

**Application of Pennsylvania-American Water Company for Acquisition of
Substantially All of the Assets, Properties and Rights Related to the Wastewater
System Owned and Operated by the City of Pittston**

66 Pa. C.S. §1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3056419

Rates/Ratemaking

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer’s most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer’s previously approved single-tariff pricing model.
 - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
 - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.

Response:

- a. Please refer to **Appendix A-18-d** of the Application. The notices contained in **Appendix A-18-d** provide an estimate of the cost impact on existing and acquired customers using the methodology provided for in the Final Supplemental Implementation Order at Docket No. M-2016-2543193, entered on July 2, 2024.
- b. Please refer to **SDR-1-b_Attachment**

Provided by: **Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

SDR-1-b_Attachment

Pennsylvania American Water Company
 Acquisition of Wastewater Assets of the City of Pittston
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City of Pittston Wastewater Customers

Wastewater

Rate Class	Average Usage	Average Monthly Bill at City of Pittston Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,164 gal/month	\$27.50	\$50.57	\$23.07 or 83.9%
Commercial	20,802 gal/month	\$94.66	\$174.08	\$79.42 or 83.9%

PAWC Current Customers

Wastewater

Rate Class	Average Usage	Average Monthly Bill at Proposed PAWC Zone 1 Rates at Docket No. R-2025-3058051	Average Monthly Bill at Proposed PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,164 gal/month	\$119.50	\$120.34	\$0.84 or 0.7%
Commercial	20,802 gal/month	\$532.62	\$536.35	\$3.73 or 0.7%
Industrial	685,947 gal/month	\$15,213.96	\$15,320.46	\$106.50 or 0.7%

Water

Rate Class	Average Usage	Average Monthly Bill at Proposed PAWC Zone 1 Rates at Docket No. R-2025-3057983	Average Monthly Bill at Proposed PAWC Zone 1 Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,263 gal/month	\$95.27	\$95.37	\$0.10 or 0.1%
Commercial	20,802 gal/month	\$475.81	\$476.29	\$0.48 or 0.1%
Industrial	685,947 gal/month	\$9,759.49	\$9,769.25	\$9.76 or 0.1%

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City of Pittston Wastewater

Residential		
	Rate	\$27.50
31.64	0.4250	0.00
		\$27.50

Rate Impact $\frac{83.9\%}{\$23.07}$

Total \$50.57

Proposed PAWC - Wastewater

Zone 1 - Residential		
	Service Charge	\$20.00
31.64	3.1446	99.50
		\$119.50

Rate Impact $\frac{0.7\%}{\$0.84}$

Total \$120.34

Proposed PAWC - Water

Zone 1 - Residential		
5/8"	Service Charge	\$20.00
32.63	2.3069	75.27
		\$95.27

Rate Impact $\frac{0.1\%}{\$0.10}$

Total \$95.37

Commercial		
	Rate	\$27.50
50.00	0.0000	0.00
158.02	0.4250	67.16
208.02		
		\$94.66

Rate Impact $\frac{83.9\%}{\$79.42}$

Total \$174.08

Zone 1 - Commercial		
	Service Charge	\$45.50
208.02	2.3417	487.12
		\$532.62

Rate Impact $\frac{0.7\%}{\$3.73}$

Total \$536.35

Zone 1 - Commercial		
1"	Service Charge	\$50.20
160.00	2.1713	347.41
48.02	1.6285	78.20
208.02		
		\$475.81

Rate Impact $\frac{0.1\%}{\$0.48}$

Total \$476.29

Industrial		
	Rate	N/A

Rate Impact $\frac{N/A}{}$

Total

Zone 1 - Industrial		
	Service Charge	\$45.50
6,477.54	2.3417	15,168.46
		15,213.96

Rate Impact $\frac{0.7\%}{\$106.50}$

Total \$15,320.46

Zone 1 - Industrial		
2"	Service Charge	\$224.00
160.00	1.9290	308.64
5,840.00	1.4853	8,674.15
477.54	1.1574	552.70
6,477.54		
		9,759.49

Rate Impact $\frac{0.1\%}{\$9.76}$

Total \$9,769.25

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Estimated Rate Increase

Increase applied to Acquired System Customers	
Revenue Requirement Increase	\$ 1,520,000
Current City of Pittston Wastewater revenues	1,812,000
Estimated Increase to wastewater customers	83.9%

Amount of increase allocated to wastewater customers and applied to the combined revenues of all PAWC wastewater customers and acquired customers:	
Revenue Requirement Increase	\$ 1,520,000
Proposed PAWC Wastewater Revenues (R-2025-3058051- Proof of Revenues excl. Other Operating Revenues & Contract Sales)	<u>212,605,917</u>
Estimated Increase to wastewater customers	0.7%

Amount of increase allocated to water customers:	
Revenue Requirement Increase	\$ 1,520,000
Proposed PAWC Water Revenues (R-2025-3057983 Proof of Revenues excl. Other Operating Revenues & Contract Sales)	1,081,757,625
Estimated Increase to Water Customers	0.1%

**Pennsylvania American Water Company
 Acquisition of Wastewater Assets of the City of Pittston
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Revenue Requirement Increase

Rate Base	\$	26,440,000	Appendix A-11
Rate of Return %		7.75%	See Calculations
Rate of Return		<u>2,049,000</u>	
O&M		293,000	WW P.7
Taxes Other		15,000	WW P.7
Depreciation		437,000	Appendix K
Taxes		538,000	WW P.5
Revenue Requirement		3,332,000	
City of Pittston Wastewater Year-1 Revenues		1,812,000	WW P.6
Revenue Requirement Increase		1,520,000	

**Pennsylvania American Water Company
Acquisition of Wastewater Assets of the City of Pittston
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Income Tax Calculation

<u>Revenue Requirement</u>	
Rate Base	\$ 26,440,000
Pretax ROR %	9.79%
Pretax ROR	<u>2,588,000</u>
Plus: O&M Expense	293,000
Taxes Other	15,000
Depreciation	<u>437,000</u>
Total Revenue Requirement	<u><u>3,333,000</u></u>

<u>Income Tax Calculation</u>	
Revenues	\$ 3,333,000
Less: O&M Expense	293,000
Taxes Other	15,000
Depreciation	437,000
Interest	<u>558,000</u>
SIT Taxable Income	2,030,000
State Income Tax Rate	6.99%
State Income Tax	<u>142,000</u>
FIT Taxable Income	1,888,000
Federal Income Tax Rate	21.00%
Federal Income Tax	<u>396,000</u>
Total Income Taxes	<u><u>538,000</u></u>

<u>Interest</u>	
Rate Base	\$ 26,440,000
Weighted Cost of Debt (1.96% + 0.15%)	<u>2.11%</u>
	\$ 558,000

Wastewater	Capital Structure	Cost Rate	Weighted Cost	Revenue Multiplier	Revenue Requirement
Long-Term Debt	41.59%	4.71%	1.96%		1.96%
Wastewater Financing	6.88%	2.20%	0.15%		0.15%
Preferred Stock	0.01%	0.00%	0.00%	1.36095	0.00%
Common Equity	51.52%	10.95%	5.64%	1.36095	7.68%
			<u>7.75%</u>		<u>9.79%</u>

