

**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, Sugar Groove 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, Sugar Grove 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.	:	

RECOMMENDED DECISION

Before
Katrina L. Dunderdale
Administrative Law Judge

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I. INTRODUCTION

This Recommended Decision recommends the Joint Petition for Approval of Unanimous Settlement be adopted without modification, which proposes the Commission should approve the acquisition of the water system assets of the Greenville Municipal Water Authority by Aqua Pennsylvania, Inc. The parties have litigated the substantive issues in this matter and reached a full and unanimous settlement on all issues concerning the acquisition of a municipal water system and approval of a ratemaking rate base. The presiding officer recommends the Commission approve the Joint Petition for Approval of Unanimous Settlement as it is in the public interest and consistent with the requirements of the Public Utility Code, 66 Pa.C.S. §§ 507, 1102, 1103 and 1329. The statutory deadline is February 9, 2026. The Commission’s last reasonable Public Meeting before the end of the six-month statutory deadline is January 29, 2026.

II. HISTORY OF THE PROCEEDING

On May 14, 2024, Aqua Pennsylvania, Inc. (Aqua Pa or Aqua) 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 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 or Greenville Municipal Water Authority)¹ pursuant to Sections 1102 and 1329 of the Public Utility Code (the Code).

¹ The parties referenced the seller, with the assets to be acquired, by use of more than one name. Because the parties did not clarify the legally correct name, this Recommendation uses the name in the caption (Greenville Municipal Water Authority) or “GWA” as the correct terms when referencing the selling entity.

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 5, 2025, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and Public Statement as well as a Notice of Appearance for Rebecca Lyttle, Esquire.

On June 9, 2025, the Office of Consumer Advocate (OCA) filed a Protest to the Application and Notice of Appearance for Harrison W. Breitman, Esquire and Katherine Kennedy, Esquire.

On June 10, 2025, the Bureau of Investigation and Enforcement (BIE) filed a Notice of Appearance for Carrie B. Wright, Esquire.

On June 30, 2025, the Commission issued the Secretarial Letter which, *inter alia*, conditionally accepted the Application for filing and informed Aqua that, upon review of the supplemental materials provided, the Commission conditionally accepted the application, as amended (Application or Amended Application). The Commission directed Aqua PA to serve copies of the Application upon designated entities, to provide individualized notice to affected customers and to publish notice of the filing of the Application in a newspaper of general circulation. Aqua complied with the requirements of the conditional acceptance letter.

On July 9, 2025, the Borough of Greenville (Greenville) filed its Petition to Intervene.

On July 9, 2025, the Greenville Municipal Water Authority (GWA) filed its Petition to Intervene.

On August 11, 2025, the Commission issued the Secretarial Letter by which the Commission informed Aqua PA that the Commission had accepted the Application for filing.

This matter was assigned to the Office of Administrative Law Judge (OALJ) for disposition and Administrative Law Judge Katrina Dunderdale (ALJ Dunderdale) was assigned to preside over the proceeding. On August 12, 2025, the OALJ issued a Call-In Telephonic Prehearing Conference Notice scheduling the prehearing conference for September 10, 2025. On August 13, 2025, the presiding officer issued a Prehearing Conference Order which indicated the issues to be addressed at the Prehearing Conference and directed the parties to file prehearing memoranda on or before September 9, 2025.

On August 27, 2025, the OALJ issued the In-Person Public Input Hearing Notice, which scheduled two public input hearings to be conducted on September 18, 2025, at 1:00 p.m. and 6:00 p.m., at the Borough Municipal Building, Greenville, Pennsylvania.

On September 3, 2025, the OALJ issued the Evidentiary Hearing Notice scheduling the in-person evidentiary hearings for October 9, 2025, and October 10, 2025, in the Keystone Building, Harrisburg, Pennsylvania.

On September 8, 2025, Aqua PA filed its Petition for Protective Order.

On September 10, 2025, the presiding officer conducted the prehearing conference at which the following parties participated and were represented: Aqua PA, GWA, Greenville, BIE, OCA, and OSBA. The procedural schedule discussed at the Prehearing Conference on September 10, 2025, was memorialized in the Prehearing Order dated September 22, 2025.

On September 18, 2025, two public input hearings were held in Greenville, PA, at which three people presented testimony on-the-record.

On September 19, 2025, written direct testimony was served on all parties by OCA and OSBA.

On September 22, 2025, the presiding officer issued the Prehearing Order, which granted the intervention requests of Greenville and GWA, and memorialized the matters discussed at the prehearing conference.

On September 23, 2025, the presiding officer issued the Protective Order, in response to the Motion for Protective Order filed by Aqua PA on September 8, 2025. On the same date, the presiding officer issued the Interim Order, notifying the parties about rules and procedures related to the evidentiary hearings.

On September 26, 2025, written rebuttal testimony was served on all the parties by Aqua PA.

On October 7, 2025, Aqua PA filed a Joint Motion for Continuance of the Evidentiary Hearings (Continuance Motion) because the parties reached a unanimous settlement of all issues, and Aqua PA filed an Amended Joint Stipulation for Admission of Evidence (Evidence Stipulation), which included a list of all the exhibits which the parties unanimously agreed should be admitted into the hearing record. Consequently, on October 7, 2025, the presiding officer issued the Second Interim Order which cancelled the evidentiary hearings that had been scheduled for October 9, 2025, and October 10, 2025.

On October 10, 2025, the presiding officer issued the Third Interim Order which granted the unanimous Evidence Stipulation. The presiding officer attached to the

Third Interim Order the full list of all written statements and exhibits which were admitted into the hearing record and required the parties to file all written statements and exhibits with the Secretary's Bureau directly. Exhibits were filed with the Secretary's Bureau, pursuant to the Third Interim Order, by Aqua PA, GWA, Greenville, BIE, OSBA and OCA.

Also, on October 10, 2025, the presiding officer issued the Briefing Order which set forth the due dates and requirements for the Main Briefs and Reply Briefs.

On November 4, 2025, the parties filed the Joint Petition for Approval of Unanimous Settlement (Settlement). Written Statements in Support of the Settlement by Aqua PA, GWA, Greenville, BIE, OCA and OSBA were attached and/or filed with the Settlement.²

On November 12, 2025, the presiding officer issued the Fourth Interim Order closing the hearing record. This matter is now ready for disposition.

III. DESCRIPTION AND TERMS OF SETTLEMENT

In accordance with Rule 5.231 of the Commission's Rules of Practice and Procedure, 52 Pa. Code § 5.231, the parties achieved a settlement in principle under which all issues have been resolved. The Settlement is fully executed by Aqua PA, GWA, Greenville, BIE, OCA and OSBA (signatories, the parties or Joint Petitioners), and it consists of 24 pages with five exhibits. Exhibits A through E set forth the

² Due to technical issues, the Statement in Support of the Municipal Authority of Greenville and the Borough of Greenville could not be filed with the Settlement and was filed separately with the Commission's Secretary's Bureau on November 7, 2025.

Statements in Support of Aqua PA, BIE, OCA, OSBA and GWA/Greenville, respectively.

The signatories express their agreement with respect to eleven (11) matters: (1) Request for Approval of Proposed Application and Transaction; (2) Ratemaking Rate Base and Purchase Price; (3) Rate Gradualism; (4) Cost of Service Study (COSS); (5) Distribution System Improvement Charge (DSIC); (6) Closing Date; (7) Transaction and Closing Costs; (8) Low-Income/Customer Assistance Programs; (9) Easements; (10) Other Necessary Approvals; and (11) Standard Settlement Conditions. The signatories specifically agreed to the following settlement terms, as provided in the Settlement at Section II, Numbered Paragraph Nos. 18 and 19, and as provided *verbatim* below.

18. Joint Petitioners agree to the following terms and conditions in settlement of this proceeding as it relates to Aqua's acquisition of the water system assets ("Acquired Assets") of the GWA (the "Transaction"):

(a) General

(i) The Joint Petitioners agree that the Application, as amended (the "Amended Application"), should be approved, including the issuance of certificates for filing pursuant to 66 Pa. C.S. § 507 for all municipal contracts that Aqua has included in the Amended Application, subject to the terms and conditions of this Settlement that are specified below. [FN: OCA does not join in this paragraph but does not oppose Aqua's request.]

(b) Closing

(i) If Aqua and GWA decide to close on the Transaction in accordance with their respective contractual rights and obligations under the APA [Asset Purchase Agreement], the closing of the Transaction ("Closing") will not take place sooner than the date of the existence of a final, unappealable order of the Commission approving the Amended Application.

(c) Purchase Price and Ratemaking Rate Base of the Acquired Assets

(i) The Joint Petitioners agree that the ratemaking rate base of the Acquired Assets, pursuant to 66 Pa. C.S. § 1329, that are the subject of the Amended Application will be \$17,500,000.

(ii) Any goodwill resulting from this Transaction that is included on the balance sheet of Aqua shall be excluded from its rate base

and any debt or equity issued to finance the goodwill shall be excluded from the ratemaking capital structure for ratemaking purposes.

(iii) 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.

(d) Rate Gradualism

(i) In the first base rate case that includes the Acquired Assets, Aqua will propose a rate gradualism plan for all the GWA customers to pay their full cost of service over time and 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.

(ii) The current average monthly bill of a GWA residential customer is assumed and approximately \$52.65 per month. The current GWA rates are reflected in the pro forma tariff supplement included as Appendix A to the Amended Application.^[3] Aqua's largest tariff area, Rate Zone 1, has an assumed average bill of \$90.67, which also serves as the value for the current monthly weighted, average bill for Aqua residential customers. The current average monthly bill of a GWA commercial customer is approximately \$158.63 per month.

(iii) The Joint Petitioners acknowledge that, absent this settlement, if this proceeding were fully litigated, the record evidence demonstrates that GWA residential customers would likely experience an increase of at least \$38.02 (\$90.67- \$52.65) per month or 72.21% as the Company has proposed by and through its Amended Application and supporting materials; commercial customers would likely experience an increase of at least \$114.55 per month or 72.21% increase.

(iv) Consistent with the rate increase limitation in Paragraph 18(d)(i), above, the current average bill for GWA's residential customers is \$52.65 per month at 3,050 gallons; in the first base rate case to include the Acquired Assets, Aqua will propose a rate increase that will increase the average bill for GWA's customers not to exceed an average bill of \$67.39 per month at 3,050 gallons. Consistent with the rate increase limitation in Paragraph 18(d)(i), above, the current average bill for GWA's commercial customers is \$158.63 per month at 12,414 gallons; in the first base rate case to include the Acquired Assets, Aqua will propose a rate increase that will

³ Note: Aqua's pro forma tariff supplement was included as Exhibit G (updated) to the Amended Application. *See*, Findings of Fact 32 and 60. Appendix A of Amended Aqua St. No. 1 included Aqua's analysis of existing revenues, revenue requirement and potential rate impacts, as noted by Aqua on Page 6 of its Statement of Support.

increase the average bill for GWA's commercial customers not to exceed an average bill of \$203.05 per month at 12,414 gallons.

(v) Aqua's pro-forma tariff, as included in the Amended Application, including all rates, rules and regulations regarding conditions of Aqua's water service, shall be permitted to become effective immediately upon Closing.

(vi) All Joint Petitioners reserve the right to challenge any rates proposed by Aqua in any future base rate cases, except that OCA and OSBA agree not to challenge Aqua's proposal to the extent consistent with Paragraphs 18(d)(i) through 18(d)(iv) above in the first base rate case that includes the GWA system. The Joint Petitioners may agree to rates other than those proposed above for the GWA customers in the context of a settlement of a base rate case. [FN: I&E does not join in this paragraph.]

(e) Customer Assistance Program

(i) Aqua agrees to contribute a total of \$50,000 to its Hardship Fund over a two-year period. This funding commitment is in addition to Aqua's funding commitments to the Hardship Fund in the 2024 base rate case settlement, at Docket No. R-2024-3047822, and in Aqua's Beaver Falls Application, at Docket No. A-2022-303138.

(ii) Immediately after Closing, the GWA residential customers will become eligible for all Aqua payment options and customer programs.

(iii) Within ten (10) days following Closing, Aqua will send a welcome letter to the GWA customers that includes information about payment options, low-income customer assistance programs, and any other customer service information; including but not limited to, information about the OSBA.

(iv) 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, paragraph 92, at Docket No. R-2024-3047822. 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.

(v) Aqua will include a bill insert to GWA commercial customers within three (3) months of Closing that will inform the GWA commercial customers that the OSBA (i) is an independent state agency that represents the interests of small business consumers in regulated utility matters before the Commission, (ii) works directly with small businesses to assist with any questions or concerns they may be experiencing with their

utility services, and (iii) may be contacted by viewing their website at www.osba.pa.gov.

(vi) Every six (6) months, Aqua will track the number of GWA customers that are (i) potentially eligible to enroll in Aqua's CAP, (ii) enrolled in Aqua's CAP, (3) commercial customers who had a late payment fee applied to their bill, and (4) commercial customers who were shut off due to lack of payment. Aqua will provide and present this information on a timely basis at the regularly held meetings of the Aqua Assistance Collaborative ("AAC") and provide said reports to the OSBA and the OCA. 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 the filing of the base rate case. Potential eligibility will be based on U.S. Census data.

(f) Other Issues

(i) In the first base rate case filed after 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.

(ii) Aqua will not include System-related investments in its Distribution System Improvement Charge ("DSIC") until Aqua collects a DSIC from GWA customers. Aqua shall be permitted to collect a DSIC from GWA customers upon (i) Aqua's filing of an amended water Long-Term Infrastructure Improvement Plan ("Amended LTIIIP") including the System, which does not re-prioritize other existing commitments in other service areas, (ii) the Commission's approval of the Amended LTIIIP, as may be modified in the discretion of the Commission, and (iii) Aqua's filing of a compliance tariff supplement which incorporates the System and all other systems included in the Amended LTIIIP into Aqua's DSIC tariff, including all customer safeguards applicable thereto, no later than the next quarterly DSIC filing after Commission approval of the Amended LTIIIP. The Amended LTIIIP shall be filed within 180 days of Closing.

(iii) The Joint Petitioners 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 Joint Petitioners agree that they will not contest these requests in this proceeding, but they reserve their rights to litigate their positions fully in future rate cases when this issue is ripe for review. In a future rate case when these costs are claimed, Aqua agrees that it will clearly set out and identify all transaction and closing costs associated with the Transaction. The Joint Petitioners' assent to this term should not be construed to operate as their preapproval of Aqua's request.

(iv) The inclusion of outside legal fees, if any, in Aqua's transaction and closing costs under the APA shall be separately identified in Aqua's next base rate case, and all parties thereto shall have the right to challenge the reasonableness, prudence, and basis for such fees.

(v) Any claim made by Aqua to recover transaction and closing costs associated with the Transaction will not include costs incurred by GWA.

(vi) Aqua should not be permitted to include easement land rights into its rate base until it acquires the easements.

