID GREENVILLE ALSO CLAIM THERE WILL BE SUBSTANTIAL**  
14 **AFFIRMATIVE PUBLIC BENEFIT OF THE TRANSACTION?**

15 A. Yes. Greenville restates some of the benefits described by Aqua and further  
16 asserts that financial benefits after selling the water assets will be diverted towards  
17 the redevelopment of the Borough. In addition to this, the Borough is looking  
18 forward to collecting the real estate taxes from Aqua as Greenville will no longer  
19 own the water distribution system.<sup>17</sup>

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<sup>14</sup> Aqua Statement No. 2, pp. 10,13-17.

<sup>15</sup> Aqua Statement No. 3, pp. 11-12.

<sup>16</sup> Aqua Statement No. 2, pp. 2-5.

<sup>17</sup> Greenville Statement No. 2, pp. 2-3.

1 **Q. DID GREENVILLE STATE WHY AQUA WOULD BE SUITABLE IN**  
2 **ACQUIRING THE ASSETS OF GWA ALONG WITH THE POTENTIAL**  
3 **ISSUES IT WOULD FACE IF THE WATER SYSTEM WERE NOT SOLD?**

4 A. Yes. Greenville claims that since Aqua owns the sewer system that was formerly  
5 owned by Greenville, Aqua’s acquisition of Greenville’s water assets will allow  
6 for coordination of projects where feasible between Aqua, Aqua wastewater, and  
7 the Borough.<sup>18</sup> Greenville opines that declines in its industrial base was a factor as  
8 to why Greenville has not been able to improve the system or provide the same  
9 level of service that Aqua proposes.<sup>19</sup> In addition to this, GWA has a current \$5.7  
10 million dollar debt as a result of maintaining the system that will eventually need  
11 further investments for upgrades related to water treatment, service lines, and the  
12 need to remain compliant with Federal and State regulatory requirements if the  
13 system is not sold.<sup>20</sup>

14  
15 **Q. SHOULD AQUA’S PROPOSED ACQUISITION OF GREENVILLE’S**  
16 **WATER SYSTEM BE SEEN AS A PUBLIC BENEFIT DUE TO**  
17 **GREENVILLE’S FINANCIAL CONCERNS IN MAKING FUTURE**  
18 **IMPROVEMENTS TO ITS SYSTEM?**

19 A. No. There is no certainty that Greenville could not make future necessary  
20 improvements at lower cost. Therefore, the simple fact that Aqua is capable of

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<sup>18</sup> Greenville Statement No. 2, p. 5.  
<sup>19</sup> Greenville Statement No. 2, pp. 2-6.  
<sup>20</sup> Greenville Statement No. 1, pp. 4-5.

1 making these improvements should not be claimed to be a “public benefit” of this  
2 transaction.

3

4 **Q. SHOULD IMPROVING THE FINANCIAL HEALTH OF THE BOROUGH**  
5 **BE CONSIDERED A “PUBLIC BENEFIT?”**

6 A. No. While I understand proceeds from the sale of the water system would benefit  
7 the Greenville Borough, infusing cash for the Borough’s other needs should not  
8 fall on GWA customers and/or Aqua customers through higher rates. It is possible  
9 that increased rates for municipal residents either via water rates or increased taxes  
10 could ultimately be less of a financial burden than will be experienced in the future  
11 as a result of Aqua’s higher financing costs and tax liability. Therefore, benefits to  
12 a seller’s own financial position should not be considered a “public benefit.”

13

14 **Q. TURNING BACK TO AQUA’S TESTIMONY CONCERNING TROUBLED**  
15 **SYSTEMS, IS THERE ANY INDICATION THAT GWA SHOULD BE**  
16 **CONSIDERED A TROUBLED SYSTEM?**

17 A. No, for a couple reasons. First, GWA is a municipal system and can increase rates  
18 at any time to any level. Therefore, raising sufficient revenue is not a problem.  
19 Secondly, the system is in compliance with rules and regulations of the U.S.  
20 Department of Environmental Protection and has adequate capacity for new

1 customers.<sup>21</sup> Therefore, the GWA system should not be considered a “troubled  
2 system.”

3  
4 **Q. PLEASE ADDRESS AQUA’S CLAIM CONCERNING THE ECONOMIES  
5 OF SCALE ACQUIRING THE GWA SYSTEM COULD PRODUCE.**

6 A. I do agree there may be the potential to achieve some economies of scale for  
7 existing Aqua ratepayers; however, there is no definitive timeline for when these  
8 economies of scale might be achieved or if these would actually benefit GWA  
9 customers who will already be on a path to substantial rate increases. Plus, the  
10 details have not been quantified and given the 2,731 of GWA customers<sup>22</sup>  
11 compared to the 458,000 in Aqua waters customers across 32 counties in  
12 Pennsylvania<sup>23</sup> or more significantly, to the ~458,000 water accounts served by  
13 Aqua,<sup>24</sup> I do not see how any significant benefit via economies of scale could be  
14 gained. I would also note that this system will not be physically interconnected to  
15 any of Aqua’s nearby water systems but would operate as a standalone system,  
16 thus the normal economies of scale achieved by combining water distribution  
17 systems will not be achieved through this acquisition.

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<sup>21</sup> Aqua Statement No. 3, pp. 8-9.

<sup>22</sup> Aqua Statement No. 1, p. 18 and Aqua Statement No. 1, Appendix A, p. 1.

<sup>23</sup> Aqua Statement No. 1, Appendix A. p. 9.

<sup>24</sup> Aqua Application, p. 3.

1 **Q. PLEASE SUMMARIZE YOUR CONCERNS REGARDING THE LACK OF**  
2 **SUBSTANTIAL PUBLIC BENEFIT.**

3 A. The Company has not shown the Application will result in substantial public  
4 benefit for several reasons. First, it has not been shown that the claimed  
5 improvements could not be made by GWA at a potentially lower cost. Second, the  
6 Borough's financial issues should not be resolved via GWA ratepayers. Third, the  
7 potential service improvements do not outweigh the large increase in the average  
8 bill of a GWA customer. Fourth, GWA should not be considered a troubled  
9 system. Finally, while I agree that some economies of scale might occur, there is a  
10 lack of details, and any savings will not likely offset the rate increases anticipated  
11 to be experienced by GWA customers under Aqua ownership. The size of the  
12 GWA system certainly would preclude any possibility that the acquisition of these  
13 customers would provide any economies to the very large number of existing  
14 Aqua water customers.