Capital Structure, Cost of Debt, and Cost of Equity as proposed in PAWC's pending base rate case.
Docket No. R-2025-3058051, Filed November 14, 2025.
State Income Tax Rate of 6.99% in effect 1/1/2027

Revenue Multiplier

Statutory State Tax Rate	0.0699
Statutory Federal Tax Rate	0.21
1- State Tax Rate	0.9301
Fed Rate Times (1-State Tax Rate)	0.195321
Effective Tax Rate	0.265221
1-Eff Tax Rate	0.734779
Reciprocal	1.36095

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Operating Revenue Assumptions

Service Charge	Customers	Units	Rate	Revenue
Residential	4406	52,872	27.500	1,453,980
Commercial	334	4,008	27.500	110,220
				1,564,200

Usage Charge	Customers	Units	Rate	Revenue
Commercial	348	583,019	0.4250	247,783
				247,783

Total Revenues				1,811,983
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**Pennsylvania American Water Company
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O&M and General Tax Assumptions

<u>Operating and Maintenance Expenses</u>	
Labor and Labor Related	\$51,000
Chemicals	15,000
Waste Disposal	13,000
Shared Business Services	60,000
Contracted Services	100,000
Insurance Other Than Group	30,000
Customer Accounting	24,000
Total O&M	\$293,000

<u>General Taxes</u>	
Regulatory Assessment	\$12,000
Payroll Taxes	3,000
Total General Taxes	\$15,000

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Application Filing Checklist – Water/Wastewater

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Rates/Ratemaking

2. If the Buyer has a present intention to increase the acquired system's rates to a certain level, please state the basis for the targeted rate.

Response:

Pennsylvania-American Water Company ("PAWC") will adopt the System's existing rates at closing. Rates for Pittston customers will not be fully consolidated with Zone 1 because Pittston customers pay separately for treatment service. PAWC expects that Pittston will be included in future rate cases in a separate revenue requirement.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

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Rates/Ratemaking

3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.

Response:

The estimated annual depreciation expense associated with the purchase price is \$418,412 PAWC proposes to record the acquired Utility Plant in Service (“UPIS”) at the net value. Please refer also to the tentative journal entry in **Appendix A-15-f**.

The depreciation expense is calculated as shown below:

UPIS at Acquisition: \$26,440,000
Annual depreciation expense: \$418,412
Composition depreciation rate: 1.58%

Note 1 – The composite depreciation rate is calculated for the acquired plant using the depreciation rates approved in PAWC’s most recently-approved base rate case for Wastewater Sanitary Sewer Systems General Operations at Docket No. R-2023-3043189. PAWC will utilize depreciation rates that are approved and in effect at the time of the closing of the acquisition.

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Rates/Ratemaking

4. Provide an estimate of the annual revenue requirement of the municipal system under the Buyer’s ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

Response:

The estimated annual revenue requirement of the System under PAWC ownership is \$3,103,000. Please refer to the Direct Testimony of Dr. Chard at **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit CEC-1, for the assumptions for the annual revenue requirement shown above.

Provided by: Dr. Christina Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

5. Provide an estimate of the annual revenues of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenues, including both operating revenues and non-operating revenues.

Response:

Please refer to **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit CEC-1, page 6 for annual revenue assumptions, including operating revenues. The Buyer is not aware of any non-operating revenue assumptions. -

Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

6. Provide an estimate of the overall dollar and percentage rate impacts implicated from stand-alone rates that recover the Buyer's estimated annual gross revenue requirement for the acquired system from the Seller's customers.

Response:

lease refer to **Appendix A-18-d**, page 1 of the Application for estimated monthly rate impacts. Refer to Exhibit CEC-1, page 6 for the annual revenue assumptions.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

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Rates/Ratemaking

7. Provide an estimate of the overall dollar and percentage rate impacts implicated from the following rates:
- a. For water applications, rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water customers.
 - b. For wastewater applications, both water and wastewater rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water and wastewater customers, respectively.

Response:

- . Not applicable.
- b. Please refer to **Appendix A-18-d**, page 1 of the Application for the annual rate impacts.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

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Rates/Ratemaking

8. Other than the STAS, does Buyer’s current water/wastewater tariff include any provisions that would fall under “pass-through costs or charges imposed by the Commonwealth of Pennsylvania”?

Response:

No, other than the STAS, PAWC does not have any provisions in its tariff that would fall under pass-through costs or changes imposed by the Commonwealth of Pennsylvania.

PAWC’s current wastewater tariff also includes the Distribution System Improvement Charge (“DSIC”). PAWC’s Application requests that this charge be applied to System customers, subject to inclusion in PAWC’s wastewater LTIIP.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

9. Provide a listing of any entities that currently receive free service from the Seller.

Response:

No entities currently receive free service from the Seller.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

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Rates/Ratemaking

10. In the next rate case, does buyer anticipate including the acquired system in a combined revenue requirement?

Response:

At this time, the Buyer does not anticipate including the Seller's wastewater system in a combined revenue requirement in the next rate case except as provided for under Section 1311(c) of the Public Utility Code.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

11. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

Response:

The Seller did not increase rates in the last year. See, City of Pittston Resolution No. 13158 at **Appendix A-18-a.1**.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

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Rates/Ratemaking

12. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

Response:

It is anticipated that any leases, easements and access to public-rights-of-way the Buyer will need in order to provide wastewater service will be conveyed at time of Closing. See also Sections 4.09 and 6.05 of the APA attached to the Application at **Appendix A-24-a**, for further details in identifying all easements and obtaining any missing easements.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

13. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

Response:

Refer to **Appendix A-10** to the Application for a breakdown of the estimated transaction and closing costs. Refer to **Appendix A-7** to the Application for a copy of the non-privileged invoices to support the transaction costs that have been incurred to date.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

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Costs/Benefits

14. Please describe known and anticipated general expense savings and efficiencies under Buyer's ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

Response:

PAWC's national purchasing power will produce savings for expenses after ownership. Estimated cost savings include the following:

- a. PAWC's contract pricing for pipe: 37% below the market index
- b. PAWC's light duty vehicle purchasing: 13% below dealer invoice

Other supply chain benefits include, but are not limited to, reliable and secure supply channels, improved warranties, price stability, strategic payment terms, discounting, and supplier responsiveness and support.

Additionally, as PAWC completes replacements of collection mains, it is expected that the reduction in inflow and infiltration will lower the wastewater treatment expense.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

15. Please provide a copy of the Seller’s request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.

Response:

Please see **SDR 15_Attachment**.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

CITY OF PITTSTON

SEWER SYSTEM TRANSACTION - REQUEST FOR BIDS (“RFB”)

PRE-QUALIFIED BIDDERS ONLY

RFB Distributed: July 26, 2024

Proposals Due: August 30, 2024

1. GENERAL INFORMATION FOR THE PROPOSER:

This Request for Bids (“RFB”) is being provided to your team by the City of Pittston, Luzerne County (together “Pittston” or the “Seller”) to solicit a final, binding proposal (the “Proposal”) to purchase the sanitary sewer collection and conveyance system (the “Sewer System”).