19. The Joint Petition is consistent with the Commission's policy favoring negotiated settlements and is in the public interest. It reduces administrative burden by resolving the issues present in the Amended Application, after thorough discovery; and recognizes, through the participation of Aqua, OCA, OSBA, I&E, GWA, and the Borough the concerns of customers and the entities that are parties to the acquisition of the GWA Water System. The statements of Aqua I&E, OCA, OSBA, and GWA and the Borough in support of the Joint Petition and setting forth their respective bases on why the settlement is consistent with the Code are attached as Exhibits A through E.

In addition to the provisions above, the signatories agreed to additional settlement terms concerning other miscellaneous provisions, as provided in the Settlement at Section V, Numbered Paragraph Nos. 87 through 89, and as provided *verbatim* below.

87. This Joint Petition is proposed to settle the instant matter and is made without any admission against or prejudice to any positions that any Joint Petitioner might adopt during subsequent litigation in any case, including further litigation in this case if this Joint Petition is rejected by the Commission or withdrawn by any one of the Joint Petitioners as provided below. This Joint Petition is conditioned upon the Commission's approval of all terms and conditions contained herein. Joint Petitioners agree that the Joint Petition does not expressly or implicitly represent approval of any specific claim or claims made in this proceeding, other than as set forth above, and agree not to contend otherwise in any subsequent proceeding. If the Commission should fail to grant such approval or should modify the terms and conditions herein, this Joint Petition may be withdrawn by any Joint Petitioner upon written notice to the Commission and all parties within three (3) business days by any of the Joint Petitioners. In such event, the Joint Petition shall be of no force and effect.

88. In the event that the Commission does not approve the Joint Petition or any Joint Petitioner elects to withdraw as provided above, the Joint Petitioners reserve their respective right to fully litigate the case, including producing witnesses, conducting full cross-examination and presenting briefs and legal argument.

89. Joint Petitioners will make reasonable, good faith efforts to obtain approval of the Joint Petition by the ALJ and the Commission without modification. If the ALJ in her Recommended Decision recommends that the Commission adopt the Joint Petition without modification as herein proposed, the Joint Petitioners agree to waive the filing of Exceptions. However, the Joint Petitioners do not waive their right to file Exceptions with respect to any modifications to the terms and conditions of this Joint Petition, or any additional matters. The Joint Petitioners reserve their right to file Reply Exceptions to any Exceptions which may be filed whether by a Joint Petitioner or other party to the proceeding.

IV. FINDINGS OF FACT

The signatories agree with several proposed findings of fact, with citations to the record of admitted evidence. As set forth in Section III, Numbered Paragraphs Nos. 20 through 66 of the Settlement, the signatories assert these proposed findings provide the information necessary to support the “Findings of Fact,” and to support the requested relief. The proposed findings are adopted and set forth as stated *verbatim* below.

20. As a consequence of the Settlement terms and conditions set forth in Section II above and supported by the Amended Application, exhibits and testimony admitted into the record, the Joint Petitioners request that Judge Dunderdale and the Commission make the following findings of fact and such other findings and conclusions as may be required or appropriate.

Aqua and the GWA

21. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua is engaged in the water service business and furnishes water service to

approximately 458,000 customer accounts, as reflected in documents already on file with the Commission. Aqua's existing service territories cover various counties throughout Pennsylvania with water operations in Mercer County, including Aqua's Western Division office in Sharon, Pennsylvania. Amended Application, ¶ 8.

22. The GWA is a duly organized and validly existing municipal authority organized and existing under the Municipal Authorities Act of 1945. The GWA owns the water distribution and treatment system which provides drinking water service to approximately 2,731 customers in Greenville, Hempfield, Sugar Grove, and West Salem. *Id.* at ¶ 9.

APA

23. Aqua and the GWA are parties to an APA, dated as of September 26, 2023. *Id.* at ¶ 21.

24. The negotiated purchase price for the Acquired Assets is eighteen million dollars (\$18,000,000) and is based on arm's length negotiations. Aqua and the GWA are not affiliated with each other. *Id.* at ¶ 21-22.

25. Aqua will use short-term debt initially for the purchase of the Acquired Assets with expectation that the short term debt will be converted to long term debt and equity capital at a later date. *Id.* at ¶ 23.

Assets Subject to Transfer

26. The water system assets to be transferred are the "Acquired Assets" and have the meaning specified in Section 2.01 of the APA. The Acquired Assets include the assets, properties and rights of the GWA used in the system and all water treatment, transportation, and distribution facilities, and all pipes, services, valves, hydrants, pumping stations, reservoirs, dams, storage tanks, improvements, fixtures, manholes, and pipelines and any billing and collections related assets necessary to run the system. *Id.* at ¶ 24.

27. Acquired Assets also include the three Assigned Contracts identified on Schedule 4.15 of the APA to which the GWA is a party. Aqua will be taking assignment of the three Assigned Contracts. *Id.* at ¶ 25; Application Exhibits F1, F2, and F3.

28. The Acquired Assets also include all Authorizations and Permits of, or held by, the GWA (to the extent transferrable to Aqua under applicable law), including all Authorizations and Permits, which are environmental

permits, other operating permits, and those items listed or described on Schedule 4.14 of the APA. *Id.* at ¶ 26.

29. “Excluded Assets,” which are those assets not being transferred to Aqua, has the meaning specified in Section 2.02 of the APA, and the assets, properties, and rights set forth in Schedule 2.02(g) of the APA. *Id.* at ¶ 27.

30. “Assumed Liabilities” has the meaning specified in Section 2.04(a) of the APA and includes all liabilities and obligations arising out of or relating to Aqua’s ownership or operation of the water system and the Acquired Assets on or after Closing. *Id.* at ¶ 28.

Rates

31. The GWA bills customers a monthly service fee and a consumption charge per 1,000 gallons based on water usage as follows: customers with a 5/8” or 5/8 x 3/4” meter are charged \$22.59, customers with a 3/4” meter are charged \$37.64, customers with a 1” meter are charged \$60.23, customers with a 1 1/2” meter are charged \$127.03, customers with a 2” meter are charged \$201.37, customers with a 3” meter are charged \$403.65, customers with a 4” meter are charged \$586.59, customers with a 6” meter are charged \$1,540.48. The GWA also charged a DEP [Department of Environmental Protection] Safe Drinking Water Fee of \$0.30. GWA also has a bulk filling rate of \$9.94 per 1,000 gallons, with a \$25 minimum and a \$5 service fee per load. *Id.* at ¶ 36.

32. Aqua will implement the GWA’s water rates in effect at Closing, as reflected on Schedule 7.04(a) of the APA. The GWA presently bills on a monthly basis to its customers. Aqua will continue to bill the GWA customers on a monthly basis. A schedule of rates tariff page implementing monthly rates for the GWA customers post-Closing was included with the Amended Application, at Exhibit G. Aqua will not be implementing the DEP Safe Drinking Water Fee. *Id.* at ¶ 35-36.

33. Aqua projects annual revenue of \$2,177,623 from the GWA customers based on the GWA’s current rate schedule and annual operating and maintenance expenses of \$1,405,465 based on GWA’s operating expenses presented in the 2023 financial statements, as adjusted by Aqua. *Id.* at ¶¶ 42-43.

34. Aqua will implement its *Rules and Regulations* to govern the provision of water service in the Requested Territory, as those Rules and Regulations are in effect from time to time for Aqua. *Id.* at ¶ 37.

Proof of Compliance

35. Aqua will operate and manage the GWA water system as a standalone distribution system, but within Aqua's footprint, from its Western Division Office in Sharon, Pennsylvania with operations and management support from Aqua PA's Southeastern Division Office in Bryn Mawr, Pennsylvania. The system is approximately 14 miles from Aqua's Western Division Office. Jessica Micco was the Certified Water Operator for the System; however, Ms. Micco has since left the GWA's employment, and Aqua will assign a new Certified Water Operator for the System. *Id.* at ¶ 44; Exhibit L to Application.

36. A list of violations issued to the GWA is attached to the Amended Application as Exhibit O. Compliance was achieved by the GWA for each of these events. *Id.* at ¶ 46.

37. Aqua is a Class A utility. It is in good standing with DEP and in general compliance with the DEP requirements with regard to the provision of water service. *Id.* at ¶ 47.

Fitness

38. *Legal Fitness.* Aqua is a certificated provider of water service in the Commonwealth, with no pending legal proceedings that would suggest that Aqua is not able to provide safe and adequate service to customers. Amended Application, ¶ 53, Updated Aqua St. No. 1, at 8.

39. *Financial Fitness.* Aqua is a Class A water utility with total net utility plant assets of \$5.2 billion and annual revenues of \$680 million, as of 2024. As of December 31, 2024, Aqua had operating income of approximately \$360 million and net income of \$254 million, and its cash flows from operations equaled approximately \$255 million. Updated Aqua St. No. 1, at 8.

40. Aqua has an A- rating from Standard and Poor's Rating Service and has approximately \$2.209 billion in outstanding long-term debt at a weighted average interest rate of approximately 4.30%. In addition to Aqua's access to long-term debt, Aqua has short-term credit facility of \$100 million and has access to equity capital as a subsidiary of Essential. *Id.*

41. The Transaction will be funded using existing short-term credit lines. The short-term credit funding will be converted to a mix of long-term debt

and equity capital shortly after closing. The Transaction is not expected to have any effect on Aqua's corporate credit rating. *Id.* at 9.

42. *Technical and Managerial Fitness.* Aqua will provide management, customer service, regulatory compliance, engineering, financial and ancillary services, seamlessly, from its Western Area office in Sharon, Pennsylvania, with management support from Aqua's headquarters in Southeastern Pennsylvania. Aqua St. No. 3, at 9-13.

43. The Transaction will easily fold into Aqua's existing water operations. Aqua is technically/managerially fit. Additionally, Aqua has recently acquired the Greenville Sanitary Authority system. By acquiring both the water and wastewater systems, Aqua will be able to coordinate projects where feasible between water and wastewater infrastructure. Aqua St. No. 3, at 9.

Benefits of the Transaction and Settlement

44. Aqua has the technical, regulatory, financial and legal fitness to operate the Acquired Assets of the GWA, and to maintain the operations and make improvements to meet continuing and future customer needs. Amended Application, ¶ 53, Updated Aqua St. No. 1, at 12.

45. The GWA customers will have access to income-based discount programs and funds, which they currently do not have access to, such as the Customer Assistance Program and Hardship Funds. Aqua St. No. 5, at 5-6; Aqua St. No. 5-R, at 3-4. Aqua has agreed to contribute a total of \$50,000 to its Hardship Fund over a two-year period as a part of the Settlement.

46. The GWA water treatment plant ("WTP") has faced challenges in securing qualified and skilled laborers, which has impacted the efficiency of the WTP's operations. Aqua's extensive resources will support the GWA team in enhancing their skills and optimizing the WTP's performance. GWA St. No. 1, at 5-6.

47. The GWA System has approximately 70 utility owed lead service lines ("LSL") and more than 1,500 unknown customer service lines that need to be identified. The System would come under Aqua's comprehensive Lead Service Line Replacement Program, which would allow for the replacement of customer and company owned LSLs through no direct cost to the customer. Aqua St. No. 3, at 7-8; Aqua St. No. 2-R, at 3-4.

48. The Transaction will also address several operational deficiencies that have not historically been addressed by the GWA, including: (i) lack of

redundancy of operators and access to training; (ii) limited or lacking process control testing; (iii) laboratory sample system management; (iv) minimal emergency preparedness planning; (v) lacking safety and security equipment and training; (vi) hazardous chemical storage, labeling, and safety; (vii) inadequate Supervisory Control and Data Acquisition (“SCADA”) and operator alarm systems; (viii) insufficient emergency/standby power generation; and (ix) non-use of asset management or compliance management software systems. Updated Aqua St. No. 2, at 17.

49. A net public benefits impact of \$188,041 is expected to be realized from this Transaction. The proceeds, after the repayment and satisfaction of all obligations, will offset much of the initial revenue deficiency associated with this Transaction by approximately 86.64%. Updated Aqua St. No. 1, at 16.

50. The Transaction will also provide a general public benefit to the residents of Greenville related to the increased tax revenues that Aqua will pay following the Closing of the Transaction. GWA St. No. 2, at 3-4.

51. The acquisition of the GWA System will be an approximate 0.60% increase in Aqua’s customer base. Amended Application, ¶ 53; Updated Aqua St. No. 1, at 17.

52. The Borough will receive the benefit of sale proceeds of \$18,000,000.

Section 1329 Considerations

53. Aqua and the GWA agreed to use the process presented in Section 1329 of the Code to determine the fair market value of the Acquired Assets and the ratemaking rate base. Amended Application, ¶ 54.

54. Aqua engaged the services of Gannett Fleming Valuation and Rate Consultants, LLC (“Gannett”) to provide a fair market value appraisal of the Acquired Assets and the ratemaking rate base in accordance with the Uniform Standards of Professional Appraisal Practice (“USPAP”), utilizing the cost, market, and income approaches. The GWA engaged the services of ScottMadden, Inc. (“ScottMadden”). Both firms were pre-certified as authorized UVEs. Amended Application, ¶ 55.

55. As required by Section 1329(d)(1)(i), copies of the Fair Market Value Appraisal Reports of Gannett and ScottMadden were attached as Amended Exhibit Q and Amended Exhibit R, respectively, to the Amended Application. Amended Application, ¶ 55, Exhibit Q and Exhibit R.

56. As required by Section 1329(d)(1)(ii), the purchase price agreed to by Aqua and the GWA was identified as \$18,000,000. Amended Application, ¶ 56.

57. The ratemaking rate base requested in the Amended Application, determined pursuant to Section 1329(c)(2) of the Code, was \$18,000,000, being the lesser of the purchase price of \$18,000,000 negotiated by Aqua and the GWA and the average of the fair market value appraisals which is \$27,016,292 – determined by \$33,497,679 presented in the appraisal of Gannett and \$20,534,906 presented in the appraisal of ScottMadden. *Id.* at ¶ 57.

58. As agreed by the Joint Petitioners, the ratemaking rate base for the GWA System shall be \$17,500,000, which is still less than the average of the two FMV appraisals.

59. As required by Section 1329(d)(1)(iv), transaction and closing costs were identified as approximately \$359,019. *Id.* at ¶ 59.

60. As required by Section 1329(d)(1)(v), a tariff containing a rate equal to the existing GWA rates at the time of acquisition was attached as Amended Exhibit G to the Amended Application. Amended Application, ¶ 60 and Exhibit G.

61. The UVEs were paid \$73,030 for the completed FMV Appraisal Reports. Documentation of the fees paid to Gannett and ScottMadden, including the valuation service agreements and all associated invoices, were attached to the Application as Exhibit T1 and Exhibit T2, respectively. Amended Application, ¶ 62.

62. The UVEs' fees did not exceed 5% of the fair market value of the selling utility. *Id.*

63. Gannett and ScottMadden filed verifications, stating that they have no affiliation with Aqua or GWA as specified in Section 1329 and that their Amended Appraisals determined fair market value in compliance with the most recent edition of USPAP, employing the cost, market and income approaches and that they complied with applicable jurisdictional exceptions, were attached to the Amended Application. Amended Application, ¶ 63, Exhibit U1 and Exhibit U2.

