

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF
UNANIMOUS SETTLEMENT OF ALL ISSUES
OF THE MUNICIPAL AUTHORITY OF GREENVILLE AND THE BOROUGH OF
GREENVILLE

The Municipal Authority of the Borough of Greenville (GWA) and the Greenville Borough (Borough) signatory parties to the Joint Petition for Approval of Unanimous Settlement of All Issues (Settlement) also joined by Aqua Pennsylvania, Inc. (Aqua or Company), the Bureau of Investigation and Enforcement (I&E), the Office of Small Business Advocate (OSBA), and the Office of Consumer Advocate (OCA) requests that the terms and conditions of the Settlement be approved by Administrative Law Judge Katrina Dunderdale (ALJ Dunderdale) and the Pennsylvania Public Utility Commission (Commission).

I. INTRODUCTION AND PROCEDURAL HISTORY

On April 25, 2025, Aqua Pennsylvania, Inc. (Aqua) filed an Application under Sections 507, 1102, and 1329 of the Public Utility Code seeking Commission approval for the acquisition of the water

treatment and distribution system assets (System) of GWA , and the right of Aqua to begin to offer water service in the areas served by the GWA and approval of the Ratemaking Rate Base of the assets as determined under Section 1329(c)(2). Aqua also seeks approval of the Asset Purchase Agreement (APA) with GWA

GWA provides water service to approximately 2,731 customers in the Greenville Borough and portions of Hempfield Township (Hempfield), West Salem Township (West Salem), and Sugar Grove Township (Sugar Grove) in Mercer County.

On May 23, 2025, OSBA filed a Notice of Appearance, and on June 5, 2025, the OSBA filed a Notice of Intervention and Public Statement. Also on May 23, 2025, Aqua filed a letter with the Secretary's Bureau requesting that the Commission extend its initial review period of the Application from May 29, 2025, to June 13, 2025. On May 27, 2025, the Commission granted Aqua's request for extension.

On June 9, 2025, the OCA filed a Protest and Public Statement and a Notice of Appearance. On June 10, 2025, I&E filed a Notice of Appearance.

By Secretarial Letter dated June 30, 2025, the Commission conditionally accepted the Application. The Commission required that individual notices be provided to Aqua's potentially affected existing water and wastewater customers, that Aqua ensure concurrent notice is provided to all current GWA customers, and that newspaper notice be provided in the Greenville area. Upon

completion, Aqua was directed to file proof of publication of the newspaper notice with the Commission.

On or about July 2, 2025, the Borough filed a Petition to Intervene. Also, on or about July 2, 2025, GWA filed a Petition to Intervene.

This matter was assigned to the Office of Administrative Law Judge (OALJ) for disposition and Judge Katrina Dunderdale (ALJ) was assigned to preside over the proceeding. On or about August 13, 2025, a Telephonic Prehearing Conference was scheduled for September 10, 2025. On or about August 11, 2025, the Commission conditionally accepted the Application. On September 10, 2025, the Prehearing Conference was held as scheduled and the litigation schedule and discovery modifications were adopted.

On September 18, 2025, two public input hearings were held and three witnesses provided testimony.

On September 19, 2025, the OCA served the direct testimony of David J. Garrett (OCA Statement 1). I&E and OSBA also served direct testimony on the same date. Aqua and GWA served rebuttal testimony on September 26, 2025. The OCA, I&E, and OSBA filed surrebuttal testimony on October 3, 2025 (OCA Statement 1SR). On October 7, 2025, Aqua submitted written rejoinder testimony.

ALJ Dunderdale issued an Order Granting Joint Stipulation and Admitting Evidence on October 7, 2025, and on October 10, 2025, the ALJ issued her Order Granting Joint Stipulation and Admitting Pre-Served Testimony. For the reasons set forth below, the GWA and The Borough submit that the Settlement should be approved as in the public's interest.

II THE SETTLEMENT AND IT'S TERMS ARE A REASONABLE ALTERNATIVE TO LITIGATION

A. Legal Standards

The Commission encourages interested parties to resolve contested proceedings as settlements reduce the time, expense and uncertainty of proceedings pending before the Commission. The GWA and the Borough believe that the proposed settlement accomplishes those goals and believe that the proposed settlement is in the public's interest, It is now for the Commission to determine if the settlement is in public interest.