15  
16 **COST OF SERVICE STUDY**

17 **Q. ASSUMING THE TRANSACTION IS APPROVED BY THE**  
18 **COMMISSION, IS KNOWING THE COST TO SERVE THE**  
19 **GREENVILLE WATER SYSTEM IMPORTANT?**

20 A. Yes. As stated above, it is I&E's recommendation that the Application be denied,  
21 however, in the event that the Commission approves the sale, it is necessary to  
22 address the cost of service issue. In general, the primary goal of a cost of service

1 study is to determine a utility’s revenue requirement to provide service to its  
2 different customer classes. In this case, if the sale is approved, a cost of service  
3 study for the GWA system would be beneficial, because it:

- 4 • Determines the cost to operate the Greenville water system separately;
- 5 • Calculates the costs of the utility’s different services;
- 6 • Separates the costs between the utility’s different customer classes and  
7 service areas;
- 8 • Attributes costs to the utility’s different customer classes and service areas;  
9 and
- 10 • Determines how costs will be recovered from the utility’s different  
11 customer classes and service areas.

12 Moreover, a cost-of-service study can establish the existence and extent of  
13 subsidization (inter- and intra-class) and assist in determining the appropriate  
14 amount of revenue requirement to be shifted from water customers to wastewater  
15 customers, which Aqua has utilized in past base rate cases. Therefore, without the  
16 cost-of-service study that includes segregated water costs, the appropriate  
17 ratemaking recommendations for those costs cannot be proposed or implemented.

18  
19 **Q. HAS AQUA PREVIOUSLY PROVIDED SEPARATE COST OF SERVICE**  
20 **STUDIES FOR SYSTEMS ACQUIRED THROUGH SECTION 1329**  
21 **APPLICATIONS IN A BASE RATE CASE?**

22 A. Yes. In its most recent base rate case at Docket Nos. R-2024-3047822 and R-

1 2024-3047824, the Company included several separate cost of service studies for  
2 water and wastewater systems it acquired through Section 1329 applications.

3  
4 **Q. WHAT DO YOU RECOMMEND AQUA PROVIDE IN THE NEXT BASE**  
5 **RATE CASE?**

6 A. If the acquisition is approved, I recommend that Aqua include a separate cost of  
7 service study for the water system of GWA similar to the methodology it used for  
8 other systems acquired through Section 1329 proceedings in Aqua's last base rate  
9 case at Docket Nos. R-2024-3047822 and R-2024-3047824 for the reasons stated  
10 above.

11  
12 **OVERALL RECOMMENDATIONS**

13 **Q. WHAT IS YOUR OVERALL RECOMMENDATION?**

14 A. I recommend that the Commission not approve this Application because of the lack  
15 of affirmative public benefits. However, if the Commission does approve the  
16 Application, I recommend that Aqua provide a separate cost of service study in the  
17 next base rate case for the Greenville water system.

18  
19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes. However, I reserve the right to supplement my testimony or to revise  
21 recommendations if additional issues or facts arise during this proceeding.

Esyan A. Sakaya

**THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**400 North Street**  
**HARRISBURG, PA 17120**

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**EXPERIENCE:**

12/2018-Present

**Pennsylvania Public Utility Commission-Harrisburg, PA**

Fixed Utility Valuation Engineer - Assist in engineering related studies related to valuation, depreciation, cost of service, quality of service as they apply to regulated utilities. Contribute in evaluating, contrasting and conducting performance analyses in distinctive sections of valuation engineering and rate structure involving valuation concepts, original cost, rate base, fixed capital costs, inventory processing, excess capacity, cost of service, and rate design. Provide expert testimony in rate related utility cases.

4/2018-12/2018

**Pennsylvania Department of Transportation-Harrisburg, PA**

Photogrammetry Technician I - Created three-dimensional mapping layouts of natural and man-made features from stereoscopic images on a computer workstation. Assisted in the field placement of ground based surveyed control-points prior to aerial photography acquisition. Provided field support in the use of laser scans for comprehensive digital surveying data. Operated global positioning satellite surveying equipment to obtain accurate geodetic coordinates of pre-established benchmarks.

8/2017-4/2018

**Pennoni and Associates. Consulting Engineers-King of Prussia, PA**

Construction Inspector – Provided quality assurance in the onsite material testing of concrete, soils, and asphalt. Read and interpreted construction drawings and specifications of materials and components. Completed daily reports regarding project progress to engineers, project managers/superintendents, contractors, and clients.

**EDUCATION:**

National Association of Regulatory Utility Commissioners, Clearwater, FL  
Utility Rate School; Utility Rate Making Basics, October 2019

Society of Depreciation Professionals, Philadelphia, PA  
Introduction to Depreciation; Depreciation Fundamentals, September 2019

**EDUCATION (CONTINUED):**

Temple University, Philadelphia, PA  
Bachelor of Science; Major in Engineering Technology, 2015

Community College of Philadelphia, Philadelphia, PA  
Associate of Applied Science; Major in Construction Management Technology, 2011

Island School of Building Arts, Gabriola Island, BC-Canada  
Certificate Graduate: Heavy Timber Construction August 2002-November 2002

Solar Energy International, Carbondale, CO  
Certificate Graduate: Basic and Advanced Photovoltaic Design, April 2002-May 2002

**TESTIMONY SUBMITTED:**

I have assisted and/or submitted testimony in the following proceedings:

- | <b><u>No.</u></b> | <b><u>Case</u></b>  |
|-------------------|---|
| 1.                | UGI Gas Utilities - Gas Division, Docket No. R-2018-3006814         |
| 2.                | Newtown Artesian Water Company, Docket No. R-2018-3006904           |
| 3.                | Pittsburgh Wastewater, Docket No. M-2018-2640803                    |
| 4.                | PAWC Purchase of Steelton, Docket No. A-2019-3006814                |
| 5.                | Philadelphia Gas Works, Docket Nos. R-2019-3009016 & R-2019-3007636 |
| 6.                | Community Utilities Water, Docket No. R-2019-3008947                |
| 7.                | Aqua Purchase of Cheltenham, Docket No. A-2019-3008491              |
| 8.                | UGI North, Docket No. R-2019-3009647                                |
| 9.                | UGI Central, Docket No. R-2019-3009647                              |
| 10.               | UGI South, Docket No. R-2019-3009647                                |
| 11.               | Twin Lakes Utilities, Docket No. R-2019-3010958                     |
| 12.               | Penn Power Company, Docket No. P-2019-3012628                       |
| 13.               | UGI Gas Utilities, Docket No. R-2019-3015162                        |
| 14.               | National Fuel and Gas Distribution, Docket No. R-2020-3015251       |
| 15.               | Columbia Gas of PA, Docket Nos. R-2020-3018993 & R-2020-3018835     |
| 16.               | Duquesne Light Company, Docket No. P-2020-3019522                   |
| 17.               | PA American Water Co., Docket Nos. R-2020-3019369 & R-2020-3010937  |
| 18.               | Bethlehem Water Company, Docket No. R-2020-3020256                  |
| 19.               | Audubon Water Company, Docket No. R-2020-3020919                    |
| 20.               | Twin Lakes Utilities, Docket No. P-2020-3020914                     |
| 21.               | Pike County Light and Power-Gas, Docket No. R-2020-3022134          |
| 22.               | Pike County Light and Power-Electric, Docket No. R-2020-3022135     |
| 23.               | Duquesne Light Company, Docket No. R-2021-3024750                   |
| 24.               | Community Utilities Water, Docket No. R-2021-3025206                |

