

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Pennsylvania-American Water :  
Company under Section 1102(a) of the :  
Pennsylvania Public Utility Code, 66 Pa.C.S. :  
§ 1102(a), for approval of (1) the transfer, :  
by sale, of substantially all of the :  
Sutersville-Sewickley Municipal Sewage :  
Authority’s assets, properties and rights related : A-2025-3056563  
to its sanitary sewage collection and :  
conveyance system to Pennsylvania-American :  
Water Company; and (2) the right of :  
Pennsylvania-American Water Company to :  
begin to offer and furnish wastewater service :  
to the public in the Borough of Sutersville and :  
in portions of Sewickley Township, :  
Westmoreland County, Pennsylvania :

**RECOMMENDED DECISION**

Before  
Jeffrey A. Watson  
Administrative Law Judge

Ann Quimby  
Administrative Law Judge

**INTRODUCTION**

This decision recommends that the Commission approve the Amended Joint Petition for Approval of Unanimous Settlement of All Issues (Amended Joint Petition or Amended Settlement) entered into by Pennsylvania-American Water Company (PAWC), Sutersville-Sewickley Municipal Sewage Authority (SSMSA), and

the Office of Small Business Advocate (OSBA) (singularly, a Petitioner and, collectively, the Joint Petitioners), without modification.

### HISTORY OF THE PROCEEDING

On July 29, 2025, PAWC filed an application (Application) with the Pennsylvania Public Utility Commission (Commission) to approve the transfer, by sale, to PAWC, of substantially all property and rights of SSMSA used or useful in the public service in accordance with the assets purchase agreement (APA) under Section 1102(a) of the Public Utility Code (the Code), 66 Pa.C.S. § 1102(a). In the Application, PAWC also requested the Commission grant PAWC the right to offer or furnish wastewater service to the public in the Borough of Sutersville and in portions of Sewickley Township, Westmoreland County, Pennsylvania that are currently served by SSMSA.

On August 7, 2025, Rebecca Lyttle, Esquire, on behalf of the OSBA filed a Notice of Appearance in this proceeding.

On August 9, 2025, notice of the Application was published in the *Pennsylvania Bulletin*, directing that formal protests and petitions to intervene must be filed on or before August 25, 2025. 55 Pa.B. 5845 (Aug. 9, 2025).

On August 14, 2025, the OSBA filed a Protest, Notice of Intervention, Public Statement and Verification.

On August 22, 2025, SSMSA filed a Petition to Intervene in this proceeding.

On August 25, 2025, PAWC filed a Certificate of Service showing all affected municipalities and entities were served with the Application.

On August 27, 2025, PAWC filed its Proof of Publication evidencing that notice of the Application was published once a week for two consecutive weeks, specifically August 4, 2025, and August 11, 2025, in the *Westmoreland Tribune-Review*.

On October 9, 2025, a Prehearing Conference Order was issued by the presiding officers.

On October 10, 2025, a Telephonic Prehearing Conference Notice was issued scheduling a prehearing conference for November 19, 2025 at 10:00 a.m.

On October 24, 2025, the Joint Petitioners contacted the presiding officers by email and advised that the Joint Petitioners had been engaged in settlement discussions and reached a settlement in principle, and requested that, in light of reaching the settlement in principle, no litigation schedule be set in this proceeding. The Joint Petitioners additionally requested that the presiding officers convert the prehearing conference scheduled for November 19, 2025, into a status conference and permit the Joint Petitioners to forego submitting prehearing memoranda.

On October 29, 2025, the Joint Petitioners contacted the presiding officers by email to advise that no party or intervenor had an objection to the Petition to Intervene filed by SSMSA and that the Joint Petitioners all consented to converting the prehearing conference into a status conference.

On October 30, 2025, an Interim Order was entered granting the Petition to Intervene filed by SSMSA, converting the November 19, 2025 prehearing conference into a status conference, and excusing the Joint Petitioners from filing prehearing memoranda.

On November 19, 2025, a Call-In Status Conference was held as scheduled and the Joint Petitioners were permitted to file a joint petition for settlement in this proceeding.

On December 17, 2025, a Joint Petition for Approval of Unanimous Settlement of All Issues was filed by PAWC, SSMSA and OSBA.

On December 29, 2025, an Interim Order was entered directing that the evidentiary record in the above-captioned matter remain open to allow the Joint Petitioners the opportunity to address issues identified in the Interim Order and to file any appropriate and timely modified pleadings.

On January 9, 2026, PAWC, SSMSA and OSBA filed an Amended Joint Petition for Approval of Unanimous Settlement of All Issues (Amended Settlement or Amended Joint Petition), along with Amended Statements in Support of Settlement.

The record closed on January 9, 2026.

This Recommended Decision recommends the Amended Joint Petition for Approval of Unanimous Settlement of All Issues be adopted, without modification.

#### STIPULATED FINDINGS OF FACT

The Settling Parties have agreed to findings of fact numbers 1 through 29 set forth as Appendix A to the Amended Joint Petition filed by the Parties. These proposed stipulated findings are adopted without modification. The stipulated facts are set forth verbatim below.

## **PARTIES**

1. Pennsylvania-American Water Company (“PAWC”) is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing, and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. Joint Stipulation of Fact filed December 19, 2025 (“Stipulation”), Appendix A, ¶ 1.

2. Sutersville-Sewickley Municipal Sewage Authority (“SSMSA”) is a municipal authority organized and existing under and by virtue of the Municipal Authorities Act, 53 Pa. C.S.A. §§ 5601, et seq. A six-member board, appointed by the Borough of Sutersville Council and the Township of Sewickley Supervisors, administers the SSMSA. Stipulation, Appendix A, ¶ 2.

3. The Office of Small Business Advocate (“OSBA”) is a Commonwealth agency created by Act 181 of 1988 to represent the interests of small businesses before the Commission. 73 P.S. § 399.41. Stipulation, Appendix A, ¶ 3.

## **THE SSMSA SYSTEM**

4. SSMSA owns and operates a public sanitary sewage collection and conveyance system located in Sutersville Borough and portions of Sewickley Township, Westmoreland County that serves 12 commercial, 2 municipal, and 476 residential customers (the “System”). Stipulation, Appendix A, ¶ 4.

5. Sewage collected in the System is conveyed across the Youghiogheny River and into the sewage system owned and operated by Elizabeth Township, Allegheny County. Elizabeth Township conveys the sewage through its system

and into PAWC's McKeesport wastewater system for final treatment and disposal. Stipulation, Appendix A, ¶ 5.

