



COMMONWEALTH OF PENNSYLVANIA

October 31, 2025

**E-FILED**

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

**Re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§1102(a) and 1329, for approval of: (1) the transfer, by sale, to Pennsylvania American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and; (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania / Docket No. A-2025-3053487**

Dear Secretary Homsher:

Enclosed please find the Protest, Notice of Intervention, Public Statement, and Verification, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Steven C. Gray*

Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney ID No. 77538

*Enclosures*

cc: Kevin Higgins  
Parties of Record



*Water Company under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. § 1329, for approval of the use for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the wastewater system owned and operated by the East Coventry Township; and In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater system owned and operated by the Township of East Coventry, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, (iii) for book and ratemaking purposes, defer depreciation related to post acquisition improvements not recovered through the distribution system improvement charge, and (iv) include, in its next base rate case, a claim for transaction and closing costs; and In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement by and between East Coventry Township and Pennsylvania-American Water Company, and (ii) the Pro Forma Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company that was filed with the Pennsylvania Public Utility Commission (“Commission”) on October 8, 2025.*

### **Standing**

In response to 52 Pa. Code §§ 5.52(a)(1) and (a)(3), the OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Commission.

### **Grounds for this Protest**

In response to 52 Pa. Code §§ 5.52(a)(2), the OSBA states the following grounds as the basis for this Protest.

Section 1329 of the Public Utility Code, 66 Pa. C.S. § 1329, permits a public utility to undertake certain actions only upon Commission approval evidenced by a certificate of public convenience when a wastewater system is being acquired (upon agreement of the acquiring and selling utilities), to establish a fair market value of the selling utility by utilizing the list of utility valuation experts maintained by the Commission, and to require the acquiring utility to submit to the Commission the following information when acquiring a wastewater system prior to the Commission's decision to approve or deny the proposed acquisition of a public utility and issue a certificate of public convenience:

- (i) Copies of the two appraisals performed by the utility valuation experts under §1329(a) of the Public Utility Code, 66 Pa. C.S. §1329(a).
- (ii) The purchase price of the selling utility as agreed to by the acquiring public that will be included in its rate base.
- (iii) The ratemaking rate base determined pursuant to §1329(c) of the Public Utility Code, 66 Pa. C.S. §1329(c).
- (iv) The transaction and closing costs incurred by the acquiring public utility that will be included in its rate base.
- (v) A tariff containing a rate equal to the existing rates of the selling utility at the time of the acquisition and a rate stabilization plan, if applicable to the acquisition.

§1329(d) of the Public Utility Code, 66 Pa. C.S. §1329(d).

When a certificate of public convenience is required under Section 1102, Section 1103(a) of the Public Utility Code, 66 Pa. C.S. §1103(a), allows the Commission to issue the certificate only upon a finding or determination that the granting of such certificate is "necessary or proper

for the service, accommodation, convenience, or safety of the public.” According to the Pennsylvania Supreme Court, satisfying this standard requires the Commission to find that a proposed acquisition would “affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.” *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 141, 295 A.2d 825, 828 (Pa. 1972). In addition, Section 1103(a) allows the Commission to impose upon its issuance of a certificate of public convenience “such conditions as it may deem to be just and reasonable.”

The OSBA observes that Pennsylvania-American Water Company (“PAWC”) plans to “address a long-standing failing on-lot disposal system problem in Parker Ford, which the Township has been seeking to remedy for many years.”<sup>1</sup> The OSBA is concerned that the necessary repair of this disposal system, which has been delayed for “many years,” will impose significant financial hardship upon PAWC’s existing customers, as well as the current customers of East Coventry.

In addition, PAWC recently announced a potential merger with Essential Utilities, Inc. The OSBA is concerned that the potential merger may cripple PAWC’s ability to operate the East Coventry service territory in a safe and reliable manner, and, in addition, may hinder PAWC’s ability to perform the necessary system upgrades to the Parker Ford system.

The potential merger with Essential Utilities, Inc. is also cause for concern given the fact that PAWC may already be financially over-extended with its numerous, recent acquisitions. Thus, East Coventry may be selling itself to a struggling utility that is unable to fulfill the promises set forth in the Application.

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<sup>1</sup> Application of PAWC, at Paragraph 35.a.

## **Conclusion**

In view of the issues set forth above, the OSBA respectfully requests that the Commission:

- A. Direct the Office of Administrative Law Judge to hold hearings on the Applications and prepare an initial decision; and
- B. Grant such other relief as may be necessary or appropriate.

Respectfully submitted,

*/s/ Steven C. Gray*

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Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney ID No. 77538

For:  
NazAarah Sabree  
Small Business Advocate

Commonwealth of Pennsylvania  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101

Dated: October 31, 2025



*for ratemaking purposes of the lesser of the fair market value or the negotiated purchase price of the assets related to the wastewater system owned and operated by the East Coventry Township; and In re: Petition of Pennsylvania-American Water Company, related to its acquisition of the wastewater system owned and operated by the Township of East Coventry, for approval under Section 1329 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) collect a distribution system improvement charge, (ii) for book and ratemaking purposes, accrue Allowance for Funds Used During Construction for post-acquisition improvements not recovered through the distribution system improvement charge, (iii) for book and ratemaking purposes, defer depreciation related to post acquisition improvements not recovered through the distribution system improvement charge, and (iv) include, in its next base rate case, a claim for transaction and closing costs; and In re: Filing by Pennsylvania-American Water Company under Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, of (i) the Asset Purchase Agreement by and between East Coventry Township and Pennsylvania-American Water Company, and (ii) the Pro Forma Conveyance and Allocation Agreement by and between East Coventry Township and Pennsylvania-American Water Company that was filed with the Pennsylvania Public Utility Commission (“Commission”) on October 8, 2025. In support of this Notice of Intervention, the OSBA avers as follows:*

1. The OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Commission.

2. Representing the OSBA in this proceeding is:

Steven C. Gray, Esq.  
Senior Attorney  
Assistant Small Business Advocate  
Office of Small Business Advocate  
Forum Place  
555 Walnut Street, 1st Floor  
Harrisburg, PA 17101  
[sgray@.pa.gov](mailto:sgray@.pa.gov)

Respectfully submitted,

*/s/ Steven C. Gray*

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Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney I.D. No. 77538

For:  
NazAarah Sabree  
Small Business Advocate

Commonwealth of Pennsylvania  
Office of Small Business Advocate  
555 Walnut Street  
Forum Place, 1st Floor  
Harrisburg, PA 17101

Date: October 31, 2025



to acquire the wastewater system of East Coventry Township that was filed with the Pennsylvania Public Utility Commission on October 8, 2025.

The Small Business Advocate files this Protest to protect the interests of PAWC's and East Coventry's small business customers that could be adversely affected by the acquisition set forth in the Application.

The Small Business Advocate will participate in proceedings before the Public Utility Commission to investigate the reasonableness of the acquisition set forth in the Application. The Small Business Advocate will ask the Commission to deny any aspect of the Application that is not proven to be lawful, just, reasonable, and non-discriminatory.

Dated: October 31, 2025

**VERIFICATION**

I, NazAarah Sabree, hereby state that the facts set forth herein above 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).

Date: October 31, 2025

  
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(Signature)



Adeolu A. Bakare, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
Harrisburg, PA 17101  
[abakare@mcneeslaw.com](mailto:abakare@mcneeslaw.com)

Date: October 31, 2025

*/s/ Steven C. Gray* \_\_\_\_\_

Steven C. Gray  
Senior Attorney  
Assistant Small Business Advocate  
Attorney ID No. 77538