25. Community Utilities Wastewater, Docket No. R-2021-3025206
26. Hanover Municipal Water Works, Docket No. R-2021-3026116
27. Aqua Pennsylvania, Inc., Docket Nos. R-2021-3027385 & R-2021-3027386
28. Aqua Purchase of Willistown, Docket No. A-2021-3027268
29. National Fuel and Gas Distribution, Docket No. R-2022-3030235
30. UGI Gas Utilities, Docket No. R-2021-3030218
31. PECO Energy Company – Gas, Docket No. R-2022-3031113
32. Valley Energy, Inc., Gas, Docket No. R-2022-3032300
33. Citizens’ Electric Company, Docket No. R-2022-3032369
34. Leatherstocking Gas Company, LLC Docket No. R-2022-303276
35. National Fuel and Gas Distribution, Docket No. R-2022-3035730
36. Aqua Purchase of Shenandoah, Docket No. A-2022-3034143
37. UGI Electric Utilities, Docket No. R-2022-3037368
38. Philadelphia Gas Works, Docket No. R-2023-3037933
39. Columbia Water, Docket No. R-2023-3040258
40. Community Utilities Water, Docket No. R-2023-3042804
41. Community Utilities Wastewater, Docket No. R-2023-3042805
42. CAN DO, Inc., Docket Nos. R-2023-3040153 and R-2023-3040151
43. Veolia Water, Inc., Docket No. R-2024-3045192
44. Veolia Wastewater, Inc., No. Docket R-2024-3045193
45. Columbia Gas Company, Docket No. R-2024-3046519
46. PECO Energy Company – Electric, Docket No. R-2024-3046931
47. City of Lock Haven - Water Department., Docket No. R-2024-3049248
48. Deer Haven Wastewater LLC, Docket No. P-2024-305049
49. Deer Haven Water LLC, Docket No. P-2024-305048
50. Pike County Light and Power – Electric, Docket No. R-2024-3052359
51. Columbia Gas Company, Docket No. R-2025-3053499
52. Philadelphia Gas Works, Docket No. R-2025-3053112
53. Valley Energy, Inc., Gas, Docket No. R-2025-3054393
54. Pittsburgh Water, Docket Nos. R-2025-305510, R-2025-3055011, and R-2025-3055012

**I&E Statement No. 2  
Witness: Vanessa Okum**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**Application of Aqua Pennsylvania, Inc. for Approval of its Acquisition of the Water  
System Assets of the Municipal Authority of the Borough of Greenville**

**Docket No. A-2024-3049015**

**Direct Testimony**

**of**

**Vanessa Okum**

**Bureau of Investigation & Enforcement**

**Concerning:**

**FUTURE RATE IMPACT OF ACQUISITION**

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**INTRODUCTION ..... 1**

**FUTURE RATE IMPACT ..... 3**

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Vanessa Okum. My business address is Pennsylvania Public Utility  
4 Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg,  
5 PA 17120.

6  
7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (PUC or  
9 Commission) in the Bureau of Investigation & Enforcement (I&E) as a Fixed  
10 Utility Financial Analyst.

11

12 **Q. WHAT IS YOUR EDUCATION AND EMPLOYMENT BACKGROUND?**

13 A. An outline of my education and employment background is set forth in the  
14 attached Appendix A.

15

16 **Q. PLEASE DESCRIBE THE ROLE OF I&E IN RATE PROCEEDINGS.**

17 A. I&E is responsible for representing the public interest in rate and other  
18 proceedings before the Commission. I&E's analysis in the proceeding is based on  
19 its responsibility to represent the public interest. This responsibility requires the  
20 balancing of the interests of the ratepayers, the regulated utility, and the regulated  
21 community as a whole.

1 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 A. The purpose of my direct testimony is to address issues related to the application  
3 of Aqua Pennsylvania, Inc. (Aqua or Company) for approval of the acquisition of  
4 the water system assets of the Greenville Water Authority (GWA) in Mercer  
5 County, Pennsylvania. Specifically, I am addressing the potential future rate  
6 impact on GWA customers due to the financial disadvantages to privatization of  
7 municipal utilities.

8  
9 **Q. DOES YOUR DIRECT TESTIMONY INCLUDE AN ACCOMPANYING**  
10 **EXHIBIT?**

11 A. No.

12  
13 **Q. WHAT IS AQUA REQUESTING IN THIS APPLICATION?**

14 A. First, under 66 Pa. C.S. §§ 1102 and 1329, Aqua is requesting approval to acquire  
15 GWA's water system assets and the right to begin supplying water service in the  
16 areas currently served by GWA.<sup>1</sup> Second, under 66 Pa. C.S. § 1329 (Section  
17 1329), Aqua is seeking to utilize the fair market value to establish the ratemaking  
18 rate base of \$18,000,000 for GWA's water system assets based on the negotiated  
19 purchase price.<sup>2</sup> Finally, under 66 Pa. C.S. § 507, Aqua also requests that the

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<sup>1</sup> Aqua Application, p. 2.

<sup>2</sup> Aqua Application, pp. 15-16.

