

October 13, 2025

**Via E-File**

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

RE: Application of Aqua Pennsylvania, Inc. – Greenville Water Authority  
Docket No. A-2024-3049015

---

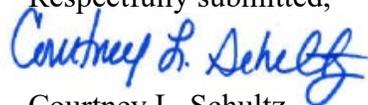
Dear Secretary Homsher:

In accordance with ALJ Dunderdale's Third Interim Order dated October 10, 2025, a copy of which is enclosed here, please find the following Rebuttal and Rejoinder Testimony of Aqua Pennsylvania, Inc. for filing to be made part of the evidentiary record in this proceeding:

- Verified Rebuttal Testimony of William C. Packer, including WCP-1-R (Aqua Statement No. 1-R)
- Verified Rebuttal Testimony of Todd Duerr (Aqua Statement No. 2-R)
- Verified Rebuttal Testimony of Rita Black (Aqua Statement No. 5-R)
- Verified Rebuttal Testimony of Harold Walker, III (Aqua Statement No. 6-R)
- Verified Rejoinder Testimony of William C. Packer (Aqua Statement No. 1-RJ)

Verifications for all testimony submitted by Aqua are also enclosed for filing. Exhibits 1 through 12 as listed in Appendix A to the Third Interim Order were previously filed with the Commission.

Please do not hesitate to contact me if you have any questions.

Respectfully submitted,  
  
Courtney L. Schultz

Encls.  
cc: All Parties Per Certificate of Service

**Application of Aqua Pennsylvania, Inc. – Greenville Water Authority**  
**Docket No. A-2024-3049015**

**CERTIFICATE OF SERVICE**

I, Courtney L. Schultz, hereby certify that a true and correct copy of the foregoing Rebuttal and Rejoinder Testimony in connection with the above-referenced docket, was served on the following individuals on this 13th day of October, 2025, as indicated below.

**PA PUC – VIA E-FILE**

***Cover Letter and COS Only***

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105  
[mahomsher@pa.gov](mailto:mahomsher@pa.gov)

ALJ Katrina Dunderdale  
[kdunderal@pa.gov](mailto:kdunderal@pa.gov)

Kayla Loukas  
[kloukas@pa.gov](mailto:kloukas@pa.gov)

**OSBA**

Rebecca Lyttle, Esq.  
[relyttle@pa.gov](mailto:relyttle@pa.gov)

**OSBA Consultants**

Jason Hails  
Quantiv Advisory, LLC  
925 Wappoo Road, Suite A  
Charleston, SC 29407  
[j.hails@quantivadvisory.com](mailto:j.hails@quantivadvisory.com)

Roger Cathcart, CPA  
Quantiv Advisory, LLC  
300-330 ST. Mary Avenue  
Winnipeg, MB, R3C 3Z5  
Canada  
[REMC@CathcartAdvisors.com](mailto:REMC@CathcartAdvisors.com)

**I&E**

Carrie Wright, Esq.  
Prosecutor  
[carwright@pa.gov](mailto:carwright@pa.gov)

**OCA**

Harrison W. Breitman, Esq.  
[hbreitman@paoca.org](mailto:hbreitman@paoca.org)

Katherine Kennedy, Esq.  
[kkennedy@paoca.org](mailto:kkennedy@paoca.org)

Melanie El Atieh, Esq.  
[OCAGreenville1329@paoca.org](mailto:OCAGreenville1329@paoca.org)

**Intervenors**

James E. Douglas, Esq.  
Counsel for Municipal Authority of the  
Borough of Greenville and Greenville  
Borough  
[jedouglas@douglasjoseph.com](mailto:jedouglas@douglasjoseph.com)

*/s/ Courtney L. Schultz*

Courtney L. Schultz, Esq.  
Saul Ewing Arnstein & Lehr LLP  
1500 Market Street  
Centre Square West, 38th Floor  
Philadelphia, PA 19102  
(215) 972-7717

[Courtney.schultz@saul.com](mailto:Courtney.schultz@saul.com)

*Counsel for Aqua Pennsylvania, Inc.*

**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)

---

<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.**

ALEXANDER R STAHL COUNSEL  
AQUA PENNSYLVANIA INC  
762 WEST LANCASTER AVENUE  
BRYN MAWR PA 19010  
**610.645.1130**  
[astahl@aquaamerica.com](mailto:astahl@aquaamerica.com)  
Served via eService – October 10, 2025

REBECCA LYTTLE ESQUIRE  
OFFICE OF SMALL BUSINESS ADVOCATE  
555 WALNUT STREET, 1<sup>ST</sup> FLOOR  
HARRISBURG PA 17101  
**717.783.2525**  
[relyttle@pa.gov](mailto:relyttle@pa.gov)  
Served via Email – October 10, 2025

COURTNEY L SCHULTZ ESQUIRE  
KRUTI B PATEL ESQUIRE  
SAUL EWING LLP  
1500 MARKET STREET - 38<sup>TH</sup> FLOOR  
PHILADELPHIA PA 19102  
**215.972.7717**  
**215.972.7735**  
[courtney.schultz@saul.com](mailto:courtney.schultz@saul.com)  
[kruti.patel@saul.com](mailto:kruti.patel@saul.com)  
Served via eService – October 10, 2025  
(Counsel for Aqua Pennsylvania Inc)

HARRISON WILLIAM BREITMAN ESQUIRE  
KATHERINE M. KENNEDY  
OFFICE OF CONSUMER ADVOCATE  
FORUM PLACE  
555 WALNUT STREET - 5<sup>TH</sup> FLOOR  
HARRISBURG PA 17101-1923  
**717.780.4536**  
**717.783.5048**  
[hbreitman@paoca.org](mailto:hbreitman@paoca.org)  
[kkennedy@paoca.org](mailto:kkennedy@paoca.org)  
Served via eService – October 10, 2025

CARRIE B WRIGHT ESQUIRE  
PA PUC BIE LEGAL TECHNICAL  
400 NORTH STREET  
2<sup>ND</sup> FLOOR WEST  
HARRISBURG PA 17120

**717.783.6156**

**717.787.4887**

[carwright@pa.gov](mailto:carwright@pa.gov)

Served via eService – October 10, 2025

JAMES E. DOUGLAS ESQUIRE  
DOUGLAS JOSEPH AND OLSON  
409 NORTH HERMITAGE ROAD  
HERMITAGE PA 16148

**724.981.7333**

**724.815.5116**

[jedouglas@douglasjoseph.com](mailto:jedouglas@douglasjoseph.com)

Served via eService – October 10, 2025

*(Counsel for Greenville Municipal Water  
Authority)*

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**AQUA PENNSYLVANIA, INC.**

**DOCKET NO. A-2024-3049015**

**AQUA STATEMENT NO. 1-R**

**REBUTTAL TESTIMONY OF  
WILLIAM C. PACKER**

**With Regard To  
Estimated Rate Impact  
Economies of Scale  
Affirmative Public Benefits  
Public Benefits Calculation  
Reasonableness Review Ratio**

**September 26, 2025**

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	RESPONSE TO I&E WITNESS SAKAYA .....	2
III.	RESPONSE TO I&E WITNESS OKUM.....	8
IV.	RESPONSE TO OSBA WITNESS HAILS .....	9
V.	RESPONSE TO OCA WITNESS GARRETT .....	14
VI.	CONCLUSION.....	15

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is William C. Packer. My business address is 762 West Lancaster Avenue, Bryn  
4 Mawr, Pennsylvania 19010.

5  
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Essential Utilities, Inc. (“Essential”), as Vice President, Rates,  
8 Regulatory, and Regional Controller. In this position, I am the Regional Controller of  
9 Aqua Pennsylvania, Inc. (“Aqua” or the “Company”), and Aqua New Jersey, Inc..  
10 Additionally, I oversee rates and regulatory issues for all subsidiaries of Essential.

11  
12 **Q. Are you the same William C. Packer who submitted Direct Testimony in this  
13 proceeding?**

14 A. Yes. I submitted Direct Testimony with the Application filed with the Pennsylvania Public  
15 Utility Commission (“PUC” or the “Commission”) on April 25, 2025, and updated on June  
16 13, 2025.

17  
18 **Q. What is the purpose of your Rebuttal Testimony?**

19 A. The purpose of my Rebuttal Testimony is to address portions of the Direct Testimony of  
20 the Commission’s Bureau of Investigation and Enforcement (“I&E”) witnesses Eryan  
21 Sakaya and Vanessa Okum, portions of the Direct Testimony of Office of Small Business  
22 Advocate (“OSBA”) witness Jason Hails, and portions of the Direct Testimony of Office  
23 of Consumer Advocate (“OCA”) witness David Garrett.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 **Q. Are you sponsoring any Exhibits with your Rebuttal Testimony?**

2 A. Yes. Attached to my Rebuttal Testimony as WCP-1-R is Aqua’s response to OCA-  
3 I-11 and OCA-I-34 (directed to Aqua).

4

5 **Q. Please briefly summarize the positions of the other parties that you will address in**  
6 **your Rebuttal Testimony.**

7 A. I&E recommends that Aqua’s Application be rejected. I&E witness Sakaya states that he  
8 is concerned that the estimated bill impact to the GWA customers is understated; that GWA  
9 is not a troubled system; that there would be no significant benefit gained from economies  
10 of scale, and that there is a lack of substantial public benefits. Witness Sakaya also  
11 recommends that if the Commission approves this Transaction that Aqua file a Cost of  
12 Service Study (“COSS”) in the next rate case that includes the GWA system. Witness  
13 Okum states that she is concerned with the higher cost of capital under Aqua’s ownership  
14 and that future GWA rates would include recovery of expenses that are incurred by  
15 investor-owned utilities that are not incurred by municipalities or municipal authorities.  
16 OSBA witness Hails states that the net public benefits identified in the calculation in my  
17 Direct Testimony are speculative and should be adjusted downward.

18

19 **II. RESPONSE TO I&E WITNESS SAKAYA**

20 **Q. What does witness Sakaya claim regarding the estimated rate impact for GWA**  
21 **customers?**

22 A. Witness Sakaya states that the estimated rate impact is likely understated and explains his  
23 concerns as follows: (1) the rate impact is an estimate, (2) the full cost of service rate

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 impact is lower than Aqua’s Rate Zone 1 average residential bill, and (3) the estimated rate  
2 impact analysis is incomplete.<sup>1</sup>

3  
4 **Q. Please address Mr. Sakaya’s concerns regarding the estimated bill impact.**

5 A. I agree with Mr. Sakaya that the rate projection for the GWA system in Appendix A is an  
6 estimate, and I also agree with Mr. Sakaya that estimated average bill at \$86.69 per month  
7 for GWA customers is lower than the Company’s existing Rate Zone 1 average bill at  
8 \$90.67 per month. Mr. Sakaya, however, suggests that the Company’s projections were  
9 incomplete because they did not assume or account for presumed consolidation with Rate  
10 Zone 1 in the future. I disagree with his observation and comments in this regard.  
11 Appendix A is prepared for the purpose of analyzing the cost impacts of the financial  
12 elements of the transaction before the Commission in this proceeding, which it does and  
13 has done for numerous prior Section 1329 applications. The revenue requirement  
14 deficiency calculations are complete, accurate, and representative of the financial evidence  
15 presented for the GWA system. As such, the bill impact estimate resulting from Appendix  
16 A is complete.

17 I note that Mr. Sakaya is not challenging the substance of any of the financial data  
18 elements in the calculations of Appendix A, such as Purchase Price, Rate Base, estimated  
19 operating costs, or the cost of capital of the Company. The facts are that the full cost of  
20 service financial data elements of the GWA system, calculated under a revenue  
21 requirement as an investor-owned utility operation, result in a total cost of service that is  
22 less than the cost of service for Aqua’s existing ratepayers. Should the Commission decide

---

<sup>1</sup> Direct Testimony of Esyan A. Sakaya, I&E St. No. 1, at 7.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 in a future rate proceeding that it is appropriate to consolidate the GWA system with a rate  
2 zone that has a higher average bill, doing so would result in a benefit for existing Aqua  
3 customers.

4  
5 **Q. Mr. Sakaya also states that he is concerned with the future rate impact since Aqua**  
6 **Pennsylvania Wastewater, Inc. (“APW”) has also acquired the Greenville Sanitary**  
7 **Authority (“GSA”).<sup>2</sup> Please respond.**

8 A. This concern is unfounded and completely speculative. The GSA system was recently  
9 acquired and has not been before the Commission in a base rate case to establish its  
10 regulated cost of service. The details of how the GSA’s existing rates will be raised, the  
11 amount, and any allocation of those rates to other customer groups is unknown at this time.  
12 Further, I&E will have an opportunity to review the proposed rates and make any  
13 arguments for or against the proposed rate for GSA customers in that proceeding.

14  
15 **Q. Mr. Sakaya states that improving the financial health of the Borough of Greenville**  
16 **(“Borough”) should not be considered a financial benefit.<sup>3</sup> Please respond.**

17 A. Mr. Sakaya’s observations are flawed and lack any credible support to validate his claims  
18 that increased rates or taxes to the Borough residents will be less under GWA’s ownership  
19 because of Aqua’s higher financing costs and tax liability. Mr. Sakaya has offered no  
20 tangible analysis of future GWA rate increases or tax projections to support his claims, he  
21 is simply guessing.

---

<sup>2</sup> *Id.* at 9.

<sup>3</sup> *Id.* at 12.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1           His opinion that the monetization of the system “should not fall on GWA customers  
2           and/or Aqua Customers”<sup>4</sup> is flawed for two reasons. First, it is in conflict with Section  
3           1329 that was authorized by the legislature and signed by the Governor of Pennsylvania,  
4           and second, it is not in line with the facts of this case. The estimated full cost of service  
5           for the GWA system, including the revenue deficiency, produces an estimate average bill  
6           that is ***less than*** the existing Aqua Rate Zone 1 average customer bill. This suggests the  
7           opposite of Mr. Sakaya’s argument, that costs will be absorbed by existing customers.  
8

9   **Q.   Does Mr. Sakaya believe that the GWA system is a troubled system?**

10   A.   No.

12   **Q.   Do you agree with Mr. Sakaya?**

13   A.   No. Mr. Sakaya focuses on the fact that the GWA system is owned by a municipal  
14           authority, with the power to increase rates at any time to any level, and that the system is  
15           currently in compliance with the Environmental Protection Agency (“EPA”) requirements.  
16           However, financial and compliance measures are not the only aspects that the Commission  
17           considers when determining if a system is troubled. The Commission also considers the  
18           managerial aspect of systems. As was previously conveyed by GWA witness Thomas  
19           Strahler, the GWA Board was reduced to 5 members due to “lack of interest from the  
20           community in filling, and difficulty in finding qualified individuals to serve in, the board  
21           positions”<sup>5</sup> and that “[n]one of the Board members have any training, education or

---

<sup>4</sup> *Id.* at 12.