6. Day to day operations for the System under SSMSA ownership are provided by D&B Environmental, an operations and maintenance firm, which is based out of Fredericktown, Pennsylvania. Fredericktown is located approximately 40 minutes away from SSMSA's office in Sutersville, Pennsylvania. Stipulation, Appendix A, ¶ 6.

### **PAWC'S SYSTEM**

7. As of June 30, 2025, PAWC furnished water service to approximately 693,273 customers. Stipulation, Appendix A, ¶ 7.

8. As of June 30, 2025, PAWC furnished wastewater service to approximately 115,073 customers. Stipulation, Appendix A, ¶ 8.

### **THE TRANSACTION**

9. SSMSA and PAWC are not affiliated with each other. Stipulation, Appendix A, ¶ 9.

10. On May 22, 2025, SSMSA and PAWC entered into an asset purchase agreement ("APA") for the transfer of substantially all of the assets, properties, and rights of the System to PAWC (the "Transaction"). Stipulation, Appendix A, ¶ 10.

11. The Transaction is and was negotiated at arm's length. Stipulation, Appendix A, ¶ 11.

12. The total purchase price for the System is \$3,250,000. Stipulation, Appendix A ¶ 12.

13. The Intermunicipal Authorities Sewage Service Agreement for the Sutersville-Sewickley Municipal Sewage Authority Service Area, dated as of September 11, 2006, as amended May 9, 2025, entered into between SSMSA and Elizabeth Township Sanitary Authority is attached to the Application as Appendix A.2. Stipulation, Appendix A, ¶ 13.

### **PAWC's FITNESS**

14. No party has contested PAWC's fitness. Stipulation, Appendix A, ¶ 14.

15. As a certificated public utility, PAWC enjoys a rebuttable presumption that it possesses the requisite fitness to own and operate the System. Stipulation, Appendix A, ¶15.

### **BENEFITS OF THE TRANSACTION**

16. PAWC has the managerial, technical, and financial capabilities to safely and adequately operate the System in compliance with the Pennsylvania Public Utility Code, the Clean Streams Law (35 P.S. §§ 691.1-691.801) and other requisite regulatory requirements, and to make improvements as needed, on a short-and long-term basis. Such improvements include security upgrades, replacing failed bubbler level sensors, replacing failed variable frequency drives, replacing wet well ladders with OSHA-compliant units, and replacing non-clog pumps with grinder pumps. Stipulation, Appendix A, ¶ 16.

17. SSMSA takes a reactive approach to System maintenance and does not have a capital investment plan with funds to proactively maintain the System; by contrast, PAWC has a tentative 5-year plan for upgrades to the System over \$760,000 if the Transaction is approved. Stipulation, Appendix A, ¶ 17.

18. The Transaction will further the Commission's goal of regionalization because the System will become part of a larger organization that is viable from a costs and rates standpoint and is committed to providing improved service in the future. Wastewater collected in the System is ultimately treated by PAWC's McKeesport Wastewater System and planned improvements to the System can be completed within a reasonable period of time, without adversely affecting service to PAWC's existing customers. Stipulation, Appendix A, ¶ 18.

19. The Transaction will allow the System's customers to be served by a large, financially sound company that has the capability to finance necessary capital additions. Given its size, access to capital and its recognized strengths in system planning, capital budgeting, and construction management, PAWC is well-positioned to ensure that high quality wastewater service meeting federal and state requirements is provided to the System's customers and maintained for PAWC's existing customers. Stipulation, Appendix A, ¶ 19.

20. The Transaction will allow the System's customers to benefit from enhanced customer service in a number of areas, including additional bill payment options, extended customer service and call center hours, customer information and education programs and PAWC's customer assistance programs. Eligible PAWC customers can take advantage of its H2O Bill Discount Program (which offers Hardship Grants), Arrearage Management Program, and budget billing. SSMSA does not offer similar customer assistance programs and does not intend to offer similar customer assistance programs in the future. According to United States Census Bureau data, approximately 15.2% of the

population within Sutersville Borough and 13.9% of the population within Sewickley Township are living in poverty and potentially will be eligible for assistance under PAWC's programs. Stipulation, Appendix A, ¶ 20.

21. Compared to SSMSA, PAWC has a broader array of tools available to customers to communicate with PAWC in real-time. PAWC's customer service is available 24 hours a day, 7 days a week. PAWC's website offers the H2O Virtual Assistant allowing customers a chat feature through the website to communicate with the Company and provide answers to frequently asked questions. PAWC also offers an online customer self-service portal. Stipulation, Appendix A, ¶ 21.

22. The integration, by acquisition of the System and PAWC's existing operations creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings. PAWC will operate the System with operational, management and functional support from PAWC's Western Operations, specifically the McKeesport District, which is 11 miles away from the System. Stipulation, Appendix A, ¶ 22.

23. The Transaction will enhance response time for the System's customers. The System is located approximately 20 minutes from PAWC's McKeesport District, compared to the current operations and maintenance firm that supports operations for the System, which is located 40 minutes from SSMSA's office in Sutersville, Pennsylvania. Stipulation, Appendix A, ¶ 23.

24. The Transaction will allow SSMSA to use the proceeds of the purchase price to pay down debt, as indicated in Article 2.3 of the APA. Stipulation, Appendix A, ¶ 24.

25. The Transaction will have a beneficial effect on the System's customers because they will receive the benefit of PAWC's experience in managing and operating a wastewater system which results in efficiencies impacting rates in a beneficial way and improvements in the services to customers to be transferred. Stipulation, Appendix A, ¶ 25.

26. The Transaction will have a beneficial effect to PAWC's existing customers because the acquisition will expand the customer base, over which existing costs and future rates are recovered, and thereby stabilizing or reducing per-customer costs over the long term. Stipulation, Appendix A, ¶ 26.

27. The Transaction will have no detrimental effect on the wastewater service provided to PAWC's existing customers or the System's customers. Stipulation, Appendix A, ¶ 27.

28. The Transaction will have no immediate effect on the rates for service to be charged to PAWC's existing customers. Stipulation, Appendix A, ¶ 28.

29. PAWC will adopt the System's existing rates for wastewater service at the time of the closing of the Transaction, which are equal to PAWC's Zone 2 rates. Stipulation, Appendix A, ¶ 29.