1 Commission issue certificates for filing for certain municipal contracts that Aqua  
2 has included in the application.<sup>3</sup>

3  
4 **FUTURE RATE IMPACT**

5 **Q. DO YOU HAVE ANY CONCERNS REGARDING THE FUTURE RATE**  
6 **IMPACT FOR GWA CUSTOMERS IF THE ACQUISITION IS APPROVED**  
7 **BY THE COMMISSION?**

8 A. Yes. I am concerned about the potential rate impact on GWA's customers if this  
9 acquisition is approved by the Commission for two reasons. First, the cost of  
10 capital for capital improvements to GWA's system will be significantly higher if  
11 they are to be recovered through rates by Aqua rather than by GWA. Second, if  
12 the acquisition is approved by the Commission, GWA customers' rates would  
13 include the recovery of specific expenses incurred by investor-owned utilities that  
14 are not incurred by municipal utilities like GWA.

15  
16 **Q. EXPLAIN HOW A HIGHER COST OF CAPITAL WOULD IMPACT GWA**  
17 **CUSTOMERS.**

18 A. Aqua estimates it will invest approximately \$10,000,000 in capital projects over  
19 the next ten years to improve GWA's system.<sup>4</sup> Aqua used a weighted average cost  
20 of capital of 7.36% in its calculations related to the proposed transaction.<sup>5</sup> In

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<sup>3</sup> Aqua Application, pp. 18-19.

<sup>4</sup> Aqua Statement No. 3, p. 5.

<sup>5</sup> Aqua Statement No. 1, Appendix A, p. 1.

1 comparison, Aqua’s fair market valuation report prepared by Gannett Fleming  
2 used a weighted average cost of capital of 4.26% for GWA.<sup>6</sup>

3 The example below illustrates the impact of the cost of capital for Aqua and  
4 GWA:

<b>Company</b>	<b>Cost of Capital</b>	<b>Estimated Capital Improvements Over the Next 10 Years</b>	<b>Impact</b>
Aqua	7.36%	\$10,000,000	\$736,000
GWA	4.26%	\$10,000,000	<u>\$426,000</u>
Difference			<u>\$310,000</u>

5  
6 In this example, the cost of capital for improvements to GWA’s system over  
7 the next ten years would be \$310,000 higher if it were performed by Aqua rather  
8 than by GWA. This is primarily due to the fact that debt is the only source of capital  
9 for GWA compared to Aqua, which utilizes both common equity and debt, resulting  
10 in a substantially higher cost of capital.

11 In fact, this cost disparity becomes even greater when the Aqua return is  
12 grossed up for the tax impact that is not attributable to a municipality. Using the  
13 gross revenue conversion factor from Aqua’s most recent base rate case of 1.39073<sup>7</sup>  
14 increases the impact of \$736,000 on plant additions to \$1,023,577 (\$736,000 x  
15 1.39073), which increases the difference to \$597,577 (\$1,023,577 - \$310,000).

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<sup>6</sup> Aqua Exhibit Q, p. 34.

<sup>7</sup> Docket Nos. R-2024-3047822 and R-2024-3047824, Aqua Exhibit 1-A, Schedule A-5, line 14.

1 **Q. EXPLAIN THE ADDITIONAL EXPENSES THAT WOULD IMPACT GWA**  
2 **CUSTOMERS IF THE ACQUISITION IS APPROVED BY THE**  
3 **COMMISSION.**

4 A. Municipalities such as GWA are exempt from federal and state income taxes, as well  
5 as real estate taxes,<sup>8</sup> unlike Aqua, which must pay these taxes as an investor-owned  
6 utility. Additionally, regulated utilities such as Aqua are required to pay PUC  
7 assessment fees, unlike municipal utilities which are typically not regulated by the  
8 Commission. Therefore, if the Commission approves the acquisition, these expenses  
9 would be recovered in rates from GWA's current customers.

10

11 **Q. ARE THERE ANY OTHER CONCERNS ABOUT THIS TRANSACTION?**

12 A. Yes. Based on median income data, it appears that this is a relatively lower income  
13 area<sup>9</sup> that could be impacted significantly by higher rates, particularly with the fact  
14 that they will already be subject to higher rates on the wastewater side due to that  
15 completed acquisition. As also mentioned by I&E witness Esyan Sakaya,<sup>10</sup> the  
16 Commission should be mindful of this when deciding on this transaction.

17

18 **Q. WHAT DO YOU RECOMMEND REGARDING AQUA'S PROPOSED**  
19 **ACQUISITION OF GWA?**

20 A. Due to the concerns discussed in my direct testimony regarding the potential

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<sup>8</sup> GWA Statement No. 2, p. 3.

<sup>9</sup> <https://greenvilleborough.com/demographics>, accessed 9/12/2025.

<sup>10</sup> I&E Statement No. 1.

1 future rate impact to GWA customers and the direct testimony of I&E witness  
2 Eryan Sakaya,<sup>11</sup> I&E recommends that the Commission reject Aqua's application  
3 to acquire GWA's water system assets.

4

5 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

6 A. Yes.

---

<sup>11</sup> I&E Statement No. 1.

**Vanessa Okum**

**Professional and Educational Background**

**Experience:**

Pennsylvania Public Utility Commission, Harrisburg, Pennsylvania

June 2022 – Present

Fixed Utility Financial Analyst, Bureau of Investigation and Enforcement

Magnolia Realty Services, Elizabethville, Pennsylvania

February 2016 – May 2024

Realtor

May 2015 – May 2019

Business Manager

The Vanguard Group, Malvern, Pennsylvania

October 2011 – December 2014

Financial Administrator, Corporate Financial Services

March 2010 – October 2011

Financial Analyst, Fund Financial Services

June 2008 – March 2010

Financial Associate, Fund Financial Services

**Education/Professional Development:**

NARUC Rate School, Clearwater, Florida, October 16-20, 2023

University of Massachusetts – Amherst, Amherst, Massachusetts, 2012

Master of Business Administration

Elizabethtown College, Elizabethtown, Pennsylvania, 2008

Bachelor of Science in International Business

Concentration in Finance

**Testimony Submitted:**

I have submitted testimony in the following proceedings:

R-2025-3055010 – Pittsburgh Water and Sewer Authority

R-2025-3053112 – Philadelphia Gas Works

R-2024-3050208 – Newtown Artesian Water Company

R-2024-3047068 – FirstEnergy Pennsylvania Electric Company

R-2024-3045192 at al. – Veolia Water Pennsylvania, Inc.