64. Aqua's contract with Gannett to undertake its FMV Appraisal was included in Exhibit T1 to the Amended Application. GWA's contract with ScottMadden to undertake its FMV Appraisal was included in Exhibit T2 to Amended Application. Amended Application, ¶ 62, Exhibit T1 and Exhibit T2.

65. Aqua will implement the GWA's water rates in effect at Closing. Amended Application, ¶ 35.

Section 507 Considerations

66. Aqua's Amended Application asks that the Commission, if necessary, issue certificates of filing pursuant to Section 507 of the Code, for its APA with the GWA and Assigned Contracts. Amended Application, ¶ 79.

V. PUBLIC INPUT HEARING

At the time of the prehearing conference, the parties discussed with the presiding officer the need for public input hearings which would permit the Commission to receive input from the public about the advisability of the proposed sale of assets. Accordingly, two public input hearings were held on September 18, 2025, at 1:00 p.m. and at 6:00 p.m., in the Borough Municipal Building, Greenville, Pennsylvania. A total of three people offered testimony.

Walter Sankey testified he is a water customer of GWA and a wastewater customer of Aqua PA. Mr. Sankey opposed the acquisition and stated he voted against the acquisition of the wastewater assets as a member of GWA's board, the Municipal Water Authority. Mr. Sankey noted he thinks Aqua PA is a good company and would do a good job if the acquisition of the water system assets is approved. However, Mr. Sankey testified GWA's board took care of problems over the years, using a slush fund for emergencies and managing the system well. Mr. Sankey noted there was no reason to sell the water system assets and, in the long run, GWA's customers will pay more for water service.

Joel Rinella testified he is a water customer of GWA and a wastewater customer of Aqua PA. Mr. Rinella stated he preferred to keep a well-run public utility under local control, but he testified in favor of the wastewater acquisition during the previous proceeding - when Aqua PA sought to acquire the assets of Greenville's sanitary authority - because there were longstanding unresolved issues with the sanitary authority. However, Mr. Rinella stated the circumstances involved in this proposed acquisition are different. Mr. Rinella testified GWA has been a well-run and valuable asset to the community. He acknowledged a rate increase is inevitable regardless of which entity owns the water system assets, but he thought the rate increase would be handled better at the local level than would be done within a large corporation with shareholders who expect profits and dividend payments to be added into the calculus. Mr. Rinella noted a rate increase handled locally would be better received by GWA's customers because the customers would know the additional money would go directly back into the local water system. Mr. Rinella testified GWA is a well-run public utility, with an independent management operating at arm's length from the town's administration, which operated in the best interest of its customers in Greenville, Hempfield Township and West Salem Township. Mr. Rinella maintained GWA is more than capable of controlling its own destiny with judiciously-applied rate increases tailored to the local community it serves. For those reasons, Mr. Rinella testified he was not in favor of the sale and requested the Commission not approve the sale.

Robin Douglas testified that she is a water customer of GWA and a wastewater customer of Aqua PA. Ms. Douglas testified she was in favor of selling the assets of GWA because it is millions of dollars in debt. She further stated that the presence of some operational and financial stability should not preclude the sale of GWA's assets to Aqua PA. Ms. Douglas noted GWA's system is run efficiently, and the employees do a nice job but testified the loss of one employee could create a problem for GWA. Ms. Douglas asserted Greenville lacks qualified talent to replace GWA's staff,

and the area school district has seen a decline in enrollment. Ms. Douglas stated that a purchase by Aqua PA would not change the infrastructure or the employees and would add more resources like engineers, Human Resources personnel, accounting expertise, bulk sales options and machinery. Ms. Douglas stated rate increases should not be a factor in approving the sale because customers will experience a rise in costs regardless of which entity owns the facilities. Ms. Douglas concluded that GWA's customers would be better off having access to Aqua PA's resources and ability to make repairs quickly and save money through the bidding process.

VI. LEGAL STANDARDS

In this case, Aqua PA requests approval of: (1) the acquisition, by Aqua PA, of the water system assets of the Greenville Municipal Water Authority, pursuant to Section 1329(c)(2) of the Code⁴; and (2) an order granting a Certificate of Public Convenience to provide water service to customers in the Borough of Greenville plus portions of the Townships of Hempfield, Sugar Grove and West Salem, pursuant to Section 1102 of the Code.⁵ Further, Aqua PA seeks approval by the Commission of the Asset Purchase Agreement (APA) and other connected agreements, pursuant to Section

⁴ “The ratemaking rate base of the selling utility shall be the lesser of the purchase price negotiated by the acquiring public utility or entity and selling utility or the fair market value of the selling utility.” 66 Pa.C.S. § 1329(c)(2).

⁵ “Upon the application of any public utility and the approval of such application by the commission, evidenced by its certificate of public convenience first had and obtained, and upon compliance with existing laws, it shall be lawful: (1) For any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a different nature or to a different territory than that authorized... (2) For any public utility to abandon or surrender, in whole or in part, any service,...(3) For any public utility or an affiliated interest of a public utility as defined in section 2101 ..., to acquire from, or to transfer to, any person or corporation, including a municipal corporation, by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service....” 66 Pa.C.S. § 1102(a).

507 of the Public Utility Code.⁶ Accordingly, Aqua PA has the burden of proof as it is the applicant requesting the Commission take actions on these requests, pursuant to Section 332 of the Public Utility Code.⁷

The acquisition by Aqua PA of the water system assets owned by the Greenville Municipal Water Authority requires the Commission's approval and the issuance of a certificate of public convenience.⁸ Before the Commission may issue a certificate of public convenience, the Commission must find that granting Aqua PA a certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.⁹ That is, Aqua PA must demonstrate that the proposed acquisition will "affirmatively promote the 'service, accommodation, convenience, or safety of the public' in some substantial way."¹⁰ To determine that the acquisition or merger is in the public interest, our Supreme Court has explained:

[T]he Commission is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome, or impossible; rather, the PUC properly applies a preponderance of the evidence standard to make factually-based determinations (including

⁶ "Except for a contract between a public utility and a municipal corporation to furnish service at the regularly filed and published tariff rates, no contract or agreement between any public utility and any municipal corporation shall be valid unless filed with the commission at least 30 days prior to its effective date. Upon notice to the municipal authorities, and the public utility concerned, the commission may, prior to the effective date of such contract or agreement, institute proceedings to determine the reasonableness, legality or any other matter affecting the validity thereof. Upon the institution of such proceedings, such contract or agreement shall not be effective until the commission grants its approval thereof." 66 Pa.C.S. § 507.

⁷ "Except as may be otherwise provided in section 315 (relating to burden of proof) or other provisions of this part or other relevant statute, the proponent of a rule or order has the burden of proof." 66 Pa.C.S. § 332(a).

⁸ 66 Pa.C.S. § 1102(a)(3).

⁹ 66 Pa.C.S. § 1103(a).

¹⁰ *City of York v. Pa. Pub. Util. Comm'n*, 295 A.2d 825 (Pa. 1972).

predictive ones informed by expert judgment) concerning certification matters.^[11]

Even where the Commission finds sufficient public benefit to find that the granting of a certificate of public convenience is necessary or proper for the service, accommodation, convenience, or safety of the public without imposing any conditions, the Commission, nevertheless, has discretion to impose conditions which it deems to be just and reasonable. In an acquisition context when the Commission considers the public interest, it is contemplated that the benefits and detriments of the acquisition will be measured as they impact on all affected parties and not merely on one particular group or geographic subdivision.¹²

This standard was addressed by the Commonwealth Court in *Middletown Township v. Pennsylvania Public Utility Commission*, 482 A.2d 674 (Pa. Cmwlth. 1984) (*Middletown*). In *Middletown*, to acquire part of the facilities of the Newtown Artesian Water Company, Middletown Township filed an application for a Certificate of Public Convenience. In denying the application, the Commission concluded the acquisition would benefit some customers but would have an adverse impact on other customers. Middletown Township appealed to Commonwealth Court, which affirmed the Commission's decision rejecting the application stating, *inter alia*, that "when the 'public interest' is considered, it is contemplated that the benefits and detriments of the acquisition be measured as they impact on all affected parties, and not merely on one particular group or geographic subdivision as might have occurred in this case."¹³ The

¹¹ *Popowsky v. Pa. Pub. Util. Comm'n*, 937 A.2d 1040, 1057 (Pa. 2007) (*Popowsky*); *see also*, 66 Pa.C.S. §1103(a).

¹² *Middletown Twp. v. Pa. Pub. Util. Comm'n*, 482 A.2d 674 (Pa. Cmwlth. 1984).

¹³ 482 A.2d at 682.

Court added that “the primary objective of the law in this area is to serve the interests of the public.”¹⁴

Further, pursuant to Section 1103 of the Code,¹⁵ Aqua PA must show it possesses the technical, legal and financial capability to own and operate the assets it seeks to purchase from GWA.¹⁶ However, it should be noted that, as a certificated public utility, Aqua PA benefits from a rebuttable presumption that it possesses such requisite fitness.¹⁷

Accordingly, the Commission can determine an acquisition provides an affirmative benefit if the benefits of the transaction outweigh the adverse impacts of that transaction.¹⁸ To determine whether benefits meet this standard, the Commission may consider: “(1) the legal and technical fitness of the purchasing entity to provide service;

¹⁴ *Middletown*; see also *Popowsky*.

¹⁵ “Every application for a certificate of public convenience shall be made to the commission in writing, be verified by oath or affirmation, and be in such form, and contain such information, as the commission may require by its regulations. A certificate of public convenience shall be granted by order of the commission, only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public. The commission, in granting such certificate, may impose such conditions as it may deem to be just and reasonable. In every case, the commission shall make a finding or determination in writing, stating whether or not its approval is granted. Any holder of a certificate of public convenience, exercising the authority conferred by such certificate, shall be deemed to have waived any and all objections to the terms and conditions of such certificate.” 66 Pa.C.S. § 1103(a).

¹⁶ *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A.2d 762 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240 (Pa. Super. 1958).

¹⁷ *South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308 (Pa. Cmwlth. 1992); 66 Pa.C.S. § 1329.

¹⁸ *Application of CMV Sewage Co., Inc.*, 2008 Pa. P.U.C. LEXIS 950, *30 (2008) (CMV).

(2) the public need for service; (3) the inadequacy of the existing service; and (4) any other relevant evidence.”¹⁹

Section 1329 sets forth a procedure which permits a public utility to utilize fair market valuation for ratemaking purposes instead of the original cost of construction of the acquired facilities minus the accumulated depreciation. Section 1329 addresses the valuation of the assets of municipal or authority-owned water and wastewater systems that are acquired by investor-owned water and wastewater utilities or entities. The acquiring utility is authorized to collect a Distribution System Improvement Charge (DSIC) and Section 1329 also enables a public utility or other acquiring entity’s post-acquisition improvement costs not recovered through a DSIC to be deferred for book and ratemaking purposes. In sum, Section 1329 helps mitigate the risk that a utility will not be able to fully recover its investment when water or wastewater assets are acquired from a municipality or authority.

If the parties (i.e., the buyer, or the acquiring public utility, and seller) agree to the Section 1329 process, an “acquiring public utility” and the seller of the municipal system must each select a Utility Valuation Expert (UVE) from a list of such experts established and maintained by the Commission. The selected UVEs perform independent appraisals of the system to establish the fair market value of the assets and/or facilities to be acquired. Also, the acquiring public utility and the seller must select one licensed engineer who will conduct an assessment of the tangible assets of the seller which assessment is incorporated into the valuations of the UVEs.

After receiving the valuations, the acquiring public utility must apply for a certificate of public convenience under Section 1102 of the Code and include the following as an attachment to the Section 1102 application: copies of the UVE appraisals;

¹⁹ *App. of N. Heidelberg Water Co.*, 2010 Pa. P.U.C. LEXIS 919, *20 (2010).

the agreed purchase price; the ratemaking rate base; the transaction and closing costs incurred by the acquiring public utility that will be included in its rate base; and 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.²⁰ For applications involving an acquiring public entity under Section 1329(d)(1), the Commission has a six-month deadline for issuing a determination.

Herein, Aqua PA seeks additional approval of an Asset Purchase Agreement (APA) and other connected agreements pursuant to Section 507 of the Public Utility Code.²¹ Section 507 requires that contracts between a public utility and a municipal corporation (except for contracts to furnish service at regular tariff rates) must be filed with the Commission at least 30 days before the effective date of the contract. The Commission may allow the contract to take effect by operation of law as evidenced by issuing a certificate of filing, unless it decides to institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract. Should the Commission initiate proceedings, the contract or agreement is not effective until the Commission grants its approval. Section 507 is a filing requirement and does not require service of the filing on any potentially interested party.

VII. DISCUSSION

A. Settlement is a Reasonable Alternative to Litigation

1. Aqua PA

²⁰ 66 Pa.C.S. § 1329(d)(1).

²¹ 66 Pa.C.S. § 507.

Aqua PA acknowledges the Commission encourages parties to resolve contested proceedings through settlement,²² which lessens the time and expense of litigating a case and will benefit directly all parties concerned. Aqua PA points out a settlement will avoid the time, expense and uncertainty of litigation and will conserve administrative hearing resources, which further benefits all parties and the public interest. Aqua PA notes a settlement eliminates the post-hearing briefing process, and it lessens the likelihood of possible appellate court review while providing regulatory certainty with respect to the issues raised, all of which results benefit all parties.

Aqua PA acknowledges the principal issue for Commission consideration is whether the agreement reached is in the public interest.²³ Aqua PA asserts that: (1) the resolution presented within the Joint Petition will further the public interest; (2) Aqua PA has the requisite technical, financial and legal fitness to own/operate the GWA System; and (3) Aqua PA has the requisite technical, financial and legal fitness to provide water service in portions of the Borough of Greenville, Hempfield Township, Sugar Grove Township and West Salem Township.

In addition, Aqua PA contends its Amended Application, as modified through the Settlement, demonstrates its acquisition of the GWA System will affirmatively promote the service, accommodation, convenience, or safety of the public in substantial ways, through a preponderance of the evidence and substantial evidence, including that any hypothetical rate impact is offset by other positive benefits of the

²² 52 Pa. Code § 5.231(a). The results achieved from a negotiated settlement or stipulation in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401 (major rate cases – statement of policy, generally).

²³ *Pa. Pub. Util. Comm'n v. City of Lancaster - Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011) (citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered Apr. 1, 1996), and *Pa. Pub. Util. Comm'n v. CS Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991)). See also *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 60 Pa. P.U.C. 1 (1985).

transaction.²⁴ In addition to the benefits derived as a result of and as correlated to Aqua PA's fitness, Aqua PA contends there will be numerous other substantial affirmative benefits that flow to customers of GWA, Aqua PA's existing customers, and the communities within the GWA's service territory as a result of the acquisition.

In conclusion, Aqua PA argues the Settlement terms demonstrate its proposed acquisition of the GWA System will provide substantial public benefits to GWA's customers, Aqua PA's customers and the communities in and around the Borough of Greenville.