## SETTLEMENT TERMS

The Settling Parties have agreed to settlement terms set forth as numbers 19 through 33 in the Joint Petition filed by the Parties. These settlement terms are listed verbatim below.

### **SETTLEMENT TERMS**

The Joint Petitioners agree as follows:

#### **A. Approval of Application**

19. The Joint Petitioners agree that the Commission should approve PAWC's acquisition of SSMSA's wastewater system assets (the "System") and PAWC's right to begin to offer, render, furnish or supply wastewater service in the areas served by SSMSA, as well as any other necessary approvals or certificates for the transaction, subject to approval of all the following conditions, without modification.

#### **B. Tariff**

20. The *pro forma* wastewater tariff supplement attached as Appendix B to the Application shall be permitted to become effective immediately upon Closing. In addition, PAWC should be authorized to implement all other miscellaneous fees and charges, and the rules and regulations regarding conditions of PAWC's wastewater service, as reflected in PAWC's prevailing wastewater tariff, upon Closing.

#### **C. Distribution System Improvement Charge ("DSIC")**

21. The DSIC provisions of PAWC's effective wastewater tariff will apply to the former SSMSA customers in the System no sooner than the effective date of new rates established by a final order in the first base rate case in which the System is included. Additionally, PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.

**D. Rates**

22. Except as explicitly agreed upon in this Amended Settlement, nothing contained herein or in the Commission's approval of the Application shall preclude any Joint Petitioner from asserting any position or raising any issue in other PAWC proceedings. This includes, but is not limited to, the rights of OSBA to address and make other proposals for System rate base and rates in PAWC's future rate cases, appeals, and remands.

23. Any claim by PAWC to recover transaction and closing costs associated with the acquisition of the System will not include costs incurred by SSMSA. OSBA reserves its rights to challenge the reasonableness, prudence, and basis for PAWC's transaction and closing cost claims in the rate filing where they are claimed.

**E. Customer Outreach**

24. Within the first billing cycle following the closing date, PAWC shall provide a bill insert to System customers regarding PAWC's commercial customer payment arrangement programs. The bill insert shall include, at a minimum, a description of the program, eligibility requirements for participation in the program, and PAWC's and OSBA's contact information. PAWC and OSBA agree to discuss the specific language and placement of contact information after the submission of this Amended Settlement but before the finalization of the bill insert.

25. Within the first thirty (30) days of the closing date, PAWC shall provide a page on its website directed to System customers that includes information regarding PAWC's commercial customer payment arrangement program as well as contact information for the OSBA.

**F. Other Necessary Approvals**

26. The Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Application in a lawful manner.

27. Pursuant to 66 Pa. C.S. § 507, the Commission shall issue Certificates of Filing or approval for:

- a. the Asset Purchase Agreement By and Between Sutersville-Sewickley Municipal Sewage Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of May 22, 2025; and
- b. the Intermunicipal Authorities Sewage Service Agreement for the Sutersville-Sewickley Municipal Sewage Authority Service Area, dated as of September 11, 2006, as amended May 9, 2025.

**G. Standard Settlement Conditions**

28. The Amended Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Amended Settlement without modification. If the Commission modifies the Amended Settlement, any Petitioner may elect to withdraw from the Amended Settlement and may proceed with litigation and, in such event, the Amended Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all Joint Petitioners within five (5) business days after the entry of an Order modifying the Amended Settlement. The Joint Petitioners acknowledge and agree that the Amended Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

29. This Amended Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceedings. If the Commission does not approve the Amended Settlement and the proceedings continue, the Joint Petitioners reserve their respective procedural rights, including the right to present additional testimony and to conduct full cross-examination, briefing and argument. The Amended Settlement is made without any admission against, or prejudice to, any position which any Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

30. The Joint Petitioners acknowledge that the Amended Settlement reflects a compromise of competing positions and does not necessarily reflect any Petitioner's position with respect to any issues raised in these proceedings. This Amended Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Amended Settlement.

31. To the extent possible, the Joint Petitioners shall jointly prepare and submit a Joint Stipulation of Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Ordering Paragraphs that the parties reasonably believe are sufficient to support a finding by the Commission that the Amended Settlement is in the public interest.

32. Each Petitioner shall prepare a Statement in Support of the Amended Settlement setting forth the bases upon which the Petitioner believes the Amended Settlement to be in the public interest.

33. If the ALJ recommends approval of the Amended Settlement without modification, the Joint Petitioners agree to not file Exceptions as it relates to such recommended approval.

## DISCUSSION

### Applicable Legal Principles

#### A. Actions Requiring a Certificate of Public Convenience

Under Section 1102 of the Public Utility Code, a public utility, only upon application and approval of the application by the Commission as evidenced by a certificate of public convenience, may undertake certain actions.

Specifically, Section 1102(a) of the Code requires an application and Commission approval of the following:

(1) For any public utility to begin to offer render, furnish or supply within this Commonwealth service of a different nature or to a different territory than that authorized by:

- (i) A certificate of public convenience granted under this part or under the former provisions of the act of July 26, 1913 (P.L.1374, No.854),

known as "The Public Service Company Law," or the act of May 28, 1937 (P.L.1053, No.286), known as the "Public Utility Law."

- (ii) An unregistered right, power or privilege preserved by section 103 (relating to prior rights preserved).

(2) For any public utility to abandon or surrender, in whole or in part, any service, except that this provision is not applicable to discontinuance of service to a patron for nonpayment of a bill, or upon request of a patron.

(3) For any public utility or an affiliated interest of a public utility to acquire from, or to transfer to, any person or corporation, including a municipal corporation, by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service. . . .

66 Pa.C.S. § 1102(a).

B. Procedure to obtain a Certificate of Public Convenience

Section 1103 of the Code sets forth the procedure to obtain a certificate of public convenience. This Code provision indicates a public utility must apply to the Commission for a certificate, and the application will be granted “only if the [C]ommission shall find or determine that the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a). The Pennsylvania Supreme Court has explained the Commission, in issuing a certificate of public convenience, must find that a proposed transaction would “affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.” *City of York v. Pa. Pub. Util. Comm’n*, 295 A.2d 825, 828 (Pa. 1972) (*City of York*); see also, *Popowsky v. Pa. Pub. Util. Comm’n*, 937 A.2d

1040, 1057 (Pa. 2007) (when addressing the issue of affirmative public benefits “the appropriate legal framework requires a reviewing court to determine whether substantial evidence supports the Commission's finding that a merger will affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way”). Section 1103(a) allows the Commission to impose “such conditions as it may deem to be just and reasonable” upon its issuance of a certificate of public convenience. 66 Pa.C.S. § 1103(a). The affirmative public benefits test does not require that every utility customer benefit from the proposed transaction, nor does it require that the utility’s proposed action be absolutely necessary. An acquisition provides an affirmative benefit if the benefits of the transaction outweigh the adverse impacts of the transaction. *Application of CMV Sewage Co., Inc.*, 2008 Pa.PUC LEXIS 950. When looking at the benefits and detriments of a transaction, the focus of the analysis must be on all affected parties, not merely a particular group or a particular geographic area. *Middletown Twp. v. Pa. Pub. Util. Comm’n*, 482 A.2d 674 (Pa. Cmwlth. 1984).