R-2023-3043189 et al. – Pennsylvania-American Water Company

R-2023-3039919 et al. – Pittsburgh Water and Sewer Authority

R-2023-3037428 – National Fuel Gas Distribution Corporation (1307(f))

R-2022-3037368 – UGI Utilities, Inc. – Electric Division

I have assisted with testimony in the following proceedings:

R-2022-3031704 – Borough of Ambler Water Department

R-2022-3032764 – Leatherstocking Gas Company, LLC

Casework not requiring testimony:

R-2025-3052742 – National Fuel Gas Distribution Corporation (1307(f))

R-2024-3049248 – City of Lock Haven Water Department

R-2024-3045177 – National Fuel Gas Distribution Corporation (1307(f))

**I&E Statement No. 1-SR  
Witness: Esyan A. Sakaya**

**Application of Aqua Pennsylvania Water Inc, Pursuant to Sections 507, 1102, and 1329 of the Public Utility Code for its 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**

**Surrebuttal Testimony**

**of**

**Esyan A. Sakaya**

**Bureau of Investigation and Enforcement**

**Concerning:**

**Current and Potential Rates  
Alleged Public Benefits  
Cost of Service Study**

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**ALLEGED PUBLIC BENEFITS..... 4**

**COST OF SERVICE STUDY ..... 11**

**OVERALL RECOMMENDATIONS ..... 12**

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Esyan A. Sakaya. My business address is 400 North Street,  
4 Harrisburg, Pennsylvania 17120.

5

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by the Pennsylvania Public Utility Commission (Commission) in  
8 the Bureau of Investigation and Enforcement (I&E) as a Fixed Utility Valuation  
9 Engineer.

10

11 **Q. ARE YOU THE SAME ESYAN A SAKAYA WHO PREPARED DIRECT**  
12 **TESTIMONY IN THIS PROCEEDING?**

13 A. Yes. I prepared I&E Statement No. 1.

14

15 **Q. DOES YOUR SURREBUTTAL TESTIMONY INCLUDE AN**  
16 **ACCOMPANYING EXHIBIT?**

17 A. No.

1 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

2 A. The purpose of my surrebuttal testimony is to address the rebuttal testimony of Aqua  
3 Pennsylvania Water Inc. (Aqua or Company), witnesses William C. Packer,<sup>1</sup> Todd  
4 M. Duerr,<sup>2</sup> and Rita F. Black<sup>3</sup> all submitted in support of the proposed Application to  
5 acquire the Greenville Water Authority (GWA or Greenville). I will also address the  
6 rebuttal testimony of GWA witnesses Thomas Strahler<sup>4</sup> and Jasson Urey.<sup>5</sup>

7

8 **CURRENT AND POTENTIAL FUTURE RATE IMPACT**

9 **Q. WHAT WERE YOUR CONCERNS REGARDING THE IMPORTANCE OF**  
10 **THE ESTIMATED BILL FOR THE AVERAGE GWA CUSTOMER?**

11 A. GWA's estimated increase of 64.66% in the average residential customer's bill  
12 was substantial enough to recommend denial of the Petition, because this estimate  
13 represents a substantial near-term burden to GWA customers, or the GWA  
14 revenue requirement would likely be shifted to Aqua water customers to make  
15 Aqua whole. Additionally, since the \$86.69 per month estimated average  
16 residential monthly bill is more than likely understated, the impact to GWA and/or  
17 other Aqua water customers would likely be greater.<sup>6</sup>

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<sup>1</sup> Aqua Statement No. 1-R.

<sup>2</sup> Aqua Statement No. 2-R.

<sup>3</sup> Aqua Statement No. 5-R.

<sup>4</sup> Greenville Statement No. 1-R.

<sup>5</sup> Greenville Statement No. 2-R.

<sup>6</sup> I&E Statement No. 1, p. 9.

1 **Q. WHAT WAS AQUA’S RESPONSE TO YOUR CONCERNS REGARDING**  
2 **THE ESTIMATED BILL OF THE AVERAGE GWA CUSTOMER?**

3 A. Aqua opines that my direct testimony describing how the customers of GWA  
4 could eventually pay Zone 1 rates was speculative, and that Aqua did not propose  
5 any rate consolidation in this proceeding.<sup>7</sup> In addition, Aqua asserts that I  
6 misinterpreted the impact to low-income customers.<sup>8</sup>

7  
8 **Q. IS IT SPECULATIVE TO SAY THAT GWA CUSTOMERS WOULD**  
9 **EVENTUALLY PAY ZONE 1 RATES?**

10 A. No. Consolidation of rates is not a new concept. Consolidating rates and  
11 developing single tariff pricing between two or more systems usually, but not  
12 always, takes place over several rate cases. This concept is supported by the fact  
13 that GWA would eventually be included in Aqua’s statewide water cost of service  
14 study (COSS). Including GWA in with all other water systems supports  
15 eventually charging GWA customers the same rates as all other water customers in  
16 the same class. Therefore, while the timing may not be known, consolidation of  
17 the GWA customers into Zone 1 rates is not mere speculation. It makes sense that  
18 GWA customers, if the acquisition is approved, will be consolidated into the Aqua  
19 system and eventually pay the same rate as Aqua Rate Zone 1, as this is fairly  
20 common ratemaking practice.

---

<sup>7</sup> Aqua Statement No. 1-R, pp. 3-5.

<sup>8</sup> Aqua Statement No. 2-R, pp. 3-5.

1 **Q. DO YOU AGREE THAT YOU MISINTERPRETED AQUA’S POTENTIAL**  
2 **IMPACT ON GWA’S LOW-INCOME CUSTOMERS?**

3 A. No. As stated in my direct testimony, any increase in Aqua’s water rates would  
4 impact GWA low-income customers.<sup>9</sup>

5  
6 **Q. WOULD AQUA’S LOW-INCOME ASSISTANCE PROGRAMS**  
7 **MITIGATE THE FUTURE RATE IMPACT ON GWA’S LOW-INCOME**  
8 **CUSTOMERS?**

9 A. Aqua admits that it is not known how many of these GWA customers would enroll  
10 in Aqua’s low-income program and the potential impact to Aqua’s current non-  
11 customer assistance program customers (non-CAP) is unclear.<sup>10</sup> Because of this,  
12 the overall impact to both GWA’s low-income customers and Aqua’s current non-  
13 CAP customers remains unknown.

14

15 **ALLEGED PUBLIC BENEFITS**

16 **Q. WHAT WERE YOUR CONCERNS REGARDING THE ALLEGED**  
17 **PUBLIC BENEFITS?**

18 A. Numerous claims made by GWA in the Application do not result in any  
19 substantial public benefits. First, it has not been shown that the claimed  
20 improvements could not be made by GWA at a potentially lower cost. Second, the  
21 Borough’s financial issues should not be resolved via GWA ratepayers. Third, the

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<sup>9</sup> I&E Statement No. 1, p. 9.