All recipients of this RFB submitted responses to the Request for Qualifications for Sewer System Sale Exploration dated September 18, 2023 (the “RFQ”) and were determined to be eligible for consideration in moving forward with the proposed transaction process (“Pre-Qualified Proposers”). The Pre-Qualified Proposers were subsequently provided with access to an online data room and a meeting with Pittston representatives and advisors.

2. SYSTEM DESCRIPTION:

A preliminary list of all assets owned by the Seller comprising the System will be provided at a later date as an Addendum to this RFB.

3. INFORMATION REQUIRED FROM PROPOSERS AND SELECTION CRITERIA:

All Pre-Qualified Proposers eligible to respond to this RFB were deemed eligible to move forward based on their demonstrated technical and financial qualifications detailed in their response to the RFQ. All Pre-Qualified Proposers who submit a response to this RFB (“Proposers”) must comply with the requirements set forth in this document for submitting a Proposal. Provided that the Proposal requirements are met, and the Proposer is found to remain qualified, responsible, and responsive, the award of the bid will be based what Pittston deems to be the best overall bid considering the criteria set forth herein. In accordance with 62 Pa.C.S. §513(d), the contents of Proposals will not be publicly disclosed at the time of opening of the Proposals.

Each Proposal shall be in writing and formatted in accordance with the following outline:

Section 1.0 Executive Summary

- Proposal Form 1: Transmittal Letter
- Proposal Form 2: Non-Collusion Affidavit

Section 2.0 Project Team and Technical Capability Information

- Proposal Form 3: Statement of Ownership - Proposer
- Proposal Form 4: Operator Information
- Proposal Form 5: Contract and Lobbyist Disclosure

Section 3.0 Business Proposal

- Proposal Form 6: Business Proposal

4. SUBMISSION INSTRUCTIONS AND REQUIREMENTS:

One (1) original and two (2) hard copies of the Proposal shall be submitted, with the original copy of the Proposal clearly marked as the original. The set marked as original must contain the original signature forms and other original documents. ***All packages shall be sealed and clearly marked with the legend: "RESPONSE TO PITTSTON SEWER SYSTEM RFB."*** In accordance with Section 8 of this RFB, the contents of the Proposal will not be made public until after the award of a contract. The Proposal shall be submitted in a sealed envelope or package addressed to:

PFM Financial Advisors LLC
c/o Scott Shearer
100 Market Street
Harrisburg, PA 17101

THE SEALED PROPOSAL MUST BE RECEIVED NO LATER THAN 2:00 P.M. EASTERN TIME ON AUGUST 30, 2024.

To the extent there are any questions regarding delivery of the Proposal, please contact Ben Kapenstein at kapensteinb@pfm.com or 717-231-6288.

By submitting a Proposal, Proposers acknowledge and agree to the following conditions:

- All Proposals submitted in response to this RFB shall become the property of Pittston. As such, after the award of a contract, or after the opening and rejection of all Proposals, Proposals submitted will become public records subject to public review under applicable law, subject to certain exceptions as described in this RFB.
- Proposers and their representatives shall comply with the communications protocol set forth in Section 5 of this RFB with respect to all communications concerning this RFB.
- Proposals shall comply with all content requirements of this RFB. Failure to comply with such requirements may result in a Proposer being deemed non-responsive.
- The pre-qualification of Proposers to receive this RFB and provide a Proposal does not waive or abridge the right of Pittston to find that any Proposer is not qualified or that the Proposal is non-responsive to the requirements of this RFB.
- **Proposers should ensure that the written and numerical Purchase Price/Consideration in Business Proposal 6 match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.**
- **Bids must be submitted in the form and on the date required by this RFB. No further proposals, modifications or alternative offers will be considered pursuant to this RFB.**
- **Pittston reserves the right to reject any and all bids and to determine not to proceed with a sale of the Sewer System at its sole discretion.**

5. QUESTIONS AND REQUESTS FOR CLARIFICATION:

All questions and requests for clarification concerning this RFB shall be directed in writing (e-mail) to Ben Kapenstein, whose contact information is provided below.

Ben Kapenstein
PFM Financial Advisors LLC
kapensteinb@pfm.com

6. BIDS

See Proposal Form 6.

7. APPROVAL AND SIGNING:

Pittston intends to select the Proposer that offers the best overall transaction, provided that the Proposer complies with all requirements set forth in this RFB for submitting a final Proposal and is found to remain qualified, responsible, and responsive, and is willing to enter into a standard Asset Purchase Agreement (“APA”) without any unusual requirements. Execution of an APA by Pittston will be subject to final approval and authorization by the Seller’s Board (the “Board”). The APA will be prepared by Seller’s counsel in a form that has been typically used in other similar wastewater transactions in Pennsylvania in the last two years. After selection of a Proposal and drafting and approval of the Board of an APA, the selected Proposer and Pittston shall be required to execute the APA in a timely manner.

8. CONFIDENTIALITY AND DISCLOSURE TO THIRD PARTIES:

The existence and contents of this letter are subject to the confidentiality agreement that you previously executed. We ask you to remind all members of your team of your obligations under such confidentiality agreement and the indemnity obligation for any violation thereof.

Proposers should be aware that records of Pittston are subject to the provisions of the Pennsylvania Right-to-Know Law, 65 P.S. §67.101 et seq. (“RTK Law”), and that with certain exceptions, such records are subject to public disclosure. Pittston understands that in responding to this RFB, Proposers will be submitting information, including financial data that the parties desire to be kept confidential. It is Pittston’s position that this RFB is part of a competitive proposal transaction process, and that prior to the award of a contract or prior to the opening and rejection of all proposals, all such submissions are confidential and exempt from disclosure under the Section 708(b)(26) of the RTK Law, 65 P.S. §67.708(b)(26).

Proposers are advised, however, that following award of a contract or the opening and rejection of all Proposals, such submissions may be subject to public disclosure unless they are otherwise exempt from disclosure under another provision of the RTK Law. Records and information submitted by Prospective Proposers that constitute “trade secrets” or “confidential proprietary information” as defined in the RTK Law are exempt from disclosure under Section 708(b)(11), 65 P.S. §67.708(b)(11). “Confidential proprietary information” includes commercial and financial information which is privileged or confidential to the submitting party and the disclosure of which would cause substantial harm to the competitive position of the person who submitted the information. Proposers are advised that if they believe any information being submitted in response to this Request for Bids constitutes or references trade secret or confidential proprietary information, they should clearly so label any such information with a prominent label of either: “TRADE SECRET” or “CONFIDENTIAL PROPRIETARY INFORMATION.” Any such claims may be subject to review pursuant to the procedures set forth in the RTK Law. If Pittston, the Pennsylvania Office of Open Records, or a court determines that such information does not qualify as a trade secret or confidential proprietary information, such information may be subject to public disclosure.

