

COMMONWEALTH OF PENNSYLVANIA



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March 5, 2026

Via Electronic Filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: In re: Application of Pennsylvania-American Water Company under Sections 1102(a) and 1329 of the Pennsylvania Public Utility Code, 66 Pa C.S. §§ 1102(a) and 1329, for approval of (1) the transfer, by sale, to Pennsylvania-American Water Company, of substantially all of the assets, properties and rights related to the wastewater system owned and operated by the East Coventry Township, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the Township of East Coventry, Chester County, Pennsylvania; Docket No. A-2025-3053487

Dear Secretary Homsher:

Attached for electronic filing, please find the Office of Consumer Advocate's Formal Protest and Public Statement in this proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
Christy M. Appleby, Esq.
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Enclosures

cc: The Honorable Charles E. Rainey, Jr. (email only: crainey@pa.gov)
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Certificate of Service

CERTIFICATE OF SERVICE

In re: Application of Pennsylvania-	:	
American Water Company under Sections	:	
1102(a) and 1329 of the Pennsylvania	:	Docket No. A-2025-3053487
Public Utility Code, 66 Pa C.S.§§ 1102(a)	:	
and 1329, for approval of (1) the transfer,	:	
by sale, to Pennsylvania-American Water	:	
Company, of substantially all of the assets,	:	
properties and rights related to the	:	
wastewater system owned and operated by	:	
the East Coventry Township, and (2) the	:	
rights of Pennsylvania- American Water	:	
Company to begin to offer or furnish	:	
wastewater service to the public in the	:	
Township of East Coventry, Chester	:	
County, Pennsylvania;	:	

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Protest and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 5th day of March, 2026.

SERVICE BY E-MAIL ONLY

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Dated: March 5, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American :
Water Company under Sections 1102(a) and :
1329 of the Pennsylvania Public Utility :
Code, 66 Pa C.S. §§ 1102(a) and 1329, for :
approval of (1) the transfer, by sale, to :
Pennsylvania-American Water Company, of :
substantially all of the assets, properties and :
rights related to the water treatment and :
distribution system owned and operated by :
the East Coventry Township, and (2) the :
rights of Pennsylvania-American Water :
Company to begin to offer or furnish water :
service to the public in the Township of East :
Coventry, Chester County, Pennsylvania :
("Application")

Docket No. A-2025-3053487

PROTEST OF THE
OFFICE OF CONSUMER ADVOCATE

Before the Pennsylvania Public Utility Commission (Commission), pursuant to 52 Pa. Code Sections 5.51 *et seq.*, the Office of Consumer Advocate (OCA) hereby files this Protest to the Amended Application of Pennsylvania-American Water Company (PAWC or Company) to, *inter alia*, acquire the water treatment and distribution system owned by East Coventry Township (East Coventry).

Through its Amended Application, filed on or about January 12, 2026, PAWC requests that the Commission: (1) approve consistent with the provisions of 66 Pa. C.S Sections 1102(a) and 1103, the acquisition of substantially all of the water treatment and distribution system assets owned by East Coventry; (2) approve the right of PAWC to provide water service in the Township of East Coventry, Chester County, Pennsylvania; (3) include, in its Order approving the acquisition, the *pro forma* tariff supplement including all rates, rules, and regulations regarding

conditions of PAWC's water service as revised to become effective immediately upon closing; (4) authorize PAWC to use for ratemaking purposes the lesser of the fair market value or negotiated purchase price of the assets to be purchased; (5) permit PAWC to record acquisition at net value of the assets; and (6) permit PAWC to recover a distribution system improvement charge, accrue Allowance for Funds Used During Construction and defer depreciation related to/for post-acquisition improvements not recovered through the distribution system improvement charge, and include, in its next base rate case, a claim for transaction and closing costs. Amended Application p. 19-20. PAWC also requests approval of the Asset Purchase Agreement (APA) dated February 7, 2024, as well as other municipal agreements pursuant to Section 507 of the Public Utility Code, and requests that the Commission issue an Order and Certificate of Public Convenience approving and addressing the items requested in this Application. *Id.* at 19-21.