2. GWA and the Borough of Greenville

GWA and Greenville point out the Commission encourages interested parties to resolve contested proceedings because settlements reduce the time, expense and uncertainty of proceedings pending before the Commission. GWA and the Borough assert the proposed settlement accomplishes those goals, and both municipal entities contend the proposed settlement is in the public's interest.

3. BIE

BIE notes Commission policy encourages settlements in contested proceedings,²⁵ and it maintains this Settlement meets all the standards necessary to warrant the requisite approvals under Sections 507, 1102, 1103, and 1329 of the Code.²⁶ BIE points out all signatories actively participated in and vigorously represented their respective

²⁴ Joint Petition, at ¶¶ 74-80, citing *City of York v. Pa. Pub. Util. Comm'n*, 295 A.2d 825 (Pa. 1972); *Popowsky v. Pa. Pub. Util. Comm'n*, 937 A.2d 1040 (Pa. 2007); *McCloskey v. Pa. Pub. Util. Comm'n*, 195 A.3d 1055 (Pa. Cmwlth. 2018); *Cicero v. Pa. Pub. Util. Comm'n*, 300 A.3d 1106, 1119 (Pa. Cmwlth. 2023).

²⁵ 52 Pa. Code § 5.231.

²⁶ 66 Pa.C.S. §§ 507, 1102, 1103 and 1329.

positions, and all issues raised have been satisfactorily and incorporated in the Settlement. BIE represents that, being subject to all of the Settlement’s terms and conditions, Aqua PA’s Application satisfies all applicable legal standards and results in terms which are preferable to those terms that might have been achieved if the proceeding had been litigated fully. Accordingly, BIE asserts the Settlement is in the public interest, and BIE requests the ALJ and Commission approve the Settlement without modification.

BIE notes the legal standards to be applied in this proceeding are well-established. In order to attain the Commission’s approval under Section 1102 of the Code,²⁷ BIE points out the Commission must issue a Certificate of Public Convenience as a prerequisite to offering service, abandoning service and certain property transfers by public utilities or their affiliated interests,²⁸ using the standards for the issuance of a Certificate of Public Convenience, as set forth in Sections 1102 and 1103²⁹ of the Code. Furthermore, BIE notes the Commission should grant a Certificate of Public Convenience “only if the commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience or safety of the public.”³⁰ These provisions have been interpreted by the Pennsylvania Supreme Court in the *City of York v. Pennsylvania Public Utility Commission* for the proposition that to establish that a proposed transaction benefits the public, it must be shown to affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way.³¹

Additionally, pursuant to Section 1103, BIE points out Aqua PA must show that it is technically, legally, and financially fit to own and operate the assets it might

²⁷ 66 Pa.C.S. § 1102.

²⁸ 66 Pa.C.S. § 1102(a).

²⁹ 66 Pa.C.S. § 1103.

³⁰ 66 Pa.C.S. § 1103(a).

³¹ *City of York v. Pa. Pub. Util. Comm’n*, 295 A.2d 825, 828 (Pa. 1972).

acquire from GWA.³² When assessing fitness, BIE notes the Commission should consider the benefits and detriments of the transaction “with respect to the impact on all affected parties”³³ including existing customers.

Further, pursuant to Section 1329, BIE points out Section 1329 provides a framework for valuing, for ratemaking purposes, water and wastewater systems that are owned by a municipal corporation or authority that are to be acquired by an investor-owned water or wastewater utility under the Commission’s jurisdiction, which is the process used to determine the fair market value of a municipal utility that is the subject of an acquisition. BIE asserts these statutory provisions allow the rate base of the municipal system being purchased to be incorporated into the rate base of the purchasing investor-owned utility at the lesser of either the purchase price or the fair market value, as established by the two independent appraisals conducted by two utility valuation experts.

Lastly, BIE notes Aqua PA’s request to assume enumerated municipal contracts currently held by GWA is subject to review under Section 507 of the Code. BIE points out that, under Section 507, any contract between a public utility and a municipal corporation must be filed with the Commission at least 30 days prior to its effective date to be valid, other than contracts to furnish service at tariffed rates. BIE acknowledges the Commission may institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract, upon receipt of the filing, and prior to the effective date of the contracts. BIE contends that, if this Commission decides to institute such proceedings, the contracts at issue will not become effective until the Commission grants its approval.

³² *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A. 2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240, 243 (Pa. Super. 1958).

³³ *Middletown Twp. v. Pa. Pub. Util. Comm’n*, 482 A.2d 674, 682 (Pa. Cmwlth. 1984).

4. OCA

OCA notes it agrees with the other parties about the Commission’s policy on settlements,³⁴ but the Commission must determine that the proposed terms and conditions are in the public interest if it would approve a Settlement.³⁵ OCA also notes the Commission must determine the public interest with “due consideration to the interests of consumers.”³⁶ OCA points out that the signatories bear the burden of proof³⁷ because they are asking the Commission to enter an order adopting the Settlement without modification. OCA agrees the signatories jointly share the burden of proof to show that the terms and conditions of the Settlement are in the public interest.³⁸

OCA asserts the “degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence.”³⁹ Further, OCA contends that, for a Commission decision to be supported by substantial evidence, the Commission decision must be supported: (1) by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion;⁴⁰ (2) by evidence that is substantial and legally credible; and (3) by more than a mere “suspicion” or a “scintilla” of evidence.⁴¹

³⁴ 52 Pa. Code §§ 5.231, 69.401.

³⁵ *Pa. Pub. Util. Comm’n v. Phila. Elec. Company*, 60 Pa. P.U.C. 1, 22 (1985); *Pa. Pub. Util. Comm’n v. City of Bethlehem – Water Dept.*, Docket No. R-2020-3020256 (Order entered Apr. 15, 2021) (*City of Bethlehem*) at 13, citing *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm’n v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*).

³⁶ 71 P.S. § 309-5 (2).

³⁷ 66 Pa.C.S. § 332(a).

³⁸ 66 Pa.C.S. § 332(a); *City of Bethlehem* at 13.

³⁹ *Lansberry v. Pa. Pub. Util. Comm’n*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990) (*Lansberry*).

⁴⁰ *Dutchland Tours, Inc. v. Pa. Pub. Util. Comm’n*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).

⁴¹ *Lansberry*, 578 A.2d at 602.

5. OSBA

OSBA defers to the Settlement on this issue.

B. Request for Relief – Approval of Proposed Application/Transaction

1. Aqua PA

Aqua PA contends there are the numerous benefits that will be achieved by this Transaction, as outlined in its Amended Application and supporting testimony, including the following benefits:

a. Aqua PA asserts GWA customers will benefit from: (1) expansive customer service offerings; (2) bill payment assistance (such as deferred payment arrangements and access to Aqua PA's CAP and Aqua Aid); (3) field work information and visibility; (4) improvement of numerous operational and security deficiencies providing for enhanced operations and safety for employees, customers and the community, as well as protection of the environment; (5) inclusion as part of a larger-scale, efficiently-operated utility in the business of providing safe and reliable water service, leading to savings of an anticipated 5% in O&M⁴² expenses and tangible net financial benefits totaling \$188,041.

b. Aqua PA contends this 0.60% increase in its customer base will benefit its current existing customers by leading to lower incremental cost per customer for future infrastructure investments across the state; and continued decline of per customer revenue requirement.

⁴² Operations and Maintenance.

c. Aqua PA asserts the Borough of Greenville was an Act 47 community, until recently, and the influx of \$18 million will benefit the Borough, its residents (nearly all of whom are GWA customers) and the surrounding communities, will increase tax revenues, and will improve operational deficiencies at the water treatment plant which will provide benefits for the environment.

Overall, Aqua PA contends the parties achieved the Settlement after a comprehensive review of the Amended Application, of Aqua PA's responses to numerous discovery requests, and reached after the parties filed multiple rounds of testimony and exhibits, including direct, rebuttal, surrebuttal and rejoinder testimony. Aqua PA argues the Settlement is a carefully balanced compromise wherein each signatory made significant concessions. Aqua PA contends the Settlement itself – which is supported by parties that represent a diversity of constituents and interests – is proof, in and of itself, that substantial evidence has been shown of the reasonableness of the Settlement, and substantial evidence the Settlement is in the public interest, particularly given the active role of the signatories and the level of negotiations required to achieve the Settlement.

2. GWA and the Borough of Greenville

The municipal entities assert Aqua PA will operate a proactive and highly efficient water system for the GWA customers which GWA contends it currently struggles to provide and cannot guarantee in the future. Greenville contends it 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.

The municipal entities further assert that Aqua PA has abundant financial, technical and personnel resources that GWA cannot match because GWA is approaching its borrowing limit. GWA asserts it has struggled to retain qualified employees and recently lost the services of its long-term manager. GWA and Greenville point out that Aqua PA has no such struggles, and it will provide enhanced customer service, an assistance program for the needy and enhanced security benefits.

3. BIE

BIE opines the Commission should approve Aqua PA's Application and issue a Certificate of Public Convenience to Aqua PA, pursuant to 66 Pa.C.S. § 1102(a). BIE asserts Aqua PA requests permission to acquire substantially all GWA assets, properties and rights related to its water system and to obtain the Certificates of Public Convenience necessary for Aqua PA to begin to offer water service to the public in the Service Area. BIE contends the record supports the findings that Aqua PA is technically, legally, and financially fit to acquire GWA, and it further notes no party has refuted those claims in the record.

BIE points out the Settlement will achieve the goal of regionalizing water systems, providing benefits of better management practices, giving the benefits of economies of scale, and result in benefits to customers, the environment and other economic benefits. BIE asserts the value of the public benefits will be better realized because the Settlement contains numerous terms to protect Aqua PA's ratepayers - both existing customers and those customers who will become Aqua's ratepayers through this transaction. BIE also contends the Settlement will ensure that Aqua PA's ratepayers receive the benefit of the bargain that Aqua PA negotiated without being subject to protracted and expensive litigation. Accordingly, through this Settlement, BIE asserts its identified concerns have been addressed, and Aqua's Application, as modified by the Settlement, meets the requisite standards for approval.

4. OCA

OCA submits the Settlement is supported by substantial evidence, is in the public interest, and should be approved without modification. In addition, OCA contends the terms and conditions of the proposed Settlement provide a reasonable resolution of the issues raised by the OCA, including the ratemaking rate base to be incorporated into Aqua PA's revenue requirement, the rate impact for existing Aqua PA customers and the acquired customers, Aqua PA's rate gradualism plan, Aqua PA's application of the Distribution System Improvement Charge (DSIC) to acquired customers, the treatment of post-acquisition infrastructure improvements, transaction and closing costs, Aqua PA's contribution to its Hardship Fund, Aqua PA's tracking of potential low-income GWA customers, and Aqua PA's outreach and assistance to potential low-income customers.

5. OSBA

OSBA notes it agrees with the signatories that the Commission should approve the Settlement and specifically opines the Settlement provides a reasonable result and a meaningful benefit to small business customers. OSBA contends the Commission should: (1) grant Aqua PA a certificate of public convenience authority to acquire GWA's water system assets and to begin to offer, render, furnish or supply water service in the areas served by GWA; and (2) grant any other approvals or certificate of public convenience authority that are appropriate, customary, or necessary under the Public Utility Code to carry out the Transaction contemplated in the Settlement in a lawful manner.

C. Ratemaking Rate Base and Purchase Price

1. Aqua PA

Aqua PA notes the parties agree the ratemaking rate base of the Acquired Assets will be \$17.5 million.⁴³ Aqua PA points out that any goodwill which results from the Transaction (that is included on the balance sheet of Aqua PA) will be excluded from its rate base and, in addition, any debt or equity issued to finance the goodwill will be excluded from the ratemaking capital structure for ratemaking purposes. Aqua PA also notes the signatories agree that Aqua PA will not recover the difference between the purchase price and the allowed rate base in rate base nor via amortization from Aqua PA's existing customers or from GWA's current customers.

Aqua PA contends it determined the ratemaking rate base to be \$18 million, which was the lesser of the purchase price of \$18 million negotiated by Aqua and the GWA, and the average of the two fair market value appraisals. Aqua PA asserts the average is \$27,016,292, because the fair market value was \$33,497,679 as determined in the appraisal of Gannett Fleming, while the fair market value was \$20,534,906 as determined in the appraisal of Scott Madden. Aqua PA asserts the parties agreed the ratemaking rate base for the GWA System would be \$500,000 less than the amount determined in Aqua PA's Amended Application. Aqua PA asserts the lower ratemaking rate base will mitigate any potential rate impact of the Transaction to GWA's customers and Aqua PA's customers, which will provide a public benefit. Accordingly, Aqua PA argues this provision is in the public interest and should be approved

⁴³ Joint Petition ¶ 18(c).

2. GWA and Greenville

The municipal entities note the Settlement outlines Aqua PA's agreement to use \$17.5 million as the ratemaking rate base for the acquired system. GWA and Greenville point out this amount is approximately \$500,000 less than the purchase price listed in the Application and contend 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.

3. BIE

BIE points out the Settlement would permit Aqua PA to use \$17.5 million for the ratemaking rate base of the acquired assets. BIE contends this proposed value comported with the valuation standards and requirements of Section 1329. Accordingly, BIE avers approval of \$17.5 million for the ratemaking rate base is both warranted and in the public interest. In addition, BIE notes this \$17.5 million is lower than the purchase price of \$18 million which was agreed to by Aqua and GWA.

4. OCA

OCA notes the Fair Market Value (FMV) estimated by Gannett Fleming and by ScottMadden is \$33.5 million and \$20.5 million, respectively, which estimates equate to an average valuation of \$27 million.⁴⁴ OCA points out Aqua PA and GWA negotiated a purchase price of \$18 million. OCA further points out the purchase price is the proposed rate base in the Application.

⁴⁴ Application at 16.

OCA contends Aqua PA's proposed ratemaking rate base was overstated due to errors, flaws, and unreasonable subjectivity by the UVEs making the appraisals,⁴⁵ and OCA points out that both UVEs' FMV estimates were higher than the purchase price of \$18 million. OCA asserts, however, that when reasonable adjustments are applied to the appraisals, and those adjusted results are averaged, the indicated FMV estimate is \$16.758 million, which amount is less than the negotiated purchase price.⁴⁶

OCA notes the signatories agree to use \$17,500,000 as the ratemaking rate base for the acquired system, or approximately \$500,000 less than the amount requested in the Application.⁴⁷ OCA argues the Settlement's \$17.5 million ratemaking rate base represents an amount that is within the range of possible outcomes in a Commission final order if this issue had been subject to full litigation, based on substantial record evidence. Additionally, OCA contends the signatories agree the goodwill resulting from the transaction that Aqua PA includes on its balance sheet must be excluded from its rate base and any debt or equity issued to finance the goodwill must be excluded from the ratemaking capital structure for ratemaking purposes.⁴⁸ OCA contends the difference between the purchase price and the allowed rate base will not be recovered in rate base nor via amortization from Aqua PA's existing customers or from GWA's current customers.⁴⁹

OCA contends these provisions, when taken cumulatively, will help to protect Pennsylvania customers from further rate increases resulting from the proposed merger. OCA opines these terms benefit consumers and serve the public interest because they limit rate increases and prevent customers from paying for non-tangible acquisition

⁴⁵ OCA St. 1 at 5.