<sup>5</sup> Direct Testimony of Thomas Strahler, GWA St. No. 1, at 6.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 experience in operating a water system.”<sup>6</sup> The GWA will clearly benefit from this  
2 Transaction with an experienced management structure that can plan the needs of the GWA  
3 system into the future. Mr. Strahler provides further discussion in his Rebuttal Testimony.  
4

5 **Q. Please respond to witness Sakaya concerning economies of scale.**

6 A. Mr. Sakaya states that while there may be some economies of scale from the transaction,  
7 there is no definitive timeline for when these economies of scale will be achieved. Mr.  
8 Sakaya also states that “normal” economies of scale like combining water distribution  
9 systems are not present.

10 I disagree with Mr. Sakaya that there is no definitive timeline. As I had previously  
11 stated in response to OCA interrogatories, economies of scale would be immediate as the  
12 revenue requirement per customer for GWA customers is currently less than Aqua’s  
13 revenue requirement per customer.<sup>7</sup>

14 Mr. Sakaya’s claim that “normal” economies of scale are not present because the  
15 GWA system will not be interconnected with other water systems, has no merit.  
16 Economies of scale can be and, in this case, are present even when a system is not  
17 physically interconnected with a system of the Company. If interconnection was a  
18 significant measure of economies of scale, no small satellite system would be acquired by  
19 a public utility unless it was immediately adjacent to an existing larger system. This is  
20 clearly not the case based on the Commission’s approval of prior applications.  
21

---

<sup>6</sup> *Id.*

<sup>7</sup> See WCP-1-R (OCA-I-11 and OCA-I-34 - directed to Aqua).

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 **Q. Did Mr. Sakaya address Figure 1 or Table 2 in your Direct Testimony?**

2 A. No. Mr. Sakaya failed to address Figure 1 or Table 2 included in my Direct Testimony,  
3 where I not only demonstrated the effect of economies of scale brought by adding the GWA  
4 system to Aqua’s footprint, but I also quantified the difference between existing customers  
5 and GWA system customers on a revenue requirement per customer basis. Specifically,  
6 Table 2 shows that the existing revenue requirement per customer of the Company’s water  
7 customers is \$1,457, compared to the GWA system at \$1,313. As I explained in my Direct  
8 Testimony, revenue requirement per customer in Table 2 is at the full cost of service for  
9 GWA customers under Aqua, which includes return of, and return on, invested capital as  
10 well as all operating costs (including taxes). Table 2 shows that the GWA system is  
11 approximately \$143.87 less in cost to operate per customer per year, or approximately  
12 \$392,909 per year for all GWA customers ( $\$143.87 \times 2,731$ ). That difference, if I were to  
13 equate it in the terms of potential future capital that could be available to the entire  
14 Company to invest, while at the same time not increasing the existing revenue requirement  
15 per customer by \$1 for current customers is approximately \$3.3 million ( $\$392,909 \div 12\%$   
16 pre-tax rate of return, including depreciation). Mr. Sakaya’s claims that there is a “lack of  
17 details”<sup>8</sup>; however, his observations on the matter of economies of scale are  
18 unsubstantiated, lacking merit, and should be rejected by the Commission.

19

20 **Q. Please discuss Mr. Sakaya’s recommendation regarding a COSS.**

21 A. Mr. Sakaya states that while I&E recommends that the Transaction be denied, if the  
22 Commission does approve the Transaction, Aqua should be required to file a COSS similar

---

<sup>8</sup> I&E St. No. 1, at 14.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 to the methodology used for other systems acquired through Section 1329 proceedings in  
2 Aqua’s last base rate case (Docket No. R-2024-3047822 and R-2024-3047824).

3  
4 **Q. Do you agree with Mr. Sakaya’s recommendation regarding filing a COSS?**

5 A. Yes. Aqua agrees to submit a separate COSS for the GWA system in a similar manner as  
6 it has submitted a separate COSS for each system acquired under Section 1329 in both its  
7 2021 and 2024 base rate case proceedings.

8  
9 **III. RESPONSE TO I&E WITNESS OKUM**

10 **Q. Please summarize the concerns cited by I&E witness Okum in her Direct Testimony.**

11 A. Ms. Okum states that the cost for capital improvements under Aqua’s ownership will be  
12 higher than if completed under GWA ownership due to the higher average weighted cost  
13 of capital, taxes that Aqua must pay which a municipal authority does not, and Commission  
14 assessments that Aqua must pay.<sup>9</sup>

15  
16 **Q. Please respond to Ms. Okum’s concerns.**

17 A. The arguments of Ms. Okum, if accepted, would mean that no certificate of public  
18 convenience could ever be granted for the sale of a municipal system to an investor-owned  
19 utility. Aqua would not exist as a utility in its current form if the arguments concerning  
20 differing costs of service were applied. The differences in costs incurred by investor-  
21 owned utilities and municipal systems were present in almost every acquisition of a  
22 municipal system previously completed by the Company, most of which occurred prior to

---

<sup>9</sup> Direct Testimony of Vanessa Okum, I&E St. No. 2, at 3-5.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 Section 1329’s enactment into law. The cost-of-service differences I&E attempts to  
2 leverage here as a basis for denial existed in those non-fair market value acquisitions as  
3 well (both in Section 1102 and those acquisitions with Section 1327 acquisition  
4 adjustments), and which continue to exist in applications to acquire municipal systems  
5 being filed by investor-owned water and wastewater utilities to this day.

6 Ms. Okum does not address, nor challenge the substance of the Appendix A  
7 calculations, which include the higher cost of capital and taxes she uses as basis for her  
8 recommendation to deny this Application. And yet, all the financial data elements I have  
9 presented show that the full cost of service of the GWA system is less than the existing  
10 customers of the Company. Lastly, Ms. Okum ignores completely any of the financial  
11 benefits<sup>10</sup> that will accrue to the GWA customers as a result of this transaction and which  
12 offset the revenue deficiency. In summary, Ms. Okum’s analysis and recommendations  
13 are lacking a complete assessment of the Application and should be rejected.

14  
15 **IV. RESPONSE TO OSBA WITNESS HAILS**

16 **Q. What is OSBA witness Hails’ conclusion regarding your Direct Testimony.**

17 A. Mr. Hails states that the purported public benefits that I discuss in my Direct Testimony  
18 are speculative and may not be passed on to ratepayers, and that the transaction presents a  
19 negative public impact.<sup>11</sup>

20  

---

<sup>10</sup> See Direct Testimony of William C. Packer, Aqua St. No. 1, at 16.

<sup>11</sup> Direct Testimony of Jason Hails, OSBA St. No. 1, at 8-10.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1   **Q.   Does Mr. Hails make specific adjustments to your public benefits calculations?**

2   A.   Yes. I believe Mr. Hails misunderstands the purpose and inputs into the public benefits  
3       calculation of my Direct Testimony and, as a result of this misunderstanding, his analysis  
4       entirely flawed.

5  
6   **Q.   Please explain.**

7   A.   Mr. Hails references his Figure 1, which is the GSA public benefits calculation analysis  
8       from APW’s acquisition of the GSA, and compares it to his Figure 2, which is Aqua’s  
9       public benefits calculation analysis in the GWA acquisition which is the subject of this  
10      Application. Mr. Hails states, in regard to “Present Revenue”, that I inflated the revenues  
11      cited in his Figure 2 over and above those set forth in his Figure 1. This assertion tells me  
12      that he is incorrectly comparing revenues from two different applications, and, as such, his  
13      conclusion that the revenues (of \$2,177,623) presented for the GWA system are overstated  
14      is completely incorrect. Further, Mr. Hails’ statement that Aqua inflated the GWA  
15      revenues by 77% is derived by taking the revenue of the GSA system – \$1,229,219 –  
16      divided by the revenue of the GWA system – \$2,177,623. This number is meaningless and  
17      should be disregarded as this compares two different utility systems, service types, rate  
18      structures, and costs of service. His assertion that the revenues presented by the Company  
19      are artificially inflated are therefore baseless and should be rejected by the Commission.

20

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 **Q. Please describe Mr. Hails' adjustment to interest income.<sup>12</sup>**

2 A. Mr. Hails states that it is speculative that the Borough will invest the proceeds of the sale  
3 to earn interest income and may use the proceeds for other municipal purposes. Mr. Hails  
4 further claims that the taxpayers in the Borough are a different group than the Aqua  
5 ratepayers. Mr. Hails therefore believes that the interest income line should be removed  
6 from my public benefits analysis.

7  
8 **Q. Do you agree with Mr. Hails?**

9 A. No. In my experience as a former municipal leader, Mr. Hails assertions on speculative  
10 benefits related to interest income and that the tax paying residents are a different  
11 constituency as the utility paying customers is incorrect. Look no further than the recently  
12 sold GSA system and the net proceeds received by GSA that are being invested in an  
13 interest bearing account as we speak as further discussed in the Rebuttal Testimony of  
14 Jasson Urey.

15 Further, Mr. Hails argument that the taxpayers of the Borough are a different group  
16 from Aqua ratepayers is entirely baseless. The taxpayers of the Borough are currently  
17 wastewater ratepayers of APW through APW's acquisition of the GSA, and further, these  
18 same ratepayers and taxpayers will be water ratepayers of Aqua through this Transaction.  
19 As stated in the Direct Testimony of Thomas Strahler, 80% of the customers of GWA are  
20 residents of the Borough.<sup>13</sup>

21

---

<sup>12</sup> *Id.* at 5-6.

<sup>13</sup> *See* GWA St. No. 1, at 4.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 **Q. Please describe Mr. Hails' adjustment to property tax.<sup>14</sup>**

2 A. Mr. Hails, for similar reasons to interest income, believes that Aqua's payment of property  
3 taxes would benefit taxpayers and not ratepayers and should not be considered a benefit.

4

5 **Q. Do you agree with Mr. Hails regarding property tax?**

6 A. No. For similar reasons as stated in response to Mr. Hails on interest income as it relates  
7 to taxpayers versus ratepayers.

8

9 **Q. Please describe Mr. Hails' adjustment to avoided rate increases.<sup>15</sup>**

10 A. Mr. Hails states that the avoided GWA rate increases are speculative, subject to various  
11 inputs, estimates and assumptions, and that it bears no relation to the present revenue  
12 differential between Figure 2 and Figure 1 presented in his Direct Testimony.

13

14 **Q. Do you agree with Mr. Hails' adjustment to avoided rate increases?**

15 A. No. The Company's estimate of future rate increases of GWA, if the system were retained  
16 by the GWA, that could be avoided with a sale is reasonable and should be part of the  
17 economic analysis of the decision to sell a utility system. GWA has offered that while they  
18 do not have a present plan to increase rates, they do strive to keep up with inflation, which  
19 is in line with the assumed 3% increase per year in my avoided rate increases analysis. The  
20 analysis, while keeping up with inflation, is likely understated if one considers future

---

<sup>14</sup> OSBA St. No. 1, at 6-7.

<sup>15</sup> *Id.* at 7.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 capital investment by GWA to address the needs identified for this system. Mr. Strahler  
2 discusses this point in his Rebuttal Testimony.

3  
4 **Q. Please explain Mr. Hails' adjustment to present revenue.<sup>16</sup>**

5 A. As noted above, Mr. Hails mistakenly compares the present rate revenue in his Figure 2  
6 (GSA) to his Figure 1 (GWA). Mr. Hails further claims that the \$2.2 million of present  
7 rate revenue is forecasted 2026 revenue and based on speculative inputs. Mr. Hails then  
8 goes on to claim that Aqua inflated the present revenue by 77% as shown in Mr. Hails'  
9 Figure 1 to Figure 2 to create an artificially inflated present revenue in Figure 2 and a  
10 smaller revenue deficiency for net public benefits calculation. Mr. Hails then states that  
11 the revenue deficiency should be calculated from "current Greenville revenues, as shown  
12 in Figure 1."<sup>17</sup>

13  
14 **Q. Do you agree with Mr. Hails' adjustment to present revenue?**

15 A. No. As stated above, Mr. Hails is mistakenly making a comparison between two entirely  
16 different systems – the GSA acquisition in Mr. Hails' Figure 1 and the GWA acquisition  
17 in Mr. Hails' Figure 2. Aqua did not, as Mr. Hails claims, artificially inflate the present  
18 rate revenue by 77%. Mr. Hails is improperly comparing the present rate revenue of the  
19 GSA at the time that acquisition was before the Commission to the present revenue of the  
20 GWA system in *this* Application. Moreover, the present revenue in Figure 2 is not based  
21 on speculative inputs, but instead it is current revenues that would occur the first year of

---

<sup>16</sup> *Id.* at 7-9.

<sup>17</sup> *Id.* at 8.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 Aqua’s ownership based upon the audited financial statements and billing data of the GWA  
2 that was available at the time the Application was filed. Mr. Hails’ adjustment should be  
3 rejected.

4

5 **Q. Please also respond to Mr. Hails’ comment regarding applying a net present value**  
6 **adjustment to all the factors in Mr. Hails’ adjustments.**<sup>18</sup>

7 A. Based on the substantial flaws I identified in Mr. Hails’ analysis and adjustments, his final  
8 assessment of the financial impact and net present value is equally flawed.

9

10 **V. RESPONSE TO OCA WITNESS GARRETT**

11 **Q. Please summarize the portions of OCA witness Garrett’s testimony**<sup>19</sup> **that you will**  
12 **address.**

13 A. Mr. Garrett states that the Reasonableness Review Ratio (“RRR”) is not a presumption of  
14 reasonableness or a determination that an acquisition is in the public interest, but a factor  
15 to be considered. Mr. Garrett discusses the application of the RRR as set forth in the  
16 Commission’s 2024 FISO.<sup>20</sup> Mr. Garret states that applying the 1.63 RRR to the average  
17 depreciated original cost (“DOC”) does not produce a reasonable valuation of the GWA  
18 system.

19

---

<sup>18</sup> *Id.* at 9.

<sup>19</sup> Direct Testimony of David J. Garrett, OCA St. No. 1, at 31-33.

<sup>20</sup> *Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 Final Supplemental Implementation Order at 106 (Jul. 2, 2024) (hereinafter “2024 FISO”).