Pursuant to Section 1103 of the Code, PAWC must be technically, legally, and financially fit to own and operate the assets of SSMSA. *Seaboard Tank Lines v. Pa. Pub. Util. Comm’n*, 502 A.2d 762 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm’n*, 138 A.2d 240 (Pa. Super. 1958). As a certificated public utility, there is a rebuttable presumption that PAWC possesses the requisite fitness. *South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308 (Pa. Cmwlth. 1992); *see also*, 66 Pa.C.S. § 1329. As PAWC filed the Application at issue, it has the burden of proof to establish it has the requisite fitness. 66 Pa.C.S. § 332(a).

### C. Settlements

The Commission encourages parties in contested on-the-record proceedings to settle cases. 52 Pa. Code § 5.231. Settlements eliminate the time, effort and expense of litigating a matter to its ultimate conclusion, which may entail review of the

Commission's decision by the appellate courts of Pennsylvania. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily imposes.

By definition, a "settlement" reflects a compromise of the parties' positions and arguably fosters and promotes the public interest. When parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest. *Pa. Pub. Util. Comm'n. v. CS Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991) (*CS Water*). In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *CS Water*.

### Statements of the Settling Parties in Support of the Settlement

The Joint Petitioners have agreed to a settlement of all issues in this proceeding. This includes issues arising under Sections 1102(a) and 1103(a) of the Code, 66 Pa.C.S. §§ 1102(a), 1103(a), as set forth in their respective Statements in Support of Settlement, as summarized below.

#### **1. Approval of Application**

##### a. PWSA's Position

PWSA submits the Transaction benefits members of the public-at-large in that the Transaction promotes the Commission's policy favoring regionalization of water and wastewater systems. 52 Pa. Code § 69.721(a). Joint Stipulation of Fact at Appendix A, ¶ 18. Wastewater collected in the System is ultimately treated by PAWC's McKeesport Wastewater System and planned improvements to the System can be

completed within a reasonable time without adversely affecting service to PAWC's existing customers. *Id.* PAWC explains it will operate the System with operational, management and functional support from PAWC's Western Operations, specifically the McKeesport District, which is 11 miles away from the System, thereby providing for additional staffing and equipment generally, and in the event of emergencies, providing for faster resolution. Joint Stipulation of Fact at Appendix A, ¶ 22.

PAWC submits the Transaction benefits SSMSA's existing owners in the same way that it benefits all other members of the public-at-large, and allows SSMSA to use the proceeds of the purchase price to pay down debt, as indicated in Article 2.3 of the APA. Joint Stipulation of Fact at Appendix A, ¶ 24.

PAWC also submits the Transaction benefits the System because it will allow PAWC to make necessary improvements to the System, including security upgrades, replacing failed bubbler level sensors, replacing failed variable frequency drives, replacing wet well ladders with OSHA-compliant units, and replacing non-clog pumps with grinder pumps. Further PAWC asserts the Transaction will benefit the System because it will utilize PAWC's proactive, as opposed to SSMSA's reactive, approach to maintenance. Joint Stipulation of Fact at Appendix A, ¶¶ 16-17.

According to PAWC, SSMSA's existing customers will also benefit from the improvements to the System at set forth above, and will provide the following additional benefits:

- The Transaction will allow SSMSA's existing customers to benefit from PAWC's capability to finance necessary capital addition, as well as PAWC's strengths in system planning, capital budgeting and construction management. Joint Stipulation of Fact at Appendix A, ¶ 19.

- The Transaction will allow SSMSA's existing customers to benefit from PAWC's experience in managing and operating wastewater systems, which results in efficiencies that impacts rates in a beneficial way, as well as improvement to services provided to the transferred customers. Joint Stipulation of Fact at Appendix A, ¶ 25.

- The Transaction will enhance response time for the System's customers because it is located approximately 20 minutes from PAWC's McKeesport District. Currently, the operations and maintenance firm that supports the System's operations is located 40 minutes from SSMSA's office in Sutersville, Pennsylvania. Joint Stipulation of Fact at Appendix A, ¶ 23.

- The Transaction will allow the System's customers to benefit from PAWC's enhanced customer service, including additional bill payment options, extended customer service and call center hours, and customer information and education programs. PAWC's customer service is available 24 hours a day, 7 days a week. PAWC's website offers the H2O Virtual Assistant allowing customers a chat feature through the website to communicate with the Company and provide answers to frequently asked questions. PAWC also offers an online customer self-service portal. SSMSA does not offer the same array of options to customers. Joint Stipulation of Fact at Appendix A, ¶¶ 20-21.

- The Transaction will allow eligible transferred customers to take advantage of PAWC's customer assistance programs, including its H2O Bill Discount Program (which offers Hardship Grants), Arrearage Management Program, and budget billing. According to United States Census Bureau data, approximately 15.2% of the population within

Sutersville Borough and 13.9% of the population within Sewickley Township are living in poverty and potentially will be eligible for assistance under PAWC's programs. In the absence of the Transaction, the transferred customers would not experience these benefits or similar benefits, as SSMSA does not offer similar customer assistance programs and does not intend to offer similar customer assistance programs in the future. Joint Stipulation of Fact at Appendix A, ¶ 20.

PAWC further asserts the Transaction benefits PAWC, as the buyer of the System, as it will allow PAWC an additional system near its McKeesport District, that conveys sewage that ultimately flows into PAWC's McKeesport wastewater system for final treatment and disposal and will also allow PAWC to add approximately 490 customers to its customer base resulting in PAWC becoming a larger, financially stronger, and more stable public utility. Joint Stipulation of Fact at Appendix A, ¶¶ 4, 5, 26.