⁴⁶ OCA St. 1 at 5.

⁴⁷ Settlement at ¶18 (c)(i).

⁴⁸ Settlement ¶ 18(c)(ii).

⁴⁹ Settlement ¶ 18(c)(iii).

costs. Additionally, OCA asserts the Settlement ensures that both Aqua PA's rate base and ratemaking capital structure will not be impacted by intangible goodwill due to the difference between the purchase price and the ratemaking rate base. Accordingly, OCA submits that these provisions provide a benefit to consumers and the public interest overall.

5. OSBA

OSBA asserts the Settlement provides a reasonable result and meaningful benefit to small business customers because: (1) the ratemaking rate base of the Acquired Assets will be \$17.5 million, which is less than the average of the two FMV appraisals; (2) any goodwill resulting from this Transaction that Aqua PA includes on the balance sheet shall be excluded from its rate base and any debt or equity issued to finance the goodwill shall be excluded from the ratemaking capital structure for ratemaking purposes; and (3) the difference between the purchase price and the allowed rate base will not be recovered in rate base nor via amortization from Aqua PA's existing customers or from GWA's current customers.

D. Rate Gradualism

1. Aqua PA

Aqua PA notes it will propose a rate gradualism plan for all GWA customers in the first base rate case when Aqua PA includes the Acquired Assets. Aqua PA asserts this gradualism plan will allow GWA customers to pay their full cost of service over time, and Aqua PA would propose to limit the base rate increase for the residential and commercial customers to an amount that does not exceed more than a

28% rate increase over then-existing rates.⁵⁰ Absent this Settlement provision, Aqua PA contends the GWA residential customers could experience a monthly increase of \$34.04, or 64.66%, if the full cost of service necessary to serve those customers were allocated to them as shown in Aqua PA's analysis.⁵¹

Aqua PA points out the current average bill for GWA residential customers who use 3,050 gallons per month is \$52.65. Aqua PA notes that, consistent with the Settlement, Aqua PA will propose to increase the average bill for GWA residential customers to an amount not exceeding \$67.39 per month, on average, at 3,050 gallons, in the first base rate case in which Aqua PA includes the Acquired Assets.

Aqua PA contends the Settlement provision concerning rate gradualism mitigates what potentially could be a higher rate impact, provides certainty regarding what will be proposed in the first post-acquisition rate increase and provides a public benefit to GWA's customers. Therefore, Aqua PA argues this Settlement provision is in the public interest and should be approved.

2. GWA and Greenville

The municipal entities note the Settlement provides for Aqua PA to propose a rate gradualism plan for all GWA's customers in Aqua PA's first base rate case that includes the System. The municipal entities point out Aqua PA agrees to propose a limit to 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. GWA and the Borough contend this increase will be acceptable and worthy, given the upgrades Aqua says it will bring to GWA customers. GWA and the Borough assert this

⁵⁰ Joint Petition, ¶ 18(d).

⁵¹ See Appendix A of Amended Aqua St. No. 1, included with the Amended Application.

Settlement provision protects GWA customers by limiting the increase instead of rising to as much as 72%.

3. BIE

BIE acknowledges it agrees with the Settlement provision that Aqua PA will propose a rate gradualism plan in the first base rate case that includes the GWA system. BIE asserts the rate gradualism is an important consideration as it aims to avoid a rate increase that would cause ratepayers considerable rate shock.

4. OCA

OCA points out Aqua PA agrees, in the Settlement, that it will propose a rate gradualism plan for all GWA's customers to pay their full cost of service over time, in the first base rate case that includes the System.⁵² Aqua PA agrees to propose a limitation on 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, and OCA notes this proposal should avoid rate shock for ratepayers. As such, in the first base rate case to include the Acquired Assets, Aqua PA agrees it will propose a rate increase that will increase the average bill for GWA's customers not to exceed an average bill of \$67.39 per month at 3,050 gallons.

OCA asserts the Settlement provides mitigation of the rate impact of the transaction for existing Aqua PA customers and the acquired GWA customers by reducing overall costs while simultaneously establishing a rate gradualism outcome for

⁵² Settlement at ¶ 18(d).

GWA's customers that is overall consistent with OCA's litigation in this matter.⁵³
Settlement at ¶ 18(d).

5. OSBA

OSBA asserts the Settlement provides a reasonable result and a meaningful benefit to small business customers because, without approval of this settlement, commercial customers would experience an increase of at least \$114.55 per month, or a 72.21% increase. OSBA notes Aqua PA agrees to propose a rate gradualism plan, in its first base rate case that includes the acquired assets, for all GWA customers to pay their full cost of service over time. OSBA also notes Aqua PA agrees 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.

In addition, OSBA points out that currently the average monthly bill of a GWA residential customer is approximately \$52.65 per month. OSBA also notes Aqua PA's largest tariff area, Rate Zone 1, has an assumed average bill of \$90.67, which also serves as the value for the current monthly weighted, average bill for Aqua PA's residential customers. Further, OSBA notes the current average monthly bill of a GWA commercial customer is approximately \$158.63 per month.

OSBA contends the signatories agree that, without the Settlement, GWA residential customers would experience an increase of at least \$38.02 (\$90.67- \$52.65) per month, or 72.21%, while GWA commercial customers would likely experience an increase of at least \$114.55 per month, or 72.21% increase. OSBA asserts that, with the rate increase limitation, the current average bill for GWA residential customers is \$52.65 per month at 3,050 gallons and Aqua PA agrees it will propose a rate increase in the first

⁵³ Settlement at ¶ 44-52.

base rate case to include the Acquired Assets which will increase the average bill for GWA customers that will not exceed an average bill of \$67.39 per month at 3,050 gallons. OSBA asserts that the current average bill for GWA commercial customers is \$158.63 per month at 12,414 gallons but Aqua PA agrees it will propose a rate increase in the first base rate case to include the Acquired Assets that will increase the average bill for GWA commercial customers that does not exceed an average bill of \$203.05 per month at 12,414 gallons.

E. Cost of Service Study

1. Aqua PA

Aqua PA notes it agreed to file a cost of service study (“COSS”) - that removes all costs and revenues associated with the operation of the GWA system - in the first base rate case it files after Closing in which Aqua PA makes a claim for the Acquired Assets in rate base.⁵⁴ Aqua PA asserts the COSS, once completed, will provide a means for the parties to use the cost-of-service data to set rates for those customers that differ, as appropriate, from rates established for other water customers. Aqua PA further asserts the COSS will help to mitigate the potential level of subsidy by Aqua PA’s other customers, will apply the ratemaking principle of gradualism to rates set for GWA customers, and will be in the public interest.

2. GWA and Greenville

The municipal entities point out the Settlement, in the first Base Rate case filed after the closing of the transaction in which Aqua PA makes a claim for the

⁵⁴ Joint Petition ¶ 18(f)(i).

Acquired Assets in rate base, Aqua PA will file a cost-of-service study that removes all costs and revenues associated with the operation of the GWA system.

3. BIE

BIE points out Aqua PA agrees in the Settlement to provide a COSS that removes all costs and revenues associated with the operations of the GWA system. BIE submits this provision will protect Aqua PA, its customers, the parties to this proceeding and the Commission. BIE specifies the results of the COSS will provide it with information necessary to determine an appropriate level of rates in the future, and it will benefit Aqua PA's ratepayers. BIE notes, if Aqua PA's Application is approved, Aqua PA's existing customers will bear the rate impact. However, BIE contends the Commission's ability to evaluate the rate impact of the acquisition upon existing Aqua customers and its options of addressing that impact to provide any appropriate relief to existing customers, could be compromised, without a COSS.

4. OCA

OCA points out Aqua PA agrees in the Settlement to file a COSS that removes all costs and revenues associated with the operation of the GWA system, when Aqua PA files its first base rate case, after the closing in this Transaction, in which Aqua makes a claim for the Acquired Assets in rate base.⁵⁵ OCA notes it identified during this proceeding the need for Aqua PA to provide a COSS that removes all costs and revenues associated with the operations of the GWA System. OCA asserts this Settlement provision is important because the updated COSS: (1) will serve as a baseline, allowing comparison with an integrated system and supporting informed rate design decisions; (2) will prevent cross-subsidization; (3) will promote rate gradualism; and (4) will allow for

⁵⁵ Settlement at ¶ 18(f)(i).

valuation of whether full integration is fair and consistent with cost causation principles. OCA contends these terms will provide a means for the parties to use the COSS data to set rates for those customers that differ, as appropriate, from rates established for other water customers and, by so doing, will help to mitigate the potential level of subsidy by Aqua PA's other customers, will apply the ratemaking principle of gradualism to rates set for customers in the GWA service area and is in the public interest.

5. OSBA

OSBA did not provide a statement in support on this issue.

F. Distribution System Improvement Charge (DSIC)

1. Aqua PA

Aqua PA points out it agreed in the Settlement that it will not include System-related investments in its DSIC until Aqua PA collects a DSIC from GWA customers.⁵⁶ Aqua PA contends it should be permitted to collect a DSIC from GWA customers after: (1) Aqua PA has filed an amended water Long-Term Infrastructure Improvement Plan (Amended LTIIIP) including the System, which does not re-prioritize other existing commitments in other service areas; (2) the Commission has approved the Amended LTIIIP, as may be modified in the discretion of the Commission; and (3) Aqua PA files a compliance tariff supplement which incorporates the System and all other systems included in the Amended LTIIIP into Aqua's DSIC tariff, including all applicable customer safeguards, no later than the next quarterly DSIC filing after the Commission

⁵⁶ Joint Petition ¶ 18(f)(ii).

approves the Amended LTIIP. Aqua PA notes it agrees in the Settlement to file the Amended LTIIP within 180 days of Closing herein.

Aqua PA asserts this Settlement provision will protect both GWA's customers and Aqua PA's existing customers by ensuring that projects are appropriately included and prioritized in future LTIIP filings, and by ensuring that GWA customers are not charged the DSIC until such time as the project that will benefit GWA customers is included in the Amended LTIIP. Aqua PA argues this provision is in the public interest and should be approved.

2. GWA and Greenville

The municipal entities did not provide a statement in support on this issue.

3. BIE

BIE notes Aqua PA agrees in the Settlement it will not include System-related investments in its DSIC until Aqua PA collects a DSIC from GWA customers. BIE also points out the Settlement permits Aqua PA to collect a DSIC from System customers when: (1) Aqua PA's filing of an amended Long-Term Infrastructure Improvement Plan (Amended LTIIP) including the System, which filing does not re-prioritize other existing commitments; (2) the Commission's approval of such LTIIP; and (3) Aqua PA's filing of a compliance tariff supplement which incorporates the System and all other systems included in the Amended LTIIP into Aqua PA's DSIC tariff, including all customer safeguards applicable thereto, no later than the next quarterly DSIC filing after the Commission's approval of the Amended LTIIP.

BIE asserts its investigation yielded no concerns regarding Aqua PA's request for approval to collect a DSIC, as permitted under Section 1329. BIE notes it

reserves the right to address these issues in future proceedings, including base rate, LTIP, and distribution system improvement charge proceedings, when additional information and facts are available and when these issues are ripe for review. While BIE reserves its rights, BIE agrees this Settlement term serves the public interest because it allows acquired GWA customers to benefit from improved water infrastructure, promoting safer and more reliable service. Accordingly, BIE opines that this term is in the public interest

4. OCA

OCA points out Aqua PA agrees to not include System-related investments in its DSIC until Aqua PA collects a DSIC from GWA customers.⁵⁷ OCA notes Aqua PA will be permitted to collect a DSIC from System customers when: (1) Aqua PA files an amended water Long-Term Infrastructure Improvement Plan (Amended LTIP) which includes the System and does not re-prioritize other service areas; (2) the Commission approves the Amended LTIP, as may be modified in the discretion of the Commission; and (3) Aqua PA files a compliance tariff supplement that incorporates the System into Aqua PA's DSIC tariff, including all customer safeguards applicable thereto, no later than the next quarterly DSIC filing after the Commission approves the Amended LTIP. OCA further points out that Aqua PA agrees to file an Amended LTIP within 180 days of Closing.

OCA asserts this Settlement places deadlines on when Aqua PA will file its amendment and when Aqua PA will file to apply the DSIC to GWA customers. OCA contends having GWA customers pay a DSIC is one small way in which Aqua PA's existing customers can receive a short-term benefit from the acquisition – by spreading the costs recovered through the DSIC over a larger customer base. Lastly, OCA asserts

⁵⁷ Settlement at ¶ 18(f)(ii).

this Settlement provision is in the public interest and should be adopted by the Commission.

5. OSBA

OSBA did not provide a statement in support on this issue.

G. Closing Date

1. Aqua PA

Aqua PA notes it agreed in the Settlement that, if Aqua and the GWA decide to close on the acquisition, the Closing will not take place sooner than the date the Commission's order approving the Amended Application is a final, unappealable order.⁵⁸ Aqua PA asserts the Settlement provision is reasonable and provides an additional public benefit by avoiding confusion or additional litigation concerning the timing of the Closing of the Transaction, including further litigation in a base rate case or other proceeding. Aqua PA argues this provision is in the public interest and should be approved.

2. GWA and Greenville

The municipal entities did not provide a statement in support on this issue.

⁵⁸ Joint Petition ¶ 18(b).

3. BIE

BIE points out the Settlement specifies this transaction will not close until there is a final, unappealable order of the Commission. BIE asserts this provision is important because it provides regulatory certainty to the parties, the Commission and, ultimately, the ratepayers in both the existing Aqua PA system and GWA customers. Allowing the transaction to close before there is a final, unappealable order of the Commission could cause uncertainty as to when Aqua PA would be allowed to include these assets in rate base. BIE asserts that establishing the closing will occur after the issuance of a final unappealable order, removes this uncertainty.

4. OCA

OCA notes the Settlement specifies that “if Aqua and GWA decide to close on the Transaction in accordance with their respective rights and obligations under the APA, the Closing will not take place sooner than the date of the existence of a final, unappealable order of the Commission approving the Application.”⁵⁹ OCA contends the Settlement provision provides for regulatory certainty before the transaction is closed. OCA argues this regulatory certainty is particularly important when Aqua PA file a base rate proceeding seeking to incorporate the System into its rates, and OCA submits this provision should be approved as in the public interest.

5. OSBA

OSBA asserts the Settlement provides a reasonable result and a meaningful benefit to small business customers. OSBA notes that, if Aqua PA and GWA decide to close on the Transaction in accordance with their respective contractual rights and

⁵⁹ Settlement at ¶ 18(b)(i).

obligations under the APA, the closing will not take place sooner than the date of the existence of a final, unappealable order of the Commission approving the Amended Application.