The OCA files this Protest of the PAWC Amended Application to ensure that the approvals and certificates of public conveniences are granted only if after investigation of the record evidence and hearings, PAWC has demonstrated that they are "necessary or proper for the service, accommodation, convenience or safety of the public," pursuant to 66 Pa. C.S. Section 1103, and meet all other legal requirements of the Public Utility Code. Specifically, the OCA avers as follows:

The name and contact information of the protestant is as follows:

Darryl A. Lawrence, Consumer Advocate
Office of Consumer Advocate
555 Walnut Street,
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: 717-783-5048

Throughout this Protest, the protestant shall be referred to as the OCA. Protestant's attorneys for the purpose of receiving service of all documents in this proceeding are as follows:

Christy M. Appleby, Senior Assistant Consumer Advocate
Janna E. Williams, Assistant Consumer Advocate
Crystal M. Zook, Assistant Consumer Advocate
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The OCA is authorized by law to represent the interests of utility ratepayers in all proceedings before the Commission. 71 P.S. §§ 309-1, *et seq.* In reaching a decision on whether to grant the requested application the Commission must give “due consideration to the interests of consumers.” 71 P.S. §309-5(2). This Protest is filed by the OCA to ensure that the interests of PAWC’s existing and acquired customers are protected.

PAWC is a regulated public utility company that furnishes water and wastewater service in more than 418 communities serving approximately 2,300,000 customer accounts across Pennsylvania. Application at ¶ 6. East Coventry is a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, which furnishes wastewater service to approximately 1,235 equivalent dwelling units (“EDUs”) or 966 physical customer connections in

the Township of East Coventry. Application at ¶ 7-8.

In the Amended Application, PAWC states that it intends to proceed pursuant to Section 1102(a) of the Public Utility Code. Application at ¶ 1. Section 1102 of the Public Utility Code requires that the Commission issue a Certificate of Public Convenience as a legal prerequisite to an entity offering service, abandoning service and certain property transfers by public utilities or their affiliated interests. 66 Pa. C.S. § 1102(a)(1)-(3). The Code further requires that a certificate shall only be granted 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). *See City of York v. Pa. PUC*, 295 A.2d 825, 828 (Pa. 1973); *see also Popowsky v. Pa. PUC*, 937 A.2d 1040 (Pa. 2007).

In addition, PAWC also requests that the Commission approve its Amended Application pursuant to Section 1329 of the Public Utility Code, 66 Pa. C.S. § 1329. Section 1329 enables, *inter alia*, an acquiring public utility and a selling public utility to elect to use fair market valuation to determine whether the fair market value or the purchase price, whichever is less, will be reflected in rate base. 66 Pa. C.S. § 1329(c)(2). This provision is an alternative to the use of original cost, less depreciation for ratemaking purposes, when a public utility acquires municipal water assets. PAWC proposes to pay \$7 million for the East Coventry wastewater system per the Asset Purchase Agreement (APA) of February 7, 2024. Amended Application ¶ 11. The original cost of the system as determined by Gannett Fleming Valuation and Rate Consultants, Appraisal and Depreciation Services, LLC (Gannett) is approximately \$11.8 million, and the original cost less depreciation is approximately \$8.7 million ($\$11,798,761 - \$3,102,008 = \$8,696,753$).¹ PAWC’s Utility Valuation Expert (UVE) appraisal conducted by Weinert Appraisal and Depreciation Services, LLC

¹ East Coventry St. No. 3 at 18.