9. RIGHT TO REJECT BIDS AND SALE; MODIFICATION OF PRICE:

Pittston reserves the right to reject any and all bids and to determine not to proceed with a

sale of the Sewer System until the execution of the APA.

10. BID CRITERIA

All bids shall be evaluated based on the following criteria: (1) Purchase Price; (2) Rate Freeze/Expected Rates (Indicative Bills); (3) the ability to consummate the transaction and to comply with ongoing regulatory requirements; (4) any special requirements for inclusion in the APA.

PROPOSAL FORMS

**Proposal Form 1 – City of Pittston Sewer System RFB
Transmittal Letter**

{to be prepared on Proposer’s Letterhead}

[Date], 2024

PFM Financial Advisors LLC
c/o Ben Kapenstein
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: Pittston Sewer System Request for Bids

Dear Pittston:

_____ (the “Proposer”) hereby submits the attached Proposal in response to the City of Pittston’ Sewer System Request for Bids (the “RFB”) issued by the City of Pittston (“**Pittston**”), as amended.

The undersigned Proposer hereby offers to enter into an Asset Purchase Agreement (the “**APA**”) at a later date for identified sewer facilities owned and operated by Pittston. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

- 1. **RFB and Addendum Acknowledgement.** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

- 2. **Due Authorization.** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. ***Completeness; Warranty as to Proposal Information.*** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct, and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Pittston.
4. ***Identity of Buyer.*** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the APA pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the “Subsidiary”), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the APA from and after such execution.
5. ***Purchase Price/Consideration.*** The amount of the Purchase Price/Consideration that Proposer will pay will be the total set forth in Proposal Form 6.
6. ***Proposal Effective Period.*** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on December 31, 2024, unless extended to 5:00 p.m. Eastern Daylight Savings Time on February 28, 2025, by Pittston or unless further extended by mutual consent of both Pittston and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Pittston does not give written notice to the Proposer that Pittston is prepared to enter into the APA on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.
7. ***Agreement Execution.*** If at any time prior to the Termination Time and after the drafting of the APA, Pittston gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the APA with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the APA to Pittston.
8. ***Debarment.*** Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
9. ***Contract Disclosures.*** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation, or relationship with any broker- dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
10. ***No Litigation.*** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the anticipated APA contemplated hereby.

- 11. **Certain Representations.** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the APA when finalized pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer’s or the Subsidiary’s organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the APA, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor’s rights generally, and subject to general principles of equity (regardless of whether in law or in equity).

- 12. **Material Changes.** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer’s RFQ Response.

- 13. **Principal Contact.** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: _____

TITLE: _____

ADDRESS: _____

PHONE: _____

FAX: _____

EMAIL: _____

Submitted by:

Name of Proposer: _____

Name of Designated Signatory _____

Signature _____

Title: _____

**Proposal Form 2- City of Pittston Sewer System RFB
Non-Collusion Affidavit**

STATE OF _____)

COUNTY OF _____)

I, [INSERT DESIGNATED SIGNATORY NAME], a resident of _____ MUNICIPALITY OR OTHER JURISDICTION, in the State/Commonwealth of [INSERT STATE], of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the [INSERT TITLE] of [INSERT PROPOSER NAME], organized under the laws of the State/Commonwealth of [INSERT STATE NAME], the Proposer making the Proposal in response to the City of Pittston Sewer System Request for Bids issued by the City of Pittston, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing and other information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Pittston;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the APA; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Name of Proposer

Name of Designated Signatory

Signature

Title

(Notary Public)

State/Commonwealth of _____

County of _____

On this _____ day of _____, 2024, before me appeared [DESIGNATED SIGNATORY], who is [INSERT TITLE] of [INSERT PROPOSER], a [INSERT STATE AND ENTITY TYPE], personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Notary Public in and for the State/Commonwealth of

(seal)

(Name printed)

Residing at _____

Commission Number _____

Proposal Form 3 – City of Pittston Sewer System RFB
Statement of Ownership – Proposer

Name of Proposer:

Business Address:

Legal Form of Proposer:

State of Incorporation or Organization:

If not organized in Pennsylvania, is Proposer [] Yes
authorized to do business in Pennsylvania? [] No

List Names and Titles of All Principal Officers and Directors:

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the “Significant Equity Owners”). If none, please state “NONE.” If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state “None.” This disclosure shall be continued until names and addresses of every Significant Equity Owner exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

<u>Name</u>	<u>Address</u>	<u>% Interest</u>

Proposal Form 4- City of Pittston Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**

2. **Operator's Primary Representative:**

3. **Operator Experience (if not previously provided in response to the RFQ):**

4. **Operator's References (if not previously provided in response to the RFQ):**

5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ, and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5 – City of Pittston Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>

Name of Proposer

Name of Designated Signatory

Signature

Title

Proposal Form 6 – City of Pittston Sewer System RFB

Business Proposal

On this Proposal Form 6, please provide your Purchase Price/Consideration.

The amount of the Purchase Price/Consideration that Proposer offers to pay is:

US\$ _____ [in numbers], _____ [in words] United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide two sets of nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below. At a minimum, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Set 1 – Full Cost of Service

Indicative residential monthly bills assuming full cost of service for the next 10 years assuming 4,000 gallons of usage/month:

2025: _____ 2026: _____ 2027: _____ 2028: _____
2029: _____ 2030: _____ 2031: _____
2032: _____ 2033: _____ 2034: _____

Set 2 – Subsidized

Indicative residential monthly bills assuming subsidization (if any) for the next 10 years assuming 4,000 gallons of usage/month:

2025: _____ 2026: _____ 2027: _____ 2028: _____
2029: _____ 2030: _____ 2031: _____
2032: _____ 2033: _____ 2034: _____

Description of rates outlined above:

Description of any unusual requirements in the APA:

Name of Proposer & Designated Signatory

Signature

**Application of Pennsylvania-American Water Company for Acquisition of
Substantially All of the Assets, Properties and Rights Related to the Wastewater
System Owned and Operated by the City of Pittston**