H. Transaction and Closing Costs

1. Aqua PA

Aqua PA notes its Amended Application includes a request to claim transaction and closing costs associated with the acquisition of the Acquired Assets.⁶⁰ Aqua PA further notes the signatories agree in the Settlement not to contest these requests while still reserving the right to litigate respective positions fully in any future rate case when this issue would be ripe for review. Aqua PA points out it agrees to set out clearly and identify all transaction and closing costs associated with the Transaction in a future rate case when these costs are claimed. Further, Aqua PA notes that its transaction and closing costs under the APA shall be identified separately in Aqua PA's next base rate case, in which proceeding all parties in the base rate proceeding will have the right to challenge the reasonableness, prudence, and basis for such fees. Lastly, Aqua PA points out the Settlement provides that any claim by Aqua PA to recover transaction and closing costs associated with the Transaction will not include costs incurred by GWA. Aqua PA contends these terms are consistent with Section 1329 of the Code and are in the public interest.

2. GWA

GWA and Greenville point out the Application included a request that Aqua PA be permitted to claim transaction and closing costs associated with the

⁶⁰ Joint Petition ¶ 18(f)(iii).

acquisition of the Acquired Assets, and that the inclusion of outside legal fees in Aqua PA's transaction and closing costs under the APA shall be separately identified in Aqua PA's next base rate case. The municipal entities note the Settlement specifies all parties shall have the right to challenge the reasonableness, prudence, and basis for such fees. GWA and Greenville contend any claim made by Aqua PA to recover transaction and closing costs associated with the transaction will not include costs incurred by GWA. The municipal entities contend this Settlement term is in the public interest.

3. BIE

BIE submits that Aqua PA's commitment to identify separately any legal fees included in its transaction and closing costs, pursuant to the Asset Purchase Agreement between Aqua and GWA, is consistent with ensuring Aqua PA will only be permitted to recover prudently incurred costs from ratepayers. BIE asserts these Settlement terms are in the public interest because they protect ratepayers from paying unwarranted costs and promote rate affordability. Through this term, BIE contends the public interest is protected because BIE has preserved its ability to challenge the permissibility of any claims that Aqua PA may make legal fees in its next base rate case, which is consistent with BIE's obligation to enforce the Code.

4. OCA

OCA points out that, pursuant to Section 1329, only transaction and closing costs incurred by the acquiring public utility are permitted to be included in the established ratemaking rate base.⁶¹ OCA notes Aqua PA will incur transaction and closing costs of approximately \$359,019, which Aqua PA will claim in the base rate case

⁶¹ 66 Pa.C.S. § 1329(d)(1)(iv).

following closing.⁶² OCA notes the signatories 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, and all signatories agree not to contest these requests herein while reserving the right to litigate their positions fully in future rate cases when this issue is ripe for review.⁶³ In addition, OCA notes Aqua PA agrees, in a future rate case when these costs are claimed, it will set out clearly and identify all transaction and closing costs associated with this matter. OCA also points out the signatories agree this Settlement provision should not be construed to operate as preapproval by any signatory of Aqua PA's request.

Additionally, OCA points out the inclusion of outside legal fees, if any, in Aqua PA's transaction and closing costs under the APA shall be separately identified in Aqua PA's next base rate case, wherein all parties shall have the right to challenge the reasonableness, prudence, and basis for such fees.⁶⁴ OCA asserts any claim made by Aqua PA to recover transaction and closing costs associated with the transaction will not include costs incurred by GWA.⁶⁵

OCA asserts these Settlement provisions ensure that: (1) ratepayers are not liable to pay unjustified costs without a full, transparent review; (2) cost recovery is only considered once sufficient evidence is presented on the record; (3) the integrity of future proceedings is maintained and ensures past procedural positions aren't misrepresented; and (4) allows for an evaluation of the rates being just and reasonable in the correct regulatory context. As such, OCA contends these Settlement provisions are in the public interest and should be adopted by the Commission.

⁶² Application at ¶ 58.

⁶³ Settlement at ¶ 18(f)(iii).

⁶⁴ Settlement at ¶ 18 (f)(iv).

⁶⁵ Settlement at ¶ 18 (f)(v).

5. OSBA

OSBA did not provide a statement in support on this issue.

I. Low-Income/Customer Assistance Programs

1. Aqua PA

Aqua PA acknowledges the Settlement includes several provisions addressing customer assistance for GWA customers.⁶⁶ Those provisions include:

- a. Aqua PA agrees to contribute \$50,000 to its Hardship Fund over a two-year period, which funding commitment is in addition to Aqua PA's funding commitments to the Hardship Fund in the 2024 base rate case settlement, at Docket No. R-2024-3047822, and in Aqua PA's Beaver Falls Application, at Docket No. A-2022-303138.
- b. Immediately after Closing, Aqua PA agrees the GWA residential customers will be eligible for all payment options and customer programs Aqua PA offers.
- c. Within 10 days after Closing, Aqua Pa asserts it will send a welcome letter to the GWA customers with information about payment options, low-income customer assistance programs, and any other customer service information, including but not limited to, information about OSBA.
- d. The welcome letter will include notice language referring customers to Aqua PA's website (including the link) where a customer can find the rate impact range consistent with Aqua PA's commitment in the 2024 base rate case settlement, paragraph 92, at Docket No. R-2024-3047822. Aqua PA points out it will provide OCA and OSBA with a copy of the draft welcome letter prior to sending the same to customers in the service territory; OCA and OSBA will provide any

⁶⁶ Joint Petition ¶ 18(c).

suggestions to Aqua PA within three (3) business days of receipt; and Aqua PA, in good faith, will consider incorporation of said suggestions.

- e. Aqua PA agrees to include a bill insert to GWA commercial customers within three (3) months of Closing that will inform the GWA commercial customers that OSBA: (1) is an independent state agency that represents the interests of small business consumers in regulated utility matters before the Commission; (2) works directly with small businesses to assist with any questions or concerns they may be experiencing with their utility services; and (3) may be contacted by viewing OSBA's website.
- f. Aqua PA agrees to track the number of GWA customers, every six months, who are: (1) potentially eligible to enroll in Aqua PA's CAP; (2) enrolled in Aqua PA's CAP; (3) commercial customers who had a late payment fee applied to their bill; and (4) commercial customers who were shut off due to lack of payment. Aqua PA will provide and present this information on a timely basis at the regularly held meetings of the Aqua Assistance Collaborative (AAC) and provide said reports to OSBA and OCA. Aqua PA asserts it will 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 the filing of the base rate case. Aqua PA contends that potential eligibility will be based on U.S. Census data.

Aqua PA points out that, under this Settlement provision, the GWA customers will have access to income-based discount programs and funds to which they currently do not have access. Further, Aqua PA notes the tracking and reporting mechanisms will provide insights and means to enhance access to, or enrollment in, such programs. Aqua PA contends these provisions are a public benefit to GWA's customers, benefit the public interest and should be approved.

2. GWA and Greenville

GWA and Greenville assert that 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 PA's Customer Assistance Program (CAP), a welcome letter, and tracking program participation. Specifically, the municipal entities point to the following Settlement provisions:

- a. Aqua PA agrees to contribute \$50,000 to its Hardship Fund in installments over a two-year period following Closing.
- b. Upon closing, GWA customers will become eligible for all Aqua PA payment options and customer programs.
- c. Aqua will also send a welcome letter to GWA customers within 10 days of Closing, which letter shall include notice language referring customers to Aqua PA's website (including the computer link) where a customer can find the rate impact range.
- d. Consistent with Aqua PA's commitment in its 2024 base rate case settlement, Aqua PA will provide OCA and OSBA with a copy of the draft welcome letter prior to sending the same to customers within the service territory; OCA and OSBA agree to provide to Aqua PA any suggested alterations to the letter within three (3) business days of receipt; and Aqua PA agrees it will consider incorporation of said suggestions in good faith.
- e. Every 6 months, Aqua PA agrees it will track the number of GWA customers that are: (1) potentially eligible to enroll in Aqua PA's CAP; and (2) who are enrolled in Aqua PA's CAP. Aqua PA further agrees it will provide and present this information on a timely basis to the regularly held meetings of the Aqua Assistance Collaborative (AAC). Aqua PA agrees to present this information in its next base rate case filing in a format that shows 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.

The municipal entities assert these Settlement terms will be of significant benefit to the large percentage of 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.

3. BIE

BIE notes it took no position on these issues, but it submits that they are important consumer protections that should be approved.

4. OCA

OCA notes the Settlement provides several measures for addressing the needs of low-income customers in GWA's service territory, including adding to the Hardship Fund, providing for immediate eligibility to the payment options and Aqua PA's Customer Assistance Program (CAP), issuing a welcome letter, and tracking participation in these customer assistance initiatives and programs.

a. Hardship Contribution (¶ 18 (e)(i))

OCA points out Aqua PA agrees to contribute \$50,000 to its Hardship Fund in installments over a two-year period following Closing. OCA contends this funding commitment is in addition to Aqua PA's funding commitment to the Hardship Fund which Aqua PA made in its last base rate proceeding at Docket No. R-2024-3047822, and in Aqua PA's Beaver Falls application at Docket No. A-2022-303138. OCA asserts this additional funding by Aqua PA's shareholders will assist customers in

need throughout Aqua PA's service territory, including the acquired GWA customers. Accordingly, OCA contends the Settlement provision - for Aqua PA to commit to a \$50,000 increase in hardship funding - is in the public interest and should be adopted by the Commission.

b. Welcome Letter and Low-Income Program Outreach (¶ 18 (e)(iii-iv))

OCA notes GWA customers will become eligible for all Aqua PA payment options and customer programs immediately upon closing.⁶⁷ To assist with outreach, Aqua PA agrees to send a welcome letter to GWA customers within 10 days of Closing, which welcome letter will include notice language referring customers to Aqua PA's website (including the link) where a customer can find the rate impact range consistent with Aqua PA's commitment in its 2024 base rate case settlement, paragraph 92, at Docket No. R-2024-3047822.⁶⁸ OCA points out Aqua PA agrees to provide OCA and OSBA with a copy of the draft welcome letter prior to sending the same to customers in the service territory. OCA notes OSBA and OCA agree to provide any suggested edits or additions to the letter to Aqua PA within three (3) business days of receipt; and Aqua PA agrees to consider incorporation of said suggestions in good faith. OCA points out the signatories agree the information in the welcome letter will provide important information to the acquired customers and customers will be able to more easily determine the rate impact from the transaction at more individualized usage levels. OCA asserts these enhancements to Aqua PA's welcome letter are in the public interest and should be adopted by the Commission.

⁶⁷ Settlement at ¶ 18 (e)(ii).

⁶⁸ Settlement at ¶ 18 (e)(iii) and (iv).

c. Low-Income Tracking (¶18 (e)(vi))

OCA points out the Settlement requires that, every 6 months, Aqua PA will track the number of GWA customers who are: (1) potentially eligible to enroll in Aqua PA's CAP; and (2) enrolled in Aqua PA's CAP.⁶⁹ OCA notes Aqua PA agrees to provide and present this information on a timely basis to the regularly held meetings of the Aqua Assistance Collaborative (AAC), and Aqua will 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. OCA contends tracking this information regarding low-income customers will enhance interested stakeholders' overview of low-income customer participation in Aqua PA's CAP, increases transparency regarding important metrics, and is in the public interest.

5. OSBA

OSBA asserts the Settlement provides a reasonable result and a meaningful benefit to small business customers in that it will advertise OSBA services to commercial consumers.

- (1) OSBA has no opinion on the Hardship fund for residential consumers.
- (2) OSBA has no opinion that GWA residential customers will become eligible for all Aqua PA payment options and customer programs immediately after closing.
- (3) OSBA supports Aqua PA sending a welcome letter to GWA customers with information about payment options, low-income customer assistance programs, and any other customer service information; including but not limited to, information about OSBA.

⁶⁹ Settlement at ¶ 18 (e)(vi).

- (4) OSBA supports Aqua PA including in the welcome letter notice language referring customers to Aqua PA's website where a customer can find the rate impact range consistent with Aqua PA's commitment in the 2024 base rate case settlement, paragraph 92, at Docket No. R-2024-3047822. Aqua PA also agrees to provide OCA and OSBA with a copy of the draft welcome letter and giving OCA and OSBA an opportunity to provide any suggested edits and addition within three (3) business days of receipt; and Aqua PA agreeing it will consider incorporation of said suggestions in good faith.
- (5) OSBA supports Aqua PA agreeing to include a bill insert to GWA commercial customers within three (3) months of closing that informs GWA commercial customers that OSBA: (1) is an independent state agency that represents the interests of small business consumers in regulated utility matters before the Commission; (2) works directly with small businesses to assist with any questions or concerns they may experience with their utility services; and (3) may be contacted by viewing their website at www.osba.pa.gov.

OSBA asserts it supports Aqua PA's agreement, every six (6) months, to track the number of GWA customers that are: (1) potentially eligible to enroll in Aqua PA's CAP; (2) enrolled in Aqua PA's CAP; (3) commercial customers who had a late payment fee applied to their bill; and (4) commercial customers who were shut off due to lack of payment. OSBA notes Aqua PA agrees to provide and present this information on a timely basis at the regularly held meetings of the Aqua Assistance Collaborative (AAC) and provide said reports to OSBA and OCA. In addition, OSBA points out Aqua PA will 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 the filing of the base rate case, with potential eligibility based on U.S. Census data.

J. Easements

1. Aqua PA

Aqua PA notes it agreed in the Settlement that it would not be permitted to include easement land rights in its rate base until after it acquires the easements.⁷⁰ This provision ensures ratepayers are protected from paying for easements before they are acquired in rates and is therefore in the public interest.

2. GWA

The municipal entities did not take a position on this issue.

3. BIE

BIE notes, per the Settlement, Aqua PA will not be permitted to include easements land rights into its rate base until Aqua PA acquires the easements. BIE asserts this Settlement provision serves the public interest as it ensures ratepayers are not paying for missing easements.

4. OCA

OCA points out Aqua PA agrees not to include easement land rights into its rate base until it acquires the easements.⁷¹ OCA asserts this Settlement provision ensures ratepayers are protected from paying in rates for missing easements. OCA asserts that consumer protection requires that only actual, prudently acquired assets should be

⁷⁰ Joint Petition ¶ 18(f)(vi).

⁷¹ Settlement ¶ 18(f)(vi).

included into the rate base. OCA contends that, if the Commission allows a utility to include easement rights before a utility acquires those easement rights, then the utility would be allowed to earn money on funds the utility has not spent, which would shift unfairly the risk and cost from shareholders to ratepayers. Accordingly, OCA asserts this Settlement provision ensures ratepayers are protected from paying for missing easements in rates, is a reasonable approach towards any potentially missing easements in this proceeding and is in the public interest.

5. OSBA

OSBA did not take a position on this issue.

K. Other Necessary Approvals

1. Aqua PA

Aqua PA notes the Settlement provides for the approval of the Amended Application, including certificates of filing pursuant to Section 507 of the Code for all municipal contracts included in the Amended Application, as well as the APA, subject to the terms and conditions of the settlement.⁷² Aqua PA asserts this Settlement provision is in the public interest when considered in totality with the Settlement and should be approved.