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF WILLIAM C. PACKER

1 **Q. Do you agree with Mr. Garrett that the RRR is not a presumption of reasonableness**  
2 **or a determination of whether an acquisition is in the public interest?**

3 A. Yes. The Commission stated that the RRR is a factor in evaluating an acquisition<sup>21</sup>, and  
4 that the RRR is a “benchmark in evaluating [an acquisition].”<sup>22</sup>

5  
6 **Q. Should the Commission then take into consideration the Market Value Ratio**  
7 **(“MVR”) of this acquisition compared to the RRR?**

8 A. Yes. As I describe in my Direct Testimony, and as Mr. Garrett describes in his Direct  
9 Testimony, this acquisition’s MVR is 1.05.<sup>23</sup> In evaluating this acquisition, the  
10 Commission should consider that the 1.05 MVR is well below the Commission’s 1.63  
11 RRR, and as such the reasonableness of the purchase price should be considered as a factor  
12 in determining that this transaction is in the public interest.

13

14 **VI. CONCLUSION**

15 **Q. Does this conclude your Rebuttal Testimony?**

16 A. Yes it does. However, I reserve the right to supplement my Rebuttal Testimony as  
17 additional issues and facts arise during the course of this proceeding.

---

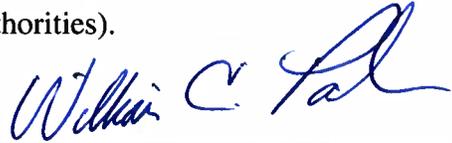
<sup>21</sup> FISO at 106.

<sup>22</sup> FISO at 106.

<sup>23</sup> Aqua St. No. 1, at 27; OCA St. No. 1, at 33.

## VERIFICATION

I, William C. Packer, Vice President, Rates, Regulatory and Regional Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my Rebuttal Testimony, Aqua Statement No. 1-R in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



---

William C. Packer  
Vice President, Regulatory Accounting  
& Regional Controller  
Aqua Pennsylvania, Inc.

Dated: October 7, 2025

Respondent: William C. Packer

Date: 8/25/2025

**APPLICATION OF AQUA PENNSYLVANIA, INC.**

**DOCKET NO. A-2024-3049015**

**OFFICE OF CONSUMER ADVOCATE**

**SET I INTERROGATORIES TO AQUA**

---

**OCA-I-11** Referring to Aqua Updated Statement No. 1, please explain step by step, and year by year how long the proposed “economies of scale” will need to take effect?

**RESPONSE**

Economies of scale are immediate as the initial revenue requirement per customer at \$1,313, which includes the full revenue requirement deficiency assumed to be absorbed by the GWA customers initially (full cost of service) and is less than the Companies’ existing customer base at \$1,457. Refer to Figure 1 and Table 2 of Updated Application Exhibit Y, Aqua Statement No. 1, p. 19-20.

Respondent: William C. Packer

Date: 8/25/2025

**APPLICATION OF AQUA PENNSYLVANIA, INC.**

**DOCKET NO. A-2024-3049015**

**OFFICE OF CONSUMER ADVOCATE**

**SET I INTERROGATORIES TO AQUA**

---

**OCA-I-34** When does Aqua expect GWA customers to realize cost reductions to offset the potential rate increases calculated in Mr. Packer's testimony?

**RESPONSE**

Immediately. The GWA customers and tax paying residents of the Borough will have the benefit of the estimated net proceeds (after closing costs and debt payments) of approximately \$13 million, which can be put to public use, potentially reduce property tax, improve their credit rating, build their cash reserves, generate interest income, and initiate public projects that are fully funded without needing future tax increases. Please refer to Table 1 of Updated Application Exhibit Y, Aqua Statement No. 1.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**AQUA PENNSYLVANIA, INC.**

**DOCKET NO. A-2024-3049015**

**AQUA STATEMENT NO. 2-R**

**REBUTTAL TESTIMONY OF  
TODD M. DUERR P.E., L.O.**

**With Regard To  
Operational Improvements  
Affirmative Public Benefits**

**September 26, 2025**

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	RESPONSE TO I&E WITNESS SAKAYA .....	3
III.	CONCLUSION.....	7

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

1   **I.    INTRODUCTION**

2   **Q.    Please state your name and business address.**

3   A.    My name is Todd M. Duerr. My business address is 762 West Lancaster Avenue, Bryn  
4       Mawr, Pennsylvania 19010.

5  
6   **Q.    By whom are you employed and in what capacity?**

7   A.    I am employed by Aqua Pennsylvania, Inc. (“Aqua” or the “Company”), as Vice President  
8       of Operations.

9  
10   **Q.    Please provide a brief description of your education and work experience.**

11   A.    I have a Bachelor of Arts Degree in Mathematics from Bloomsburg University, a Bachelor  
12       of Science Degree (B.S.) in Civil Engineering Technology from Temple University, and a  
13       Master’s Degree in Water Resources & Environmental Engineering from Villanova  
14       University. I have worked in various engineering, operations, and business leadership roles  
15       and have over 34 years of experience in the water and wastewater utility industry. I have  
16       worked at Aqua since March 2020, initially as Vice President of Water Production for  
17       Southeast Pennsylvania, with my responsibilities expanded in my current role as Vice  
18       President of Operations for all Aqua water and wastewater systems. I am a Registered  
19       Professional Engineer in Pennsylvania and a Licensed Water and Wastewater Operator in  
20       Pennsylvania.

21

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

1 **Q. Have you previously testified before the Pennsylvania Public Utility Commission**  
2 **(“PUC” or the “Commission”)?**

3 A. Yes. I provided testimony in Aqua’s 2021 base rate proceeding at Docket Nos. R-2021-  
4 3027385 and R-2021-3027386 and in Aqua’s 2024 base rate proceeding at Docket Nos. R-  
5 2024-3047822 and R-2024-3047824.

6  
7 **Q. Did you previously provide Direct Testimony in this proceeding?**

8 A. No. However, with the filing of this Rebuttal Testimony, I am adopting the Direct  
9 Testimony of Zach Martin (Application Exhibit Z, Aqua Statement No. 2) submitted with  
10 Aqua’s Application to the Commission on April 25, 2025, and as updated on June 13, 2025.

11

12 **Q. What is the purpose of your Rebuttal Testimony?**

13 A. The purpose of my Rebuttal Testimony is to address portions of the Direct Testimony of  
14 the Commission’s Bureau of Investigation and Enforcement (“I&E”) witness Eryan  
15 Sakaya.

16

17 **Q. Are you sponsoring any Exhibits with your Rebuttal Testimony?**

18 A. No.

19

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

1   **II.    RESPONSE TO I&E WITNESS SAKAYA**

2   **Q.    Please summarize Mr. Sakaya’s claims regarding the affirmative benefits set forth in**  
3   **the Application.**

4   A.    Mr. Sakaya summarizes the public benefits set forth in Aqua’s Application in his Direct  
5    Testimony, and concludes that Aqua has not shown that the benefits could not be achieved  
6    by GWA and that any service improvements do not outweigh the estimated bill impact.<sup>1</sup>  
7    Mr. Sakaya states that the estimated bill impact to the GWA customers alone is enough to  
8    deny the Application.<sup>2</sup> Mr. Sakaya further comments that he does not believe the GWA  
9    system is troubled.<sup>3</sup> Mr. Sakaya concludes that there is a lack of substantial affirmative  
10   public benefits to this transaction.<sup>4</sup>

11  
12   **Q.    Do you agree with Mr. Sakaya’s conclusions?**

13   A.    No. Mr. Sakaya, while listing out some of the benefits, does not respond to any of the  
14    specific service improvements to the GWA system that Aqua will undertake for the benefit  
15    of GWA customers, except for stating that Greenville may be able to implement these  
16    improvements at a lower cost and that the improvements do not outweigh the estimated bill  
17    impacts. In the Direct Testimony of Mr. Zach Martin (Aqua Statement No. 2) that I am  
18    adopting, there are key areas of improvement that were noted that will result specifically  
19    from Aqua’s ownership. Moreover, while Mr. Sakaya mentions in passing that the GWA  
20    system has approximately 70 utility owned lead service lines and more than 1,500 unknown  
21    customer service lines that need to be identified, as set forth in the Direct Testimony of

---

<sup>1</sup> I&E St. No. 1, at 9 and 14.

<sup>2</sup> *Id.* at 9.

<sup>3</sup> *Id.* at 12-13.

<sup>4</sup> *Id.* at 16.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

1 Scott Steffy (Aqua Statement No. 3), he fails to acknowledge the benefits of Aqua’s  
2 comprehensive lead service line replacement program.

3 Additionally, neither Mr. Sakaya, nor any other I&E, Office of Consumer  
4 Advocate, or Office of Small Business Advocate witnesses, address any of the  
5 cybersecurity improvements and benefits that were set forth in the Direct Testimony of  
6 Sumit Nair (Aqua Statement No. 4).

7 In taking a complete view of the system, the benefits set forth in Aqua’s  
8 Application, and recognizing the improvements that Aqua will make to the system – both  
9 operationally and through capital improvements – the Commission can ensure  
10 enhancements to safety, security and reliability/resiliency of the GWA system assets.  
11 These improvements taken together provide substantial affirmative public benefits that are  
12 not present absent this transaction. The benefits set forth in Aqua’s Application should not  
13 be ignored or summarily dismissed when compared to the estimated bill impact. Without  
14 unnecessarily repeating the detailed discussion on operational issues<sup>5</sup> that Aqua will  
15 address post-closing, I will note the following areas that the Company has identified:

- 16 • Lack of Redundancy of Operators and Access to Training;
- 17 • Limited or Lacking Process Control Testing;
- 18 • Laboratory Sample System Management;
- 19 • Minimal Emergency Preparedness Planning;
- 20 • Lacking Safety & Security Equipment & Training;
- 21 • Hazardous Chemical Storage, Labeling, and Safety;
- 22 • Inadequate SCADA and operator alarm systems;

---

<sup>5</sup> See Aqua St. No. 2, at 18-50.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

- 1           •     Insufficient emergency/standby power generation; and
- 2           •     Non-use of Asset Management or Compliance Management Software
- 3                 Systems.

4

5   **Q.    Do you agree with Mr. Sakaya’s argument that because GWA *might* be capable of**  
6   **making certain improvements, that we can be assured that they *will* complete them?**

7   A.    No.  The fact that Aqua has observed the issues within the System that have not been  
8         corrected indicates that they will not be addressed by GWA.  As can be seen in GWA’s  
9         response to OCA-I-1, GWA has projected approximately \$100,000 per year of capital  
10        investments in the system over the next 3 years.  In comparison Aqua has projected  
11        approximately \$10 million over 10 years, which includes \$1.5 million of improvements  
12        over the first 3 years.

13                 Leaving these kinds of issues unaddressed can lead to further issues in the System,  
14         including deterioration of assets, sustained operational inconsistencies, and long-term  
15         safety and security risks.  Without proper asset management and preventative maintenance,  
16         the system’s infrastructure will continue to deteriorate, leading to more frequent  
17         breakdowns and higher repair costs.  The lack of a robust computerized maintenance  
18         management system (“CMMS”) will result in continued inefficiencies and inconsistencies  
19         in the System’s operations, affecting its reliability and performance.  These inefficiencies  
20         and inconsistencies will continue if the acquisition is not approved.  Finally, the absence  
21         of adequate safety and security measures will pose ongoing risks to employees and the  
22         public, potentially leading to accidents and health hazards.  These risks will increase over  
23         time if they are left unaddressed.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

1 **Q. Putting aside whether GWA *could* implement the improvements Aqua plans to make**  
2 **to the GWA system, do you believe that Aqua is in a better position to do so than**  
3 **GWA?**

4 A. Yes. Aqua has extensive resources and personnel located in the area, given the system is  
5 only approximately 14 miles from Aqua’s Western Division office. Aqua will be able to  
6 pull equipment and employees as needed to assist with the system. Aqua can leverage its  
7 existing pool of skilled employees who are already trained and experienced in managing  
8 similar systems, who will be able to provides necessary redundancy and back up to the  
9 GWA employees. Aqua’s implementation of a CMMS and other advanced management  
10 systems ensures efficient scheduling and automation of maintenance tasks, leading to  
11 improved operational consistency and reduced downtime. Further, Aqua’s established  
12 supply chains and procurement processes allow for timely access to necessary materials  
13 and equipment, ensuring that maintenance and improvement projects can be carried out  
14 without delays. As stated in the Direct Testimony of Zach Martin, Aqua has already seen  
15 cost reductions in chemicals for treatment for the GSA system through Aqua’s national  
16 contracting<sup>6</sup>, and GWA would likely see similar savings.

17  
18 **Q. Mr. Sakaya comments that he does not believe the system is troubled. Does the**  
19 **Commission require a system to be troubled to be acquired under Section 1329?**

20 A. No. The Commission has not required in its implementation orders that a system be  
21 troubled to be acquired under Section 1329. Moreover, Section 1329 has no such  
22 requirement. As discussed in the Direct Testimony of William C. Packer Aqua has

---

<sup>6</sup> Aqua St. No. 2, at 11.

AQUA PENNSYLVANIA, INC.  
REBUTTAL TESTIMONY OF TODD M. DUERR

1           acquired both troubled and non-troubled systems which makes up the diversified systems  
2           across Aqua's entire footprint.<sup>7</sup>

3

4   **III.   CONCLUSION**

5   **Q.    Does this conclude your Rebuttal Testimony?**

6   A.    Yes it does.  However, I reserve the right to supplement my Rebuttal Testimony as  
7        additional issues and facts arise during the course of this proceeding.

---

<sup>7</sup> See Aqua St. No. 1, at 12.

## VERIFICATION

I, Todd M. Duerr, Vice President of Operations of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my Rebuttal Testimony, Aqua Statement No. 2-R in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



---

Todd M. Duerr  
Vice President of Operations  
Aqua Pennsylvania, Inc.

Dated: October 7, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**AQUA PENNSYLVANIA, INC.**

**DOCKET NO. A-2024-3049015**

**AQUA STATEMENT NO. 5-R**

**REBUTTAL TESTIMONY OF  
RITA F. BLACK**

**With Regard To:  
Low-Income Programs**

**September 26, 2025**

**TABLE OF CONTENTS**

I. INTRODUCTION ..... 1

II. RESPONSE TO I&E WITNESSES OKUM AND SAKAYA..... 2

III. CONCLUSION..... 4

AQUA PENNSYLVANIA INC.  
REBUTTAL TESTIMONY OF RITA F. BLACK

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Rita F. Black and my business address is located at 375 North Shore Drive,  
4 Pittsburgh, Pennsylvania 15212.

5  
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Essential Utilities, Inc. (“Essential”) as the Director of Community  
8 Assistance Programs. In this role, I lead assistance programs for Aqua Pennsylvania, Inc.  
9 and Aqua Pennsylvania Wastewater, Inc. (collectively “Aqua” or the “Company”), and  
10 Peoples Natural Gas Company LLC (“Peoples”), as well as the regulated utilities of  
11 Essential operating in other states.