PAWC avers the Transaction benefits its existing customers in the same way that it benefits all other members of the public-at-large. In addition, PAWC indicates the Transaction specifically benefits its existing customers because the acquisition will expand the customer base, over which existing costs and future rates are recovered, and thereby stabilizing or reducing per-customer costs over the long term. Joint Stipulation of Fact ¶ 26.

b. SSMSA's Position

SSMSA submits that the Application satisfies all requirements necessary for the Commission to approve the transaction. SSMSA asserts that PAWC has legal, technical, and financial fitness. SSMSA avers its customers will benefit from a larger and more experienced utility company and that the transferred wastewater customers will

be served by a large, financially sound company that has the capability to finance necessary capital additions.

SSMSA asserts, at present, the System serves approximately 476 residential, 12 commercial, and 2 municipal customers in Sutersville Borough and Sewickley Township. *See* Joint Stipulation of Fact ¶ 4. According to SSMSA, PAWC has improvement plans for the System which include security upgrades, replacing failed bubbler level sensors, replacing failed variable frequency drives, replacing wet well ladders with OSHA-compliant units, and replacing non-clog pumps with grinder pumps. *Id.* ¶ 16. SSMSA submits its customers will benefit from enhanced customer service in a number of areas, including additional bill payment options, extended customer service and call center hours, customer information and education programs. *Id.* ¶ 16. SSMSA states it does not have any low-income assistance program and no plans to create one, and PAWC has financial assistance programs in forms of H2O Bill Discount Program (which offers Hardship Grants), Arrearage Management Program, and budget billing.<sup>1</sup>

SSMSA also asserts the acquired SSMSA customers will benefit from access to PAWC's wastewater engineers, system operators, and other wastewater professionals to keep records of customer accounts and the infrastructure. SSMSA further states that PAWC plans to invest \$760,000 in improvements to the System over the next five years that would otherwise not occur as SSMSA does not have the funding to invest into its System.<sup>2</sup>

Finally, SSMSA submits that the benefits resulting from the Settlement will include the following:

---

<sup>1</sup> *Id.*

<sup>2</sup> *Id.* ¶ 17.

- Pennsylvania-American's Distribution System Improvement Charge (DSIC) provisions will apply to the former SSMSA customers in the System no sooner than new rates are established in the first base rate case in which the System is included. Additionally, PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.
- The Joint Petitioners will have the right to address and make additional proposals for the rates applied to the acquired SSMSA customers in Pennsylvania-American's pending and future rate cases.
- PAWC will provide a bill insert to System customers regarding PAWC's commercial customer payment arrangement programs that provides detailed information for customers.
- PAWC will provide a page on its website directed to System customers that includes information regarding PAWC's commercial customer payment arrangement program as well as contact information for the OSBA.

c. OSBA's Position

OSBA submits the Settlement terms are reasonable and offer a meaningful benefit to small business customers because PAWC has legal, technical and financial fitness. OSBA notes that SSMSA's small business customers will benefit from this fitness, and notes PAWC is a more experienced, larger utility than SSMSA. OSBA avers transferred customers will be served by a large, financially sound company that can finance necessary capital additions, and can ensure service meets federal and state requirements. OSBA further asserts the Settlement sets forth issues that were resolved

through the negotiation process which were of particular significance to the OSBA. OSBA requests that the Commission approve PAWC's acquisition of SSMSA's wastewater system.

## 2. Tariff

### a. PAWC's Position

PAWC submits the Joint Petitioners agree that PAWC should be authorized to implement, for former SSMSA customers, all other miscellaneous fees and charges, and the rules and regulations regarding conditions of PAWC's wastewater service, as reflected in PAWC's prevailing wastewater tariff, upon Closing.<sup>3</sup> PAWC submits these provisions are in the public interest because they establish that none of the other Joint Petitioners takes issue with the *pro forma* tariff supplement and because they are consistent with law.<sup>4</sup> PAWC avers it will adopt the seller's rates at closing, as required by the Code, but be permitted to apply the remaining terms and conditions of its prevailing wastewater tariff to its newly acquired customers.

### b. SSMSA's Position

SSMSA submits the Joint Petitioners agree that the *pro forma* tariff supplement to the Application shall be permitted to become effective immediately upon Closing. SSMSA avers that PAWC should be authorized to implement all other miscellaneous fees and charges and rules and regulations regarding conditions of PAWC's wastewater service as reflected in PAWC's prevailing wastewater tariff upon

---

<sup>3</sup> Amended Settlement ¶ 20.

<sup>4</sup> Tariff provisions previously approved by the Commission are prima facie reasonable. *Zucker v. Pa. Pub. Util. Comm'n*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

Closing. SSMSA asserts the provisions set forth in the tariff supplement are in the public interest because they establish that none of the other Joint Petitioners takes issue with the *pro forma* tariff supplement.

c. OSBA's Position

OSBA has no opinion on this issue.

**3. Distribution System Improvement Charge (DSIC)**

a. PAWC's Position

PAWC submits that the Joint Petitioners agree that the DSIC provisions of PAWC's effective wastewater tariff will apply to the former SSMSA customers in the System no sooner than the effective date of new rates established by a final order in the first base rate case in which the System is included, and PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to System customers.<sup>5</sup> PAWC states this provision is in the public interest because it prohibits PAWC from including System-related investments in its DSIC until it collects the DSIC from System customers, therefore PAWC's existing customers are protected from fully funding System-related improvements.

b. SSMSA's Position

SSMSA also asserts the Joint Petitions agree that the DSIC provisions of PAWC's effective wastewater tariff will apply to SSMSA's former customers in the System no sooner than the effective date of new rates established by a final order in the

---

<sup>5</sup> Amended Settlement ¶ 21.

first base rate case in which the System is included, and PAWC will not seek to recover investments in the System in its DSIC until PAWC applies the DSIC to SSMSA's former customers. Amended Settlement ¶ 21. SSMSA further submits this provision is in the public interest because it prohibits PAWC from including System-related investments in its DSIC until it collects the DSIC from former SSMSA customers.

c. OSBA's Position

OSBA has no opinion on this issue.

**4. Rates**

a. PAWC's Position

PAWC asserts the rate terms set forth in the Amended Settlement are in the public interest because they reserve the other Joint Petitioners' rights to address and make other proposals for System rates in PAWC's future rate cases (except as explicitly agreed upon in the Amended Settlement). Amended Settlement ¶¶ 22-23.

b. SSMSA's Position

SSMSA agrees with the position advanced by PAWC, and asserts the provisions are consistent with the Code and therefore in the public interest.

c. OSBA's Position

OSBA has no opinion on this issue.