66 Pa. C.S. §1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3056419

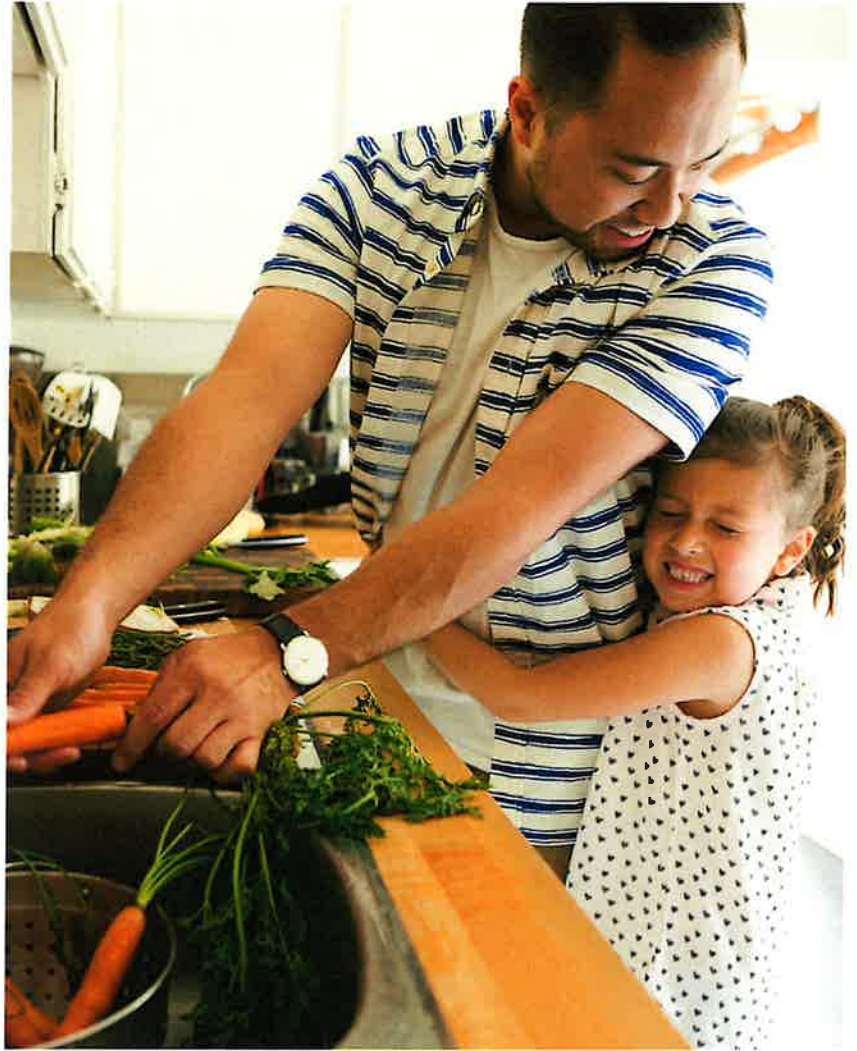
Costs/Benefits

16. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller's system.

Response:

Please see **SDR 16_Attachment**.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**



**RESPONSE TO CITY
OF PITTSTON SEWER
SYSTEM REQUEST
FOR BIDS**



**PENNSYLVANIA
AMERICAN WATER**

WE KEEP LIFE FLOWING®

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February 24, 2025

Dear City of Pittston Distinguished Representatives:

Thank you for the opportunity to submit this binding offer for the City of Pittston’s Sanitary Sewer assets. Water and wastewater are all that we do at Pennsylvania American Water Company. As the long-standing water provider for the City of Pittston, you already know that water and wastewater is our sole focus, and our passion. Our employees are not new to your customers. We have spent years building trust in Pittston by reliably providing safe drinking water and attentive customer service, as well as offering meaningful customer assistance programs to those in need. Our Scranton Operations Center is ~3 miles away from downtown Pittston, our service territories overlap, and our employees live locally. We are not just another utility; we are a local employer who values our community partnerships and has contributed to the overall improvement of the region.

If you choose to transfer operational and capital investment responsibilities for your collection system to Pennsylvania American Water (PAWC), you can be confident that you are partnering with the Commonwealth’s leading provider of safe, reliable water and wastewater service; a company that holds the technical experience and financial resources needed to properly manage the requirements and challenges of running a utility in the 21st century, and a trusted community partner. Pennsylvania American Water owns and operates water and wastewater systems in 37 Pennsylvania counties, including Luzerne and Lackawanna counties, serving 803,204 customers in total -- a population of approximately 2.4 million people. With decades of experience, our team of highly skilled utility managers, licensed operators, and other water and wastewater professionals has successfully provided solutions for hundreds of Pennsylvania communities.

We believe our goals align with yours and would support a seamless transition of ownership. We have demonstrated a track record of success obtaining approval of Fair Market Value (FMV) acquisitions from the Pennsylvania Public Utility Commission (PUC). We typically close transactions with sellers within 12 months of signing an asset purchase agreement. Closing these transactions within this timeframe is not easy. It requires, among other things, that the seller and the utility be aligned on purpose and file an application which clearly sets forth the affirmative public benefits of the transaction.

In a recent Commonwealth Court decision involving East Whiteland Township’s attempt to sell its wastewater assets to Aqua Pa, the Commonwealth Court agreed with the recommendation of the Administrative Law Judge that the applicants had not stated sufficient affirmative public benefits to support approval of the sale. (Patrick Cicero v. Pennsylvania Public Utility Commission, No. 910 C.D. 2023). This decision highlights the importance of selecting an experienced partner who can successfully navigate the PUC application and approval process. Spending precious resources on litigation that could have been avoided is not in anyone’s interests

Section 10 of the Request for Bids sets forth the criteria for consideration/evaluation in determining the winning bid. The ability to consummate the transaction appears as the third

criterion. PAWC has unquestionably demonstrated the ability to successfully and timely consummate these commercial transactions. PAWC has closed in a timely manner, by far, the most FMV transactions (13) since passage of the FMV legislation in 2016. A robust PUC application is an important factor in avoiding litigation, as litigation costs and associated delays undermine the value of the transaction for both parties.

The accompanying bid document contains our binding bid offer for the assets of the Pittston system and the projected rates for the direct customers. PAWC would adopt Pittston's collection base rates for its customers upon closing of the transaction, and those rates would remain in place until subsequent rate adjustments subject to review and authorization by the PUC. Given the historical rate case cadence of PAWC, and with the expected timeline for closing this acquisition, the customers of the Pittston system will likely continue to pay their current rate for 24 months after closing.

Becoming a reliable water and wastewater provider goes beyond supplying and treating water, it involves a commitment to community welfare. PAWC is a community partner. We will continue to invest in infrastructure and actively engage with the community by listening to their needs and contributing to local projects. PAWC will continue to support community initiatives and reinforce our role as a trusted partner.

We look forward to hearing from you.

Sincerely,



Thomas V. Chiomento, III

Vice President, Business Development, Government & External Affairs
Pennsylvania American Water Company

February 24, 2025

PFM Financial Advisors LLC
c/o Ben Kapenstein
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: Pittston Sewer System Request for Bids

Dear Pittston:

Pennsylvania-American Water Company (the “Proposer”) hereby submits the attached Proposal in response to the City of Pittston’s Sewer System Request for Bids (the “RFB”) issued by the City of Pittston (“Pittston”), as amended.

The undersigned Proposer hereby offers to enter into the Asset Purchase Agreement (the “APA”) at a later date for identified sewer facilities owned and operated by Pittston. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

- 1. **RFB and Addendum Acknowledgement.** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

Addendum No.	Date
Bid Deadline Extension	February 25, 2025

- 2. **Due Authorization.** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.
- 3. **Completeness; Warranty as to Proposal Information.** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Pittston.
- 4. **Identity of Buyer.** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the APA pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the

“Subsidiary”), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the APA from and after such execution.