2. GWA

The municipal entities did not take a position on this issue.

⁷² Joint Petition ¶ 18(a).

3. BIE

BIE opines “this provision of the Settlement ensures that any other appropriate or necessary certificates under the public utility code to carry out this acquisition. As this will be necessary to effectuate the acquisition, I&E supports this term as being in the public interest.”⁷³

4. OCA

OCA points out the Settlement states that “the Commission shall issue any other appropriate or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transaction contemplated in the Application in a lawful manner.”⁷⁴ Further, OCA asserts it agrees with this Settlement provision, to the extent necessary to facilitate the execution of the Settlement agreement, and that this condition is in the public interest when considered in totality with the Settlement and should be approved.

5. OSBA

OSBA did not take a position on this issue.

⁷³ Statement of Support ¶ 10; Joint Petition ¶ 18(a)(1).

⁷⁴ Settlement at ¶ 18(a).

L. Standard Settlement Conditions

1. Aqua PA

Aqua PA notes the Joint Petition includes the standard settlement conditions⁷⁵ for Commission approval, and the Settlement is conditioned upon approval without modification, with all signatories reserving their respective rights if the Commission modifies the Settlement. Aqua PA points out the Settlement includes Proposed Findings of Fact, Conclusions of Law and Proposed Ordering Paragraphs. Aqua PA contends the conditions in the Settlement are in the public interest and should be approved.

2. GWA

The municipal entities did not take a position on this issue.

3. BIE

BIE asserts the standard settlement conditions in the Settlement ensure that all parties reserve their respective rights if the Settlement is modified or rejected. BIE contends it supports these conditions as being in the public interest. In addition, BIE agrees with the other signatories that the Settlement terms should be approved as their inclusion in the Settlement was necessary for the signatories to come to an agreement. Accordingly, BIE asserts these Settlement terms are in the public interest.

⁷⁵ Joint Petition at ¶¶ 87-90.

4. OCA

OCA notes the Settlement includes the standard settlement conditions⁷⁶ for approval, is conditioned upon approval by the presiding officer and the Commission without modification, and all parties have reserved their respective rights should the Commission modify the Settlement. OCA also points out the Settlement includes Proposed Findings of Fact, Conclusions of Law and Requested Relief. OCA submits that the conditions are in the public interest and should be approved.

5. OSBA

OSBA asserts the Settlement is consistent with Commission policy favoring negotiated settlements, is in the public interest and reduces the administrative burden by resolving the issues and concerns of customers and the signatories raised by Aqua PA's request to acquire the GWA Water System.

VIII. RECOMMENDATION

Aqua PA requests approval of: (1) the acquisition, by Aqua PA, of the water system assets of the Greenville Municipal Water Authority; (2) an order granting a Certificate of Public Convenience to provide water service to customers in the Borough of Greenville plus portions of the Townships of Hempfield, Sugar Grove and West Salem; and (3) approval of the Asset Purchase Agreement (APA) and other connected agreements.

The signatories request the Commission take action on four specific and related requests: (1) approve Aqua PA's acquisition of Greenville Municipal Water

⁷⁶ Settlement at ¶¶ 87-90.

Authority's water system assets; (2) approve Aqua PA's request for a Certificate of Public Convenience permitting Aqua PA to offer, render, furnish and supply water service in the Borough of Greenville, Hempfield Township, Sugar Grove Township and West Salem Township in Mercer County; (3) approve the acquisition that include the ratemaking rate base of the water system assets; and (4) grant Aqua PA's request to approve contracts, including the assignments of contracts, between Aqua PA and the Greenville Municipal Water Authority.

The presiding officer recommends the Commission approve the Amended Application, except as modified by the Settlement, because Aqua PA presented sufficient evidence to sustain its burden of proving a substantial public benefit will result from the acquisition of the GWA system and the issuance of Certificates of Public Convenience, pursuant to 66 Pa.C.S. §§ 1102, 1103 and 1329. Further, the presiding officer recommends the Commission approve the Asset Purchase Agreement and approve the contracts between Aqua PA and the Greenville Municipal Water Authority, pursuant to 66 Pa.C.S. § 507.

The Commission must issue a Certificate of Public Convenience as a prerequisite to offering service, abandoning service, and certain property transfers by public utilities or their affiliated interests, and the standards for issuance are set forth in Sections 1102 and 1103 of the Code. A Certificate of Public Convenience can be granted only if the Commission determines the grant of a certificate is necessary or proper for the service, accommodation, convenience or safety of the public, which standard requires an applicant to establish that a proposed transaction benefits the public, by promoting affirmatively, the service, accommodation, convenience or safety of the public in some substantial way with respect to the impact on all affected parties including existing customers.⁷⁷

⁷⁷ *City of York v. Pa. Pub. Util. Comm'n*, 295 A.2d 825, 828 (Pa. 1972).

Further, an applicant for a Certificate of Public Convenience must demonstrate more than that the proposed transaction benefits the public, by promoting affirmatively, the service, accommodation, convenience or safety of the public in some substantial way – the applicant must show it is technically, financially, and legally fit to own and operate the acquired public utility assets.⁷⁸

The Pennsylvania Supreme Court addressed the Commission’s review under Section 1103 in *City of York*, where it considered a proposed merger of three telephone companies. Citing Section 203, the predecessor statute to Section 1103, the appellate court set forth the standard as follows:

[s]ection [1103] of the Public Utility Law requires that those seeking approval of a utility merger demonstrate more than the mere absence of any adverse effect upon the public. Section [1103] requires that the proponents of a merger demonstrate that the merger will affirmatively promote the “service, accommodation, convenience, or safety of the public” in some substantial way.^[79]

As concerns a request to approve an acquisition pursuant to Section 1329 of the Code, the applicant may use the fair market valuation for ratemaking purposes instead of using the original cost of construction of the acquired facilities minus the accumulated depreciation. Further, the applicant (if an application is approved) is permitted to collect a DSIC and may defer post-acquisition improvement costs, not recovered through a DSIC, for book and ratemaking purposes. Use of Section 1329 helps an applicant, and

⁷⁸ *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240, 243 (Pa. Super. 1958).

⁷⁹ 295 A.2d at 828.

the affected ratepayers, to mitigate the risk the applicant will not be able to fully recover its investment when water assets have been acquired from a municipality or authority.

Herein, Aqua PA and GWA became willing parties to the sale/acquisition of GWA's water assets, pursuant to the Section 1329 process. Each entity obtained an independent appraisal charged with determining the fair market value of the assets and/or facilities to be acquired, in addition to obtaining an assessment of the tangible assets by a licensed engineer. Having obtained the appraisals/assessment, Aqua PA and GWA entered into an APA and other connected agreements necessary to effectuate an acquisition, pursuant to Section 507 of the Public Utility Code.⁸⁰

The parties presented evidence and position statements on twelve (12) issues. The presiding officer's recommendations for each appear below.

A. Settlement is a Reasonable Alternative to Litigation

As the signatories note, the Commission encourages settlements in contested proceedings,⁸¹ provided a settlement meets the standards necessary as a pre-requisite to an approval under Sections of the Code.⁸² All parties participated in discovery, presented evidence and discussed the issues with each other. All parties now assert agreement with the Settlement and contend the Settlement has dealt satisfactorily with all issues raised by the parties. In addition, all parties express satisfaction with the approval of Aqua PA's requests and contend the results arising from the Settlement are preferable to the terms which might have been achieved if the parties had litigated the issues fully.

⁸⁰ 66 Pa.C.S. § 507.

⁸¹ 52 Pa. Code § 5.231.

⁸² 66 Pa.C.S. §§ 507, 1102, 1103 and 1329.

The presiding officer agrees with the statements provided by the parties, that the results from a fully-litigated proceeding are not likely to vary greatly from the result reached in the Settlement, especially given the agreement of facts among the advocates. All parties approached this litigation with an assumption that the acquisition would be approved. No party pushed back on Aqua PA, GWA or on the reasons why the assets had to be sold.

Absent from this proceeding was any convincing evidence that GWA is a struggling entity. To the contrary, the evidence presented highlighted a water utility that provides safe water, does not struggle to make repairs, does not struggle to pay bills, does not struggle to access water resources and provides quality service to its customers. While the evidence presented revealed GWA has infrastructure replacement issues, has bills to pay and is past due to issue a rate increase, the evidence presented also revealed GWA remains in a good position to obtain the funding it needs to fix these normal problems.

However, GWA appears to have decided it no longer intends to remain in the water utility business. Aqua PA is a good water utility that meets all fitness requirements as expressed in Section 1329 and the Commission's order. Accordingly, this provision in the Settlement should be approved because the results reached through settlement are more likely to be preferable than the results that might have been reached if this proceeding had been litigated fully.

B. Request for Relief – Approval of Proposed Application/Transaction

The signatories agree the Commission should approve the Settlement and approve Aqua PA's request to acquire the water assets of GWA. The benefits to the public interest include providing GWA customers with a proactive, highly efficient water system, providing Greenville with the net sales proceeds, providing GWA customers with increased customer service offerings and customer assistance products, providing a

lower incremental cost per customer across Aqua PA's service territory, providing a reasonable resolution without incurring the costs of litigation, and other benefits. The presiding officer agrees with the signatories that the Settlement provides benefits to GWA customers while mitigating against rate shocks, benefits Aqua PA customers by lowering the incremental cost per customer with a continued decline of revenue requirement per customer. The presiding officer recommends the Commission approve this provision.

C. Ratemaking Rate Base and Purchase Price

The signatories agree the ratemaking rate base for the acquired system will be \$17.5 million, which amount is \$500,000 less than the purchase price. The signatories all agree this amount is within the range of possible outcomes if this matter had been fully litigated, and the amount is consistent with the valuation standards and requirements outlined in Section 1329 of the Code. The presiding officer agrees the ratemaking rate base is lower than the purchase price and the inclusion of the lower value benefits the public interest, especially given the signatories' agreement that full litigation would not have resulted in a significantly different value or amount. In addition, the lower ratemaking rate base should mitigate the potential rate impact to GWA and Aqua PA customers from the transaction, and this mitigation benefits the public interest.

D. Rate Gradualism

Rate gradualism is a concern any time a utility files for an increase to its rate base, but the concern arises also in proceedings, such as the instant one, when a utility purchases a large set of assets and incurs a large cost (i.e., \$18 million). The signatories agree the reasonable and measured approach, when next Aqua PA proposes an increase to its base rate, will be for Aqua PA to limit the increase for residential and

commercial customers located in GWA's territory to no more than a 28% increase over existing rates. OSBA provided detail about what this provision does for customers.

OSBA notes GWA residential customers would experience an increase of at least \$38.02 (\$90.67- \$52.65) per month, or 72.21%, without the Settlement. However, without the Settlement, GWA commercial customers would experience an increase of at least \$114.55 per month, or 72.21% increase. With monthly bills currently averaging \$52.65 for residential GWA customers using 3,050 gallons, the Settlement provides the average increase (in the first base rate case after the closing) for that same residential customer would increase to no more than \$67.39 per month. With monthly bills currently averaging \$158.63 for commercial GWA customers using 12,414 gallons, the Settlement provides the average increase for the same commercial customer would increase to no more than \$203.05 per month.

The presiding officer agrees with the signatories that this settlement provision should avoid rate shock for the GWA ratepayers and mitigate against a sharp rate increase. The presiding officer recommends the Commission approve this provision.

E. Cost of Service Study

The signatories agree Aqua PA needs to file a COSS – which removes all costs and revenues associated with the operation of the GWA system – when it files its next base rate claim after the closing on the transaction and makes a claim for the GWA assets in rate base. The presiding officer recommends the Commission approves this provision because updating the COSS will serve as a baseline when comparing costs in the integrated system and making rate design decisions, will prevent cross-subsidization, should lead to rate gradualism and should lead to making a better assessment of whether full integration is consistent with cost causation principles. Ultimately, the information gained from the COSS should allow for the COSS data to be used when setting rates, and

this provision should promote mitigation of the level of subsidy paid by Aqua PA's other customers. Without a COSS, Aqua PA could be hampered from determining (and proving) the rate impact of the acquisition upon existing Aqua PA customers. For these reasons, the presiding officer recommends the Commission approve this settlement provision.

F. Distribution System Improvement Charge

In the Settlement, Aqua PA agrees not to include any investments related to the GWA system in its DSIC until after Aqua PA collects a DSIC from GWA customers. Before Aqua PA can collect a DSIC from GWA customers, Aqua PA must file an amended water LTIP (which includes the GWA system assets), the Commission must approve the amended LTIP, and Aqua PA must file a compliance tariff supplement incorporating the GWA system assets in Aqua PA's DSIC tariff. Aqua PA agrees to file to amend the LTIP within 180 days after closing on the transaction. The presiding officer agrees with the signatories that this provision works to benefit GWA customers and current Aqua PA customers by requiring GWA customers to pay towards the cost of system improvements across Aqua PA's distribution system while spreading cost recovery through the DSIC over a larger customer base.

G. Closing Date

The signatories agree that the closing on the acquisition transaction will not occur earlier than the date of a Commission order which approves the Amended Application – and after that order becomes a final, unappealable order. The presiding officer agrees with the signatories that this provision should be approved because it benefits the public interest by providing regulatory certainty to the signatories, the Aqua PA ratepayers, the GWA ratepayers and the Commission. This provision will also avoid confusion concerning the timing of the closing which, in addition, should avoid litigation.

H. Transaction and Closing Costs

The presiding officer notes Aqua PA agrees in the Settlement to identify separately any legal fees included in its transaction and closing costs. This provision is intended to ensure Aqua PA can recover from ratepayers only those costs that are prudently incurred. The presiding officer agrees with the signatories that these provisions benefit the public interest because ratepayers are protected from paying unwarranted costs, and this provision will promote rate affordability. It should be noted that the signatories preserved their respective abilities to challenge the permissibility of this claim if Aqua PA makes this claim in the next base rate case.

I. Low-Income/Customer Assistance Programs

The signatories agree to a series of provisions intended to address customer assistance concerns and provide low-income assistance to those customers who qualify. Those provisions include promises from Aqua PA to contribute to its Hardship Fund, to make customer assistance programs and payment options available to all GWA customers, to provide written information to residential GWA customers about available customer assistance programs and payment options, to provide written information to commercial GWA customers about services available through OSBA, and to begin to track the number of GWA customers who are eligible or potentially may be eligible to enroll in CAP. The presiding officer agrees with the signatories that the benefit of allowing customers access to the customer assistance program (CAP) can be significant, but without knowing the number of GWA customers who qualify, the size of this benefit is unknown. The presiding officer notes Aqua PA could have provided economic data in

this proceeding, such as the income levels in the borough and township, which data would have better supported this benefit.

