

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In 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 its water treatment and distribution system owned and operated by the Indian Creek Valley Water Authority, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish water service to the public in all of the Borough of Ohiopyle and portions of the Townships of Saltlick, Springfield, Bullskin, Connellsville and Stewart, Fayette County and all of the Borough of Donegal and portions of the Townships of Donegal and Mount Pleasant, Westmoreland County, Pennsylvania

Docket No. A-2025-3055741, *et al*,

INDIAN CREEK VALLEY WATER AUTHORITY

STATEMENT NO. 1

**DIRECT TESTIMONY
OF**

R. KERRY WITT

Date: October 31, 2025

ICVWA Statement No. 1

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R. KERRY WITT

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I. INTRODUCTION

Q. Please state your name and address.

A. My name is R. Kerry Witt, and my address is 603 Indian Creek Valley Road, Indian Head, Pennsylvania 15446.

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

A. I am employed by the Indian Creek Valley Water Authority as the General Manager.

Q. What is your role with the Indian Creek Valley Water Authority?

A. I serve as the General Manager for the Indian Creek Valley Water Authority (the “Authority”) and, therefore, am responsible for the day-to-day management of the Authority. I am also a resident of Saltlick Township, Fayette County, Pennsylvania, which is served by the Authority and which is one of the two original constituting municipalities of the Authority.

Q. Please describe your educational background and employment experience.

A. As stated above, I serve as the General Manager of the Indian Creek Valley Water Authority, where I have worked for forty-three (43) years. I received my bachelor’s degree from Otterbein College in Westerville, Ohio, and my MSF degree in Forestry from West Virginia University in Morgantown, West Virginia in May of 1981. Additionally, I hold a Water Operator AE1 certification, with all 14 subclasses (inclusive), from the State of Pennsylvania.

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

1 A. I have not.

2 **Q. On whose behalf are you testifying in this proceeding?**

3 A. I am appearing on behalf of the Authority.

4 **II. BACKGROUND**

5 **Q. What does the Application seek from the Commission?**

6 A. This Application submitted by the Pennsylvania-American Water Company (“PAWC”),
7 seeks the Commission’s approval of the PAWC acquisition of the Indian Creek Valley
8 Water Authority Water System (the “System”) that is owned and operated by the Authority
9 (the “Transaction”). The Authority Board and Township Supervisors have a strong interest
10 in the Application being approved by the Commission because they believe it will be in
11 the best interest of their residents.

12 **Q. Please provide a brief overview of the System.**

13 A. The Authority owns and operates a 1.0 million gallons per day (“MGD”) water treatment
14 and distribution system that provides service to a total of approximately 2,389 customers
15 in Saltlick Township, Springfield Township, Bullskin Township, Connellsville Township,
16 Stewart Township, Donegal Township, Mount Pleasant Township, Ohiopyle Borough, and
17 Donegal Borough. The System is operated seven (7) days a week.

18 The System consists of four (4) source water sites and four (4) water treatment facilities;
19 approximately 123 miles of water main; ; 486 fire hydrant installations; eleven (11) water
20 storage tanks: five (5) pump stations: seven (7) pressure reducing stations, as identified in
21 the Authority’s engineering assessment; and other infrastructure.

22 **Q. Please describe the Authority.**

1 A. The Authority is a municipal authority formed under the Municipality Authorities Act of
2 1945 and was incorporated on September 20, 1965, by Saltlick Township and Springfield
3 Township. It is governed by a Board of Directors. The Authority is operated by one
4 management employee, four (4) administrative employees, and five (5) operator and
5 maintenance employees.

6 **Q. Are the Authority and the Townships parties to the Asset Purchase Agreement, dated**
7 **May 30, 2025 (the “APA”)?**

8 A. The Authority is a party to the APA. Saltlick Township and Springfield Township (the
9 “APA Townships”) are also parties to the APA. Upon closing of the sale to PAWC
10 (“Closing”), it is anticipated that the Authority will be dissolved, and the APA Townships
11 will assume the remaining assets and liabilities of the Authority, including certain
12 representations and warranties under the APA.

