

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17120**

**Application of Aqua Pennsylvania, Inc.**

**Public Meeting of January 15, 2026**  
**3049015-ALJ**  
**Docket No. R-2024-3049015**

**STATEMENT OF VICE CHAIR KIMBERLY BARROW**

This matter concerns the Application filed with the Commission by Aqua Pennsylvania, Inc. (Aqua or Company) on April 25, 2025, pursuant to Sections 507, 1102, and 1329 of the Public Utility Code (Code), 66 Pa.C.S. §§ 507, 1102, and 1329. In its Application, Aqua requested Commission approval of the Asset Purchase Agreement (APA) dated September 26, 2023 for acquisition of substantially all of the assets, properties and rights related to the water treatment and distribution system (the System) owned by Greenville Water Municipal Authority (GWA),<sup>1</sup> and the right of the Company to provide water service in the areas served by the GWA, through the issuance of a Certificate of Public Convenience (CPC) under Section 1102, 66 Pa.C.S. § 1102. The Application also requested, pursuant to Section 1329(c)(2), the Commission's approval to utilize fair market value (FMV) for the ratemaking rate base of the System.<sup>2</sup> 66 Pa.C.S. § 1329. Aqua also requested approval of other municipal agreements to be assumed by Aqua as a result of the transaction, pursuant to Section 507 of the Code, 66 Pa.C.S. § 507.

In the Recommended Decision issued on December 3, 2025, Administrative Law Judge (ALJ) Katrina L. Dunderdale recommended that the Commission approve the Joint Petition for Approval of Unanimous Settlement (Settlement) filed on November 4, 2025, by Aqua, GWA, Greenville,<sup>3</sup> the Commission's Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA) (collectively, Joint Petitioners) because it is in the public interest and is consistent with the requirements of the Public Utility Code, 66 Pa.C.S. §§ 507, 1102, 1103 and 1329. No Exceptions or Reply Exceptions have been filed in this matter.

In considering the matter before us, I note that mergers and acquisitions of public utilities are especially complicated transactions and are governed by Sections 1102 and 1103 of the Code, 66

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<sup>1</sup> The GWA assets to be acquired consists of, *inter alia*, 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. Amended Application at ¶ 24.

<sup>2</sup> Under 66 Pa.C.S. § 1329, FMV is the lesser of the negotiated purchase price in the APA, or the average of the appraisal of the GWA's Utility Valuation Expert (UVE) and the appraisal of Aqua's UVE. In this proceeding Aqua is seeking to establish a ratemaking rate base of \$18,000,000 for the GWA's System assets based on the negotiated purchase price, as the negotiated purchase price of \$18,000,000 is less than the average of the fair market value appraisals, which is \$27,016,292 (determined by \$20,534,906 presented in the appraisal of ScottMadden, Inc. (ScottMadden) and \$33,497,679 presented in the appraisal of Gannett Fleming Valuation and Rate Consultants, LLC (Gannett Fleming). [(\$20,534,906+\$33,497,679)/2=\$27,016,292]. Amended Application, ¶ 55, Exhibit Q and Exhibit R. Both Gannett Fleming and ScottMadden are pre-certified as authorized UVEs and are on the list of qualified appraisers maintained by the Commission.

<sup>3</sup> On July 9, 2025, the Borough of Greenville (Greenville) filed its Petition to Intervene.

Pa. C.S. §§ 1102 and 1103, which provide that acquisitions must provide a substantial affirmative public benefit. However, because the targeted system is municipally owned, we must also apply the valuation criteria found in Section 1329 of the Code, 66 Pa. C.S. § 1329. Section 1329 of the Code establishes a process to assign a dollar value to municipal water and wastewater systems to be acquired by certificated public utilities.

Under Section 1329, the value of water and wastewater system assets to be included in the acquiring utility's rate base for ratemaking purposes will be the lesser of the purchase price negotiated by the acquiring utility and seller or the "fair market value" of the selling utility's system. 66 Pa. C.S. § 1329(c)(2).

On December 12, 2024, the Commission approved Aqua's acquisition of the wastewater assets of Greenville Sanitary Authority (GSA)<sup>4</sup> in Mercer County.<sup>5</sup> In the *Greenville Wastewater proceeding*, ALJs Alphonso Arnold III and Deputy Chief ALJ Mark A. Hoyer recommended that the Commission deny Aqua's Application due to the Company's failure to show that its ownership of the GSA system would affirmatively promote the service, accommodation, convenience, or safety of the public. The ALJs, *inter alia*, concluded that when weighing all the factors for and against the transaction to GSA customers, existing Aqua customers, and to the public-at-large, that Aqua failed to demonstrate that a substantial affirmative public benefit will result from the acquisition. According to the ALJs, the record supports that the acquisition will significantly negatively impact existing customers while not providing substantial affirmative benefits. R.D. at 94, 110.

In that proceeding, I agreed with the ALJs' recommendation to deny the Application. Importantly, I acknowledged, *inter alia*, two core issues the ALJs highlighted that appropriately addressed the basis of their recommended denial of the Application. First, the ALJs highlighted the rate impact of the Application. Similar to the instant case before us, the purchase price for the GSA System and the ratemaking rate base to be included in Aqua wastewater's books was \$18,000,000. However, the record in that proceeding indicated that the \$18 million purchase price was \$13,465,362 or 397% higher than the net book value of the GSA system assets as used by ScottMadden and \$11,145,561 or 263% higher than the original cost new less depreciation of the wastewater system's utility plant in service as of May 31, 2023, of \$6,854,439 used by Gannett Fleming. Aqua St. No. 6-R, at 5; OCA St. 1 at 5. In addition, according to the ALJs, approval of the Application, by Aqua's calculation of the GSA system would generate an annual revenue deficiency of \$2,223,000 that may be recovered from GSA customers, Aqua water customers, Aqua wastewater customers, or all three. Aqua St. 3, at Appendix A; OCA St. 1SR, at 19.