5. **Purchase Price/Consideration.** The amount of the Purchase Price/Consideration that Proposer will pay will be the total set forth in Proposal Form 6.
6. **Proposal Effective Period.** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on June 30, 2025, unless extended to 5:00 p.m. Eastern Daylight Savings Time on December 31, 2025, by Pittston or unless further extended by mutual consent of both Pittston and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Pittston does not give written notice to the Proposer that Pittston is prepared to enter into the APA on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.
7. **Agreement Execution.** If at any time prior to the Termination Time and drafting of the APA, Pittston gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the APA with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the APA to Pittston.
8. **Debarment.** Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
9. **Contract Disclosures.** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker- dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
10. **No Litigation.** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the anticipated APA contemplated hereby.
11. **Certain Representations.** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the APA when finalized pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer’s or the Subsidiary’s organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal is required to be obtained from any person of Governmental Authority; and (5) this offer and Proposal constitute, and the APA, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium,

fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).

12. **Material Changes.** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.

13. **Principal Contact.** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: Kelly Bray, Esquire

TITLE: Director, Business Development

ADDRESS: 2699 Stafford Avenue, Scranton, PA 18505

PHONE: +1 (717) 215-9459


FAX: N/A

EMAIL: Kelly.braysnyder@amwater.com

Submitted by:

Name of Proposer: Pennsylvania-American Water Company

Name of Designated Signatory: Thomas v. Chjomento, III

Signature: 

Title: Vice President, Business Development,
Government & External Affairs

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CHESTER

I, Thomas v. Chiomento, III, a resident of Kennett Township, in the Commonwealth of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the Vice President of Business Development, Government & External Affairs at the Pennsylvania-American Water Company, organized under the laws of the Commonwealth of Pennsylvania, the Proposer making the Proposal in response to the City of Pittston Sewer System Request for Bids issued by the City of Pittston, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Pittston;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the APA; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I hereby affirm under the penalties of perjury that the foregoing statements are true.

Pennsylvania-American Water Company
Name of Proposer

Thomas V. Chiomento, III
Name of Designated Signatory


Signature

Vice President, Business Development,
Government & External Affairs
Title

(Notary Public)

Commonwealth of Pennsylvania
County of Chester

On this day of February 24, 2025, before me appeared Thomas V. Chiomento, III, who is the Vice President, Business Development, Government & External Affairs of Pennsylvania-American Water Company, a Pennsylvania Corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.



Notary Public in and for the Commonwealth of Pennsylvania

Commonwealth of Pennsylvania - Notary Seal
TONI BUTCHER, Notary Public
Chester County
My Commission Expires November 25, 2027
Commission Number 1213052

Seal



Name Printed



Employed At



Commission Number

Name of Proposer: Pennsylvania-American Water Company
Business Address: 852 Wesley Drive, Mechanicsburg, PA 17055

Legal Form of Proposer: Pennsylvania corporation

If not organized in Pennsylvania, is Proposer authorized to do business in Pennsylvania? Yes
 No

Officers: Justin Ladner (President)
Tony Nokovich (Vice President, Engineering)
Stephen Bishop (Vice President, General Counsel and Secretary)
Brian Holbert (Vice President, Treasurer and Comptroller)
Thomas Chiomento (Vice President, Business Development
Government and External Affairs)
James Runzer (Vice President, Operations)
Christina Chard (Assistant Treasurer)
Elizabeth Triscari (Assistant Secretary)
Matthew Stanger (Assistant Secretary)
Erin Fure (Assistant Secretary)
Teresa Harrold (Assistant Secretary)
Emily T. Hicks (Assistant Secretary)
Ann Weaver (Assistant Comptroller)
Melissa Ciullo (Assistant Comptroller)

Directors: Justin Ladner
Brian Holbert
Christina Chard

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the “Significant Equity Owners”). If none, please state “NONE.” If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state “None.” This disclosure shall be continued until names and addresses of every Significant Equity Owner exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

Name	Address	% Interest
American Water Works Company, Inc.	1 Water Street Camden, NJ 08102	99.88%

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the Bidding Documents. For the proposed Operator, please provide the following information.

1. Name & Address of Proposed Operator:

Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

2. Operator's Primary Representative:

Thomas V. Chiomento, III, Vice President of Business Development, Government & External Affairs

3. Operator Experience (if not previously provided in response to the RFQ):

Previously provided in response to the RFQ

4. Operator's References (if not previously provided in response to the RFQ):

Previously provided in response to the RFQ

5. Material Change: Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ, and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

None

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
NONE	NONE

Pennsylvania-American Water Company

Name of Proposer

Thomas V. Chiomento, III

Name of Designated Signatory


Signature

Vice President, Business Development,
Government & External Affairs

Title

On this Proposal Form 6, please provide your Purchase Price/Consideration.

The amount of the Purchase Price/Consideration that Proposer offers to pay is:

US\$ 26,440,000, twenty-six million four hundred forty thousand United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Business Proposal exactly match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Pennsylvania-American Water Company
Name of Proposer

Thomas V. Chiomento, III
Name of Designated Signatory


Signature

Vice President, Business Development,
Government & External Affairs
Title

[Continued on Following Page]

Please provide two sets of nonbinding indicative rates that relate to the Purchase Price/Consideration above. For purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below. At a minimum, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DISC surcharge.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Set 1 - Full Cost of Service

Indicative residential monthly bills assuming full cost of service for the next 10 years 4,000 gallons of usage/month.

2025:	<u>\$27.50</u>	2026:	<u>\$27.50</u>	2027:	<u>\$27.50</u>	2028:	<u>\$56.07</u>	2029:	<u>\$56.07</u>
2030:	<u>\$59.19</u>	2031:	<u>\$59.19</u>	2032:	<u>\$62.10</u>	2033:	<u>\$62.10</u>	2034:	<u>\$64.81</u>

Set 2 - Subsidized

Indicative residential monthly bills assuming subsidization (if any) for the next 10 years 4,000 gallons of usage/month.

2025:	<u>\$27.50</u>	2026:	<u>\$27.50</u>	2027:	<u>\$27.50</u>	2028:	<u>\$36.03</u>	2029:	<u>\$36.03</u>
2030:	<u>\$47.19</u>	2031:	<u>\$47.19</u>	2032:	<u>\$63.71</u>	2033:	<u>\$63.71</u>	2034:	<u>\$66.32</u>

Description of Indicative Monthly Bills Provided Above

Pennsylvania-American Water Company ("PAWC") would adopt Pittston's collection base rates for its customers upon closing of a transaction. Subsequent rate adjustments would be subject to review and authorization by the Pennsylvania Public Utility Commission ("PAPUC"). PAWC is unable to predict the outcome of future rate cases; therefore, the indicative and non-binding residential monthly bills projection assumes that in future rate cases, a separate rate zone for collection-only customers would be created based on the cost of service of collection-only customers. With this understanding, PAWC's indicative and non-binding residential monthly bills projection shows illustratively how Pittston's current rate could be increased to reflect the cost of providing collection service to Pittston customers at the offered purchase price. PAWC historically has filed rate cases every two to three years, and a two-year rate case cadence is assumed in the projection. The indicative and non-binding subsidized residential monthly bills reflect monthly bills for customers using 4,000 gallons assuming subsidization of 22%.