13 **Q. Please describe the purpose of your testimony and summarize key points.**

14 A. The purpose of my testimony is to provide analysis from the perspective of the Authority
15 regarding the substantial benefit that this Transaction will have. The Authority believes
16 that this Transaction will serve the best interests of its customers . As part of the
17 Transaction, the Authority will receive the net proceeds of the \$32,800,000 sales price from
18 the sale of its System. Following Closing, the Authority will be dissolved, outstanding debt
19 will be satisfied, and all remaining assets will be conveyed to the APA Townships by
20 operation of law. The APA Townships will use this money for public purposes mainly
21 focused on the improvement of public infrastructure, which will greatly benefit the local
22 community, including residents of the APA Townships and surrounding areas, well into
23 the future.

1 been and continue to be strained. The Authority has been forced to increase its water rates
2 to address these financial concerns and absent a sale, would be forced to continue to
3 increase rates across its relatively small customer base. The Authority is in an unfortunate
4 position where it is often challenged to keep up with necessary capital projects because of
5 the need to exercise restraint towards rates and charges increases to not burden its residents.

6 **Q. Please describe the Authority's interest in the Transaction.**

7 A. The interest of the Transaction from the perspective of the Authority is that the proceeds
8 will be used to pay off long-standing debt and ensure that the residents and bulk customers
9 receive efficient and proper water services. Environmental regulations continue to grow
10 more stringent, and the Authority is quickly becoming more challenged to meet those
11 environmental goals due to the size of the System, the size of the Authority's operating
12 staff and its limited budget. As described above, the Authority's resources are limited and
13 stretched, and increasing customer rates and charges are the primary source of revenue.
14 The proceeds from the sale upon dissolution of the Authority will greatly benefit the
15 Authority's customers and area residents because PAWC will provide critical operational
16 and maintenance experience to maintain the System in a manner that is much more
17 beneficial to the Authority customers and area residents. If this Transaction is not approved,
18 the Authority will likely need to raise substantially customer rates and charges. In addition,
19 the Authority would eventually have to complete various long-term asset management,
20 maintenance, security, and improvement plans, which will only increase the stress on the
21 Authority's limited finances and staff. Selling to PAWC will alleviate this stress and
22 introduce a System operator well-positioned to provide the highest level of service to both
23 customers and ensure compliance with environmental regulations.

1 **Q. Are you aware of any specific interests of the APA Townships?**

2 A. Yes, In addition to the broader benefits accruing to all customers served by the System, an
3 important objective of the APA Townships is to stabilize their respective finances to
4 maintain and increase public services all while avoiding the increase of real estate taxes.
5 To that end, I understand that the proposed transaction can enable the APA Townships to
6 facilitate PAWC water main extensions to unserved areas.

7 **Q. Please summarize the Transaction and the rationale for the decision to enter into it.**

8 A. The decision to sell the System occurred after careful consideration amongst Authority and
9 officials of the APA Townships over a period of more than (2) years. The decision was
10 not made either quickly or lightly. Various meetings and discussions were held between
11 representatives of the Authority, Saltlick Township, and Springfield Township to discuss
12 the possibility of selling. Both the Authority and the APA Townships agreed that selling
13 the System would be beneficial to the Authority and its customers, as well as additional
14 residents of the municipalities served, and all of the residents of the APA Townships,
15 because the (i) economies of scale will not require substantial rates increases that would
16 otherwise be required by the Authority; (ii) water service will be expanded to additional
17 unserved areas of the municipalities served; (iii) a qualified and experienced company
18 would be able to provide service that exceeds that provided by the Authority; and (iv)
19 proceeds from the sale would be utilized to stabilize each APA Townships' respective tax
20 base through targeted infrastructure and service improvements.