Although not stressed by the parties, if the number of qualified customers is less than expected, Aqua PA's additional hardship funding may benefit existing customers more than acquired customers. In a similar manner, if the number of qualified customers is greater than expected, Aqua PA's additional hardship funding reduces or eliminates the risk that Aqua's existing hardship funding levels would be inadequate to support both existing and acquired customers. Accordingly, the presiding officer agrees with the signatories that these provisions should increase information, services and insights available to customers, which should prove to be a public benefit to GWA customers and to the public. As such, these provisions benefit the public interest and should be approved.

J. Easements

The signatories agree Aqua PA should not include easement land rights in its rate base until after it acquires an easement. The presiding officer agrees with the signatories that this settlement provision should be approved as benefiting the public interest. This settlement term ensures the ratepayers are protected from paying for missing easements in rates, and it presents a reasonable approach towards any potentially missing easements.

K. Other Necessary Approvals

The presiding officer agrees with the parties that, if the Commission grants Aqua PA approval to acquire the assets of GWA, then the assignment of the municipal contracts included in the Amended Application and in the APA should be approved. All appropriate and necessary certificates and contracts needed to effectuate the acquisition

should be approved. Specifically, the presiding officer recommends the Commission accept the following contracts as valid, pursuant to Section 507 of the Code:

1. The APA between Aqua PA and GWA, dated September 26, 2023.
2. The agreement between Bessemer & Lake Erie Railroad Company and the Municipal Authority of the Borough of Greenville, dated June 4, 1952.
3. The easement agreement between Bessemer & Lake Erie Railroad Company and the Municipal Authority of the Borough of Greenville, dated October 15, 1985.
4. The Erie Railroad Company and the Municipal Authority of the Borough of Greenville, dated 1944

IX. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the parties and the subject matter of this proceeding. 66 Pa.C.S. §§ 1102, 1329.
2. The Public Utility Code requires Commission approval in the form of a certificate of public convenience for a public utility to offer service in a new service territory or to acquire property used or useful in the public service. 66 Pa.C.S. § 1102(a)(1), (3).
3. A Certificate of Public Convenience shall be granted only if the Commission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience or safety of the public, and that a proposed transaction benefits the public in some substantial way. 66 Pa.C.S. §§ 1102, 1103; *City of York v. Pa. Pub. Util. Comm'n*, 295 A.2d 825 (Pa. 1972).

4. Aqua Pennsylvania, Inc. is a public utility as defined in Section 102 of the Public Utility Code. 66 Pa.C.S. § 102.

5. Aqua Pennsylvania, Inc. has the burden of proving that the proposed transaction is in compliance with Sections 507, 1102, 1103, and 1329 of the Code. 66 Pa.C.S. §§ 332(a), 507, 1102, 1103, 1329.

6. To satisfy its burden, Aqua Pennsylvania, Inc. must demonstrate, by a preponderance of the evidence, that its proposed transaction complies with Pennsylvania law and should be approved. *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 578 A.2d 600 (Pa. Cmwlth. 1990).

7. Aqua Pennsylvania, Inc. has the burden of proof to show that its proposed acquisition of the Greenville Municipal Water Authority system is adequate, efficient, safe, and reasonable. 66 Pa.C.S. § 315(c).

8. Aqua Pennsylvania, Inc. has the burden of proof to show that its proposed purchase of the Greenville Municipal Water Authority system would provide substantial affirmative benefits. 66 Pa.C.S. § 1102.

9. Aqua Pennsylvania, Inc. has established that the proposed transaction would provide the required substantial affirmative benefits to existing Aqua Pennsylvania, Inc. customers and to the acquired Greenville Municipal Water Authority customers. 66 Pa.C.S. § 1102.

10. The Commission has the authority to grant a certificate of public convenience to a utility only when doing so is necessary or proper for the service, accommodation, convenience, or safety of the public. 66 Pa.C.S. § 1103(a).

11. Aqua Pennsylvania, Inc. established that the proposed transaction is necessary or proper for the service, accommodation, convenience, or safety of the public. 66 Pa.C.S. § 1103(a).

12. Any finding of fact necessary to support an adjudication of the Commission must be based upon substantial evidence, which is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Mill v. Pa. Pub. Util. Comm'n*, 447 A.2d 1100 (Pa. Cmwlth. 1982); *Edan Transp. Corp. v. Pa. Pub. Util. Comm'n*, 623 A.2d 6 (Pa. Cmwlth. 1993); 2 Pa.C.S. § 704. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & W. Ry. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Com. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1960); *Murphy v. Comm., Dep't of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

13. Aqua Pennsylvania, Inc., as the proponent of the Application, bears the burden of proof to establish that it is entitled to receive the approvals being sought in the Application. 66 Pa.C.S. § 332(a); *Se-Ling Hosiery v. Margulies*, 70 A.3d 854 (Pa. 1950); *Samuel J. Lansberry, Inc. v. Pa. Pub. Util. Comm'n*, 578 A.2d 600 (Pa. Cmwlth. 1990).

14. Under Section 1103, Aqua Pennsylvania, Inc. must show that it is technically, legally, and financially fit to own and operate the assets it will acquire from the Greenville Municipal Water Authority. 66 Pa.C.S. § 1103; *Seaboard Tank Lines v. Pa. Pub. Util. Comm'n*, 502 A. 2d 762 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d 240 (Pa. Super. 1958).

15. In assessing the Amended Application of Aqua Pennsylvania, Inc., the Commission must consider the benefits and detriments of the transaction “with

respect to the impact on all affected parties” including existing customers. *Middletown Twp. v. Pa. Pub. Util. Comm’n*, 482 A.2d 674, 682 (Pa. Cmwlth. 1984).

16. To ensure that a transaction is in the public interest, the Commission may impose conditions on granting a certificate of public convenience as it may deem to be just and reasonable. 66 Pa.C.S. § 1103(a).

17. An existing provider of public utility service is presumed fit. *See Re Pa.-Am. Water Co.*, 85 Pa.P.U.C. 548 (1995). The burden of proof to rebut the presumption is on any protestant. *Re: Byerly*, 270 A.2d 186 (Pa. 1970); *Morgan Drive-Away, Inc., v. Pa. Pub. Util. Comm’n*, 293 A.2d 895 (Pa. Cmwlth. 1972).

18. Section 1329 provides a framework for valuing, for ratemaking purposes, the water and wastewater systems that are owned by a municipal corporation or authority and that an investor-owned water or wastewater utility under the Commission’s jurisdiction seeks to acquire and that allows the rate base of the municipal system to be incorporated into the rate base of the purchasing investor-owned utility at the lesser of either the purchase price or the fair market value as established by two independent appraisals conducted by two utility valuation experts. 66 Pa.C.S. § 1329.

19. In regard to the ratemaking rate base, the General Assembly directed as follows for acquisitions proceeding under Section 1329:

(c) Ratemaking rate base. – The following apply:

(2) The ratemaking rate base of the selling utility shall be the lesser of the purchase price negotiated by the acquiring public utility or entity and selling utility or the fair market value of the selling utility.

66 Pa.C.S. § 1329(c)(2).

20. A fair market valuation approach dictates that once the buyer and the seller agree to its use, they must engage the services of a licensed engineer to assess the tangible assets of the seller and present that assessment to two Utility Valuation Experts. 66 Pa.C.S. § 1329.

21. One Utility Valuation Expert represents the buyer and one Utility Valuation Expert represents the seller, and separately the Utility Valuation Experts conduct independent analyses based on the Uniform Standards of Professional Appraisal Practice, employing the cost, market and income approaches. 66 Pa.C.S. § 1329.

22. If the parties agree to the Section 1329 process, the acquiring public utility and the selling municipality each select a Utility Valuation Expert from a list of experts established and maintained by the Commission, and the Utility Valuation Experts are to perform independent fair market value appraisals of the system in compliance with Uniform Standards of Professional Appraisal Practice, employing the cost, market, and income approaches. 66 Pa.C.S. § 1329(a).

23. Fair market value” is “[t]he average of the two utility valuation expert appraisals conducted under [66 Pa.C.S. 1329(a)(2)].” 66 Pa.C.S. §§ 1329(a)(2), 1329(g).

24. No contract or agreement between a public utility and a municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date, except for contracts between a public utility and a municipal corporation to furnish service at tariff rates. 66 Pa.C.S. § 507.

X. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Approval of Unanimous Settlement, submitted by Aqua Pennsylvania, Inc., the Greenville Municipal Water Authority, the Borough of Greenville, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate, filed on November 4, 2025, at Docket No. A-2024-3049015, including all terms and conditions, be approved without modification.

2. That the Amended Application filed by Aqua Pennsylvania, Inc. pursuant to Sections 507,1102, 1103, and 1329 of the Pennsylvania Public Utility Code for Approval of its Acquisition of the water system assets of the Greenville Municipal Water Authority, Mercer County, filed on June 16, 2025, at Docket No. A-2024-3049015, should be approved, , subject to the modifications set forth in the Joint Petition for Approval of Unanimous Settlement.

3. That Certificates of Public Convenience be issued pursuant to Section 1102(a) of the Public Utility Code, 66 Pa.C.S. § 1102(a), evidencing Commission approval of the acquisition of the water system assets of the Greenville Municipal Water Authority, and the right of Aqua Pennsylvania, Inc. to begin to offer, render, furnish and supply water service to the public in portions of the Borough of Greenville, Mercer County, and the Townships of Hempfield, and Sugar Grove and West Salem, Mercer County, Pennsylvania.

4. That the Commission, pursuant to 66 Pa.C.S. § 507, approve the Asset Purchase Agreement between Aqua Pennsylvania, Inc. and the Greenville Municipal Water Authority and issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Amended Application in a lawful manner, including certificates of filing for the following agreements:

- A. The Asset Purchase Agreement between the Greenville Municipal Water Authority and Aqua Pennsylvania, Inc. dated September 26, 2023;
- B. The Agreement between Bessemer & Lake Erie Railroad Company and the Municipal Authority of the Borough of Greenville, dated June 4, 1952;
- C. The Easement Agreement between Bessemer & Lake Erie Railroad Company and the Municipal Authority of the Borough of Greenville, dated October 15, 1985; and
- D. The Agreement between the Erie Railroad Company and the Municipal Authority of the Borough of Greenville, dated 1944.

5. That Aqua Pennsylvania, Inc. be permitted to file with the Commission at this docket a compliance tariff supplement, consistent with this Recommendation and the Joint Petition for Approval of Unanimous Settlement, including all rates, rules and regulations regarding conditions of the water service to be provided by Aqua Pennsylvania, Inc., as revised by the Joint Petition for Approval of Unanimous Settlement submitted by Aqua Pennsylvania, Inc., the Greenville Municipal Water Authority, the Borough of Greenville, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate and the Office of Small Business Advocate, filed at this docket and to become effective immediately upon closing and on one day's notice.

6. That if Aqua Pennsylvania, Inc., and the Greenville Municipal Water Authority decide to close on the Transaction in accordance with their respective contractual rights and obligations under the Asset Purchase Agreement, the closing of the Transaction will not take place sooner than the date of the existence of a final, unappealable order of the Commission approving the Amended Application.

7. That within ten (10) days after closing of the acquisition, Aqua Pennsylvania, Inc. shall file notice of closing of the transaction with the Commission at this docket.

8. That the Commission direct Aqua Pennsylvania, Inc., within ten (10) days following closing, to communicate to customers of the former Greenville Municipal Water Authority, through a welcome letter, regarding its low income programs, customer payment options, and other customer service information, including a description of the available low income programs, eligibility requirements for participation in the programs, and Aqua Pennsylvania, Inc.'s contact information, at a minimum.

9. That the Commission direct Aqua Pennsylvania, Inc. to include a bill insert to Greenville Municipal Water Authority system commercial customers within three months of Closing that will inform the customers that the Office of Small Business Advocate (i) is an independent state agency that represents the interests of small business consumers in regulated utility matters before the Commission, (ii) works directly with small businesses to assist with any questions or concerns they may be experiencing with their utility services, and (iii) may be contacted by viewing their website at www.osba.pa.gov.

10. That the Commission direct that every six months, Aqua Pennsylvania, Inc. track the number of Greenville Municipal Water Authority system customers that are (i) potentially eligible to enroll in Aqua Pennsylvania, Inc.'s customer

assistance programs, (ii) enrolled in Aqua Pennsylvania, Inc.'s customer assistance programs (3) commercial customers who had a late payment fee applied to their bill, and (4) commercial customers who were shut off due to lack of payment. Aqua will provide and present this information on a timely basis at the regularly held meetings of the Aqua Assistance Collaborative and will provide said reports to the Office of Small Business Advocate and the Office of Consumer Advocate. Aqua Pennsylvania, Inc. 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 the filing of the base rate case. Potential eligibility will be based on U.S. Census data.

11. That in the first base rate case that includes Greenville Municipal Water Authority system assets, Aqua Pennsylvania, Inc. will file a cost of service study that removes all costs and revenues associated with the operation of the Greenville Municipal Water Authority system.

12. That Aqua Pennsylvania, Inc. will not include System-related investments in its Distribution System Improvement Charge ("DSIC") until Aqua Pennsylvania, Inc. collects a DSIC from Greenville Municipal Water Authority system customers. Aqua Pennsylvania, Inc. shall be permitted to collect a DSIC from Greenville Municipal Water Authority system customers upon (i) Aqua Pennsylvania, Inc.'s filing of an amended water Long-Term Infrastructure Improvement Plan ("Amended LTIIIP") including the Greenville Municipal Water Authority system, which does not re-prioritize other existing commitments in other service areas, (ii) the Commission's approval of the Amended LTIIIP, as may be modified in the discretion of the Commission, and (iii) Aqua Pennsylvania, Inc.'s filing of a compliance tariff supplement which incorporates the Greenville Municipal Water Authority system and all other systems included in the Amended LTIIIP into Aqua Pennsylvania, Inc.'s DSIC tariff, including all customer safeguards applicable thereto, no later than the next quarterly DSIC filing after

Commission approval of the Amended LTIP. The Amended LTIP shall be filed within 180 days of Closing.

13. That the Commission direct that Aqua Pennsylvania, Inc. not be permitted to include easement land rights into its rate base until it acquires the easements.

14. That the Commission direct Aqua Pennsylvania, Inc., in the first base rate case that includes the Greenville Municipal Water Authority's assets, to limit the amount it requests to add to rate base for the System to \$17,500,000.

15. That the Commission direct that any goodwill resulting from this transaction that is included on the balance sheet of Aqua Pennsylvania, Inc. shall be excluded from its rate base and any debt or equity issued to finance the goodwill shall 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 Pennsylvania Inc.'s existing customers or from Greenville Municipal Water Authority system customers.

16. That in the first base rate case that includes the Greenville Municipal Water Authority system assets, Aqua Pennsylvania, Inc. will propose a rate gradualism plan for all Greenville Municipal Water Authority system customers to pay their full cost of service over time and will propose to limit the base rate increase for the residential and commercial customers located within the Greenville Municipal Water Authority system service territory to not more than a 28% rate increase over their existing rates.

17. That Aqua Pennsylvania, Inc., pursuant to its voluntary settlement commitment, contribute a total of \$50,000 to its Hardship Fund over a two-year period. This funding commitment is in addition to Aqua Pennsylvania, Inc.'s funding