PAWC's indicative and non-binding residential monthly bills projection incorporates the effect of allocating a portion of the cost of service for Pittston customers across PAWC's entire wastewater and water customer base, subject to proposed utilization of 66 Pa. C.S. Section 1311(c), as amended by Act 11 of 2012. As the largest PAPUC-regulated water and wastewater utility operating in the Commonwealth, PAWC believes that it can offer a significant rate stabilization advantage to Pittston customers. In PAWC's 2023 rate case (PAPUC Docket Nos. R-2023-3043189 and R-2023-3043190), approximately \$23.3 million (11%) of PAWC's wastewater revenue requirement is being allocated to PAWC's water customers.

A distribution system improvement charge ("DSIC") surcharge is not included within the ten-year indicative and non-binding residential monthly bills projection. However, PAWC's rates do include reasonable and necessary capital improvements over time and movement towards PAWC's statewide rates.

For more than 25 years, PAWC has been assisting low-income customers through its H2O Help to Others Program™. Specific to our wastewater customers, PAWC offers up to a 85% discount on the total wastewater charges, grants of up to \$500 per year, and payment plans, when needed, to prevent an interruption in service and help customers pay their balance-due over time. Eligibility for discounts is limited to those customers with a gross household income less than or equal to 200% of U.S. Federal Poverty Guidelines. Eligibility for grants is limited to those customers with a gross household income less than or equal to 250% of U.S. Federal Poverty Guidelines.

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Costs/Benefits

17. Provide a copy of the Buyer's offer to purchase the Seller's system and the Seller's response to that offer.

Response:

Please see **SDR 16_Attachment** and **SDR 17_Attachment**.

**Provided by: Michael Salvo, Director – Business Development
Pennsylvania-American Water Company**

Resolution Number 13087

April 16, 2025

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PITTSBURGH, WASHINGTON COUNTY, PENNSYLVANIA, AUTHORIZING THE SELECTION OF PENNSYLVANIA AMERICAN WATER AS PREFERRED BIDDER AND NEGOTIATION OF THE ASSET PURCHASE AGREEMENT FOR THE SALE OF THE WASTEWATER SYSTEM.

BE IT RESOLVED, by the City Council of the City of Pittsburgh, and it is hereby resolved by the authority of the same:

WHEREAS, City of Pittsburgh (the “City”) currently owns and operates a sanitary wastewater collection and conveyance system, inclusive of certain combined stormwater and wastewater assets (the “System”) that provides sanitary wastewater service to various customers in the City (the “Service Area”); and

WHEREAS, the City previously decided to pursue the potential sale of all of the assets, properties and rights of the City (whether tangible, real, personal or mixed) which are exclusively held and used by it in connection with the System, through a competitive bidding process (the “Assets Sale”); and

WHEREAS, the City has heretofore issued a Request for Qualifications (the “RFQ”) and a Request for Bids (the “RFB”) to solicit bids from interested and qualified companies and entities to purchase the System; and

WHEREAS, the City received responses to the RFQ and, after the opportunity for due diligence, received bids in response to the RFB from two interested entities; and

WHEREAS, the City, by enactment of the within Resolution, selects Pennsylvania-American Water (“PAWC”) as the preferred bidder, authorizes the negotiation of an Asset Purchase Agreement (the “Purchase Agreement”) with PAWC for the Assets Sale and determines that, in the event the City decides to sell the System, such selection will be in the best interests of the City, as determined by the City Council based on the advice of the City Financial Advisor and after the City holds two public input hearings; and

WHEREAS, if the City Council determines that the Assets Sale is in the best interests of the City and to enter into the Purchase Agreement with PAWC, such determination is to be evidenced through the execution by the City of the Purchase Agreement which City officials shall finalize and execute pursuant to an Ordinance of the City; and

NOW THEREFORE, the City Council of the City of Pittsburgh HEREBY RESOLVES as follows in order to effectuate the award of the bid for the above stated purposes:

1. The City approves PAWC as the preferred bidder for the possible acquisition of the System from the City in accordance with its bid provided to the City in response to the Request for Bids.
2. The City authorizes its agents and employees to prepare the Purchase Agreement with PAWC and present this to City Council with such Purchase Agreement to be considered for approval, such approval, if given, to be by way of an Ordinance authorizing execution of the Purchase Agreement and such other actions as are necessary to effectuate the sale of the System to PAWC.

3. All actions taken by individuals acting on behalf of the City prior to the date of this Resolution in furtherance of the sale of the System and in furtherance of the City business in this regard are hereby ratified and confirmed.

4. This Resolution shall be effective immediately.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Pittston does hereby **AUTHORIZES THE SELECTION OF PENNSYLVANIA AMERICAN WATER AS PREFERRED BIDDER AND NEGOTIATION OF THE ASSET PURCHASE AGREEMENT FOR THE SALE OF THE WASTEWATER SYSTEM.**

ADOPTED, ENACTED and ORDAINED by the City Council of the City of Pittston this 16th day of April, 2025.

ATTEST



CITY ADMINISTRATOR

APPROVED



MAYOR

**Application of Pennsylvania-American Water Company for Acquisition of
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Appraisals

18. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
 - b. A list of appraisals of utility property performed by the UVE
 - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
 - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

- a. Please see Mr. Weinert’s Curriculum Vitae attached to **Appendix A-14-b** of the Application, Direct Testimony of Jerome C Weinert (PAWC Statement No. 4).
- b. Please see Mr. Weinert’s response to a. above.
- c. Please see a list of dockets in which Mr. Weinert submitted testimony to a public utility commission related to the appraisal of utility property:

- A-2016-2580061 – New Garden
- A-2017-2606103 – McKeesport
- A-2018-3001582 – East Bradford
- A-2018-3002437 – Sadsbury
- A-2018-3004933 – Exeter
- A-2019-3006880 – Steelton
- A-2019-3008491 – Cheltenham
- A-2019-3009052 – East Norriton

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A-2019-3014248 – Borough of Kane
A-2020-3019634 – Borough of Royersford
A-2020-3019859 - Valley Township
A-2020-3020178 - Valley Township
A-2020-3021460 – Upper Pottsgrove Township
A-2021-3024267 – Lower Makefield Township
A-2021-3024681 – York City Sewer Authority
A-2021-3026132 - East Whiteland Township
A-2021-3024058 – Borough of Brentwood
A-2021-3027268 – Willistown Township
A-2022-3037047 – Butler Area Sewer Authority
A-2023-3041695 – Greenville Sewage Authority
A-2025-3053487 - East Coventry Township Wastewater
A-2023-3038717 – Elizabeth Borough Municipal Authority
A-2025-3055741 – Indian Creek Valley Water Authority