21 In 2022, representatives of the Authority Board and APA Townships began
22 evaluating the benefits of selling the System to other water service operators and providers.
23 As part of those discussions, Authority representatives reached out to representatives of

1 PAWC, the Municipal Authority of Westmoreland County (“MAWC”), and the North
2 Fayette County Municipal Authority (“NFCMA”). Based on initial interest, the Authority
3 began discussing and negotiating the potential sale of the System. Through these
4 deliberations, the Authority determined that PAWC’s proposal provided superior benefits
5 for its customers at a reasonable purchase price compared to the fair market value of the
6 System. Subsequently, PAWC provided a final offer letter to the Authority on or about
7 January 17, 2024. Thereafter, the parties entered additional discussions and conducted
8 some due diligence. The Authority Board mentioned the potential sale at several Board
9 Meetings open to the public. On March 27, 2025, the Authority Board held two public
10 meetings to provide information and solicit comments from the members of the public
11 relating to the potential execution of an agreement of sale and transfer of certain Authority
12 assets to PAWC, including the potential rate impacts of the Transaction. One public
13 meeting was held in Saltlick Township and one public meeting was held in Springfield
14 Township. Additionally, both public meetings were publicly advertised in a newspaper of
15 general circulation within the Authority’s service area and in accordance with the Sunshine
16 Act. Furthermore, the Authority solicited written comment submissions from members of
17 the public by mail or personal delivery at the Authority’s office located in Saltlick
18 Township. At its regular meeting held on March 27, 2025, the Authority Board acted to
19 approve the original APA with PAWC. Thereafter, schedules and exhibits were finalized
20 by the Authority’s Solicitor and additional input and comments were received by the
21 Authority. On May 22, 2025, after additional consideration of public comment and items
22 raised as part of further discussions with representatives of PAWC, the Authority Board
23 acted to approve an amendment to the APA. In addition to the May 27 special public

1 meeting and the regularly scheduled May 27 Authority Board meeting, members of the
2 public were further permitted to attend and comment on the Transaction at the regularly
3 scheduled May 22nd Authority Board meeting,. The APA was executed on or about May
4 30, 2025. Thereafter, the parties have engaged in ongoing due diligence, pursuant to the
5 terms of the APA.

6 **Q. Has the Authority retained a Commission-approved Utility Valuation Expert**
7 **(“UVE”) to prepare a Fair Market Value Appraisal for use in this proceeding?**

8 A. The Authority voted to retain Gannet Fleming Valuation and Rate Consultants, LLC at its
9 May 5, 2025, re-scheduled regular meeting.

10 **Q. Has the Transaction been approved by Saltlick Township and Springfield Township?**

11 A. Saltlick Township and Springfield Township have each approved the sale at their
12 respective public meetings. Members of the public were permitted to attend and comment
13 on the Transaction.

14 **IV. TRANSACTION BENEFITS**

15 **Q. Please describe the likely impact of the Transaction on the Authority and the APA**
16 **Townships’ residents?**

17 A. As previously stated, the Transaction is anticipated to result in (i) economies of scale that
18 do not require the substantial rates increases that would otherwise be required by the
19 Authority; (ii) water service will be expanded to additional unserved areas of the
20 municipalities served; (iii) a qualified and experienced company would be able to provide
21 operational and administrative services far exceeding that provided by the Authority.
22 Likewise, the APA Townships will utilize the funds to improve their respective
23 infrastructure and services while maintaining real estate taxes at current levels if the

1 Transaction is finalized. While neither of the APA Townships has definitively confirmed
2 the areas for which the funds would be utilized, several areas of interest are water line
3 extensions to unserved areas, equipment acquisition, and recreational improvements within
4 each APA Township. This Transaction will allow the APA Townships to stabilize their
5 expenses and enhance revenues while maintaining current real estate tax rates.
6 Additionally, the funds from the Transaction can be used to provide matching funds for
7 grant applications to complete infrastructure improvements that are necessary and have not
8 been completed for a number of years, mainly due to the lack of funding available from
9 each APA Township's current revenues.

10 **Q. Regarding the improved operations under PAWC, are there any such benefits you**
11 **want to highlight?**

12 A. Yes,, One of the key operational benefits is that the Transaction will provide an industry
13 expert in PAWC to address the compliance issues surrounding the System to ensure
14 environmental compliance in a much more efficient manner than what the Authority can
15 provide, due to its size of workforce, limited expertise, and financial constraints. For
16 example, the Authority's Grimm Spring facility has been the subject of a notice of
17 violation, which will require considerable financial resources beyond those readily
18 available to the Authority. Likewise, the Authority's Mill Run water treatment plant will
19 require significant upgrades or replacement in the near future, which would also likely
20 overextend the Authority's available financial resources. The operation of the System will
21 be enhanced due to the strong staffing numbers and expertise that PAWC provides. PAWC
22 will be better suited to engage the System customers because it has a large team that is
23 devoted to customer service, while the Authority currently has a small administrative staff.