12  
13 **Q. Have you previously provided testimony in this proceeding?**

14 A. Yes. My Direct Testimony was provided as Aqua Statement No. 5.

15  
16 **Q. What is the purpose of your Rebuttal Testimony?**

17 A. I would like to respond to the Direct Testimony of Vanessa Okum and Eryan Sakaya, on  
18 behalf of the Bureau of Investigation and Enforcement (“I&E”). Specifically, I will  
19 respond to testimony by both witnesses regarding the potential impact of the acquisition  
20 on the low-income population of Greenville.

21  
22 **Q. Are you sponsoring any exhibits with your Rebuttal Testimony?**

23 A. No.

AQUA PENNSYLVANIA INC.  
REBUTTAL TESTIMONY OF RITA F. BLACK

1 **II. RESPONSE TO I&E WITNESSES OKUM AND SAKAYA**

2 **Q. Did the witnesses for I&E testify regarding the income demographics of Greenville?**

3 A. Yes. On page 9 of his Direct Testimony, witness Sakaya noted “This population could be  
4 impacted significantly by higher rates, particularly when considering the fact that these  
5 ratepayers will already be subject to higher rates on the wastewater side due to Aqua’s  
6 completed acquisition of the Greenville wastewater system.”<sup>1</sup> Witness Okum made similar  
7 comments in her testimony as well.<sup>2</sup>

8  
9 **Q. Do you agree with their opinion that Greenville appears to have a low-income  
10 population?**

11 A. Yes, I agree that there are residents in Greenville with low-income, as stated in my Direct  
12 Testimony in this proceeding<sup>3</sup>. In my Direct Testimony, I also noted that Greenville does  
13 not have assistance programs for low-income households.<sup>4</sup> As a result, a household living  
14 near or below the poverty line pays the same rates under Greenville Water Authority  
15 (“GWA”) ownership as do other residential consumers with higher incomes. Under Aqua’s  
16 ownership, these households would have access to significant discounts as shown on page  
17 5 of my Direct Testimony.

---

<sup>1</sup> I&E Statement 1, Page 9, Lines 13 through 16.

<sup>2</sup> I&E Statement 2, Page 5, lines 12 through 16.

<sup>3</sup> Aqua Statement 5, Page 7, Lines 4 through 6.

<sup>4</sup> Aqua Statement 5, Page 6, Lines 22 and 23.

AQUA PENNSYLVANIA INC.  
REBUTTAL TESTIMONY OF RITA F. BLACK

1 **Q. Both witnesses referred to Greenville customers as already being subject to higher**  
2 **rates due to the acquisition of Greenville Wastewater by Aqua in a prior proceeding.**  
3 **Would you like to respond to this statement?**

4 A. Yes, I would. Rates for Greenville Wastewater customers have not increased following  
5 the acquisition. Any future potential increases are subject to the review of the Pennsylvania  
6 Public Utility Commission through a base rate proceeding, at which time, all parties to the  
7 case will have ample opportunity to provide testimony and evidence supporting their  
8 position. While Greenville Wastewater customers have not been subjected to any pricing  
9 changes to date, upon completion of the acquisition, they immediately became eligible to  
10 participate in Aqua’s low-income program offerings. The monthly discounts for Customer  
11 Assistance Program (“CAP”) participants are designed to offer the largest monthly  
12 discounts for those households with the lowest income, greatly improving utility  
13 affordability for participants. There are Greenville Wastewater customers actively  
14 participating in Aqua’s CAP today and we continue to promote it to all Aqua customers.

15  
16 **Q. If this acquisition is approved, will GWA customers be eligible for Aqua’s programs?**

17 A. Yes. As was the case with Greenville Wastewater, income-eligible GWA customers will  
18 not only have the opportunity to enroll in CAP to receive the benefit of the tiered discounts,  
19 but they can also access assistance available through Aqua Aid grants and Aqua’s leak  
20 repair program which addresses common household leaks that can quickly raise water bills.  
21 To promote the programs to GWA customers, a ‘welcome’ letter will be sent, which  
22 includes a number of important customer messages, as well as a flyer for Aqua’s CAP.  
23 Within sixty days of the acquisition, residential GWA customers will receive a second

AQUA PENNSYLVANIA INC.  
REBUTTAL TESTIMONY OF RITA F. BLACK

1 outreach mailing detailing Aqua's programs that also includes information on eligibility  
2 and how to apply.

3

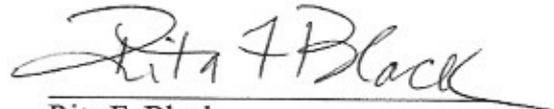
4 **III. CONCLUSION**

5 **Q. Does this conclude your Rebuttal Testimony?**

6 A. Yes, it does; however, I reserve the right to supplement my Rebuttal Testimony as  
7 additional issues and facts arise during the course of this proceeding.

## VERIFICATION

I, Rita F. Black, Director of Community Assistance Programs of Essential Utilities, Inc., hereby state that the facts set forth in my Rebuttal Testimony, Aqua Statement No. 5-R in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

A handwritten signature in black ink that reads "Rita F. Black". The signature is written in a cursive style with a horizontal line underneath the name.

Rita F. Black  
Director of Community Assistance  
Programs  
Essential Utilities, Inc.

Dated: October 7, 2025

**AQUA PENNSYLVANIA, INC.**  
**BRYN MAWR, PENNSYLVANIA**

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

REBUTTAL TESTIMONY  
OF  
HAROLD WALKER, III

FAIR MARKET VALUE APPRAISAL  
GREENVILLE WATER AUTHORITY  
WATER SYSTEM ASSETS

September 26, 2025

Prepared by:

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	SCOPE OF TESTIMONY .....	1
III.	RESPONSE TO OCA WITNESS GARRETT .....	1
IV.	MARKET APPROACH .....	2
V.	MARKET MULTIPLES METHOD.....	8
VI.	SELECTED TRANSACTION METHOD .....	10
VII.	COST APPROACH.....	12
VIII.	INCOME APPROACH .....	17
IX.	CONCLUSION.....	25



**I. INTRODUCTION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

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

A. My name is Harold Walker, III my business address is 1010 Adams Avenue, Audubon, Pennsylvania.

**Q. ARE YOU THE SAME HAROLD WALKER WHO PREVIOUSLY SUBMITTED TESTIMONY IN THIS PROCEEDING?**

A. Yes.

**II. SCOPE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

A. Gannett Fleming Valuation and Rate Consultants, LLC (“Gannett Fleming”) was engaged by Aqua Pennsylvania, Inc. (“Aqua”) to perform a fair market value appraisal (“FMV”) of the Municipal Authority of The Borough of Greenville (“GWA”) water system assets (“Water System”). The purpose of my Rebuttal Testimony is to respond to and comment on the Direct Testimony submitted by the Office of Consumer Advocate’s (“OCA”) witness David J. Garrett, OCA Statement No. 1.

**III. RESPONSE TO OCA WITNESS GARRETT**

**Q. WOULD YOU PLEASE SUMMARIZE MR. GARRETT’S ADJUSTMENTS OF THE GANNETT FLEMING FMV APPRAISAL?**

A. In his Direct Testimony, Mr. Garrett proposed a new Market Approach to valuation and did not rely upon the market multiples method or the selected transaction method. Mr. Garrett also proposed a new Cost Approach to valuation and a new Income Approach to valuation. All of Mr. Garrett’s proposed modifications are downward, or negative,

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 adjustments to Gannett Fleming’s FMV appraisal report. I will address each of Mr.  
2 Garrett’s recommended adjustments below.

3 **Q. DO MR. GARRETT’S RECOMMENDATIONS MEET A STANDARD OF VALUE**  
4 **OF FMV?**

5 A. No. Mr. Garrett’s recommendations do not meet a standard of value of FMV and are in  
6 direct violation of Section 1329 of the Public Utility Code (“Code”), 66 Pa. C.S. § 1329.

7 **Q. DID MR. GARRETT PERFORM AN APPRAISAL OF GWA’S WATER SYSTEM**  
8 **ASSETS?**

9 A. No.

10 **Q. DID YOU INSPECT OR REVIEW GWA’S WATER SYSTEM?**

11 A. Yes, water engineers from our parent company viewed or observed the Water System’s  
12 facilities on July 2, 2024. We also relied on the engineering assessment of the Water  
13 System’s facilities report, “The Municipal Authority of The Borough of Greenville,  
14 Greenville Borough, Pennsylvania, Engineering Assessment,” prepared by Entech  
15 Engineering, Inc., the Water System’s water quality reports, the Water System’s Primary  
16 Facility Reports, and the Asset Purchase Agreement (“APA”), to confirm the condition of  
17 the Water System’s property and equipment.

18 **IV. MARKET APPROACH**

19 **Q. ON PAGES 6 TO 10 OF MR. GARRETT’S DIRECT TESTIMONY, HE EXPLAINS**  
20 **HIS ADJUSTMENTS TO THE MARKET APPROACH. PLEASE DESCRIBE**  
21 **GANNETT FLEMING’S MARKET APPROACH.**

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 A. Gannett Fleming’s Market Approach is explained on pages 40 to 49 of the FMV appraisal.<sup>1</sup>  
2 The Market Approach is defined as, “a general way of determining a value indication of a  
3 business, business ownership interest, security or intangible asset by using one or more  
4 methods that compare the subject to similar businesses, business ownership interests,  
5 securities or intangible assets that have been sold.”<sup>2</sup> There are two methods of doing the  
6 Market Approach to valuation: the market multiples method and the selected transaction  
7 method. Gannett Fleming determined the value of the Water System using both the  
8 market multiples method and the selected transaction method. Accordingly, Gannett  
9 Fleming’s Market Approach to valuation is based on both the market multiples method and  
10 the selected transaction method.

11 **Q. DID MR. GARRETT FOLLOW A SIMILAR PROCEDURE WHEN HE MADE**  
12 **ADJUSTMENTS TO GANNETT FLEMING’S MARKET APPROACH?**

13 A. No. Mr. Garrett’s adjustment to the Gannett Fleming Market Approach to valuation is  
14 only based on a single method, which Mr. Garrett refers to as the “EV/NP ratio” method.  
15 Mr. Garrett provided no specific adjustments to either Gannett Fleming’s market multiples  
16 method or selected transaction method. Rather Mr. Garrett substituted a Market Approach  
17 based on his own unique method (i.e., EV/NP ratio) that was not used by Gannett Fleming.

18 **Q. PLEASE EXPLAIN HOW MR. GARRETT DETERMINED HIS MARKET**  
19 **APPROACH.**

20 A. Mr. Garrett’s Market Approach is based on a single metric, or ratio of Enterprise Value  
21 divided by Net Property, Plant, & Equipment which he defines as the “EV/NP ratio” as

---

<sup>1</sup> See Aqua’s application, Exhibit Q (Updated), for Gannett Fleming’s appraisal report dated June 12, 2025.

<sup>2</sup> American Society of Appraisers, *ASA Business Valuation Standards*, 2022, BVS-V Market Approach to Business Valuation, p. 12.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 shown on Exhibit DJG-3. Mr. Garrett derived his EV/NP ratio for the same proxy group  
2 that Gannett Fleming used in their market multiples method.<sup>3</sup> Mr. Garrett derived an  
3 EV/NP ratio of 1.2, shown on Exhibit DJG-3, which he multiple by what he claims is the  
4 “net plant of GWA System” of \$13.9 million (\$13,859,389 rounded) to produce a \$16.6  
5 million (\$16,603,545 rounded) indication of value for the Water System.

6 Putting aside the lack of any foundation or basis for the proposed EV/NP ratio used,  
7 Mr. Garrett used an incorrect value of only \$13.9 million for the Water System’s original  
8 cost new less depreciation (“OCNLD”) in his Market Approach. In fact, the Water  
9 System’s OCNLD is \$20.4 million.<sup>4</sup> Mr. Garrett also calculated an average OCNLD of  
10 \$17.1 million for the Water System, which he used as the basis of his Cost Approach (I  
11 will address this later). Accordingly, Mr. Garrett has no basis for using \$13.9 million  
12 OCNLD for the Water System.

13 **Q. BESIDES USING AN INCORRECT VALUE FOR THE WATER SYSTEM’S**  
14 **OCNLD, DO YOU HAVE ANY OTHER CONCERNS REGARDING MR.**  
15 **GARRETT’S MARKET APPROACH?**

16 A. Yes. I mentioned previously, Mr. Garrett’s Market Approach is based on a single metric,  
17 or “EV/NP ratio” as shown on Exhibit DJG-3. The denominator<sup>5</sup> in Mr. Garrett’s  
18 calculated EV/NP ratio is Net Property, Plant, & Equipment. Under ratemaking, the Net  
19 Property, Plant, & Equipment is assumed to be financed with investor provided capital and  
20 “cost free capital.” However, “cost free capital,” such as contribution, deferred taxes,

---

<sup>3</sup> See page of 10 of OCA Statement 2.

<sup>4</sup> See Aqua’s application, Exhibit Q (Updated), for Gannett Fleming’s appraisal report dated June 12, 2025, p. 27 where the Water System’s OCNLD was determined to be \$20,368,964.

<sup>5</sup> In a ratio (fraction), the numerator is the top number of the ratio (fraction), while the denominator is the bottom number of the ratio (fraction). For example, in the “EV/NP ratio,” the numerator is “EV” and the denominator is “NP.”

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 customer advances, etc., are subtracted from a utility's Net Property, Plant, & Equipment  
2 when a utility's rate base value is calculated. Therefore, the regulatorily allowed earnings  
3 on Net Property, Plant, & Equipment is limited to only that portion assumed to be financed  
4 with investor provided capital.<sup>6</sup> As such, "cost free capital" has no earning power and  
5 should not be part of the value ascribed to Enterprise Value, which is the numerator in Mr.  
6 Garrett's calculated EV/NP ratio.

7 As a result, Mr. Garrett's calculated EV/NP ratio directly ascribes his proxy group's  
8 "cost free capital" to the Water System, which is contrary to Code Section 1329 (Valuation  
9 of Acquired Water and Wastewater Systems). Under Code Section 1329, the original  
10 source of funding for any part of the assets of a selling utility is not relevant to determining  
11 the value of a selling utility's assets.