## 5. Customer Outreach

### a. PAWC's Position

PAWC submits the Transaction, as modified by the Amended Settlement, is in the public interest because the Amended Settlement requires PAWC to send a bill insert to the System's customers, informing them of PAWC's commercial customer payment arrangement programs in addition to the information regarding PAWC's income assistance programs. PAWC asserts that it will, at a minimum, provide a description of the programs, the eligibility requirements for participating in the program, and PAWC's and the OSBA's contact information. Amended Settlement ¶ 24. PAWC further avers that within the first thirty (30) days of the closing date, PAWC will provide a page on its website directed to System customers that includes information regarding PAWC's commercial customer payment arrangement program as well as contact information for the OSBA. *Id.* ¶ 25. PAWC submits these provisions of the Amended Settlement are in the public interest because they may increase participation in PAWC's customer assistance programs, compared to what would have been the case without these provisions and these provisions provide helpful information to the System's customers as they transition to becoming PAWC's customers.

### b. SSMSA's Position

SSMSA agrees with the position advanced by PAWC and asserts the Amended Settlement and the customer outreach provisions are in the public interest.

### c. OSBA's Position

Similar to SSMSA, OSBA has generally the same position as PAWC on this issue. According to OSBA, these provisions of the Amended Settlement will directly

benefit small business consumers because it will give them a means to request additional assistance, and will help relieve financial indecisions or forced closing by allowing them to receive a payment arrangement.

**6. Other Necessary Approvals**

a. PAWC's Position

PAWC explains the Amended Settlement clarifies that the Commission should issue any other approvals or certificates necessary, appropriate or customary under the Pennsylvania Public Utility Code to carry out the Transaction, including issuing, under Section 507 of the Code, 66 Pa.C.S. § 507, Certificates of Filing or approval for the APA, as well as the Intermunicipal Authorities Sewage Service Agreement for the Sutersville-Sewickley Municipal Sewage Authority Service Area, dated September 11, 2006, as amended May 9, 2025.<sup>6</sup> PAWC submits these agreements are necessary to allow PAWC to provide service to the service territory currently served by the System, and that approval of these agreements is reasonable and in the public interest.

b. SSMSA's Position

SSMSA agrees with the position advanced by PAWC regarding other approvals or certificates necessary, appropriate or customary under the Pennsylvania Public Utility Code to carry out the Transaction.

---

<sup>6</sup> Amended Settlement ¶¶ 26-27.

c. OSBA's Position

OSBA agrees that pursuant to Section 507 of the Code, 66 Pa.C.S. § 507, the Commission should issue a Certificate of Filing or Approval for all necessary transactions. OSBA feels that this is in the best interest of small business consumers because PAWC can provide safe service and afford any updates to its equipment.

**7. Standard Settlement Conditions**

a. PAWC's Position

PAWC submits the settlement conditions outline the process for the Joint Petitioners regarding submission of the Amended Settlement, and protect the Joint Petitioners in the event that the Commission rejects or modifies the Amended Settlement in a way which a party finds unacceptable, which makes parties to a Commission proceeding more willing to settle than they otherwise might be.

b. SSMSA's Position

SSMSA supports the position set forth by PWSA regarding the Settlement Conditions.

c. OSBA's Position

OSBA agrees with the Conditions as outlined in the Amended Joint Petition as being fair and just.

## Analysis

Here, as stated above, PAWC filed an application with the Commission to approve the transfer to PAWC of substantially all property and rights of SSMSA in accordance with the APA under Section 1102(a) of the Code, 66 Pa.C.S. § 1102(a). In the Application, PAWC also requested the Commission grant PAWC the right to offer or furnish wastewater service to the public in the Borough of Sutersville and in portions of Sewickley Township, Westmoreland County, Pennsylvania that are currently served by SSMSA.

### Fitness of PAWC to Own and Operate the System

PAWC must demonstrate that it is technically, financially, and legally fit to own and operate the System for the transfer to be approved and the certificate of public convenience to be issued by the Commission. *Seaboard Tank Lines, Inc. v. Pa. Pub. Util. Comm'n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Twp. Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d 240, 243 (Pa. Super. 1958). As a certificated public utility, PAWC enjoys a rebuttable presumption that it possesses the requisite fitness. *South Hills Movers, Inc. v. Pa. Pub. Util. Comm'n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992). No party challenged PAWC's fitness in this proceeding. Joint Stipulation of Fact at Appendix A, ¶ 14. Further, there is no evidence in the record to refute PAWC's fitness. Therefore, the undersigned presiding officers find that PAWC is technically, financially, and legally fit to own and operate SSMSA's System and furnish wastewater service to the customers of the System.

### The Settlement is in the Public Interest

As discussed above, Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. The principal issue for the Commission to consider is whether the

settlement is in the public interest. *Pa. Pub. Util. Comm'n v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013). *Pa. Pub. Util. Comm'n v. Windstream Pa., LLC*, Docket No. M-2012-2227108 (Opinion and Order entered Sept. 27, 2012); *Pa. Pub. Util. Comm'n v. CS Water and Sewer Assocs.*, Docket No. R-00881147 (Opinion and Order entered July 22, 1991). The parties assert the settlement is in the public interest, and for the reasons set forth below, the undersigned presiding officers agree.

The Settlement terms encompass the resolution of various issues related to the transfer of property and assets of the System to PAWC, along with the Commission's grant of the rights to furnish wastewater services to PAWC. The parties resolved these issues through the negotiation process, and the interests of the parties were protected.

The Transaction will have no detrimental effect on the wastewater service provided to PAWC's existing customers or the System's customers. Joint Stipulation of Fact ¶ 27.

The benefits of the Transaction are numerous. SSMSA's former customers will benefit from the capability and resources of a larger and more experienced utility company. The transferred wastewater customers will be served by a large, financially sound company that has the capacity to finance necessary capital additions. Customers will also benefit from PAWC's strengths in system planning, capital budgeting, and construction management; and PAWC's access to wastewater professionals and engineers. Further, the Transaction promotes the Commission's policy favoring regionalization of water and wastewater systems. *See* 52 Pa. Code § 69.721(a). This policy provides that consolidation of wastewater systems through mergers and acquisitions will allow for better management practices and greater economies of scale. *Id.* Here, the settlement provides potential for customers to realize cost advantages because the acquisition will expand the customer base, over which existing costs and

future rates are recovered, and thereby stabilizing or reducing per-customer costs over the long term. Joint Stipulation of Fact ¶ 26. Wastewater collected in the System will be treated in a district that is geographically closer than the current district, allowing for enhanced responsiveness. PAWC can make improvements to the System including replacing failing equipment, which can be completed without adversely affecting PAWC customers. PAWC plans to invest in improvements to the System that would not otherwise occur as SSMSA does not have the funding to invest into its System. SSMSA's former customers can now benefit from a proactive approach to maintenance (as opposed to its current reactive approach). SSMSA can use the proceeds from the Transaction to pay down debt. PAWC customers will benefit such that PAWC will add approximately 490 customers to its customer base resulting in PAWC becoming stronger and more stable. The expansion of the customer base allows stabilization or reduction of per-customer costs, as the expansion spreads costs over a larger base.