1 Also, I have been advised that PAWC has a dedicated Water Quality and Environmental
2 Compliance department with professionals staffed to ensure that important compliance
3 functions are performed correctly, in-house laboratory resources with computerized
4 laboratory information systems, and Environmental Management Plans to track
5 compliance activities. When combined with its shared resources already established in the
6 areas served by the Authority, these characteristics should lead to more successful and
7 efficient solutions to issues that arise within the System. When compared to the few facility
8 employees the Authority currently employs, PAWC is better able to quickly solve multiple
9 issues that threaten environmental compliance that can range from identifying broken
10 waterlines to treatment facility breakdowns.

11 Additionally, Authority water customers will be provided with a more efficient bill
12 payment process. PAWC provides more bill payment methods that are simpler and less
13 costly for customers. Furthermore, PAWC has a much larger customer service staff that
14 can handle any bill disputes or questions from Authority customers, whereas the Authority
15 employs only a couple individuals who must handle all complaints. The Transaction will
16 improve administrative and complaint functions in ways that cannot be offered to
17 customers by the Authority.

18 Furthermore, PAWC would be able to complete management, maintenance,
19 regulatory, security, and improvement plans for the System more efficiently and proposed
20 expansion of the Authority's treatment capacity and the impact on rates because of this
21 Transaction.

22 **Q. Based on your understanding, will the Transaction adversely impact the public in any**
23 **material way?**

1 A. I am not aware of an adverse impact to the public. As stated above, this Transaction will
2 have positive impacts on the Authority and its customers, as well as residents of the areas
3 served who are not already Authority customers. Furthermore, the Authority discussed this
4 sale at many public meetings advertised with agendas posted on its website, in the
5 newspaper, and other places in accordance with the Pennsylvania Sunshine Act. These
6 meetings were open to the public and the Authority Board invited the media to provide
7 coverage. Only a small fraction of the Authority's total customers or residents of the areas
8 currently served have voiced opposition to the Transaction as of the date of this testimony.
9 While it may be possible for rates to be increased as a result of the Transaction, that remains
10 speculative and would be subject to the jurisdiction of the PUC and based on a multiplicity
11 of unknown factors. It is definitive, however, that rates would increase significantly absent
12 a sale of the System.

13 **Q. Do you believe that this Transaction is in the public interest?**

14 A. Yes. I believe for the reasons stated above that approving this Transaction is in the best
15 interest of the public. It will allow an experienced and trusted company to operate the
16 System more efficiently from an operations and service perspective. Additionally, it will
17 allow the APA Townships to expand service and accomplish infrastructure and service
18 improvements, while maintaining, rather than increasing, its real estate tax rate.

19 **V. CONCLUSION**

20 **Q. Does this conclude your testimony?**

21 A. Yes, it does. However, I reserve the right to file additional testimony later as may be
22 necessary or appropriate.

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In re: Application of Pennsylvania-American :
Water Company under Sections 1102(a) and :
132C 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 its water treatment and :
distribution system owned and operated by the :
Indian Creek Valley Water Authority, and : Docket Nos. A-2025-3055741, *et al.*
(2) the rights of Pennsylvania-American Water :
Company to begin to offer or furnish water :
service to the public in all of the Borough of :
Ohiopyle and portions of the Townships of :
Saltlick, Springfield, Bullskin, Connellsville :
and Stewart, Fayette County and all of the :
Borough of Donegal and portions of the :
Townships of Donegal and Mount Pleasant, :
Westmoreland County, Pennsylvania :

VERIFICATION

I, R. Kerry Witt, hereby state that the facts set forth in ICVWA Statement No. 1 and accompanying exhibits, if any, are true and correct to the best of my knowledge, information, and belief. I understand that this verification is made subject to the provisions and penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: October 31, 2025



R. Kerry Witt
General Manager
Indian Creek Valley Water Authority