The ALJs also noted Aqua's acknowledgment that the rates of the GSA customers would eventually increase as a result of the transaction. Notably, Aqua planned to recover 100% of the \$2.223 million revenue requirement deficiency from GSA customers, estimating that that the average GSA customer's bill would increase by 180.85% from \$23 per month to \$64.68 per month after Aqua's next base rate case following the acquisition of the GSA System. Aqua

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<sup>4</sup> GSA is the wastewater utility while GWA is the water utility for the Borough of Greenville.

<sup>5</sup> See, *Application of Aqua Pennsylvania Wastewater, Inc., pursuant to Section 1329 for the acquisition of the wastewater collection and conveyance system owned by Greenville Sanitary Authority*, Docket No. A-2023-3041695 (Opinion and Order entered December 12, 2024) (*Greenville Wastewater proceeding*).

further estimated that the average current bill for its existing wastewater customers could increase by \$1.35 or 1.60%, and that of its water customers could increase by \$0.09 or 0.12%, after Aqua's next base rate case following acquisition of the GSA system. R.D. at 94-95.

In the current Application before us, Aqua again requested a purchase price of \$18,000,000 to be included in rate base for the water assets of the GWA System. The Aqua-sponsored appraisal performed by Gannett Fleming concluded that the value of the System is \$33,497,679. GWA-sponsored appraisal performed by ScottMadden concluded that the value of the System is \$20,534,906. The average of the two FMVs is \$27,016,292. The \$18 million purchase price negotiated by Aqua and GWA is less than the average value of the System at approximately \$27 million. Amended Application, ¶ 56 & 57, OCA St. 2 at 2-3. The OCA recommends a ratemaking rate base of \$16.8 million. OCA St. 2 at 4-6.

Under the Settlement, the Joint Petitioners agreed to a ratemaking rate base of \$17,500,000.<sup>6</sup> The agreed-upon rate base is approximately \$500,000 less than the \$18,000,000 purchase price. R.D. at 6. Notably, the average depreciated original cost of the GWA System estimated by the UVEs is \$17.1 million. OCA St. 2 at 32. The Commission's published reasonable review ratio (RRR) for 1329 transactions as of December 31, 2024, is 1.63. Multiplying \$17.1 million by 1.63 results in a ratemaking rate base of \$27.9 million. The agreed-upon ratemaking rate base of \$17.5 million is 1.02 of the depreciated value of the system. The value of 1.02 is less than the 1.63 RRR.

The agreed-upon ratemaking rate base of \$17.5 million for the GWA water assets is only \$400,000 or 1.8% more than the depreciated value of the GWA system of \$17.1 million. In comparison to Aqua's acquisition of the GSA wastewater assets, the \$18 million purchase price was \$13,465,362 or 397% higher than the net book value of the GSA wastewater assets as used by ScottMadden and \$11,145,561 or 263% higher than the original cost new less depreciation of the wastewater system's utility plant in service as of May 31, 2023, of \$6,854,439 used by Gannett Fleming.

Further, GWA's current rates are approximately \$52.65 per month for a residential customer using an average of 3,050 gallons. Aqua's current average monthly water bill for residential customers utilizing 3,050 gallons is \$90.67. 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. Nevertheless, as part of the Settlement, Aqua has indicated that in the first base rate case that includes the acquired water assets, Aqua will propose a rate gradualism plan for all the GWA customers to pay their full cost

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<sup>6</sup> The Settlement, *inter alia*, also highlights several other benefits of the transaction: (1) Aqua will contribute a total of \$50,000 to its Hardship Fund over a two-year period as a part of the Settlement; (2) 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; (3) The transaction will 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.

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. R.D. at 7. Again, a comparison of the rate impact of this transaction to the Aqua GSA transaction shows a rate gradualism that helps to minimize the impact of the rates on GWA's customers that was not present in the *Greenville Wastewater proceeding*.

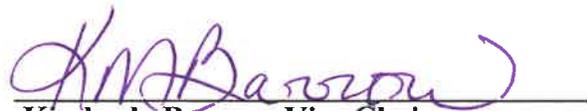
Further, the record also indicates that Aqua projects an annual revenue of \$2,177,623 from the GWA customers based on the GWA's current rate schedule and annual operating and maintenance expenses of \$1,405,465 based on GWA's operating expenses presented in the 2023 financial statements, as adjusted by Aqua. Amended Application at ¶¶ 42-43. This results in an annual net revenue of \$772,158. This contrasts with the *Greenville Wastewater proceeding* in which Aqua projected the GSA system would generate an annual revenue deficiency of \$2,223,000 that may be recovered from GSA customers, Aqua water customers, Aqua wastewater customers, or all three. In that proceeding, Aqua indicated it will recover 100% of the \$2.223 million revenue requirement deficiency from GSA customers, estimating that the average GSA customer's bill would increase by 180.85% from \$23 per month to \$64.68 per month after Aqua's next base rate case following the acquisition of the GSA System.

Finally, unlike the *Greenville Wastewater proceeding* in which the ALJs recommended denial of the Application, here, ALJ Dunderdale recommends that we approve the Settlement, without modification, as it is in the public interest and is consistent with the requirements of the Public Utility Code.

In consideration of the terms and conditions of the Settlement, the purchase price that will be included as the ratemaking rate base of Aqua's books, the rate impact from the transaction, and the associated benefits of the transaction, all appear reasonable.

Therefore, I agree with the recommendation of the ALJ.

January 15, 2026

  
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Kimberly Barrow, Vice Chair