Customer service will be enhanced for the System's customers. PAWC has progressive customer service programs and initiatives including various bill payment options, extended customer service and call center hours, and customer information and education programs. PAWC has customer service available 24 hours a day, 7 days a week. PAWC's website also has customer service offerings including a chat feature and online self-service. Currently, SSMSA does not provide the same array of options to customers, so its customers will benefit from the increased assistance. Similarly, PWSA offers various customer assistance programs including a bill discount program, arrearage management, and budget billing that SSMSA does not offer or intend to offer. Additionally, as part of the Settlement, PAWC will send bill inserts to inform System customers of available programs and options and provide contact information for OSBA. PAWC and OSBA agreed to discuss the contents of inserts. Input from the statutory advocate into the bill inserts allows for protection of the rights of small businesses. PAWC will also provide a page on its website specifically directed toward System customers to provide information. A more customer-friendly experience and the offering

of various options regarding the payment for service, especially for low-income customers, is in the public interest. The provision of information and education by PAWC encourages increased participation in low-income programs and promotes affordability.

Regarding the tariff, the Settlement provisions indicate PAWC will adopt the seller's rates at Closing for the former SSMSA customers, but can implement the remaining fees, charges, rules and regulations in its prevailing wastewater tariff on said customers upon Closing. These provisions are in the public interest because they establish that all parties agree with the *pro forma* tariff supplement.<sup>7</sup> This provision will protect SSMSA's current customer base against any potential rate shock and provides rate stability.

Regarding the DSIC, the Settlement provisions indicate PAWC will not apply the DSIC provisions of its current wastewater tariff to SSMSA customers until (at the earliest) new rates have been established in PAWC's next base rate case. Further, PAWC will not seek to recover investments in the System in its DSIC until PAWC collects the DSIC from System customers. This is in the public interest because it protects PAWC's current customer base from funding improvements for the System before the System customers are contributing to the DSIC.

Regarding rates, the Settlement provides for the reservation of rights of the parties to address and make proposals for System rates in PAWC's future rate cases. Further, any claim by PAWC to recover transaction and closing costs associated with the acquisition of the System will not include costs incurred by SSMSA. This protects the interests of all parties and is therefore consistent with the public interest.

---

<sup>7</sup> Tariff provisions previously approved by the Commission are prima facie reasonable. *Zucker v. Pa. Pub. Util. Comm'n*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

The Amended Settlement, at paragraphs 28 through 33, provides standard conditions, including the reservation of rights, obligations regarding submission of the Amended Settlement to the Commission, and agreements not to file exceptions if the Amended Settlement is approved without modification. The Settlement also provides that the Commission shall issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Application in a lawful manner. Pursuant to Section 507 of the Code, 66 Pa.C.S. § 507, under the Settlement, the Commission shall issue Certificates of Filing or approval for:

- a. the Asset Purchase Agreement By and Between Sutersville-Sewickley Municipal Sewage Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of May 22, 2025; and
- b. the Intermunicipal Authorities Sewage Service Agreement for the Sutersville-Sewickley Municipal Sewage Authority Service Area, dated as of September 11, 2006, as amended May 9, 2025.

These standard provisions, and provisions regarding issuance of certificates of filing or approval are in the public interest, as they outline the process regarding the completion of the Transaction and acceptance of the Settlement, provide the parties with reassurance making them more likely to come to an agreement, are necessary for PAWC to service the customers currently serviced by SSMSA, and are reasonable and benefit the public as a whole.

The Transaction, as modified by the terms and conditions in the Amended Settlement, provides affirmative public benefits of a substantial nature and affirmatively promotes the service, accommodation, convenience, or safety of the public in a

substantial way for the reasons set forth above. The benefits of the transaction are numerous and outweigh any adverse impacts.

### Section 507 Approvals

Pursuant to Section 507 of the Code, contracts between a public utility and a municipal corporation (except for contracts to furnish service at regular tariff rates) must be filed with the Commission at least 30 days before the effective date of the contract for approval or, alternately, the institution of proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract.

Here, in addition to the APA, PAWC seeks approval of the Intermunicipal Authorities Sewage Service Agreement for the Sutersville-Sewickley Municipal Sewage Authority Service Area, dated as of September 11, 2006, as amended May 9, 2025, which will be assumed at closing by PAWC. These approvals are necessary for PAWC to continue to provide service to all customers presently served by the System.

None of the Joint Petitioners object to the Commission's approval of these agreements.

### Conclusion

Considering the stipulated facts presented by the parties to the instant proceeding, we find the Settlement is in the public interest. The transaction promotes the service, accommodation, convenience, and safety of the public in a substantial way, and PAWC is technically, legally, and financially fit to own and operate the assets of SSMSA as set forth under the proposed transaction. Accordingly, the undersigned presiding

officers recommend that the Settlement be approved by the Commission, without modification.

### CONCLUSIONS OF LAW

1. The Pennsylvania Public Utility Commission has jurisdiction over the subject matter of, and the parties to, this proceeding. 66 Pa.C.S. § 1311(b)(2); 52 Pa. Code § 65.54.

2. Pennsylvania-American Water Company has the burden of proof in this proceeding. 66 Pa.C.S. § 332(a).

3. Commission policy promotes settlements. 52 Pa. Code § 5.231.

4. The Joint Petitioners have the burden to prove that the Settlement is in the public interest. *Pa. Pub. Util. Comm'n v. City of Bethlehem - Water Dep't*, Docket No. R-2020-3020256 (Opinion and Order entered Apr. 15, 2021).

5. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n, v. UGI Utils., Inc. – Gas Div.*, Docket No. R-2015-2518438 (Order entered Oct. 14, 2016); *Pa. Pub. Util. Comm'n v. CS Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991).