<sup>10</sup> Aqua Statement 5-R, p. 8.

1 potential service improvements do not outweigh the large increase in the average  
2 bill of a GWA customer. Fourth, GWA does not appear to be a troubled system.  
3 Lastly, while I accept that some economies of scale might occur, there is a lack of  
4 details, and any savings would not likely offset the rate increases anticipated to be  
5 experienced by GWA customers under Aqua's ownership. The size of the GWA  
6 system certainly would preclude any possibility that the acquisition of these  
7 customers would provide any economies to the very large number of existing  
8 Aqua water customers.<sup>11</sup>

9  
10 **Q. DID ANY PARTY ADDRESS YOUR CONCERN THAT IMPROVEMENTS**  
11 **MIGHT BE MADE BY GWA AT A POTENTIALLY LOWER COST?**

12 A. Yes. Aqua continues to assert that it would do a better job of maintaining and  
13 upgrading the water system.<sup>12</sup> Greenville states that debt limits in borrowing  
14 money is the driver for the desire in selling GWA, and Greenville could not  
15 improve the system or provide the same service Aqua currently proposes as it  
16 would go into debt making such improvements.<sup>13</sup>

---

<sup>11</sup> I&E Statement No. 1, p. 14.

<sup>12</sup> Aqua Statement No. 2-R, pp. 3-4.

<sup>13</sup> Greenville Statement No. 1-R, pp. 5 -7.

1 **Q. WHAT IS YOUR RESPONSE?**

2 A. While I understand Greenville’s desire to exit the water system and receive a large  
3 infusion of cash, the impact on GWA and Aqua ratepayers should be the primary  
4 consideration.

5  
6 **Q. DID ANY PARTY ADDRESS YOUR ASSERTION THAT THE**  
7 **BOROUGH’S FINANCIAL ISSUES SHOULD NOT BE RESOLVED BY**  
8 **THE GWA RATEPAYERS?**

9 A. Yes. Aqua states that the interests of ratepayers were considered, but constraints  
10 related to retaining Board member volunteers, employee turnover, and government  
11 debt limits have created a situation that Greenville no longer wants to be involved  
12 with.<sup>14</sup> Additionally, Greenville responded indicating that this acquisition is not  
13 meant to address the Borough’s financial issues but that the money would be used  
14 for the benefit of all residents in the service area.<sup>15</sup>

15  
16 **Q. DO YOU AGREE WITH GREENVILLE’S ASSESSMENT REGARDING**  
17 **THE BOROUGH’S FINANCIAL ISSUES NOT BEING RESOLVED BY**  
18 **THE GWA RATEPAYERS?**

19 A. No. Greenville is simply looking to liquidate the assets of its water system at the  
20 expense of ratepayers who will eventually pay higher water rates under Aqua Rate  
21 Zone 1.

---

<sup>14</sup> Greenville Statement No. 1-R, pp. 5 -7.

<sup>15</sup> Greenville Statement No. 2-R, p. 4.

1 **Q. DID ANY PARTY ADDRESS YOUR CONCERN REGARDING**  
2 **POTENTIAL SERVICE IMPROVEMENTS NOT OUTWEIGHING THE**  
3 **LARGE INCREASE IN THE AVERAGE BILL OF A GWA CUSTOMER?**

4 A. Yes. Aqua states that GWA projects approximately \$100,000 in capital  
5 improvements in the next three years while Aqua has projected \$1.5 million in  
6 improvements over the next three years. Because of this wide difference in  
7 projected capital expenditures, Aqua asserts its 1329 Application should not be  
8 ignored or summarily dismissed when compared to the estimated bill impact on  
9 GWA customers.<sup>16</sup>

10

11 **Q. DO YOU AGREE WITH AQUA’S RESPONSE CONCERNING THE**  
12 **POTENTIAL SERVICE IMPROVEMENTS AND WHETHER THEY**  
13 **OUTWEIGH THE LARGE INCREASE IN THE AVERAGE BILL OF A**  
14 **GWA CUSTOMER?**

15 A. No. While Aqua projects spending \$10 million over 10 years, which includes \$1.5  
16 million of improvements over the first 3-years post-acquisition,<sup>17</sup> the 64.66% rate  
17 increase being proposed by Aqua is excessive and violates the principle of  
18 gradualism and creates rate shock. In addition to this, the 64.66% increase that  
19 Aqua is proposing is inaccurate because as stated in my direct testimony, the  
20 current average monthly bill of GWA residential customers is approximately  
21 \$52.65 per month, and if the Company and/or the Commission were to consolidate

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<sup>16</sup> Aqua Statement No. 2-R, pp. 3-4.

<sup>17</sup> Aqua Statement No. 1-R, p. 3.

1 the GWA rates with Aqua's Zone 1 water rates of \$90.67 per month, GWA  
2 customers would experience an increase of at least \$38.02 (\$90.67- \$52.65) per  
3 month which is 72.21% higher than the 64.66% being proposed by Aqua.<sup>18</sup>  
4

5 **Q. DID ANY PARTY ADDRESS YOUR CONCERN REGARDING GWA NOT**  
6 **BEING A TROUBLED SYSTEM?**

7 A. Yes. Witnesses for both Aqua and Greenville explain in rebuttal testimony that  
8 GWA is not a distressed system, and being distressed is not the sole factor in  
9 determining the justification of a 1329 proceeding. The parties assert that the  
10 Commission also considers managerial aspects as a factor in a 1329 proceeding.<sup>19</sup>  
11

12 **Q. WHAT IS YOUR RESPONSE TO THE ASSERTION THAT BEING A**  
13 **DISTRESSED SYSTEM IS NOT A REQUIREMENT FOR A 1329**  
14 **ACQUISITION?**

15 A. While being a distressed system is not a requirement of a 1329 acquisition, that  
16 would certainly lend support and value for the customers who would ultimately  
17 experience substantial rate increases. In this instance, the customers have a  
18 functional, non-distressed system, but they will be experiencing the impact of  
19 substantially increased rates for less definable value.

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<sup>18</sup> I&E Statement No. 1, p. 8.

<sup>19</sup> Aqua Statement No. 1-R, p. 5, Aqua Statement No. 2-R, pp. 3 and 7, and Greenville Statement No. 1-R, p. 7.