12 The Gannett Fleming FMV appraisal verified the known components of Mr.  
13 Garrett's proxy group's "cost free" capital by reviewing their individual balance sheets  
14 (Exhibit 6, page 1, Table 6.2) at year-end 2023.<sup>7</sup> Our analysis proves 24% of Mr.  
15 Garrett's proxy group's Net Property, Plant, & Equipment was financed with "cost free  
16 capital" which Mr. Garrett directly ascribed to the Water System in his Market Approach.

17 I remedied Mr. Garrett's inclusion of "cost free" capital in his calculated EV/NP  
18 ratio by subtracting "cost free capital" from Net Property, Plant, & Equipment in  
19 determining the denominator in Mr. Garrett's calculated EV/NP ratio, as shown in Table  
20 1.

---

<sup>6</sup> Under rate regulation "cost free" capital, such as customer contributions, is subtracted from plant assets in determining the dollar amount of property on which a utility may earn a "fair rate of return" and therefore, "cost free" capital has no economic value to investors.

<sup>7</sup> See Exhibit 6, page 1, Table 6.2 of Aqua's application, Exhibit Q (Updated), for Gannett Fleming's appraisal report dated June 12, 2025.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

Company	Original Enterprise Value	Original Net Plant	Original EV / NP Ratio	2023 Percentage of Known "Cost Free" Capital	Adjusted Net Plant	Corrected EV / NP Ratio
American States Water Co	\$ 3,884	\$ 2,100	1.8	20%	\$ 1,676	2.3
American Water Works Co Inc	41,289	28,038	1.5	13%	24,308	1.7
Artesian Resources -CL A	514	751	0.7	43%	425	1.2
California Water Service Gp	3,860	4,135	0.9	22%	3,216	1.2
Essential Utilities, Inc.	18,251	13,143	1.4	20%	10,533	1.7
Middlesex Water Co	1,349	1,067	1.3	23%	819	1.6
SJW Corp	3,468	4,474	0.8	22%	3,474	1.0
York Water Co	648	533	1.2	25%	402	1.6
Average	\$ 9,158	\$ 6,780	1.2	24%	\$ 5,607	1.6

Table 1

Specifically, Mr. Garrett’s original net plant, shown in Table 1, was multiplied by the complement<sup>8</sup> of the known percentage of “cost free capital” to produce the adjusted net plant, shown in Table 1. Accounting for (i.e., removing) the proxy group’s “cost free capital” results in Mr. Garrett’s originally derived 1.2 EV/NP ratio being adjusted to 1.6, as shown in Table 1. The adjusted EV/NP ratio of 1.6 is applicable to the Water System because the value of the Water System must not consider “cost free capital.”

**Q. WHAT IS THE RESULT OF USING THE CORRECT EV/NP RATIO IN MR. GARRETT’S MARKET APPROACH?**

A. Using the adjusted EV/NP ratio of 1.6, developed in Table 1, and the Water System’s actual OCNLD value of \$20.4 million, developed in the Gannett Fleming appraisal, produces an indicated value of \$31.6 million (\$31,603,727 rounded), which is almost identical to the \$31.6 million (\$31,614,001 rounded) determined by Gannett Fleming in the FMV valuation. Even if Mr. Garrett’s incorrect OCNLD value of only \$13.9 million were used, using the adjusted EV/NP ratio of 1.6 produces an indicated value of \$21.5 million

<sup>8</sup> The average of the known percentage of “cost free capital” shown in Table 1 is 24%. The complement of 24% is 76%, which is calculated as 100% - 24% = 76%.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 (\$21,503,712 rounded). Finally, using the adjusted EV/NP ratio of 1.6 and Mr. Garrett's  
2 average OCNLD value of \$17.1 million, which he determined in his Cost Approach,  
3 produces an indicated value of \$26.6 million (\$26,553,719 rounded).

4 **Q. DOES MR. GARRETT PROVIDE A DEFINITION OF THE MARKET**  
5 **APPROACH?**

6 A. No. However, in other Section 1329 FMV proceedings Mr. Garrett has provided a  
7 definition of the Market Approach.<sup>9</sup> Specifically, Mr. Garrett explained in his testimony  
8 in the Elizabeth Borough Municipal Authority proceeding that “the Market Approach  
9 involves comparing an asset with similar assets that have been sold or are for sale in the  
10 relevant marketplace by making adjustments to prices based on marketplace conditions and  
11 the properties’ characteristics of value.”

12 **Q. DID MR. GARRETT REFLECT THE WATER SYSTEM’S “CHARACTERISTICS**  
13 **OF VALUE” IN REACHING HIS MARKET APPROACH RECOMMENDATION?**

14 A. No. Mr. Garrett did not consider the “marketplace conditions” which existed at the time  
15 the APA was executed. Rather, his Market Approach reflects his proxy group’s *current*  
16 enterprise value and *current* net plant value – nearly two years beyond the date the Asset  
17 Purchase Agreement was entered into, on September 26, 2023. Accordingly, Mr. Garrett  
18 did not reflect the Water System’s “characteristics of value” nor the “marketplace  
19 conditions” in his Market Approach.

20 **Q. PLEASE SUMMARIZE YOUR CONCERNS REGARDING MR. GARRETT’S**  
21 **MARKET APPROACH.**

---

<sup>9</sup> For example, see OCA Statement No. 2, June 3, 2025, p 6, in the *Application of Pennsylvania-American Water Company – Elizabeth Borough Municipal Authority*, Docket No. A-2022-3033138.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 A. First, Mr. Garrett’s Market Approach is only based on a single metric – his EV/NP ratio.  
2 Second, Mr. Garrett’s calculated EV/NP ratio directly (and incorrectly) ascribes his proxy  
3 group’s “cost free capital” to the Water System. Third, Mr. Garrett used an incorrect  
4 value of only \$13.9 million for the Water System’s OCNLD in his Market Approach when  
5 the Water System’s OCNLD was, in fact, \$20.4 million. Fourth, Mr. Garrett’s Market  
6 Approach reflects current market value, which is about two years after the APA’s  
7 execution; it is therefore not based on the market conditions which existed when the APA  
8 was executed as required.

9 Accordingly, Mr. Garrett’s Market Approach recommendation is unreasonable and  
10 should not be considered by the Commission, as it does not meet a standard of value of  
11 FMV, does not reflect the Water System’s “characteristics of value” nor the “marketplace  
12 conditions” and is in direct violation of Code Section 1329.

13 **V. MARKET MULTIPLES METHOD**

14 **Q. ON PAGE 7 OF MR. GARRETT’S DIRECT TESTIMONY HE DISCUSSES THE**  
15 **MARKET MULTIPLES METHOD. MR. GARRETT STATES, IN REGARD TO**  
16 **THE GROWTH AND RISK ADJUSTMENTS, “IT IS UNCLEAR HOW MR.**  
17 **WALKER PRECISELY DEVELOPED THESE RISK ADJUSTMENT FACTORS.”**  
18 **ARE THE GROWTH AND RISK ADJUSTMENTS FACTORS USED IN THE**  
19 **MARKET MULTIPLES METHOD EXPLAINED IN THE GANNETT FLEMING**  
20 **FMV APPRAISAL?**

21 A. Yes. The growth and risk adjustments factors are explained on pages 42 and 43 of the  
22 Gannett Fleming FMV appraisal and their calculation is shown on page 3 of Exhibit 18

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 thereto.<sup>10</sup> Further, the growth and risk adjustments made in the Gannett Fleming FMV  
2 appraisal applicable to the Water System under the market multiples method is based on  
3 the evidence found, and consistent with the application of the market multiples method:

4 Several valuation ratios may be selected for application to the subject  
5 company. These ratios may **require adjustment for differences in**  
6 **qualitative and quantitative factors between the guideline public**  
7 **companies and the subject. . . .**

8 **Adjustment may be necessary to the ratios or values for factors relating**  
9 **to the subject interest** that may not have been considered earlier in the  
10 appraisal, such as: . . .

11 **Size, depth of management, diversification of markets, products and**  
12 **services, and relative growth and risk.**<sup>11</sup>

13 Consequently, Mr. Garrett's statements on page 7 of his Direct Testimony are  
14 incorrect and should be rejected by the Commission.

15 **Q. ON PAGE 7 OF MR. GARRETT'S DIRECT TESTIMONY, HE QUESTIONS THE**  
16 **REASONABLENESS OF THE WEIGHTINGS APPLIED TO THE INDICATIONS**  
17 **OF VALUE FOUND IN THE MARKET MULTIPLES METHOD. ARE THE**  
18 **WEIGHTINGS GANNETT FLEMING APPLIED TO THE INDICATIONS OF**  
19 **VALUE FOUND IN THE MARKET MULTIPLES METHOD REASONABLE?**

20 **A.** Yes. Gannett Fleming applied a 50% weight to the values indicated from Demographics  
21 Items and applied a 50% weight to the values indicated from Capital Items. Gannett  
22 Fleming gave no weight to the values indicated from the Income Statement Items for the  
23 reasons explained on page 44 of the Gannett Fleming FMV appraisal.<sup>12</sup> Using different

---

<sup>10</sup> See Aqua's application, Exhibit Q (Updated), for Gannett Fleming's appraisal report dated June 12, 2025.

<sup>11</sup> American Society of Appraisers, *ASA Business Valuation Standards*, 2022, SBVS-1 Guideline Public Company Method, p. 34. (*Emphasis added*). The guideline public company method is a different name for the market multiples method.

<sup>12</sup> See Aqua's application, Exhibit Q (Updated), for Gannett Fleming's appraisal report dated June 12, 2025, p. 44, "For most municipal utilities, the indicated values based on Income Statement Items are far below the indicated

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 weightings is consistent with the evidence found, and consistent with the application of the  
2 market multiple method,

3 One or more indications of value may result from the use of the Guideline  
4 Public Company Method. The **appraiser must consider the relative**  
5 **importance or weight accorded to each of the indications of value** used  
6 in arriving at the opinion or conclusion of value.<sup>13</sup>

7 Consequently, Mr. Garrett’s statements on page 7 of his Direct Testimony are  
8 incorrect and should be rejected by the Commission.

9 **VI. SELECTED TRANSACTION METHOD**

10 **Q. ON PAGE 8 OF MR. GARRETT’S DIRECT TESTIMONY HE DISCUSSES THE**  
11 **SELECTED TRANSACTIONS METHOD. MR. GARRETT CLAIMS THAT**  
12 **GANNETT FLEMING “INCORPORATES MANY INDICATED VALUATIONS**  
13 **THAT ARE SIGNIFICANTLY HIGHER THAN ANY REASONABLE ESTIMATE**  
14 **FOR THE GWA SYSTEM. FOR EXAMPLE, HE SHOWS MAXIMUM**  
15 **VALUATIONS OF \$107 MILLION, \$80 MILLION, AND \$88 MILLION FOR THE**  
16 **CAPITAL, NET PP&E, AND EBITDA CATEGORIES.” WERE THE**  
17 **INDICATIONS OF VALUE CITED BY MR. GARRETT USED IN GANNETT**  
18 **FLEMING’S SELECTED TRANSACTIONS METHOD?**

19 **A. No. The “maximum valuations” cited by Mr. Garrett of “\$107 million, \$80 million, and**  
20 **\$88 million for the capital, net PP&E, and EBITDA categories” are based on the East**  
21 **Bradford Township Wastewater System and East Norriton Township Wastewater System**

---

values that are based on Capital Items and those based on Demographics Items. We attribute this to the fact that the dollars of Revenue, EBIT and EBITDA do not reflect any provision for taxes while the multiples for the Comparable Group do. Consequently, we do not believe the results of the multiples of Revenue, EBIT and EBITDA are meaningful and should not be used for municipal utilities.”

<sup>13</sup> American Society of Appraisers, *ASA Business Valuation Standards*, 2022, SBVS-1 Guideline Public Company Method, p. 34. (*Emphasis added*). The guideline public company method is a different name for the market multiples method.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 transactions, which were *not* relied upon by Gannett Fleming because each is a  
2 collection/distribution selected transaction. Rather, as explained in the Gannett Fleming  
3 FMV appraisal, Gannett Fleming solely relied upon the eight integrated selected  
4 transactions, and excluded wholesale and collection/distribution selected transactions<sup>14</sup>, to  
5 determine the value of the Water System since the Water System is an integrated system,  
6 not a collection/distribution system.

7 **Q. ON PAGE 8 OF MR. GARRETT’S DIRECT TESTIMONY HE DISCUSSES THE**  
8 **SELECTED TRANSACTIONS METHOD. MR. GARRETT CLAIMS “THERE IS**  
9 **A WIDE RANGE OF INDICATED VALUATIONS FOR NON-CAPITAL ITEMS,**  
10 **SUCH AS CUSTOMERS AND POPULATION. THE RANGE OF INDICATED**  
11 **VALUES FOR NON-CAPITAL ITEMS IS \$3.6 MILLION TO \$50.4 MILLION.”**  
12 **WERE THE INDICATIONS OF VALUE CITED BY MR. GARRETT USED IN**  
13 **GANNETT FLEMING’S SELECTED TRANSACTIONS METHOD?**

14 A. No. The “indicated values for non-capital items” cited by Mr. Garrett “for non-capital  
15 items is \$3.6 million to \$50.4 million” are based on the East Bradford Township  
16 Wastewater System and York City Sewer Authority Wastewater System transactions,  
17 which were not relied upon by Gannett Fleming. The East Bradford Township  
18 Wastewater System is a collection/distribution selected transaction, and the York City  
19 Sewer Authority Wastewater System is an integrated system with wholesale transaction.  
20 As noted above, Gannett Fleming solely relied upon the eight integrated selected  
21 transactions, excluding wholesale and collection/distribution selected transactions, to  
22 determine the value of the Water System.

---

<sup>14</sup> See page 1 of Exhibit 19 from the Aqua’s application, Exhibit Q (Updated), for Gannett Fleming’s appraisal report dated June 12, 2025.

1 **VII. COST APPROACH**

2 **Q. HOW DID MR. GARRETT DETERMINE HIS COST APPROACH**  
3 **RECOMMENDATION?**

4 A. Mr. Garrett averaged the OCNLD amount (\$20.4 million) determined by Gannett Fleming  
5 and the OCNLD amount (\$13.9 million) determined by ScottMadden’s<sup>15</sup> in reaching his  
6 \$17.1 million Cost Approach recommendation.<sup>16</sup> I note that Mr. Garrett’s current  
7 recommended use of the OCNLD, or original cost method, as the sole basis for his Cost  
8 Approach is not consistent with his recommended use of replacement cost method /  
9 reproduction cost method in other Section 1329 proceedings in which he testified.<sup>17</sup>

10 Further, neither Gannett Fleming nor ScottMadden incorporated their OCNLD into  
11 their Cost Approach conclusions.<sup>18</sup> Mr. Garrett provided no critiques nor adjustments to  
12 either UVE’s Cost Approach procedures or conclusions. Rather, Mr. Garrett – without  
13 foundation or explanation – simply substituted a Cost Approach based on the average of  
14 Gannett Fleming’s and ScottMadden’s OCNLD for his “adjusted cost approach valuation  
15 of \$17.1 million.”