B. The Terms of the Settlement are in the Public Interest and Should be Approved.

GWA and the Borough submit that the proposed Settlement is in the Public's interest because:

- (1) Aqua will operate a proactive and highly efficient water system for the GWA customers which GWA struggles to provide and cannot guarantee in the future,
- (2) The Borough will benefit from the net sales proceeds ensuring long-term ability to deliver essential services other than water to its residents and the residents of the surrounding communities who use the Borough's services,

- (3) The Public Utility Commission and Aqua's professionals will provide vigilant oversight ensuring that the interests of the customers are protected.
- (4) Aqua is a well-run, carefully regulated utility operator who has a history of providing quality water service to its customers. Based upon the testimony of the witnesses, GWA and The Borough are confident that the transfer to Aqua will result in a significant upgrade to the water distribution system over that which is currently provided by GWA presently and into the future
- (5) Aqua has abundant financial, technical and personnel resources that GWA cannot match. Currently, GWA is nearly at its borrowing limit and is without a long-term Manager. It has struggled to retain qualified employees. Aqua has no such struggles. Aqua will also provide enhanced customer service, an assistance program for the needy, and enhanced security benefits.
- (6) Under the terms of the Settlement the Settling Parties agreed that Aqua would use \$17,500,000 as the Ratemaking Rate Base for the acquired system, or approximately \$500,000 less than purchase price listed in the Application. The \$17.5 million Ratemaking Rate Base represents an amount that is within the range of possible outcomes in a Commission Final Order in the event of full litigation of the Application.
- (7) Under the Settlement, the goodwill resulting from the transaction that Aqua includes on its balance sheet will be excluded from its rate base and any debt or equity issued to finance the

goodwill will be excluded from the ratemaking capital structure for ratemaking purposes. The difference between the purchase price and the allowed Rate Base will not be recovered in Rate Base nor via amortization from Aqua's existing customers or from GWA's current customers.

(8) Under the terms of the Settlement, in the first base rate case that includes the System, Aqua will propose a rate gradualism plan for all GWA's customers to Aqua will propose to limit the base rate increase for the residential and commercial customers located within the acquired service territory to not more than a 28% rate increase over their existing rates. Given the upgrades that Aqua will be bringing to the GWA customers, the GWA and the Borough find this increase to be acceptable and worthy. This compromise protects the customers by limiting the increase that some evidence has suggested could be as much as 72%.

(9) Under the Settlement, in the first Base Rate case filed after the closing of the transaction in which Aqua makes a claim for the Acquired Assets in rate base, Aqua will file a cost-of-service study that removes all costs and revenues associated with the operation of the GWA system.

(10) Under the Settlement, the parties acknowledge that the Application includes a request that Aqua be permitted to claim transaction and closing costs associated with the acquisition of the Acquired Assets. The inclusion of outside legal fees in Aqua's transaction and closing costs under the APA shall be separately identified in Aqua's next base rate case, and all parties shall have the right to challenge the reasonableness, prudence, and basis for such fees. Any claim

made by Aqua to recover transaction and closing costs associated with the transaction will not include costs incurred by GWA. This term is in the public interest.

(11) The Settlement provides several measures to address the needs of low-income customers in GWA's service territory including additions to the Hardship Fund, immediate eligibility upon Closing to the payment options and Aqua's Customer Assistance Program (CAP), a welcome letter, and tracking of participation in the program.

Aqua agrees to contribute \$50,000 to its Hardship Fund in installments over a two-year period following Closing.

Upon Closing, GWA customers will become eligible for all Aqua payment options and customer programs. Aqua will also send a welcome letter to GWA customers within 10 days of Closing. The welcome letter shall include notice language referring customers to Aqua's website (including the link) where a customer can find the rate impact range consistent with Aqua's commitment in the 2024 base rate case settlement, Aqua will also provide the OCA and the OSBA with a copy of the draft welcome letter prior to sending the same to customers in the service territory; the OCA and the OSBA will provide any suggestions to Aqua within three (3) business days of receipt; and Aqua, in good faith, will consider incorporation of said suggestions.

Every 6 months Aqua will track the number of the Authority's customers that are (1) potentially eligible to enroll in Aqua's CAP; and (2) who are enrolled in Aqua's CAP. Aqua will provide and present this information on a timely basis to the regularly held meetings of

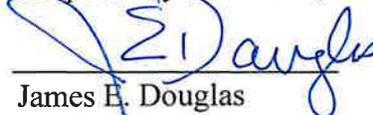
the Aqua Assistance Collaborative (“AAC”). Aqua will also present this information in its next base rate case filing in a format showing the potential eligibility and enrollment data broken down by six-month increments starting from the time of closing through and until the time of filing the rate case. Potential eligibility will be based on U.S. Census data.

This Term will be of significant benefit to the large percentage of the GWA customers who currently live below the poverty level, approximately 53% of the customers, as no such program is offered by GWA or the Borough.

III. CONCLUSION

The Municipal Authority of the Borough of Greenville and the Borough of Greenville support the Joint Petition for Approval of the Settlement Agreement between the Parties as in the public’s interest and request that the terms and conditions of the Settlement be approved

Respectfully Submitted,



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