1 **Q. DID YOU ADDRESS THE ECONOMIES OF SCALE FACTOR IN AQUA’S**  
2 **ACQUISITION OF THE GWA SYSTEM IN YOUR DIRECT**  
3 **TESTIMONY?**

4 A. Yes. I accepted that while some economies of scale might occur, there is a lack of  
5 details, and any savings would not likely offset the rate increases anticipated to be  
6 experienced by GWA customers under Aqua’s ownership. The smaller size of the  
7 GWA system certainly would preclude any possibility that the acquisition of these  
8 customers would provide any economies to the very large number of existing  
9 Aqua water customers.<sup>20</sup>

10

11 **Q. HOW DID AQUA RESPOND TO YOUR DISCUSSION CONCERNING**  
12 **ECONOMIES OF SCALE?**

13 A. Aqua stated that the economies of scale benefit would be immediate as the  
14 revenue requirement per GWA customer is less than Aqua’s revenue requirement  
15 per customer.<sup>21</sup>

16

17 **Q. DO YOU AGREE WITH AQUA’S RESPONSE TO YOUR ECONOMIES**  
18 **OF SCALE ARGUMENT?**

19 A. No. While there is the potential to achieve economies of scale as a result of an  
20 acquisition, I believe it is unlikely to occur in this instance. As a result of this  
21 acquisition, GWA customers will likely be on a path to substantial rate increases.

---

<sup>20</sup> I&E Statement No. 1, p. 13.

<sup>21</sup> Aqua Statement No. 1-R, p. 6.

1 It is unclear how any significant benefit via economies of scale could be gained  
2 from the addition of 2,731 GWA customers that will not be physically  
3 interconnected to any of Aqua's nearby water systems but would operate as a  
4 stand-alone system.<sup>22</sup> When compared to the 458,000 present Aqua waters  
5 customers spread across 32 counties in Pennsylvania,<sup>23</sup> it has not been shown how  
6 there would be any resulting economies of scale through this addition of 2,731  
7 customers in a stand-alone system.

8  
9 **Q. WAS ANY REBUTTAL TESTIMONY PROVIDED THAT WOULD**  
10 **CHANGE YOUR RECOMMENDATION AS TO WHETHER THIS**  
11 **TRANSACTION SHOULD BE APPROVED?**

12 A. No. Aside from my position that there is no clear affirmative public benefit to this  
13 transaction, it is clear that GWA water customers will face much higher rates in  
14 the future, which negates any potential benefits of the transaction that may or may  
15 not occur.<sup>24</sup>

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<sup>22</sup> Aqua Statement No. 1, p. 18 and Aqua Statement No. 1, Appendix A, p. 1.

<sup>23</sup> Aqua Statement No. 1, Appendix A, p. 9.

<sup>24</sup> Aqua Statement No. 1, p. 21.

1 **COST OF SERVICE STUDY**

2 **Q. WHAT DID YOU RECOMMEND REGARDING A COST OF SERVICE**  
3 **STUDY IF AQUA ACQUIRES GREENVILLE?**

4 A. I recommended that if the Aqua acquisition of GWA is approved, Aqua should be  
5 required to include a separate COSS for the GWA system as it has for other  
6 systems acquired via Section 1329 proceedings in Aqua's last base rate case at  
7 Docket Nos. R-2024-3047822 and R-2024-3047824.<sup>25</sup>

8  
9 **Q. WHAT WAS THE BASIS FOR YOUR RECOMMENDATION?**

10 A. I made this recommendation because it would determine the cost to operate the  
11 Greenville water system separately, would calculate the cost of the utility's  
12 different services, would separate the costs between the utility's different customer  
13 classes and service areas, would attribute costs to the utility's different customer  
14 classes and service areas, and would determine how costs would be recovered  
15 from the utility's different customer classes and service areas.<sup>26</sup>

16  
17 **Q. DO YOU HAVE ANY CORRECTIONS TO YOUR DIRECT TESTIMONY?**

18 A. Yes. I had stated that a COSS can establish the existence and extent of  
19 subsidization (inter- and intra-class) and assist in determining the appropriate  
20 amount of revenue requirement to be shifted from water customers to wastewater

---

<sup>25</sup> I&E Statement No. 3, p. 16 at Docket Nos. R-2024-3047822 and R-2024-3047824.

<sup>26</sup> I&E Statement No. 1, p. 15.

1 customers, which Aqua has utilized in past base rate cases.<sup>27</sup> However, this  
2 should have stated that the COSS assists in determining the appropriate amount of  
3 revenue requirement to be shifted from wastewater customers to water customers.  
4

5 **Q. HOW DID AQUA RESPOND TO THE POSSIBILITY OF CONDUCTING**  
6 **A COSS IF IT ACQUIRES GREENVILLE?**

7 A. Aqua agrees to submit a separate COSS for the GWA system in a similar manner  
8 as it has submitted a separate COSS for each system acquired under Section 1329  
9 in both its most recent rate base case proceedings made in 2021 and 2024.<sup>28</sup>  
10

11 **OVERALL RECOMMENDATIONS**

12 **Q. WHAT WAS YOUR OVERALL RECOMMENDATION?**

13 A. I recommended the Commission deny this Application because of the lack of  
14 affirmative public benefits. However, if the Commission does approve the  
15 Application, I recommended that Aqua be required to provide a separate COSS in  
16 the next base rate case for the Greenville water system.<sup>29</sup>  
17

18 **Q. HAS YOUR OVERALL RECOMMENDATION CHANGED?**

19 A. No.

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<sup>27</sup> I&E Statement No. 1, p. 15.

<sup>28</sup> Aqua Statement No. 1-R, pp. 7-8.

<sup>29</sup> I&E Statement No. 1, p. 16.

1 Q. **DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

2 A. Yes.

**I&E Statement No. 2-SR  
Witness: Vanessa Okum**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**Application of Aqua Pennsylvania, Inc. for Approval of its Acquisition of the Water  
System Assets of the Municipal Authority of the Borough of Greenville**

**Docket No. A-2024-3049015**

**Surrebuttal Testimony**

**of**

**Vanessa Okum**

**Bureau of Investigation & Enforcement**

**Concerning:**

**FUTURE RATE IMPACT OF ACQUISITION**

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**INTRODUCTION ..... 1**

**FUTURE RATE IMPACT ..... 2**

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Vanessa Okum. My business address is Pennsylvania Public Utility  
4 Commission, Commonwealth Keystone Building, 400 North Street, Harrisburg,  
5 PA 17120.

6

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by the Pennsylvania Public Utility Commission (PUC or  
9 Commission) in the Bureau of Investigation & Enforcement (I&E) as a Fixed  
10 Utility Financial Analyst.