16 **Q. IS MR. GARRETT’S METHOD OF DETERMINING HIS COST APPROACH**  
17 **RECOMMENDATION BASED ON A RECOGNIZED APPROACH FOR AN**  
18 **APPRAISAL?**

---

<sup>15</sup> Greenville Water Authority’s Utility Valuation Expert (“UVE”) Dylan W. D’Ascendis of ScottMadden, Inc. (“ScottMadden”).

<sup>16</sup> See page of 11 of OCA Statement No. 2.

<sup>17</sup> For example, Mr. Garrett has provided testimony in the 1329 proceedings involving the purchase of wastewater assets in which he recommended the replacement cost method or reproduction cost method for: East Norriton Township (Docket No. A-2019-3009052) in OCA Statement 1 at page 21; Borough of Royersford (Docket No. A-2020-3019634) in OCA Statement 1 at page 20; East Whiteland Township (A-2021-3026132) in OCA Statement 1 at page 14; and Willistown Township (A-2021-3027268) in OCA Statement 1 at page 15.

<sup>18</sup> Mr. Garrett confirmed this fact in his direct testimony. See page of 10 of OCA Statement No. 2.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 A. No. Further, Mr. Garrett’s approach is not consistent with his cited definition of the Cost  
2 Approach from page 14 of his Direct Testimony, which states, “[t]he Cost Approach is a  
3 procedure to **estimate the current costs to reproduce or create** a property with another  
4 of comparable use and marketability.”<sup>19</sup> The Water System cannot be constructed today  
5 for the same prices that existed at the original date of its construction.<sup>20</sup> Additionally, the  
6 Water System could not be sold today for the price that existed at the original date of its  
7 construction. The Cost Approach is based on the premise that an informed purchaser will  
8 not pay more for a property, and a seller will not accept less than the cost of constructing  
9 an equally desirable substitute property, minus applicable depreciation, and assuming no  
10 undue delay.

11 **Q. IS MR. GARRETT’S RECOMMENDED USE OF THE ORIGINAL COST PLANT**  
12 **VALUE AS THE BASIS FOR HIS COST APPROACH A REASONABLE**  
13 **APPROACH?**

14 A. No. The circularity of this recommendation defeats or eliminates the need to appraise  
15 plant assets since the indicated value of net cost of the plant assets is simply the net original  
16 cost of the plant assets under Mr. Garrett’s recommendation. If this was the appropriate  
17 or correct method to value assets, then an original cost less depreciation analysis would be  
18 the only method needed to value assets. However, the value of the investment in plant  
19 and equipment for the GWA’s Water System assets is being determined in these

---

<sup>19</sup> See page of 14 of OCA Statement No. 2. (*Emphasis added*).

<sup>20</sup> For example, the cost to “reproduce or create” the Water System’s mains (account 331.40) at the valuation date were 207% **greater than** existed at their original date of construction, Further, the cost to “reproduce or create” the entire Water System at the valuation date was about 219% **more than** existed at its original date of construction.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 proceedings based upon a standard of value of FMV, not a standard of value of original  
2 cost.<sup>21</sup>

3 The Commission has previously rejected the use of original cost – indeed, as  
4 proposed by Mr. Garrett – as the basis of FMV in prior decisions:

5 Limerick:

6 We note that the original cost study, which is reviewed to determine the  
7 reasonableness of a utility’s acquisition adjustment claim in a future base  
8 rate proceeding, consistent with Section 1327(a) of the Code, 66 Pa. C.S. §  
9 1327(a), and the Commission’s policy statement at 52 Pa. Code § 69.721,  
10 regarding acquisitions of viable water and wastewater systems, is not  
11 applicable in a Section 1329 proceeding.<sup>22</sup>

12  
13 Lower Makefield:

14 Historically, regulated utilities under the Commission’s jurisdiction have  
15 predominantly followed a standard and practice of using depreciated  
16 original cost value (with various adjustments) as the rate base in which they  
17 may recover their capital investment and earn a rate of return on the  
18 unrecouped asset value or rate base. However, Section 1329 establishes  
19 fair market value, not original cost, as the ratemaking rate base for  
20 municipal transactions. Under Section 1329, it is fair value, ratemaking  
21 rate base that, ultimately, will be used for ratemaking purposes, rather than  
22 being constrained by depreciated original cost value. As indicated by  
23 Aqua, “[t]he OCA’s proposed adjustments to the Income Approach are also  
24 contrary to the language in McCloskey where the Commonwealth Court  
25 clearly stated that ‘Section 1329 allows a private utility to acquire a  
26 government utility’s assets at its fair market value rather than at the original  
27 cost of assets minus the accumulated depreciation and then add that amount  
28 to rate base.’” Aqua R.B. at 6 (citing McCloskey, 195 A.3d at 1055).<sup>23</sup>

---

<sup>21</sup> Pratt, Shannon P. “Defining Standards of Value.” Valuation 34, no. 2, June 1989.

<http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf>.

<sup>22</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Limerick Township*, Docket No. A-2017-2605434, Opinion and Order entered November 8, 2017, p 30.

<sup>23</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Lower Makefield Township*, Docket No. A-2021-3024267, Opinion and Order entered January 13, 2022, p 69.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1            Willistown:

2            In our view, Mr. Garrett’s proposed use of the original cost method as the  
3            basis for his Cost Approach recommendation is not consistent with his  
4            definition of the Cost Approach, which he defined as “[a] procedure to  
5            estimate the current costs to reproduce or create a property with another of  
6            comparable use and marketability” based on a citation from The American  
7            Society of Appraisers.<sup>24</sup>

8  
9            We find persuasive Aqua’s argument that the use of the depreciated original  
10           cost of plant understates the current costs to reproduce or create a property  
11           with another of comparable use by approximately 289% by ignoring the  
12           price level changes of constructing utility plant which have occurred over  
13           the past 40 to 50 years.<sup>25</sup>

14  
15           Historically, regulated utilities under the Commission’s jurisdiction have  
16           predominantly followed a standard and practice of using depreciated  
17           original cost value (with various adjustments) as the rate base in which they  
18           may recover their capital investment and earn a rate of return on the  
19           unrecouped asset value or rate base. However, Section 1329 establishes fair  
20           market value, not original cost, as the ratemaking rate base for municipal  
21           transactions. Under Section 1329, it is fair value, ratemaking rate base that,  
22           ultimately, will be used for ratemaking purposes, rather than being  
23           constrained by depreciated original cost value. We are of the opinion that  
24           Aqua’s valuation expert, Mr. Walker, is well aware that the original cost  
25           under Section 1329 does not reflect an offset for contributed plant or capital  
26           as is done in traditional ratemaking, and that this variance may produce a  
27           slightly higher depreciated original cost for Section 1329 purposes. See 66  
28           Pa. C.S. § 1329(d)(5). Regardless of this variance, as the OCA agrees,  
29           Commission precedent dictates that depreciated original cost should not be  
30           substituted for FMV in Section 1329 proceedings.<sup>26</sup>

31  
32           Also, we reject the determination that the OCA’s approach is a more  
33           accurate reflection of the FMV of the Willistown assets than Gannett  
34           Fleming’s estimate using the replacement cost method. Therefore, we shall  
35           grant Aqua’s Exception No. 3, and reverse the ALJ’s Recommended  
36           Decision, in part, consistent with the discussion in this Opinion and Order.<sup>27</sup>

---

<sup>24</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, Docket No. A-2021-3027268, Opinion and Order entered July 8, 2022, p. 84.

<sup>25</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, p. 85.

<sup>26</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, p. 85.

<sup>27</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Willistown Township*, p. 86-87.

1 **Q. ON PAGE 15 OF MR. GARRETT’S DIRECT TESTIMONY, HE TRIES TO**  
2 **JUSTIFY HIS COST APPROACH RECOMMENDATION AND STATES, “IN**  
3 **OTHER WORDS, IF THE COMMISSION WERE TASKED WITH**  
4 **DETERMINING THE RATEMAKING RATE BASE FOR THE ACQUIRED**  
5 **SYSTEM WITHOUT UTILIZING ANY INDEPENDENT APPRAISAL AND THE**  
6 **THREE VALUATION APPROACHES, ARGUABLY THE MOST REASONABLE**  
7 **AND ACCURATE METRIC TO CONSIDER WOULD BE THE OCNLD**  
8 **AMOUNT. IN THIS CASE, THE AVERAGE AMOUNT OF THE UVES’ OCNLD**  
9 **ESTIMATES IS \$17.1 MILLION.” DO YOU HAVE ANY COMMENTS**  
10 **REGARDING THIS TESTIMONY?**

11 A. Yes. Contrary to Mr. Garrett’s viewpoint, under Code Section 1329, the Commission is  
12 tasked with determining the ratemaking rate base for an acquired water system by utilizing  
13 independent FMV appraisals in compliance with the Uniform Standards of Professional  
14 Appraisal Practice, employing the Cost, Market, and Income approaches to valuation. The  
15 “OCN less depreciation amount” is not a recognized method of determining the Cost  
16 Approach under the Uniform Standards of Professional Appraisal Practice, in the *ASA*  
17 *Business Valuation Standards* of the American Society of Appraisers, or in *The*  
18 *International Glossary of Business Valuation Terms* of the National Association of  
19 Certified Valuers and Analysts.

**VIII. INCOME APPROACH**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

**Q. ON PAGES 11 TO 31 OF MR. GARRETT’S DIRECT TESTIMONY, HE EXPLAINS HIS INCOME APPROACH. WOULD YOU PLEASE SUMMARIZE MR. GARRETT’S ADJUSTMENTS TO THE GANNETT FLEMING INCOME APPROACH.**

A. Mr. Garrett’s adjustments to the Gannett Fleming Income Approach to valuation include using a different model and different cash flows to value. He also disagrees with the discount rates used in the model and presents what he believes is a more appropriate discount rate. Mr. Garrett provided no critiques nor adjustments to either UVE’s Income Approach procedures or conclusions. Rather Mr. Garrett substituted an Income Approach based on his own unique model that was not used by either UVE, and which has not been approved for use by this Commission in a Section 1329 FMV proceeding despite being proposed on numerous occasions by OCA.

**Q. DO MR. GARRETT’S RECOMMENDED ADJUSTMENTS TO THE INCOME APPROACH MEET A STANDARD OF VALUE OF FMV?**

A. No. For the reasons discussed later in my Rebuttal Testimony, Mr. Garrett’s recommendations do not meet a standard of value of FMV and are in direct violation of Section 1329 of the Code.

**Q. WHAT MODEL OR METHOD IS MR. GARRETT’S INCOME APPROACH TO VALUATION RECOMMENDATION BASED ON?**

A. On page 13 of his Direct Testimony, Mr. Garrett explained that he applied a capitalization of earnings or cash flow method model. The capitalization of earnings method converts a single base economic income number to a value by dividing it by a capitalization rate. As

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 explained on page 33 of Gannett Fleming’s FMV appraisal, “[t]he capitalization of  
2 earnings is best suited [for use] when the future earnings, or cash flow, can be predicted.  
3 The implicit assumption in the capitalization of earning method is that the cash flow is a  
4 perpetuity, and the capitalization rate is a constant.” Mr. Garrett’s recommended model  
5 is shown on OCA Exhibit DJG-5.

6 Conversely, the Income Approach to valuation used in Gannett Fleming’s FMV  
7 appraisal is based on the discounted cash flow (“DCF”) method which values the potential  
8 for profit in an investment and reflects future events. Gannett Fleming used the DCF  
9 method to be consistent with the required standard of value of FMV.<sup>28</sup> FMV is defined as  
10 “the price, expressed in terms of cash equivalents, at which property would change hands  
11 between a **hypothetical** willing and able **buyer** and a **hypothetical** willing and able **seller**,  
12 acting at arm’s length in an open and unrestricted market, when neither is under compulsion  
13 to buy or sell and when both have reasonable knowledge of the relevant facts.”<sup>29</sup> The  
14 DCF method “is based on the principle of anticipation – i.e., value is created by the  
15 anticipation of future benefits. DCF analysis reflects investment criteria and requires the  
16 appraiser to make rational and supportable assumptions.”<sup>30</sup>

17 The capitalization of earnings method used by Mr. Garrett uses the income or cash  
18 flow producing capabilities for a **single year, reflecting current ownership and**  
19 **operations**, as shown on OCA Exhibits DJG-5 and DJG-6. Although Mr. Garrett states,  
20 on page 13 of his Direct Testimony, that the single cash flow that he utilized is from the

---

<sup>28</sup> Pratt, Shannon P. “Defining Standards of Value.” *Valuation* 34, no. 2, June 1989.  
<http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf>.

<sup>29</sup> National Association of Certified Valuers and Analysts, s.v. “Fair Market Value,” *The International Glossary of Business Valuation Terms*. (Emphasis added).

<sup>30</sup> Appraisal Standards Board, “First Exposure Draft of proposed new Advisory Opinions and Advisory Opinion Revisions in conjunction with the 2016-17 edition of the Uniform Standards of Professional Appraisal Practice” p. 6.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 Gannett Fleming FMV appraisal, **he fails to disclose that the single cash flow was not**  
2 **used in the Income Approach to valuation used in Gannett Fleming’s FMV appraisal.**  
3 Specifically, the Income Approach to valuation used in Gannett Fleming’s FMV appraisal  
4 is based on **projected** cash flows beginning in 2025 and thereafter, while Mr. Garrett relied  
5 on information for the year 2024. Therefore, the Income Approach to valuation used in  
6 Gannett Fleming’s FMV appraisal did not use the single year’s cash flow utilized by Mr.  
7 Garrett.

8 Page 37 of Gannett Fleming’s FMV appraisal states, “[a]s noted previously, the  
9 Water System’s **financial statements and their rates did not include taxes nor a fair**  
10 **rate of return.** Accordingly, on Exhibits 13 through 16 **we adjusted the Water System’s**  
11 **post-2025 financial information for pro forma expenses and returns to be reflective**  
12 **of a MUNI or IOU ownership.”** (*Emphasis added*). I do not believe it is appropriate, nor  
13 reasonable, to use a single year cash flow as recommended by Mr. Garrett in his Income  
14 Approach to valuation.