(“WADS Consultants”) indicated a fair market value of \$13,405,035.² The average of the appraisals of the buyer’s UVE and the seller’s UVE is \$13,405,035.³ The valuation experts were paid a total of \$53,745 to date, with \$24,595 to date for Gannett Fleming and \$29,150 for WADS Consulting for the appraisals. Appendix A-7. PAWC estimates that it will incur transaction and closing costs of \$1.025 million dollars, which it intends to include in its next rate base. Appendix A-10. PAWC intends to adopt East Coventry’s existing rates at closing and anticipates moving the acquired system’s rates into a PAWC-consolidated rate zone at a future rate proceeding. Appendix A-4 at 2.

PAWC’s current water tariff also includes the Distribution System Improvement Charge (“DSIC”). PAWC’s Amended Application requests that this charge be applied to System customers, subject to inclusion in PAWC’s Long Term Infrastructure Improvement Plan (LTIIP).⁴ The OCA submits that additional information is necessary to determine if the Amended Application proposals, and PAWC’s request for acquiring East Coventry is reasonable and lawful under the Public Utility Code and other applicable standards. The OCA submits that additional information is necessary to determine whether or how the transaction will substantially and affirmatively benefit PAWC’s existing customers and the acquired East Coventry customers. Finally, the OCA submits that additional information is necessary to determine whether PAWC’s requests for Section 507 approval of assigned contracts as enumerated in Paragraph 3 of PAWC’s Amended Application would unduly burden PAWC’s existing customers. The OCA reserves the right to raise additional issues as the case proceeds and further information is obtained from the PAWC.

The OCA requests that, if the Commission issues a Secretarial Letter indicating final

² PAWC Appendix A-5.1 at 4.

³ PAWC St. 3 at 6.

⁴ PAWC St. 3 at 10.

acceptance of the application, a telephonic or virtual public input hearing be scheduled in this matter. The OCA also requests that a public input hearing be held no later than approximately three to four weeks after the issuance of the Secretarial Letter indicating final acceptance. Expediting the scheduling of the public input hearings with adequate notice will ensure that both the acquiring and acquired customers have a reasonable opportunity to be heard.

WHEREFORE, the Office of Consumer Advocate avers that PAWC's Amended Application should be rejected. The OCA respectfully requests that the Pennsylvania Public Utility Commission reject PAWC's Amended Application at this time due to the issues raised above and the need for additional information. Finally, if PAWC's Amended Application is accepted, the Office of Consumer Advocate further requests that this matter be referred to the Office of Administrative Law Judge for Hearings and that the Pennsylvania Public Utility Commission investigate and hold full hearings, including a telephonic or virtual public input hearings for PAWC's and East Coventry's customers held approximately three to four weeks after the Commission issues a Secretarial Letter indicating final acceptance of the Amended Application.

Respectfully submitted,

/s/ Christy M. Appleby

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Counsel for:
Darryl A. Lawrence
Consumer Advocate

Dated: March 5, 2026

PUBLIC STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
PURSUANT TO 71 P.S. SECTION 309-4(e)

Act 161 of the Pennsylvania General Assembly, 71 P.S. Section 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Protest and participate in proceedings before the Commission involving the proposed acquisition by Pennsylvania-American Water Company (PAWC or Company) of the East Coventry Township (East Coventry) wastewater system.

PAWC is a regulated public utility company that furnishes wastewater service to approximately 2,300,000 customer accounts across Pennsylvania. East Coventry furnishes wastewater service to approximately 1,235 equivalent dwelling units in the Township of East Coventry.

The objective of the Consumer Advocate in filing a Protest in this matter is to protect the interests of PAWC's current customers and the acquired East Coventry customers. The Consumer Advocate will endeavor to ensure that this application is not approved unless it can be demonstrated that the acquisition affirmatively benefits the public in some substantial way. The Consumer Advocate also seeks to prevent ratepayers from paying costs that are unreasonable or unduly discriminatory, or otherwise in violation of the Public Utility Code. Finally, the Consumer Advocate will request the Public Utility Commission order all necessary and proper customer protections which are justified, reasonable, and in accordance with sound ratemaking principles.