- d. In the past two years Mr. Weinert submitted testimony in the below dockets. Link to the dockets where Mr. Weinert testified are below:
- i. Upper Pottsgrove Township - A-2020-3021460
<https://www.puc.pa.gov/docket/A-2020-3021460>
 - ii. York City Sewer Authority - A-2021-3024681
<https://www.puc.pa.gov/docket/A-2021-3024681>
 - iii. East Whiteland Township - A-2021-3026132
<https://www.puc.pa.gov/docket/A-2021-3026132>
 - iv. Borough of Brentwood - A-2021-3024058
<https://www.puc.pa.gov/docket/A-2021-3024058>
 - v. Willistown Township - A-2021-3027268
<https://www.puc.pa.gov/docket/A-2021-3027268>
 - vi. Butler Township Municipal Authority - A-2022-3037047
<https://www.puc.pa.gov/docket/A-2022-3037047>
 - vii. Elizabeth Borough Municipal Authority - A-2023-3038717
<https://www.puc.pa.gov/docket/A-2023-3038717>

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**Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming
Valuation and Rate Consultants, Inc.**

- a. Please see Mr. Walker’s Curriculum Vitae attached as Appendix HW-1 to Mr. Walker’s direct testimony, included as Appendix A-13-b to the Application (City of Pittston Statement No. 2). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker’s response to a. above.
- c. Please see Mr. Walker’s response to a. above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
 - i. Shenandoah Borough – A-2022-3034143
<https://www.puc.pa.gov/docket/A-2022-3034143>
 - ii. City of Beaver Falls – A-2022-3033138
<https://www.puc.pa.gov/docket/A-2022-3033138>
 - iii. Butler Area Sewer Authority – A-2022-3037047
<https://www.puc.pa.gov/docket/A-2022-3037047>
 - iv. Borough of Brentwood – A-2021-3024058
<https://www.puc.pa.gov/docket/A-2021-3024058>
 - v. Greenville Sanitary Authority – A-2023-3041695
<https://www.puc.pa.gov/docket/A-2023-3041695>
 - vi. Elizabeth Borough Municipal Authority – A-2025-3052983
<https://www.puc.pa.gov/docket/A-2025-3052983>
 - vii. Municipal Authority of the Borough of Greenville – A-2024-3049015
<https://www.puc.pa.gov/docket/A-2024-3049015>

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- viii. East Coventry Township – A-2025-3053487
<https://www.puc.pa.gov/docket/A-2025-3053487>
- ix. Indian Creek Valley Water Authority – A-2025-3055741
<https://www.puc.pa.gov/docket/A-2025-3055741>

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Appraisals

19. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC. (WADS Consultants)

Please see the Direct Testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at pp. 20-21. Information on the discount rate can also be found in Application **Appendix A-5.1** (WADS Appraisal), the section entitled “Cost of Capital/Required Return” and at **Appendix A-4.2_CONFIDENTIAL** to the Application (WAD electronic workpapers).

Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

Please see the direct testimony of Harold Walker III, included as Appendix A-13-b to the Application (City of Pittston Statement No. 2) at p. 19-23, Appendix A-5.2 to the Application (Gannett Appraisal), and **CONFIDENTIAL** Appendix A-4.3 to the Application (Gannett electronic workpapers).

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Appraisals

20. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

WADS Consultants used replacement cost. Please see direct testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at pp. 5-13 for an explanation of why the replacement cost was chosen.

Response: Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

Gannett Fleming used the original cost new (OCN) to calculate the trended original cost (TOC) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. We converted reproduction cost new to replacement cost new (RCN) after factoring in obsolescence. We used the TOC method because the mandated use of the Engineering Assessment's original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the direct testimony of Harold Walker III, included as Appendix A-13-b to the Application (City of Pittston Statement No. 2) at p. 17-18 for an explanation of why this method was chosen.

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Appraisals

21. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

The source of the purchase prices used in the comparable sales approach to the Market Approach was the Asset Purchase Agreements in those transactions. Please see response to Section 1329 Application Standard Data Requests Question 18 for a list of prior transactions. Mr. Weinert did not consider number of customers in his comparable sales approach to the Market Approach. Mr. Weinert compared purchase price to original cost less depreciation and to replacement cost new less depreciation in the comparable sales approach.

Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

Please see pages 11 to 103 of Exhibit 23 (work papers) from **CONFIDENTIAL** Appendix A-5.2 to the Application (Gannett Appraisal) for the source for the purchase price and number of customers for each comparable acquisition used in the Gannett Appraisal.

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Appraisals

22. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
 - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
 - c. Provide copies of any written correspondence exchanged between the UVEs.

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

No.

Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.

No. The Buyer's and Seller's UVE did not correspond with regard to their respective fair market value appraisals of the assets at issue in this case.

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Miscellaneous

23. Are there any outstanding compliance issues that the Seller’s system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer’s anticipated or actual plan for remediation;
 - d. Provide Buyer’s estimated costs for remediation; and,
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response:

- . There are no known current compliance issues.
- b. N/A
- c. N/A
- d. N/A
- e. **WADS:**
The WADS Consultants appraisal considered any system remediation in its depreciation deduction in the cost approach and the capital expenditures deducted from future cash flows prior to arriving at the net cash flows to discount. The market approach used the cost approach conclusion as a basis of comparison to market sales and as such the depreciation deduction taken in the cost approach also recognizes any remediation cost in the market approach.

Gannett Fleming:

Gannett Fleming’s appraisal did not factor in specific projected remediation cost. However, the income approach does factor in

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(deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment's inventory.

**Provided by: Michael J. Guntrum, P.E. – Senior Planning Engineer
Pennsylvania-American Water Company**

**Jerome C. Weinert, Principal & Director
Weinert Appraisal & Depreciation Services LLC.**

**Harold Walker III, Manager, Financial Studies
Gannett Fleming Valuation and Rate Consultants, Inc.**

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Miscellaneous

24. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency? If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

- Response:**
- a. There are no compliance issues.
 - b. Not applicable.
 - c. Not applicable.
 - d. Not applicable.
 - e. Not applicable.

**Provided by: Michael J. Guntrum P.E., Engineering Manager
Pennsylvania-American Water Company**

VERIFICATION

I, Dr. Christina Chard, hereby state that the facts above set forth in the attached Responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.




Dr. Christina E. Chard
Senior Director of Rates and Regulatory
Pennsylvania-American Water Company

Dated: January 16, 2026

VERIFICATION

I, Michael Guntrum, P.E., hereby state that the facts above set forth in the attached Responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Michael Guntrum, P.E. – Lead, Planning Engineer
Engineering – Capital Planning
Pennsylvania-American Water Company

Dated: January 15, 2026

VERIFICATION

I, Michael Salvo, hereby state that the facts above set forth in the attached Responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



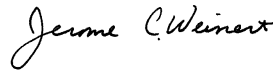
Michael Salvo, Director – Business Development
Pennsylvania-American Water Company

Dated: January 16, 2026

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VERIFICATION

I, Jerome C. Weinert, hereby state that the facts set forth in the attached Responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Jerome C. Weinert
Principal and Owner
Weinert Appraisal and Depreciation Services, LLC
WAD Consultants

Dated: January 16, 2026

VERIFICATION

I, Harold Walker III, hereby state that the facts set forth in the attached Responses are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements made herein are made subject to the penalties of 18 Pa. Cons. Stat. §4904 relating to unsworn falsification to authorities.



Harold Walker III, Manager, Financial Studies
Gannett Fleming Valuation and
Rate Consultants LLC

Dated: January 15, 2026