15 **Q. YOU PREVIOUSLY STATED THAT THE INCOME APPROACH TO**  
16 **VALUATION USED IN THE GANNETT FLEMING FMV APPRAISAL IS BASED**  
17 **ON THE DCF METHOD. HAS THE COMMISSION EXPRESSED MISGIVINGS**  
18 **OR CONCERNS REGARDING THE USEFULNESS OF APPLYING GANNETT**  
19 **FLEMING’S INCOME APPROACH TO VALUATION UTILIZING THE DCF**  
20 **METHOD IN A SECTION 1329 PROCEEDING IN WHICH GANNETT FLEMING**  
21 **HAS BEEN INVOLVED?**

22 A. No. Gannett Fleming has applied the DCF method as its Income Approach to valuation  
23 as part of its FMV appraisals in 23 Section 1329 FMV proceedings that have been reviewed

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 by the Commission. In fact, the Commission has not adjusted Gannett Fleming's DCF  
2 method recommendation in any prior proceeding. Conversely, the Commission has never  
3 accepted Mr. Garrett's capitalization of earnings method in a Section 1329 FMV  
4 proceeding.

5 **Q. ON OCA EXHIBIT DJG-6 OF MR. GARRETT'S DIRECT TESTIMONY, HE**  
6 **SHOWS THE DEVELOPMENT OF HIS SINGLE YEAR'S "FREE CASH FLOW**  
7 **FROM OPERATIONS" USED IN HIS RECOMMENDED CAPITALIZATION OF**  
8 **EARNINGS METHOD MODEL. WHAT CONCERNS DO YOU HAVE WITH**  
9 **MR. GARRETT'S DETERMINATION OF "FREE CASH FLOW FROM**  
10 **OPERATIONS" FOR VALUING THE WATER SYSTEM?**

11 A. I have several concerns. I discuss my concerns and/or observations referencing  
12 information shown on Exhibit DJG-6. First, the revenues (\$2,181,171) and the revenues  
13 and earnings before interest and taxes ("EBIT") (\$879,919) amounts reflect current  
14 ownership, current rates, and current operations, none of which reflect the anticipation of  
15 **future** benefits of a hypothetical buyer's ownership. Second, the EBIT used in Mr.  
16 Garrett's exhibit do not include income taxes nor a fair rate of return. Third, there is no  
17 depreciation expense (\$0) expense shown. Fourth, since Mr. Garrett's revenues and the  
18 EBIT amounts reflect current ownership, current rates, and current operations, Mr.  
19 Garrett's free cash flow from operations is based on the original cost of the assets, not a  
20 current value of the assets.<sup>31</sup> Fifth, the subtraction of income taxes (\$184,783) is not  
21 consistent with Mr. Garrett's current ownership approach, as the GWA is a non-income tax

---

<sup>31</sup> For example, Exhibit Q (Updated), from Aqua's application, Gannett Fleming's appraisal report dated June 12, 2025, shows the OCNLD of the Water System's property, plant equipment was recorded as being \$20,368,964, while the value is shown to be \$46,212,970 in Gannett Fleming's Cost Approach, and \$33,497,679 in Gannett Fleming's Fair Market Value.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 paying entity (i.e., municipality). Finally, the EBIT (\$879,919) amount used by Mr.  
2 Garrett is equivalent to a **before income tax overall rate of return of only 1.9% to 2.6%**  
3 on the value of net plant, based on Gannett Fleming’s Cost Approach (\$46,212,970) or  
4 Gannett Fleming’s Fair Market Value (\$33,497,679), and is clearly below the zone of  
5 reasonable returns for public utility assets.<sup>32</sup>

6 Therefore, I believe Mr. Garrett’s “Annual Cash Flow” of \$371,185, shown on  
7 OCA Exhibit DJG-5 and developed on OCA Exhibit DJG-6, is unreasonable, is not  
8 appropriate to use to determine the value of the Water System and should not be adopted  
9 by the Commission.

10 **Q. HAS THE COMMISSION EXPRESSED MANY OF THE SAME CONCERNS YOU**  
11 **JUST DISCUSSED REGARDING MR. GARRETT’S CAPITALIZATION OF**  
12 **EARNINGS METHOD?**

13 A. Yes. The Commission has expressed many of the same concerns I just discussed  
14 regarding Mr. Garrett’s capitalization of earnings method in a prior decision:

15 We must agree with Aqua that the OCA did not establish that its proposed  
16 adjustments to the Gannett Fleming and AUS Income Approach results,  
17 based on Mr. Garrett’s use of a single year cash flow utilizing an average of  
18 the Township’s 2018 through 2020 financials, are appropriate in this  
19 proceeding. We agree with Aqua’s reasoning that the OCA’s formulation  
20 of the income from operations and the resultant value erroneously assumes  
21 that revenues and expenses as reported in EWT’s financials will be the  
22 operating results of the buyer. As the ownership and operation migrates to  
23 the buyer, Aqua in this case, several changes will occur; namely there will  
24 be a new rate base determined by the Commission based on their findings  
25 in this Application and the buyer, Aqua, will be allowed to earn a  
26 Commission authorized return on rate base. Operating expense, including  
27 taxes, will be incorporated along with the allowed return on rate base in  
28 determining the ongoing EWT revenue requirement. Mr. Garrett’s model

---

<sup>32</sup> Mr. Garrett’s after income tax overall rate of return (\$695,136) is equivalent to only a 1.5% to 2.1% return on the value of net plant, based on Gannett Fleming’s Cost Approach (\$46,212,970) and/or Gannett Fleming’s Fair Market Value (\$33,497,679), and is again, clearly below the zone of reasonable returns for public utility assets

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 does not factor in these changes to the Township’s operations as a rate-  
2 regulated wastewater utility.<sup>33</sup>

3 **Q. IS MR. GARRETT’S RECOMMENDED USE OF THE ORIGINAL COST PLANT**  
4 **VALUE AS THE BASIS FOR HIS INCOME APPROACH A REASONABLE**  
5 **APPROACH?**

6 A. No. The circularity of this recommendation defeats or eliminates the need to appraise  
7 plant assets since the indicated value of net cost of the plant assets is simply the net original  
8 cost of the plant assets under Mr. Garrett’s recommendation. The value of the investment  
9 in plant and equipment for the GWA’s Water system assets is being determined in these  
10 proceedings based upon a standard of value of FMV, not a standard of value of original  
11 cost.<sup>34</sup>

12 The Commission has previously rejected the use of original cost as the basis of  
13 FMV in prior decisions:

14 We note that the original cost study, which is reviewed to determine the  
15 reasonableness of a utility’s acquisition adjustment claim in a future base  
16 rate proceeding, consistent with Section 1327(a) of the Code, 66 Pa. C.S. §  
17 1327(a), and the Commission’s policy statement at 52 Pa. Code § 69.721,  
18 regarding acquisitions of viable water and wastewater systems, is not  
19 applicable in a Section 1329 proceeding.<sup>35</sup>

20  
21 Historically, regulated utilities under the Commission’s jurisdiction have  
22 predominantly followed a standard and practice of using depreciated  
23 original cost value (with various adjustments) as the rate base in which they  
24 may recover their capital investment and earn a rate of return on the  
25 unrecouped asset value or rate base. However, Section 1329 establishes  
26 fair market value, not original cost, as the ratemaking rate base for  
27 municipal transactions. Under Section 1329, it is fair value, ratemaking  
28 rate base that, ultimately, will be used for ratemaking purposes, rather than

---

<sup>33</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – East Whiteland Township*, Docket No. A-2021-3026132, Opinion and Order entered July 29, 2022, p. 71.

<sup>34</sup> Pratt, Shannon P. “Defining Standards of Value.” *Valuation* 34, no. 2, June 1989.  
<http://www.appraisers.org/docs/default-source/college-of-fellows-articles/defining-standards-of-value.pdf> .

<sup>35</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Limerick Township*, Docket No. A-2017-2605434, Opinion and Order entered November 8, 2017, p. 30.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 being constrained by depreciated original cost value. As indicated by  
2 Aqua, “[t]he OCA’s proposed adjustments to the Income Approach are also  
3 contrary to the language in McCloskey where the Commonwealth Court  
4 clearly stated that ‘Section 1329 allows a private utility to acquire a  
5 government utility’s assets at its fair market value rather than at the original  
6 cost of assets minus the accumulated depreciation and then add that amount  
7 to rate base.’” Aqua R.B. at 6 (citing McCloskey, 195 A.3d at 1055).<sup>36</sup>

8 **Q. IS MR. GARRETT’S DISCOUNT RATE SHOWN ON OCA EXHIBIT DJG-5 OF**  
9 **HIS DIRECT TESTIMONY AN APPROPRIATE DISCOUNT RATE TO USE FOR**  
10 **FAIR MARKET VALUATION PURPOSES?**

11 A. No. Mr. Garrett’s 6.02% discount rate (cost of capital) shown on OCA Exhibit DJG-5 and  
12 developed on OCA Exhibit DJG-7 is not appropriate and is not determined in accordance  
13 with accepted valuation practice for five reasons. First, Mr. Garrett developed his 6.02%  
14 discount rate based on methods used by witnesses who provide testimony before the  
15 Commission concerning **fair rate of return on original cost rate base**; whereas discount  
16 rates used in the Income Approach to valuation under a standard of value of FMV are not  
17 calculated in this manner (as discussed above). Second, Mr. Garrett’s capitalization of  
18 earnings method (OCA Exhibit DJG-5) incorporates actual revenues and EBIT reflecting  
19 **current ownership, current rates, and current operations as a municipality.**  
20 Accordingly, Mr. Garrett’s discount rate should similarly be based on a municipality’s  
21 discount rate, not an investor-owned discount rate, so that the cash flows and discount rates  
22 are coordinated. This mixing and matching by Mr. Garrett is inappropriate and  
23 inconsistent.

24 Third, Mr. Garrett used book capitalization ratios (*i.e.*, 48% debt and 52% equity  
25 ratios) calculated from a balance sheet. Book capitalization ratios are only used in rate

---

<sup>36</sup> *Application of Aqua Pennsylvania Wastewater, Inc. – Lower Makefield Township*, Docket No. A-2021-3024267, Opinion and Order entered January 13, 2022, p. 69.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 proceedings, whereas the use of market value capitalization ratios at the valuation date (*i.e.*,  
2 March 31, 2024) are in accordance with accepted valuation practice and used for fair  
3 market valuation purposes.<sup>37</sup> For a municipality, the appropriate capitalization ratio is  
4 always 100% debt because debt is the only major source of capital available to finance an  
5 acquisition. Although a municipality likely carries equity on its books (balance sheet), all  
6 existing equity is already invested in other assets and, therefore, cannot be used to finance  
7 an acquisition.<sup>38</sup>

8 Fourth, Mr. Garrett used an embedded cost of debt of 3.9% or the historical cost of  
9 all debt issuances outstanding (OCA Exhibit DJG-7) of his comparison companies. An  
10 embedded cost of debt is only used in rate proceedings, whereas the use of the marginal  
11 cost of debt at the valuation date (*i.e.*, March 31, 2024) is in accordance with accepted  
12 valuation practice and used for FMV purposes.<sup>39</sup> For a municipality, the appropriate debt  
13 cost rate is the current municipal revenue bond rate at the valuation date.

14 Fifth, Mr. Garrett's equity cost rate was not determined at the valuation date (*i.e.*,  
15 March 31, 2024) in accordance with accepted valuation practice and used for FMV  
16 purposes. Rather, Mr. Garrett's equity cost rate was calculated over a period from July  
17 28, 2025 to September 8, 2025 (OCA Exhibits DJG-9 and DJG-11), which does not  
18 comport with the requirements of Code Section 1329 nor comply with the Uniform

---

<sup>37</sup> Both the American Society of Appraisers, *ASA Business Valuation Standards, 2009*, and the National Association of Certified Valuation Analysts, *Professional Standards, 2007*, use the same definition: "Weighted Average Cost of Capital (WACC). The cost of capital (discount rate) determined by the weighted average, **at market values**, of the cost of all financing sources in the business enterprise's capital structure." (*Emphasis added*).

<sup>38</sup> For example, when a municipal or government entity, such as the Commonwealth of Pennsylvania, finances construction of a road or bridge, it only considers the marginal debt cost despite having "equity" reflected on its books (balance sheet).

<sup>39</sup> For example, see <http://www.investinganswers.com/financial-dictionary/financial-statement-analysis/weighted-average-cost-capital-wacc-2905>. Also see <http://www.wallstreetmojo.com/weighted-average-cost-capital-wacc/>, or <http://accountingexplained.com/misc/corporate-finance/wacc>.

REBUTTAL TESTIMONY OF HAROLD WALKER, III

1 Standards of Professional Appraisal Practice. A FMV appraisal is determined on a stated  
2 valuation date, not for a period of time. Gannett Fleming's stated valuation date was  
3 March 31, 2024, based on the date used for the inventory in the Engineer's Assessment.

4 Therefore, based on the aforesaid, I believe Mr. Garrett's 6.02% discount rate (cost  
5 of capital) shown on OCA Exhibit DJG-5 and developed on OCA Exhibit DJG-7 is  
6 unreasonable, not appropriate to use to determine the value of the Water System and should  
7 not be adopted by the Commission.

8 **IX. CONCLUSION**

9 **Q. IS THERE ANYTHING PRESENTED IN MR. GARRETT'S DIRECT**  
10 **TESTIMONY THAT WOULD RESULT IN YOU ALTERING YOUR FMV**  
11 **APPRAISAL OF THE WATER SYSTEM'S ASSETS?**

12 A. No, there was nothing presented in Mr. Garrett's Direct Testimony which would result in  
13 changes to the Gannett Fleming FMV appraisal of the Water System.

14 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

15 A. Yes, it does. However, I reserve the right to supplement my testimony as additional issues  
16 arise and additional discovery responses are received during this proceeding.

## VERIFICATION

I, Harold Walker III, Manager, Financial Studies, of Gannett Fleming Valuation and Rate Consultants, LLC, hereby state that the facts set forth in my Rebuttal Testimony, Aqua Statement No. 6-R in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Harold Walker III  
Manager, Financial Studies  
Gannett Fleming Valuation and  
Rate Consultants, LLC

Dated: October 7, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**AQUA PENNSYLVANIA, INC.**

**DOCKET NO. A-2024-3049015**

**AQUA STATEMENT NO. 1-RJ**

**REJOINDER TESTIMONY OF  
WILLIAM C. PACKER**

**With Regard To  
Estimated Rate Impact  
Economies of Scale  
Affirmative Public Benefits  
Public Benefits Calculation**

**October 7, 2025**

## **TABLE OF CONTENTS**

I.	INTRODUCTION .....	1
II.	RESPONSE TO I&E WITNESS SAKAYA .....	2
III.	RESPONSE TO OSBA WITNESS HAILS .....	5
IV.	CONCLUSION.....	8

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is William C. Packer. My business address is 762 West Lancaster Avenue, Bryn  
4 Mawr, Pennsylvania 19010.