11

12 **Q. ARE YOU THE SAME VANESSA OKUM WHO SUBMITTED THE**  
13 **DIRECT TESTIMONY CONTAINED IN I&E STATEMENT NO. 2?**

14 A. Yes.

15

16 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

17 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of  
18 Aqua Pennsylvania, Inc. (Aqua) witnesses William C. Packer<sup>1</sup> and Rita F. Black.<sup>2</sup>

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<sup>1</sup> Aqua Statement No. 1-R.

<sup>2</sup> Aqua Statement No. 5-R.

1 **Q. DOES YOUR SURREBUTTAL TESTIMONY INCLUDE AN**  
2 **ACCOMPANYING EXHIBIT?**

3 A. No. However, I will refer to my direct testimony in this surrebuttal testimony.  
4

5 **FUTURE RATE IMPACT**

6 **Q. SUMMARIZE YOUR CONCERNS REGARDING THE POTENTIAL RATE**  
7 **IMPACT TO GREENVILLE WATER AUTHORITY (GWA) CUSTOMERS**  
8 **IF THE ACQUISITION IS APPROVED BY THE COMMISSION.**

9 A. In direct testimony, I raised concerns about the potential rate impact on GWA's  
10 customers if this acquisition is approved by the Commission. First, I expressed  
11 concern that the cost of capital for capital improvements to GWA's system would  
12 be significantly higher if they were to be recovered through rates by Aqua rather  
13 than by GWA.<sup>3</sup> Second, I expressed concern that if the acquisition is approved by  
14 the Commission, GWA customers' rates would include the recovery of federal and  
15 state income taxes, real estate taxes, and PUC assessment fees, which is currently  
16 not the case for GWA customers, thereby driving up GWA customers' rates.<sup>4</sup>  
17 Finally, I pointed out that Greenville is a relatively low income area compared to  
18 median income data, and could be impacted significantly by such an increase in  
19 rates.<sup>5</sup> Due to the above concerns, I concluded that the Commission should reject  
20 Aqua's application to acquire GWA's water system assets.<sup>6</sup>

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<sup>3</sup> I&E Statement No. 2, pp. 3-4.

<sup>4</sup> I&E Statement No. 2, p. 5.

<sup>5</sup> I&E Statement No. 2, p. 5.

<sup>6</sup> I&E Statement No. 2, p. 6.

1 **Q. DID ANY WITNESS RESPOND TO THE CONCERNS EXPRESSED IN**  
2 **YOUR DIRECT TESTIMONY?**

3 A. Yes. Aqua witnesses William Packer and Rita Black disagree with my  
4 recommendation.

5  
6 **Q. SUMMARIZE MR. PACKER'S RESPONSE.**

7 A. Mr. Packer states that my arguments, if accepted, would mean that no certificate of  
8 public convenience could ever be granted for the sale of a municipal system to an  
9 investor-owned utility. He states that Aqua would not exist in its current form if  
10 these arguments were applied, and that almost every acquisition of a municipal  
11 system previously completed by Aqua involved these same differences in costs.

12 In addition, Mr. Packer claims that I do not address or challenge the  
13 substance of his Appendix A calculations, which include the higher costs used as a  
14 basis for my recommendation. Finally, Mr. Packer asserts that I completely ignore  
15 the financial benefits that will accrue to GWA customers as a result of this  
16 transaction, which offset the revenue deficiency.<sup>7</sup>

17  
18 **Q. WHAT IS YOUR RESPONSE TO MR. PACKER?**

19 A. First, I understand that it is common, or even expected, for cost differences to  
20 occur when investor-owned utilities attempt to acquire municipal utilities. This  
21 does not negate the fact that these differences exist and would certainly negatively

---

<sup>7</sup> Aqua Statement No. 1-R, pp. 8-9.

1 impact GWA customers. Therefore, these cost differences should be considered  
2 with respect to the unique circumstances of each potential transaction.

3 Second, I agree that the results of Mr. Packer's calculations include these  
4 higher costs. However, the calculations still result in a substantial rate increase for  
5 GWA customers, which is where my concern lies with this transaction. Finally, I  
6 do not agree that the benefits offset the future rate increase. While the benefits  
7 could eventually offset the increase, the data is speculative and there is no  
8 guarantee that each dollar in income or savings will be returned to the taxpayers.

9  
10 **Q. SUMMARIZE MS. BLACK'S RESPONSE.**

11 A. Ms. Black points out that GWA does not have assistance programs for low-income  
12 households, while under Aqua's ownership, these households would have access to  
13 significant discounts.<sup>8</sup>

14  
15 **Q. WHAT IS YOUR RESPONSE TO MS. BLACK?**

16 A. As Mr. Packer points out in his direct testimony, GWA customers currently  
17 experience lower than normal water rates.<sup>9</sup> While some GWA households may  
18 qualify for assistance programs under Aqua, not all eligible households will take  
19 advantage of these programs, but *all* GWA customers will experience significant  
20 rate hikes.

---

<sup>8</sup> Aqua Statement No. 5-R, p. 2.

<sup>9</sup> Aqua Statement No. 1, p. 22.

1 **Q. DO YOU HAVE ANY CHANGES TO YOUR RECOMMENDATION?**

2 A. No. I continue to recommend that the acquisition of GWA by Aqua be denied for  
3 the reasons outlined in my direct testimony and above.

4

5 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

6 A. Yes.



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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: Docket No.: A-2024-3049015  
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**VERIFICATION OF VANESSA OKUM**

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I, **Vanessa Okum**, on behalf of the Bureau of Investigation and Enforcement, hereby verify that **I&E Statement No. 2**, and **I&E Statement No. 2-SR** were prepared by me or under my direct supervision and control.

Furthermore, the facts contained therein are true and correct to the best of my knowledge, information and belief and I expect to be able to prove the same if called to the stand at any evidentiary hearing held in this matter.

This Verification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

Signed in Harrisburg, Pennsylvania, this 6th day of October 2025.

\_ /s/ Vanessa Okum \_\_\_\_\_

Vanessa Okum

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Section 1329 Application of Aqua :  
Pennsylvania, Inc. for the Acquisition of the :  
Water System Assets of the Municipal :  
Authority of the Borough of Greenville : Docket No. A-2024-3049015  
situated within the Borough of Greenville, :  
Hempfield Township, Sugar Grove :  
Township, and West Salem Township, :  
Mercer County, Pennsylvania :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Letter Regarding Pre-Served  
Testimony and Verifications** dated October 10, 2025, in the manner and upon the persons listed  
below:

**Served via Electronic Mail Only**

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