6. The Commission's decision must be supported by substantial evidence in the record. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980).

7. Commission policy promotes settlements. 52 Pa. Code § 5.231.

8. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. 52 Pa. Code § 69.401.

9. A certificate of public convenience is required for “any public utility to begin to offer, render, furnish or supply within this Commonwealth service of a different nature or to a different territory than that authorized . . . .” 66 Pa.C.S. § 1102(a)(1).

10. A certificate of public convenience is also required for “any public utility . . . to acquire from, or to transfer to, . . . any person or corporation, including a municipal corporation, by any method or device whatsoever the title to, or possession or use of, any tangible or intangible property used or useful in the public service.” 66 Pa.C.S. § 1102(a)(3).

11. In granting a certificate of public convenience, the Commission may impose such conditions as it may deem to be just and reasonable. 66 Pa.C.S. § 1103(a).

12. An applicant for a certificate of public convenience must demonstrate that it is technically, financially, and legally fit to own and operate the system being acquired. *Seaboard Tank Lines, Inc. v Pa. Pub. Util. Comm’n*, 502 A.2d 762 (Pa. Cmwlth. 1985).

13. A certificated public utility enjoys a rebuttable presumption that it possesses the requisite fitness. *South Hills Movers, Inc. v. Pa. Pub. Util. Comm’n*, 601 A.2d 1308 (Pa. Cmwlth. 1992).

14. The Commission may issue a certificate of public convenience upon a finding that “the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public.” 66 Pa.C.S. § 1103(a) (“Procedure to obtain certificates of public convenience”).

15. An applicant for a certificate of public convenience must demonstrate that the transaction will “affirmatively promote the service, accommodation, convenience or safety of the public in some substantial way.” *City of York v. Pa. Pub. Util. Comm’n*, 295 A.2d 825 (Pa. 1972).

16. A contract between a municipality and a public utility (other than a contract to furnish service at regular tariff rates) must be filed with the Commission at least 30 days before the effective date of the contract. The Commission may approve it by issuing a certificate of filing or institute proceedings to determine whether there are any issues with the reasonableness, legality, or any other matter affecting the validity of the contract. 66 Pa.C.S. § 507.

### ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Commission approve the Amended Joint Petition for Approval of Settlement of All Issues as submitted, including all terms and conditions thereof, without modification.

2. That the Application filed by Pennsylvania-American Water Company in this matter on July 29, 2025, as amended by the Amended Settlement, be approved.

3. That the Commission issue Certificates of Public Convenience under 66 Pa.C.S. §§ 1102(a) and 1103(a) evidencing Commission approval of (a) the transfer to Pennsylvania-American Water Company, by sale, of substantially all property and rights of Sutersville-Sewickley Municipal Sewage Authority used or useful in the public service in accordance with the Asset Purchase Agreement (the System); and (b) the commencement of Pennsylvania-American Water Company of wastewater service to the public in the Borough of Sutersville and in portions of Sewickley Township, Westmoreland County, Pennsylvania currently served by Sutersville-Sewickley Municipal Sewage Authority.

4. That the Commission permit Pennsylvania-American Water Company to issue compliance tariff supplements, consistent with the *pro forma* wastewater tariff supplement attached to the Application as Appendix B, including all rates, rules and regulations regarding conditions of Pennsylvania-American Water Company's wastewater service, as revised herein, to become effective immediately upon Closing.

5. That the Commission not permit Pennsylvania-American Water Company to include System-related investments in its Distribution System Improvement Charge (DSIC) until Pennsylvania-American Water Company collects a DSIC from System customers. The DSIC provisions of Pennsylvania-American Water Company's effective tariff will apply to customers in the System no sooner than the first base rate in which the System is included.

6. That, except as explicitly agreed upon in the Amended Settlement, nothing contained in the Amended Settlement or in the Commission's approval of the Application shall preclude any of the parties from asserting any position or raising any issue in other Pennsylvania-American Water Company's proceedings. This includes, but is not limited to, the rights of the Office of Small Business Advocate to address and make other proposals for system rate base and rates in Pennsylvania-American Water Company's future rate cases, appeals, and remands.

7. That any claim by Pennsylvania-American Water Company to recover transaction and closing costs associated with the acquisition of the Sutersville-Sewickley Municipal Sewage Authority's wastewater system assets will not include costs incurred by Sutersville-Sewickley Municipal Sewage Authority. The Office of Small Business Advocate reserves its rights to challenge the reasonableness, prudence, and basis for Pennsylvania-American Water Company's transaction and closing cost claims in the rate filing where they are claimed.

8. That Pennsylvania-American Water Company shall, within the first billing cycle following the closing date, provide a bill insert to Sutersville-Sewickley Municipal Sewage Authority's former customers regarding Pennsylvania-American Water Company's commercial customer payment arrangement program. The bill insert shall include, at a minimum, a description of the available program, eligibility requirements for participation in the program, and the contact information for Pennsylvania-American Water Company and the Office of Small Business Advocate. Pennsylvania-American Water Company and the Office of Small Business Advocate agree to discuss the specific language and placement of contact information after the submission of this settlement but before the finalization of the bill insert.

9. That, Pennsylvania-American Water Company shall provide a page on its website, within the first thirty (30) days of the closing date, directed to Sutersville-

Sewickley Municipal Sewage Authority’s former customers, which provides information regarding Pennsylvania-American Water Company’s commercial customer payment arrangement program as well as contact information for the Office of Small Business Advocate.

10. That, the Commission, pursuant to 66 Pa.C.S. § 507, may issue Certificates of Filing or approvals for the following agreements between Pennsylvania-American Water Company and a municipal corporation:

- i. the Asset Purchase Agreement By and Between Sutersville-Sewickley Municipal Sewage Authority as Seller, and Pennsylvania-American Water Company, as Buyer, Dated as of May 22, 2025; and
- ii. the Intermunicipal Authorities Sewage Service Agreement for the Sutersville-Sewickley Municipal Sewage Authority Service Area, dated as of September 11, 2006, as amended May 9, 2025.

11. That the Commission may issue any other approvals or certificates appropriate, customary, or necessary under the Pennsylvania Public Utility Code to carry out the transactions contemplated in the Application in a lawful manner.

Date: February 17, 2026

\_\_\_\_\_/s/  
Jeffrey A. Watson  
Administrative Law Judge

\_\_\_\_\_/s/  
Ann Quimby  
Administrative Law Judge