5  
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Essential Utilities, Inc. (“Essential”), as Vice President, Rates,  
8 Regulatory, and Regional Controller. In this position, I am the Regional Controller of  
9 Aqua Pennsylvania, Inc. (“Aqua” or the “Company”), and Aqua New Jersey, Inc..  
10 Additionally, I oversee rates and regulatory issues for all subsidiaries of Essential.

11

12 **Q. Are you the same William C. Packer who submitted Direct and Rebuttal Testimony**  
13 **in this proceeding?**

14 A. Yes. I submitted Direct Testimony with the Application filed with the Pennsylvania Public  
15 Utility Commission (“PUC” or the “Commission”) on April 25, 2025, and updated on June  
16 13, 2025. I also submitted Rebuttal Testimony on September 26, 2025 in this proceeding.

17

18 **Q. What is the purpose of your Rejoinder Testimony?**

19 A. The purpose of my Rejoinder Testimony is to address portions of the Surrebuttal Testimony  
20 of the Commission’s Bureau of Investigation and Enforcement (“I&E”) witness Eryan  
21 Sakaya, and the Surrebuttal Testimony of Office of Small Business Advocate (“OSBA”)  
22 witness Jason Hails.

23

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 **Q. Are you sponsoring any Exhibits with your Rebuttal Testimony?**

2 A. No.

3

4 **Q. Please briefly summarize the positions of the other parties that you will address in**  
5 **your Rejoinder Testimony.**

6 A. I&E continues to recommend that Aqua's Application be rejected. I&E witness Sakaya  
7 reiterates his concern that the estimated bill impact to the GWA customers is understated,  
8 reasserts that GWA customers will eventually pay Aqua's Zone 1 rates, and concludes that  
9 the Commission should deny the Company's Application due to the potential for increased  
10 rates, and due to a lack of substantial public benefits. OSBA witness Hails revises his net  
11 public benefits analysis and recommends that if the Commission approves this transaction  
12 that it lower the purchase price to account for what he claims is a negative financial impact  
13 of the transaction on GWA ratepayers.

14

15 **II. RESPONSE TO I&E WITNESS SAKAYA**

16 **Q. What does witness Sakaya claim regarding the estimated rate impact for GWA**  
17 **customers?**

18 A. Witness Sakaya maintains that the estimated rate impact is understated because it is an  
19 estimate and he believes the appropriate rate to use is not the one calculated by Aqua, based  
20 on the costs to serve GWA, but rather is Aqua's Zone 1 rate.<sup>1</sup> He now also attempts to  
21 make the argument that the difference between GWA's planned capital expenditures and

---

<sup>1</sup> Surrebuttal Testimony of Esyan A. Sakaya, I&E St. No. 1-SR, at 7.

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 Aqua's 10-year capital expenditures for the GWA Water System, must also be taken into  
2 consideration when assessing the estimated bill impact.<sup>2</sup>

3  
4 **Q. Please address Mr. Sakaya's concerns regarding the estimated bill impact.**

5 A. As I noted in my Rebuttal Testimony, I agree with Mr. Sakaya that the rate projection for  
6 the GWA system in Appendix A is an estimate, and I also agree with Mr. Sakaya that  
7 estimated average bill at \$86.69 per month for GWA customers is lower than the  
8 Company's existing Rate Zone 1 average bill at \$90.67 per month. What Mr. Sakaya  
9 ignores, however, is the point that I made regarding the purpose of the preparation of  
10 Appendix A. Appendix A is prepared for the purpose of analyzing the cost impacts of the  
11 financial elements of the transaction before the Commission in this proceeding, which it  
12 does and has done for numerous prior Section 1329 applications. It is impossible to know  
13 what the Commission will or will not do in a future rate proceeding, but Appendix A  
14 accurately reflects revenue requirement deficiency calculations that are complete, accurate,  
15 and representative of the financial evidence presented for the GWA system as it is known  
16 today. The Commission should, therefore, consider the bill impact estimate resulting from  
17 my Appendix A calculations and not that presented by Mr. Sakaya, when assessing that  
18 component of the transaction review.

19  

---

<sup>2</sup> *Id.*

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 **Q. Mr. Sakaya acknowledges that some economies of scale may occur as a result of the**  
2 **transaction, but claims that “any savings would not likely offset the rate increases**  
3 **anticipated to be experienced by GWA customers under Aqua’s ownership.”<sup>3</sup> How**  
4 **do you respond?**

5 A. I disagree. As I noted in my Rebuttal Testimony, Mr. Sakaya has not conducted a public  
6 benefits analysis (or calculation) and he has not challenged the substance of any of the  
7 financial data elements in the calculations of Appendix A. Given that he does not conduct  
8 such an analysis, any opinion he has on the impacts of savings to the revenue requirement  
9 for GWA customers lacks support. What my analysis shows, on the other hand, is that  
10 there are very real public benefits as a result of this transaction which mitigate a majority  
11 of the financial impact GWA customers would experience.

12  
13 **Q. Mr. Sakaya claims that the smaller size of the GWA system precludes “any possibility**  
14 **that the acquisition of these customers would provide any economies to” Aqua’s**  
15 **existing water customers.<sup>4</sup> Do you agree?**

16 A. No, I do not. Mr. Sakaya is marginalizing the real economies of scale afforded by this  
17 transaction and trying to do so without any financial analysis. This acquisition fits the  
18 profile of typical smaller systems that the Company has assumed ownership and operations  
19 of during its near 140 year existence. Furthermore, the economies of scale brought to bear  
20 and supported by my financial calculations have been a significant factor in regulatory  
21 approval of prior acquisitions before the Commission and noted in the Commission’s own

---

<sup>3</sup> *Id.* at 5.

<sup>4</sup> *Id.* at 9-10.

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 policy statements in Title 52, Chapter 69. Just because it is smaller, does not negate the  
2 fact that there are significant economies of scale the Company has presented as evidence  
3 in this proceeding.  
4

5 **III. RESPONSE TO OSBA WITNESS HAILS**

6 **Q. What is OSBA witness Hails' conclusion regarding your Rebuttal Testimony?**

7 A. Mr. Hails states there is no way to quantify the benefits from the transaction “other than to  
8 say definitively that the financial benefit of the sale will not in any way be directly or  
9 indirectly transferred to ratepaying customers of the GWA” and then concludes that neither  
10 interest income nor property tax are appropriately included in my net public benefits  
11 calculation.<sup>5</sup>  
12

13 **Q. Does Mr. Hails make specific adjustments to his benefits calculation provided with  
14 his Direct Testimony?**

15 A. Yes. Mr. Hails revises his analysis to account for the fact that he used the wrong Revenue  
16 Deficiency in his Direct Testimony analysis. He also prepares another new analysis  
17 whereby he accepts all my public benefits inputs, while still applying his 10-year NPV and  
18 Discount Rate reductions to arrive at his ultimate recommendation that the purchase price  
19 be reduced between \$4.6 million and \$8.4 million dollars.<sup>6</sup>

---

<sup>5</sup> Surrebuttal Testimony of Jason Hails, OSBA St. No. 1-SR, at 3-5.

<sup>6</sup> See OSBA St. No. 1-SR, at 6 (Figures 3 and 4).

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1   **Q.   Does Mr. Hails adjustments to his public benefits calculations satisfy the concerns**  
2       **you raised in your Rebuttal Testimony?**

3   A.   No. His calculations in Figure 3 are flawed in that he excludes all of the impact of the near  
4       \$13 million of net proceeds that will either generate interest income and/or eliminate future  
5       interest expense incurred as a result of future public projects to which GWA would have  
6       to borrow. His alternative analysis in Figure 4 does include the value generated by the net  
7       proceeds yielded from the sale but, while more representative, has additional flaws.

8               First, the Figure 4 Interest Income is static, meaning only for the first year, which  
9       was the basis of my comparison of financial benefits. Expanding that now to 10 years, one  
10      must include the effects of compounding interest, which would increase the income  
11      benefits from approximately \$3.625 million to approximately \$4.5 million, or an average  
12      interest income of \$680,000 per year. This adjustment would reduce Mr. Hails' calculated  
13      10-year impact down from \$4.6 million to \$3.7 million. Second, his analysis starts with an  
14      immediate increase of \$1,408,000, which is not reality in that the Company will not be  
15      immediately increasing rates for this system. That would likely occur at the earliest point  
16      in Year 2. Making that adjustment to his calculations brings the \$3.7 million impact down  
17      to \$2.4 million.

18              All told over the next 10 years, GWA could have net proceeds plus investment  
19      income of nearly \$19 million, receive the benefits of another approximately \$10 million of  
20      needed capital investments in their system for a total economic impact of nearly \$29  
21      million as a result of this transaction. The Company does not dispute that rates will  
22      increase, however, the Company continues to show that there are commensurate tangible  
23      financial benefits to this transaction along with operational and capital improvements that

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 will result in an overall benefit to the GWA system ratepayers. In my below Table 1, I  
2 have adjusted Mr. Hails' Figure 4 calculations, as well as included the estimated remaining  
3 principle implicit in this analysis along with the total capital invested during the 10 years  
4 which supports the \$29 million of economic benefit as a result of the sale.

6 **Table 1**

<b>Quantiv Revised Benefits Analysis (Surrebuttal)</b>		Annual	10-year NPV	Representative Discount Rate
For comparison purposes only				
<b>Ratepayers Benefits</b>	Interest Income	680,000	\$4,562,855	8%
	Interest Savings	\$68,790	\$461,586	8%
	Property Tax	\$19,381	\$130,048	8%
	Avoided Rate Increases	N/A	\$591,447	Aqua Rate
	Total Benefits		\$5,745,937	
<b>Rate Impact</b>	Revenue Deficiency (Adj)	(1,408,000)	(\$8,144,091)	8%
<b>Total Net Rate Impact</b>			(\$2,398,154)	
		Principle of Net Proceeds Remaining @ Year 10 =>	\$18,870,106	
		Capital Investments over 10 years =>	\$9,903,000	
		Economic Benefit to GWA =>	\$28,773,106	

7  
8  
9 **Q. Does Mr. Hails' explanation as to why he continues to believe the interest income**  
10 **adjustment should be removed convince you that Borough taxpayers are a different**  
11 **constituent group than GWA ratepayers or Aqua ratepayers?**<sup>7</sup>

12 **A.** No, it does not. Mr. Hails continues to ignore the fact that the 20% of GWA customers  
13 identified that are not also Borough residents are in fact benefiting from various community  
14 services provided to them by the Borough. Mr. Hails appears to discount financial benefits

<sup>7</sup> *Id.* at 3-4.

AQUA PENNSYLVANIA, INC.  
REJOINDER TESTIMONY OF WILLIAM C. PACKER

1 of the transaction simply because not every ratepayer is a resident of Greenville, despite  
2 the fact that Mr. Strahler has stated that approximately 80% of ratepayers are residents of  
3 Greenville. Simply because there is not a 1:1 ratio of ratepayer to residents does not mean  
4 that these benefits should be ignored.

5

6 **Q. Do you agree with Mr. Hails' conclusion that the purchase price should be reduced**  
7 **to an amount within the range of \$8.4 million and \$4.6 million?**

8 A. No. I believe Mr. Hails' may be referring to the ratemaking rate base determination as  
9 opposed to purchase price. If Mr. Hails' is referring to ratemaking rate base, Mr. Hails  
10 neither developed an appraisal nor offered adjustments to either of the UVEs' appraisals,  
11 and therefore any adjustment should be dismissed by the Commission. If Mr. Hails in fact  
12 did mean a reduction in purchase price, I disagree that the purchase price should be reduced  
13 as it is well below the RRR calculation as described in my Direct and Rebuttal Testimonies.

14

15 **IV. CONCLUSION**

16 **Q. Does this conclude your Rejoinder Testimony?**

17 A. Yes it does. However, I reserve the right to supplement my Rejoinder Testimony as  
18 additional issues and facts arise during the course of this proceeding.

## VERIFICATION

I, William C. Packer, Vice President, Rates, Regulatory, and Regional Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my Written Rejoinder Testimony, Aqua Statement No. 1-RJ in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



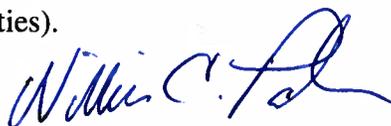
---

William C. Packer  
Vice President, Regulatory Accounting  
& Regional Controller  
Aqua Pennsylvania, Inc.

Dated: October 7, 2025

## VERIFICATION

I, William C. Packer, Vice President, Rates, Regulatory & Regional Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my Direct Testimony, Aqua Statement No. 1 in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



---

William C. Packer  
Vice President, Regulatory Accounting  
& Regional Controller  
Aqua Pennsylvania, Inc.

Dated: October 7, 2025

**VERIFICATION**

I, Todd M. Duerr, Vice President of Operations of Aqua Pennsylvania, Inc., hereby state that the facts set forth in the Direct Testimony of Zach Martin, Aqua Statement No. 2, which I have adopted as part of this proceeding, in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Todd M. Duerr  
Vice President of Operations  
Aqua Pennsylvania, Inc.

Dated: October 7, 2025

## VERIFICATION

I, Scott Steffy, Project Engineer III of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my Direct Testimony, Aqua Statement No. 3 in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



---

Scott Steffy  
Project Engineer III  
Aqua Pennsylvania, Inc.

Dated: October 7, 2025

## VERIFICATION

I, Sumit Nair, Chief Information Officer of Essential Utilities, Inc., hereby state that the facts set forth in my Direct Testimony, Aqua Statement No. 4, in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



---

Sumit Nair  
Chief Information Officer  
Essential Utilities, Inc.

Dated: October 7, 2025

**VERIFICATION**

I, Rita F. Black, Director of Community Assistance Programs of Essential Utilities, Inc., hereby state that the facts set forth in my Direct Testimony, Aqua Statement No. 5 in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Rita F. Black  
Director of Community Assistance  
Programs  
Essential Utilities, Inc.

Dated: October 7, 2025

## VERIFICATION

I, Harold Walker III, Manager, Financial Studies, of Gannett Fleming Valuation and Rate Consultants, LLC, hereby state that the facts set forth in my Direct Testimony, Aqua Statement No. 6 in the matter at PaPUC Docket No. A-2024-3049015, are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Harold Walker III  
Manager, Financial Studies  
Gannett Fleming Valuation and  
Rate Consultants, LLC

Dated: October 7, 2025